

DECISION
of the Committee of Ministers of the Benelux Economic Union
amending the
Benelux Convention on Intellectual Property
(Trademarks and Designs),
signed at The Hague on February 25, 2005*

M (2006) 6

The Committee of Ministers of the Benelux Economic Union referred to in Article 1.2(2)(a) of the Benelux Convention on Intellectual Property (Trademarks and Designs) (hereinafter referred to as the "BCIP"),

Considering the provisions of Article 1.7(1) of the BCIP,

Inspired by the desire to make the necessary amendments to the BCIP to ensure that it complies with Directive 2004/48/EC of the European Parliament and of the Council of April 29, 2004 on the enforcement of intellectual property rights (OJ L 157 of April 30, 2004 and OJ L 195 of June 2, 2004),

Has adopted this Decision:

Article I

The Benelux Convention on Intellectual Property (Trademarks and Designs) shall be amended as follows:

A.

Article 2.21 shall be replaced by the following provision:

"Article 2.21 Compensation for loss and other actions

1. Subject to the same conditions as in Article 2.20(1), the exclusive right in a trademark shall allow the owner to claim compensation for any loss which may have been incurred following use within the meaning of this provision.
2. The court which sets the damages:
 - (a) shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the owner of the trademark as a result of the infringement; or

- (b) as an alternative to (a), it may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorization to use the trademark.
3. Furthermore, the court may order, at the request of the owner of a trademark and by way of damages, that ownership of goods which infringe a trademark right, as well as, in appropriate cases, the materials and implements principally used in the manufacture of those goods, be transferred to the owner of the trademark; the court may order that authority for enforcement shall be given only on payment by the claimant of a sum which it shall fix.
 4. In addition to or instead of the action for compensation, the owner of a trademark may institute proceedings for transfer of the profits made following the use referred to in Article 2.20(1), and for the provision of accounts in this regard. The court shall reject the application if it considers that this use is not in bad faith or the circumstances of the case do not justify such an order.
 5. The owner of a trademark may institute proceedings for compensation or transfer of profit in the name of the licensee, without prejudice to the right granted to the licensee in Article 2.32(4) and (5).
 6. The owner of a trademark may require reasonable compensation from a party which has carried out acts such as those mentioned in Article 2.20 during the period between the publication date of the filing and the date of registration of the trademark, insofar as the owner of the trademark has acquired exclusive rights in this regard.”

B.

Article 2.22 shall be replaced by the following provision:

“Article 2.22 Additional claims

1. Without prejudice to any damages due to the owner of a trademark by reason of the infringement, and without compensation of any sort, the courts may order, at the request of the owner of a trademark, the recall from the channels of commerce, the definitive removal from the channels of commerce or the destruction of goods which infringe a trademark right, as well as, in appropriate cases, materials and implements principally used in the manufacture of those goods. Those measures shall be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so. In considering a request as referred to in this paragraph, the proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account.
2. The provisions of national law relating to steps to preserve rights and the enforcement of judgments and officially recorded acts shall apply.

3. Insofar as not provided for by national law and at the request of the owner of a trademark, the courts may, under this provision, issue an interlocutory injunction against the alleged infringer or against an intermediary whose services are used by a third party to infringe a trademark right, in order to:
 - (a) prevent any imminent infringement of a trademark right, or
 - (b) forbid, on a provisional basis and subject, where appropriate, to a recurring penalty payment, the continuation of the alleged infringements of a trademark right, or
 - (c) make continuation of the alleged infringements subject to the lodging of guarantees intended to ensure the compensation of the owner of the trademark.
4. At the request of the owner of a trademark in proceedings concerning an infringement, the courts may order the party infringing the owner's right to provide the owner with all information available concerning the origin and distribution networks of the goods and services which have infringed the trademark and to provide him with all the data relating thereto, insofar as this measure seems justified and proportionate.
5. The order referred to in paragraph 4 may also be issued against anyone who is in possession of the infringing goods on a commercial scale, who has used the infringing services on a commercial scale or who has provided, on a commercial scale, services used in infringing activities.
6. The courts may, at the request of the owner of a trademark, issue an injunction for the cessation of services against intermediaries whose services are used by a third party to infringe its trademark right.
7. The courts may order, at the request of the applicant and at the expense of the infringer, that appropriate publication measures be taken to disseminate the information concerning the decision."

