

CHECKLIST OF ISSUES ON ENFORCEMENT¹

Responses from the Czech Republic

Civil and Administrative Procedures and Remedies

(a) *Civil judicial procedures and remedies*

1. Specify the courts which have jurisdiction over IPR infringement cases.

Regional Courts and the Municipal Court in Prague, as courts of first instance, make their decisions on the rights which result from the Copyright Act, on the authorship of intellectual property rights, on the right to apply for protection and co-ownership and on rights resulting from relevant matters or from right infringement in the matter in question. Any and all disputes concerning the rights resulting from the Copyright Act, including decisions on rights of performing artists, of producers of audio recordings and radio and tv organisations are, according to the Copyright Act, under their jurisdiction.

Furthermore, Regional Courts and the Municipal Court in Prague, as courts of first instance, make decisions on matters related to commercial disputes resulting from patent rights, protected industrial designs, utility designs and models and layout designs of integrated circuits which are subject to trading, and also on matters related to disputes resulting from trademarks and appellations of origin rights.

2. Which persons have standing to assert IPRs? How may they be represented? Are there requirements for mandatory personal appearances before the court by the right holder?

Any party which has the capacity to assume rights and obligations may participate in the respective proceedings, otherwise it is only the party whose participation is permitted under the respective law. Any party may act before the court independently and within the limits which shall correspond to the capacity of such party to assume rights and obligations by his/her own acts.

According to law, any citizen who cannot act independently must be represented by his/her legal representative. Any party to legal proceedings may also be represented by means of a power of attorney (or procuracy) conferred upon a proxy (procurator), being an individual who is entrusted by the party concerned. The party may always confer such a procuracy upon a lawyer. Similarly, such party may also decide to confer the procuracy upon a commercial lawyer who then must act within the limits of his authority. A juridical person acts through its statutory body or an official who proves his/her authority.

The State is represented before the court by a state official employed by the state authority to which the matter relates, or by an entrusted official of another state authority or institution.

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3. What authority do the judicial authorities have to order, at the request of an opposing party, a party to a proceeding to produce evidence which lies within its control?

The Code of Civil Procedure governs evidence of proof, including the obligation to produce evidence at the request of the opponent, which the court may impose. The court decides which of the proposed evidence should be demonstrated. In case the party proposed the evidence which is in the possession of the opponent, the court has the means to enforce the production of such evidence before the court.

4. What means exist to identify and protect confidential information brought forward as evidence?

Evidence demonstration shall be conducted in a way which respects state, business, commercial and official secrets, and also the obligation to secrecy recognized by the State. The examination may only be conducted if the party to be examined was released from the obligation to protect secrecy by the respective authority or by the person in whose interest the party has undertaken this obligation. This also applies, to a reasonable extent, to cases when evidence is demonstrated by ways other than through examination.

5. Describe the remedies that may be ordered by the judicial authorities and criteria, legislative or jurisprudential, for their use:

- **injunctions**
- **damages, including recovery of profits, and expenses, including attorney's fees**
- **destruction or other disposal of infringing goods and materials/implements for their production**
- **any other remedies**

As far as individual intellectual rights are concerned, in principle, the following civil judicial procedures and remedies are available:

- (a) According to the special protection of copyrights and rights of performing artists, as stipulated in the Copyright Act No. 35/1965 in conjunction with Section 39, paragraph 1 of this Act, the author whose right was infringed may demand, in particular, that the infringement of his/her right is prohibited, the consequences of such infringement or abuse are removed and the author receives the appropriate recovery. If, as a result of such an infringement, serious prejudice to intangible property has been caused, the author shall be entitled to receive a monetary satisfaction provided granting of another form of recovery has turned out to be inadequate. The amount of such monetary recovery shall be determined by the court which shall take into consideration the extent of the prejudice sustained and also the circumstances under which the infringement of right occurred. If the author suffered an injury through infringement of his/her right, the author has the right to receive compensation in compliance with the Civil Code. The winner of the dispute shall have the right to have the expenses of the court proceedings compensated, including the respective attorney's fees. As for civil and judicial procedures, the court may prohibit the distribution of tangible copies of works which were wrongfully used. As a result of criminal or administrative procedure the court may order the unauthorized user to destroy the confiscated or forfeited copies at his own expense.
- (b) The special protection of intellectual rights in compliance with Section 15 of the Act on Trademarks No. 137/1995, Section 5 of the Act on the Protection of Appellation of Origin of Products No. 159/1973, Section 75 of the Act on Patents, Inventions and Rationalization Proposals No. 527/1990 also in conjunction with Section 18, paragraph 2 of Act No. 529/1991

