

# **Intellectual Property Protection in Romania**

A review of the present situation of intellectual property rights and their  
enforcement in Romania

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## INTRODUCTION

The Advisory Group on the Protection and Implementation of Intellectual Property Rights for Investment of the United Nations Economic Commission for Europe (UN/ECE) entrusted Dr Gerd F. Kunze, Of Counsel, Walder Wyss & Partners, Zurich and Brigitte Lindner, Rechtsanwältin and Registered European Lawyer (Bar Council) of Serle Court, Lincoln's Inn, London, with the preparation of a background paper as a basis for a consultative meeting to be held in the autumn of 2004 in Romania. While Dr Kunze was given the task to study the situation of industrial property rights including unfair competition, Miss Lindner was to analyse the situation with regard to copyright and related rights and to finalise the report.

As a result, while Part I dealing with industrial property rights was prepared by Dr Gerd F. Kunze and Part II on copyright and related rights by Brigitte Lindner, Part III addressing the enforcement of intellectual property rights constitutes a co-production of both consultants.

The background paper is based on the legislation in English translation, which was made available to the consultants as well as on information obtained during the discussions with the persons listed below. Often, it was necessary to rely on general information on the contents of laws, since many laws, in particular statutes governing enforcement such as the laws on civil, criminal and administrative procedures were not at the consultants' disposal in English translation or only in part.

Meetings were held in Bucharest from 14 to 16 July 2004 with the following representatives of both public and private bodies:

### **Public sector**

#### Industrial Property:

*Alexandru Christian Strenc*, Deputy Director General, OSIM

*Liviu Bulgar*, Director, Patent Department, OSIM

*Cornelia Constanta Moraru*, Head Legal Department – international Cooperation, OSIM

*Dana Butca*, Head, International cooperation, OSIM

*Dan Pantea*, Director General adjunct, Finance Ministry

*Mihail Meiu*, Director, National Authority for Consumer Protection

#### Copyright and related rights:

*Rodica Parvu*, Director General, ORDA

*Eugen Uricaru*, State Secretary, Ministry of Foreign Affairs

*Eugen Vasiliu*, Director General Adjunct, ORDA

#### Enforcement:

*Ion Codescu*, Deputy Director, European Integration Department, Ministry of Justice

*Dragos Demitru*, Prosecutor in charge for IPR in the General Prosecutor's Office

*Georgeta Mitroi*, Head of the intellectual property service, Customs Control and Surveillance

*Dan Olteanu*, Chief Police Investigator, General Police Inspectorate of the Romanian Police, Ministry of Administrative and Internal Affairs

### **Private sector**

#### Industrial Property

*Lucian Enescu*, Director General, Rominvent S.A.

*Ion Mocanu*, Head of Legal Department, Rominvent S.A.

*Nicolae Burchel*, Managing Partner, Burchel & Associates (communication in writing)

*Frederic Thiry*, Senior Counsel, Brand Integrity, Phillip Morris International Management S.A, Lausanne, Switzerland (meeting in Lausanne).

Copyright and related rights:

*Ana Achim*, General Manager, Uniunea Compozitorilor si Muzicologilor din Romania (Composers' Union)

*George Balaita*, Director, Copy-Ro

*Nicolae Burchel*, Managing Partner, Burchel & Associates, BSA Representative

*Nicoleta Cofsinschi*, Economic Director, Copy-Ro

*Stefan Gheorgiu*, President, CREDIDAM, Romanian Performers' Association

*Ionescu Felix Melinesti*, Lawyer, Copy-Ro,

*Magdalena Popescu*, Senior Associate, Burchel & Associates

*Andreea Sirbu*, Attorney at Law, UPFR (Romanian Recording Industry Association)

*Victoria Stancu*, Head coordinator anti-piracy enforcement, UPFR

*Daniela Vintila*, Expert, International Relations, Copy-Ro

## SUMMARY

### I Industrial Property

#### Protected industrial property rights

The following industrial property rights are protected in Romania by *registration* with the State Office for Inventions and Marks (OSIM): Patents, Plant Variety Rights, Topographies of Integrated Circuits, Industrial Designs, Trademarks, including collective and certification marks, and Geographical Indications. All respective laws have been passed in the years since 1990 and Romania has succeeded in its aim to provide for industrial property legislation that is harmonized with European legislation and is in line with the respective provisions of the TRIPS Agreement. Trade secrets are expressly protected under unfair competition law and criminal law. This includes the protection of undisclosed information submitted to government authorities. In addition to the specific laws, industrial property rights are also protected under the Unfair Competition Law, and the Consumer Protection Law prohibits the production, import or marketing of counterfeit goods. A Draft Law on the Supplementary Protection Certificate for Pharmaceutical and Plant Protection Products has been introduced in the Parliament. Also the present Criminal Code contains provisions on criminal offences relating to industrial property rights. These provisions will be superseded by a new Chapter on offences against intellectual property, providing for higher fines, that was adopted in June 2004 and will enter into force one year later.

Trade names and so-called emblems are protected only based on registration with the local Chamber of Industry and Commerce.

#### International Treaties

Romania is a member of the Paris Convention, the WIPO Convention and of the TRIPS Agreement (since 1.1.95); of the PCT, the European Patent Convention, the Budapest Treaty, the Strasbourg Agreement and UPOV; of the Trademark Law Treaty, the Madrid Agreement and the Madrid Protocol, the Nice Agreement and the Vienna Agreement; of the Hague Agreement and the Locarno Agreement. Furthermore Romania has concluded a bilateral agreement with the EU obliging the country to introduce standards of intellectual property protection corresponding to the EU standards and a bilateral Agreement with the USA.

### Scope of protection

Patent protection may be given to any invention in all fields of technology, provided it is new, involves an inventive step and is industrially applicable. Novelty is absolute.

An industrial design may be protected by registration at the OSIM when it is new and has an individual character.

Registrable as mark is any sign capable of graphic representation serving to distinguish the goods or services of a natural or legal person from those of other persons; marks may be constituted by distinctive signs such as: words, including personal names, devices, letters, numerals, figurative elements, three-dimensional shapes and, particularly, the shape of goods or of packaging thereof, combinations of colours, together with any combination of such signs. Sound marks may be registered, however smell marks and colour per se are considered not to be able to be graphically represented

A geographical indication is the name serving to identify a product that originates in a country, region or locality of a State, where a certain quality, reputation or other specific characteristic may be essentially attributed to that geographical origin.

### Duration of protection

The term of national patents is 20 years from the filing date. For European patents, the term shall run from the date on which the regular national filing of the patent application was effected, pursuant to the European Patent Convention. Topographies are protected for 10 years, beginning with the date of registration or the date of first commercial exploitation, whichever date is earlier. Plant varieties are protected for 25 years.

The Draft Law on the Supplementary Protection Certificate for Pharmaceutical and Plant Protection Products provides for a supplemental protection for a duration equal to the period between the date of deposit of the patent application and the date of release of the first marketing authorization as pharmaceutical or plant protection product, reduced by a period of 5 years, with the restriction that the duration of the certificate cannot be longer than 5 years starting from the date of expiry of the patent.

The design is registered for 10 years and may be renewed three times for five years, subject to the payment of the maintenance fee.

The mark is registered for ten years beginning with its filing date and may be renewed for further periods of 10 years. Whilst the protection of a geographical indication is without time limit, the right to use it is also afforded for 10 years and is renewable as long as the conditions, under which the right has been obtained, remain applicable.

### Exclusive right

The patent confers on its owner an exclusive right of exploitation. It is prohibited to perform, without the owner's consent, certain acts, as listed in Article 28(1) TRIPS. For process patent infringements reversal of the burden proof is provided.

The registered owner of an industrial design also has an exclusive right of exploitation. The scope of protection is determined by its graphic representations and protection extends to any industrial design that does not produce a different overall visual impression on a qualified user.

The exclusive right of the trademark owner is given against the use of any identical sign for identical goods or services (independently of any risk of confusion) and against the use of identical or similar signs for the same or similar goods or services, where there exists a likelihood of confusion or association. Marks having a reputation are protected against dilution.