C.

Article 2.32 shall be amended as follows:

In paragraph 4, the words "Article 2.21(1) and (2)" shall be replaced by the words "Article 2.21(1) to (4)".

D.

Article 3.17 shall be replaced by the following provision:

"Article 3.17 Compensation for loss and other actions

1. The exclusive right shall allow the owner to claim compensation for the acts listed in Article 3.16 only if those acts took place after the publication referred to in Article 3.11, adequately disclosing the characteristics of the design.
2. The court which sets the damages:
 - (a) shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the owner of the exclusive right in a design as a result of the infringement; or
 - (b) as an alternative to (a), it may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorization to use the design.
3. Furthermore, the court may order, at the request of the owner of the exclusive right in a design and by way of damages, that ownership of goods which infringe a design right, as well as, in appropriate cases, the materials and implements principally used in the manufacture of those goods, be transferred to the owner of the exclusive right in a design; the court may order that authority for enforcement shall be given only on payment by the claimant of a sum which it shall fix.
4. In addition to or instead of the action for compensation, the owner of the exclusive right in a design may institute proceedings for transfer of the profits made following the use referred to in Article 3.16, and for the provision of accounts in this regard. The court shall reject the application if it considers that this use is not in bad faith or the circumstances of the case do not justify such an order.
5. The owner of the exclusive right in a design may institute proceedings for compensation or transfer of profit in the name of a licensee, without prejudice to the right granted to the licensee in Article 3.26(4).
6. With effect from the filing date, reasonable compensation may be required from a party which, being aware of the filing, has engaged in acts such as those mentioned in Article 3.16, insofar as the owner has acquired exclusive rights in this regard.”

E.

Article 3.18 shall be replaced by the following provision:

“Article 3.18 Additional claims

1. Without prejudice to any damages due to the owner of the exclusive right in a design by reason of the infringement, and without compensation of any sort, the courts may order, at the request of the owner of the exclusive right in a design, the recall from the channels of commerce, the definitive removal from the channels of commerce or the destruction of goods which infringe a design right, as well as, in appropriate cases, materials and

implements principally used in the manufacture of those goods. Those measures shall be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so. In considering a request as referred to in this paragraph, the proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account.

2. The provisions of national law relating to steps to preserve rights and the enforcement of judgments and officially recorded acts shall apply.
3. Insofar as not provided for by national law and at the request of the owner of the exclusive right in a design, the courts may, under this provision, issue an interlocutory injunction against the alleged infringer or against an intermediary whose services are used by a third party to infringe a design right, in order to:
 - (a) prevent any imminent infringement of a design right, or
 - (b) forbid, on a provisional basis and subject, where appropriate, to a recurring penalty payment, the continuation of the alleged infringements of a design right, or
 - (c) make continuation of the alleged infringements subject to the lodging of guarantees intended to ensure the compensation of the owner of the design.
4. At the request of the owner of the exclusive right in a design in proceedings concerning an infringement, the courts may order the party infringing the owner's right to provide the owner with all information available concerning the origin and distribution networks of the goods and services which have infringed the design and to provide him with all data relating thereto, insofar as this measure seems justified and proportionate.
5. The order referred to in paragraph 4 may also be issued against anyone who is in possession of the infringing goods on a commercial scale, who has used the infringing services on a commercial scale or who has provided, on a commercial scale, services used in infringing activities.
6. The courts may, at the request of the owner of the exclusive right in a design, issue an injunction for the cessation of services against intermediaries whose services are used by a third party to infringe its design right.
7. The courts may order, at the request of the applicant and at the expense of the infringer, that appropriate publication measures be taken to disseminate the information concerning the decision."

F.

Article 3.26 shall be amended as follows:

In paragraph 4, the words "Article 3.17(1) and (2)" shall be replaced by the words "Article 3.17(1) to (4)".

