

Intellectual Property Rights Enforcement

Teaching materials

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1. Introduction

In the part dedicated to Czech Commercial Inspection (COI hereinafter) we will be dealing with the issue of the abatement of some intellectual property rights infringement using statutory means. We will start with the legislative framework, within which competencies are granted, but also inspectional duties imposed on COI, as well as the rules set according to which COI conducts its activities. What is also important for the activities of COI officers is the knowledge of regulations governing the individual intellectual property rights. The understanding of such regulations enables the officers to deal with the particular cases effectively and with a minimum strain to other competent state administration authorities.

Further, we will focus on inspectional activities from the filing of a complaint to the inspection and closing the whole case. The complexity of activities involved in the infringement abatement caused by the fact that a great number of regulations are employed will be fractured into individual acts, which are then easy to deal with.

In view of legal, security and system aspects, it is necessary for COI to collaborate with other state administration authorities, non-governmental organizations as well as right holders, which is why we will focus on this cooperation in the next part. We will cover the cooperation denoted, as necessary resulting from the generally effective regulations as well as the cooperation needed which enhances the effectiveness of rights infringement abatement.

The objective of the part dedicated to COI is thus the disclosing and clarifying of processes and activities conducted by COI within its inspectional duties in relation to the abatement of intellectual property rights infringement.

2. Legislative framework

The infringement of some intellectual property rights, so-called product piracy, started to grow immensely in the Czech Republic at the beginning of the nineties of the last century, in connection with an unprecedented development of stall selling. The Czech Commercial Inspection (COI hereinafter) started its activities in the field of the abatement of intellectual property rights infringement in 1994, when approached by the Police of the Czech Republic with a request for assistance in the police operations in this area. The COI conducted inspection purchases for the police, and its inspection protocol provided the foundation for the commencing of criminal proceedings. At that time, COI lacked competencies for the detention of pirate goods and also the provisions of the Consumer Protection Act concerning consumer deception were not concrete. Only after the amendments to Consumer Protection Act and Act on the Czech Commercial Inspection in 2000 the COI became an inspection authority with competencies to abate the rights infringement using statutory means.

2.1. Regulations governing the inspection process

The activities of COI in the abatement of intellectual property rights infringement are influenced by the necessity that the inspection process complies with several generally applicable regulations:

- Act No. 64/1986 Coll., on the Czech Commercial Inspection, as amended
- Act No. 634/1992 Coll., on Consumer Protection, as amended
- Act No. 552/1991 Coll., on State Inspection
- Act No. 500/2004 Coll., on Rules of Administrative Procedure (Administrative Procedure Code), as amended

2.1.1. Act on the Czech Commercial Inspection

Act No. 64/1986 Coll., on the Czech Commercial Inspection, as amended, gives COI its competencies. Let's go through it in more details, as it could be practical to know within which legislative framework the COI officers carry out their duties. The Act regulates:

- The position of COI within state administration and its basic organization
- Control powers:
 - o the Czech Commercial Inspection checks both individuals and legal entities selling or supplying goods and products to the internal market, providing services or carrying out other similar activities on the internal market, providing consumer lending or running market halls (market places) ("inspected persons" hereinafter), unless another authority carries out supervision under specific regulations (the process of seizure, storing and destroying of goods infringing intellectual property rights).
- The Czech Commercial Inspection supervises:
 - o compliance with conditions defined to ensure the quality of goods or products including their fitness from the health protection point of view, storing and transport conditions and personal hygiene requirements and compliance with appropriate hygiene requirements for the operation,
 - o whether verified measuring instruments are used at the sale of goods, should they be subject to verification, and whether the used measuring instruments comply with special legal regulations, technical standards, other technical rules or approved type

- (Product Technical Requirements Act),
- o compliance with agreed or defined conditions and quality of provided services,
- o compliance with other conditions stipulated by special legal regulations or other binding provisions related to the operation or performance of activities defined in paragraph "Control powers",
- o whether at the introduction of relevant products on the market according to a specific legal regulation (Product Technical Requirements Act) these products were duly labelled, or whether a relevant document confirming the compliance of the products with defined technical requirements was issued or enclosed to the product, whether properties of the relevant products placed on the market complied with defined technical requirements and whether also the requirements stipulated by a specific legal regulation were met in relation to the labelling of the relevant product,
- o whether consumers are not deceived according to section 8 of the Consumer Protection Act,
- o whether the marketed products are safe
- o whether persons providing consumer lending comply with terms and conditions set by specific legal regulation.

Czech Commercial Inspection is not responsible for the inspection of foodstuffs, food and tobacco products, except for the honesty of sale.

- The law imposes on the COI also to generalize knowledge gathered by its inspections and use it in the analysis of

negative events in the domestic market.

The Czech Commercial Inspection:

- o finds faults concerning the inspected persons and shall determine their causes,
 - o requires removal of observed deficiencies, their causes and harmful effects and imposes or proposes measures to remove them,
 - o ensures and performs systematic inspection of actions to correct the observed deficiencies and their causes,
 - o generalises findings of the inspection and shall prevent deficiencies by timely detecting causes of these faults, by education and communication of inspection results,
 - o performs analyses or ensures analyses to be carried out to prove the quality and safety of products or goods or to check whether the consumer has not been deceived with the exception of foodstuffs, food and tobacco products; it ensures that these analyses be performed by appropriate bodies or persons; at the expense of inspected persons it performs analyses or requires that such analyses be performed only if non-compliance with criteria related to the quality and safety of products or goods was observed or consumer deception was proven,
 - o imposes sanctions or other measures according to this Act or according to specific legal regulations.
- Employees of the Czech Commercial Inspection empowered to perform their supervisory activities (“inspectors” hereinafter) are authorized in the performing of the inspection to:
 - o enter the business premises, where the inspection activities are carried out. The State is responsible for any resulting damage; it may not be relieved of this obligation,
 - o identify individuals, if they are inspected persons, as well as identify individuals representing the inspected persons during the inspection and verify their authorisation for such representation,
 - o require from inspected persons necessary documents, data and written or oral explanations,
 - o take from inspected persons for compensation necessary samples of products or goods for the quality and safety assessment of these products or goods, with the exception of foodstuffs and tobacco products, or for determination whether consumers are deceived. The inspected person shall be given the compensation for taken samples equalling the price for which the product or goods is offered at the moment of taking samples. The compensation shall not be provided if the inspected person waives it. No claim for compensation shall arise if the product or goods does not meet requirements stipulated by specific regulations,
 - o require from inspected persons or bodies controlling such persons to remove within a defined period of time observed deficiencies, their causes and harmful effects of these deficiencies, or require that they take immediate measures to remove such deficiencies and report them and their results within a defined period of time to the Czech Commercial Inspection,
 - o enter the premises of manufacturers, importers or distributors and require that they submit relevant documentation and provide truthful information. Manufacturers, importers or

distributors may be invited by the inspector to ensure and submit an expert opinion of an authorised person on the surveillance subject-matter, or the inspector may invite such an authorised person at the inspected person expense. The price for the authorised person performance shall be subject to a specific regulation.

- The secrecy of the COI inspectors in the fulfilment of their duties.
- The law defines initiatives on the basis of which the COI is authorized to carry out inspections of certain intellectual property rights infringement, manners of acquiring documentation for the evaluation of the goods authenticity and the obligation to inform on the inspection result the person from whose initiative the inspection was carried out:
 - The inspectors of the Czech Commercial Inspection are authorized to:
 - check whether consumers are not deceived on their own initiative or at the instance of another state authority, further on the bases of a consumer's initiative or the initiative of another person who proved a legal interest in the matter; the inspection may be initiated also by an owner or a co-owner of a patent, owner of an author 's certificate, owner of a trademark, owner of a copy right or another right covered by the Copyright Act or owner of a right to a registered industrial design or utility model, or his representative (hereinafter the "intellectual property right owner"),
 - call upon the intellectual property right owner to submit documents necessary for assessing whether consumer is not deceived.
 - The Czech Commercial Inspection informs the person who initiated

the inspection about any consumer deception as well as on any deficiencies found and their causes.

Significant authorization of COI consists in the possibility to invite to the inspecting activity persons qualified accordingly. This possibility is frequently used in the inspecting activity focused of the infringement of industrial property rights.

- the Czech Commercial Inspection is justified by the character of the inspecting activity, to invite persons qualified according to specific legal regulations to participate in an inspection. Such experts than have rights and obligations identical to those of inspectors in the scope of authorization granted to them by the Czech Commercial Inspection. The experts cannot impose measures and sanctions in compliance with this Act or other laws.
- Duties of inspected persons:
 - The inspected persons are obliged to allow the inspectors and experts invited to participate in an inspection to carry out their tasks related to the inspection.
 - The inspected persons are obliged within the specified period to remove the established deficiencies, the reasons of such deficiencies and harmful consequences, or adopt without delay measures necessary for their removal and within a specified period submit a report on them and their results to the Czech Commercial Inspection.
- Measures inspectors and inspectorate directors can take based on the conducted inspection.
- Measures taken by COI on the consumer deception in the form of intellectual property rights infringement:

- o At proved detection of offering, sale or storing of products or goods failing to satisfy special legal regulations the inspector is obliged to arrange for the seizure of such products or goods. The inspector then informs the inspected person or the person participating in the inspection on measures concerning the seizure of products or goods and immediately prepares an official record stating also the reason for seizure and providing description of seized products or goods and their amount. The inspector hands over the copy of the official record to the inspected person.
- o The Czech Commercial Inspection is authorised to store seized products or goods failing to satisfy special legal regulations out of reach of the inspected person. The inspected person shall deliver the seized products or goods to the inspector. If the inspected person refuses to do so, the products or goods are taken away from the inspected person. The inspector then prepares an official record on the delivery or taking away. The inspected person who was found to offer, sale or store such products or goods shall cover the storing costs. The inspected person shall not pay the storing costs for stored products if it is established that products or goods comply
- o The inspected person may lodge objections against the imposed measure on seizure of products or goods failing to satisfy specific legal regulations within 3 working days after being notified of the imposed measure with local inspectorate. Objections have no dilatory effect. The inspectorate director decides on objections without undue delay. His decision is final. The written decision on objections is then delivered to the inspected person.
- o The products or goods that fail to satisfy specific legal regulations is detained until the decision on their forfeiture or confiscation become final and conclusive, or until it has been established that no such products or goods are involved. The inspectorate director shall cancel in writing the measures on seizure of products or goods, which have been demonstrated to comply with specific legal regulations. The document shall be delivered to the inspected person. Upon the cancellation of measures on seizure, seized products or goods are returned without undue delay in intact condition to the inspected person, with the exception of products or goods used in the assessment. The inspector then prepares a written report of the returning of the goods.
- o Following the decision, in addition to a fine, Director of Inspectorate shall order forfeiture or confiscation of products or goods failing to satisfy specific legal regulations. The State becomes the owner of the forfeited or confiscated products or goods.
- o The inspectorate director also decides on the destruction of seized or confiscated products or goods. If the goods or products are exploitable for humanitarian purposes, the inspectorate director decides to provide them for such purposes, free of charge. Humanitarian purposes are activities performed in order to satisfy the basic needs of the people in difficult circumstances or in emergency, when the using of emergency material resources is justified.

- o Provided that the decision under paragraph 5 is final and conclusive and the inspectorate director decided on the destruction of the products or goods, such destruction shall be carried out officially under the supervision of a three-member committee appointed by the inspectorate director. The committee shall prepare a report on the destruction. The destruction shall be performed at the expense of the inspected person who offered, sold or stored these products or goods.
 - o The products or goods forfeited or confiscated upon a decision which became final and conclusive can be provided for humanitarian purposes pursuant to conditions stipulated by this law only to the receiving organizations which could be
 - branch offices and contributory organizations of state or self-governing entities established in order to provide social care or acting in health or educational systems
 - other legal entities provided that they comply with the following conditions:
 - were not established for commercial purposes,
 - the scope of their business activities is solely the providing of social care or are active in the health or educational systems,
 - provide humanitarian aid at least for two years and
 - can document they are not deficient in tax, social security premiums or state employment policy allowances
- payment and do not face any lawsuit.
- o Such products can be provided for humanitarian purposes which are safe from health and sanitation point of view and from which all elements infringing intellectual property rights was thoroughly removed by the receiving organization. Each product or goods item shall be marked "humanity" in irremovable ink in such a way that the dignity of individuals using such products is not lowered.
 - o The Czech Commercial Inspection and the receiving organization conclude a written contract on the providing of the products or goods to the humanitarian purposes which shall apart from the usual essential elements include the class and quantity of provided products or goods as well as the provisions on contractual penalty in case of the breach of the obligation from the providing of products or goods exclusively for humanitarian purposes and the actual purpose to which the receiving organization will use the goods or products. This purpose can be changed by an amendment to the contract provided that the compliance with this Act is not prejudiced. Products or goods shall be provided to the organizations according to the order of the requests received with regard to the effectiveness of the goods utilization or the urgency of the needs. The removal of items infringing intellectual property rights, their destruction and the marking in accordance with paragraph 9 shall be carried out or arranged for by the receiving organization at its expense. A protocol on the adjustments and destruction is then drawn by a

- three-member commission appointed by the inspectorate, whose members can be the intellectual property rights holders or their representatives. The protocol is signed by all the three members of the commission.
- o On the receiving of the products, the receiving organization is obliged to:
 - remove and destroy the elements infringing intellectual property rights without undue delay,
 - use the products or goods only for humanitarian purposes on the territory of the Czech Republic, and
 - accept measures to prevent the misuse of the products and goods and their re-introduction into commercial intercourse
 - o The Czech Commercial Inspection supervises the compliance of the receiving organization with the duties stipulated by this Act as well as with duties arising for the receiving organization from a contract
 - o For the purposes of inspection made by the Czech Commercial Inspection, the receiving organization keeps records and archives documents related to the acceptance of products or goods, the destruction of elements infringing intellectual property rights and the manner in which the were actually disposed of for 3 years from the providing of the product or goods. This provision shall be without prejudice to the specific legal regulations governing the recording and archiving of the defined documents.
 - Authorizations of inspectors on establishing a violation of a regulation which might result in a danger to life or health of consumers.
 - Fines which can be imposed by COI on the inspected person for the violation of duties arising from the law. What is significant for the purposes of inspections focused on intellectual property rights infringement is the fact that COI has sanction instruments towards inspected persons who obstruct the inspection. Also humanitarian organization, which fails to comply with obligations arising from the law, may be penalized:
 - o The inspectorate directorate shall impose upon the receiving humanitarian organization, which fails to observe the obligations arising from this Act a fine in the amount of up to CZK 1,000,000.
 - o If the inspected person fails to comply with the measures imposed under this Act, a fine up to the amount of CZK 1,000,000 may be imposed. A fine up to the amount of CZK 2,000,000 may be imposed for a repeated breach of liabilities during one year from the day of the last inspection.
 - o The inspectorate director may impose a recurrent procedural fine up to the amount of CZK 50,000 on an inspected individual for hindering, impeding or otherwise obstructing the inspection.
 - o Proceedings related to the imposing of a fine may be commenced within one year from the day when the inspectorate director became aware of the breach of liabilities according to paragraphs 1 to 4, but not later than 2 years from the day when the breach of liabilities occurred. The fine may not be imposed after more than 3 years from the breach.
 - o The fine may not be imposed on an individual prosecuted for the

same act according to other legal regulations.

- **COI imposes fines for the consumer deception in the form of intellectual property rights infringement under the Consumer Protection Act.**
- The cooperation of COI:
 - o with administrative authorities and local governments in the area of delegated powers, as well as with other government bodies and institutions whose co-operation is necessary for the performance of inspection,
 - o with citizens associations found under the citizens association act in order to enhance consumer protection and safety, improve awareness and suppress undesirable conduct of consumers and business entities operating on the internal market and to create favourable environment for the sale of products, goods and providing services,
 - o with professional associations, if established by a specific law.
- Cooperation of COI with citizens:
 - o COI uses in its activities the complaints, notices and complaints of citizens,
 - o provides information and consultancy services for citizens.
- Information channels and obligations:
 - o Administration authorities and local government bodies in the area of delegated powers as well as other state authorities and institutions whose cooperation is necessary for the conducting of inspections provide the Czech Commercial Inspection with documentation, facts and explanations necessary for its inspection activities. If the nature of the subject matter requires so, also the supervisory authorities as well as bodies of state quality control, sanitation services and veterinary care

provide the necessary professional assistance.

- o If the Czech Commercial Inspection detects facts in the inspection requiring measures to be adopted by other authorities, it shall inform such authorities accordingly.
- o The Czech Commercial Inspection shall inform without undue delay the relevant Trade Licensing Office of the instances of material breach of conditions stipulated for the performance of activities of the inspected persons.

2.1.2. Consumer Protection Act

This Act defines certain conditions for business activities important for the protection of consumers, tasks of public administration in the area of consumer protection, and the rights of consumers, associations of consumers, and other legal entities established with the purpose of protecting consumers. The Act applies to sale of products and provision of services in cases where performance is effected on the territory of the Czech Republic. It applies to other cases only if performance is related to business activities carried out on the territory of the Czech Republic.

For the purposes of the abatement of intellectual property rights infringing, the following provisions are significant for the COI:

- The definitions of some terms:
 - o products or goods violating some intellectual property rights means:
 - counterfeited products or goods, including their packaging, which without the consent of the trademark holder bear a designation which is the same as or can be mistaken for a trademark, violate the rights of a trademark holder pursuant to specific regulations, all objects

bearing such a designation (signs, logos, labels, stickers, brochures, user's manuals, warranty documentation, etc.), even in cases when they are supplied separately, and separate packaging which bears such a designation,

- pirated goods, i.e. products or goods which are copies or comprise copies made without the consent of the holder of copyrights or related rights or without the consent of the holder of industrial design rights, provided that production of such an imitation violates such right in accordance with specific regulations,
 - products or goods which violate the rights of holders of a patent or a utility model or the rights of holders of supplementary protection certificate for pharmaceuticals and vegetation-protection substances under special regulations,
 - products or goods violating the rights of a person, availing the protection of registered designation of origin or geographical indication description.
- The Act prohibits offering to sale, sale and export products or goods intended for humanitarian purposes. Nobody may offer to sale, sale and export products of goods intended for humanitarian purposes and labelled with the inscription "humanity".
 - Prohibition to deceive customers:
 - o No one may deceive consumers, particularly by providing untruthful, unsubstantiated, incomplete, inaccurate, unclear, ambiguous or exaggerated information, or by concealing information about the real properties of products or services or the quality of purchasing conditions.
 - o Considered as deceiving a consumer is also offer to sell or sale of goods or products violating certain intellectual property rights as well as storage of such goods or products with the purpose of offering or selling them.
 - o One cannot be released from the liability for deceiving consumers by claiming that the necessary or correct information was not provided by the manufacturer, importer or supplier.
 - o For the purposes of this Act, storage of goods or products violating intellectual property rights means the placement of such goods or products in storage facilities, means of transportation, offices or other non-residential areas as well as points of sale, including outdoor stands.
 - The Act further defines the rights and obligations of intellectual property rights owners towards COI:
 - o Holders and co-holders of a patent, holders of a copyright certificate, holders of trademarks, holders of copyrights or other rights protected under the Copyright Act, and holders of rights for a registered industrial design or utility model or their representatives (hereinafter "holders of intellectual property rights") must upon request submit to the supervisory authority documentation necessary for assessment of goods or products within 15 working days of receiving such a request. Holders of intellectual property rights are responsible for ensuring that such documentation is truthful, accurate, complete and effective. They must inform the supervisory authority of any changes, which may be material for the accuracy of an assessment of goods or products. If the supervisory

authority has doubts about the acceptability and objective correctness of submitted documentation, the authority shall inform in writing the holder of intellectual property rights about this fact. The holder of intellectual property rights shall provide a written statement concerning the ascertained deficiencies in the documentation within 15 days from receiving such a notice.

- o If the supervisory authority conducts an investigation based on a complaint of a holder of intellectual property rights or another party that demonstrates legal interest in the matter, such parties must pay an adequate deposit (hereinafter "deposit") for the purpose of covering expenses of the supervisory authority in the event that the results of the investigation show that the complaint was unsubstantiated. The amount of the deposit shall be set by the director of the supervisory authority. The deposit shall be calculated based on the average cost of work performed by one inspector per day during the preceding year. The deposit shall be paid by the holder of intellectual property rights or another party that demonstrates legal interest in the matter to the account of the supervisory authority within 15 days of the filing of a complaint. If the deposit is not paid by the applicable deadline, the supervisory authority shall be under no obligation to investigate the complaint.
- o If the results of an investigation show that a complaint was substantiated, the supervisory authority shall refund the deposit within ten days of the completion of investigation. If the complaint is found to be unsubstantiated, the

supervisory authority shall calculate the actual cost of the conducted investigation. If the sum of actual costs is lower than the deposit, the supervisory authority shall refund the difference to the holder of intellectual property rights or another party that demonstrates legal interest in the matter within ten days. If the sum of actual costs is higher than the deposit, the holder of intellectual property rights or another party that demonstrates legal interest in the matter shall pay the difference within ten days of receiving a notice to this effect.

- o In the event that a holder of intellectual property rights submits to the supervisory authority untrue, incorrect, incomplete or ineffective documentation, the holder of intellectual property rights shall be liable for any damages incurred in connection therewith by the supervisory authority or the investigated entity.
- The act imposes on sellers and operators of market places other general duties significant for the inspection in the area of intellectual property rights abatement:
 - o Sellers are obliged to mark their retail outlets in conformity with the Act on Business Activities.
 - o When a retail outlet is to be closed down, the seller shall inform the applicable Trade Licensing Authority about where claims can be settled.
 - o Operators of a market place (market hall) including municipalities renting out parts of public land for occasional stall sales, are required to keep records of the sellers, such records to include information in the extent defined by a special legal regulation, and shall present the records to the supervisory

authority upon request. Operators shall store the records for one year as from the date of a record entry.

- The act establishes supervision over consumer protection. Among other things it establishes that COI carries out supervision in relation to consumer deception in the form of certain intellectual property rights infringement, with the exception of foodstuffs and tobacco products.
- The act also defines the process on the detection of goods or a product under customs supervision. The inspector of the Czech Commercial Inspection or the Czech Agricultural and Food Inspection who carried out the supervision of market according to this Act and detected goods or products which were established to meet the conditions of consumer deception in the form of intellectual property infringement or it was proved that the goods or products are under customs supervision, the inspector is authorized to seize such goods or products. The inspector submits his findings and the goods or products seized to the relevant customs office for customs and further proceedings.
- The supervision in relation to consumer deception in the form of intellectual property infringement is conducted also by the following institutions:
 - o The State Agricultural and Food Inspection in the area of foodstuffs and tobacco products or goods.
 - o Trade Licensing Authorities. These however lack competencies to seize, store and following destroy goods or products infringing some of intellectual property rights. From this reason, these institutions need to cooperate with authorities empowered in such a way.
 - o Customs bodies. The act establishes the whole

procedure of customs inspection.

- Further, the act also specifies fines for consumer deception in the form of the infringement of some of intellectual property rights. The authorities can impose a fine of up to CZK 50,000,000 for the breach of the defined obligations. The nature of unlawful conduct and the extent of its results are taken into account in the determining of the fine amount.
- The act further specifies that fines of up to CZK 5,000 can be imposed on the spot. The imposing of on-the-spot fine can not be used in relation to the abatement of intellectual property rights infringement, as the whole procedure of the seizure or confiscation of the goods or products infringing intellectual property rights is carried out in administration proceedings regime.

2.2. Regulations governing particular intellectual property rights

In the activities of the Czech Commercial Inspection in the area of intellectual property, the knowledge of regulations governing the particular intellectual property rights is significant. Only the knowledge of those regulations makes it possible to assess which documentation or other evidence it is necessary to acquire in the both the preparation and the carrying out of inspection and when it is possible to acquire them without unnecessary strain to other state administration authorities.

The COI officers must be able to answer for themselves questions like: Is the trademark protected in the Czech Republic and why? Who is the right owner? For which goods or products has the trademark been registered? Is it or is it not a generally known trademark? in order they can be certain that the inspection is conducted in compliance

with the effective legislation of the Czech Republic.

Naturally, not all officers carrying out the inspection in a given area must necessarily have such knowledge, but only those preparing and organizing the inspections. For the purposes of this text we will term them as “experts”.

According to the fundamental terms of the Consumer Protection Act, the COI supervises the infringement of certain intellectual property rights regulated by the following acts:

- Act No. 441/2003 Coll., on Trademarks and on Amendments to Act No. 6/2002 on Judgements, Judges, Assessors and State Judgement Administration, as amended (Trademark Act)
- Act No. 121/2000 Coll., on Copyright and Rights Related to Copyright and the Amendment to Certain Acts, as amended (Copyright Act)
- Act No. 527/1990 Coll., on Inventions and Rationalisation Proposals, as amended
- Act No. 207/2000 on Protection of Industrial Designs and the amendments to Act No. 527/1990 Coll., on Inventions, Industrial Designs and Rationalization Proposals, as amended (Act on Protection of Industrial Designs)
- Act No. 478/1992 Coll., on Utility Models, as amended
- Act No. 452/2001 Coll., on Protection of Appellations of Origin and Geographical Designations and on the Amendment to Consumer Protection Act (Act on Protection of Appellations of Origin and Geographical Designations).

Now, let’s go through the minimum of those regulations which COI or its experts should be familiar with in order to be able to deal smoothly with the individual cases of intellectual property rights infringement abatement.

2.2.1. Trademark Act

• **Designations of which a trademark may consist.** Under the terms of this Act,

a trademark may consist of any designation capable of being represented graphically, particularly words, including personal names, colours, drawings, letters, numerals, the shape of products or their packaging, provided that such designation is capable of distinguishing products or services of one person from those of another.

• **Such trademarks are protected on the territory of the Czech Republic which are:**

- o registered in the Register of trademarks (hereinafter referred to as “the Register”) maintained by **the Industrial Property Office** (hereinafter referred to as “the Office”) (hereinafter referred to as “national trademarks”),
- o registered with effects for the Czech Republic in the register maintained by the **International Bureau of the World Intellectual Property Organisation** on the basis of an international application under the Madrid Agreement Concerning the International Registration of Marks or of the Protocol to the Madrid Agreement 1) (hereinafter referred to as “international trademarks”),
- o registered in the register maintained by the **Office for Harmonisation in the Internal Market** (trademarks and designations) on the basis of the Council Regulation on the Community Trademark 2) (hereinafter referred to as the “Council Regulation”) (hereinafter referred to as “the Community Trademarks”),
- o well known on the territory of the Czech Republic in compliance with Article 6*bis* of the Paris Convention for the Protection of Industrial Property (hereinafter referred to as “the Paris Convention”) 3) and of Article 16 of the Agreement on Trade-

Related Aspects of Intellectual Property Rights (hereinafter referred to as “well-known trademarks”).

