



Advancing Industry's View On Intellectual Property Since 1920

TMPDF comments on the draft Regulatory Enforcement and Sanctions Bill

No organisation representing intellectual property interests are on the list of consultees mentioned in the consultation; this notwithstanding intellectual property is listed under Schedule 4 of the draft bill.

This Federation represents the intellectual property interests of UK industry (see list of members of Federation at the end of the paper), and, whilst it welcomes the broad aims of the bill, it has concerns, which are the subject of this paper. We will therefore concentrate our response on Q.12 only, i.e. are there any pieces of legislation on trading standards that are enforced by local authorities that should be removed from the list in Schedule 4 of the draft bill. [We note that Part 2 of the bill is enabling legislation and that secondary legislation will be necessary before the powers can be used; we request that we are included in the list of consultees in the future.]

We would welcome the opportunity to meet with officials to explain our points further.

Q 12.of the consultation

Under the regime proposed in the bill, instead of going to court, designated regulators may apply fixed monetary penalties. However we are concerned that giving the power to the regulator to deal with counterfeit and pirate goods by fixed monetary penalty rather than pursuing the matter as a crime, with appropriate penalties and orders, insufficiently recognises the particular nature of intellectual property rights, which are the rights of other parties, not rules and regulations made under statute. Moreover, dealing with counterfeit and pirate goods in this way would not appear to meet the UK obligations under the WTO's Trade Related Aspects of Intellectual Property Rights (TRIPs), Articles 46 and 61,ⁱ or the EC regulations on counterfeit goods, which call for them to be dealt with under criminal law.

The counterfeiter is never a conscientious company accidentally failing to meet some standard; willful counterfeiting and piracy on a commercial scale should always be vigorously pursued. Furthermore, the mere imposition of a monetary penalty will not provide the other sanctions that are so often necessary in counterfeiting cases - e.g., imprisonment of offenders, delivery up and destruction of counterfeit and pirate goods and the equipment for making them, and the issue of injunctions. The owner of the rights involved should be consulted. We are concerned that counterfeiters should be dealt with in proportion to the offence and not simply met with a fixed penalty that might be regarded as a "business expense".

Federation recommendations:

- The Copyright, Designs and Patents Act 1988 (CDP), and the Trade Marks 1994 should be removed from the list in Schedule 4, so that prosecution cannot be overruled by a regulator's administrative decision to apply a fixed monetary penalty.
- If references to IP legislation are to remain in the bill, then we are most uneasy about how the regime would work. We would need to see the guidelines and statutory instruments before commenting further. IP infringements should be considered on a case by case basis and the owner of the rights involved should be

Fifth Floor, 63-66 Hatton Garden, London EC1N 8LE

Tel: 020 7242 3923 Fax: 020 7242 3924

admin@tmpdf.org.uk www.tmpdf.org.uk

- consulted. We need to know more about the nature of the discretionary requirements that might be applied.
- Consideration ought to be given as to whether the references to IP legislation are complete:
 - a) In the CDP Act 1988, in addition to sections 107 (criminal liability for making or dealing with copyright infringing articles) and section 198 (criminal liability for making dealing with or using illicit recordings), which are mentioned in schedule 4, section 276(6) makes it an offence to describe oneself as a patent agent/attorney if not registered. Presumably regulators might deal with this if reported to them? There are other offences in the Act, e.g., false representation of consent authority (section 201), committed by partnerships (section 285), fraudulently receiving transmissions (section 297) but probably not dealt with by trading standards officers (TSOs).
 - b) In the Trade Marks Act 1994, section 92 is mentioned in Schedule 4. But also, section 94 creates offences, in relation to the falsification of the register. Might TSOs be involved if someone produced something that falsely purported to be a copy of an entry?
 - c) In the Patents Act 1977, offences are created in sections 109 to 113, including in section 110, unauthorised claim to patent rights, in section 111, unauthorised claim that patent has been applied for and in section 112, unauthorised use of the term "patent office". These offences might well be reported to TSOs. Section 109 is, like section 94 TMA, concerned with falsification of register entries.

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¹: *TRIPs*

Article 46

In order to create an effective deterrent to infringement, the judicial authorities shall have the authority to order that goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or, unless this would be contrary to existing constitutional requirements, destroyed. The judicial authorities shall also have the authority to order that materials and implements the predominant use of which has been in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements. In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce.

Article 61

Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed wilfully and on a commercial scale.

NOTE: TMPDF represents the views of UK industry in both IPR policy and practice matters within the EU, the UK and internationally. This paper represents the views of the innovative and influential companies which are members of this well-established trade association; see list of members below.

TMPDF members 2007

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Babcock International Ltd
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BTG plc
Celltech Therapeutics Ltd
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Dyson Ltd
Eaton BV
ExxonMobil Chemical Ltd
Ford of Europe
Fujitsu Services Ltd
G E Healthcare
GlaxoSmithKline plc
GKN plc
Hewlett-Packard Ltd
IBM UK Ltd
Imperial Chemical Industries Plc
Infineum UK Ltd
Kodak Ltd
Merck Sharp & Dohme Ltd
Microsoft Ltd
Nestlé UK Ltd
Nokia UK Ltd
Pfizer Ltd
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