Article II

In accordance with Article 1.7(1) of the BCIP, the abovementioned amendments shall be published in the Official Journal of each of the High Contracting Parties. They shall enter into force on the first day of the month following the latest publication.

DONE at The Hague on December 1, 2006.

Chair of the Committee of Ministers,

B.R. BOT

Explanatory memorandum

I. General remarks

The purpose of this Decision amending the Benelux Convention on Intellectual Property (Trademarks and Designs) (hereinafter referred to as the "BCIP") is to adapt the BCIP to Directive 2004/48/EC of the European Parliament and of the Council of April 29, 2004 on the enforcement of intellectual property rights (OJ L 157 of April 30, 2004 and OJ L 195 of June 2, 2004).

The purpose of this Directive is to harmonize enforcement of intellectual property rights in order to combat infringements of intellectual property rights more effectively. Infringements are increasingly cross-border and the disparities between national systems as regards the means of enforcing intellectual property rights are prejudicial to the proper functioning of the internal market and hinder effective action against infringements. While rightsholders in the various Member States have to combat infringements in various ways by resorting to various procedures, measures and remedies, the infringers can take advantage of these disparities by focusing their activities on countries in which repression of these infringements is the least effective. However, the economy also suffers as a result of infringements of intellectual property rights. These infringements curb investment, innovation and creation and damage the confidence of companies in the internal market. There is a risk of the substantive law on intellectual property being weakened due to a lack of adequate means of enforcing the law. It is for these reasons that it is necessary to harmonize civil law legislation so as to ensure a high, equivalent and homogenous level of intellectual property protection. Member States must take steps to strengthen the position of the owner of an intellectual property right and to clarify and standardize procedures relating to infringements. The Directive is to be transposed by April 29, 2006 at the latest.

Given that the BCIP has to be amended on several points in order to fulfill the obligations of the Directive, the Committee of Ministers, as referred to in Article 1.2(2)(a) of the BCIP, has made the necessary amendments to the BCIP, in accordance with Article 1.7(1) of the BCIP. These amendments are explained below in the Commentary on the Articles.

II. Commentary on the Articles

A.

This amendment arises from Article 13 of the Directive. Specifically, new paragraphs 2 and 3 have been inserted into Article 2.21 of the BCIP, while the current paragraphs 2, 3, and 4 have been renumbered as paragraphs 4, 5 and 6. Furthermore, the new paragraph 4

contains a reference to the use referred to in Article 2.20(1), which became necessary due to the new numbering of these paragraphs.

The new paragraph 2 concerns the transposition of Article 13(1), second paragraph, of the Directive. It contains the rules concerning the court's estimation of the damages. Article 2.21(2)(a) of the BCIP provides, in accordance with the Directive, that the court shall take into account all appropriate aspects when it sets the damages and that these appropriate aspects may include the negative economic consequences, including lost profits, suffered by the injured party, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the owner of the trademark as a result of the infringement. Furthermore, Article 2.21(2)(b) of the BCIP provides, in accordance with the Directive, that the court may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorization to use the intellectual property right. It is useful in this context to refer to recital 26 of the Directive which reads: "...As an alternative, for example where it would be difficult to determine the amount of the actual prejudice suffered, the amount of the damages might be derived from elements such as the royalties or fees which would have been due if the infringer had requested authorization to use the intellectual property right in question. The aim is not to introduce an obligation to provide for punitive damages but to allow for compensation based on an objective criterion while taking account of the expenses incurred by the rightsholder, such as the costs of identification and research".

The new paragraph 3 concerns the transfer of ownership, by way of damages, of goods which infringe the trademark right, as well as, in appropriate cases, the materials and implements principally used in the manufacture of those goods, to the owner of a trademark. This possibility provided to courts of ordering such transfer is found in Article 2.22(1) of the current BCIP. However, given that it is necessary to amend Article 2.22(1) in order to transpose Article 10 of the Directive, this possibility of ordering such transfer has been moved to Article 2.21 of the BCIP. Furthermore, the court may order that authority for enforcement shall be given only on payment by the claimant of a sum which it shall fix. This last point reproduces the current Article 2.22(3) of the BCIP.