The registration of a mark must be refused by the OSIM, where it is identical or similar to a well-known mark and applied for similar goods if there is a risk of confusions or applied for non-similar goods if there is a danger of dilution (the wording corresponds to the criteria used for the protection of marks having a reputation). Under these conditions the owner of the well-known mark can also oppose the registration of the mark, and can introduce a cancellation action against a registered mark if the application should have been refused because of his earlier right.

Persons that are authorized to use a geographical indication for certain goods are entitled to use the term “registered geographical indication”. It is prohibited for non-authorized persons to use a geographical indication or an imitation thereof, even if the true origin of the products is shown or if terms such as *kind, type, imitation* and the like are added. Persons authorized by the OSIM to use a geographical indication for wines or spirits may prohibit the use by any other person for such goods that do not come from the region suggested, even where the true origin is expressly mentioned or the geographical indication is used in a translated form or accompanied by terms such as *kind, type, etc.*

#### Exhaustion of rights

The right owner cannot object to the marketing of goods in the territory of Romania where these have been previously sold respectively put on the market by himself or with his consent. The laws are, however silent on the question, whether this rule only applies, where the goods have been put on the market for the first time in Romania or whether first sales outside the country are sufficient. Whilst the courts have not yet addressed this issue the doctrine believes that national exhaustion applies and this was probably the intention of the legislator. Consequently the right owner should be able to object to parallel imports that are found on the market, even if the border measures do expressly not apply to them.

#### Transfer of rights

All industrial property rights may be assigned and licensed (both being considered to be a transfer). The transfer will produce effects in respect of third parties on the date of its registration respectively of the publication in the Bulletin. A license may be exclusive or non-exclusive. For trademark it may be given for all or a part of the goods or services registered and for the whole or a part of the territory of Romania. For patents compulsory licenses are provided under certain conditions, as provided by TRIPS (importation is considered to be exploitation).

## **II Copyright and Related Rights**

#### Basis of copyright and related rights protection

Law No. 8 of 14 March 1996 on copyright and related rights as amended last by Law no. 285 of June 2004 governs the protection of copyright, related rights and *sui generis* rights.

Copyright protects literary and artistic works in the sense of Article 2(1) Berne Convention. Computer programs enjoy protection as literary works. Databases are protected by copyright if they constitute an intellectual work due to the selection or arrangement made.

Related rights protection is enjoyed by performers, producers of phonograms and of audiovisual recordings as well as by broadcasting organisations. Publishers of unpublished public domain material also enjoy protection.

*Sui generis* rights protection is granted to the maker of a database.

#### International Treaties

Foreign works and other subject matter enjoy protection on the basis of the Berne Convention, the Rome Convention, the Geneva (Phonograms) Convention, the TRIPS Agreement and the two WIPO Treaties, WCT and WPPT.

Romania is further bound by bilateral agreements with the United States and the European Union.

#### Rights granted to owners of copyright, related rights and *sui generis* rights

Authors enjoy a large catalogue of moral rights as well as an exhaustive list of economic rights. Broadly speaking, the Copyright Law protects the minimum rights which are provided under the relevant international conventions and European Union Directives. This means that rights in respect of reproduction, adaptation, distribution, rental and lending, importation, broadcasting as well as all forms of communication to the public including the making available of works may be enjoyed by authors. In accordance with the Resale Right Directive, the Copyright Law also makes provision for a so-called *droit de suite*, a remuneration for the resale of works of art.

In the related rights field, only performers enjoy moral rights. All related rights owners enjoy economic rights either in the form of exclusive rights in respect of, *inter alia*, reproduction, distribution, importation, rental and lending as well as making available to the public or as remuneration rights, for instance for broadcasting or communication to the public.

Makers of databases enjoy *sui generis* rights in respect of extraction and re-utilisation of the contents of a database.

As far as the distribution right is concerned, this right is subject to national exhaustion. Note that there is also a separate importation right.

#### Duration of protection

As a general rule, works are protected for a period of 70 years, subject matter of related rights for 50 years, and the *sui generis* protection of the maker of a database continues for 15 years. Publishers enjoy protection for 25 years in case of publication of unpublished public domain works

#### Transfer and assignment of rights

Economic rights of authors, performers, producers of phonograms and audiovisual recordings are transferable by way of exclusive or non-exclusive assignment. An extensive chapter of contractual provisions, including specific provisions for particular types of contracts, may be found in the Copyright Law most of which are, however, not mandatory so that diverging contractual stipulations are possible.

As in most other legal systems following the continental-European *droit d'auteur* system, moral rights both of authors and performers are not transferable.

As far as the *sui generis* right of the database maker is concerned, there is no express rule that such rights are transferable. It is assumed that in line with Article 7(3) Database Directive such rights may be transferred, but clarification would be helpful.

#### Administration of copyright and related rights

Copyright and related rights are administered either individually by the right owner or collectively by a collecting society. In certain cases specified by law, collective administration is mandatory. Collective administration is one of the critical points in the Romanian copyright law system. The procedure for negotiating tariffs and methodologies is not only cumbersome, the Law also provides for certain limits within which the tariffs must be adopted. Moreover, the law obliges collecting societies to collect remuneration with regard to each user through one sole collector. ORDA, the Romanian Copyright Office, is playing an important role in the field of collective administration. ORDA's role is not limited to supervision, but intervenes in all stages of operations of collecting societies. The reason for this strong interference is to prevent members of collecting societies from abuse by their governing organs.

#### Transitional provisions

The Copyright Law contains a provisional rule in Article 149(2) to the effect that works created before the effective date of the law including computer programs, sound recordings, audiovisual works and broadcasts benefit from protection under the law. Apart from the fact that this provision does not extend to performances, there are uncertainties regarding the scope of the provision which should be addressed.

### **III Enforcement**

Infringements of intellectual property rights, whether industrial property rights or copyright and related rights, are subject to civil, criminal and administrative sanctions.

#### Civil proceedings

Civil proceedings may be initiated before the ordinary courts. The Law on Judicial Organisation of 29 June 2004 has introduced specialised courts for intellectual property rights infringements: in future, the Municipality Court and the Court of Appeal of Bucharest will have specialised chambers which will hear intellectual property cases.

For infringements of industrial property rights, injunctions and/or damages may be obtained in civil proceedings. As far as copyright is concerned, civil proceedings may result in various remedies such as damages, including triple damages, award of assets acquired through the infringement as well as the forfeiture of infringing material or the publication of the judgment in the press. However, it remains unclear whether injunctions may be obtained outside the application of provisional measures in copyright cases. Also in one or the other of the industrial property laws forfeiture of infringing material or the publication of the judgement as well as a right of information are provided, but not in a systematic manner.

Provisional measures are available both for industrial property and copyright and related rights infringements on the basis of the general provisions in the Civil Procedure Code as supplemented by specific provisions in the various intellectual property laws. The most recent amendment to the Copyright Law now enables the adoption of provisional measures *inaudita altera parte* as required under TRIPS.

### Criminal proceedings

The various laws dealing with intellectual property rights all provide for criminal sanctions which may be ordered by the Court, including fines and imprisonment. In a nutshell, investigations are conducted by a specialised police service under the supervision of the public prosecutor. At present, there is one specialised prosecutor for intellectual property cases in the General Prosecutor's Office in Bucharest who overlooks all IP enforcement actions throughout the country. It is hoped that the specialisation will soon be mirrored also at the regional level in order to render criminal enforcement more satisfactory. At the moment, only few criminal cases reach the court stage, most cases come to a halt before, mainly for lack of social harm, against payment of an administrative fine and without any criminal record. Where cases reach the courts, fines often range at the lower levels and prison sentences have always been suspended.

### Administrative proceedings

Administrative proceedings play an important role both in the industrial property and in the copyright and related rights field. While the Romanian Patent Office, OSIM, has no investigation powers and is not competent to apply fines, the Romanian Copyright Office, ORDA, was given large investigation powers together with the possibility to apply fines. Nonetheless, in the industrial property field, the National Authority for Consumer Protection and the Directorate on Unfair Competition are both competent for enforcing infringements in their respective domains and to apply administrative fines. In the copyright field, it is often difficult to distinguish competences as ORDA is not only given enforcement powers in administrative proceedings, but also in criminal proceedings together with the police.