on the Protection of Topographies of Semiconductor Products and Section 21, paragraph 2 of the Act on Utility Models No. 478/1992, and Section 26 of Act No. 132/1989 on New Plant and Animal Variety Protection.

According to the Act on Trademarks, the owner of a trademark may lodge an application with the respective court to prevent anyone from using his/her trademark or any similar sign the use of which could result in a likelihood of confusion, and to withdraw from the market the objects whose marking infringes this right. The owner of a trademark may ask the customs authorities not to release the products which involve infringement of his/her rights resulting from the Act on Trademarks, into free domestic circulation.

If the owner has suffered any injury due to an infringement of the trademark rights, the owner shall be entitled to compensation. In the case of a non-material damage, the injured party shall have the right to receive the appropriate remedy which may be a monetary compensation.

According to the Act on the Protection of Appellation of Origin of Products, the registered user of the appellation of origin may turn to the appropriate institution (court) to prohibit infringement of his/her rights and eliminate the irregular situation.

According to the Act on Invention, Industrial Designs and Rationalization Proposals, the party whose rights, which are protected by this Act, were wrongfully infringed may demand, in particular, the prohibition of infringement of the right and to have the resulting consequences of such infringement removed. If damage has been incurred, the injured party shall have the right to be compensated. However, only actual damage and actual lost profits can be compensated. If (non-material) prejudice has been incurred, the injured party shall be entitled to the appropriate recovery (i.e. not just to an apology, but also to a monetary compensation too). Disputes related to inventions, industrial designs and rationalization proposals are settled by courts. See reply to question 1.

According to the Act on New Plant and Animal Variety Protection, the owner of cultivation certificate whose rights, which are protected by this Act, were infringed may demand, in particular, the prohibition of infringement of his/her right and to have the resulting consequences of such infringement removed. If a damage has been incurred, the injured party shall have the right to be compensated. If a (non-material) prejudice has been incurred, the injured party shall be entitled to the appropriate recovery (i.e. also to a monetary compensation).

- (c) The special protection against unfair competition as stipulated in Sections 53 - 55 incl. of the Commercial Code applies to all cases other than those described above.
- (d) There is general protection through liability for damage as stipulated in Section 415 and subsequent provisions of the Civil Code, or Section 757 of the Commercial Code in conjunction with Section 373 and subsequent provisions of the Commercial Code in case of commercial contractual relations.
- (e) There is general protection consisting of returning what has been acquired through unjust enrichment under paragraph 451 and subsequent provision of the Commercial Code.

Concurrent application of several possible means of protection which are based on and result from the individual factual circumstances under which the infringement of a right(-s) has (have) occurred, is not excluded. Therefore, individual claims may be lodged separately, or collectively, for the purpose of protecting the respective right in a more efficient manner.

The protection is carried out through actions whose purpose is to determine the existence or non-existence of certain rights, and through specific performance actions which are based on and result from law, legal relationship or violation of law.

As for the special means of the protection of rights, there are actions whose purpose is to impose obligations concerning:

- prohibition of rights;
- elimination of consequences of rights infringement;
- provision of the appropriate satisfaction; and
- other forms of protection of infringed law (such as destruction of wrongfully produced or imported media which contain the work in question).

6. In what circumstances, if any, do judicial authorities have the authority to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the goods or services found to be infringing and of their channels of distribution?

The court may establish evidence other than that proposed by the respective parties to the proceedings, in cases when during the proceedings the need for such evidence has emerged, insofar as this evidence will facilitate to establish the substantial facts.

7. Describe provisions relating to the indemnification of defendants wrongfully enjoined. To what extent are public authorities and/or officials liable in such a situation and what "remedial measures" are applicable to them?