• **Trademark Rights:**

The trademark owner shall have the exclusive right to use the trademark in relation to the products or services covered by the trademark. The trademark owner establishes his rights by means of an **abstract from the Register**, or by means of a **certificate of registration**. The trademark owner has the right to use the designation ® together with the trademark.

○ Unless otherwise provided by this Act (Sections 10 and 11), third parties may not use in the course of trade without the consent of the trademark owner:

- any designation identical with the trademark for products or services which are identical with those for which the trademark has been registered,
- any designation where because of its identity with or similarity to a trademark and because of the identity or similarity of the products or services to which the trademark and the designation are affixed there exists a likelihood of confusion on the part of the public, including the likelihood of association between the designation and the trademark,
- any designation identical with or similar to the trademark for products or services which are not similar to those for which the trademark has been registered, where the trademark has a good reputation in the Czech Republic and where the use of such designation would without dishonestly take advantage of the distinctive character or the good reputation of the trademark or would be to the prejudice of them.
- The use in the course of trade means in particular:

- affixing the designations to products or their packaging,
- offering products for sale, placing them on the market or stocking them for those purposes under the designation, or offering or supplying services under the designation,
- importing or exporting products under the designation,
- using the designation on business documents or in advertising.
- If the trademark has been registered in the name of the agent without the consent of the trademark owner (hereinafter referred to as “the trademark registered in the name of the agent”), the trademark owner has the right to prohibit the agent from using such mark unless the agent justifies his action.

• **Reproduction of trademarks in dictionaries.** If the reproduction of a registered trademark in a dictionary, encyclopaedia or similar reference work gives the impression that it constitutes a generic name of products or services, the proprietor of the trademark may request the publisher to ensure that the reproduction of the trademark is accompanied by an indication that it is a registered trademark in the next edition of the publication at the latest.

• **Limitation of the trademark effects:**

- The trademark owner is not entitled to prohibit third persons from using in the course of the trade:
 - their name and surname, corporate name or name or address,
 - indications concerning the class, quality, quantity, intended purpose, value, geographical origin, the time of production of products

or of rendering of services, or other characteristics of products or services,

- a designation where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts, provided they use them in accordance with honest commercial practices, good morals and economic competition rules.

- The trademark owner has to tolerate in the course of trade the use of an identical or similar designation, where the rights to this designation were created prior to the date of filing the application for registration and the use of that designation is in accordance with the laws of the Czech Republic.

- **Trademark rights exhaustion:**

- The trademark owner is not entitled to prohibit the trademark use in relation to products which have been placed on the market in the Czech Republic under that trademark by the owner or with his consent.
- The trademark owner is not entitled to prohibit the trademark use in relation to products which have been placed on the market in a member state of the European Communities or in another member state of the European Economic Area under that trademark by the owner or with his consent.
- The provisions of the above paragraphs do not apply where the owner of the trademark has legitimate reasons to prohibit further commercial use of the product, in particular where the condition of the product has been changed or impaired after it was placed on the market.

- The owner of an earlier trademark or the user of an earlier designation mentioned in Section 7 paragraph 1 letter g) is not entitled to claim the a later identical or similar trademark cancellation (Section 32) or to prohibit its further use if the owner of the earlier trademark has tolerated the use of that later trademark for 5 (years from the day on which the owner of the earlier trademark learned about the use of the later trademark, unless the application for registration of the later trademark was not filed in *bona fide*.

- The owner of the later trademark is not entitled to prohibit the use of the identical or similar earlier trademark or to claim the earlier trademark cancellation even if the owner of the earlier trademark would no longer be entitled to enforce his trademark rights.

- **Trademark use:**

- If the owner of the trademark fails to place the trademark to proper use for products or services for which it has been registered within the period of five years following the registration or if such use has been suspended for an uninterrupted period of five years, the trademark shall be subject to sanctions established by this Act, unless there are proper reasons for non-use. The consequences are as follows:

- A trademark cannot be cancelled due to the existence of an earlier trademark if this earlier trademark does not meet the conditions for use.
- If the earlier trademark is not used for all products and services for which it has been registered, the earlier trademark

can constitute grounds for cancellation of a later trademark only in the extent of products and services for which it is used.

- The Office cancels the trademark in a proceeding commenced at the request of a third person if:
 - the trademark has not been properly used for the uninterrupted period of 5 years for products or services for which it has been registered, without the existence of proper reasons for non-use; use which commenced or resumed following 5 (five) years of non-use of the trademark within three months preceding the filing of the request for revocation shall be disregarded where the preparations for the commencement or the resumption of the use occurred only after the owner becomes aware that a request for revocation of the trademark might be filed,
 - by the consequence of acts or inactivity of its owner the trademark has become common name in the trade for products or services for which it has been registered,
 - the trademark is liable to mislead the public, particularly as to the nature, quality or geographical origin of those products or services in consequence of its use by its owner or with his consent for products or services for which it is registered after the date of its registration.
 - Also the following can be considered as proper use of a trademark:
- the use of the trademark in a form differing in elements which

do not alter the distinctive character of the trademark in the form in which it was registered,

- the affixing of the trademark to products or to the packaging of products solely for export purposes.
 - The use of a trademark on the basis of a licence agreement and the use of a collective trademark by an authorised person shall be deemed to constitute use by the owner.
- **Change of ownership:**
 - The trademark may be transferred independently of the transfer of a company for all or some of the products or services for which it has been registered. The trademark transfer must be made in writing in the form of a contract.
 - The trademark is transferred to a new owner also in cases defined by specific regulations (such as Civil and Commercial Code).
 - The transfer or devolution of the trademark become effective towards third persons upon the entry in the Register; the transferee of the trademark may take any actions towards the Office once the request for entry of the transfer or devolution was delivered to the Office. Any of the contractual parties may request the entry of the transfer or devolution in the Register, or in the instance of a devolution the entry may be requested by the legal successor of the original owner. The requirements for the request of the trademark transfer or devolution entry concerning the parties and the respective trademark is governed by the implementing regulation.

- The owner of the trademark, which is registered in a Convention country of the Paris Convention, may apply to the court for a declaration of his right to have the Register rectified so as to substitute his name as the owner of the trademark, if the trademark has been registered in the name of the agent. The court shall refuse the application if the agent justifies his actions properly and presents evidence for the reasons. On the basis of the final judgement the Office shall record the change of the owner of the trademark in the Register and the Office shall **publish this fact in the Official Journal of the Czech Industrial Property Office** (hereinafter referred to as “Official Journal”). The requirements of the request for the substitution of the owner of the trademark concerning the parties and the respective trademark shall be laid down in the implementing regulation.
- **Security interest:**
 - The trademark may be a subject of security interest, execution of a decision or execution and can be a part of bankrupt’s assets in bankruptcy proceeding or a part of list of assets in the proceedings on compulsory settlement.
 - Upon request the Office shall enter the facts mentioned in the previous paragraph in the Register within the time period of one month from the filing of the request. The requirements of the request for the entry concerning the parties and the respective trademark are governed by the implementing regulation.
- The lien on the trademark is effected upon its **entry in the Register**, unless otherwise stipulated by other specific regulation.
- **Licences:**
 - The right to use the trademark can be granted by a licence agreement concluded under specific legal regulation for all or some of the products or services for which the trademark has been registered. The licence may be granted as exclusive or non-exclusive.
 - The trademark owner can enforce his rights arising from his trademark against a licensee who breaches any provision of the licence agreement with regard to its duration, the form in which the trademark may be used, the scope of products and services for which the licence is granted, the territory in which the trademark may be used, or the quality of products manufactured or services provided by the licensee.
 - The licence agreement becomes effective against third persons upon entering in the register; any of the parties to the agreement may request the entry in the register. The requirements for the request for the entry of the licence agreement in the register concerning the parties to the proceedings and the respective trademark are governed by the implementing regulation.
- **Duration and renewal of trademark registration:**
 - The trademark is registered for a period of 10 years from the date of filing of the application. If the owner does not request the renewal of the registration, the trademark shall lapse.

- The registration of a trademark shall be renewed upon request of the owner of the trademark for additional period of ten years. The filing of the request for renewal of the registration is subject to payment of administrative fee pursuant to a specific legal regulation.
- The renewal of the registration takes effect as of the date of expiry of the trademark registration; the Office registers the renewal in the register and publishes the renewal in the Official Journal.
- **Trademark rights waiver.** The owner may waive his rights to the trademark by means of a written declaration for or all or only some of the products or services for which the trademark has been registered; the waiver takes effect on the date of delivery of the owner's declaration to the Office. The waiver cannot be withdrawn. The Office enters the waiver of the rights to the trademark in the register and publishes it in the Official Journal.
- **Cancellation.** The Office cancels a trademark in proceedings commenced upon a request of a third person. The reasons are laid down by the law. If the reason for cancellation applies only to some of the products or services for which the trademark has been registered, the Office cancels the trademark only in the scope of those products or services.
- **Collective trademark.** A collective trademark is a trademark such as designated already at the time of the filing of the trademark application, which is capable of distinguishing the products or services of the members or shareholders of a legal entity or of the members of an association from the products or services of other persons. The conditions of use of the collective trademark including the sanctions for the breach of such conditions are laid down in a written agreement on the use of the collective trademark concluded between all members or shareholders of the legal entity or all members of the association. The members or shareholders of a legal entity or members of an association or other **participants** in the proceedings **registered in the Register** have exclusive right to designate the products or services by the collective trademark. The collective trademark cannot be a subject to a licence agreement cannot be granted as security interest and cannot be transferred to another person.
- **Register and Official Journal** The Office maintains a register containing decisive particulars of trademark applications and decisive particulars of registered trademarks according to this Act, the implementing regulation or as decided by the Office. The register is public and person can make copies and extracts from it. Upon request, the Office issues an officially certified complete extract or a partial extract from the register or a copy of the registration or a certificate of a particular registration or a certificate that the particular information does not exist in the register. The certification certifies the conformity of the extract or the copy with the particulars in the register. The register is maintained in electronic form and the Office publishes the information contained in the register in a way enabling remote access.
- **International Registration.** The registration of international trademark to which the protection has been granted in the Czech Republic has identical legal effects as the registration of a national trademark in the register maintained by the Office.
- **Community Trademark** In the instance of an application originating from the transformation of an already registered Community Trademark, the Office registers such trademark in the register

without further requirements with the right of priority granted to the Community Trademark, and publishes this fact in the Official Journal.

2.2.1. Copyright Act

The Copyright Act incorporates relevant European Communities Regulations and governs:

- rights of the author to his work,
- rights related to copyright:
 - the rights of the performer to his artistic performance,
 - **the right of the producer of a phonogram to his phonogram,,**
 - **the right of the producer of an audiovisual record to his record,**
 - the right of a radio or television broadcaster to his original broadcast,
 - the right of a publisher to a work hitherto unpublished to which the copyright protection expired,
 - the right of the publisher to a remuneration in connection with the producing of a copy for personal use a work he published,
- right of a database creator to his database,
- protection of rights in accordance with this Act,
- collective administration of copyright and of rights related to copyright.
- **The subject of copyright** is a literary work or other work of art or a scientific work which are the unique outcome of the creative activity of the author and are expressed in any objectively perceivable manner including electronic form, permanent or temporary, irrespective of their scope, purpose or significance (hereinafter "a work"). A work is namely a literary work expressed by speech or in writing, a musical work, a dramatic work or dramatic-musical work, a choreographic work and pantomimic work, a

photographic work and a work produced by a process similar to photography, an audiovisual work like a cinematographic work, a work of fine arts like a painting, graphic or sculptural work, an architectonic work including a town-planning work, a work of applied art, and a cartographic work.

- A computer program is also considered a work if it is original in the sense of being the author's own intellectual creation; a database in which the method of selection or arrangement of content is the author's own intellectual creation, and in which the individual parts are arranged in a systematic or methodical way and are individually accessible by electronic or other means, is a collective work. No other criteria are applied to determine their eligibility for that protection. A photograph or a work produced by a process similar to photography, which are original in the sense of the first sentence, are protected as a photographic work.
- Copyright applies to the work in its entirety, to its individual developmental phases and to parts of the work, including its title and the names of its characters.
- A work which is the outcome of the creative adaptation of another work, including its translation into another language, is also a subject to copyright. This is without prejudice to the rights of the author of the adapted or translated work.
- A collection like a journal, encyclopaedia, anthology, broadcast programme, exhibition, or any other collection of independent works or other elements that by the selection and of the arrangement of the content meet the defined conditions is a collective work.
- Works in compliance with this Act are not especially the theme of a work as such, the news of the day and any other fact as such, an idea, procedure,

- principle, method, discovery, scientific theory, mathematical and similar formula, statistical diagram and similar item as such.
- The act stipulates public interests exceptions in Copyright. The Copyright protection does not apply to:
 - any official work, such as a legal regulation, decision, public charter, publicly accessible register and the collection of its records, and also any official draft of an official work and other preparatory official documentation including the official translation of such work, Chamber of Deputies and Senate publications, a memorial chronicle of a municipality (municipal chronicle), a state symbol and symbol of a regional self-governing unit, and any other such works where there is public interest in their exclusion from copyright protection,
 - creations of traditional folk culture, if the real name of the author is not commonly known and if they are not anonymous or pseudonymous works; such works may only be used in a manner that does not reduce their value.
 - **Making a work public and publication of a work.** A work is made public by its first authorised public recitation, performance, showing, exhibition, publishing or any other method of making available to the public. A work is published by the commencement of lawful public distribution of its copies.
 - **Author.** Author is the natural person who created the work. The author of a collective work is the natural person who selected and arranged works in a creative manner; this is without prejudice to the rights of the works included in the collection.
 - **Copyright creation.** The copyright to a work arises at the moment when the work is expressed in any objectively perceivable form.
 - The copyright for the work does not expire with the destruction of the object through which the work is expressed.
 - **Content of copyright.** Copyright includes exclusive personal rights and exclusive economic rights.
 - Personal rights:
 - The author has the right to decide about making his work public.
 - The author has the right to claim authorship, including the right to decide whether and in what manner his authorship is to be indicated when his work is made public and further used, provided that the indication of authorship is common in such use.
 - The author has the right to the inviolability of his work, including, but not limited to, the right to grant consent to any alteration of, or other intervention in his work, unless otherwise stipulated by this Act. Where the work is utilised by any other person, such utilisation may not be executed in a manner that detracts from the value of the work. The author has the right of supervision over such other persons' compliance with this obligation (author's supervision), unless the nature of the work or its use implies otherwise, or unless it is not possible to fairly require the user to allow the author to exercise his right to author's supervision.
 - The author may not waive his personal rights; these rights are non-transferable and become extinct on death of the author. This shall be without prejudice to the provision of Paragraph 5.
 - After the death of the author no other person may claim authorship of the work; the work may only be used in a manner which does not reduce its value and, unless the work is an anonymous work, the name of the author must be indicated, provided that such is

common practice. Protection may be claimed by any of the author's kin. They maintain this authorisation even after the expiry of the term of the copyright-related economic rights. Such protection may at any time also be claimed by the legal persons associating authors or by the relevant collective administrator under this Act.

- Economic rights:
 - The author has the right to use his work in its original form or in a form adapted by another person or otherwise modified, whether separately or in a collection or connection with any other work or elements, and to grant authorisation on a contractual basis to any other person to exercise that right; the other person may use the work without such authorisation only in the cases stipulated by this Act. This right of the author's does not expire with the granting of the authorisation under Paragraph 1; the author only has, within the scope defined by a contract, to suffer another person's intervention in his right to use the work.
 - The author has the right to require the owner of the object through which the work is expressed to make such an object available to him where this is necessary for the exercise of copyright in accordance with this Act. This right may not be applied contrary to the legitimate interests of the owner; the owner is not obliged to give up such an object to the author; he is obliged, however, to make a photograph or any other reproduction of the work at the request and cost of the author and submit it to the author.
 - The right to use a work means:
 - right to reproduce the work,
 - right to distribute the original or a copy of the work,
 - right to rent the original or a copy of the work,
 - right to exhibit the original or a copy of the work,
 - right to lend the original or a copy of the work,
 - right to communicate the work to the public.
 - A work may also be used in a manner other than these methods.
- The reproduction of a work means the making of permanent or temporary, direct or indirect reproductions of the work or its parts by whatever means and in whatever form.
- A work is reproduced in particular in the form of a printed, photographic, audio, visual or audiovisual reproduction, in the form of erecting an architectural work or in the form of any other three-dimensional reproduction, or in an electronic form, including both its analogue and digital expression.
- The distribution of the original or copies of a work means making the work available in a tangible form by sale or other transfer of ownership right to the original or to a copy of the work, including their offer for such purposes.
- The author's right to distribute on the territory of a member state of the European Communities or any other Parties to the Agreement on the European Economic Area the original or copy of a work is exhausted by the first sale or any other transfer for the first time of the property right to such an original or copy in a tangible form, which was performed by the author or with the author's consent on the territory of a member state of the European Communities or any other Party to the Agreement on the European Economic Area; the right to rent the work and the right to lend the work remains unaffected.
- **Copyright protection.** An author whose rights have been infringed or

whose rights have been exposed to infringement may claim in particular:

- recognition of his authorship,
- prohibition of the exposure of his right, including impending repetition of exposure, or of the infringement of his right, including, but not limited to, the prohibition of the unauthorized production, unauthorized commercial sale, unauthorized import or export of the original or reproduction or imitation of his work, unauthorized communication of the work to the public, as well as its unauthorized promotion, including advertising and other forms of campaigns,
- disclosure of details concerning the method and extent of unauthorised exploitation, the origin of the illicitly made reproduction or imitation of his work, the method and extent of the exploitation thereof, the price thereof, the price of the service related to the unauthorised exploitation of the work, and the identity of the persons involved in the unauthorised utilisation, also including the persons for whom such reproductions or imitation made for the purpose of the provision thereof to a third party; the author may claim his right to information under this provision from the person who infringed or exposed his right and also, in particular, from the person who:
 - possesses or possessed an illicitly made reproduction or imitation of the author's work for the purpose of direct or indirect economic or commercial benefit,
 - uses or used, for the purpose of direct or indirect economic or commercial benefit, of any service that infringes or infringed the author's right, or that exposes or exposed it to danger, or
 - provides or provided, for the purpose of direct or indirect economic or commercial benefit, a service used within activities that infringe or infringed the author's

right, or that expose or exposed it to danger;

- has been identified as a person involved in the provision, production or distribution of a reproduction or imitation of the work or as a person involved in the provision of services that infringe or infringed the author's right, or that expose or exposed it to danger,
- remedying of the consequences of the infringement of his right, especially:
 - withdrawal of the illicitly made reproduction or imitation of the work, or the device, product or component from sale or any other exploitation,
 - withdrawal from sale, and destruction, of the illicitly made reproduction or imitation of the work, or the device, product or component,
 - destruction of the illicitly made reproduction or imitation of the work, or the device, product or component,
 - destruction or removal of the materials and tools used exclusively or for the most part for producing the illicitly made reproduction or imitation of the work, or the device, product or component,
 - adequate satisfaction for the incurred non-financial damage, in particular, in the form of:
 - apology,
 - pecuniary satisfaction, if any other satisfaction proves unsatisfactory; the amount of the pecuniary satisfaction is determined by a court, which takes into account, in particular, the gravity of the damage incurred and the circumstances in which the infringement of the right occurred; this does not

eliminate an amicable settlement;

- ban on the provision of the service used by third parties to infringe the author's right or expose it to the danger of infringement.
- **Collective administration of rights.**

The purpose of collective administration of rights (hereinafter referred to as "collective administration") is to ensure collective enforcement and collective protection of authors' economic rights and of the economic rights related to copyright and also to make available the items of these rights to the public.
- Collective administration is the representation of a larger number of persons who are entitled to hold:
 - o economic copyright or economic right related to copyright,
 - o statutory authorisation to exercise economic rights to a work, or
 - o a contractual exclusive authorisation to exercise a collectively administered right for the entire duration of the economic rights and combined with the right, at least for the territory of the Czech Republic, to grant sub-licences, (hereinafter referred to as "right holders") for their joint benefit in the exercise of their economic rights to works made public or offered to be made public, to artistic performances, audio and audiovisual recordings (hereinafter referred to as "items of protection"), provided that any execution of these rights other than collective execution is prohibited (Article 96) or pointless; the item of protection offered to be made public means a protected item that has been notified in writing by the right holder to the relevant collective administrator for the purpose of including such an item in the register of items of protection.
- Mediation of a licence or any other agreement is not deemed to be exercise of collective administration. Also not deemed to be the exercise of collective administration is any occasional or short-term representation of any rights other than those subject to mandatory collective administration.
- **Rights Subject to Mandatory Collective Administration.** Rights subject to mandatory collective administration are the following:
 - o the right to remuneration for:
 - the use of an artistic performance fixed on a phonogram published for commercial purposes by broadcasting or by rebroadcasting and retransmission of the broadcast,
 - the use of a phonogram published for commercial purposes by broadcasting or by rebroadcasting and by retransmission of the broadcast,
 - the making of a reproduction for personal use on the basis of an audio or audiovisual fixation or any other fixation by the transfer of its content by means of a technical device to an empty carrier of such fixation,
 - the making of a reproduction for personal use on the basis of an audio or audiovisual fixation or any other fixation by the transfer of its content by means of a technical device to an empty carrier of such fixation,
 - resale of the original of a work of art
 - the lending of the original or reproduction of a published work.
 - o the right to an appropriate remuneration for the rental of the

- o original or a copy of the work, or of a performer's performance fixed in an audio or audiovisual fixation,
- o the right to the use – by cable retransmission – of works, live performances and performances fixed on phonogram or in an audiovisual fixation, with the exception of such performances whose phonogram has been published for commercial purposes and also the right to the use – by cable retransmission – of audiovisual fixations and phonograms other than those published for commercial purposes with the exception of the cases where the rights to cable retransmission are exercised by the broadcaster for its own broadcasting, irrespective of whether such rights are his own rights or rights exercised on the basis of a licence agreement with a right holder.
- The right holders are thus represented by the relevant statutory collective administrator in the exercise of their rights pursuant to the above paragraph, and also in their claims for entitlement to the surrender of any unjust enrichment from the unauthorized exercise of such collectively administered rights.
- **Collective Administrator** Collective administrator is a person who has acquired authorisation to execute collective administration. A collective administrator may only be a legal person with its seat in the Czech Republic and associating, directly or through a third party, right holders whom he represents in collective administration.
- Collective administration is executed by the collective administrator consistently, under its own name and on his own responsibility. Collective administration is not a business enterprise. Collective administration is executed by the

collective administrator as the main area of his activity.

- A collective administrator may only authorise another person to exercise the rights collectively administered by him where such a person is:
 - o a foreign person, who, pursuant to the law of another state, lawfully executes on the territory of that state collective administration of the same rights and, in the case of a work, also of the same type of work, if the matter at issue is the execution of collective administration in such a state,
 - o a local collective administrator who is also authorised to execute collective administration, if the objective is efficient execution of collective administration.
- **Authorisation to execute collective administration.** The decision on the granting of authorisation to execute collective administration (hereinafter referred to as "authorisation") is made by the Ministry of Culture (hereinafter the "Ministry") upon a written application. The decision process is governed by general regulations on administrative proceedings.

2.2.2. Act on Inventions and Rationalization Proposals

The purpose of this Act is to regulate the rights and obligations arising from the creation and exploitation of inventions and rationalisation proposals.

- **Patent for invention.** The Industrial Property Office (hereinafter referred to as "the Office") grants patents for inventions which meet the requirements defined by this Act.
- Patentability of inventions.
 - o Patents are granted for any inventions which are new, involve an inventive step and are capable of industrial application.

- o The following in particular are not regarded as inventions:
 - discoveries, scientific theories and mathematical methods;
 - aesthetic creations;
 - schemes, rules and methods for performing mental acts, playing games or doing business as well as programs for computers;
 - providing of information.
- **Exclusions from patentability.** Patents are not granted to:
 - o inventions the exploitation of which would be contrary to public order or good morals; this can not be concluded solely from the fact that such exploitation of the invention is prohibited by law;
 - o plant or animal varieties or essentially biological processes for the production of plants or animals; this provision shall not apply to microbiological processes and the products made by these processes.
- **Novelty.** An invention shall be considered to be new if it does not form a part of the state of the art.
- The state of the art is everything made available to the public by means of a written or oral description, by use or in any other way prior to the date from which the right of priority belongs to the applicant.
- A part of the state of the art is also the contents of applications for inventions filed in the Czech Republic enjoying earlier priority which were published on or after the date from which the priority right belongs to the applicant. This applies also to the international applications of inventions with the earlier right of priority, where the Office is the designated Office as well as to the European patent applications with the earlier right of priority where the Czech Republic is a effectively designated state. Invention applications kept secret under specific regulations are considered to have been published

on expiry of 18-month period from the date on which the priority right began.

- **Inventive step.** An invention is considered a result of an inventive step if it is not obvious to a skilled person as arising of the state of the art. However, the content of applications that have only been published as of the date on which the applicant's priority right began is not taken into consideration in assessing the inventive step.
- **Industrial applicability.** An invention shall be considered as capable of industrial application if its subject matter can be produced or used in any kind of industry, agriculture or other fields of the economy.
- **Right to a patent.** Right to a patent belongs to the inventor or his legal successor. The inventor is the person who has made the invention by his own creative work. Joint inventors shall be entitled to a patent in the proportion in which they have participated in the creation of the invention.
- **Enterprise invention.** Where an inventor has made an invention as a part of his tasks arising from an employment relationship, because of the fact that he is a member of an organisation or of any other similar employment relationship (hereinafter referred to as "the employment relationship"), the right to the patent passes to the employer, in the absence of a contract stating otherwise, without prejudice to the right to inventorship.
- **Effect of the patent.** The proprietor of a patent has the exclusive right to use the invention, to authorise others to use the invention or to transfer the patent to others. The patent is effective as from the date of publication of the announcement of its grant in the Official Journal of the Industrial Property Office (hereinafter referred to as "the Official Journal").
- The applicant shall be entitled to appropriate remuneration from any person who uses the subject-matter of

the invention application after the publishing of the application. The right to appropriate remuneration may be asserted from the date on which the patent effects start.

