



# **IP PACKAGE**

## **Better enforcement of IPRs**

# **A framework for Standard-Essential Patents**

**Council Working Party on Intellectual Property  
Brussels, 6 December 2017**



## Key documents

- **Overall strategy**

- Communication "A balanced IP enforcement system responding to today's societal challenges"

- **IPR Enforcement**

- Communication "Guidance on certain aspects of Directive 2004/48/EC on the enforcement of intellectual property rights"
- Commission SWD: Evaluation Report on IPRED
- Commission SWD: Overview of the functioning of the MoU on the sale of counterfeit goods via internet

- **Standard Essential Patents (SEPs)**

- Communication "Setting out the EU approach to Standard Essential Patents"



## Better enforcement of IPRs

- **IP protection is key to foster innovation and growth**
  - IP-intensive sectors account for **42%** of EU GDP worth **€5.7 trillion** and generate **38%** of all jobs
- **But IP infringements are on the rise**
  - 5% of goods imported into the EU are counterfeit or pirated, corresponding to €85 billion in illegal trade
  - Negatively affects jobs & growth, creates safety & security issues
- **Therefore, need for a comprehensive approach:**
  - Focus on commercial scale infringements ('follow the money')
  - Enforcement as well as prevention
  - Acting within Europe, at Europe's borders and at a global level (including in cooperation with WIPO)

## (i) Better judicial enforcement

**IPRED still fit for purpose**, but interpreted and applied differently:

**Guidance** to ensure a more homogeneous, effective and balanced judicial redress, e.g.,

- **Injunctions against intermediaries:**
  - Can be granted independent of whether or not the latter is liable
  - May entail specific monitoring obligations
- **Clarification of 'commercial scale'**

### *What issues are covered?*

- ✓ Scope of injunctions, injunctions against intermediaries, dynamic injunctions
- ✓ Rules on obtaining and preserving evidence, digital evidence
- ✓ Availability of certain specific measures (e.g. right of information)
- ✓ Focus on commercial scale infringements
- ✓ Calculation of damages (including moral damages)
- ✓ Reimbursement of legal costs
- ✓ Cross-border dimension



## **(i) Better judicial enforcement**

- **Building on the Guidance, the Commission will:**
  - Work closely with Member States to ensure full compliance with the Guidance
  - Work with Member States and the legal community to develop best practice and further practical guidance
  - Bring the relevant information and best practices online
- **Member States are called up on:**
  - To invest in a specialisation of judges
  - To improve publication of judgements



## **(ii) Supporting industry-led initiatives**

- **Voluntary agreements between intermediaries and right holders ('MoUs')**
  - The MoU on counterfeiting (between right holders and platforms): a success story to be further developed and expanded
  - New MoUs coming for advertising (soon), payment services and transport/shipping
- **Promoting due diligence in supply chains**
  - Via accreditation processes, by facilitating the roll-out of blockchain-based solutions

## **(iii) Tackling counterfeits at the source**

- More assistance to customs authorities, better co-operation between all enforcers
- New IP Key Programmes (technical co-operation), in a wider set of countries
- Coming soon: an IP Watch-List, identifying IP-infringing market places (online & physical)



## Standard-Essential Patents: an EU Framework

- **Why an EU framework?**

- SEPs underpin the roll-out of the Internet of Things and 5G (potential gains of € 110 billion revenue per year)
- No comprehensive framework yet
- Global competition

- **Key objectives of the SEP Communication:**

- **Transparency**
- **Balance** (taking account of needs of SEP holders and implementers, with a specific focus on newcomers /SMEs)
- **Holistic approach** (focus on entire 'ecosystem')





## What are the issues?

- **Lack of information about SEPs**
  - Self-declaration of SEPs at SDOs, without scrutiny
  - Asymmetry of information (risks for start-ups and SMEs)
- **Disagreement on key licensing principles ('FRAND')**
  - Diverging views on royalty calculation and licencing conditions
  - Lack of predictability fuels possible abuses ('hold up' / 'hold out')
- **Increased (sometimes abusive) litigation**



## Key elements

- **More transparency**
  - Improve databases of Standard Developing Organisations, to offer accurate and easily accessible information on SEPs
  - Pilot on essentiality checks
- **Licencing principles**
  - High level principles to guide negotiations and avoid abuses on both sides
  - Parties negotiating in good faith are best placed to define FRAND; sector-based discussions are encouraged
  - Monitor/developing best practice via an expert group
- **A balanced and predictable enforcement regime**
  - Guidance (e.g., on injunctive relief, proportionality)
  - Monitor Patent Assertion Entities, support ADR, awareness