### Border measures

The customs authorities may suspend customs clearance of goods infringing an IP right on application of the right holder or his legal representative or *ex officio*. The term IP right includes copyright, neighbouring rights, right in registered trade marks or service marks, right in industrial designs, right in geographical indications, right in patents, rights in supplementary protection certificates. The term "pirated goods" comprises goods protected by copyright, neighbouring rights or design rights. The term counterfeit goods is defined larger as provided in the TRIPS Agreement and includes trademarks not applied to goods, use of a mark on goods different from those for which the mark is registered, where confusion is caused, and packaging bearing marks of counterfeit goods, whether presented separately or not. "Goods infringing an intellectual property right" are counterfeit goods, pirated goods, goods infringing patents or complementary protection certificates and goods infringing geographical indications. Any mould or matrix which is specifically designed or adapted for the manufacture of a counterfeit trademark, for the manufacture of goods bearing such trademark, for the manufacture of pirated goods or for the manufacture of goods infringing a patent, a complementary certificate or a geographical indication is treated as infringing good.

The provisions of the law apply on the whole territory of Romania, including free zones, to goods under importation or exportation.

Excluded from customs action are goods which are not of a commercial nature, contained in travellers' personal luggage or in parcels and genuine goods (parallel imports).

The OSIM and the collective copyright and neighbouring rights administration bodies are obliged to provide the General Customs Directorate with the list of registered IP rights owners and necessary information to identify the protected elements as well as with updated information.

The law contains detailed provisions on the contents of the application for requesting suspension of customs clearance, including the payment of a fee equivalent to 100 Euros. The accepted application for action is valid up to one year.

Based on the effective application the authority suspends the customs clearance and retains the goods that are infringing intellectual property rights. The measure is notified to the applicant and to the person making the customs declaration. The applicant must within 10 days from the notification produce proof that he brought a civil action to the competent court or lodged a penal complaint, and also constituted a guarantee in favour of the General Customs Directorate, equivalent to the customs value of the retained goods, to avoid customs clearance (in "obvious" cases, on the request of the applicant, the Directorate will extend the term of 10 days by another term of 10 days).

The parties may be authorized to examine the retained goods and to take samples in order to establish, through tests or analyses, of the goods infringe the IP right.

Where the customs authorities initiate *ex officio* actions, using the data base provided by the OSIM or the collecting societies, the right holder must, within three days lodge the application for action by the customs authorities, including proof of payment of the fees stipulated in Art. 8.

If by final and irrevocable decision of the court, the complaint of the right holder is accepted, the customs authorities will seize and destroy the infringing goods. However, if there exists a written consent of the right holder and if the goods are fit to be consumed or used by natural persons, the seized goods can be delivered, free of charge, depending on the nature of the goods, to social security institutions, non-profit organizations and associations having a humanitarian profile, sport associations or clubs or to educational institutions. The institutions who accept the goods will bind themselves not to commercialise or estrange the goods.

The customs authorities will not allow re-exportation of goods susceptible to infringe an IP right and shall not grant another customs regime until the final and irrevocable court decision is handed down, or until the penal complaint is settled according to the law.

### Practical enforcement

Piracy on the Romanian market affects all industries. Although counterfeit and pirate goods are mainly imported via the country's porous borders, the burning of optical disks in Romania (both CDs and DVDs) for sale is also becoming a problem. These illegal goods are sold in street markets, smaller outlets and kiosks and increasingly via internet mail order services. Furthermore, counterfeit wines and spirits, and also cigarettes are manufactured in Romania, the latter mainly exported to neighbouring countries as well as to the Near East.

Insufficient enforcement is one of the major problems in the Romanian IP system. Private sector representatives report that large scale infringements remain to a large extent unprosecuted whereas enforcement actions, if and when they occur, concentrate on minor infringements which, in a significant number of cases, are closed with a small fine for lack of social harm. Seemingly, the unwillingness to enforce large scale infringements may have

more profound political reasons and is certainly encouraged by the absence of a clear official message stressing the importance of the enforcement of intellectual property rights.

As far as training is concerned, police and customs have benefited greatly from training and hence should meanwhile be - in theory - largely familiar with the enforcement of intellectual property rights. Nonetheless, frequent moves of trained staff to other services outside the intellectual property field hamper successful enforcement and render training efforts meaningless.

Another important obstacle to successful enforcement may be found at judicial and prosecutor level. As already indicated, only a small number of cases reach the court level and where they do, judges in general apply penalties which cannot constitute a deterrent to counterfeiting and piracy. The recent appointment of a new dynamic specialised prosecutor in the General Prosecutor's Office is a good step forward. However, the new prosecutor will require sufficient human and financial resources in order to achieve his goals. Also, it will be necessary to mirror the specialisation at the prosecutor level in the regions in order to respond appropriately to enforcement actions undertaken by the specialised regional police. The introduction of specialised court departments for intellectual property rights is another positive development which can however only produce positive effects if the judges serve continuously in these specialised chambers and receive sufficient training.

#### **IV Recommendations**

Recommendations are provided in more detail at the end of each individual part, in Part I C with respect to industrial property rights, in Part II C as far as copyright is concerned and in Part III C with regard to enforcement. In order to avoid any repetitions, the purpose of this part is to outline the recommendations made for remedying the salient shortcomings:

##### Industrial property rights

With the exception of trade names, the OSIM is responsible for the protection of industrial property rights and also initiates legislation in this field. The OSIM has accomplished this task in a manner that allows the conclusion that only minor amendments of the existing laws are recommended. These recommendations relate to the transfer of compulsory licences for patents, the protection of marks having a reputation as ground for refusal, the protection of well-known marks against infringing use of signs, the preclusion of a cancellation action when a mark has been registered for five years, and to the fact that some important principles of substantive law are contained in the Regulations to the Law on Marks and Geographical Indications. Additionally, the Draft Law on the Supplementary Protection Certificate for Pharmaceutical and Plant Protection Products needs to be soon adopted by the Parliament.

The situation is different as concerns trade names, where protection of the unregistered trade name is needed.

##### Copyright, related rights and sui generis rights

In the field of copyright and related rights, including *sui generis* rights, a number of clarifications and/or adjustments to make Romanian Copyright Law fully compatible with the *acquis communautaire* are necessary, although the Romanian legislator has already to a large extent taken the necessary measures to implement the WIPO Treaties and the majority of the European Directives. Nonetheless, there are still a number of shortcomings and uncertainties which should be addressed. These issues are outlined in more detail in Part II C 1 – 5.

Secondly, and most importantly, the copyright and related rights sector is regulated to a large extent and would benefit from deregulation. This should include a review of the role which the legislator has attributed to the Romanian Copyright Office (ORDA). Although ORDA intervenes in almost all areas of copyright and related rights, its role is particularly strong in the field of exercise of rights and enforcement. ORDA enjoys enforcement powers not only in administrative proceedings but also in the field of criminal prosecution alongside with police and customs which does not render the distinction of competences easy.

The overregulation in the field of collective administration is particularly heavy: rightowners have to accept that the tariffs for the use of their works and the like have to lie within specific frames set by the law, they are forced by the Copyright Law to collect through one sole collecting society and have a negotiation committee for tariffs and methodologies imposed upon them by decision of ORDA. Needless to say, this situation is far from being investment-friendly. As a matter of principle, right owners should be in a position to negotiate freely the conditions for the use of their works with users, without being bound by set tariff frames and with the contractual partners of their choice. They should also be able to decide whether to collect through one or several collecting societies. This does not mean, however, that there would no longer be a place for ORDA in collective administration: ORDA has still an important role to play in the supervision of collecting societies and should be able to assist by way of arbitration or mediation where right owners and users cannot reach agreement on certain aspects of collective management.