- In the instance of an international application requesting grant of a patent in the Czech Republic which has been published in compliance with the international treaty, the applicant is entitled to appropriate remuneration in accordance with paragraph 3 only after the translation of the application into the Czech language has been published.
- The extent of the protection arising from a patent or an invention application is determined by the terms of the patent claims. For the interpretation of the patent claims, the description and drawings are used.
- For the period before the grant of a patent, the extent of protection arising from the invention application is determined by the terms of the patent claims contained in the application published under Section 31. However, the patent, as granted or as amended in the cancellation procedure under Section 23, determines retroactively the extent of the protection arising from the invention application, if the protection is not extended.
- **Prohibition of direct use.** Nobody is allowed without the consent of the patent owner:
 - o produce, offer, place on the market or use a product which is the subject matter of the patent, or to import or stock the product for this purpose, or to dispose with it by another manner,
 - o to use a process which is the subject matter of the patent or to offer the process for use,
 - o to offer, place on the market, use or import or stock for this purpose the product obtained directly by a process which is the subject matter of the patent,
 - o identical products are considered to have been obtained by means of the process which is the subject matter of the patent if it is highly probable that the product was obtained by means of the process which is the subject-matter of the patent and in spite of reasonable effort the proprietor of the patent was not able to determine the process actually used unless the contrary is proved. In proving the contrary, rights related to the trade secret protection are to be respected.
- **Prohibition of indirect use** Nobody is allowed without the consent of the proprietor of the patent to supply or offer to supply to a person other than the person authorised to use the patented invention the means related to an essential element of the invention and serving in this sense to put it into effect, when it is obvious under the circumstances that these means are suitable and intended for putting the patented invention into effect.
- **Exhaustion of rights.** The owner of the patent is entitled to prohibit third persons from disposing with a product which is the subject matter of the protected invention if the product has been placed on the market in the Czech Republic by the owner of the patent or with his consent, unless there are reasons for extension of patent rights to the activities mentioned.
- The authorisation to exploit an invention protected by a patent (licence) is granted in the form of a written contract (hereinafter referred to as "the licence contract"). The licence contract comes into effect in respect towards third parties on its entry in the Patent Register.
- **Patent transfer** is effected by written contract taking effect in respect of third parties on its entry in the Patent Register.

- **Patent co-ownership.** Where the rights from one patent belong to more than one person (hereinafter referred to as "co-owners"), the relationship between such persons is regulated by general regulations on shares in joint ownership. Unless agreed otherwise by the co-owners, each of them has the right to exploit the invention.
- **Limitation of effects of patent.** A patent does not have effect *vis-à-vis* a person who has already exploited the invention independently of the inventor or patent owner or who has made preparation for such use which he can prove before the priority right came into effect (hereinafter referred to as "the prior user") In case of failure to reach agreement, the prior user is entitled to request a court that his right is acknowledged by the proprietor of the patent.
- **Validity term of a patent.** The validity term of a patent is 20 years from the filing date of the application for the invention.
- **Patent expiry.** A patent expires:
 - o on expiry of its term of validity;
 - o if the corresponding administrative fees have not been paid in due time by the patent owner,
 - o if the owner waives the patent; in such a case, the patent is terminated as of the date on which the Office receives a written declaration by the proprietor of the patent.
- **Patent cancellation.** The Office cancels the patent when it is later ascertained:
 - o that the invention failed to meet the conditions of patentability;
 - o that the invention is not disclosed in the patent so clearly and completely that it is possible for a person skilled in the art to produce a duplicate;
 - o that the invention is not disclosed in the patent so clearly and completely that it is possible for a person skilled in the art to produce a duplicate;
- o that the subject matter of the patent extends beyond the content of the invention application as filed or the subject matter of the patents granted on the divisional application extend beyond the content of the invention application as filed, or the extent of the protection arising from the patent has been extended;
- o that the patent owner does not have the right to the patent; in this instance the Office carries out the cancellation upon the request of an authorised person;
- If the grounds for revocation concern only a part of the patent, the patent shall be revoked in part. The partial revocation of the patent shall be carried out by the amendment of claims, description or drawings.
- Cancellation of a patent has effect as of the date on which the patent became valid.
- The request for patent cancellation can be filed even after the expiry of the patent if the person filing the request can prove a legal interest.
- **Proceedings on the grant of a patent.** The proceedings on the grant of a patent are commenced on the filing of an application for an invention registration with the Office.
- If the subject matter of the invention application satisfies the stipulated conditions and if the applicant has paid the fee according to specific regulations, the Office grants a patent to the applicant; the applicant thus becomes the patent owner. The Office issues to patent owner patent deed, where the name of the inventor of the patent is stated and which contains the description of the patent and patent claims. The Office announces the grant of the patent in the Journal.
- **European patent application.** A European patent application with effects

for the Czech Republic (“European patent application” hereinafter) with the accorded date of filing has identical effects in the Czech Republic as those of an invention application filed on the same date. If the European patent application enjoys a priority right from a date preceding the date of filing the European patent application, such earlier date applies for the according of the effects of the application.

- **European patent effects.** The patent granted by the European Patent Office has effects identical to a patent granted by the Office.
- **European Patent scope of protection.** The wording of the European Patent in the language of the proceedings before the European Patent Office is decisive for the determination of the scope of its protection; nevertheless, if the extent of protection arising from the translation of the patent document submitted to the Office according to Section 35c paragraph 2 is narrower than in the language of proceedings, third parties can refer to this translation. The rights of third persons which on the territory of the Czech Republic in good faith have used or have realised serious and effective preparations to use the subject matter which pursuant to the translation valid in the period before the publication of the corrected translation by the Office was not covered by the scope of this European patent are not injured by the delivery of the new translation.
- **Granting of supplementary protection certificates for pharmaceuticals and plant protection products.** The Office grants supplementary protection certificates (“certificates” hereinafter) for substances protected on the territory of the Czech Republic by a valid patent if these are the effective substances of the products subject to registration according to the specific regulations prior to prior being placed on the market.

- Effective substance is a chemically produced substance or a combination of substances, a micro-organism or a combination of micro-organisms, which have general or specific therapeutic or preventive effects with regard to human or animal diseases or which may be administered to the human beings or animals in order to diagnose a disease, improve or treat their health condition or which have been designed for the protection of plants or plant products.
- The product referred to in paragraph 1 is any effective substance or a composition containing one or more active substances processed in a form which is placed on the market as a medicament or a plant protection product.
- **Conditions for grant of certificate.** The Office grants a certificate if the following conditions are met on the date of the filing of the application under Section 35i:
 - o the basic patent is valid on the territory of the Czech Republic;
 - o the product contains the effective substance protected by the basic patent and is validly registered as a medicament or a plant protection product according to specific regulations;
 - o a certificate has not yet been granted to the substance;
- **Granting of the certificate.** If the application for a certificate meets the conditions laid down in Section 35i and the substance for which the certificate is applied for meets the conditions laid down in Section 35j, the Office grants the certificate and which then records in the Patent Register.
- **Subject matter and effects of the certificate.** Within the limits of the protection arising from the basic patent, the protection by the certificate extends to the chemical substance or a combination of substances, micro-organism or a combination of micro-organisms, which represent the active

substance of the registered product, as well as to every use of the subject matter of the patent as a medicament or plant protection product, which was authorised before the expiry of the certificate.

- The certificate confers rights identical to those conferred by the basic patent; the certificate is subject to the same limitations and the same obligations.
- **Certificate validity.** The certificate is valid for a period equal to the period which elapsed between the filing date of the basic patent application and the date of the first registration enabling to place the product on the market in the Czech Republic as a medicament or plant protection product, reduced by 5 years, but at most 5 years from the date on which the certificate takes effect. The certificate comes into effect after the expiry of the lawful term of the basic patent.
- **Certificate expiry.** The certificate expires:
 - by expiry of its duration period;
 - if its owner waives it;
 - if its owner does not pay administrative fees to maintain the certificate validity;
 - if the product can no longer be placed on the market because of the cancellation or expiry of the registration;
 - by the certificate cancellation.
- The Office enters the certificate expiry to the Patent Register and announces it in the Journal.

2.2.4. Act on Protection of Industrial Designs

- Protection of Industrial designs. The Industrial Property Office (hereinafter referred to as the "Office") enters into the Register industrial designs meeting conditions defined in this Act. The protection granted to identical objects according to Copyright, Civil Law and

trademark rights or to any other legal regulation is not affected by provisions of this Act.

- Definitions of terms. For the purpose of this Act, industrial design means the appearance of the whole or a part of a product resulting from the features of in particular the lines, contours, colours, shape, texture and/or materials of the product itself, as well as its ornamentation.
- **Conditions of protection.** An industrial design shall be protected if it is new and has individual character.
- Industrial design applied to or incorporated in a product which constitutes a component part of a complex product is considered to be new and to have individual character only if:
 - the component part, once it has been incorporated into the complex product remains visible during normal use of the latter, and
 - the visible features of the component fulfil in themselves the requirement of the novelty and individual character.
- **Novelty.** An industrial design is considered new if no identical design has been made available to the public before the date of filing of the application for registration or the date of priority. Industrial designs are considered identical if their features differ only in immaterial details.
- **Individual character.** An industrial design has individual character if the overall impression it produces on the informed user differs from the overall impression produced on such a user by any industrial design which has been made available to the public before the date of filing of the application for registration or the date of priority.
- **Making available to the public.** For the purpose of assessment under Sections 4 and 5, an industrial design is considered as made available to the public if it has been published following

registration or exhibited, used in trade or otherwise disclosed. The industrial design is not, however, considered as made available to the public when it has been disclosed to a third person under explicit or implicit conditions of confidentiality.

- **Contradiction to public order or morality.** The Office does not enter into Register any industrial design being contrary to public policy or to principles of morality. The Office does not enter into Register an industrial design, if an identical industrial design with an earlier right of priority has already been registered in the Czech Republic.
- **Scope of protection.** The scope of protection is determined by the representation of the industrial design as it is registered, with the exception of features being predestined by the technical function of the design, or which must necessarily be reproduced in exact forms and dimensions in order to allow the product in which the industrial design is incorporated or to which it is applied to be mechanically attached to or incorporated in, round or against another product, so that either product may perform its function. The scope of the protection includes any industrial design which fails to produce on the informed user a different overall impression.
- **Beginning and duration of protection.** The protection of a registered industrial design shall last 5 years from the date of filing of the application. The holder of a registered industrial design can repeatedly renew this period of the protection, each time for a period of 5 years, up to a total term of 25 years from the date of filing of industrial design application.
- **Industrial design right.** Right to the industrial design belongs to the designer or his legal successor. The co-designer has the right to the industrial design in the scope corresponding to his participation in the creation of the

industrial design. The application of the industrial design may be filed by person having right to it (hereinafter referred to as the “applicant”).

- **Disputes relating to industrial design rights.** Disputes on the determination of the right to the industrial design are decided by courts.
- **Withdrawal of protection.** On request, the Office withdraws the industrial design protection from the holder on learning from a court a decision that the industrial design right under Section 12 has not belonged to him.
- **Effects of registered industrial design.** The registration of an industrial design grants to its holder the exclusive right to use it, to prevent any third party from using it without his consent, to afford his consent to use the industrial design to other persons or to assign the design right to them. The use of an industrial design means in particular the producing, offering, placing on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied, or stocking such a product for these purposes.
- Rights from industrial design come into effect on the date of the filing of the application. If the industrial design has not been made public, his holder can assert his rights from the registration against third persons only if he industrial design has not been used in good faith.
- **Exhaustion of rights:**
 - o The rights from registered industrial design fail to apply to the disposing of the product in which the industrial design covered by the scope of protection is incorporated or to which it is applied, provided that the product has been placed on the market in the Czech Republic by the registered industrial design owner or with his consent.

- o The rights from registered industrial design fail to apply to the disposing of the product in which the industrial design covered by the scope of protection is incorporated or to which it is applied, provided that the product has been placed on the market in the European Communities or any other country of the European Economic Area by the registered industrial design owner or with his consent.
- **Expiration of right from registered industrial design.**
Right from registered industrial design expires if:
 - o the protection period expires, or
 - o the industrial design right holder waives his right; in such an instance the right expires on the date or such waiver being registered in the Register. If the rights of third persons are attached to the industrial design, the Office records the expiry of the industrial design only after the obtaining of evidence from the industrial design right holder that such third persons have been informed of this intention by the industrial design right holder.
- **Registration of industrial design into Register.** If facts mentioned in this Act do not inhibit it, the Office registers an industrial design and issues a certificate on the registration to the applicant. Together with the registration of industrial design into Register, the Office makes the registered industrial design available to the public. The Office announces the registration of industrial design in Register in the Industrial Property Office Official Journal (hereinafter referred to as the "Journal").
- Register and data on industrial designs published in the Journal. The Office administrates the Register of Industrial Designs, where records the decisive

data on the registered industrial designs.

2.2.5. Act on Utility Models

Such technical solutions, which are new, exceed the framework of mere professional skill and are industrially applicable can be protected as utility models.

- According to this Act, the following in particular are not technical solutions:
 - o discoveries, scientific theories and mathematical methods,
 - o mere external adjustments of products,
 - o schemes, rules and methods for performing of intellectual activity,
 - o computer programs,
 - o simple presentation of information.
- The following can not be protected as utility models:
 - o technical solutions contrary to public interest, particularly the principles of humanity and public morals,
 - o plant or animal varieties and biological reproductive materials;
 - o production processes or work activities.
- Technical solution is new if it does not form a part of the state of the art. For the purposes of this Act, the state of the art is considered everything made available to the public prior to the date of acquiring the right of priority by the applicant.
- Technical solution is considered as capable of industrial application if it can be used repeatedly in economic activities.
- The right to utility model protection belongs to the author or his legal successor.
- The author of utility model is the person who created the utility model through his own creative work.
 - Utility model is registered by the Industrial Property Office into the

Register of utility models (further only Register).

• **Effects of Utility Model:**

- o Nobody may manufacture, place on the market or use in his economic activities a technical solution enjoying utility model protection without the consent of the owner of the utility model.
- o The owner of the utility model is entitled to give his consent (licence) to the use of a technical solution utility model protection to other persons or to transfer the utility model to them.
- o Rights arising from a patent granted on the basis of a patent application with later priority may not be asserted in the event of a dispute without the consent of the utility model owner.

• **Term of validity of utility model protection.** The validity term of utility model protection is four years from the filing date of the application or the filing date of an earlier patent application in respect of the same subject matter. The Office extends the term of validity of the utility model registration at the request of the of the utility model owner for further two three-year periods.

• **Utility model expires:**

- o by expiry of its term of validity;
- o by waiver of the utility model owner of his right; in such case, the protection is terminated as of the date on which the Office receives a written declaration of the utility model owner.

• The Office publishes information on utility models as well as official announcements and decisions of fundamental nature in the Journal.

2.2.6. Act on Protection of Designations of Origin and Geographical Indications

The Act regulates conditions for the obtaining of protection in relation to designation of origin or geographical indications, as well as legal effects of this protection.

• For the purposes of this Act:

- o designation of origin means the name of a region, a specific place or country (hereinafter referred to as “territory”) used for identification of the goods originating from this territory provided that quality or characteristics of this goods are exclusively or predominantly given by special geographical environment with its characteristic natural and human factors and provided that production, processing and preparation of such goods takes place within the defined territory; designation of origin for agricultural products or foodstuffs can also mean traditional geographical or non-geographical indications for the goods originating from the defined territory if such goods fulfils other conditions according to this provision;
- o geographical indication means the name of a territory used for identification of the goods originating from this territory provided that this goods has certain quality, credit or other characteristics which are attributable to this geographical origin and provided that production or processing and/or preparation of such goods takes place within the defined territory;
- o goods means any movable thing which was produced, exploited or otherwise obtained regardless of

the level of its processing, which is determined to be offered to consumers; also services are considered as the goods according to this act;

- o generic name of a goods class means indication which became a usual name for such goods, although it relates to the territory where this goods was originally produced or placed on the market.
- Designations of origin and geographical indications are entered in the register of designations of origin and geographical indications (hereinafter referred to as "the Register") maintained by the Industrial Property Office ("the Office" hereinafter).
- **Exclusions from registration:**
 - o Such designation can not be entered in the register either as designation of origin or as geographical indication the literal wording of which, although truthfully identifying the territory from which the goods originates, is capable of inducing a false assumption that the goods originates from another territory.
 - o If the applicant for registration of the designation of origin or geographical indication for wines is able to ensure that the designations are used in such a way as to avoid false assumption of the real origin of the goods, two or more designations of origin or geographical indications containing identically written or identically reading (homonymous) names of places may be entered in the register provided that the principle of equal position of producers in the market is complied with.
 - o Generic names of goods cannot be entered in the register as designations of origin or geographical indications regardless of the fact whether

such goods originate from the territory thus defined.

- o With the exception stated in paragraph 2, an indication which is identical with an already protected designation of origin, geographical indication, well-known trademark or registered trademark or an indication which is identical with the name of a plant variety or an animal breed which could lead to deceptive assumptions about the true origin of goods as a result of this coincidence may not be registered as designation of origin or as geographical indication for identical goods.
- **Designation of origin.**
 - o An application for registration of designation of origin may be filed with the Office by the association of producers or processors (the "Association" hereinafter) for goods produced, processed or prepared on the territory and under conditions defined by the Act. An individual natural person or a legal entity may apply for registration of designation of origin provided that at the time of filing of the application it is the only person who produces, processes or prepares the goods on the territory and under conditions defined by the Act.
 - o Any other producer or processor who meets the conditions for registration of designations of origin stipulated by the Act as well as conditions of membership in association, which must be neither discriminatory nor in conflict with legally binding rules of economic competition, is entitled to become a member of association. The association is obliged to issue to its members a certificate of membership upon request.
 - o If the application for registration of designation of origin contains all

necessary information and the application is not refused, the Office enters the designation of origin in the register and announces the registration in the Official Journal issued by the Office (the "Journal" hereinafter). A certificate of registration is issued to the applicant.

- o **Effects of the designation of origin registration.** The protection of designation of origin starts with the day of the record in the register. The protection period of designation of origin is unlimited.
 - o Each person who produces, processes or prepares the goods of relevant quality or characteristics within the defined territory is entitled to use the registered designation of origin and especially to place it on the goods to which such designation of origin relates.
 - o It is not possible to grant a licence to a registered designation of origin.
 - o The registered designation of origin may not be provided as a security interest.
 - o Cancellation of designation of origin registration is entered by the Office in the Register and announced in the Journal.
- **Geographical indication:**
 - o Provisions relating to designation of origin apply similarly to information necessary for application for registration of geographical indication, proceedings relating to application for registration of geographical indication, registration of amendments relating to registered geographical indication, contents and inspection of specification for agricultural product or foodstuff, effects of registration of geographical indication,

amendments to registration of geographical indication and its cancellation.

- **The Register and Official Journal.** The register is open to public and everybody is entitled to view it. The Office enters in the register decisive data relating to designation of origin and geographical indication. In the Official Journal, the Office announces the registration of designation of origin or geographical indication, its cancellation and other important facts relating to designation of origin or geographical indication.
- Upon request, the Office issues an excerpt from register to any person. The excerpt from the register contains information valid as of the day of the issuing of the excerpt from register.
- **Relations towards foreign countries:**
 - o Persons with permanent address or seat in the Czech Republic may apply for international registration of designation of origin according to the international convention through the Office.
 - o International registration of designation of origin with the application for protection in the Czech Republic has the same effects as the registration of designation of origin in the Register maintained by the Office.
- **Application for protection.** An application for protection of designations of origin and geographical indications in the European Union relating to agricultural products and foodstuffs produced or processed and/or prepared on the territory situated within the Czech Republic is filed with the Office. The application may be filed only by one person stated in the Act, who has the right for designation of origin or geographical indication.
- The Office assigns the application including all documents supporting its findings to the Commission within two months from the day when a proper

application was delivered to the Office. The Office informs the applicant about this fact.

- If the Commission refuses to enter designation of origin or geographical indication in the register of protected designations of origin and protected geographical indications, also the entry in the register maintained by the Office loses its effect.
- **Rights from registration of designation or origin and geographical indication.** Registered indications are protected against:
 - any direct or indirect business utilization of registered indication for the goods to which the registration does not relate, if such goods is comparable with the goods registered under this indication or if utilization of this indication takes advantage of a good reputation of the protected designation;
 - any misuse, imitation or suggestion, even if the real origin of goods is stated or the protected indication is translated or accompanied by terms like “class”, “type”, “method”, “style”, “imitated” or by similar terms;
 - any other false or deceptive data about geographical origin, nature or basic qualities of the goods stated on inward or outward packing, promotion materials or documents relating to respective goods, as well as against the use of transportation packing capable to evoke a false impression about its origin;
 - any other conduct which could lead to deceptive assumptions about true origin of goods.
- The registered indication may not become a generic indication of goods; if the registered indication itself includes also the name of goods, which is considered to be generic, the use of this generic name on the respective

goods is not in conflict with paragraph 1 letter a) or b).

- **Endangerment or infringement of the right.** Anybody may claim at the relevant court the use of the registered indication for comparable goods, which does not fulfil conditions for utilization of designation of origin, or geographical indication is prohibited and that the goods identified in a manner which endangers or infringes the rights arising from registered designation of origin or geographical indication is withdrawn from the market.

2.2.7. Conclusion

The provisions as selected from the regulations governing the individual intellectual property rights indicate that each right has its specification. It is significant to assess the intellectual property rights infringement from the COI point of view that the expert conducting such assessment is familiar at least with the fundamental information on the evaluated right. There is no other way to assess whether the right is valid in the time of the inspection, who to approach with a request for documentation needed for the ascertaining of the goods authenticity, what are the effects of the law, when the rights are infringed and so on. These are the information without which it is impossible to decide on further proceedings of COI in a given case.

3. Course of COI activities in rights infringement abatement

In this part, we are going to familiarize ourselves with the course of activities of the Czech Commercial Inspection within the abatement of intellectual property rights infringement. A case of rights infringement can be divided into the following stages:

- Complaint to inspect
- Acquiring documentation
- Inspection preparation
- Inspection
- Administrative proceeding on a fine and confiscation/seizure
- Destruction proceedings/humanity
- Final processing of a case

Also, we will cover all steps necessary for a successful resolution of a case.

3.1. Complaints to inspect

A complaint to inspect is a fundamental impulse, which starts the whole process of a possible inspection in the area of the abatement of infringement of some intellectual property rights. A COI officer, whom we can call an “expert” for our purposes (it can be an inspectorate director or an inspector-specialist), has to take steps to clarify whether COI will deal with the complaint. These are:

- information gathering,
- decision-making process.

Complaint assessment procedure

Within the assessment of a complaint it is necessary to deal with the following areas of ascertaining:

- Is the complaint in compliance with the provision of Section 5a of the Act on COI?

This means a decision on whether the motion was lodged by an authorized person. The Act defines who is entitled to lodge a motion. It can be:

- COI’s own initiative
- Complaint of other state authority
- Complaint of a consumer

In fact, a complaint can be filed by anyone with the exception of an entrepreneur who is not a consumer according to the Consumer Protection Act and at the same time is not a right owner or his representative or does not have other interest in the matter.

The entrepreneur would have to establish his legal interest in the matter within his complaint. The interest could be either personal or proprietary, always relating to a concrete intellectual property right.

- Does the complaint falls in the jurisdiction of the relevant COI inspectorate?

This is a decision relating to the territorial jurisdiction of the complaint – whether the complaint is to be dealt with by the expert of the inspectorate which accepted the complaint or by the expert of the central inspectorate. The procedure is different according to whether the goods suspected of consumer deception are sold in one concrete shop or town or in the market places all over the country. In other words, whether the complaint requires a local inspection or whether a more extensive area should be inspected on its bases than the territorial jurisdiction of the relevant inspectorate.

If the complaint by its significance exceeds the regional scope, it is escalated to the central inspectorate for further evaluation.

- Does the complaint fall within the COI’s task and competency?

The task of COI is to protect the consumer against deception. In this instance there is a suspicion that Section 8 paragraph 2 of the Consumer Protection Act is infringed. The following rights are violated:

- **Trademark rights infringement. Counterfeit product.** The legal definition of product or goods infringing certain intellectual property rights is defined by Section 2 paragraph 1 of the Consumer Protection Act. Counterfeit product is a product or goods, including the packaging, which without the consent of the trademark holder bears a designation, which is the same as or can be mistaken for a

- trademark, violating the rights of a trademark holder pursuant to a specific regulation. (Act No. 441/2003, on Trademarks, as amended).
- **Copyright or a right related to copyright infringement.** Unauthorized imitation which is a product or goods which is a reproduction or comprises a reproduction produced without the consent of the copyright owner or the owner of rights related to copyright or without a consent of industrial design rights owner, if the making of the reproduction violated these rights under specific regulations (Act No. 121/2000 Coll., on Copyright and Rights Related to Copyright, as amended).
 - **Industrial design owner's right infringement.** The deception of the consumer in the form of the infringement of certain intellectual property rights can occur also by the infringement of rights or an industrial design owner. This again relates to the unauthorized imitation as described in the previous paragraph. The specific legal regulation in this case is Act No. 207/2000 Coll., on Protection of Industrial Designs, as amended.
 - **Patent owner's right infringement.** The consumer is deceived also by being offered goods or products infringing a patent or rights of a holder of a supplementary protection certificate for pharmaceuticals and plant protection products. This concerns product or goods infringing rights according to specific regulation (Act No. 527/1990 on Inventions and Rationalization Proposals, as amended).
 - **Utility model rights infringement.** The consumer is deceived also by being offered goods or products infringing rights to a utility model. This concerns product or goods infringing utility model rights according to specific regulation (Act No. 478/1992 Coll., on Utility Models, as amended).
 - **Infringement of rights to designations of origin and geographical indications.** The consumer is deceived also by being offered goods or products infringing rights to rights to designations of origin and geographical indications. This concerns product or goods infringing rights to designations of origin and geographical indications according to specific regulation (Act No. 452/2001 Coll., on Protection of Designations of Origin and Geographical Indications, as amended).
 - **Decision on further course of actions.** In this decision, we on the basis of the answers to the above-mentioned questions either commence the inspection preparation or terminate the proceedings. There has always be a reason for the proceedings termination. A protocol on the proceedings termination is then prepared and the person filing the complaint notified accordingly.
 - **Reasons for the termination of proceedings.**
 - The complaint to inspect is irrelevant. The complaint to inspect is not relevant when it fails to meet the prerequisites of the filing. . For instance, it is anonymous or incomprehensible, unclear or similar. This fact has already been evaluated earlier.
 - Inspection whether consumer deception occurred is not concerned. Another possible reason for the discontinuing of proceedings is

that COI can act in relation to intellectual property rights only when consumer deception in accordance with Section 8 of the Consumer Protection Act has been committed by infringement of an intellectual right.

- COI competency is not defined. The COI is not competent in the matter either from territorial or from subject matter viewpoint. Inspection whether consumer deception occurred is not concerned.

3.2. Acquiring documentation

This step is crucial in the COI activity and influences the quality and success of the inspection as such. In this stage, the documentation is prepared necessary for the evaluation whether intellectual property right has been violated.

In the process of acquiring documentation it is necessary to establish whether the relevant documentation to the complaint already exists and is complete, and if it does not exist, to make steps to acquire it. The accepted and for further proceedings relevant complaint is thus re-evaluated from the point of view whether there is necessary documentation to carry out the inspection on its basis.

