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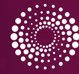

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Implementing the EU IP Enforcement Directive at national level: a new regime?

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Netherlands
Implementing the EU IP Enforcement Directive at national level: a new regime?

On April 29 2004 the EU IP Rights Enforcement Directive (2004/48/EC) came into force. The purpose of the directive is to harmonise the enforcement of IP rights in order to combat IP rights infringement more effectively, in particular large-scale copying and piracy. For that purpose, member states must ensure that, before the commencement of proceedings on the merits of a case, the competent judicial authorities can order adequate temporary measures in order to protect relevant evidence concerning the alleged infringement, provided that any confidential information is protected. In order to take such measures, the authorities must be requested to do so by a party that has handed over reasonably obtainable evidence in support of the assertion that its intellectual property has been or will be infringed.

Certain EU member states already had such powers in place prior to implementation of the directive. For example, the French authorities already had the *saisie-descriptive* and *saisie-contrefaçon* powers, and similar measures existed in Austria, Italy, Spain and the United Kingdom. Nevertheless, most countries have made legislative changes in order to comply with the directive, including the Netherlands.

This chapter examines the measures taken in the Netherlands and their practical implications. In particular, it looks at measures to protect evidence, the *ex parte* provision and costs orders.

Measures to protect evidence

Prior to the introduction of the directive, Dutch legislation set down some measures to protect evidence, such as:

- the examination of witnesses to preserve evidence;
- the use of provisional expert opinions; and
- provisional site visits.

However, extra measures were introduced in order to comply with the requirement that the competent judicial authorities be able to order adequate temporary measures to protect relevant evidence material concerning the alleged infringement prior to the start of proceedings on the merits. For example, the new measures make it possible to obtain a detailed description of the infringing products with or without obtaining a sample, and to seize materials, tools and documents used for the production and distribution of infringing materials.

Pre-judgment seizure of evidence

A new provision has been inserted into Dutch legislation dealing with the pre-judgment seizure of evidence. The aim of this measure is to preserve evidence; it does not automatically give the person seizing the evidence a right of inspection. In order to apply this measure, a request must be submitted to the facilities judge. The judge will then carry out a brief investigation to assess the following points:

- Is the (threatened) infringement of IP rights acceptable?
- Is the requested measure proportional to the infringement?
- Does confidential information need to be safeguarded?
- Does security need to be provided?

The facilities judge does not examine the opposing party, but if permission to seize evidence is granted, the decision will include a specific time period within which to bring a claim. This claim can be brought through either proceedings on the merits or interlocutory proceedings.

Execution by bailiff

The pre-judgment seizure of evidence is carried out by a bailiff, who may be accompanied by witnesses and experts (eg, independent trademark agents, patent agents or solicitors).

If a bailiff is at the door with such a court order, he or she must be granted access. However, it is unclear what degree of cooperation must then be afforded the bailiff. Therefore, the opposing party must read the court order carefully to determine the level of cooperation necessary. The claimant must ensure that the court order provides clarity regarding the bailiff's powers. For example, is the opposing party obliged to indicate where the materials, tools and documents are to be found? Is it required to provide a password for a computer to be seized?

Companies that operate production or innovation centres in the Netherlands should be prepared for such an event and should introduce internal procedures regarding what to do if a bailiff arrives with a court order. Such procedures should include the following steps:

- Try to play for time and aim to get an expert, advocate or internal member of staff to the premises as quickly as possible;
- Request the court order, ask for a copy and take time to study the paperwork carefully to assess which powers have been granted; and
- Ensure that any sensitive information is supplied as 'privileged and confidential'.

Avoiding seizure of evidence

There are ways to avoid the seizure of evidence. A seizure of evidence from the Court of The Hague (where most IP cases are heard) can be 'blackened'. This means that prior to a request for the seizure of evidence being submitted to the facilities judge, the alleged infringer can submit a request to the judge that it wishes to be heard if the opposing party submits a request to seize evidence. If the alleged infringer does not blacken the seizure but is still informed of the granting of leave to seize, it may commence interlocutory proceedings.

Demanding a detailed description

In addition to the seizure of evidence, the claimant can demand a detailed description of the goods by way of a picture, a film or sound material, or by making a copy of a technical design. An elaboration of the detailed description process is sample taking. If this request is honoured, up to three samples of the allegedly infringing products can be taken. The samples must be handed over to the court sequestrator.

