

Czech Republic

Protecting your intellectual property: new options for IP rights holders

In April 2006 the Czech Republic implemented the EU IP Rights Enforcement Directive (2004/48/EC) through the Enforcement of Industrial Property Rights Act (221/2006). However, certain parts of the act concerning judicial proceedings did not come into force until January 2008.

The directive and the act are designed to enable inventors and creators to profit from their inventions or works – in effect, they encourage inventive and creative activities through enhanced protection of IP rights.

Implementation of the directive introduced more effective protection of, among other things:

- creative technical activities (eg, industrial designs);
- labelling (trademarks and appellations of origin); and
- construction diagrams for semiconductor products.

At the same time, in regard to author rights, the directive was implemented through Act 216/2006, which amended the Copyright Act (121/2000). This amendment introduced similar protection for author rights.

The aim was to standardise IP rights enforcement and to ensure more consistent legal regulation by the institutions charged with enforcing IP rights. Previously, the regulatory framework for intellectual property was split across various acts, which resulted in complex application procedures.

The new regime was introduced in order to:

- ensure a high, equivalent and homogeneous level of protection for all forms of industrial property;
- ensure the widest possible protection for all types of industrial property;
- enable parties with an interest in industrial property to hold and enforce rights in that industrial property (thus expanding protection beyond owners of industrial property rights); and
- enable the provision of financial settlements to injured parties.

The new regime should facilitate the dissemination of works, ideas and know-how as widely as possible. At the same time, it should not discourage the freedom of speech, movement of information and protection of names and descriptions. To fulfil its goals, the legislation mainly expands the categories of person who can enforce IP rights and introduces several possible rights and actions for the protection of such rights.

Entitled persons

The act establishes two categories of entitled person:

- owners or possessors of intangible IP rights; and
- authorised parties that use the intangible IP rights, such as licensees or professional organisations.

Unless a licensee has the express consent of the rights holder, it must first notify the rights holder of any breach or imperilment of the right before taking any action. It can enforce the right itself only if the rights holder does not act to enforce its rights within one month of delivery of such notification. Both licensors and licensees should bear this in mind, and it is advisable to include relevant provisions in the licence agreement as in some cases a one-month delay may be critical.

Information rights

All entitled persons enjoy a right to information and may apply for information from certain parties that have participated in an infringement of their IP rights. Such parties include persons that, for the purposes of economic benefit:

- are keeping infringing goods;
- are using infringing services;
- are providing services that infringe the IP rights; or
- are identified by any of the above persons as a producer, compiler, distributor, service provider or

any other person that has participated in the infringement.

The above parties must provide information on:

- the origin and distribution networks of the infringing goods or services; and
- the quantity and prices of infringing goods or services being held or provided.

The legislation does not specify the timeframe within which this information must be provided, although a reasonable period would be 14 to 30 days from the date of receipt of the request for information. If the party fails to cooperate, the right to information may be enforced through judicial proceedings (but cannot be applied as interim relief).

Based on the information provided, it is then possible to determine fair compensation and to quantify the unjust enrichment resulting from the infringement. This legal framework enables the parties to reach a settlement without engaging in time-consuming legal proceedings. Of course, the suspected infringer may not voluntarily provide information that may lead to an obligation to pay financial compensation (in fact, this will be the exception rather than the rule).

In addition to the right to information, the legislation provides specific means to enforce IP rights.

Dilatory action

Damage to or interference with intellectual property may be tackled by way of a dilatory action, one of the basic civil rights of an IP rights holder. The court order must be satisfied under threat of recurring penalties. However, this method of protection requires precise knowledge of the infringement. As a court order is required in this case, the IP rights holder should be aware that the proceedings will take a few years and should apply for interim relief from the court in the meantime.

Removal action

Another form of judicial protection of intellectual property is the removal action, which mainly imposes obligations to:

- withdraw infringing products from commercial channels;
- permanently remove infringing products from commercial channels;
- destroy infringing products; and
- withdraw, remove or destroy materials, tools and equipment designed or used for the infringement.

As an alternative, financial compensation may be paid to the rights holder. This alternative is available only at the request of the infringer and only under conditions specified by law (ie, where the infringer could not have known of the infringement, the above measures would cause it disproportionate disadvantage and financial compensation is a sufficient remedy).

The right to destroy products, materials and equipment is not absolute. The court has the authority not to order such destruction in cases specified by law (eg, where destruction would be a disproportionate remedy). As destruction is the most drastic remedy available, the rights holder should apply for it only in the most significant cases and should prepare itself for a court procedure with exacting demands regarding evidence and procedural care.

Where the court issues a final and binding decision confirming that products, materials or equipment are infringing, it may also order destruction. In such case the related costs are borne by the owner or holder of such products, and eventually by the importer or exporter. The same applies to infringing products that are retained and stored.

Retention

The rights holder may enforce its rights with the assistance of the administrative authorities. The authorities authorised by law are principally the Customs Office and the Trade Inspectorate.

Customs Office

The rights holder may enforce its rights by asking the Customs Office to take certain measures – for example, to retain infringing goods that are imported to or exported from the Czech Republic. To do so, the rights holder must submit a formal request to the Customs Office:

- specifying the infringing goods;
- evidencing its IP rights;
- providing additional information about the infringing goods, where possible; and
- providing its contact details.

In submitting this request the rights holder assumes responsibility for any damage caused to any third party by the measures taken by the Customs Office based on any false information provided by the rights holder. After the request has been submitted, customs officers are entitled to retain goods that are suspected of infringing the IP rights. When the customs officers discover any goods that are similar to those specified in the request, they may decide to retain such goods directly and the Customs Office will

inform the rights holder accordingly. The rights holder then has 10 days in which to provide the Customs Office with the consent of the owner of the goods to their destruction. If it is not possible to obtain such consent, the rights holder may request the Custom Office to destroy the goods. The Custom Office will duly ask the owner of the goods for such consent; if no response is forthcoming, the Customs Office can proceed with destruction of the goods. If the owner of the goods expressly objects to the destruction of the goods, a court order is required for their destruction.

Trade Inspectorate

The rights holder may also ask the Trade Inspectorate to address breaches of the consumer protection rules that result from the infringement of IP rights. Where the Trade Inspectorate discovers that IP rights have been infringed, it is entitled to retain the infringing goods, which may be destroyed or used for humanitarian purposes.

State authorities are becoming increasingly active in the protection of IP rights. More importantly, it is now much easier to initiate and coordinate actions involving competent state authorities against infringements of IP rights.

Damage

The new regime also simplifies the assessment and quantification of damage caused and unjust enrichment

earned by the infringer. The act provides guidance and remedies for actions aimed at obtaining damages, redress of unjust enrichment or appropriate compensation by establishing the minimum amount of the claim.

Generally, the minimum amount of the claim equals double the royalties that would have been payable at the time of the infringement. If the infringer could not have known of the infringement, this amount may be reduced by half.

Publication

The rights holder has the right to request publication of the court's decision at the infringer's expense in the nationwide daily press or another publication chosen by the rights holder. This measure should act as a powerful deterrent, although it is not yet availed of very often.

Jurisdiction

As of January 1 2008 the Prague Municipal Court is the specialised court of first instance for disputes involving IP rights in the Czech Republic.

The court also decides on appeals against the administrative decisions of the Industrial Property Office. For disputes involving IP rights, special senates are established in order to ensure that the appropriate technical and professional expertise is represented.

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