- **Documentation is missing.** The situation where the necessary documentation for the complaint is not available is to be dealt with according to the provision of Section 8a of Consumer Protection Act and according to Section 5a of the Act on Czech Commercial Inspection. The documentation for inspection is acquired when the complaint raised suspicion that intellectual property rights were infringed. It is necessary to contact the owner of the injured intellectual property right and summon

him to provide the relevant documentation. On receiving documentation, it is necessary to assess if it is complete and possibly to require that it is completed. If the documentation is complete, it is attached to the document.

- **Documentation acquiring procedure:**
 - **Intellectual property rights owner identification.** The COI officer has to identify the intellectual property right owner whose rights are infringed. This is one of the most significant steps and is actually often connected with certain problems. Not for all of the intellectual property rights the registers are kept where it is possible to find safe information on the owner. Even when such registers are kept, they do not guarantee that the information found in them is up-to-date. It often happens that with foreign persons – owners the current representative in the Czech Republic is not stated, or there is a contact for a non-existent law office, or only a representative is stated who was authorized to register the relevant subject of intellectual property right and is not competent to act in its protection. That is why it is often necessary to acquire information directly from the owners abroad and notify them of the fact that with all probability their rights are infringed on the territory of the Czech Republic.
 - **Summons to provide documentation.** If the right owner is successfully identified, he is in accordance with Section 8a of the Consumer Protection Act and Section 5a of the Act on the Czech Commercial Inspection summoned to provide documentation necessary for the evaluation of products or goods from the point of view whether some intellectual

property rights are not infringed (for instance by sales of counterfeit goods). The term to provide the documentation is 15 days and starts with the time when the owner was notified. If the intellectual property right owner provides COI with incorrect, imprecise or incorrect information and the inspected person incurs damages through COI decision due to those documents, the intellectual property right owner is responsible for such damage under Section 8a of the Consumer Protection Act.

- **Examination of the provided documentation**, its possible completion. In this step it is necessary to assess whether the provided documentation meets the requirements defined by law and if it is appropriate for the conducting of the inspection. If it is ascertained that it is not the case, the owner is summoned to complete the documentation.
 - The assessment whether the documentation is proper. The intellectual property right owner is obliged to notify of all changes and possible inconsistencies of the documentation of his own accord and is responsible for the rightness and completeness of the documentation in compliance with Section 8a of the Consumer Protection Act. However, when in doubts of the validity or relevancy of the provided documentation, the COI notifies in written the intellectual property right owner of this fact. The owner is then obliged to submit written statement on the found deficiencies of the

documentation within 15 days from the receiving of the notification. The documentation is proper if it is:

- relevant. The Documentation is relevant if it relates to the intellectual property right if it relates to the intellectual property right whose infringement is concerned and, at the same time, if it enables to ascertain the infringement of the rights to which it relates. The documentation enables to ascertain the right infringement if it is in such a state, which makes it possible to establish by the inspection, whether the consumer deception in the form of a concrete intellectual property right infringement occurred. This is a significant characteristic of the documentation, without which it is not possible to establish by inspection that the right of the owner were actually infringed and there is a danger of the failure of the inspection.
- true. One of the legal requirements for the documentation is that it must be truthful according to Section 8a of the Consumer Protection Act. If the provided documentation, whether intentionally or through neglect, fails to reflect the reality, the owner is responsible for any damage incurred in connection with the

decision of the inspection authority by the inspected person. This should prevent vexation within the economic competition or simple vexation on the part of third persons and the owner is prompted by this legal provision to actively protect his property and prevent damages.

- accurate. Another of the legal requirements is the necessity of the documentation being accurate. The documentation has to accurately describe the way to ascertain the infringement of the relevant rights of the owner (for instance, the description of the seam on a garment protected by a trademark, description of details such as the type of zip or materials from which the original is produced).
- valid. Furthermore, the documentation has to meet the requirement of validity. The information included has to relate to the given subject and has to be valid. The owner thus has to make sure and COI has to prevent that for instance a trademark is not already invalid or that the inspection does not focus on an out-of-date textiles collection or similar.
- **Filing of the complaint.** In the end, it is necessary to file the documentation with the complaint to which it relates. This is an administrative step.

3.3. Inspection preparation

Further step in the procedure is the preparation of inspection. The preparations focus primarily on the ensuring of all means necessary to carry out the inspection on the spot. The objective is also to prepare the COI officers to the planned action in order that the inspection is conducted successfully and effectively.

- The purpose of the possible paying of the deposit is the assessment whether it is necessary prior to the commencement of activities towards the planning and conducting of the inspection to provide for a settlement of cost incurred within such inspection in case that the complaint to inspect was not justified as the inspection failed to establish any deficiencies and regulations infringement.
 - The obligation to pay an adequate deposit before the inspection as such is commenced depends on whether the complaint to inspect was filed by the authorized person or a person with justified interest in the matter or not. The authorized person in this case is mentioned by the Consumer Protection Act and must be therefore defined according to this act. According to the language and systematic interpretation of the provision of Section 8a of the Consumer Protection Act such authorized person means the person of the owner of the intellectual property right, which is defined by the same section. For if the term “authorized person” was interpreted under the Act on the Czech Commercial Inspection (Section 5a of the Act on the Czech Commercial Inspection), each person authorized to file a complaint to inspect would be obliged to pay the deposit, which would be logical especially in cases

where the COI commences the inspection of its own accord or on the complaint of another state authority.

Further, the Act regulates the obligation to pay an adequate deposit where the complaint filed by a person with legal interest in the matter.

It means in cases where the inspection is conducted of COI own accord or on the complaint of another state administration authority it is not necessary to pay the deposit. In reality, this is used by intellectual property rights owners which are under obligation to pay the deposit to avoid this duty. A third person files the complaint "on behalf" of the owner, identifying himself as a "consumer".

Deposit paid for the inspection costs. The deposit cannot be required for the reimbursement of costs other than those connected with the inspection on the basis of a complaint.

To impose the duty to pay an adequate deposit it is necessary to determine the deposit amount. This determining is governed by Section 8a of the Consumer Protection Act. The basis for the calculation of the deposit amount is

- schedule.

Inspection objectives result both from the complaint as such and from the circumstances accompanying the case. The planned inspection of the COI can be based not only on the complaint as such but also on the interests of other subject (consumers in general). This is why it is necessary prior to the planning of the action as such to set its objectives (i.e. what the inspection on the spot should focus, whether just on the inspection of intellectual property rights observance or whether also other possible deficiencies will be inspected

defined by law as the average cost of work performed by one inspector per day during the preceding year.

- **It is necessary to warn of the consequences** of not paying of the adequate deposit in the procedure. If the deposit is not paid as due, the supervisory body is not obliged to investigate the complaint any further and can thus adjourn the matter and refrain from the planning and commencement of the inspection (Section 8a of Consumer Protection Act).
- **The deposit is paid in time** and in the determined amount when the sum destined for COI has been paid on COI account within 15 days from the issuing of the summons to pay it.
- **Inspection planning.** The COI has to carefully plan its activities, as the success of the inspection as well as the overall success of the protection of consumers and intellectual property rights owners depends on proper preparation. The planning includes:
 - setting the objective which the inspection has to meet,
 - ensuring the means to the conducting of the prepared inspection and entering the inspection in the inspection
 - such as the proper pricing of the goods or similar).The next step to the meeting of the inspection objectives is the planning of the inspection. In this stage, the equipment as well as sufficient personnel should be secured, both from COI and from other state authorities, if the conducting of the inspection requires so. Prior to the inspection on the spot, the COI has to ensure in time the equipment necessary for the efficient conducting of the inspection. This means general appliances as well as special equipment (indicators, testing equipment and similar), but also

seemingly unimportant matters such as sacs for the goods or products, which are to be secured within the inspection.

Staffing. This includes the planning of the presence of COI inspectorate experts as well as qualified persons and officers of other state authorities whose presence in the inspection on the spot is crucial for the successful course of the inspection. The staffing includes:

- Determining of the inspectorate for the inspection. Based on the staffing of his inspectorate, the COI director appoints person who will participate in the inspection as inspectors.
- **Inviting of an expert/qualified person.** In the course of every inspection, at least one inspector or a person who is able on the basis of the prepared documentation to decide whether in the concrete case a regulation from the area of intellectual property right has been infringed must be present. Therefore, the COI has to provide such person before the planned inspection. If the COI does not have its own expert, it has to invite a “qualified person” (Section 6 of Act on COI). The term qualified person includes also other persons whose presence is necessary on the spot of the inspection, such as interpreters, forensic experts and similar.
- **Possible cooperation with other persons.** Within the inspection preparations, the COI can address also other state or other authorities and invite them to cooperation in the inspection on the spot. Such institutions can be for instance the Police of the Czech Republic, customs offices or private-law institutions dealing for example with the protection or administration of the relevant

intellectual property rights (IFPI, OSA – Society for the Protection of the Rights of Music Authors and Publishers or others). Again, the invitation is within the administrative discretion of COI.

Entering a particular inspection in the schedule. On providing for the equipment and staffing, the inspection is entered in the inspection schedule. The inspection is assigned a concrete date and place in the schedule administrated by COI.

- **Familiarization with the planned inspection.** Within the preparation of the inspection, all its participant have to become familiar with its objectives, particular dates and facts and so on. This means the organizational harmonization of the procedure and, at the same time, the familiarization from the expert point of view. It is necessary that all participants in the inspection are trained by an expert to be able to identify intellectual property rights infringement on the spot of the inspection. This training focuses on the objectives of the prepared inspection and is based on the knowledge of the selected expert as well as on the documentation for the inspection as prepared in the previous stage of the procedure.
- **Decision on further procedure.** As a final stage of the activities within the inspection preparation it is necessary to decide on further procedure. This decision concerns the assessment whether the inspection is actually to be carried out.

3.4. Inspection

The main stage of the activity of COI is the inspection as such. This term includes the inspection itself – i.e. the inspection on the spot, together with the activities directly connected with and following it.

For the purposes of this part, the term on-the-spot inspection is used in the sense of an actual, physical inspection for instance in a market place or on the business premises. When we use the term inspection, we mean the process from the beginning of the inspection on the spot up to its finishing on the inspectorate including possible objections.

On-the-spot inspection. On-the-spot inspection is completed when all the following steps have been conducted from the submitting of operational information to the preparation of the inspection protocol:

- o **Submitting of operational information.** Operational information means facts on the carrying out of the actual inspection, assignment of the inspectors according to the needs of the given location, information on what number of inspection objects is located on the spot of the inspection (number of stalls or sellers), information on time schedule, communication between the inspectors on the spot and similar.
- o **Commencement of the on-the-spot inspection.** The inspection is commenced by entering the inspected location and by the inspectors identifying themselves by their service cards. The obligations connected with this are described in details in the inspection procedure of COI, which is based on the Act on State Inspection.
 - **Possible inspection purchase.** When possible, the COI makes an inspection purchase prior to the commencement of the inspection on the spot as such (i.e. actually before the inspector identifies himself by

his service card of authorization of COI director). It consists in the purchasing of goods offered on the premises in order to establish the selling of the goods and the way of its selling.

- **Obligation to identify oneself by service cards.** In the course the performance of their duties the COI inspectors identify themselves by their service cards without demand (Section 4 of the Act on COI). It is also possible to identify oneself by the authorization of the director of COI inspectorate.
- o **Establishing of facts.** The establishing of facts means the findings, which were established in the course of the inspection in relation to the intellectual property rights infringement. In order to state that the relevant regulations have or have not been infringed the COI needs authorization to investigate the state of the matter and on the basis of the results of such investigation adopt further measures.
 - **Authorizations to establish the facts.** The authorizations of the COI inspections necessary to the conducting of their tasks are defined by Section 4 of the Act on COI and are related to the performing of powers of COI in the matters of intellectual property rights protection. The authorizations include the right to enter the business premises, to identify individuals, require documentation, right to take samples as well as the right for other person to enter the premises (producer, importer or distributor). Other authorizations granted by for instance the Consumer Protection Act (the possibility to close the business premises) cannot be applied in cases of the protection of the

consumer against the violation of the prohibition of deceptive conduct in the form of infringing of some intellectual property rights.

- **Entering the business premises.**

The inspector is in the performing of his inspection tasks entitled to enter the premises of the inspected person (Section 4 of the Act on COI).

- **Identifying of individuals.**

Another measure, which the inspector can use within on-the-spot inspection, is the identifying of inspected individuals.

- **Requiring of information.**

Another measure under Section 4 of the Act on COI is the requiring of necessary documents, data and written or oral explanations.

- **Taking of samples.**

Another measure actually used by COI is the taking of samples according to Section 4 of the Act on COI. This measure is used in cases where it is impossible to establish with certainty from the documentation on the spot whether the goods or products infringe intellectual property rights. The sample is taken from the sold or stored goods in order to evaluate in the further proceedings whether regulations were infringed.

- **Entering the premises**

of manufacturers, importers or distributors. Another authorization, which can be used by COI inspectors, is the possibility to enter the premises of manufacturers, importers or distributors. The term premises was used intentionally, to enable the entering of stores or business premises where according to COI suspicion goods or product violating

specific regulations can be found.

- **Requiring of information** under the provision of Section 4 of the Act on COI. This measure consists in the authorization of the inspectors to require from the distributors, importers and producers of the inspected goods or products the providing of relevant documentation and information and submitting of expert opinions.

The using of the authorizations of the inspectors consists of the following general steps:

- Identification of the measure recipient. The recipient of a measure is an individual present on the business premises, whether the entrepreneur or his statutory or other representative (the seller or similar).
 - Imposing a measure. An individual is identified when a person is required to prove the identity.
 - Implementing of a measure. The measure is implemented when the inspected individual is identified. This can be preceded either by the refusing of the identification by the inspected person or by the inspected person's voluntary identification.
- **Measures taken on the basis of the inspection result.** According to what has been found on the spot by the physical inspection, the COI inspector has to react and take appropriate measures.
 - Measures to prevent further infringement. On establishing that intellectual property rights have been infringed, the COI inspector

has to impose measures in the form of the seizure of the goods or product infringing property rights, or to store such goods out of reach of the inspected person.

- Seizure of goods or products. In compliance with the provision of Section 7b of the Act on COI, the inspector has a duty on the established offer, sales and storing of goods or products which fail to correspond with specific regulations to seize such goods or products from the inspected person or a person participating in the inspection. This is a measure that should be imposed on the detected infringement of the right of an owner of an intellectual right, as well as on the violation of the prohibition of consumer deception. The measure thus reacts to the established state of facts and, at the same time, prevents the continuing of the unlawful conduct.
- Storing of goods out of reach of the inspected person. Another possible measure which can prevent further infringement of regulations is the detention of the goods or products infringing specific regulations (i.e. regulations from the area of intellectual property rights) by their storing out of reach of the inspected person, Section 7b of the Act on COI). This in fact means the confiscation of such goods. This measure actually restricts the right of disposal of the inspected person of the goods, and in contrast to a simple seizure the goods is placed out of the reach of the inspected person.
 - **Inspection protocol preparation.** The inspection protocol is a significant document, which has to be prepared at the conclusion of the physical

inspection containing all information on the course and results of the given particular inspection. The content of this document is determined by the inspection order according to the Act on State Inspection (Act No. 552/1991 Coll., as amended). The inspected person can raise an objection against the inspection protocol.

- **Completion of the inspection at the inspectorate.** The inspection is completed when possible objection lodged by the inspected person have been dealt with, the information duty of COI towards other state administration authorities fulfilled and the costs of the procedure decided on.
 - **Information activities.** The COI has statutory obligation to inform other state authority bodies as well as other subjects on the inspection results and imposed measures or, where appropriate, to inform the concerned person. The obligation to inform the inspected person applies when the person was not present at the on-the-spot inspection. The concerned person thus means the inspected person who was not present at the inspection, in particular the company owner.
 - **Informing the filing person.** According to the provision of Section 5a of the Act on COI, the COI has the duty to notify the person who filed the complaint to inspect that the inspection was conducted as well as of its course, results and similar. This duty is fulfilled by COI only after the possible completion of the

administrative procedure in the matter.

- **Informing the Police of the Czech Republic.** At this stage of the procedure the COI can at its discretion inform the Police of the Czech Republic of the conducted inspection. This occurs in cases where the inspection could not confirm the violation of the relevant regulations, although the suspicions that intellectual property rights still exist. This makes it easier for the Police of the Czech Republic to proceed in the proceedings within the establishing of culpability. On establishing that the inspected person was notified that he infringes intellectual property rights, it is not possible for such person to claim ignorance in criminal or petty offence proceedings. At the same time, it is easier for the Police of the Czech Republic to evidence the form and degree of culpability.
- **Possible objection proceedings.** The objection proceedings are conducted in cases where objections were lodged. The proceedings are regulated by the Act on COI and Act on State Inspection. If an objection is lodged, proceedings on such objection are conducted. The objection can be lodged against the inspection protocol or against the measured imposed – seizure of the goods or storing of the goods out of reach of the inspected person.
- **Decision on the proceedings costs.** Another activity following a completed on-the-spot inspection is the decision on the proceedings cost in relation to the adequate deposit paid on the COI account and possibly to the compensation for samples taken.

3.5. Administrative proceedings

Further step in the COI procedure is the conducting of administrative proceedings on the imposing of fines (fine and disciplinary fines) and proceedings on confiscation or forfeiture of the seized products or goods. The proceedings are carried out according to Act No. 500/2004 Coll., on Administrative Procedure.

3.6. Destruction proceedings /humanity

The following conditions must be met prior to destroying of the products or goods. There is a final and conclusive decision on confiscation or forfeiture of a subject and final and conclusive decision on its destruction. The inspectorate director decides that the forfeited of confiscated products will be destroyed, or, where suitable, used for humanitarian purposes without charge. Humanitarian purposes mean activities performed with the aim to provide the basic needs of people in difficult circumstances or in emergency, when the using of emergency material resources is justified. The procedure of the providing of goods for humanitarian purposes is defined by Section 7b of the Act on COI.

If the inspectorate director decides that the forfeited or confiscated products or goods are to be destroyed, the destruction is carried out under the supervision of a three-member commission appointed by the inspectorate director. The commission prepares a protocol of the destruction signed by all three members of the commission. The destruction is carried out at the expense of the inspected person who offered to sell, sold or stored the products or goods.

3.7. Final processing of a case

This item of the COI activities includes in the first place the decision on the proceedings costs, which were not decided on so far (storage charges, costs of the official destruction of the goods) as well as information and administrative activities (inspection evaluation, possible examination whether the imposed measures are observed).

- **Decision on additional costs of the proceedings.** If the goods or products were stored out of reach of the inspected person, a decision must be done on who and in what amount is to pay the costs of the storing. The same applies to the decision on the costs of the official destruction of the goods, which is, however, always at the expense of the inspected person.
 - **Decision on storage charges.** Decision on who is to pay the cost of the goods or products storing and in what amount. The costs incurred in connection with the storing of goods or products infringing intellectual property rights are paid by the inspected person. The COI calculates the costs and charges the person.
 - **Decision on destruction costs.** The costs incurred in connection with the official destruction of goods or products infringing intellectual property rights are paid by the inspected person who offered to sell, sold or stored the goods or products. The COI calculates the costs and charges the person.
- **Activities within the cooperation with other authorities.** On the basis of the inspection results, the COI is obliged to notify other state administration authorities of the measures imposed on the inspected person, the outcome of the inspection and whether sanctions were imposed in the matter. The cooperation of the state administration authorities in the area of intellectual

property rights protection is based on some general regulations such as Paragraph 13 of the Act on COI, as well as, in particular, on interdepartmental agreements and agreed procedures of all authorities active in this field.

- Mutual information activities of the state administration authorities in the area or intellectual property rights enforcement is of great significance for their effective cooperation. It is important that these authorities inform each other of the imposed measures, results achieved within the framework of their particular activities, stages into which the individual cases proceeded and similar.
 - Notifying the Police of the Czech Republic. In the first place, the COI can inform the Police of the Czech Republic in the instances where, in COI opinion, a crime has been committed, in connection with the protection of intellectual property rights in particular under the provisions of Sections 150 – 152 of the Criminal Code.
 - Notifying of the Alien Police. In cases where the consumer protection regulations related to intellectual property rights infringement are violated by a person considered a foreigner under aliens regulations, the Alien Police must be informed.
 - Notifying of trade licensing offices. Under the provision of Section 14 of the Act on COI, the COI informs the relevant Trade Licensing Office on substantial violations of conditions for the conducting of activities defined by Section 2 of the Act of COI without undue delay.
- **Imposed measures observance monitoring.** According to the provision of Section 3 of the Act on COI, the Czech Commercial Inspection monitors systematically whether the measures remedy the detected deficiencies and their sources are being observed.
- **Inspection assessment.** The tasks of COI include also the generalizing of

pieces of knowledge learned in the course of the inspection and preventing the occurrence of deficiencies particularly through the detecting of their causes, education and publishing of the inspection results (Section 3 of the Act on COI). It is in fact prevention and education in the area of intellectual property rights enforcement.

- **Document filing.** On the performing of all activities the administrative step is conducted – the document, protocol and other materials regarding the particular inspection is filed and file archived.

4. Cooperation

4.1. Cooperation with state administration authorities

Cooperation between the state administration authorities in the area of intellectual property rights enforcement proceeds in two platforms, both on the international level. One was established in July 1997, when an agreement between four state administration authorities was signed. Gradually, the necessity of cooperation with other subjects arose, which is why eight state authorities in total cooperate within the framework of the agreement. Another platform of the cooperation is an interdepartmental advisory committee for the abatement of intellectual property rights infringement of the Ministry of Industry and Trade.

4.1.1. Agreement on cooperation – history

The agreement on cooperation in the area of intellectual property rights abatement was signed between the Czech Commercial Inspection, the Police of the Czech Republic, The Ministry of Finance – General Customs Directorate

and the Industrial Property Office on 21.7.1997. Further authorities acceded to the agreement on the basis of needs for cooperation and government measures and presently it is the “Agreement of Cooperation” between “octaparty”, i.e. eight state administration authorities:

**The Czech Commercial Inspection
The Police of the Czech Republic
The Industrial Property Office
The Ministry of Finance – General Customs Directorate
The Ministry of Industry and Trade – department of Trade Licensing
The Ministry of Finance – Central Financial and Tax Directorate
The Ministry of Culture
The State Agricultural and Food Inspection**

Activities arising from the realisation of the agreement are directed primarily at the area of large-scale production, distribution, export and import of pirated goods. The central offices of the individual institutions perform the managerial, coordinating and supervising tasks, while the execution of the measures as such is conducted by the territorial departments of the individual subjects.

One of the first tasks of the work team created on the basis of the agreement was to prepare the principles of cooperation, which would enable to fight the trademark right infringement under the circumstances of then state of legislation. The “Principles of cooperation in the protection of inner market against the infringement of rights to a trademark, business name and protected designation of origin” were created, which defined procedures, flows of information and points of contact in such manner that every detected violation of regulations could be classified either as administrative delict or a crime. On the

basis of the principles, officers were regularly trained by COI to be able to discern the authenticity of textile products of renowned world trademarks and common inspections were conducted. Also the concluding of an agreement between the COI and the Ministry of Industry and Trade – department of trade licensing on a new way of information sharing between trade licensing offices and the COI inspectorates.

The activities of the agreement authorities focused also on the stall selling in the market places, where a great amount of products infringing intellectual property rights is sold and where the fiscal interests of the state and consumer protection are not successfully enforced. Accordingly, the analysis of stall selling was prepared together with a document named “Complex solution of stall selling in the Czech Republic”, which dealt with possibilities of the solution of stall selling negative aspects and legislation proposals in the area of the fighting of the infringement of trademark rights. These proposals were also incorporated in a material “Concept of crime fighting in the area of intellectual property rights” approved by the Government of the Czech Republic in April 1999.

From the very beginning of the existence of the “agreement”, the work team regarded as important to improve sharing information between the individual authorities and contemplated the creation of information system for the intellectual property area. The creation of the system was made possible on the adoption of measures approved by the government and due to the activity of the Industrial Property Office. The information system was created as a part of the Phare Project “Enforcement of Intellectual Property Rights”, available since the year 2004 on the Internet site www.dusevni vlastnictvi.cz.

4.1.2. Agreement on cooperation – present

Officially, the agreement on cooperation in the area of intellectual property rights abatement exists also at present. However, is this existence effective, or just a formal one? Let’s ask several questions which should throw some lights on this issue.

- **Do the authorities of the “agreement” cooperate in activities focused on the abatement of rights infringement?**

They do, but in a lesser scope than before several years ago. The amendment to Act No. 634/1992 Coll., as amended, on Consumer Protection, endowed one of the most significant player in the cooperation in the field – the Customs Administration – with competencies to inspect legal entities and individuals producing, storing, distributing, importing, exporting, purchasing, selling or supplying products in the domestic market or conduct similar activities in the domestic market, either together with the Czech Commercial Inspection or independently, in cases where reasonable suspicion exists that goods or products infringe some intellectual property rights. Together with the competencies to seize goods, decide on the goods forfeiture or confiscation, impose a fine, decide on the destruction of goods and destroy the goods, the Customs Administration was granted sufficient competencies to conduct inspections in the area of intellectual property rights in the whole process of the production, distribution and selling of goods, both in the domestic market and in the phase of the goods import and export.

Moreover, the Customs Administration acts in certain areas as a law enforcing authority. It means that it presently owns competencies and human resources sufficient in terms of numbers and

structure to act independently in the process of the abatement of intellectual property rights infringement, not only as a body providing protection of COI officers and participating in the hard manual work in the goods securing without being able to partake in the results of common work. Also recent results show that the Customs Administration works mostly independently. The acquiring of new competencies by the Customs Administration should result in even greater extent of cooperation. It certainly was not the purpose of the legislation changes that the competencies of individual state administration authorities overlap, but that such authorities could divide the tasks to with advantage and cover between them the whole process of intellectual property rights infringement from the goods production or import to the selling them to the end consumer.

- **Do state administration authorities share information on intellectual property rights infringement in such a way that all forms of sanctions for such conduct can be used?**

The authorities do share information, but often in a form, which fails to enable the use of such information in further activities. An instance of such information sharing can be the informing trade licensing offices of cases of intellectual property rights infringement. Although in reality such cases are reported, in vast majority the reports do not cause the withdrawing of a trade license or that the suspending of the carrying of business. In this area, there is still a vast room for the improving of cooperation. Do the submitted reports not meet all requirements necessary for the Trade Licensing Office to act? Is it possible to define minimum requirements on formally correct reporting, or are there other impediments to the final decision of a Trade Licensing Office? What is necessary is to cooperate, be aware of

the other authorities activities and also to carry out the statutory duties.