### Enforcement

The recommendations in the field of enforcement concern both legal and practical issues. As far as legal issues are concerned, a number of clarifications are required which are described in more detail in Part III C 1 a – c. With regard to practical issues, these concern foremost organisational matters and training. As already indicated, the positive development of the new specialised prosecutor's appointment in the General Prosecutor's Office should be mirrored in the regions. More specialised prosecutors in the regions and in Bucharest to support the newly appointed IP prosecutor are needed and they will require sufficient training. Training will also be necessary for the judges in the specialised IP chambers in the Bucharest Court of Appeal and Municipality Court. Continuity must be ensured in all IP enforcement bodies, be it police, prosecutors or judges as otherwise training efforts and the bundling of know-how and expertise would be meaningless. All in all, an encouragement to efficient enforcement actions should emerge from the government of Romania by manifesting a clear political commitment towards the enforcement of intellectual property rights not only in small and minor infringement cases, but also with regard to violations on a larger scale.

## DISCUSSION

### Part I: Industrial Property

#### **A. Legislative framework for the protection of industrial property rights**

##### **1. Laws dealing with Industrial Property Rights and their enforcement**

Patent Law	Law no. 64/91 of 21 October 1991, amended several times and republished with amendments on 15 October 2002.
Law on the Protection of New Plant Varieties	Law no. 255/1998 of 30 December 1998, in force since 31 March 1999
Law on the Protection Topographies of Integrated Circuits	Law no. 16/95 of March 6, 1995, in force since June 9, 1995.
Draft Law on the Supplementary Protection Certificate for Pharmaceutical and Plant Protection Products	Introduced in the Parliament
Law on Marks and Geographical Indications	Law no. 84/1998, in force since July 23, 1998, replacing Law no. 28/67 of 29 December 1967 with amendments.
Regulations to the Law on Marks And Geographical Indications	Government decision no 833/98 of November 19, 1998; Available only in French.
Industrial Design Law	Law no. 129/1992 of January 8, 1993, republished with amendments on 07 November 2002.
Law on the repression of Unfair Competition	Law no. 11 of 29 January 1991, as amended and completed by law no. 298/2001 (only unofficial translation available)
Law on Consumer Protection	Ordinance no. 21/92, as amended by ordinance no. 58/2000 and modified and completed by Law no. 37 of January 2002, as published on 21 February 2002.
Advertising Law	Law no. 148/2000 (only mentioned in discussions).

Law on Specific Measures for the  
Enforcement of Intellectual  
Property Rights in Customs  
Clearance Operations

Law 202/2000 as amended by Ordinance no. 59 of 22  
August 2002 (only unofficial English translation  
available)

## 2. International Conventions and Treaties

Romania is a member of the following Treaties:

- The Paris Convention (*since 1920*)
- The WIPO Convention (*since 1967; founding member*)
- The WTO (*since 1. January 1995 and therefore assuming responsibility for the provisions of the TRIPS Agreement without a transitory period*)
- The Patent Cooperation Treaty (*since July 23, 1979*)
- The European Patent Convention (*since March 1, 2003*)
- The Budapest Treaty on the international recognition of the deposit of micro organisms for the purposes of patent protection (*since September 25, 1999,*
- UPOV (*since March 16, 2001*)
- The Strasbourg Agreement on the International Patent Classification (*since March 31, 99*)
- The Madrid Agreement (*since October 6, 1920*)
- The Madrid Protocol (*since July 28, 1998*)
- The Nice Agreement concerning the international classification of goods and services (*since June 30, 1998*)
- The Vienna Agreement establishing and International Classification of the Figurative Elements of Marks (*since June 30, 1998*)
- The Trademark Law Treaty (*since July 28, 1998*)
- The Hague Agreement Concerning the International Registration of Industrial Designs (*since July 18, 1992*)
- The Locarno Agreement Concerning the International Classification for Industrial Designs (*since June 30, 1998*)

## 3. Bilateral Agreements

Romania has concluded an association agreement with the European Union. It obliges the country inter alia to provide for the same level of protection of Industrial Property as existing in the EU (i.e. to adopt the so-called *acquis communautaire*). It has also concluded a Trade Agreement with the United States in 1992.

#### **4. Institutions dealing with Industrial Property.**

Based on Government decision no. 573/1998 the State Office for Inventions and Marks (OSIM) has the sole authority in ensuring industrial property protection in Romania, according to the national legislation in the field and to the provisions of international treaties to which Romania is a party (this is also repeated in Articles 67 and 68 of the Patent Law). The OSIM is a specialised Governmental Body with its own budget. The OSIM coordinates the industrial property policy in Romania and proposes new legislation. Actually, all industrial property laws in force have been adopted and revised since 1990 on the initiative of the OSIM in order to harmonize the legislation with the provisions of the European Community legislation and of the TRIPS Agreement.

The OSIM has created a Steering Committee for IP strategies in which 15 institutions in the country participate. In coordination with 6 different authorities a database on enforcement will be established. Furthermore, the OSIM will within short begin to publish, in addition to its official Bulletin of Industrial Property, a new Bulletin relating to IP case law.

All Romanian patent attorneys (a hundred), registered with the OSIM, are also registered as European Patent Attorneys.

With the exception of trade names, all industrial property rights have in common that they must be registered with the OSIM in order to become protected and enforceable.

### **B. Substantive Legal Issues of Industrial Property Protection**

#### **General remark**

Pursuant to Article 11 of the Romanian Constitution of 1991, treaties ratified by Parliament in accordance with the law are part of Romanian law. This rule suggests that international treaties are not self-executing in Romania but require an act of parliamentary ratification.

#### **1. Patent Law**

##### **a) Patentable inventions (Article 7)**

According to Article 7(1) a patent shall be granted for any invention having as subject matter a product or a process, in all technological fields provided that it is new, involves an inventive step and is susceptible of industrial application (in line with Article 27 TRIPS).

Article 7(2) describes in detail which inventions in the field of biotechnology shall be patentable.

An invention is considered to be new if it does not form part of the state of art (Article 8(1)). Article 8, paragraphs (2) – (4) explain what means “state of the art”. Novelty is absolute.

The invention is considered to involve an inventive step if, having regard to the state of the art, it is not obvious to a person skilled in the art (Article 10), and is susceptible of industrial application if it can be made or used in any kind of industry, including agriculture (Article 11).

b) Exclusion from patent grant

Article 12 excludes matters referred to in Article 27(2) and (3) TRIPS (plant varieties are protected by the Law on the Protection of New Plant Varieties). This article must be seen in relation to Article 8(3) and (4) clarifying that a substance or composition for use within a method for treatment of the human or animal body by surgery or therapy or within a diagnostic method is not excluded from patentability where the use for that method is not comprised in the state of the art (paragraph 3) or where that use is not comprised in the state of the art (paragraph 4).

Article 13 furthermore excludes certain categories, including methods for doing business and computer programs, as not being considered to be inventions.

c) Owner of rights to the patent (Articles 3 to 6)

The right to a patent belongs to the inventor or his successor in title. Several creators of an invention own the patent jointly. If several persons have created an invention independent of one another, the right to the patent belongs to the person whose application has the earliest filing date, respectively priority date. Article 5 contains detailed provisions for inventions made by employees or under a research contract (supplemented by provisions in Articles 36 and 37 in the context of the exclusive right of the patent owner).

d) Patent application and registration (Articles 14 and 15)

A national patent application must be filed with the OSIM and be accompanied by a description of the invention, claims and where appropriate explanatory drawings in Romanian language (Article 14). For receiving a filing date, it is sufficient that a part which, at first sight, seems to be a description of the invention, is contained in the application and the fee is paid. The claims and drawings may be filed within two months of the filing date. The filing date of international patent applications and European patent applications is the date resulting from the international treaties and conventions to which Romania is a party.

The national patent application will be registered in the National Register of Patent Applications. Until publication, the data contained in the register are not available to the public. This principle of Article 15(6) is confirmed in Article 42, according to which an invention for which a patent application has been filed at the OSIM shall, until its publication, not be disclosed without the consent of the applicant.

Also the filing date of the international and European patent application that results from the international treaties and conventions is registered in that Register (Article 15(8))

e) Regular filing (Article 16)

National, international and European filings, which fulfil the conditions of Article 14, respectively Article 15(8), have the effect of a regular national filing.