The same procedure as applies to the seizure of evidence applies to demands for a detailed description. This should also be incorporated in internal procedures.

Ex parte prohibition

Articles 9(4) and (6) of the directive require that "member states ensure that the measures mentioned in paragraphs 1 and 2 can be taken in appropriate cases without the opposing party being heard, in particular if deferment would cause irreparable damage to the entitled party. In that case the parties will be informed at the latest immediately after the execution of the measures… The competent judicial authorities can attach to the temporary measures mentioned in paragraphs 1 and 2 the condition that the claimant submits a suitable surety or an equal guarantee for the possible compensation for the suffered damages by the respondent as determined in paragraph 7."

These provisions have resulted in the Netherlands implementing the following measures. In urgent cases, particularly if delay would cause irreparable damage to the IP rights owner, the facilities judge can issue a preliminary enforcement order against the alleged infringer without the alleged infringer being present in order to prevent the threatened infringement of an IP right. A written request for the order must be submitted to the facilities judge, who carries out a brief investigation. In practice, this consists of an appraisal to verify that infringement has occurred; as soon as this is established, the order will be issued. The facilities judge can also set a time limit within which follow-up legal procedures must commence.

As with the seizure of evidence, a request for a preliminary enforcement order may be blackened at the Court of The Hague by asking the facilities judge to be notified if a certain opposing party submits an *ex parte* request.

Costs awards

Article 14 of the directive provides that "member states bear the responsibility for seeing that, as a general rule, reasonable and proportionate costs and other costs incurred by the party in whose favour the case was decided shall be borne by the losing party, unless equity dictates otherwise".

In The Netherlands, in many cases this provision has led to the pronouncement of a full legal costs award. Such costs include not only lawyers' fees, but also investigation costs and costs incurred by other experts (eg, patent agents and trademark attorneys). This is a real break with tradition, where although costs were awarded, only fixed costs awards were made based on the liquidation tariff. For example, in IP cases the actual costs (eg, lawyers' fees) did not have to be taken into account.

Patent procedures

Since the directive has come into force, numerous costs awards have been issued according to varying

interpretations of the directive. To begin with, there were vast differences between the courts in interpreting and allocating costs awards. However, costs awards are now beginning to take a clear shape. For example, there is a notable difference between the awards issued in patent cases and other IP cases. In most non-patent-related procedures the costs awarded are less than €20,000. However, for patent cases a costs range of €75,000 to €100,000 has emerged.

Tariff indicators

In order to prevent inequality and provide general guidelines, on July 14 2008 tariff indicators for non-patent related IP procedures came into force, as follows:

- simple summary proceedings – maximum award €6,000;
- other simple proceedings – maximum award €15,000;
- simple civil procedure without reply and rejoinder – maximum award €8,000;
- other civil procedures without reply and rejoinder – maximum award €20,000
- simple civil procedure with reply, rejoinder and/or pleading – maximum award €10,000; and
- other civil procedures with reply, rejoinder and/or pleading – maximum award €25,000.

There are several other striking points regarding costs awards. To ensure that a claim for the award of costs is successful, the applicant must claim for an award of costs that is actually enforceable. In addition, the claim must be submitted on time and be naturally contested by the parties.

If an application for a costs award is to succeed, the costs must be properly specified and made clear. For example, in respect of lawyers' costs, the bills sent to the client and the summaries specifying the hourly rates are considered adequate.

Non-IP cases

Problems may occur because the Netherlands legal system awards no costs in respect of cases other than those involving IP rights. The term 'IP procedures' covers cases relating to copyrights, *sui generis* database rights, rights in semiconductor topographies, trademark rights, design rights, patent rights, geographical designations, rights in utility models and trade names. However, problems arise in combined cases, where costs arise from both the IP issues and non-IP issues in the case. Although such costs need to be separated, in many cases this is impossible.

Change in strategy

Another effect of changes to costs awards is that the strategy in respect of instituting procedures has been amended. Therefore, when budgeting, parties must take account of the extra costs that may accrue. This may lead to a reduction in the number of procedures, but so far there is no evidence of this.

Conclusion

The implementation of the EU IP Rights Enforcement Directive has resulted in a set of new measures that make filing a lawsuit in the Netherlands even more attractive. The risks of a costs award must be carefully considered before action is taken. However, the advantages of cases being dealt with quickly and the additional options such as *ex parte* injunctions are positive steps forward.

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