- **Do the individual authorities make a use of the skills and abilities of other state administration authorities officers in relation to the training of their own employees in the area of intellectual property?**

They do, but presently in a minimum scope. There is not a systematic cooperation in the area of education. What is important is for the individual authorities officers to be familiar with the inspectional powers and competencies of other authorities as well as the procedures of law enforcing authorities and crimes related to intellectual property area. Only then are they capable of the evaluation of the situation in the field and inviting to the inspection the authority whose work is more effective, as well as of making a useable report.

Of all this should consist the cooperation in relation to the education of employees in the area of the abatement of intellectual property rights infringement. The cooperation does not mean just the knowledge of regulations governing the individual intellectual property rights, but also of the competencies of authorities carrying out their activities in the same area.

- **Is the "agreement" effective also on a level other than the national?**

No regular meetings of the officers of individual authorities of the "agreement" take place. There exists some cooperation on regional and previously also district levels, where the organization and methodological preparation of most of the actions takes place, which is however in most cases based on personal relations of individual employees. Such relations are certainly significant and enhance the effectiveness of the cooperation, but only on condition that is supported by managing officers of

territorial offices who can define clear framework and rules of such cooperation.

4.1.3. Draft of measures

It is clear from the answers that the function of the Agreement on cooperation between eight state administration authorities in the area of the abatement of intellectual property rights infringement is presently just formal. There are two possibilities how to resolve this issue: the cooperation can be either terminated or given a new impulse and areas where it would be advantageous suggested.

What is then necessary to be resolved in the area of rights infringement abatement? Much can be derived from the Measures of crime fighting in the area of intellectual property adopted by the Decree No. 330 of the Government of the Czech Republic as early as 14 April 1999. These measures whose deadlines were mostly at the end of 1999 and which were of interdepartmental nature more or less petered out, although most of them would after possible updating bring the desired result.

The set of measures is as follows:

I. Media policy area

1. Through discussions, exhibitions, public lectures and similar events popularize the activities of the individual subjects (including non-governmental ones) operating in the area of intellectual property protection. Support discussions on current issues in the field of intellectual property protection, especially from an international law and international trade point of views.

II. Area of education

2. Within the framework of further education of policemen, state

attorneys, judges and officers of the Czech Commercial Inspection, trade licensing department of the Ministry of Industry and Trade, trade licensing offices, Tax Offices and Customs Offices design and carry out common educational projects focused on selected issues of intellectual property protection.

III. Analytical area

3. Within the framework of the preparation of the Report on safety situation in the Czech Republic analyze the situation in the field of intellectual property rights infringement (yearly by 30. 5.)
4. Define concrete criteria for the evaluation of the effectiveness of the individual authorities and institutions fighting illegal activities in the area of intellectual property (trade licensing offices, the Czech Commercial Office, the Police of the Czech Republic, the General Customs Directorate) and perform regular assessment according to such criteria in the background papers for the Report on safety situation (or in other documents).

IV. Technical and organizational area

5. Prepare a project of (preventive) security operations focused on crime fighting in the area of intellectual property in cooperation with other concerned subjects (individual services of the Police of the Czech Republic, the Czech Commercial Inspection, the General Customs Directorate, the trade licensing department of the Ministry of Industry and Trade and others).

6. Within respective competencies prepare integral methodology of the detecting and investigating of crimes, petty offences and administrative delicts as well as the methodology of their sanctioning in the area of intellectual property with a view to the obligations of a supervisory body in the imposing of sanctions. Provide for continuous updating of such methodology in relation to the appearing of new crime forms.
7. Coordinate the activities of the Czech Commercial Inspection and trade licensing offices in the fighting of unlawful conduct in the area of intellectual property.
8. Monitor yearly all cases of intellectual property rights violation with a purpose to evaluate them from the point of view of the crime forms as well as the effectiveness of the activities of state authorities in the fighting the crimes. Cooperate in the monitoring with non-governmental organizations dealing with intellectual property rights protection.
9. Analyse possibilities and needs for the ensuring of the flow of information between the subjects operation in the field of intellectual property protection and create legal, organizational and technical conditions for the creation of a common information system shared by all concerned subjects.

V. Area of legislation

10. Within the framework of the re-codification of criminal law design legal institutes which would make it possible to penalize timely and

effectively also the infringement of intellectual property rights.

11. Present a draft of amendment of Act No. 634/1992 Coll., on Consumer Protection, defining counterfeit product and pirated goods and a draft of amendment of Act No. 64/1986 Coll., on the Czech Commercial Inspection, stipulating the competency of the COI to confiscate and destroy such goods.

VI. Interdepartmental cooperation area

12. Extend the Agreement on cooperation within activities focused especially on the violating of regulations on unfair competition, trademarks, designation of origin of a product, utility models, industrial designs, inventions and copyright to the Ministry of Culture as another party to the Agreement.
13. Establish interdepartmental commission of the Ministry of Industry and Trade for the fighting of unlawful conduct against intellectual property rights and endow it with coordinating powers in the initiating of legislative and other measures.

VII. International cooperation area

14. Observe foreign activities in the intellectual property rights protection, analyse the gained knowledge and use it in the carrying out of the individual measures of the Concept.

It can be seen from the analysis of the individual measures that some of them were not realized fully and some not at all. It concerns the measures stated above under points 2 to 8. What have these measures in common? Those measures are analytical, technical and

organization ones requiring interdepartmental approach and close coordination and cooperation between the state administration authorities with competencies in the area the abatement of intellectual property rights infringement.

It is certainly worth considering to carry out thorough revision of these measures and to propose the implementation of those which would solve their matter.

4.1.4. Conclusion

The cooperation between state administration authorities in the area of the abatement of intellectual property rights infringement proceeded into the stage where it seemingly started to be unnecessary, that all the concerned subjects have their own competencies which they are capable of using to the full extent without needing a close cooperation. The authorities have their own criteria to evaluate their work and the statistical results of the abatement of intellectual property rights infringement continually improve.

On the other hand, the actual situation in relation to intellectual property rights infringement is not improving, which has its social, economic and international-law aspects. Would not it be more advantageous, instead of almost yearly preparation of viewpoints and documents for international conferences concerning the area of intellectual property rights protection in the Czech Republic, especially at the U.N. / European Commission and in relation to the U.S. in connection with the threat of commercially political measures resulting from the including of the Czech Republic in the "watch list" of countries failing to provide adequate protection to intellectual property rights under the provision of Special 330 of the Commercial Code of the U.S., to ensure from the legislation and staffing point of views cooperation

between the state administration authorities in the given area and demand the implementation of measures which would remedy the current situation?

It does necessarily have to the "Octapartity", although it proved its viability in the realization of the first problems with the abatement of intellectual property infringement. However, the measures that can be carried out only in cooperation should be prepared by experts from authorities, which directly take part in the abatement.

4.2. Cooperation with non-governmental organizations and rights owners

In many respects, the cooperation with non-governmental organizations and right holders is necessary for the proper conducting of an inspection.

4.2.1. Cooperation with non-governmental organizations

The cooperation of the COI with non-governmental organizations is focused mainly on the issue of possible selling, offering to sell or storing of goods or products infringing copyright or rights related to copyright. In fact, it is cooperation with collective administrators of rights related to copyright. Without such cooperation, it would be impossible to identify pirated goods or prepare expertises on goods authenticity. The whole area of inspections focused on the selling, offering to sell and storing of pirated goods such as audio or audio-visual media is based on this cooperation; without the cooperation, such inspections would be impossible to carry out.

For COI, especially the cooperation with the following collective administrators is significant:

- **International Federation of the Phonographic Industry - IFPI**

Address: 112 82 Prague 1, Senovážné náměstí 23

This is a national branch of the IFPI in the Czech Republic defending the interest of the producers in the phonographic industry. Its inspectors participate in the detection and documentation of import, export and distribution of pirated media, especially MGF cassettes and CD's. The union is able to prepare and submit assessments of recorded media illegality for the purposes of criminal proceedings. The union has its branches in almost all countries of the world, with headquarters of the European section in London.

- **Czech Anti-Piracy Union - CPU**

Address: 186 00 Prague 8, Pobřežní 22

This union operates in the field of fighting pirated video records. It cooperates with the national branch of IFPI in the Czech Republic. The union is able to prepare and submit assessments of recorded media illegality for the purposes of criminal proceedings. The union has its branches in almost all countries of the world.

4.2.2. Cooperation with right owners

Also cooperation with the rights owners in the abatement of intellectual property rights infringement is necessary; moreover, it is statutory. Where else should it be possible to obtain documentation enabling to discern illegal goods, to have inspectors trained with the same purpose, to find skilled persons to invite to inspections, to have goods authenticity evaluations prepared then with the right owners or persons acting on their behalf.

4.3. Information system for the area of intellectual property rights enforcement

The effective and quality cooperation in general is based primarily on the access to information. One of the measures focused on crime fighting in the area of intellectual property in the recent past was the analysing of mutual possibilities and needs for the providing for the flow of information between the subjects with competencies in the area of intellectual property protection and creating of legal, organizational and technical conditions for the preparation of information system shared by all the concerned objects. Based on this measure, the fundamental objectives of the information system for the intellectual property area were set and its realization divided into two stages.

The information system was created as a part of the Phare Project "Enforcement of Intellectual Property Rights", available since the year 2004 on the internet site www.dusevnivlastnictvi.cz, is a comprehensive information service for all persons and institutions participating in the abatement of intellectual property rights infringement.

5. Conclusion

Through the analysis of the activities of COI in the area of consumer deception in the form of some intellectual property rights infringement we illustrated how demanding the COI activity is in terms of expert knowledge of its officers, cooperation and creation of inspection procedures. This area, however, is just one of many where COI conducts its activities and for which it bears inspection responsibility both towards the state and towards the consumers.

II. Mgr. Karel Šindelka

Competence and activities of Customs administration
in the field of intellectual property

Cooperation with other authorities of state
administration and non-governmental organizations

Measures taken when intellectual property rights
infringed

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1. Activities and measures of customs authorities under Council Regulation (EC) 1383/2003 and Act No. 191/1999 Coll.

1.1. Fundamental legal regulations governing this area

- Council Regulation (EC) No. 1383/2003, on customs actions against goods suspected of infringing certain intellectual property rights and measures to be taken against goods proved to have infringed such rights, as amended (the “Regulation” hereinafter,
- Commission Regulation (EC) No 1891/2004, stipulating implementary regulations for the Council Regulation (EC) No. 1383/2003, on customs actions against goods suspected of infringing certain intellectual property rights and measures to be taken against goods proved to have infringed such rights („Implementary Regulation hereinafter “),
- Act No. 191/1999 Coll., on Measures Relating to Import, Export and Re-Export of Goods Violating some Intellectual Property Rights and on Amendments to Certain Other Acts, as amended

related:

- Act No. 13/1993 Coll., the Customs Act
- Council Regulation (EEC) 1768/92, establishing the Community Customs Code
- Act No. 121/2000 Coll., Copyright Act
- Law No. 527/1990 Coll., on Inventions and Rationalization Proposals
- Council Regulation (EEC) 1768/92, on the granting of supplementary certificates for pharmaceutical product

- Regulation (EC) No 1610/96 of the European Parliament and of the Council concerning the creation of a supplementary protection certificate for plant protection products
- Act No. 207/2000 Coll., on the Protection of Industrial Designs
- Council Regulation (EC) No. 6/2002 on Industrial Designs of the Community
- Act No. 408/2000 Coll., Plant Variety Rights Protection
- Council Regulation (EC) No. 2100/94 on Community Plant Variety Rights
- Act No. 452/2001 Coll., on the Protection of Designations of Origin and Geographical Indications
- Council Regulation (EEC) No. 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs
- Council Regulation (EC) No. 1493/1999 on the common organization of the market in wine
- Council Regulation (EEC) No. 1576/89 laying down general rules on the definition, description and presentation of spirit drinks
- Act No. 441/2003 Coll., on Trademarks
- Council Regulation (EC) No. 40/94 on Community Trademark
- Council Regulation (EC) No. 515/97 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agricultural matters
- Act No. 500/2004 Coll., Code of Administration Procedure
- Act No. 634/1992 Coll., on Consumer Protection, as amended
- Act No. 140/1961 Coll., Criminal Code
- Act No. 141/1961 Coll., Criminal Order

1.2. Legal nature of the Council Regulation No. 1383/2003, relationship between the Regulation and Act No. 191/1999 Coll.

The Regulation is a source of Community Law, which can be compared to national law. It is binding in all its parts and all Member States authorities are obliged to implement it directly, without any transformation or incorporation through national source of law¹. Nevertheless, in some instances the Regulation allows for more detailed or supplementary national regulation in order to ensure the Regulation application. The Regulation has direct effects, i.e. directly defines the rights and obligations of individual subjects. If any national regulation contradicted the Regulation (similar to any other source of European Law), the principle of Community Law priority applies, which results in the Member State authorities being under obligation to refrain from the applying of the national regulation without a consent or a decision of any legislative or judicial authority. The primary law also makes it possible for the Council to assign to the Commission its authorizations to implement the acts adopted by the Council. In the instance of the Regulation, the Implementary Regulation No. 1891/2004 was issued on the basis of this procedure.

Regulation No. 1383/2003 in some of its parts directly assumes the regulation by national legislation (such as the regulation of simplified proceedings or sanctions for the violation of the Regulation provisions.² The

corresponding national regulation is in the Czech Republic Act No. 191/1999 Coll. on Measures concerning import, export and re-export of goods infringing some intellectual property rights. As stated above, in cases of contradiction between for instance the Act No. 191/1999 Coll. and the Regulation of the Implementary Regulation, the relevant bodies including custom authorities are obliged to refrain from the applying of the national regulation because of the principle of priority of the Community Law.

1.3. Regulations objectives

As stated in the preamble of the Regulation, the marketing of goods infringing intellectual property rights does considerable damage to law-abiding manufacturers and traders and to right-holders, as well as to consumers, who are deceived and whose health and safety can even be in some cases endangered by such products. The objective of both the present and the previous regulation of customs actions against goods infringing intellectual property rights³ is to protect the inner Community market against such products.

The Regulation defines procedures preventing the introducing of goods infringing intellectual property rights into the Community customs territory, release for free circulation in the Community, placing under a suspensive procedure and placing in a free zone or warehouse as well as such goods export, re-export or leaving the Community customs territory consisting in the suspension of release into individual customs procedures. At the same time the Regulation harmonizes the particulars for the application for actions. It regulates processes designed with a purpose that

¹ Article 249 paragraph 2 of the Agreement Establishing the European Community

² Articles 11, 18 of the Regulation

³ Council Regulation (EC) No. 3295/94, implementing obligations arising from TRIPS in the EC territory

those responsible for the trading of such goods lost their business profit and were deterred from further violating of rights. This means a process, which is subject to the decision of a national court on the assessment of goods as goods infringing intellectual property rights and, unlike the previous regulation, it is a simplified process, where such decision is unnecessary.

A whole range of observations from the previous regulation were used in the Regulation draft. The list of protected rights was extended by variety rights, geographical indications and designations of origin. Fees and deposits were abolished.

1.4. Fundamental terms under the Regulation

1.4.1. Goods infringing intellectual Property Rights (Article 2 paragraph 1 a) to c) of the Regulation)

For the purposes of the Regulation, goods infringing intellectual property rights mean goods which can be ranked under one of the items of the exhaustive list of Article 2 paragraph 1 of the Regulation, i.e. “counterfeit goods”, “pirated goods” and goods which in the Member State in which the application for customs action is made infringe some of the intellectual property rights listed in the provision. To define goods infringing intellectual property rights, two methods are used in Article 2 paragraph 1. In the instance of counterfeit goods and pirated goods, the authors of the Regulation went beyond simple reference to the Community or national regulation of infringed intellectual property rights (trademarks, industrial designs and copyright or rights related to copyright) and tried to define these terms independently. On the other hand, the “residual” provision of the letter c) refers to the relevant national and Community

legislation concerning patents, supplementary protection certificates, variety rights, geographical indications and designations of origin. Goods infringing some of these rights under the individual regulations are thus automatically goods infringing intellectual property rights according to the Regulation.

Any mould or matrix which is specifically designed or adapted for the manufacture of goods infringing an intellectual property right is also treated as goods infringing intellectual property rights if the use of such moulds or matrices infringes the right-holder's rights under Community law or the law of the Member State in which the application for action by the customs authorities is made.

1.4.2. Counterfeit goods (Article 2 paragraph 1 letter a) of the Regulation)

Counterfeit goods under this Regulation means primarily goods, including packaging designated without authorisation by a trademark identical to the trademark validly registered in respect of the same type of goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the trademark holder's rights under Community law or the law of the Member State in which the application for action by the customs authorities is submitted.

As counterfeit goods, also any trademark symbol is considered by the Regulation (including a logo, label, sticker, brochure, instructions for use or guarantee document bearing such a symbol, even if presented separately), as well as separately presented packaging materials bearing the trademarks of counterfeit goods, on the same conditions applying to goods, i.e. if the trademark is identical or cannot be distinguished in its

essential aspects from a trademark registered for the same type of goods.

As the Regulation fails to refer exactly to the relevant provisions of trademark law, it is necessary at this point to compare and such provisions and point out potential issues arising from possible differences.

a) trademark identical to a trademark validly registered which cannot be distinguished in its essential aspects

Act No. 441/2003 Coll., on Trademarks, protects trademarks against denominations, which are identical or similar to them, if such identity or similarity can incur confusion on the part of public. Similar protection is granted by Regulation No. 40/94.

The Regulation, however, fails to refer to this provision and defines the counterfeit goods as goods identical with the trademark or such goods, which cannot be distinguished in its essential aspects from such a trademark. Although the definitions in the stated legal regulations are different, we believe that in the judicial practice, both terms should be interpreted in a similar way.

b) validly registered trademark

The regulation requires that the infringed trademark is “validly registered” for a certain type of goods. In contrast, Act No. 441/2003 Coll., on Trademarks⁴ grants protection to both trademarks registered in the respective registers (national, international and Community trademarks) and trademark well-known on the territory of the Czech Republic, in compliance with the Paris Convention for the Protection of Industrial Property and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

⁴ Section 2 letter d) of Act No. 441/2003 Coll. and following provisions

Well-known trademark are also protected by the Council Regulation No. 40/94, on Community Trademark. A well-known trademark is such denomination, which is well-known in a certain part of public to such extent that it is protected by the mentioned legal regulations without being formally registered in the trademark register. The part of the public can but need not necessarily include the actual or potential consumers of the given type of product and services, persons working in distribution channels of the given type of products and services and business circles dealing with the given products or services.

Considering that the Regulation explicitly requires that the trademark is validly registered, we believe that the protection of well-known unregistered trademarks through the Regulation is not possible. However, cases where a well-known trademark is not also registered in one of the registers are not too frequent in actual practice.

c) trademark registered for the same type of goods

The Regulation defines as counterfeit goods only goods, which are without authorization designated by a trademark, infringing in a defined manner a trademark registered for the same type of goods. Both the Act on Trademark and the Regulation on the Community Trademark and international treaties related to this issue define the infringement of trademark rights in much broader manner when as a trademark violation consider also the use of designation if because of the identity or similarity of such designation with a trademark and identity or similarity of goods or services there exists the likelihood of confusion on the part of public, including likelihood of association between the designation and a trademark.

Therefore, a question occurs whether the protection granted by the Regulation applies also to instances where a trademark is without authorization used for products not identical, but only similar to products listed under the relevant trademark. When the provision in question is interpreted literally, it can be deduced that more likely not. However, a definite answer to this question must be given by the decision practice of national courts, or possibly of the European Court of Justice.

Also the fact cannot be left aside that both the Act on Trademarks in compliance with the European Directive and the Regulation on the Community Trademark, Council Regulation No. 40/94, grants broader protection to trademark with goodwill stipulating that no one can use in the course of trade a designation which is identical with a trademark or a designation similar to a trademark for goods or services which are not similar to those for which the trademark is registered but a trademark is concerned which has a reputation in the Czech Republic or in the Community and the use of that designation would take advantage of or be detrimental to the distinctive character or the reputation of the trademark.

As in the previous case, we believe that the Regulation cannot be applied to goods designated by a trademark identical with a trademark of a right holder or by a designation which cannot be distinguished in its essential aspects from such a trademark, if such designation is attached to goods different from products registered under the trademark of the right holder, even if it is a trademark with reputation.

In this way, the protection granted to a right holder by the Regulation is much narrower than the protection granted to the trademark owner by the Regulation on the Community Trademark and the Act on Trademarks. Therefore, not all goods infringing rights to

trademarks can automatically be considered as goods infringing rights to intellectual property under the provision of Article 2 of Regulation No. 1383/2003. Such duality is rather problematic, and in the future, it would be advisable to unify the definition of the term "goods infringing intellectual property rights" in the Regulation with the definition in the regulations on the Community Trademark and in the Act on Trademarks.

1.4.3. Pirated goods (Article 2 paragraph 1 letter b))

Under the term "pirated goods", the Regulation includes goods infringing two types of intellectual property rights, industrial designs and copyright, or rights related to copyright. The Regulation applies regardless of whether the right is registered under national legislation.

Pirated goods means goods which are or contain copies made without the consent of a right holder or of a person authorised by him in the country of production, regardless of whether his right is registered under national legislation, if the making of those copies infringes that right under Council Regulation (EC) No 6/2002 on Community designs or relevant national legislation, which is the Czech Republic created by Act No. 207/2000 Coll., on the Protection of Industrial Designs, and Act No. 121/2000 Coll., Copyright Act.

Industrial design under Act No. 207/2000 Coll. is the appearance of the whole or a part of a product consisting especially in the features of especially the lines, contours, colours, shape, texture and/or materials of the product itself, as well as its ornamentation. Also a Community design is defined in a similar way. The recording of an industrial design gives to its owner an exclusive right to use it, prevent third persons from using it without his consent, give consent with the using of the industrial design to third

persons or transfer the right to them. The Regulation on the Community Industrial Design protects also unregistered designs.

The regulation further protects the rights of authors to their author's works as defined in the Copyright Act, as well as rights related to copyright, which are defined by the Copyright Act as the rights of a performer to his artistic performance, the right of the producer of a phonogram to his phonogram, the right of the producer of an audiovisual record to his record, the right of a radio or television broadcaster to his broadcast, the right of a publisher to an unpublished work to which the copyright protection expired. The lastly stated right, the right of the publisher to remuneration in connection with the producing of a copy for personal use of a work he published, is not applicable in view of the nature of the matter. The exclusive right of the right owner to use a particular subject of protection (author's right, artistic performance, record) and authorize a third person to use such subject includes also the right to produce copies.

1.4.4. Right holder (Article 2 paragraph 2)

Another key concept of the Regulation is the term "right holder", which includes the holder of a trademark, copyright or related right, (industrial) design right, patent, supplementary protection certificate, plant variety right, protected designation of origin, protected geographical indication and, more generally, any right referred to in paragraph 1 Article 2. A right holder under the Regulation is further any other person authorised to use any of the intellectual property rights or a representative of the right-holder or authorised user.

Under representatives considered as right holders, the Implementary

Regulation ranks explicitly collective administrators, whose single purpose or one of main purposes is the administration of copyright or related rights, associations or representatives who submitted an application for the registration of protected designation of origin or protected geographical indication as well as breeders. Act No. 191/1999 Coll. uses the term "right owner" instead of "right holder", but in the same meaning⁵. This difference arises from the different translation of the English term "right holder" in the translation of the Regulation and Act No. 191/1999 Coll..

1.5. Applicability of the Regulation

Under the Regulation, the customs authorities adopt measures if suspicion exists that the goods infringes intellectual property rights in situations listed in Article 1. This involves situations where the goods is proposed to be released into free circulation or export or re-export regime, is detected in the course of inspection of goods entering the Community customs territory or leaving the territory, placed under a suspensive procedure, in the process of being re-exported subject to notification or placed in a free zone or free warehouse.

The Regulation does not apply to goods bearing a trademark or other intellectual property right produced with the consent of that right holder, placed without that right holder in one of the situations referred to in Article 1 paragraph 1 of the Regulation. Similarly, the Regulation does not apply to goods referred to if produced under conditions other than those agreed with the right holder.⁶

⁵ Section 4 paragraph 1 of Act No. 191/1999 Coll.

⁶ Article 3 paragraph 1 of the Regulation

This exception from the Regulation applicability applies in practice especially to “parallel” and “grey” imports of original goods. “Parallel” or “grey” import usually means the import of original goods, i.e. goods designated by the relevant intellectual property right, most often a trademark, either directly by the right holder or with his consent, which were not authorized by the right holder for the introducing to a certain market. It is not possible to take an action against such goods in compliance with the Regulation, even if such import can constitute, on condition that all requirements stipulated by specific regulations⁷ are met, the infringement of the relevant intellectual property right.

Further, the Regulation does not apply to goods of a non-commercial nature transported in a traveller's personal baggage within the limits of the duty-free allowance. The exception is conditioned by the absence of any indications suggesting that the goods are part of commercial traffic, as it is exactly such transport in a traveller's baggage is frequently used to conceal the real purpose of the transport. An indication suggesting that the transport is of commercial nature can be for instance the total amount of one type of transported goods.

Finally, the Regulation does not apply also to some other intellectual property rights not referred to in the text, such as for instance rights to unregistered designation, rights to business name or legal entity title protected by other legal regulations.⁸

1.6. Applications for actions by the customs authorities

Intellectual property right holders can file an application for actions by the customs authorities in cases where the goods are in one of the situations listed in Article 1 paragraph 1 of the Regulation. The application for actions can be however be filed even before the goods are in one of the situations described. In the Czech Republic, the body accepting and dealing with such applications is the Customs Directorate in Hradec Králové (only Customs Directorate hereinafter). The holders of Community trademarks, industrial designs, varieties rights or designations of origin or geographical indications can claim in the application also actions by the customs authorities in EC Member States.

The application is submitted on a standard form included in Annex 1 of the Implementary Regulation and must contain all the information defined by Article 5 of the Regulation, i.e. information needed to enable the goods in question to be readily recognised (technical description of the goods, information concerning the type or nature of the fraud) as well as the name and address of the contact person appointed by the right holder. Article 5 gives examples of other types of information, which can assist the customs authorities in easier orientation.

The applications must be accompanied by a declaration from the right-holder that he accepts liability towards the persons involved in the situation in question to which the Regulation applies in the event that the procedure is discontinued owing to an act or omission by the right holder or in the event that the goods in question are subsequently found not to infringe an intellectual property right. The right holder also expresses his consent that he bears

⁷ For instance, Section 11 of Act No. 441/2003 Coll., on Trademarks

⁸ For instance, Section 44 and following of the Commercial Code, Section 12 and following of the Commercial Code

all cost incurred in the detention of goods, under the same conditions.

