

# Brands in the Boardroom 2012

Key branding issues for senior executives

**Poland**

Contributing firm **Patpol – Patent & Trademark Attorneys**

# Developing an effective international anti-counterfeiting strategy

Ratification of ACTA is proving controversial in Europe – especially in Poland, which has had something of a chequered past when it comes to IP protection

By **Maria Jurek**, Patpol – Patent & Trademark Attorneys, Poland

When considering the most effective anti-counterfeiting strategy, it is hard to ignore certain recurring questions. Will the Anti-counterfeiting Trade Agreement (ACTA) be ratified and, if it is, will it change anything? From the Polish perspective, the questions are even more fundamental. Will ACTA provide Poland with new legal measures and will it give Polish rights holders the tools to enforce the existing regulations in a more effective manner?

At the time of writing, ACTA has been signed by the European Union and 22 of the 27 member states. Of all the protests that this raised in Europe, the outcry in Poland was the loudest. As a result, the prime minister suspended ratification of ACTA, and the Czech Republic and Slovakia followed suit.

On the one hand, the unity of the Polish people in protesting against ACTA is a positive sign of the rebirth of civil society. Such agitation has not been seen in Poland since the 1980s, when the transition from Communism to democracy took place. Many groups which believed that they were omitted from the public consultation on the ACTA draft demonstrated their dissatisfaction and tried to initiate some kind of dialogue with the government. On the other hand, and rather sadly, it seems that some of the protesters did not even read ACTA and did not fully understand

what they were opposing and why. Even worse, some members of the Polish government admitted that they were unfamiliar with ACTA. This gives the impression that the debate in Poland is based not on facts, but rather on misinformation, which has dominated social media sites and blogs in recent weeks. It is almost impossible to find a website containing legitimate and substantial arguments.

In fact, the provisions of ACTA already have corresponding provisions in existing Polish legislation (eg, the Industrial Property Law, the Copyright Act, criminal law and civil law), as well as under EU law such as the EU Customs Regulation, the EU IP Rights Enforcement Directive, the EU Information Society Directive and the EU E-commerce Directive. There are also other Polish acts which implement different EU regulations. A comparison of existing EU law and the provisions of ACTA may lead to the conclusion that ACTA adds nothing beyond the laws that already exist. This was also expressed in the statement on ACTA issued on 22nd February 2012 by EU Trade Commissioner Karel De Gucht: “ACTA will change nothing about how we use the Internet and social websites today – since it does not introduce any new rules. ACTA only helps to enforce what is already law today. ACTA will not censor websites or shut them down; ACTA will not hinder freedom of the internet or freedom of speech.” The trade commissioner’s official website (<http://trade.ec.europa.eu>) states that “what is legal in Europe today will still be legal and what is already illegal will remain so”. So why are we afraid of solutions that already exist in the regulations?

As a result, the European Commission’s decision to ask the Court of Justice of the

European Union (ECJ) to clarify independently whether ACTA is incompatible in any way with the European Union's fundamental rights and freedoms (eg, freedom of expression and information or data protection) has been welcomed. It appears that, due to recent anti-ACTA demonstrations, the European Commission wishes to settle the situation and provide EU citizens, member states and the European Parliament with the most detailed and accurate information possible.

### Online trends

The ultimate proof of prudence and the thorough consideration of both sides' interest are the recent verdicts of the ECJ concerning internet issues.

The ECJ recently issued its decision (Case C-360/10, 16th February 2012) in proceedings between SABAM, a collective society which represents authors, composers and publishers of musical works, and Netlog NV, the owner of an online social networking platform. The court stated that the provisions of EU directives did not allow for the installation, as a preventive measure, without time limitation and at Netlog's own cost, of a system for filtering information which was stored on Netlog's servers by its users and which was capable of identifying electronic files containing musical, cinematographic or audiovisual works in respect of which SABAM claimed to hold IP rights in order to prevent those works from being made available to the public in breach of copyright.

The ECJ held that national authorities and courts must strike a fair balance between protecting copyrights owned by rights holders and protecting operators' freedom to conduct business. The injunction requiring the installation of the contested filtering system involved monitoring all or most of the information stored by the hosting service provider in the interests of rights holders. Moreover, the monitoring was not time limited, was directed at all future infringements and was intended to protect not only existing works, but also works that had not yet been created at the time when the system was introduced. Such injunction would result in a serious infringement of the freedom of the hosting service provider to conduct its business, since it would require the hosting service provider to install a complicated, costly, permanent computer system at its own expense.

According to the ECJ, the contested filtering system could also infringe the

fundamental rights of the hosting service provider's users – namely, their right to the protection of their personal data and their freedom to receive or impart information. The injunction requiring the installation of the contested filtering system would involve the identification, systematic analysis and processing of information connected with profiles created on the social network by its users. The information connected to those profiles is protected personal data because, in principle, it allows those users to be identified. The court also noted that the injunction could potentially undermine the freedom of information, since the system might not adequately distinguish between unlawful content and lawful content, with the result that its introduction could lead to the blocking of lawful communications.