This provision also applies where, on justified grounds, foreign persons have filed the description, claims and drawings in a foreign language, provided that within two months of the registration of the application or the date of opening the national phase an accurate translation in Romanian of these documents is filed with the OSIM.

f) Unity of invention (Article 19)

An application may relate to one invention or to a group of inventions so linked as to form a single inventive concept. Applications that fail to meet this condition may be divided (for details see paragraphs 2 and 3).

g) Priority

Priority claims under the Paris Convention or the WTO are dealt with in a very detailed manner in Articles 20 to 22. Article 17 deals with the priority date in case of several applications on the same invention.

h) Publication (Article 23)

Regular patent applications filed under the national route shall be published in the official Bulletin of Industrial Property after the expiry of a period of eighteen months from the filing or priority date. Patent applications filed under the PCT shall be published after the expiry of a period of six months from the opening of the national phase. At the request of an entitled person, publication may be effected within a shorter time.

i) Search report (Article 24)

The publication may be accompanied by a search report. The search report may also be published subsequently under the provisions of the Implementing Regulations.

k) Provisional protection

From the date of publication the patent application confers upon the applicant provisionally the protection as provided for in Article 33 (see below (o))

l) Examination

Examination may be requested on the filing date of the national patent application or at the opening of the national phase or within thirty months from one of these days (Article 25). The examination is both on formal and substantive grounds (Article 26).

Based on the patent examination report and within 18 months of the date on which examination of the application was requested, the Examination Board at OSIM decides to grant the patent or to refuse the application (Article 28(1)). Article 28(2) lists the grounds on which a decision to refuse a patent application may be based.

m) Publication, effective date, registration and issue of the patent

The decision to grant the patent is published in the Bulletin within sixty days and becomes effective on the date of publication. At the same time the descriptions, claims and drawings of the patented invention are made available to the public.

The substantiated decision is also registered in the National Register of Patent Applications. The Director General of the OSIM issues the granted decision. The date of the issue of the patent is the date on which the mention of the issue is published in the Bulletin. Furthermore, the patent is recorded in the National Register of Patents.

For European patents, the OSIM certifies the validity of the patents in Romania and records them in the National Patent Register.

n) Patent term and supplementary protection (Article 31)

The term of national patents is 20 years from the filing date. For European patents, the term shall run from the date on which the regular national filing of the patent application was effected, pursuant to the European Patent Convention.

Paragraph 3 of Article 31 provides that, for patented pharmaceutical or plant protection products, supplementary protection may be granted under the conditions laid down by the law. In that context it is to be noted that the OSIM has submitted a Draft Law on the Supplementary Protection Certificate for Pharmaceutical and Plant Protection Products to the Parliament. This Draft Law provides for a supplemental protection for a duration equal to the period between the date of deposit of the patent application and the date of release of the first marketing authorization as pharmaceutical or plant protection product, reduced by a period of 5 years, with the restriction that the duration of the certificate cannot be longer than 5 years starting from the date of expiry of the patent (Article 18 of the Draft Law). The certificate grants the same rights as the basic patent (Article 6).

o) Exclusive right and exemptions

The patent confers on its owner an exclusive right of exploitation (Article 33(1)). Article 33(2) prohibits performing, without the owner's consent, certain acts, corresponding to those listed in Article 28(1) TRIPS. The reversal of the burden proof for process patent infringements requested by Article 34 TRIPS is provided in Article 60. That article closely follows the wording of Article 34(1) TRIPS and grants the reversal in both cases listed in subparagraphs (a) and (b) of that paragraph.

Article 35 lists certain acts which are not deemed to infringe the exclusive right (based on Article 30 TRIPS). These include the marketing or offering for sale within the territory of Romania, of specimens of the product constituting the subject matter of the invention that have been previously sold by the patent owner or with his express consent. The law is silent whether this paragraph applies also where the goods have been sold by the patent owner or with his consent outside the country and have been imported into the territory of Romania. Whilst the courts have not yet addressed this issue the doctrine believes that national exhaustion applies. Consequently the right owner should be able to object to parallel imports that are found on the market, even if the border measures do not apply to them.

p) Representation

In any proceedings before the OSIM the applicant, owner or any other interested person may be represented by a representative. For persons not having their domicile or registered office in the territory of Romania representation is compulsory with certain exceptions such as filing an application to be accorded a filing date and payment of a fee.

q) Reinstatement of rights

Article 46 provides for reinstatement of rights where the patent applicant or owner, for legitimate grounds, was unable to observe a time limit in proceedings before the OSIM. Certain time limits are excluded from this general possibility.

Furthermore, Article 38 provides for reinstatement of rights, where the patent was lost because of failure to pay a fee (Article 45(3)).

r) Cancellation (Article 40)

The patent may be cancelled wholly or in part at the request of an interested party, because the conditions of patentability were not met. The Municipality Court of Bucharest is competent for such requests, and its decisions may be appealed to the Court of Appeal of Bucharest. The decisions of the court of Appeal may be appealed to the Supreme Court of Justice. See also below (v)(bb) for revocation.

s) Foreign patents (Article 43)

Inventions made by Romanian natural persons on the territory of Romania may not be patented abroad until a patent application has been registered at the OSIM!

For the registration of international applications with a view to patenting the inventions in other States pursuant to the PCT, OSIM acts as receiving Office.

t) Transfer of rights (Article 47)

Transfers of rights may be effected by assignment, by the grant of exclusive or non-exclusive licenses or by legal or testamentary succession. The transfer is binding on third parties only as from the date of publication in the Bulletin of the mention of the transfer registered at the OSIM.

u) Compulsory license (Article 48 to 52)

Such license may be granted by the Court of Bucharest after four years have elapsed from the date of filing or three years from the grant of the patent, whichever period expires later. The provisions are very detailed and based on Article 31 TRIPS. The license can only be granted where the invention has not been exploited and where no agreement has been reached with the patent owner regarding the conditions and commercial methods for using the invention. Imports are covered by the term "exploitation".

Article 50(1) provides that the compulsory license shall not be transferred otherwise than with the part of the enterprise or the stock of goods benefiting of such use (this is in line with Article 31(1)(e) TRIPS). However, paragraph 2 states that this provision shall not apply where a compulsory licence has been granted pursuant to Article 48. This seems to be a clear contradiction, since Article 48 is exactly the article of the law that provides for the cases in which a compulsory license may be granted.

v) Means of legal redress, revocation

aa) Appeals in proceedings (Article 53)

Decisions of the OSIM may be contested within three months to the re-examination board within the Appeal Department of the OSIM.

bb) Revocation (Article 54)

Any interested party may apply to the re-examination board for revocation of the decision to grant a patent, *within 6 months of its publication*, on the grounds that the conditions for patentability were not met (see also above (r) on cancellation).

cc) Appeals (Article 56)

The decisions of the Re-examination Board may be appealed within 30 days to the Court of Bucharest, whose decisions may be appealed to the Appeal Court of Bucharest.

## 2. Law on the Protection of Topographies of Integrated Circuits

This Law has been adopted on March 162, 1995 in order to comply with Articles 35 to 38 of the TRIPS Agreement

It protects topographies through registration at the Patent Office for a term of 10 years. The registrant has the right to exploit the topography and to allow or forbid others the exploitation (Article 20). Article 22 defines exploitation as reproduction, *importation*, sale and distribution in any manner for commercial purposes of the topography or the integrated circuit incorporating it.

The topography may be cancelled (Article 38) and transferred (Article 30) and the Court of Bucharest may grant a compulsory licence (Article 33) for reasons comparable to the provisions for patents.

In view of the restricted applicability of this Law I do not describe its contents in detail.

## 3. Law on the Protection of New Plant Varieties.

Romania does not (anymore) provide for patent protection under the Patent Law for plant varieties rather regulates their protection in a law sui generis.