The applicant is bound to prove that he is the right holder of the right in question in compliance with Article 2 of the Implementary Regulation. In case of rights registered in registers the right holder proves his authorization by a proof of the registration in the register or of the filing of application for registration, in case of copyright or related rights and rights to industrial designs which are not registered by any other proof of authorship or creatorship. The customs directorate processes the application and notifies the applicant in writing of its decision within 30 working days of the receipt of the application. The regulation provides that the right holder is not charged any fee to cover the costs of the processing of the application. If the application does not contain the required information, the customs directorate can decide not to process the application. Such decision must be substantiated and must contain information on the appeal procedure. The application can thus be re-submitted only when duly completed.

When the application is approved, the customs directorate specifies the period during which the customs authorities are to take actions, which is one year at maximum and which can be extended at the right holder request. The Customs directorate informs the competent customs authorities, which are to carry out the action, and delivers the decision to the right holder.

The Regulation specifies the duty of the right holder to notify the competent customs department (customs directorate) of the expiry of the intellectual property right in question.

1.7. Procedure of customs authorities on the detection of goods suspected from infringing intellectual property rights

1.7.1. Procedure of customs authorities prior to the action

In the first stage of the procedure on the detection of goods suspected from infringing intellectual property rights, it is necessary to decide whether it is goods in relation to which the application for action by the customs authorities has already been lodged by the right holder, or goods suspected from infringing intellectual property right of a holder who has not yet applied for the action by custom authorities. Also in the instance where the application for action of customs authorities has yet not been approved, the competent customs office can suspend the release of the goods or detain them. The goods can be detained for a period of three working days from the receiving of the notification by the right holder and the declarant or the holder of the goods, if the latter two are known. The purpose of this measure is to enable the right holder to submit an application for action. The customs office can detain such goods of a person at which the goods were detected, regardless of third persons' rights. The customs authority issues a decision on the detention, which then delivers to the person of which the goods were detained. The detained goods can be left by the customs authority with the person of which the goods were detained. In such instance, the authority has to require that the person must not use, trade or dispose of the goods in any manner.

If the customs authority does not leave the goods with the person of which it were detained, such person is bound to surrender the goods at the customs authority summons. When the goods are

not surrendered, they can be withdrawn by the customs authority. On the surrender or withdrawal of the goods a protocol is made signed by two customs officers and a person who surrendered the goods. The person who surrendered the goods or of which the goods were withdrawn receives the copy of the official protocol.

If the right holder fails to submit the application for the action by the customs authorities at the competent customs office according to Article 5 of the Regulation in the specified period of three working days from the delivery of the customs authority notification, the customs office is bound to return the detained goods to the person who surrendered them of which they were withdrawn. If the right holder filed the application for the action, the customs office further proceeds in compliance with Article 9 of the Regulation. The periods of 10 working days from the notification of the right holder of the commencement of court procedure which should establish whether an intellectual property right has been infringed under Article 13 of the Regulation and under Article 11 of the Regulation as well as Section 14 paragraph 1 of Act No. 191/1999 Coll. in case of simplified procedure start not sooner than the day following the day when the application for action by competent customs authority was received.⁹

Due to the rather unlucky formulation of the mentioned article, a question arises from when the period should actually be counted. The term used in Article 5 of the Implementary Regulation, i.e. "application for action by customs authorities", should be in our opinion interpreted in such a way that the mentioned ten-day period starts on the day following the day when the Customs

Directorate in Hradec Králové receives, meaning obtains, the application of the right holder for the action, i.e. before the application is approved. This interpretation is supported by terminology used elsewhere in the text of the Regulation, where the approving, not receiving of the application is mentioned in connection with the acceptance of the right holder application. Also the text of the Implementary Regulation in English supports this interpretation.¹⁰

1.7.2. Procedures of customs authorities after the action

This procedure is specified in Articles 9 to 15 of the Regulation. If the customs office to which the decision on the application by the right holder has been forwarded pursuant to Article 8 is satisfied that certain goods are suspected of infringing an intellectual property right covered by that decision, the office can suspend release of the goods or detain them. In order to confirm the suspicion, a consultation with the right holder can take place. Within such consultation it is possible and advisable to send to the right holder or his representative photographs of goods suspected of infringing intellectual property rights¹¹, however, the customs office should not divulge information on the declarant,

⁹ Article 4 of the Commission Regulation (EC) No. 1891/2004 of 21 October 2004

¹⁰ Article 5 of the Implementary Regulation in English contains the following formulation: „the time-limits referred to in Articles 11 and 13 of that Regulation shall be counted only from the day after the application is received“

¹¹ Similar rule should apply also to the procedure under Article 4 of the Regulation, in order that the right holder is provided with sufficient information to be able to decide whether he should file the application for action.

consignee, consignor, owner or holder of the goods to the right holder prior to the issuing of the decision on the detention of goods suspected of intellectual property rights infringement. The customs office issues a decision on the detention of goods and immediately notifies of the detention the Customs Directorate in Hradec Králové, right holder and declarant or holder of the goods. An appeal against such decision on the detention of goods has no suspensive effect.¹² The customs office is also entitled to inform the mentioned subject of the actual or estimated quantity and the actual or supposed nature of the goods. Together with the information, the customs office can also send at the right holder's request samples of the detained goods.

At the request of the right holder the customs office provides information on the consignee, consignor, declarant, owner or holder of the goods, the goods origin and the place from where they were imported. The right holder must not use the information provided in any other way than for the purposes of the commencement of a court procedure, or for the purposes of simplified procedure.¹³ The violation of this prohibition is sanctioned apart of the civil-law liability of the right holder also by the possibility of the suspending of the application for action for the rest of validity period, or by the refusal of the renewal of the application on the next infringement.¹⁴

¹² *Section 31 paragraph 1 of Act No. 191/1999 Coll.. It applies also to decisions in compliance with this Act with the exception of decisions on administrative delicts*

¹³ *Article 11 of the Regulation and Section 14 paragraph 1 of Act No. 191/1999 Coll..*

¹⁴ *Article 12 subparagraph three of the Regulation*

The last amendment of Act No. 191/1999 Coll. specifies the obligation of the right holder or owner to present to the customs office at its written request in the period of 15 days of the delivery date a written declaration that the detained goods is counterfeit or pirated goods. The mandatory part of such declaration is a clause confirming that the information contained are correct, complete, valid and true¹⁵.

The customs office gives the opportunity to the applicant, i.e. the right holder, and the persons concerned to inspect the detained goods. The customs office can also take samples and provide them to the right holder at his express request, strictly for the purposes of analysis and to facilitate the subsequent procedure. The analysis of the goods is carried out under the sole responsibility of the right holder.

If the samples analysed are damaged or destroyed as a result of the analysis of the goods, the right holder is responsible for the incurred damages, especially in a case where it is later established that the goods do not infringe intellectual property rights. If the circumstances allow so, the samples must be returned on the finishing of the analysis. If applicable, they must be returned before the goods is released, or the detention of the goods is terminated. The decision of the customs office on the detention of goods is decisive for the onset of periods for the delivery of consent with the goods destruction, or for the commencement of proceedings to decide whether the goods infringe intellectual property rights. These periods are ten working days, in case of perishable goods three working days. The periods can be extended by the customs office on the grounds of a request of the right holder by another ten days, with the exception of three day

¹⁵ *Section 11 paragraph 2 of Act No. 191/1999 Coll.*

period for the announcement of the commencement of proceedings in case of perishable goods.

In relation to the calculating of the above mentioned time periods it should be pointed out that in everyday practice, the customs authorities frequently send the notification of the detention of goods suspected of infringing an intellectual property right to the right holder first in the electronic form, using e-mail. Such electronic communications can be in various forms, most often the notifications are attached to e-mail messages as attachments in MS WORD format, in the form of unsigned announcements under the letter heading of the competent customs office. Less frequently, the information is in a form of an e-mail message as such. Such announcements send via electronic mail are then send to the right holder also in written form, usually as a notification delivered into the addressee own hands.

In this respect, a question arise whether the 10 working day period according to Articles 11 and 13 of the Regulation starts to run on the day following the date of the delivery of the notification to the right holder or his representative via e-mail, or only after the day following the delivery of the notification in written. Neither the Regulation nor the Implementary Regulation explicitly specifies the form of the delivery. Partly, this issue is treated in Article 10 of the Regulation, where it is specified that for the purposes of immediate notification of the customs office referred to in Article 9 paragraph 1 that the procedure which should decide whether the intellectual property right of a right holder has been infringed, national legislation applies. In view of the fact that the way of delivery of the information on the detention of goods suspected of intellectual property rights infringement is expressly mentioned neither in the Regulation nor in Act No. 191/1999 Coll., the way of delivery shall be regulated by

the Code of Administrative Procedure, which is subsidiary for the proceedings before customs authorities.¹⁶

The possibility of electronic delivery of documents is regulated by Section 19 paragraph 3 of Code of Administrative Procedure, which specifies that unless prohibited by law or impossible because of the nature of the matter, at the request of the participant in the proceedings, the administrative authority delivers to the contact address or electronic address¹⁷ provided by the participant of the proceedings, especially if this can facilitate the advancing of the proceedings. Such address can be provided also for proceedings, which can be commenced at the administrative authority in the future. The Code of Administrative Procedure further includes special regulation of electronic delivery of documents to an addressee's own hands.¹⁸As regards documents delivered to a person's own hands, the document is considered delivered when the addressee of the delivered document confirms its receiving in a message with his certified electronic signature.¹⁹

Therefore, we believe that the due electronic delivery of documents, including the notifying a right holder of the detention of goods suspected of an intellectual property right infringement, is possible only on condition that the right holder has requested the particular customs authority for such delivery and that the delivered message includes the

¹⁶ See Section 31c of Act No. 191/1999 Coll.

¹⁷ The Code of Administrative Procedure refers to Act No. 227/2000 Coll., on Electronic Signature

¹⁸ The specification of documents delivered to a person's own hands is described under Section 19 paragraph 4 of Act No. 500/2004 Coll., Code of Administrative Procedure

¹⁹ See Act No. 227/2000 Coll., on Electronic Signature

electronic signature of the particular customs authority. Besides, in the instances of documents delivered into a person's own hands a written confirmation of the document delivery with a certified electronic signature of the right holder or his representative is necessary. When the delivery of a document by customs office, including the notification of the detention of goods, fails to meet the above described requirements, then in spite of the documents being delivered to the electronic address of the right holder or his representative it is not in our opinion a due delivery of those documents pursuant to the Code of Administrative Procedure, and such delivery cannot constitute the commencement of the 10 working day period according to Articles 11 and 13 of the Regulation. We believe that in such an instance, the specified 10 day period starts no sooner than on the day following the day of due delivery of the notification in accordance with the Code of Administrative Procedure, i.e. as a rule after the delivery of the notification through a provider of postal services.

Simplified procedure (Article 11 of the Regulation, Section 14 paragraph 1 of Act No. 191/1999 Coll.)

In its Article 11, the Regulation gives opportunity to Member States to establish with the right holder's consent a simplified procedure applicable towards the destruction of goods on the basis of the agreement of some of the listed concerned persons and defines more detailed requirements for such national regulations. The Czech Republic used this opportunity and the simplified procedure is specified in Section 14 paragraph 1 of Act No. 191/1999 Coll.. The simplified procedure consists in the fact that it does not cover the decision whether the detained goods suspected of an intellectual property rights infringement actually infringes the right,

but the goods are destroyed at the request of the right holder, provided that the statutory conditions required are duly met.

A prerequisite of the destruction of goods in simplified procedure is that the right-holder informs the customs authorities in writing that the goods concerned by the procedure infringe an intellectual property right and provide the customs authorities with the written agreement of the declarant, the holder or the owner of the goods with their destruction. The agreement can also be provided by the declarant, the holder or the owner of the goods directly to the customs office. The period for the presenting of the agreement is 10 or 3 working days. The customs office then calls on the declarant, the holder or the owner of the goods to react to the application of the right holder on the goods destruction. Furthermore, the Regulation and Act No. 191/1999 Coll. establish a presumption of the agreement with the destruction when the declarant, the holder or the owner of the goods has not specifically objected to the destruction within the prescribed period. The Czech Republic has used the opportunity provided by the Regulation and specifies in Section 14 paragraph 2 that on meeting the required conditions, the customs office carries out the destruction at the expense and under the responsibility of the importer, or exporter of the goods, in contrast to the Regulation, which primarily assumes the destruction at the expense and under the responsibility of the right holder.

If the declarant, the holder or the owner of the goods lodges objections in the defined period similarly to all other cases where the prerequisites for the simplified procedure has not been met, the detained goods has to be returned to the person of which they were detained, provided that the customs office has not been notified within 10 working days from the notification of the detention of the

goods or within an extended period that an action has been filed with the competent court for the decision whether the goods infringe an intellectual property right. Regarding the simplified procedure, it should be mentioned that this institute even after the amendment of Act No. 191/1999 Coll. remains altogether without any connection with the related provisions regulating the filing of an action, which in reality diminishes its applicability by the right owners. The reason behind this consists in the fact that even if one of the subjects listed under Section 14 paragraph 1 letter a) of Act No. 191/1999 Coll., i.e. the declarant, the holder or the owner of the goods grants his consent with the destruction of the goods before the lapse of the 10 working day period and this consent is forwarded within this period by the right holder to the customs office or with the consent of the customs office directly to this authority, there is no guarantee that the proceedings so commenced will be concluded by the issuing of the decision on the goods destruction. For when any of the specified subjects lodges in the period defined by the customs office objections against the destruction, the decision on the goods destruction cannot be issued. In our opinion, the objections need not to be substantiated and it will suffice if such objections contain the mandatory general requirements of the submission under the Code of Administrative Procedure.²⁰ The objections against the goods destruction can be lodged in the specified period, in reality usually exceeding the 10 working day period (or the extended 20 working day period) for the announcement of the right holder that the proceeding on decision whether the goods infringes his intellectual property rights has been commenced. This means that in reality, it can happen that if the decision on the

²⁰ Section 37 paragraph 2 of the Code of Administrative Procedure

goods destruction is not issued after the lapse of the time period for the filing of action, the customs office will cease to have a legitimate reason to detain the goods, and the goods will have to be released.²¹ Therefore, it is necessary to recommend that the right holders always file an action with a court as a guarantee, even in cases where they have succeeded in the obtaining of a regular consent with the goods destruction and apply for the issuing of the decision on the goods destruction before the lapse of the specified period.

1.7.3. Declaratory action and court proceedings

As stated above, the right holder has a duty to notify the customs office in the period of ten working days from the day when the announcement of the goods detention was received that a proceeding has been commenced to determine whether an intellectual property right has been infringed under national legislation, on the grounds of a declaratory action.

In compliance with Article 10 of the Regulation, national legislation is applied in for the decision whether an intellectual property right has been infringed, which define in the Czech Republic that the bodies competent in this matter are courts²². The right holder is therefore obliged to inform the customs office in the above-mentioned period that court proceedings have been commenced by the filing of an action²³. A question arises whether a "simple" written notification of the customs office would suffice, or whether the customs office is entitled to

²¹ Section 9 paragraph 5 of Act No. 191/1999 Coll.

²² Section 14 paragraph 2 of Act No. 191/1999 Coll.

²³ Section 82 paragraph 1 of the Civil Order

demand that the right holder proves the commencement of the proceedings, i.e. that he proves by means of for instance a copy of the action filed stamped by the court, or whether it is further entitled to assess whether the proceedings has been duly commenced by the filing of such action. We believe the interpretation extending the duty beyond the notification of the customs office on proceedings commencement fails to comply with either the Regulation or Act No. 191/1999 Coll.. Regardless of this, it is however advisable that the right holders inform the customs office providing more details and that prevent possibly by consultations procedural deficiencies consisting in for instance an incorrect prayer of the action.

The Regulation defines on the general level the subject matter of the proceedings as the decision whether an intellectual property right has been infringed under national legislation. In this respect, the issue of the admissible wording of the petit of a declaratory action should be looked into. Act No. 191/1999 Coll., as national legal regulation which should be observed by the court in accordance with Article 10 of the Regulation, defined in the wording prior to its last amendment the subject matter of the proceedings in more details and gave instruction in which way to formulate the prayer of the action in compliance with Section 11 paragraph 3 and Section 14 paragraph 2, specifying that the court shall decide whether in the goods in question are goods by the production or modification the intellectual property rights of the claimant has been violated. Presently, the terminology of the Act has been harmonized with the Regulation, i.e. the determination whether the detained goods are goods infringing or having infringed intellectual property rights have been specified as a prerequisite for the goods destruction or for other alternatives of the procedure. We nevertheless believe that the requirements of the Regulation and the

Act are met also when the result of the proceedings is the decision that the detained goods is counterfeit or pirated goods, and therefore goods infringing intellectual property rights under Article 2 paragraph 1 of the Regulation. As there are only minute differences between the above mentioned action prayers, they should be in our opinion regarded as equivalent.

Entitled to file the action is a right holder as defined by Article 2 paragraph 2 of the Regulation (see above). In this respect, it should be said that in the proceeding to declare that the goods have infringed intellectual property rights, the acute legal interest is not necessary to be assessed and established, as it in this instance results directly from the legal regulation.²⁴

Similarly significant issue of the court proceedings is the entitlement to be sued. Neither the Regulation nor the Act gives a direct answer to the question who should be the defendant in the court proceedings. We nevertheless believe that this could be deduced from Section 11 paragraph 1 of Act No. 191/1999 Coll. where the persons are specified whose identifications the customs office shall provide to the right holder in order that he could “enforce the protection of his right”, i.e. in the light of other provisions, to file the above defined declaratory action. Such persons are the declarant, holder of owner of the goods and the consignee and consignor of the goods.

If the goods infringe intellectual property rights according to the Regulation, the result of the court proceedings is the declaratory judgement (see the issue of the prayer above), which is a prerequisite for the application of the connecting provisions on the disposing of goods infringing intellectual property rights. Effects identical to the

²⁴ See the decision of the High Court in Prague of 27 April 2006, ref. 3 Cmo 318/2005

judgement has in our opinion also a settlement approved by court, in view of Section 99 paragraph 3 of the Code of Civil Procedure, which specifies that a judgement approved has effects identical to those of a final and decisive judgement.

If the court decides that the goods are not goods infringing intellectual property rights, the goods shall be returned to the person of who they were detained. The goods shall be returned also in other cases, where the conditions for the goods destructions are not met.²⁵

1.8. Treatment of goods infringing intellectual property rights

When the right holder is successful in the proceedings related to the declaratory action, i.e. when the court decides finally and conclusively that the detained goods infringe intellectual property rights of the right holder, the goods cannot be introduced into the Community customs territory, released for free circulation, removed from the Community customs territory, exported, re-exported, placed under a suspensive procedure or placed in a free zone or free warehouse. Such goods shall be destroyed at the expense of the declarant, holder or owner of the goods, with the exceptions where the goods are left for the benefit of the state and the declarant, holder or owner of the goods has not destroyed them on his own, or where there has been a ruling with respect to forfeiture or confiscation of the goods. If the owner or holder of counterfeit or pirated goods is not known to, or has not been identified by the Customs office, the customs office provides for the destruction of goods at the expense of the right holder.

Similarly, the goods shall be destroyed at the expense and in the responsibility of the declarant, holder or owner of the goods, if the right holder meets the conditions for simplified procedure, without it being necessary to assess whether an intellectual property right has been infringed. Samples of the goods have to be taken prior to the destruction, which could serve as evidence in a possible court procedure.

The destruction shall be carried out on the basis of a decision issued at the request of the right holder under the supervision of three customs officers. If the destruction is a result of simplified procedure, only an official record of it is prepared.

Where suitable, the court can decide that a simple removal of trademark would be sufficient prior to further treatment of the counterfeits (Section 14 paragraph 3 of Act No. 191/1999 Coll.). The Regulation restricts in its Article 17 this procedure to exceptional cases, with regard to the purposes of the legal regulation of customs actions, one of which is the effectively depriving the persons concerned of any economic gains from the transaction. Therefore, this possibility must always be carefully contemplated.

Besides the goods destruction, the Regulation also allows of other possibilities of treating the goods infringing intellectual property rights outside commercial channels, on condition this is without injury to the right holder and at no cost to the exchequer (unless otherwise specified by the national legislation). Act No. 191/1999 Coll. regulates the possibility of using counterfeit goods for humanitarian purposes (see further in the text).

²⁵ Section 9 paragraph 5 of Act No. 191/1999 Coll.

1.9. Petty offences and administrative delicts under Chapter V of the Act

In its fifth Chapter, Act No. 191/1999 Coll. regulates a whole range of subject matters of petty offences and administrative delicts of legal entity and individuals conducting business.

Competent to dispute these offences at first instance is the relevant customs office in the territorial jurisdiction of which the offence was detected. This customs office also collects and extracts fines, which it has imposed.

A petty offence or administrative delict commits a person who has submitted customs declaration to release goods infringing intellectual property office for free circulation or places them under the export procedure, as well as a person who has submitted a request to release such goods for re-export or to place them in a free customs zone or a free customs warehouse. The third element of a delict specified in Chapter Five accomplishes a person who delivers to the Community customs territory or owns, holds, stores or sells on the territory of the Czech Republic goods infringing intellectual property rights which escaped customs supervision. Sanctioned is also the failure to comply with the conditions for treating the detained goods or goods provided for humanitarian purposes without charge (the lastly stated element of a delict only in case of legal entities and individuals conducting business). These delicts are punishable in two ways: by imposing a fine or by the forfeiture of the goods. The upper limit of fines varies according to the significance of the types of the elements of delicts, and in one case also according to the scope of the violation of duties, and can amount up to CZK 20 million in the most significant case. It is also possible,

either together with a fine or independently, to impose the sanction of the forfeiture of goods in the possession of the perpetrator, which were used, or intended for the administrative delict commitment or were acquired through an administrative delict or acquired as a consideration for goods acquired through an administrative delict.

If the goods infringing intellectual property rights belong to a perpetrator who cannot be prosecuted for the delict (or belong to him only partly) and if the security of people or property or another public interest requires so, the customs office decides on the goods confiscation. A fine or the goods forfeiture for both a petty offence and an administrative delict can be imposed within one year from the day when the customs office learned about the violation of law, but not later than six years from the day the delict perpetration.

By the latest amendment to the Act a provision was included specifying that a legal entity can exempt itself from responsibility in cases where it can prove that it exerted all effort reasonably possible to prevent the violation of the legal liability. It remains unclear why this provision fails to extend to individuals conducting business.

The ownership of the forfeited and confiscated goods passes to State. The revenues from the sales of such goods constitute revenue of the state budget, similarly to fines.

2. Competencies of customs authorities according to the Consumer Protection Act

A whole range of competencies in the area of intellectual property rights protection is granted to the customs authorities by Act No. 634/1992 Coll., on the Consumer Protection, which specifies that the customs authorities conduct

supervision over the observance of some duties defined by this Act, especially over the observance of the prohibition to deceive consumers.²⁶ A related provision contains also Act No. 191/1999 Coll.²⁷.

The Act specifies that no one may deceive consumers²⁸, especially by providing untruthful, unsubstantiated, incomplete, inaccurate, unclear, ambiguous or exaggerated information, or by concealing information on the real properties of products or services or the quality of purchasing conditions. Considered as deceiving consumers is also an offer to sell or a sale of goods or products infringing certain intellectual property rights as well as the storage of such goods or products with the purpose of offering to sell them or selling them²⁹.

The term products or goods infringing intellectual property as defined by the Consumer Protection Act rights includes counterfeit and pirated goods and goods or products infringing the rights of an owner of a patent, utility model, supplementary protection certificate, designation of origin of geographical indication according to specific regulation. The list of protected intellectual property rights is thus not too different from the list of rights protected under the Regulation (only variety rights are not included). However, the definition of the counterfeit goods differs from the

Regulation³⁰. This definition is broader than in Regulation and is more similar to that contained in the Act on Trademarks.

In the supervision over the prohibition to deceive consumers the customs authorities are under conditions defined in Section 23b of the Consumer Protection Act authorized to inspect legal entities and individuals, enter the premises of the producer, importer or distributor, require the presenting of relevant documentation and providing of true information, identify inspected persons and their representatives, require of the inspected persons and their representatives to provide necessary documents, information and its explanation and take samples for consideration necessary to assess whether the products or goods infringe intellectual property rights.

On established detection of the violation of consumer deception consisting in offering to sell or selling of product or goods infringing intellectual property rights the customs officer is bound to impose the seizure of such goods, which is then the customs office authorized to store out of reach of the inspected person. The inspected persons are obliged to surrender such goods. If they refuse to do so, the goods shall be withdrawn. The measure of seizure is

²⁶ Section 23 paragraph 6 of the Consumer Protection Act

²⁷ Section 32 and 33 of Act No. 191/1999 Coll.. The relation of these provisions to the similar provision of the Consumer Protection Act is not altogether clear.

²⁸ Section 2 paragraph 1 letter a) a consumer means an individual or a legal entity that purchases products or uses services for purposes other than conducting business with such products or services.

²⁹ Section 8 of the Consumer Protection Act

³⁰ Section 2 paragraph 1 letter r) counterfeit goods, which is products or goods, including their packaging, which without the consent of the trademark holder bear a designation which is the same as or can be mistaken for a trademark, infringe the rights of a trademark holder pursuant to a specific law (Act on Trademarks), further all objects bearing such a designation (signs, logos, labels, stickers, brochures, user's manuals, warranty documentation, etc.), even in cases when they are supplied separately, and separate packaging which bears such a designation.

announced orally, a formal protocol has to be prepared without undue delay a copy of which is delivered to the inspected person. The inspected person can lodge objections in written within three working days from the day when the person was notified (orally or by the delivery of the copy of the protocol), which however have no suspensive effect. The customs office director decides on the objections without undue delay³¹

On finding that the seized goods do not infringe intellectual property rights, the measure of seizure is cancelled in written by the customs office director and the goods has to be return without undue delay in intact state with the exception of the sample used in the assessment. Otherwise, the seizure lasts till the customs office director decides finally and conclusively on the forfeiture or confiscation of the goods. If the customs office director decides that the finally and conclusively forfeited or confiscated goods should be destroyed, such destruction is carried out under the supervision of a three member commission at the expense of the inspected person who offered to sell, sold or stored the goods. The forfeited or confiscated goods can be also provided for humanitarian purposes.³²

The Consumer Protection Act further regulates the concert of customs authorities with the owners of infringed intellectual property rights. These are obliged at a request to submit to the customs authority documentation necessary to assess the product or goods within 15 days from the day of notification. The right holders are responsible for the presented documentation being true, accurate, complete and valid and in case of the

³¹ Section 23c paragraph 1-4 of the Consumer Protection Act

³² Section 23c paragraph 5-7 of the Consumer Protection Act

violation of this obligation are responsible for any damage incurred by a decision issued on the basis of the documentation presented by them.³³

The inspection under the provisions of the Consumer Protection Act can be conducted at the request of a right holder or other person who established a legal interest in the matter. Such persons are obliged to pay an adequate deposit in the amount specified by the head of the concerned authority, which is used to settle the cost of the inspection in cases where the complaint does not prove to be substantiated.³⁴

The customs authority informs the person filing the complaint of the result of the inspection.³⁵

Sanctions for the violation of the prohibition to deceive consumers by the offering to selling of goods infringing intellectual property rights include apart of the above mentioned forfeiture of goods also a fine in the amount of up to CZK 50 million. A fine in the same amount can be imposed also on the infringement of the provision of Section 8a of the Consumer Protection Act specifying the obligations of right holders and other persons. A fine in the amount of up to CZK 5,000 can be imposed on the spot. If several authorities cooperate in the inspection, the authority first commencing the procedure imposes the fine. The authorities concerned are then obliged to inform one another of the procedure commencement. The above mention fines can be imposed within three years since the violation of the duty in question.