The defendant who was, contrary to law, ordered to carry out or refrain from carrying out something is entitled to compensation for the injury including lost profits. In such situations, public authorities bear responsibility in compliance with Act No. 58/1969 Coll. on the Liability for Damage Caused by Decisions or Incorrect Conduct of State Institutions or Bodies.

8. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost.

Czech law has no provisions which would determine the duration of court proceedings. However, the Code of Civil Procedure contains a general provision in paragraph 6 under which the court is obliged to conduct the proceedings in a manner to ensure the fast and effective protection of the rights. It also contains the provision (under paragraph 158) to deliver the true copy of the court judgement to the participants not later than 30 days from the date of its pronouncement. The judge has the right to prolong this term for further 90 days.

The provisions concerning the cost of proceedings stipulate that such costs, in particular, are: cash expenses incurred by the participants to court proceedings and by their representatives, including court fees, lost profits of participants to court proceedings and their representatives, expenses incurred with respect to evidence, notary fees, court commissioner cash expenses, trustees' commission and cash expenses, translators' fees and attorneys' (proxies') fees if an attorney or commercial lawyer acts as representative.

Each party to court proceedings shall pay its own expenses necessary for the efficient exercise and protection of rights against the opposite party which lost the case, reimbursed.

The court will acknowledge that the winning party shall have its expenses necessary for the efficient exercise and protection of rights against the opposite party which lost the case, reimbursed.

As far as the opponent, who lost the case, is concerned, the court will acknowledge that it should have its expenses reimbursed only if the opponent has not given cause for taking the action in court.

Information and data on the cost of proceedings are not available.

In 1995, the average duration of court proceedings concerning cases of copyright violations which were heard at Regional Courts was 300 days, other copyright disputes were under discussion 296 days on average, while the cases related to patent rights and industrial designs violations lasted 468 days.

Disputes concerning intellectual property rights are considered as more demanding, and this fact is also reflected in the duration of the respective court proceedings. Furthermore, court-certified experts are invited to intellectual property cases more often than in other cases, which also extends the duration of court proceedings.

(b) *Administrative procedures and remedies*

9. Reply to the above questions in relation to any administrative procedures on the merits and remedies that may result from these procedures.

The Ministry of Culture does not administer the administrative procedures with respect to copyright law and related laws.

Administrative procedures govern matters related to Trade Licences which are issued for the purpose of use and management of authors' work and performances of performing artists.

Since 1 January 1996, the Ministry of Culture is the administrative authority authorized to issue licences for collective administration of copyrights. The Industrial Property Office decides, within the scope of administrative procedures, on providing protection to inventions, industrial designs, utility models and designs, topographies of integrated circuits, trademarks and appellations of origin. Hearings and dispute settlement arising from infringement of industrial property rights is not within the competence of this Office.

Provisional Measures

(a) *Judicial measures*

10. Describe the types of provisional measures that judicial authorities may order, and the legal basis for such authority.

The court may, in order to provisionally settle relations of the parties to the dispute, or if there is a demonstrable concern that the fulfilment of a court award could be adversely affected, order preliminary measures to be taken prior to the commencement of the respective court proceedings.

Through preliminary measures, the court may order the party to the dispute to refrain from disposing of certain things or rights, or from performing certain acts or to abide certain acts, or to deposit certain amounts in cash, or to submit certain objects into the custody of the court.

Preliminary measures may impose an obligation on a third party which is not party to the dispute, provided it is fair to ask the third party to comply with the respective order.

The court may also decide that certain preliminary measures will last only for a certain period of time. Furthermore, preliminary measures may also be imposed after the court proceedings have already started provided it is necessary to provisionally settle the relations of the parties to the dispute.

11. In what circumstances may such measures be ordered *inaudita altera parte*?

It is up to the court to consider and evaluate the relevant circumstances and order the adoption of preliminary measures. This usually takes place without hearing the opposite party. The law does not define such circumstances and leaves their consideration and evaluation fully at the court's discretion.

12. Describe the main procedures for the initiation, ordering and maintenance in force of provisional measures, in particular relevant time-limits and safeguards to protect the legitimate interests of the defendant.