B.

Article 2.22 of the BCIP contains the most amendments arising from the Directive. This is explained by the fact that Article 2.22 of the BCIP, entitled "Additional claims", contains, with the exception of damages, the main means of action available to the owner of a trademark in case of infringements of its trademark right.

Article 2.22 of the BCIP already included several means of action (such as the destruction of infringing goods and the right of information) provided for in the Directive. However, the conditions and procedures relating to these means of action were not always in line with the

provisions of the Directive. Furthermore, the Directive imposes the provision of means of action not yet provided for in the BCIP.

The amendment of Article 2.22(1) of the BCIP arises from Article 10 of the Directive. Article 2.22(1) of the BCIP already contained several means of action to avoid the marketing of infringing goods and to obtain their destruction. In order to transpose Article 10 of the Directive, it is necessary to adapt this provision. The possibility provided for under Article 2.22(1) of ordering the transfer of ownership of infringing goods to the owner of a trademark and the correlative remedy permitted to the court in Article 2.22(3) of the BCIP have been moved to Article 2.21(3) of the BCIP.

The amendment of Article 2.22(3) of the BCIP arises from Article 9(1)(a) of the Directive. Article 9 of the Directive concerns the provisional and precautionary measures. Article 9(1)(a) provides *inter alia* that the judicial authorities of Member States must be able to issue an interlocutory injunction intended to make the continuation of the alleged infringements of a trademark right subject to the lodging of guarantees intended to ensure the compensation of the owner of the trademark. In the context of this provision, it must therefore be possible for the national courts to find, *prima facie*, an infringement in the context of interlocutory proceedings and to authorize the continuation of this *prima facie* infringement provided that a guarantee is lodged to ensure the compensation of the owner of the trademark. Given that the procedural law of the Benelux countries does not always provide for this possibility, and that the Directive imposes this provision, it is necessary to include this provision in the BCIP. The phrase “*Insofar as not provided for by national law*” at the beginning of paragraph 3 indicates that the owner of a trademark may base its action on the national provision of the procedural law in those Benelux countries in which the procedural law provides for the possibilities referred to in Article 9(1)(a) of the Directive.

The amendment of Article 2.22(4) and (5) of the BCIP arises from Article 8 of the Directive concerning the right of information. Article 2.22(4) of the BCIP already contained a provision relating to the right to information. However, it is necessary to adapt this provision to meet the conditions set in Article 8 of the Directive. With regard to the content of the information, reference may also be made to Article 8(2) of the Directive which provides:

“Article 8.2. The information referred to in paragraph 1 shall, as appropriate, comprise:

- (a) the names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the goods or services, as well as the intended wholesalers and retailers;
- (b) information on the quantities produced, manufactured, delivered, received or ordered, as well as the price obtained for the goods or services in question.”

The amendment of Article 2.22(6) arises from Article 11 of the Directive.

The amendment of Article 2.22(7) arises from Article 15 of the Directive.

C.

The amendment of Article 2.32(4) of the BCIP arises from the amendment of Article 2.21 of the BCIP. Article 2.32(4) of the BCIP concerns the extent to which a licensee may obtain redress for loss incurred. Reference is made to Article 2.21 of the BCIP which sets out the means of action available to the owner of a trademark to obtain redress for its loss. Given the amendment of Article 2.21 of the BCIP and, in particular, the addition of several paragraphs concerning damages under the Directive, it is necessary to refer to these additional paragraphs of Article 2.21 of the BCIP in Article 2.32(4) of the BCIP.

D, E and F.

The amendments provided for under points D, E and F concern the provisions on designs (Articles 3.17, 3.18 and 3.26 of the BCIP) and are identical to the amendments made to the provisions on trademarks (Articles 2.21, 2.22 and 2.32 of the BCIP). It is therefore sufficient to refer here to the commentary on points A, B and C respectively.

* Translation by the International Bureau of WIPO