The OSIM grants under the conditions set out in the law a plant patent if the variety is new, distinct, uniform, stable and designated by a denomination (as regulated in Article 15). The OSIM carries out formal and substantive examination and a technical examination (Article 16 to 18). The protection period is 25 years and the owner benefits from an exclusive right of exploitation. The details of procedure and protection are very similar to the corresponding provisions of the Patent Law. As mentioned above 1 (n), based on a draft law pending in the Parliament, it will also be possible to apply for a supplementary protection certificate for plant protection products in the same manner as for pharmaceutical products.

## 4. Law on Marks and Geographical Indications

The law deals only with marks and geographical indications, even if other industrial property rights may serve as basis for opposition.

The English translation of the Law on Marks and Geographical Indications has been provided by WIPO on the basis of a French translation furnished by the Romanian authorities.

### a) Definition of a mark (Article 3 a)

“Mark” means any sign capable of graphic representation serving to distinguish the goods or services of a natural or legal person from those of other persons; marks may be constituted by distinctive signs such as: words, including personal names, devices, letters, numerals, figurative elements, three-dimensional shapes and, particularly, the shape of goods or of packaging thereof, combinations of colours, together with any combination of such signs.

Whilst sound marks and other non-traditional marks are not expressly listed, the enumeration is not exhaustive. According to the OSIM sound marks may be registered, however smell marks and colour per se are considered not to be able to be graphically represented. Considering the recent very restrictive jurisprudence of the European Court of Justice, this Office practice is not very different from the practice in the EU, even if colour per se may be registered in the EU. This question may have to be decided by the courts.

b) Protection by registration (Article 4)

The right to a mark is acquired and protected by registration with the OSIM. Protection of unregistered well-known marks is recognized in the registration procedure (below d).

c) Absolute grounds for refusal (Article 5)

These are in principle the same grounds of refusal as applicable for a Community Trade Mark (CTM). Furthermore, marks are refused, if they contain, without the consent of the owner, the portrayal or surname of a person of repute in Romania. As for the CTM, the ground for refusal of lacking distinctiveness, descriptiveness or having become customary in trade may be overcome by acquired distinctiveness.

d) Relative grounds for refusal (Article 6 to 8)

Earlier marks are a ground for refusal, where they are identical and the goods or services are identical. Romania thus follows the EU approach that is more favourable to trademark owners than the minimum standard of Article 16(1) TRIPS. In case of similarity, the mark is refused if there exists a likelihood of confusion on the part of the public (wording close to that of the CTM).

A mark is also refused if it is identical or similar to a mark that is well-known in Romania for goods or services that are identical or similar. If the goods or services of the well-known mark are not similar, the mark is refused where its use without due cause could take undue advantage of the distinctive character or the repute of the well-known mark or where such use could cause prejudice to the owner of the well-known mark.

Whilst marks having (only) a reputation do not enjoy such protection in the application procedure, the law uses the criteria of the protection of marks having a reputation of the Community Trade Mark system for the protection of well-known marks instead of the stricter conditions which may be imposed under Article 16(3) TRIPS. The “well-known mark” must according to Article 3 c) be well known in Romania. In order to determine whether a mark is well-known account shall be taken of its repute in that sector of the public concerned by the goods or services to which the mark applies, without being necessary for the mark to have been registered or used in Romania. This language, together with further criteria to be taken into account in the procedure according to Article 20 (below f) aa)) is influenced by the WIPO Joint Regulation on well-known marks (even if the Recommendation was adopted in 1999 only, the representative of the OSIM participating in the WIPO meetings where the draft was discussed, apparently took the essential provisions of the draft on board).

Furthermore, Article 7 provides that a mark may nevertheless be registered with the express consent of the owner of the earlier or well-known mark.

Finally Article 8 repeats the principle of Article 15(4) TRIPS that the nature of the goods or services for which registration of a mark is requested in no case represents an obstacle to the registration of the mark.

e) Application for registration of a mark (Art 9 to 16)

The application receives a filing date where particulars of the identity of the applicant, a reproduction of the mark and a statement of the goods or services, drafted in Romanian, are filed with the OSIM (regular national filing of the mark). Within three months from that date, proof of payment of the application and examination fee must be submitted (Article 15).

In line with the Trademark Law Treaty the applicant may, in each stage of the registration proceedings, divide his initial application into two or more applications (for details see Article 16).

If the application is filed by a representative, a power of attorney must be submitted (Article 14 with Rule 4(4) of the Regulation concerning general powers of attorney). The Rules also provide that an applicant or owner of a mark who does not have his domicile or establishment in Romania must be represented in the procedures before the OSIM.

The usual priority dates may be claimed.

f) Registration procedure (Article 17 to 28)

aa) Examination

The OSIM examines the application on formal and substantive grounds, including relative grounds for refusal (above d). Where the possible ground for refusal is a well-known mark, Article 20 lists a number of criteria to be taken into account by the examiner in order to determine whether the earlier mark is well-known. These criteria include the duration and scope of use and of publicity, the geographical area of use, the degree of recognition on the market by the sector of the public to which it is addressed, all these factors in relation to the territory of Romania, and the existence of identical or similar marks for identical or similar services belonging to a person other than the person who claims that his mark is well known.

If the examiner is of the opinion that the application does not satisfy the conditions for registration, the applicant is invited to submit observations within three months, a period that may be prolonged by further three months.

Thereafter the OSIM decides to register the mark (for all or a part of the goods or services), or to refuse the application.

bb) Opposition

Upon publication of the acceptance of the application the following persons may file opposition with the OSIM:

The owner of an earlier mark, of a well-known mark, of an earlier right in a portrayal or a surname, of a protected geographical indication, a protected industrial design, of any other protected industrial property right or copyright, or any other concerned person. This goes far beyond the grounds for opposition in the CTM system, but does not expressly include trade names that are a ground for opposition in that system. However, since trade names are covered by the definition of industrial property in Article 1(2) of the Paris Convention, they may be considered to be covered by the language "or any other protected industrial property right".

There is no provision in the law that the owner of a registered mark must on request of the applicant furnish proof that his mark has been used during the last five years. However, this requirement is contained in the Regulation (Rule 19(8)).

The Regulation also provides in Rule 19(12) that the owner of a mark can oppose the registration of his mark by a representative in its own name without the consent of the owner (Principle of Article 6*septies* PC, also recognized in the CTM Regulation).

The opposition is decided upon by a Commission of the OSIM, consisting of three specialists. The applicant may appeal this decision to the Appeal Board of the OSIM. Appeal from a decision of the Appeal Board lies with the Bucharest City Court (with further appeal to the Bucharest Court of Appeal).

Following the final decision to register a mark it is entered in the National Trademark Register and the OSIM issues a certificate to the owner against payment of the prescribed fee.

g) Duration, renewal and amendment of registrations for marks

The mark is registered for ten years beginning with its filing date and may be renewed for further periods of 10 years (Article 29).

During the term of protection the owner may request to make non-essential amendments to certain elements of the mark, on the conditions that the modifications do not affect the general appearance of the mark (Article 33).

h) Rights conferred by a mark

The registration confers to the owner of the mark an exclusive right. Its scope is defined in Article 35 using the same wording as used for the scope of the exclusive right to a CTM in Article 9(1) and (2) CTM Regulation. Consequently also a mark having a reputation is protected against dilution (whilst in the examination procedure only well-known marks are mentioned as earlier rights). Romania has therefore made use of the option of Article 5(2) of the EU Harmonization Directive when defining the rights conferred by a mark, has however not made use of the option of Article 4(4) to consider an earlier mark having a reputation as a sign that may prevent the application for a mark from registration if that earlier mark is registered for non-similar goods or services (above d). Furthermore, in the context of the exclusive rights of the owner of a mark, well-known marks are not mentioned. As a consequence, the owner of a well-known mark has a right to oppose a trademark application and to request cancellation of a registered mark, however, no right is given against the *use of a sign* that would infringe his mark. Also the Unfair competition Law does not contain such provision.

Prohibition of infringement may be requested after publication of the mark and damages may be claimed subsequent to publication under the general rules of law. However, a decision ordering payment of damages is enforceable only as from the date of registration of the mark (Article 36).