The court which is competent to hear the case is also competent to impose preliminary measures. Parties to the dispute are those entities which would be such parties had the subject item only involved. Usually, the court orders the preliminary measures as a response to the respective proposal. It is not necessary to hear the parties to the dispute. The court may, upon ordering preliminary measures, charge the applicant with lodging a petition to commence legal proceedings within the deadline which the court determines. The court may also limit the duration of the preliminary measures in question.

Preliminary measures shall lapse, if:

- the applicant failed to lodge a petition to start a court proceeding within the deadline which was determined by the court;
- the petition concerning the disputed matter has not been satisfied;
- the period for which the preliminary measures should be effective has expired; and
- the petition concerning the disputed matter was satisfied and the period of 15 days from the decision's enforceability has expired, or the court has cancelled the preliminary measures because the reasons due to which it was ordered have already passed.

13. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost.

The requested information is not available.

(b) *Administrative measures*

14. Reply to the above questions in relation to any administrative provisional measures.

Please see reply to question 9.

Special Requirements Related to Border Measures

15. Indicate for which goods it is possible to apply for the suspension by the customs authorities of the release into free circulation, in particular whether these procedures are available also in

respect of goods which involve infringements of intellectual property rights other than counterfeit trademark or pirated copyright goods as defined in the TRIPS Agreement (footnote to Article 51). Specify, together with relevant criteria, any imports excluded from the application of such procedures (such as goods from another member of a customs union, goods in transit or *de minimis* imports). Do the procedures apply to imports of goods put on the market in another country by or with the consent of the right holder and to goods destined for exportation?

According to Section 14, Act No. 137/1995 Coll. on Trademarks, the Customs Office on the request of a trademark owner will not release goods of a commercial character into free circulation if its sign infringes the rights of a trademark owner.

If goods are not, on the request of a trademark owner, released into free circulation, the Customs Office shall, in compliance with Section 104, paragraph 7 of the Customs Code, issue a written decision stating the grounds on which the decision was adopted and indicating appeal instructions. The same applies for decisions regarding ordinary or extraordinary legal remedies (appeal, resumption of proceedings, re-examination of the decision outside appeal procedures). The declarant (importer) may submit an appeal against a decision adopted in customs proceedings within the term of one month of the day following the day when the decision was delivered to the declarant.

As far as infringements of other intellectual property rights are concerned, the provisions of Section 98, paragraph 2 of the Customs Code do not exclude the possibility of imposing prohibitions or restrictions within the framework of the so-called customs approved treatment or use, i.e. including prohibitions concerning the release of goods into free circulation on the grounds of the intellectual property protection (this term embraces all categories of intellectual property rights).

Any other categories of imported commercial goods imported within customs unions or free-trade areas, goods in transit and the so-called *de minimis* imports are not excluded from the above customs proceedings.

16. Provide a description of the main elements of the procedures relating to the suspension of the release of goods by customs authorities, in particular the competent authorities (Article 51), the requirements for an application (Article 52) and various requirements related to the duration of suspension (Article 55). How have Articles 53 (security or equivalent assurance), 56 (indemnification of the importer and of the owner of the goods) and 57 (right of inspection and information) been implemented?

Suspension of Release of Goods by Customs Authorities

The Customs Office may suspend customs proceedings if the proceedings on the preliminary matter have already started or the declarant has been asked to correct within the determined time limit shortcomings in the respective submission.

If there is a matter in the proceedings which has already been decided by the competent authority (a preliminary matter), the Customs Office is bound by that decision; otherwise the respective administrative authority may form its opinion on such matter or suggest to the respective authority to commence proceedings. The Customs Office may not, as far as a preliminary matter is concerned, formulate an opinion with respect to whether and who has committed a criminal act or offence or what is the position of the citizen in question if these matters are in the competence of the respective court.

No appeal may be submitted against the decision to suspend proceedings. The Customs Office continues the respective proceedings on its own initiative or the initiative of the party to the proceedings

as soon as the obstacles, due to which the proceedings were suspended, have passed, or if the respective deadline has elapsed.