In Case C-70/10 (24th November 2011) concerning SABAM and internet service provider (ISP) Scarlet, which provides customers with internet access without offering other services such as downloading or file sharing, the ECJ stated that EU directives did not allow the ISP to be asked to install as a preventive measure, at its own cost and without time limitation, a system for filtering all electronic communications passing via its services, in particular those involving the use of peer-to-peer software, which was capable of identifying on that provider's network the movement of electronic files containing a musical, cinematographic or audiovisual work in respect of which SABAM claimed to hold IP rights, in order to block the transfer of files whose sharing infringed copyright.

In *Google* (Joined Cases C-236/08 and C-238/08) the ECJ ruled that Article 14 of the E-commerce Directive must be interpreted so that its rules apply to an internet referencing service provider where that service provider has not played an active role that would give it knowledge of or control over the stored data. If it has not played such a role, that service provider cannot be held liable for data that it has stored at the request of an advertiser unless, having obtained knowledge of the unlawful nature of the data or the advertiser's activities, it has failed to act expeditiously to remove or disable access.

In *L'Oréal v eBay* (C-324/09) the court stated that the third sentence of Article 11 of the IP Rights Enforcement Directive must be interpreted as requiring member states to ensure that the national courts with jurisdiction over the protection of IP rights can order the operator of an online marketplace to take measures which contribute not only to ending the



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infringement of such rights by users of the marketplace, but also to preventing further infringement of that kind. Such injunctions must be effective, proportionate and dissuasive, and must not create barriers to legitimate trade.

#### Historical considerations

Irrespective of the above, there is no doubt that the most problematic area appears to be copyright and related issues. It seems that the ACTA provisions do not pose the most serious problem; rather, copyright evolves too slowly and always lags behind technological developments, so it cannot meet the new challenges of the fast-growing Internet. In order to make improvements, major changes are needed in regard to online copyright.

Looking back at the history of creators, it is possible to conclude that their fortunes have never been favourable. Protection of their works was never easy, and neither was the enforcement of their rights. In the 1950s and 1960s cassette recorders and photocopiers were introduced into common use. These devices provided users with the means to copy whole works by themselves.

Fees on copying and reproduction equipment (known as copyright levies) were then introduced, to be paid by manufacturers, importers or other undertakings offering such equipment. The fees were a percentage of the price of the equipment and had to be paid by such entities to the relevant organisation for the collective management of copyrights.

However, in Case C-467/08 (21st October 2010) the ECJ issued a controversial verdict concerning copyright levies. The court underlined that there must be a link between the application of the levy intended to provide fair compensation for digital reproduction equipment, devices and media and the deemed use of such equipment for the purposes of private copying. Consequently, the indiscriminate application of the private copying levy – in particular with respect to digital reproduction equipment, devices and media not made available to private users and clearly reserved for uses other than private copying – is not compatible with EU law. While these solutions look encouraging in theory, in practice their enforcement may be difficult. It may lead to a situation where fees are not paid and authors lose out financially.

In the 1990s digital recording appeared, which opened up the technical possibility to copy works on a massive scale. Due to digital technology, a copy of a work which is

not made from the original is of equally good quality as copies made from the original. In addition, reproduction by means of a tape recorder used to take the same amount of time as the length of a particular work, while the time needed for digital recording is now much shorter.

Another major step in producing copies of works was the development of the Internet, which now allows for the dissemination of copies to an unlimited number of users at great speed.

In Poland, authors and creators have been unlucky in regard to the protection of their works. Following the fall of Communism in 1989, there was legal chaos and there were no regulations to prohibit the introduction of pirated works onto the market. In addition, during Communist times the notion of private ownership was blurred. Thus, at that time, the highest number of companies making pirated cassettes and CDs were concentrated in Poland, and they were prosperous. In 1990 pirated recordings constituted 90% of the market. The CDs of foreign artists were reproduced on cassettes and sold further on the market, ignoring the fact that the recording or the design of a CD cover is someone else's rightful property. The situation worsened when it became clear that the trade in pirated CDs and cassettes is a lucrative business. A big part of the market was then taken over by organised criminal groups. This piracy boom continued unabated until 1994, when the Copyright Act was introduced in Poland. The undisputed headquarters of piracy was Jarmark Europa, Europe's biggest bazaar in the area that was formerly Poland's biggest football stadium, and where pirated articles were on sale from about 3:00am.

Pirated goods have not been available at this market for many years. The ultimate demonstration of Poland's change in culture and practice has been the demolition of Jarmark Europa, and its replacement with a national sports centre that will serve as an arena for the 2012 UEFA European Football Championship. ■

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