

THE NEW IP LEGISLATION IN ARMENIA: THE MAIN TRENDS AND NEW PROVISIONS

The IP legislation of the Republic of Armenia consists of *the Constitution of RA, the international agreements of RA, the Civil Code, the Criminal Code, the Customs Code, the Administrative Offences Code, the Law of the Republic of Armenia on Copyright and Related Rights, the Law of the Republic of Armenia on Trademarks, the Law of the Republic of Armenia on Geographical Indications, the Law of the Republic of Armenia on Inventions, Utility Models and Industrial Designs, the Law of the Republic of Armenia on Compulsory Labeling of Magnetic Carriers of Audio and Video Information by Control Marks (Holographic Labels), the Intellectual Property Rights Strategy of the Republic of Armenia, sub-legislative acts.*

The Copyright Law being adopted and enforced in 2006 includes all the provisions set out in the international agreements, among them, the *TRIPS* agreement and a series of *EU Directives*. Without going into details of the law it is worth mentioning that even though the law includes provisions from TRIPS and Enforcement Directive a new bill on copyright and related rights is being currently drafted which, apart from being more organized and harmonized with the European norms, will as well phase out the enforcement provisions stated in the current law on Copyright and Related Rights. The new law will as well include the provisions of, among other EU Directives, also those of the latest Directive on Orphan Works.

The reason of phasing out these very important provisions is that a series of legal reforms in the field are currently taking place with the initiative of the IP Agency of RA, the Police of RA, as well as within the frameworks of several activities between EU and Armenia.

Currently the Intellectual Property Agency of RA is implementing a TWINNING Project *on Strengthening the Enforcement of Intellectual Property Rights in Armenia* together with the Danish Trademark and Patent Office with the European Public Law Organization, Greece, as junior partner. The Republic of Armenia is as well negotiating an agreement on creation of Deep and Comprehensive Free Trade Area (DCFTA) which has a separate chapter on intellectual property rights.

The TWINNING Project has the Intellectual Property Agency as the main beneficiary and four co-beneficiaries, namely the Police of RA, the Customs Office of RA, the Ministry of Justice of RA and the Prosecutor General's Office of RA closely cooperating with the Judicial Department of RA,

“ARAMUTHOR” CMO, the Observatory of Armenia on Counterfeiting and Piracy, Microsoft Armenia, BSA.

Under the TWINNING Activity 1.5 - Legal alignment – amending the existing laws and regulations related to IP enforcement so they meet EU standards, a series of amendments are proposed to be made in the Civil Code, Criminal Code, and Civil Procedure Code of RA.

In their suggestions the experts pointed out possible discrepancies between the Armenian legislation with relevance for the enforcement of IP rights and the provisions concerning enforcement of these rights in TRIPS Agreement and the Enforcement Directive 48/2004 as well as the generally accepted standards in this field.

CIVIL CODE

DIVISION 10. INTELLECTUAL PROPERTY

CHAPTER 62. GENERAL PROVISIONS

To be consistent with the existing system of the Civil Code, general rules on infringement of IPR’s are proposed to be introduced with the amended Article 1110 of the Civil Code and supplementary Articles 1110.1 – 1110.5.

Namely, Article 1110. *Infringements of intellectual property rights*– authorizes the rightholders to claim protection, among them imminent infringement. Infringement shall be considered to be on commercial scale if the retail market price of the infringed objects or the total sum of agreed or customary license fees due for the legal use amounts more than xxx times the minimal salaries. In case of breach of contracts on IPRs the general rules for liability apply.

Article 1110.1 Entitled Applicants – states that entitled applicants are the rightholders, whether creator or owner of rights by exclusive or non-exclusive license. It as well clearly states that CMOs, Unions, Professional defense bodies established for protection of IPRs also have a legal standing to enforce protection of their members.

Article 1110.2 *Joinder of parties* is another new provision, which is as well a requirement highlighted in the

DCFTA EU-Armenia, taken into consideration. This provision states that if there are several rightholders of IPRs each of them may claim protection of rights in its entirety.

The proposed Article has another paragraph stating: if there are more than one infringers, then each of them is liable for the infringement in its entirety, including total damages.

Article 1110.3 *Corrective measures* – This Article states the requirements set out in IP branch laws, TRIPS, WCT, Infosoc Directive, Enforcement Directive, Draft DCFTA EU-Armenia. For the reason of escaping repetition and different wordings in the IP legislation it is proposed that the Articles referring to these measures in laws on IP be deleted and that the provisions of the Civil Code be applied to IP infringements horizontally.

Article 1110.4 *Compensation for material damage* states that as well punitive damages may be demanded.

Article 1110.5 *Compensation for non-material damage* – this Article is proposed without prejudice to the provisions of Berne Convention, TRIPS Agreement, WCT, the Enforcement Directive and the requirements stated in Draft DCFTA EU-Armenia.

Article 1165. *Good faith acquirer of undisclosed information* – this Article is amended and new provisions are embedded in it to give a good-faith acquirer an opportunity to continue further use of such information legally. Namely, the provisions on *compensation for material damage shall not apply to a person, who did not know and should not have known of his illegal use of undisclosed information (hereinafter: good-faith acquirer), until he learned that its use was illegal.*

2. *When deciding on corrective measures against a good-faith acquirer, the court may permit upon his claim on his further use of undisclosed information on the condition of his payment of a customary non-exclusive license. In considering such alternative solution, the court shall take account of all circumstances of the case, in particular the funds invested by the acquirer into the good-faith use of undisclosed information.*

Civil Procedure Code

PART THREE

Peculiarities of proceedings concerning various types of cases

SUBSECTION ONE

Special adversary proceedings

The Civil Procedure Code of RA has all the necessary provisions for carrying out proceedings but so far as IP has specific character there is a need to show specific approach to these cases. For that reason a new Chapter to the Civil Procedure Code is proposed to be added. It is worth mentioning that of great importance among all other amendments is the very important rules concerning taking of evidence without hearing the other party and the provisional, precautionary measures.