The right to the mark cannot be invoked where the goods have been put on the market by the owner himself or with his consent. The text does not expressly say that the goods must have been put on the market in Romania, it is therefore a question of interpretation whether national or international exhaustion applies. Whilst the courts have not yet addressed this issue, the doctrine believes that national exhaustion applies. Consequently the right owner should be able to object to parallel imports that are found on the market, even if the border measures do not apply to them (see Part III 4).

The owner cannot exercise his rights in the cases listed in Article 38, corresponding to those of Article 6 of the Harmonization Directive.

i) Transfer of rights

As in the patent field, transfer includes assignment or licence of the rights in a mark.

aa) Assignment (Articles 40 to 41)

Assignment may be effected independently of the transfer of the business for all or a part of the goods or services for which the mark is registered. However, identical or similar marks of the same owner that are used for identical or similar goods or services, may be assigned only as a whole and only to one person.

The assignment may be invoked against third parties only as from the date of entry in the Trademark Register.

bb) License (Articles 42 to 43)

The use of a mark may be licensed for the whole or a part of the territory of Romania and for all or a part of the registered goods or services. The license may be exclusive or non-exclusive. Also the license may be invoked against third persons as from the date of its registration in the Trademark Register. This language is different from that of the Patent Law where the transfer is *binding on third parties* with publication of the registration in the Bulletin.

The owner may invoke the rights in his mark against a licensee who contravenes any provisions with regard to duration, the form of the mark and the nature of the goods or services, the territory in which the mark may be used or the quality of the goods manufactured or services provided by the licensee (in accordance with Article 8 of the Harmonization Directive).

Furthermore the licensee is required

- to use, for the goods on which the mark is affixed, only the mark that is subject of the license contract, whilst remaining free to affix on such goods signs which show that he is the manufacturer; and
- to add the term "under license....." to the licensed mark affixed on the products.

Rights of the licensee are not dealt with in the Harmonization Directive. The Romanian Trademark Law provides for such rights following the provisions of Article 22(3) and (4) of the CTM Regulation. Consequently also in Romania the exclusive licensee may, after having notified the owner of the mark of infringing acts and if the owner has not acted within the time limits prescribed by the licensee, institute infringement proceedings! He may also, in infringement proceedings brought by the owner, intervene in order to obtain compensation for damage suffered by him.

k) Loss of rights in a mark (Article 44 to 50)

aa) Surrender

The owner of a mark may surrender it (Article 44). However, if a license is registered, the owner must prove that he has informed the licensee of his intention to surrender the mark (following Article 49(3) of the CTM Regulation).

bb) Revocation for non-use and other reasons

Revocation is provided in Article 45 for the same grounds as provided in Article 12 of the EC Harmonization Directive, such as non-use during five years. According to Article 46 the same acts as listed in Article 10 of the Harmonization Directive are considered effective use of a mark. It is added that also the impossibility of using the mark due to circumstances beyond the control of the owner of the mark is considered to be effective use (in line with Article 19 TRIPS).

Article 47 provides that the burden of proof of use of the mark rests with the owner of the mark and that proof may be furnished by any means.

cc) Cancellation

Article 48 provides that a cancellation action may be brought to the Bucharest City Court on the following grounds:

- the mark was registered contrary to the provisions of Article 5(1) and 6 (absolute and relative grounds for refusal);
- the registration infringes a right of personal portrayal or a right to a name or a protected geographical indication or a protected industrial design or other industrial property right or copyright;
- registration of the mark was applied for in bad faith.

The latter ground may be invoked at any time. However, the time limit for cancellation proceedings on the other grounds is five years from the registration date of the mark. This is quite a rigid rule, not allowing on the one hand the owner of an earlier right to introduce cancellation proceedings if he has tolerated the *registration* (not the *use*; acquiescence is dealt with in Article 49!) of the younger mark during five years, and also not allowing cancellation even of a generic term that has been registered for five years; however allowing on the other hand cancellation of a descriptive term after up to five years from registration, even if the sign in the meantime has become distinctive through use of the owner of the registered mark (in such cases a CTM registration may according to Article 51(2) not be declared invalid). Furthermore it is expressly provided that cancellation may not be applied on the ground that the mark conflicts with an earlier mark if such mark does not satisfy the conditions on effective use of the mark in Articles 45 and 46.

As mentioned before, Article 49 excludes a cancellation action based on an earlier mark where the owner has acquiesced in the use of the subsequently registered mark. In that case the owner of the earlier mark also cannot oppose the use of that mark and also the owner of that mark may not oppose use of the earlier mark (as in the CTM system).

Whilst it is no doubt important that registration in bad faith is a ground for cancellation, it would probably be preferable if the OSIM also examined applications on bad faith, as provided as an option in Article 3(2)(2) of the Harmonization Directive. It is true that also the CTM Regulation considers application in bad faith only as ground for cancellation. However, this is logical in the context of the CTM system where earlier rights are not examined by the OHIM. Since the OSIM examines the application also on earlier rights, it would be appropriate to also examine on bad faith or at least to allow third persons to oppose the application on such ground. This could, even based on the text of the law, be interpreted to be possible since opposition is according to Article 23, amongst other grounds, given to "any other concerned person". However, in a decision rendered in June 2004, the Examination Committee of the OSIM declined to consider bad faith of the applicant with reference to Article 48 (case 1007964/2003; GM vs. Rute).

l) Collective marks and certification marks

The law provides both for protection of collective marks and for protection of certification marks.

aa) Definitions

Collective marks and certification marks are defined in Article 3 (d) and (e).

Collective marks serve to distinguish the goods or services of the members of an association from those of other persons, whilst certification marks indicate that the goods or services are certified by the owner with regard to the quality, material, method of manufacture of the goods or mode of provision of the services, precision or other characteristics.

Collective marks may be applied for registration by associations of manufacturers, producers, suppliers of services or traders (Article 51)

Certification marks may be registered with the OSIM by legal persons with statutory powers to supervise the goods or services in accordance with the definition mentioned above (Article 57).

bb) Applicable provisions

Unless otherwise provided in the law, collective and certification marks are subject to the provisions on individual marks (Article 56 respectively Article 64).

As concerns the requirements for filing (submission of regulations governing the use of the mark and their contents) and additional grounds for refusal, the provisions are quite similar. Also opposition is in both cases given to the same persons that may oppose an individual mark (Article 52(2) respectively Article 60).

Any concerned person may apply to the Bucharest City Court for cancellation within five years from registration if any of the items (a), (b), (d) or (e) of Article 48 (above 4 (k)(cc)) are applicable. Without that time limit cancellation may be requested if the registration of the mark has been applied for in bad faith or if the mark has been registered contrary to the specific provisions relating to collective marks of Article 51 or relating to certification marks of Article 58 (Article 55 respectively Article 61(2)).

For collective marks additionally the following grounds for revocation are provided in Article 54: The mark has not been used for five years, the owner has used the mark in a manner other than that provided for by the regulations or has not taken steps to prevent such use, and if the manner in which the mark has been used has caused it to become liable to mislead the public.

For certification marks Article 61(1)(b) provides as additional ground for cancellation that the mark has been registered contrary to the provisions of Article 3(e); see above aa).

cc) Further specific provisions for certification marks (Article 62 and 63)

The legal owner of the mark may not transfer it. Transfers are decided by the Government (as said before, the term "transfer" includes assignments and licences).

Furthermore, if a certification mark ceases to be protected, it may not be the subject matter of an application for registration nor be used prior to the expiry of 10 years.

m) International registrations

Article 65 provides that the provisions of the law apply to international registrations made under the Madrid Agreement or the Madrid Protocol, which have effect in Romania, unless otherwise provided in the treaties. Rule 36 confirms that such registration is submitted to substantive examination on absolute and relative grounds for refusal and that it has the same

effect as if the mark had been deposited direct with the OSIM. Furthermore, the rule provides in its third paragraph that the international registration is registered in the National Register of Marks.