³³ Section 8a paragraph 1 and 4 of the Consumer Protection Act

³⁴ Section 8a paragraph 2 and 3 of the Consumer Protection Act

³⁵ Section 23b paragraph 5 of the Consumer Protection Act

3. Providing goods infringing intellectual property rights for humanitarian purposes

As already mentioned above, both Act No. 191/1999 Coll.³⁶ and the Consumer Protection Act³⁷ allow for the finally and conclusively forfeited goods or other products infringing intellectual property rights were free of charge provided for humanitarian purposes. The receiving organizations can be only branch offices and contributory organizations of state or self-governing entities which were established in order to provide social care or which are active in health or educational system or other legal entities not established for commercial purposes if the scope of their business activities is solely the providing of social care or are active in the educational or health system, provide humanitarian aid at least for two years and can document they are not deficient in tax, social security premiums or state employment policy allowances payment and do not face any lawsuit (the lastly stated only under the Consumer Protection Act).

The condition for the providing of the products for is that the product must be safe from health and sanitation point of view and that especially trademarks and other elements infringing intellectual property rights must be thoroughly removed. Each product or goods item shall be marked "humanity" in irremovable ink in such a way that the dignity of individuals using such products is not lowered. The removal of trademark and other items infringing intellectual property rights, their destruction and the marking by "humanity" inscription shall carry out or arrange for the receiving organization at

³⁶ Section 14a of Act No. 191/1999 Coll.

³⁷ Section 23c paragraph 6 a 9-13 of the Consumer Protection Act

its expense. The receiving organization is also obliged to adopt adequate measures to prevent that the goods provided for humanitarian purposes are re-introduced into commercial intercourse. The receiving organization also has a duty to maintain a record of relevant documentation on the goods receiving and treatment for a specified period of three years.

The transfer of the goods infringing intellectual property rights is made on the basis of a contract concluded by the General Directorate of Customs and the receiving organization. The contract must comprise apart from the usual essential elements also definition of the transferred products a provision on contractual penalty in case of the breach of the liability by the receiving organization and a concrete purpose for which the transferred products shall be used.³⁸ The authority competent to supervise the compliance with the statutory and contractual duties by the receiving organizations in relation to the providing of products infringing intellectual property rights is the customs office. The Customs offices also carry out the supervision over the observing of the general prohibition of offering to sell, selling and exporting of products or goods which were provided for humanitarian purposes and marked with the inscription humanity, as specified by the Consumer Protection Act. In this supervision, the customs offices have similar competencies as in the supervision over the observance of the prohibition to deceive consumers.³⁹

³⁸ Section 23c paragraph 11 of the Consumer Protection Act, Section 14 paragraph 9 of Act No. 191/1999 Coll.

³⁹ Section 7b, Section 23 paragraph 6 of the Consumer Protection Act

III. Dr. Michael Kaspar

International organizations in the field of intellectual property

Most significant international agreements

Legal protection framework and its enforcement in EU

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1. Introduction

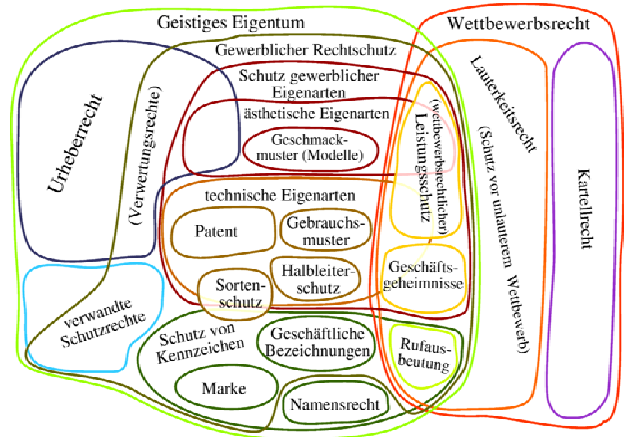
The subject of intangible proprietary law is rights and liabilities in connection with human creative activity. This could include for instance ideas, inventions, conceptions or also works. The intangible proprietary law is based on “intellectual property”, which is acquired by a person who conducts intellectual work, or creates a designation. Intellectual property grants its owner exclusive rights which make it possible for him to protect his intellectual creation against any interventions by third parties. The abstract parallel of intellectual property is the property of tangible or intangible things.

“Industrial protection” stands for a part of intellectual property protection. It includes an area where the intangible property becomes a subject of economic competition protection. Proprietary rights enjoy special protection, but also rights in general are concerned.

In the centre of the interest of industrial protection is the protection of designations (for instance of trademarks), technological properties (such as patents) and the protection of the right of an author to the use of his work.

Besides this protection, which is enjoyed in particular by the right owner, further protection is provided to the designations, technological properties and rights or an author to the use of his work by law regulating the rules or economic competition. Rather than on the protection of a right owner, this law focuses on the protection of economic competition participants against their competitors. The competitor who secures his user’s rights to intangible property subjects by their creation or by the paying for them shall not be exposed to unfair competition of other participants in the market who wish to reap where they have not sown, or have not paid. The following

picture should describe the scheme of this multi-layer and complex issue.



http://de.wikipedia.org/wiki/Bild:Geistiges_Eigentum_und_Wettbewerbsrecht.png

By way of introduction I would like to mention again the three instruments of industrial law protection, which create the centre of the picture.

As can be seen from the history of a trademark creation, a trademark has been and remains prima facie protection procedurally oriented towards the mutual acknowledgement of a trademark. This intellectual process is reflected by the fact that no definition existed for a long time, which would be binding for more countries. Therefore, in respect of the definition of a trademark Article 4 of the Council Regulation (EC) No. 40/94 on the Community Trademark is referred to, which specifies that:

A Community trademark is any sign capable of being represented graphically, particularly in words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

Section 3 of the German Trademark Law (Markengesetz) includes in this definition also acoustic marks and three-dimensional creations. Further, business names, geographical indications and designations of origin are protected.

As a rule, trademarks must be registered to be protected. The only exceptions are well known trademarks or trademarks with a discerning capability. In these cases, the renown of the trademark in itself creates grounds for the legal protection.

In contrast, a patent is an industrial property right sovereign granted to an invention. It grants time-unlimited monopoly right enabling its owner to prohibit the use of his patented invention.

Similarly to the area of trademark law, neither in the area of patent law there exists from historic reasons an internationally binding definition of conditions for the grant of a patent. Under Section 1 of the German Patent Law, a patent is granted to the invention, which is a subject of an application on condition that such invention is new, is a result of inventive activity and is industrially utilizable.

A patent is granted on the basis of an application. If more persons made the same discovery independently of one another, the right to the patent belongs to the person who announced first. A patent is transferable, can be sold and is inheritable.

Unlike the trademark and patent law, it is necessary to discern in relation to copyright. On one hand, there are personal rights of the author, including all rights to a work created, such as the right to publish the work or a prohibition to alienate. On the other hand, there are rights to use works, which are subject to industrial law protection. These are in particular the rights to make copies and disseminate and process the work and all other rights, which can be deduced from the work. The rights to use a work include also consequent rights resulting from them, i.e. entitlements to publication or commercial lending. In Germany, personal rights are exclusive, pertaining only to their intellectual creator, and cannot be transferred from one living person to another one. Copyright can be inherited without any restrictions. In contrast to the industrial protective rights mentioned above, copyright is not created by recording in a register, but solely and exclusively by the finishing of a work.

The following chart sums up briefly the trademark and patent and copyright:

| | Trademark law | Patent law | Copyright |
|----------------------------|--|--|--|
| Copyright | Protection of designation (distinguishing of goods, services or undertaking) | Protection of technological inventions (products or processes) | Protection of intellectual literary, artistic or scientific works |
| Reason | Protection of distinguishing | Remuneration for the inventor and for the publication | Protection and remuneration of the author |
| Procedure | Registration at DPMA/HABM or by means of capability to discern | Granted by DPMA or EPA | By creation of work; no procedure necessary |
| Conditions | Capability to discern | New invention | Original intellectual creation |
| Transferability | Unlimited | Unlimited | Only on the death of the author, non-transferable during the author's life |
| Scope of protection | Protection against unauthorized use of a mark | Protection against any use an invention (including parallel invention) | Protection against unauthorized copying and dissemination |
| Term or protection | Unlimited; has to be extended every 10 years | 20 years | 70 years of the author's death |

2. International treaties

The take-off point of industrial law protection and the protection of intellectual property by through international treaties is the situation in industrial law protection at the end of the 19th century. In this period, the protection of intellectual property and industrial law protection were realized solely on national levels, and were therefore territorially limited. Beyond the borders of the country where the application was submitted the effects of protective right in concern ceased. In order that the protection could be extended beyond the national borders and the national economy in question gained better protection in view of increasing nationalization, a number of states entered into international treaties.

The harmonization of the content was possible only in a rather limited form. The way, which the parties to such contracts took, was more of a technical nature. The parties agreed on the simplification and harmonization of the registration procedure. The national protective rights then should maintain the required protection through being acknowledged by other member countries.

Some of the treaties concern only the protection of marks, patents and copyright, other cover only individual special areas. That is why we will first describe those treaties which relate to all partial areas. Then, specialized agreements for trademark and patent law and copyright will follow.

2.1 Treaties overreaching protective rights

Among treaties overreaching protective rights, the most significant ones are the Paris Convention for the Protection of Industrial Property of 20 March 1883 and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) of 1994.

2.1.1 Paris Convention for the Protection of Industrial Property of 1883

The Paris Convention for the Protection of Industrial Property (the Paris Convention) was signed on 20 March 1883 and lastly revised in 2004. It may be the most significant, but certainly not the first multilateral agreement in the field of intellectual property rights. Its Member States, 171 countries at present, create under Article 1 of the Paris Convention the “Union for the protection of industrial property”.

The object of the Paris Convention was and remains the protection of patents, utility models, industrial designs and trademarks (Article 1 of the Paris Convention). Its object was to overcome the difficulties in trading resulting from the different national legislations of the individual countries. However, the Paris Convention did not choose the way of unified law, but opted for the mutual acknowledgement of the national rights in concern. This in fact included the accepting of another legal protection system as equal.

One of the most important provisions of the Paris Convention is the same treatment of the nationals of the countries of the Union in all other countries of the Union in accordance with Article 2 as regards industrial property protection. Each country of the Union has to grant also to each foreigner the same rights and privileges as it grants in the

field of intellectual property rights to its own nationals. Each foreigner who has a protective right registered in a country of the Union enjoys the same protection and the same legal remedies against any infringement of his right as a national.

Another basic provision in the international area was the ensuring of the right of priority under Article 4 of the Paris Convention. If application is filed for two registered rights with identical contents, the right, which was applied for earlier, will be protected. National registration procedures always relate to national applications, which means that in fact the situation can occur when two applications for registration of rights with the same contents are filed in two different countries at the same time, and both rights are registered. In such a case, the mutual acknowledgement of two contradictory – purely national – proprietary rights would be impossible. To resolve this contradiction, the Paris Convention makes it possible for the applicant to exert his right of priority internationally in the following months. The applicant can register his trademark also in another country of the Union. If he files the application for a trademark registration within six month after the first application, he can refer to the date of his first application. In case of a patent application this period is as long as 12 months. As a result, also other countries of the Union can accept the date of the filing of his first application in his country and the related right of priority. This is very advantageous, especially if there is not one application for various countries which would assist the registration right to the priority and protection right.

Also the provision on well-known trademarks in Article 6bis of the Paris Convention is of great significance. Well known trademarks acquired sufficient discerning capability through the use in commercial intercourse and are therefore acknowledged and protected also in other countries of the Union, not only in the

country of their origin. The countries of the Union must not register in national trademark registers a factory or trademark which could be mistaken for a well-known trademark. This principle applies even if a well-known trademark is not registered. This protection is of great importance for “world” trademarks, such as Coca-Cola, IBM or Mercedes-Benz.

Major relief in trademark registering brought Article 6quinquies of the Paris Convention. It contains a „telle-quelle“ provision stipulating that trademarks duly investigated in the country of origin are not to be investigated within the registration procedure in a country of the Union, but shall be allowed for registration and protected *telle-quelle*, i.e. as they are.

2.1.2 Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) of 1994

The Agreement on Trade Related Aspects of Intellectual Property (TRIPS) of 1994 attempts at the providing of structurally different type of industrial law protection. The Agreement was prepared together with the General Agreement on Tariffs and Trade (GATT), which, after the Uruguay Round, became a basis for the establishing of the World Trade Organization (WTO). GATT, the General Agreement on Tariffs and Trade, should in the first place ensure the abolishing of customs duties and other constrictions and restrict discrimination in international trade. The task of TRIPS in this respect is to minimize the deformation and obstacles in international trade and, at the same time, to support the necessary and effective protection of intellectual property. The TRIPS thus entirely surpasses the tradition of Paris Convention.

These historical implications clearly show that the TRIPS approach the protection of industrial rights in a way

completely different from that intended by the Paris Convention. Paramount is the freedom of international trade, which should protect intellectual property only if it is “adequate”. Further, the preamble specifies that it is necessary to ensure that measures and procedures to enforce industrial protection do not themselves become barriers to legitimate trade. In terms of content, the TRIPS guarantees those rights, which have longer tradition in the industrial rights protection. The fundamental rights include in particular the principle of national treatment, principle of most-favoured-nation treatment and the principle of exhaustion.

The principle of national treatment obliges the member countries of the Agreement to accord to the nationals of other member countries treatment no less favourable than that it accords to its own nationals. As a result, all establishments of TRIPS member countries must be treated in respect of industrial rights protection in the same way as national establishments.

The principle of most-favoured-nation treatment binds the member countries of the Agreement to accord immediately and unconditionally any advantage, favour, privilege and/or immunity granted in respect of the protection of industrial property to the nationals of any other country to the nationals of all other member countries.

Article 6 of the TRIPS Agreement specifies that a settlement of dispute under this Agreement must not be to the detriment of the exhaustion of intellectual property rights, or contradict them.

The TRIPS Agreement imposes on the member countries minimum technical requirement. For instance, it defines the minimum period of protection of copyright 50 years from the author’s death. National exceptions in copyrights have to be restricted to a minimum.

Also within the framework of TRIPS, special issue presents the protection of software, which was not

hitherto successfully treated on international scale. It is disputable whether Article 27 of TRIPS offers basis for software patents or whether it at least does not prohibit them completely.

Article 27 runs as follows:

Article 27

Patentable Subject Matter

With the exception of the provisions of paragraphs 2 and 3, patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application. Subject to paragraph 4 of Article 65, paragraph 8 of Article 70 and paragraph 3 of this Article, patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced.

...

...

The focus of this discussion consists in the issue whether a software invention is new, is not evident and whether it is capable of industrial application. Whether these in fact are inventions, which are evident, or are not innovations. The German Patent and Trademark Office took the following stand in this matter:

“Neither the Agreement on Trade-Related Aspects of Intellectual Property resulted in a different assessment of patentability. Regardless of the issue of in what form the TRIPS agreement should be applied – whether directly or implicitly (....), the application of Article 27 of the TRIPS agreement would not result in an extensive protection, either, for the formulation that patents should be available for any inventions in all fields of technology corroborates the view hitherto prevailing peculiarly in the German patent law – that the term technology is the only usable criterion for the definition of an invention in contrast to intellectual activity

result, and the requirement for patentability is the technological nature of the invention and new technological contribution to the state of the art (in the decision of the Federative court of justice “Verification of logic”, “additional confirmation” of the judicature of the provision of Article 27 paragraph 1 of the TRIPS agreement is mentioned. Also exceptions defined under Section 1 paragraph 2 and 3 of the Patent Act (PatG) can not be seen as a contradictory to Article 27 paragraph 1 of the TRIPS agreement, as they are based on the concept of the absence of technological nature of these subjects.”

Converted to a common denominator, the German judicature presumes that software is not patentable, as – regardless of the technological content of its program – is always based on the same technological fundamentals. In view of the previous software development, the essential inventive activity needed for the registration is missing. From this point of view, a new software program presents as faint a technological contribution as a new literary work.

As a result, Article 10 paragraph 1 of the TRIPS agreement protects computer programs in the same way as literary works under the Berne Convention for the Protection of Literary and Artistic Works (1971).

If we regard the TRIPS agreement from the above mentioned provisions’ perspective, it does not appear that from the European viewpoint, much was done in respect of trademarks and patents protection. Nevertheless, also from the European point of view, the TRIPS presents interesting progress.

In comparison with the existing agreements the TRIPS resulted in significant territorial extension of the application of industrial law protection. It became a supplement to documents establishing the World Trade Organization (WTO), which means that

each country wishing to become its member had at the same time ratify the TRIPS agreement. In this way it was ensured that each member of this economic union has also to provide minimum protection to intellectual property. It is however necessary to note that such minimum protection is at the same time passive protection, provided that the member countries are not obliged to adopt TRIPS provisions in their national legislations. The members fulfil their duties already by applying the provisions included in the TRIPS agreement. Unlike other comparable treaties, there is however also a possibility to enforce the observance of the provisions. Countries, which fail to apply at least the material content of the TRIPS provisions, can be forced to enforce the Agreement by mechanisms for the disputes settlements of WTO. Moreover, these countries are subject to trade sanctions.

It should be also considered that the minimum standard required by the Agreement is for many developing and third world countries a great novelty whose enforcement and ensuring presents significant strain. In those countries, entire national legislation related to industrial protection had to be changed or newly created.

2.2 Treaties in the area of trademark protection

This area is characterized by treaties derived from the Paris Convention for the Protection of Industrial Protection, such as Madrid Agreement Concerning the International Registration of Marks of 1891, the Protocol to the Madrid Agreement Concerning the International Registration of Marks of 1996 and the Council Regulation (EC) on the Community Trademark. Similarly to the TRIPS, this regulation constitutes protection, which is institutionally separated from the Paris Convention,

focusing on the protection of trade. The Council Regulation (EC) on the Community Trademark maintains the intellectual tradition of the Paris Convention.

2.2.1 Madrid Agreement Concerning the International Registration of Marks

The Madrid Agreement is a specific agreement according to Article 19 of the Paris Convention. It was created in 1891 and deals exclusively with trademark law. Presently, it has 78 members. Its members create a supranational union of countries for the international registration of trademarks designated by the letter R in a circle. By a single registration, protection in all member countries listed in the application is gained.

Prior to the acquiring of international trademark, the applicant has to apply for the registration of his trademark at a national Patent and trademark office. Following, he can submit an application for international registration at the same place in compliance with the Madrid Agreement. The competent Patent and trademark office forwards this application to the World Intellectual Property Organization in Geneva, where the trademark is registered internationally without any further assessment, in accordance with *telle-quelle* protection (as it is). The application is then published in the international official journal "Les Marques Internationales". At the same time, the national authorities of the countries listed in the application are notified. Only there is the application for international trademark registration investigated from the content point of view. In the first place, it is ascertained whether there is an absolute or relative protection impediment. National offices should carry out preliminary investigation in the period of one year. Within this period, they can

refuse to grant the protective right in compliance with Article 5 of the Madrid Agreement, and refuse in this way the registration of the trademark in its country. Legal remedies against this decision have to be submitted only at competent national offices in accordance with national legislation.

As the Madrid Agreement Concerning the International Registration of Marks is based on the Paris Convention, the users have also such significant rights as national treatment or priority application under Article 4 paragraph 2 and Article 4bis paragraph 1 of the Madrid Agreement.

2.2.2 Protocol to the Madrid Agreement Concerning the International Registration of Marks of 1996

The Protocol to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) is in effect since 1 April 1996. Although it should supplement the Madrid Agreement, in the course of the dealings it was converted into a separate international treaty, which differs from the Madrid Agreement in some points.

From the point of view of its contents, it presents a special wording of the Madrid Agreement, which was accepted also by those countries, which from national reasons did not wish to accede to the Madrid Agreement, in particular the U.S., Japan and Great Britain.

Among other changes, the most significant one consists in the fact that to gain an international trademark protection, it is not necessary anymore to first register the national trademark. It is sufficient to file an application. The period for the investigation by the individual national Patent and trademark offices was extended from 12 to 18 months, which enables more extensive

researches. These differences show that the Madrid Protocol is a separate treaty, which is however closely connected with the Madrid Agreement.

The issue of the applicability of both of the agreements is not generally consistent. As a rule, the safeguard-clause applies, according to which if the country of origin and the country stated in the application ratified both agreements, the Madrid Agreement precedes the Protocol. In other cases the applicability of the respective provisions depends on which agreement was ratified by the country of origin or the country stated in the application.

2.2.3 Trademark rights in the European Union

The protection of trademarks on the level of European Union legislation is not without issues, as it can be applied only where given legislative competencies by the Treaty or where it acquires them as an additional authorization, as it has other legislative tasks in relation to trademark law. Moreover, the Treaty establishing the European Community comprises an explicit rule that the Treaty shall in no way prejudice the state, form or type of property ownership in member countries (Article 222 of the Treaty).

Even previously the EC Commission noted that industrial protective rights create an important basis for the attaining of economic success, but, on the other hand, can present a significant obstacle for functioning internal market. It is the removing of such obstacles for the internal market, which is also a legal base of any Community regulation in this field. This is also why the preamble of the Council Regulation on the Community Trademark states that:

“Whereas it is desirable to promote throughout the Community a harmonious

development of economic activities and a continuous and balanced expansion by completing an internal market which functions properly and offers conditions which are similar to those obtaining in a national market; whereas in order to create a market of this kind and make it increasingly a single market, not only must be barriers to free movement of goods and services be removed and arrangements be instituted which ensure that competition is not distorted, but, in addition, legal conditions must be created which enable undertakings to adapt their activities to the scale of the Community, whether in manufacturing and distributing goods or in providing services; whereas for those purposes, trademarks enabling the products and services of undertakings to be distinguished by identical means throughout the entire Community, regardless of frontiers, should feature amongst the legal instruments which undertakings have at their disposal”

The preamble of the Regulation further specifies that:

“ ... for the purpose of attaining the Community’s said objectives .. such action involves the creation of Community arrangements for trademarks whereby undertakings can by means of one procedural system obtain Community trademarks to which uniform protection is given and which produce their effects throughout the entire area of the Community; whereas the principle of the unitary character of the Community trademark thus stated will apply unless otherwise provided for in this Regulation.”

This conception and competency fundamentals are complemented by the interpretation of Article 222 of the Treaty establishing European Community (the Treaty) by the European Court of Justice. Under Article 222 of the Treaty, the rules of state, form or type of property ownership effective in the member countries must not be injured. According to the interpretation of this provision in established practice or the European

Court of Justice, the Community has under this Article of the Treaty provide for the existing state in the member countries, i.e. the existence of industrial protective rights, thus leaving them uninjured. However, the execution of these protective rights can become the subject of Community law. This applies even where the prohibitions stipulated in the Treaty concern the execution of protective rights. According to the interpretation of the European Court of Justice, Article 222 on the other hand does not forbid that legislative measures are adopted to the exertion of existing protective rights and new proprietary rights are created on the basis of competency EC regulations.

Both the EEC Directive on Harmonization of Trademark Law and Council Regulation on the Community Trademark (Council Regulation No. 40/94 Coll.) are based on this conception structure.

The objective of trademark law is to harmonize the level of protection of various trademark laws of the member countries. For this purpose, the EEC Directive specifies common minimal standards for national trademark protection, which are considered as essential for the ensuring of the functioning of common market.

The Council Regulation on the Community Trademark sets off in a different direction. As can be seen from the above-mentioned introductory points, it endeavors for the creation of a common trademark with common effects for the whole internal market, for which legal effect would apply only in within the Community. In other words, a new trademark for the whole market would be created, which the European internal market would treat as if on a unified, national market. This harmonizes the EC level approach with the approach of national trademark law. According to the Council Regulation, the Community trademark is a common subject of

property, which can be included in legal measures as a whole. On the other hand, this does not mean that the trademark as such could not be divided or that a license to a Community trademark could not be restricted to individual member countries or to a certain territory.

The introduction of the Community trademark besides the existing national and international trademark systems results in a system co-existence, where interaction is essential. In general, the principle of the co-existence of the trademark systems applies, which however can cause difficulties in the issues of trademarks collision. The co-existence of the systems is possible due to the general principle effective in all the systems and criteria of priority, or even danger of confusion, overreaching the frame of the systems. Nevertheless, a right to a Community trademark can not be created from material point of view regardless of whether a national or trademark internationally registered for certain member country exists in a member country. If the earlier registration gives an advantage to such nationally or internationally registered trademark, it can be considered as a relative protection impediment for the registration of the Community trademark. It applies also vice versa.

If we focus on legal effects of the unauthorized use of a Community trademark, we will find that the system of the Community trademark only supplements the systems of national protections. In case of unauthorized use, the Council regulation specifies only a right to claim the prohibition of use and for other entitlements, in particular right to information, damages and destruction, refers the owners to their respective legislations.

Explanation in terms of contents needs also the relation of the EU trademark law and the Madrid Agreement or the Madrid Protocol. Since 1 January 2004, the EU acceded to the Madrid

Protocol. As a result, the primary trademark for international registration (international trademark) can be not only a national trademark, but also Community trademark. It is sufficient if the Office for Harmonization of the Internal Market (OHIM) is designated as a “office of origin” by the Community. “As a unit” can be internationally registered in the EU also national primary trademark. In that instance, the OHIM and the Community are designated as the “destination office” in the international application. As Japan, Australia and the U.S. acceded to the Madrid Protocol, the most significant international markets can be covered in this way.

2.3 Agreements in the field of patent protection

In the field of patent protection also other different agreements exist, which are partially connected with the Paris Convention. In the following part there is the analysis of the Patent Cooperation Treaty (PCT) from 1970, Patent Law Treaty and the Convention on the Grant of European Patents (European Patent Convention) from 1973 (EPC) and Convention on European Patent for Common Market from 1989.

2.3.1 Patent Cooperation Treaty from 1970

The Patent Cooperation Treaty is linked with the Paris Convention from 1891. Member states entered into a special agreement according to the Paris Convention. Also this agreement has been influenced by the history of national patent rights. This is the reason why the co-operation of the PCT member states is reduced only on the procedural and technical questions. The main aim of the PCT is to summarize the minimal preconditions for patent application in member states – patent search and

patent examination – in a unified international procedure, in order the applicant could have the possibility to obtain the national patent in every designated state in the most effective way.