CHAPTER 26.A PROCEEDINGS CONCERNING INFRINGEMENTS OF INTELLECTUAL PROPERTY RIGHTS

To implement the Enforcement Directive a new chapter 26 A is proposed to be introduced in the Civil Procedure Code, because the Directive has various procedural provisions of different content and character, so that is difficult to spread them all over the Civil Procedure Code.

Article 163.1 *General provisions*

Article 163.2 *Presentation of evidence* - Rulings of the court under this Chapter shall be enforced according to the *Law on the compulsory enforcement of court decrees*.

As well the Article implements Art. 43 TRIPS and Art. 6 of the Enforcement Directive. TRIPS Art. 43 is mandatory as far as the first paragraph on production of evidence is concerned.

Article 163.3 *Preservation of evidence* - This Article envisages taking evidence, demanding copies to constitute sufficient evidence, demand taking banking, financial and commercial documents under the control of the opposing party if the infringement was committed on a commercial scale.

The court shall as well ensure that confidential information from the parties be protected and that judicial

proceedings not be used in bad faith with the purpose to obtain confidential information from the opposing party.

This Article implements Art. 50 in TRIPS, which is mandatory, and Art. 7 Enforcement Directive, Article 14 draft DCFTA EU – Armenia.

Article 163.4 *Right of information*- This Article implements Art. 47 of TRIPS, which is not mandatory, Art. 15 of the Electronic Commerce Directive and Art. 8 of the Enforcement Directive; Article 15 draft DCFTA EU – Armenia.

Article 163.5 *Provisional measures* - This Article is suggested according to Article 16 and 19 of the Berne Convention, as well as the mandatory provision of Article 50 TRIPS, Article 14 WCT and Article 9 of the Enforcement Directive. Apart from the mandatory provisions as well Article 16 draft DCFTA EU – Armenia is taken into consideration.

It is stated in Article 50 of TRIPS that the judicial authorities shall have the authority to order prompt and effective provisional measures to prevent an infringement of an IPR from occurring and to preserve relevant evidence in regard to the alleged infringement. Accordingly, the measures can also be applied before ordinary civil proceedings are initiated.

Article 163.6 *Precautionary measures* - This Article implements Article 16 and 19 of the Berne Convention, Article 50 TRIPS, which is mandatory, Article 14 WCT, Art. 9 Enforcement Directive. Art. 50 of TRIPS shall also be applied before ordinary civil proceedings have been initiated. Among others Article 16 draft DCFTA EU – Armenia as well is taken into consideration.

Article 163.7 *Speedy trial* - This Article implements Article 41/2 of TRIPS and Article 3/1 of the Enforcement Directive.

Criminal Code

Infringements of higher gravity, which shall be considered as criminal offences:

The use of IP subject matters in the digital environment has nowadays become a usual thing, making the tracking of the ISPs more and more difficult as the latter find new ways of distribution and making free downloads through the internet. The internet piracy has not come to replace tangible piracy but to supplement it with perhaps more gravity. It is equally a public danger and shall be equally punished under criminal law. To combat these phenomena the provisions of international agreements, especially the

internet treaties and the Enforcement Directive have been embedded in the suggested amendments to the Criminal Code.

Article 158 *Infringement of copyright and related rights*; Article 197 *Infringement of Trademark* - Under TRIPS Article 61: “Members shall provide for criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale”.

As stated by the EU experts, unlawful use should be easily established by reference to Civil Code (Article 1124) or the Law on Copyright and Related Rights, the Law on Trademarks or other legal acts. In this situation the non – economic and economic rights seems to fall under the criminal protection.

The wording of the Article is proposed to be in compliance with the Enforcement Directive 48/2004 as follows: “for direct or indirect economic or commercial advantage, excluding acts by end-consumers as natural persons for their private use”.

Both Articles have clear statement of Infringements of lower gravity and infringements of higher gravity.

Infringements causing severe consequences are punished by fines or arrest. The thresholds for infringement to be considered of severe consequences are lowered while the punishment is increased as to be with a fine in the amount of 600 to 1000 minimal salaries or with arrest for the term of 2 to 5 years.

Another proposal for amendment to the Criminal Code is inclusion of ***Infringements of lower gravity, which might be considered administrative offences: Infringement of exclusive economic rights, Technological measure circumvention, Authorship moral right infringement.***

The legislative drafting technique in the Criminal Code of RA in relation to infringements of IPR uses the standards of “blanket norms”, i.e. the notions from different IPR laws are applied in the Criminal Code.

A working group of Armenian experts from the Ministry of Justice of RA, the Police of RA, the Judicial department of RA and the Intellectual Property Agency of RA is established who will present their proposals and comments on the draft proposal from the EU part as a result of which a final draft will be made to be presented to the Government of RA and later the National Assembly of RA for adoption.

Parallel to the legal alignment trainings for judges, police, customs officers are being organized within the frameworks of the TWINNING Project to bring further enforcement of IP rights in Armenia to a higher level.

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