According to Section 14, paragraph 3, Act No. 137/1995 Coll. on Trademarks, the Customs Office will not release goods of a commercial character into free circulation if its sign infringes the rights of a trademark owner. The respective trademark owner shall prove his/her rights by a Certificate of Trademark Registration or an excerpt from the Commercial Register. If a copyright holder produces a court decision according to which the goods whose release into free circulation is to be decided by the Customs Office infringe his/her copyrights, the Customs Office shall suspend the customs proceedings (Article 51). If a copyright holder starts court proceedings by lodging an action with the court, the court may decide to adopt preliminary measures which are binding for the Customs Office provided such preliminary measures of the court cover the disposal of the goods which are subject to customs proceedings prior to their release into free circulation (Article 52).

Duration of Suspension

The duration of customs proceedings suspension is at the discretion of the Customs Office; if the Customs Office initiated a petition with the respective authority to start the proceedings, the customs proceedings shall be suspended by it until the respective authority makes a decision on the preliminary matter (Article 55).

Security or Equivalent Assurance

Customs Authorities have no authority to require the owner of protected intellectual property right to provide a security or an equivalent assurance (Article 53).

Indemnification of the Importer and of the Owner of the Goods

Customs Authorities have no authority to order the applicant to pay the importer (declarant), the consignee and the owner of the goods appropriate compensation for injury caused to them through the wrongful detention of goods or through the detention of goods released pursuant to Article 55(Article 56).

Right of Inspection and Information

If the Customs Office has not decided to release the goods into free circulation, the Customs Office may allow the competent authority to inspect the goods in question in order to substantiate the claims of the right holder. As regards the right to inform the right holder of the names and addresses of the consignor, the importer and the consignee and of the quantity of the goods in question, the Customs Authorities may not pass documents and disclose information to other persons without the consent of the person concerned (importer - declarant), with the exception of cases when they are allowed to do so pursuant to special legislation (presently, pursuant to the respective decision of the court). (Article 57).

17. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost. How long is the validity of decisions by the competent authorities for the suspension of the release of goods into free circulation?

The application to suspend the customs proceedings with respect to the release of goods into free circulation must be discharged without delay provided the subject matter is not complicated, especially, if a decision can be taken on the basis of the documents submitted by the party to the proceedings, otherwise within a period of thirty days. The proceedings costs incurred by the

administrative authority (the respective Customs Office) shall be borne by that administrative authority, and the costs incurred by the party to the proceedings shall be borne by that party. Customs proceedings may be suspended for a period up to a maximum of thirty days.

18. Are competent authorities required to act upon their own initiative and, if so, in what circumstances? Are there any special provisions applicable to *ex officio* action?

According to Section 8 of the Code of Criminal Procedures administrative authorities (Customs Authorities) are obliged to immediately inform the prosecuting counsel or police authorities of facts which indicate that a criminal act has been committed; this does not affect the obligation to protect state and commercial secrets or the obligation to protect secrecy imposed or acknowledged by the State. Their further acting must comply with the respective decision of the prosecuting counsel or the court of the appropriate criminal jurisdiction.

According to Section 309 of the Customs Code, in order to deal with illegal importation, exportation or transit of goods, the Customs Office may secure goods in respect of which there is a justified suspicion that the goods may have been used for committing a customs offence (as far as juridical persons or physical persons - entrepreneurs are concerned) or intended for committing a customs offence, obtained by means of a customs offence or acquired for goods obtained by means of a customs offence.

19. Describe the remedies that the competent authorities have the authority to order and any criteria regulating their use.

The following remedies can be ordered by the competent authorities:

- (a) a decision of the Customs Office not to release the goods which involve infringements of rights conferred by a trademark into free circulation (see questions 15 and 16);
- (b) a legal and enforceable decision of the Customs Office on forfeiture or seizure of goods, if the import customs procedures have been infringed;
- (c) a court decision on forfeiture or seizure of goods, or its destruction or processing for another purpose; and
- (d) a court decision imposing the prohibition to infringe the affected rights and the removal of the irregular situation.

Criminal Procedures

20. Specify the courts which have jurisdiction over criminal acts of infringement of IPRs.

All criminal acts concerning the infringement of intellectual property rights are heard by District Courts, being courts of first instance.