For this purpose the PCT procedure is divided into two steps: international and national phases.

In the first step, in the international phase, there are filing of an application, search, examination and publication. Application and search are obligatory, but examination is optional. The tasks of the international phase are divided among 4 different offices. The respective application offices are European Patent Office in Munich and his branch offices in Berlin and in The Hague. The International Search Authority provides the search, examination is provided by the International Preliminary Examination Authority and publication by the World Intellectual Property Organization. Every patent application from the PCT member state could be applied also as an international application.

In this procedure are filing of the application and search obligatory, while examination is optional. As soon as the application is received by the European Patent Office, the Office provides formal control and in case the application is without deficiencies, the date of delivery of the application is acknowledged as the application date of the international application. This date has the same priority as a national application according to the regulations.

The Search Authority executes the obligatory, but preliminary search and postpones it to disposal to the applicant and the WIPO. The aim of the search is to find out the contemporary state of art.

The examination procedure is in the international phase optional. The applicant has to request it in the period of 19 month since the application date. The matter of the examination is the preparation of an expert opinion, which is not binding for the member states. It considers the novelty of the applied invention, determines, whether it is the result of the inventive activity and could be used in the industry, according to the Article 33 of the Paris Convention. Also this control report is submitted to the applicant as well as to the WIPO.

The second, national phase of the international patent application takes place at the relevant national offices in the designated country. The applicant has to request the translation of the patent application in all relevant countries. For examination and patent granting in the designated country the national regulations are valid. In this second phase the national character of the patent right comes out and also the limitation of the attempt at simplification of the procedure creating the union. National patent offices, which have to apply their national patent regulations, are entitled to point out the deficiencies in the application, make corrections a searches and also complete the already made optional examination.

As to the wide possibilities of national patent offices intervention there is a question, in which points the PCT procedure is more advantageous for the applicants. One of the advantages is the possibility to apply in one language. Another one is the costs of the application, which are cheaper in case of optional examination. In case this preliminary examination proves that the patent could not be applied, the application can be withdrawn before the national patent offices decide in various designated countries, which is as to costs very demanding. Besides the statistics

show that the terms of the procedure have been shortened substantively.

2.3.2 Patent Law Treaty a substantive treaty on patent law

Patent Law Treaty (PLT) is a new convention, concluded in 2000. It is administrated by the WIPO. It has been concluded by 53 states and European patent organizations, but it is valid only in 14 states.

PLT unifies some formal requirements concerning the application and maintenance of patent, legislation on which is very different on national level. PLT stipulates the determination of the acknowledgement of the patent application date, formal requirement of such application and sets the acts, where is not possible to nominate a representative. Further it restrains the scope of necessary translations and also precedes the lost of right as a consequence of loss of the term that it prescribes to the national legislator to provide some specific legal remedies.

The aim of the harmonization of law is to create an administrative procedure concerning the patent protection, which would be friendlier to them, who use it and also more effective. The PLT should simplify the patent application procedure in order to get the patent protection in a number of countries.

The present negotiations concerning the PLT, the substantive patent law treaty, are very interesting. There is an intention to reach a simplification also in the substantive legal level in the field of international patent. All existing treaties only harmonize the procedure and associate the applications and so this treaty could be an important step towards really international patent, which in this sense does not exist yet.

2.3.3 The Convention on the Grant of European Patents (European Patent Convention) from 1973

European Patent Convention (EPC) is an international treaty, signed in 1973 on the conference of 16 European countries in Munich and entered into force in 1977. It created the base for the establishing of the European Patent Organization (EPO) and European Patent Office.

Also the EPC is a special convention under the Paris Convention. Therefore it also keeps its important principles as for example the principle of equal treatment and priority. At the same time it leads to the situation that according to the EPC only the national patent rights are created, not the unified transnational patent law. European patent provides to its holder since the date of notification of the member states, for which it has been granted, equal rights, which he would have after granting a national patent granted in this country. The subsequence of this is that infringement of the patent must be handled according to the national legislation and using the specific national legal protection.

The EPC has been created to centralize the patent granting among European states and harmonize the different patent rights of contracting states. The substantive harmonization is only in this way that the second part of the Convention (Article 52 – 74 of the EPC) contains the regulations of the substantive patent law, especially as far as the novelty, level of the inventive activity and using in the industry concerns. It provides an essential simplification of the procedure by the common and simple application and granting procedure (Articles 75-98 of the EPC).

To obtain a patent the applicant must apply and according to the Article 75 of

the EPC it depends only on him, whether he applies directly at the European Patent Office or at the respective national office. Similarly as in the national office the European Patent Office carries out the input and formal control. At the same time the search is starting. Within 18 months after the application date the application is published – Article 93 of the EPC. According to the Article 67 of the EPC the applicant has a preliminary protection.

Also here the entire procedure starts by the request for examination, which proves the patentability of the invention. In case the examination is successful, the patent is granted and published, by which the right holders is obtaining the full legal protection. After the patent publication within 9 months anybody can apply an objection against patent granting. An appeal against all decisions of the European Patent Office is admissible, decided by special Appeals Boards of the European Patent Office. These Boards have specific independence and therefore they could be compared with courts. The appeal should be submitted within 2 months after the delivery of the appealed decision.

The legal status connected with the European patent could be reached by two ways: application at the European Patent Office or at the respective national office. We have already described these possibilities. Besides this there is another alternative - application via Euro-PCT, which provides to the applicant similar legal status comparing to the European patent. It is necessary to realize that this procedure is using two treaties. Nevertheless the PCT regulations are valid prior the EPC regulations, which are applied secondary.

2.3.4 Agreement relating to the European Patent for the Common Market from 1989

The disadvantages of the present legal and registration practice, which associates different national patents only as to the technical point of view, are known for a long time. This was the reason, why the Convention on European Patent for Common Market was signed on 5 October 1989 in Luxemburg. The aim of it is creation of a unified patent for whole Europe and also from view of the substantive law. The registration preconditions and the field of patent protection should be unified first of all. To aims mentioned in the in the Convention on European Patent for Common Market belongs also the establishment of patent court for the whole Community, providing more effective and quick legal protection. Besides the aims formulation in the Convention on European Patent for Common Market no other important development or even legally bounded agreements have been reached.

2.4 Convention on Copyrights and related rights

Copyright is a protective right in the field of literature, science and art. One of the most important conventions is the Bern Convention for the Protection for the Protection of Literary and Artistic Works, Universal Copyright Convention and the WIPO copyrights treaty from 1996, which completes the two above-mentioned Conventions by regulations bis dato not complying.

2.4.1 The Bern Convention for the Protection for the Protection of Literary and Artistic Works from 1908 as amended

Bern Convention for the Protection for the Protection of Literary and Artistic Works

adopted according to the international law in Bern in 1886. At present it has 162 member states creating similarly as in case of Paris Convention an Union. In following years the Convention has been often amended, therefore we speak since 1908 about a revised Bern Convention.

In the field of copyrights it is the base for the majority of international treaties and it is as much as important as the Paris Convention in the field of trademark and patent rights. Similarly like Paris Convention it defines the basic principles related to another treaties, partially in the form of special treaties to the revised Bern Convention.

In the Bern Convention there is for the first time the foundation of the recognition of copyrights among sovereign nations, as until the copyright was similarly like the industrial property rights only the territorial protective right. The principle of assimilation according to the Article 5 of the revised Bern Convention was a new one, providing acknowledgement of foreign art and equal treatment similarly like the Paris Convention guarantees the equal treatment to all citizens of the member states as own citizens. Besides the revised Bern Convention in the Article 8 and followings stipulates the foreign author's minimal rights also in case, when this country does not provide it to own citizens.

Further the revised Bern Convention guarantees to the author the creation of the right by accomplishment of the work. There is no registration procedure or registration of copyrights necessary for the author to get the protection for his work. The protection period has been stipulated 50 years after the author's death at minimum.

2.4.2 Universal Convention on Copyrights from 1952

The provision of the revised Bern Convention proved to be competent. From the beginning the fact, that some states did not ever participated in the revised Bern Convention, has been perceived as a mistake. Some of those countries were very important, like the USA and the USSR. In case of the USA they did not acceded to the revised Bern Convention because it would require large revision of the structure of the American legislation.

Therefore a Universal Copyright Convention (UCC) was signed, comprising in some fields less strict regulations than the Bern Convention. Therefore the UCC members - on the contrary to the Bern Convention - did not create an Union. The UCC member only pledged to adopt all necessary measures to provide useful and sufficient protection to authors. UCC in the field of guaranteed minimal rights is evidently behind the rights provided by the revised Bern Convention or in some cases it sets larger restriction of rights. The term of protection according to the Bern Convention is 50 years after the death of the author, but the UCC provides only 25 years term. The protection of photographs might be even shorter, but minimum 10 years. UCC besides stipulates that the legal protection in many countries is created only in connection to the sign of copyright, in case it is required by the national legislation. It means that the work must content, especially in the USA, the symbol ©, name of the author and the year of the first publication.

But the UCC does not provide less right as the revised Bern Convention. For example, the assimilation principle guaranteed by the UCC does not get

behind the assimilation principle led down by the revised Bern Convention.

2.4.3 WIPO Copyrights Treaty from 1996

The World Intellectual Property Organization (WIPO Copyright Treaty, WCT) is similar to the Patent Law Treaty as a new one. It was concluded in 1996. It has been elaborated and is administered by the WIPO. It is a special Treaty according to Article 20 of the revised Bern Convention. The aim of this Treaty is to create general conditions for the harmonization of national copyright with the requirements of the digital net media. It stipulates, among others, which software, which new media fall within the copyright protection. Above that the WCT regulates dissemination, hire and publishing of such rights. According to the WCT the software for PC is necessary to consider as a literary work in the sense of Article 2 of the revised Bern Convention and naturally protected by copyright. The same protection according to Article 5 of the WCT is related to the databases.

Among the treaties, which modify internationally the neighbour rights to copyrights belong before all: Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations from 1961, Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms from 1971 and Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite from 1974.

3. Institutions in the field of international protection of intellectual property and their work

3.1 Institutions, their tasks and competences

3.1.1 International level

World Intellectual Property Organization (WIPO) is the global organization dealing with the intellectual property, with its seat in Geneva. It was established in 1970. Since 1974 it is a specialized agency of the UNO. From the historical point of view it refers to the International Secretariat of the Paris Convention from 1883 and the Bern Convention for the Protection of Literary and Artistic Works from 1886.

Its objectives are the global support of intellectual property by international cooperation of states and international organizations and guaranteed administrative cooperation of intellectual property organizations. These objectives of the WIPO do not include only the intangible industrial property as the trademark law, patent law and copyright. At present the WIPO has 182 member states, which is 90% of the countries in the world.

WIPO is covering organization in the field of intellectual property and takes part widely on the international development and conclusion of new treaties. It undertakes two main tasks, which have different functional level.

It became diplomatic conference, on which the disputed could be solved by mediation or court of conciliation between the member states.

Besides that it is an organization with executive power, which concludes number

of international treaties and administers them. Not only Paris and Bern Convention, but the WIPO administers also nearly all important international treaties in the field of intellectual property. These are Madrid Agreement and Protocol to it in the field of trademark law, in the field of patent law the PCT and PLT agreement as well as SPLT and also the WCT.

The WIPO does not administer the treaties, which structurally differ from the Paris and Bern Conventions and other treaties based on them. In this respect it is necessary to mention the TRIPS agreement administered by the World Trade Organization (WTO) and Universal Copyright Convention administered by Unesco, which is often considered as a "discount edition" of the revised Bern Convention. Also other treaties of the EU do not fall within the WIPO.

The administration of the treaties does not include only the regular control, whether it is not necessary to make some revisions of harmonize them. The task of the organization is also to support the realization of the treaties. This is the reason why the WIPO does not only provide partial tasks from the treaties, authorized to them, as for example the application office for international patents and trademarks or publication of the results of the international phase of the PCT application. All application of these patents and trademarks are concentrated here and they are administered in a centralized way, before they are postponed to single national offices.

The WIPO also supports the international industrial property protection by advisory activity, education, information and documents informing about possibilities of the inventions and trademarks protection.

For execution of all these activities international secretariat is the authorized, which is executive organ of the WIPO.

3.1.2 European level

I have already mentioned that the WIPO does not administer the treaties on European level. This does not concern only the circumstance that some of them are only the Community treaties. The main reason is that the EU treaties in many cases created standards overlapping minimal requirements of other international treaties. These countries are ahead on the way of harmonization than on the international level. This situation is obvious especially in the trademark law. The conception of the Community trademark highly overlapped the present international treaties. Not only according to the regulations of the EES (89/104 EES) the real harmonization of substantive law of national trademark legislation has been realized. According to the Council Regulation (EC) Nr. 40/94 for the first time the legal framework was created, which knows the trademark valid in the same way in a number of states.

These basic structural differences require existence of institutions, which are able fairly deal with this range of participants and comply with the content and legal requirement.

3.1.2.1 OHIM as the EU institution for trademark protection

OHIM is the Office for Harmonization in the Internal Market. It is an office of the European Community, which is authorized to application and administration of European designs and models but first of all trademarks. It was established in Spain in Alicante according to the Council Regulation (EC) Nr. 40/94 on Community Trade Mark.

The Community trademark offers the advantage, that by single registration at OHIM it is possible to receive the unified protection in EU member states. The application could be submitted not only to

the national office, but also directly to OHIM. After the input control and preliminary search, whether prior registered trademarks do not exist, it is verified also whether the trademark application does not violate the absolute ground for registration refusal according to the Article 7 of the mentioned Regulation. If there are no obstacles, the trademark is published in the Official Journal in all official languages of the EU. In this moment the 3 months period starts, during which anybody can submit objections against trademark registration. Against the OHIM's decision it is possible to submit an appeal, which is proceeded special before special appeal board of the OHIM. Against this decision it is possible to take action before the court of first instance designated by the European Court of Justice. This is also one of the differences of the Community trademark. In another field of industrial property protection does not exist the relevant court power abroad.

Its position of a central office for trademark in Europe the OHIM has become very important. This was caused also by the number of trademark procedures and administered Community Trademarks. In the year 2006 it received more than 77 000 Community trademark applications. The number of trademarks administered by OHIM is increased on more than 550 000.

3.1.2.2 EPO as European institution for patent protection

European Patent Organization is an international organization with its seat in Munich. It was established on the base of the European Patent Convention from 1977 (Convention on the Grant of European Patents). On the contrary to the OHIM it is not the Community institution.

The EPO consist of the Administrative Council and European Patent Office, which is the most important part. While the Administrative Council fulfils its legislative tasks, European Patent Office is an

executive body. I have also its seats in Munich and branches in The Hague, Berlin, Vienna and Brussels.

The EPO's tasks are to support innovation, competitive advantage and economic growth in favour of the citizens of Europe. On the contrary to the DPMA and other national offices, in the competences of the EPO are solely patents. The advantage of the proceedings according to the EPC is that it is not necessary to apply for national patent in several countries of Europe. The required national patents could be obtained within one proceeding.

Comparing this Convention and its effects with the legal situation in the field of trademark law on the EU level, we realize rather big differences.

The most obvious is the difference among different national patents granted in single proceedings and single trademark for all internal market.

There are also significant differences in the field of legal protection. European Patent Organization with the European Patent Office creates central institution for execution of the searches and control, which created common application and granted procedure. But single steps could be attacked by common objection procedure. Against this decision it is possible to submit an appeal as additional legal remedy to the Board of Appeals. The proceedings are going on in the European Patent Office. But this step exhausted the common jurisdiction.

All other legal steps must be clarified before national courts. These courts have to decide according to protocol to the Article 66 of the EPC on the patent law content whether also national patent and their scope of protection should be and will be used in the interpretation. Such proceedings is of a different quality than in the European trademark law, where only

one decision of the highest instance of the European Court of Justice is bounding for all EU member states.

European Patent Office became the most important institution in the field of industrial property protection, because it is dealing with the substantive part of globally granted patents and at present it has centralized competence for 32 countries, who transferred to him the leading role in the field of searches and examination. In the year 2006 it has been granted 62 780 patents in the world, from that the European Patent Office granted 32 483 patents. On the second place there are the USA with 14 834 patents and Japan with 12 044 patents.

3.1.3 National level

Respective national office for patents and trademarks are the most important actors in everyday life in the field of patent and trademark protection, which is evident from that mentioned above. Mentioned treaties mean simplification of proceedings for the purpose of easy obtaining of the national protection and promise of multilateral equivalent consideration of foreign applicant in comparison to domestic ones. In most cases the supranational proceedings end with material and legal control and registration by national offices. An excellent example is the procedure on the patent application according to the PCT and EPC. In this case of the national proceedings also the legal protection on national level exists. On the other hand there already exist important, even regionally limited trademark institution overlapping the patent system. At least in case of infringement of rights the national institution is competent, in which states the infringement occurred.

National offices for patents and trademarks have a great significance, therefore I would like to mention one of them, German Patent and Trademark Office (DPMA) with

its seat in Munich and branches in Berlin and Jena.

It is a federative office, which is managed by the Federal Ministry of Justice. The tasks of the DPMA are to grant and administrate industrial property rights. DPMA is competent besides registration of utility models and industrial designs to grant patents and register trademarks.

In case of patent, which is probably the most important protection right, the applicant has to apply for the patent granting. DPMA then verifies, whether the application does not contain some real mistakes and whether the applied invention could be protected by a patent. To get the patent it is necessary to submit a request for examination. This is the opening of the patent proceeding. The expert of the office makes an analysis, whether the invention is patentable, it means, whether it is new, result of inventive activity and exploitable in the industry. If so, the DPMA publishes the information about patent granting. In the term of 3 months any third party may protest against granting of the patent. In such case the patent is examined by a gremial, which decides whether the patent would be canceled or granted. When granted, it becomes valid.

3.2 Cooperation of the institutions in practice

The legal obligation to cooperation of national and international institutions in the field of industrial property protection is limited to 3 areas. It is exchange of information, partial cooperation in scaled registration proceeding and the field of mutual administrative and legal assistance.

Exchange of information on registered rights is provided by publication of relevant data on the Internet and also in the Official Journals. In the sphere of information exchange also other international activities fall in. For example: the European Patent

Office cooperates since 1983 with the Japanese Patent Office (JPO) and Patent and Trademark Office of the USA (USPTO). The objective of this cooperation is the optimizing of global patent system by a strategic cooperation and harmonization of the procedure practice, exchange of information, know-how and competencies. In 1999 within this cooperation the TriNET was created, which is trilateral data network enabling to the 3 offices to go through the information in the application of partner offices. This 3 offices provides each other the access to published patent specifications in order to get better quality of the patent application proceedings.

The partial cooperation of the office plays substantial role in all proceedings, which is divided in common international part and national level. It is especially the case of PCT and EPC proceedings. In the respective treaties it is specified precisely, which documents, in which language is necessary to provide, who is competent for publication of specific parts and in which organ. They contain clear and unambiguous provisions concerning form and competencies, modifying the coexistence and cooperation of offices. Otherwise the cooperation is limited to providing information according to the Article 130 of the EPC,

Further level of cooperation, differing according to the single fields of industrial property protection and single treaties, is the administrative and legal assistance. Also here it is according the Article 131 of the EPC. Under administrative assistance we understand providing information and possibility of inspection of files, in case of legal assistance it is concerned the proofs and evidence and other acts of the procedure before courts, in case of procedure at courts for the purposes of the procedure before the European Patent Office. The EPO has to send a request for legal assistance in this case.

3.3. Standard legal framework of the activities of national executive bodies

The industrial property protection law is a national law. It is valid for the substantive law as well as for legal pledge connected with the protection law. The protection of right holder by the state using specialised national executive, or in case of infringement of rights usually a national institution is obliged to assure it according to national legislation. This principle results from the conception of industrial property protection with an exception concerning the Community Trademark law.

International treaties usually are not a ground for a mandatory internal law. In order to be valid on the national level, they must be ratified or it is necessary to create a law transforming the treaty and this law is applied.

These international treaties are not a subject of public rights used in private persons protection. The treaties are usually obligations of contracting states towards other member states.

As to the content the treaties concern only the methods and obligations how to handle with natural person and legal person from other member states as with own citizens.

This conception is also approved for example by the decision of the Austrian Patent and Trademark Office from 6.8.1992 (Official Journal 1993, page 96). The Appeals board decided that the legislation of the EPC concerning administrative and legal assistance is not a right of private persons enforceable by action. The right connected with the duty to provide information is said not to be applicable to private person.

Some exceptions exist in the field of trademark protection. They are connected with the Council Regulation (EC) Nr. 40/94

on Community Trade Mark and Directive 89/104/EEC on harmonization of legislation on trademarks.

From the Council Regulation (EC) Nr. 40/94 on Community Trade Mark its national validity results from its Article 249 of the ECT. According to is the Regulation is valid directly on the territory of the member states and must be applied the same way as the national legislation. Substantive investigation shows, that it is only the base for limited subjective rights of applicants or right holders valid on national level.

The citizens of the EU really obtain legal entitlement to specific procedure and afterwards registration of a special sign in the whole Europe.

The EU citizens have also other rights to intervention against the right infringer. In the Article 9 par. 1 and 2 of the Council Regulation (EC) Nr. 40/94 on Community Trade Mark there is a right to prohibit to third parties to use special denomination in the commercial relation and in the Article 11 the right against commercial agents or representatives, who abuse confidence of the right holder by registration of the trademark on their name, in Article 10 also the right against the Lexicon or vocabulary publishers, that the picture of the trademark should be equipped by a note that it is a registered trademark and in the Article 9, paragraph 3 the second sentence provides the right to adequate compensation for the acting after Community trademark publishing and registration publishing.

It is subjective law of private persons based on the EU legislation, which must be mentioned also in the national one, but this right will get the real power in the following suite. Application of these rights in the administrative practice is excluded. According to the administrative practice it is possible to apply only this legislation, valid

for the application proceedings. But even here it is quite clear that these claims are a protection full of gaps. The applicant and the right holder is fully dependent in case of legal protection on national legislation.

The most difficult field in the legal practice is the claim to apply the Directive 89/104/EEC on harmonization of legislation on trademarks. Even if also here it is accepted that solely the national legislation could be applied, as the Directives are according to the Article 249, paragraph 3 of the EEC oriented only on the member states and cannot be used directly as Regulations. In accordance to the decision of the ECJ the obligation for the interpretation of national legislation concerning the enforcement of the Directive, it should be in line with the Directive. In respect to it every state administration body of the EU member state has the duty to interpret national legislation in the way proposed by the Directive. Other interpretation, e.g. historical, grammatical and for special purpose or on the base of mutual relations of national laws, is inadmissible.

4. Supplement

In addition to the above mention interpretation of the offices and institution, which are involved in the legal protection, I would like to mention shortly some nongovernmental organization acting in the field of industrial property protection.

4.1. AIPPI/AIPPIDE

International Association for international industrial property protection is politically neutral association with its seat in Switzerland. It was established in Brussels already in 1897 and is based on Paris Convention. Its duties are supporting the international protection of industrial property and intellectual property and its development. Its aim is also to contribute to

development and improvement of the quality of international treaties and conventions in the field of intellectual and industrial property. To reach these aims it organizes international conferences, meetings, publishes the treaties and interprets its points of views to governments, international corporation, national, regional and international organizations. Its Secretary, controlled by the bureau, administrates it. At present it has more than 8500 members from about 60 national and regional groups. In its history it formulated already more than 500 resolutions and opinions to legal questions administered by national offices and international organizations, especially WIPO, the aim of which was first of all further development and harmonization of international industrial property protection. AIPPIDE is linked by themes and personally with the German Association for industrial property and copyright protection.

4.2 German Association for industrial property and copyright protection (GRUR)

GRUR has similarly long history. It was established in 1891. It has at present more than 4000 members and a seat in Berlin. The work of the association is directed on further scientific development, extension of industrial property and copyright protection and legislation regulating the competition. For this purpose it clarifies the questions of industrial property and copyrights in committees, during congresses and in scientific publications. Further duty is the support of legislative bodies and institutions active in industrial property and copyrights. Divided in many regional groups GRUR is active in all Germany, on the centralized way it is managed by the association board. GRUR publishes also 3 most important specialized magazines in the field of industrial property.

4.3 Federal association of German patent attorneys (BdP)

Federal association of German patent attorneys is voluntary association of legal patent attorneys established in 1974, which aim is to take care about professional and economic interests of patent attorneys and support of these interests. The basic activity is the handover of the opinions concerning national and international legislative intentions and participation in consultation with national and international institutions of industrial property protection. Further important factor is the exchange of points of view and contacts among German and European deputies and representatives of relevant offices.

4.4 Initiative German economy against products and trademark piracy (APM)

APM is fighting since 1997 against piracy in the field of products and trademarks in all branches and at present it represents the leading power in this field in Germany. It was established as common initiative of the Assembly of German industrial and trade chambers (DIHK), Association of trademarks and Federal association of German industry (BDI). APM first of all follows its aims by neutral activity with public, support of politics and offices in Germany and also abroad. It is also active in the field of exchange of information between the ministries and supports German companies in case of infringement of their industrial property rights. First of all it is dealing with methods used in case of infringement of intellectual property right and supports the investigation of relevant institutions.

4.5 European Patent Institute (EPI)

The institute of patent attorneys registered at the European Patent Office, EPI, has

been established according the EPC on the bases of decision of the EPO Administrative Council. As an association of international public law the EPI has its own rules concerning the professional status and own commercial order. Presently it has 8700 members from 32 European countries. All members must be registered at list of patent attorneys of the European Patent Office. European patent attorney may not be anybody. There is a condition of passing European qualification examination. The main task of EPI is the cooperation with the EPO in the questions concerning the profession of registered attorneys, disciplinary matters and European qualification examination, contacts with the EPO in matters concerning industrial property protection and also further institutions, in case it is useful.

4.6 Bureau international de l'Édition Mécanique (BIEM)

BIEM is an international organization representing companies using musical works. In case we should follow the title of the organization, it is dealing with the administration of rights to recording and reproduction of musical works. This title was created in the times, when all reproductions were recorded mechanically. BIEM was established in 1929 in France and at present it represents 46 associations from 43 countries. The main tasks of this organization are the representation of its members and defending of their interests, first of all in WIPO, UNESCO or WTO.

4.7 International Trademark Association (INTA)

International Trademark Association INTA is a generally beneficial association of more than 5000 trademark holders and commercial community from more than 190 countries, which activities are aimed to supporting of trademarks and related rights

as elements of international trade. 17 businessmen, who assumed that such organization, which would defend the rights of trademark owners, could try to influence relevant legislation, established INTA in 1878. Today the association tries to reach the reinforcement of trademarks owners' rights mainly by contribution to the political discussions and participation in the legislative processes.