21. In respect of which infringements of which intellectual property rights are criminal procedures and penalties available?

Criminal procedures and penalties are available in respect of the following infringements of intellectual property rights:

- trademark rights are infringed by the introduction into circulation of products which, without authorization, bear a trademark conferring exclusive rights to another owner, or which bear signs similar to the registered trademark which could result in a likelihood of confusion;
- the rights to a protected appellation of origin are infringed by the introduction of products which, without authorization, bear an appellation of origin, exclusive rights to which appertain to other persons, or which bear signs similar to that appellation of origin, which could result in a likelihood of confusion;
- intellectual rights are infringed, i.e. in the case of an unauthorized infringement of rights to a protected invention, industrial design, utility model or design or a layout design of integrated circuits; and
- copyright is infringed, when a work, which is subject to the protection under the Copyright Act, or a performance of a performing artist, audio or video recording, radio or tv programme which are subject to a law related to the copyright law, are disposed of, without authorization, in a manner appertaining only to the author, performing artist, author of the respective audio or video recording, radio or tv organisation or other right holder, or if such rights are infringed in another manner.

22. Which public authorities are responsible for initiating criminal proceedings? Are they required to do this on their own initiative and/or in response to complaints?

Criminal proceedings can only be initiated on the basis of a suit lodged by the prosecuting counsel who is obliged to prosecute all criminal acts he/she is aware of. Public authorities which act in criminal proceedings (i.e. courts, prosecuting counsel, investigators and the respective police authorities) act ex officio in a way so as to establish the facts of the case which are beyond reasonable doubt and to such an extent which is necessary for taking their decision.

State authorities are obliged to immediately inform the prosecuting counsel or police authorities of all facts which indicate that a criminal act has been committed. Associations of citizens (such as trade union organisations and other social organisations and churches) may draw the attention of the authorities which act in criminal proceedings to infringements of law, thus initiating criminal proceedings.

23. Do private persons have standing to initiate criminal proceedings and, if so, who?

Private persons can initiate criminal procedures indirectly by bringing to the attention of the public authorities acting in criminal proceedings, information on infringements of law.

24. Specify, by category of IPR and type of infringement where necessary, the penalties and other remedies that may be imposed:

- **imprisonment;**
- **monetary fines;**
- **seizure, forfeiture and destruction of infringing goods and materials and implements for their production;**
- **other.**

Infringement of copyright involves imprisonment up to two years, monetary fine, or forfeiture of the infringing goods. If the infringer has, through the infringement, received a substantial benefit or the scope of his/her act is substantial, the punishment is from six months to five years imprisonment or a monetary fine or forfeiture of the infringing goods.

Infringement of intellectual rights appertaining to a protected invention, industrial design, utility model or layout design of integrated circuits involves imprisonment of up to one year or a monetary fine.

Infringement of rights conferred by the trademark or protected appellation of origin involves imprisonment of up to six months, a monetary fine or forfeiture of the infringing goods.

25. Describe provisions governing the length and any cost of proceedings. Provide any available data on the actual duration of proceedings and their cost, if any.

Authorities which act in criminal proceedings must examine and deal with the criminal cases as fast as possible while fully observing the civil rights guaranteed by the Constitution. A person may not be in custody (i.e. custody during the preparatory investigation proceedings and custody during the court proceedings) in total for more than two years. The costs necessary for carrying the criminal proceedings are borne by the State, however, the State pays neither the expenses of the defendant, the party concerned nor the injured party, nor the expenses of counsel for the defence and authorized representatives.

If the defendant is found guilty, he/she has to compensate the State for the custody expenses, imprisonment expenses, bonus and cash expenses paid to counsel for the defence, as nominated by the State, unless the defendant is entitled to free of charge defence and other lump sum expenses paid by the State.

If the injured party has been granted the right, at least, to partial compensation for injury, the defendant on which the obligation for compensation for injury was imposed is obliged to compensate the expenses necessary for the efficient satisfaction of injured party's right to compensation for injury in criminal proceedings.

Information concerning the length of proceedings related to infringements of intellectual property rights and their costs is not, at present, available.

In practice, criminal penalties in cases of infringement of intellectual property rights are, at present, applied infrequently.