Less clear is the provision that deals with international applications made by a person having the OSIM as its Office of origin. Article 66 in its English translation has the following wording:

“An application for international registration of a mark entered in the National Trademark Register, in accordance with the Madrid Agreement, or an application for international registration of a mark registered or entered in the National Trademark Register, in accordance with the Protocol to that Agreement, shall be examined by the OSIM against payment of the prescribed fee.”

This text, at least in its English translation, does not make it sufficiently clear that an application for international registration may, under the Protocol, be based on a national application, and it is difficult to understand what is meant with the “examination” of the international application by the OSIM (since the OSIM has only to check whether the international application is identical with the national application or registration). However, the text has of course to be interpreted in line with the Madrid Treaties, as stated in Art. 65. Furthermore, the Regulation under the Law provides in Rule 35(1) that an international application is deposited at the International Bureau through the intermediary of the OSIM and that the application is signed by the OSIM as Office of Origin, and in Rule 35(2) that the international fees must be paid direct with the International Bureau.

n) Geographical indications

aa) Definition and protection

The geographical indication is defined in Article 3(f) as the name serving to identify a product that originates in a country, region or locality of a State, where a certain quality, reputation or other characteristic may be *essentially* attributed to that geographical origin. This definition corresponds to the definition in Article 22(1) TRIPS and is closer to the definition of a “designation of origin” in the EU Regulation 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs than to the definition of a “geographical indication” in that Regulation (which only requires that the specific quality, reputation or other characteristics is “attributable” to that geographical origin).

Article 67 provides for protection of geographical indications by registration with the OSIM in the National Register of Geographical Indications. Excluded from the registration procedure of the law are those geographical indications that are protected by bilateral or multilateral agreements.

Registered geographical indications may be used only by persons who manufacture or market the products for which they have been registered.

Until now about 30 geographical indications are registered at the OSIM.

bb) Registration procedure

Applications may be filed by associations of producers pursuing production activities in the geographical area relating to the products stated in the application.

Rule 38 of the Regulation regulates in detail the requirements that must be fulfilled by an applicant in order to be able to have a geographical indication registered (such as a product

specification and a certificate of conformity from the Ministry of Agriculture and Food; and the documents required in the case of a foreign applicant).

The OSIM shall according to Article 69 register geographical indications and afford to the applicant the right to use them after the Ministry of Agriculture and Food or, as appropriate, the competent authority of the applicant's country of origin has certified:

- The geographical indication for which registration is sought;
- The products that may be marketed under that indication;
- The geographical area of production;
- The characteristics that the products must possess and the manufacturing criteria they must comply with in order to be marketed under that indication.

Article 70 excludes registration if the geographical indication

- Does not comply with the definition of item (f) of Article 3;
- Is the generic name of the good;
- Is liable to mislead the public;
- Is contrary to public order or to accepted principles of morality;

Rule 37(4) of the Regulation adds that a registered geographical indication cannot become generic.

#### cc) Opposition

With EC Council Regulation No 692/2003 of April 8, 2003 the Regulation 2081/92 has been substantially amended, particularly introducing in Article 12d a right for third parties in any member state of the WTO or a third country with which the EU has concluded an agreement to object according to Article 7(4) to the registration of a geographical indication in the Community. As condition for such agreement, a corresponding right must of course be given to owners of protected geographical indications in the EC.

Whilst the Law on Marks and Geographical Indications does not provide for any right of objection to right owners such as owners of an earlier mark, Rule 39(3) of the Regulations provides for a right of opposition within three months after publication of the decision of the OSIM to register the geographical indication on the grounds of Article 70 and also because the person has a legally founded interest in an earlier industrial property right where the geographical indication would conflict with that right. Thus the law may be considered to be in conformity with the European legislation, even if it would be preferable to have the provisions on the important right of opposition in the law.

#### dd) Registration and term of protection

The OSIM publishes the registered geographical indication and issues a registration certificate to the applicant. Whilst the term of protection of the geographical indication is without time limit, the right to use it is afforded for 10 years and is renewable as long as the conditions under which the right has been obtained remain applicable (Article 74)

Persons authorized to use a geographical indication for certain goods are entitled to use it in the course of trade, but only for those goods, and they may affix on such products the term "*registered geographical indication*" (Article 75).

It is prohibited for non-authorized persons to use a geographical indication or an imitation thereof even if the true origin of the products is shown or if terms such as kind, type,

imitation, and the like are added. This prohibition is expressly repeated for geographical indication for wines and spirits, where it is also expressly stated that authorized persons may take action against such use (Article 76).

- ee) The right to use a geographical indication may not be transferred (Article 78).
- ff) Cancellation of the geographical indication and revocation of the right to use it (Article 79)

Any concerned person may apply to the Bucharest City Court for cancellation of the registration if the geographical indication has been registered contrary to the provisions of Article 69 and 70 (above bb).

In the event of failure to comply with the quality criteria and the specific characteristics of the products of the region to which the geographical indication refers, the Ministry of Agriculture and Food or any other concerned person may apply to the Bucharest City Court for revocation of the rights of the persons authorized by the OSIM to use the registered geographical indication.

The final decision shall be communicated to the OSIM which shall cancel the geographical indication in the register.

- o) Appeal to decisions of the OSIM (Article 80 to 81)

The decisions of the OSIM in respect of the registration of marks and the entry of an assignment or a license agreement in the Trademark Register may be contested by the applicant or owner of the mark within three months of their notification to the Appeal Board of the OSIM. Its decisions may be appealed to the Bucharest City Court. Further appeal lies with the Bucharest Appeal Court. As concerns geographical indications, Rule 43 of the Regulation provides for appeal to the courts against decisions of the OSIM.

## **5. Protection of trade names**

Trade names are regulated in Law no. 26 of 1990 regarding the Trade Register, as republished on January 19, 1998. According to Article 30 of that law the exclusive right to use a trade name and an emblem depends on registration with the trade register, kept by the local Chamber of Industry and Commerce. A trade name is defined as the name or, depending on the case, the denomination, under which a trader carries on the trade and, under which he signs. The emblem is defined as the sign or denomination which differentiates a trader from another one of the same branch (this is a kind of business identifier as opposed to the full company name). Since OSIM, disposing of internationally experienced staff, is not responsible for trade names, it seems that the legislator of the Law regarding the Trade Register has overlooked that trade names, according to Article 8 of the Paris Convention, must be protected without the need for registration. Also the unfair Competition Law only prohibits the use of a "firm" in the same manner as the use of an invention, a trademark, an emblem of package etc., where such use creates confusion with those used by another enterprise and in the context this language apparently refers to a *registered* "firm"; see below 7 c).

## **6. Industrial Design Law**

- a) Protection of industrial designs

Industrial designs may be protected in Romania by registration at the OSIM when they are new and have an individual character (Articles 1 + 9)

aa) Definition

The industrial design is defined in Article 2d) as the outer two-dimensional aspect of a product or of a part thereof, resulting from the combination of the main features, particularly lines, outlines, colours, shape, texture and/or materials and/or the product ornamentation per se. Furthermore, there is a definition of a “model” being the outer three-dimensional aspect of a product or of a part thereof resulting from the combination of the main features, particularly lines, outlines, colours.

bb) “New” (Article 9)

An industrial design is deemed to be new if no identical industrial design was rendered available to the public prior to the date of filing the application for registration or, if priority was claimed, before the priority date (identical means that the characteristic features differ only in insignificant details).

Article 10 explains in detail in which cases the design is deemed to have been rendered available to the public. The wording does not say expressly that the design must be made available to the public in Romania in order to lose novelty. An indication that national novelty is intended to be applied is given in the definition of the so-called “utility model) in Article 2(i) expressly referring to worldwide novelty (see below b), dd).

cc) Individual character (Article 9)

An industrial design is deemed to have an individual character if the overall impression that it has on the experienced user differs from the one made upon the same by an industrial design rendered available to the public before the date of filing (or the priority date).

dd) Component (Article 9)

If the design constitutes a component of a complex product it must remain visible during the normal use of the product and must itself fulfil the conditions concerning novelty and individual character.

ee) Exclusion from protection

An industrial design determined exclusively by a technical function cannot be registered (Article 11). Industrial designs whose purpose and appearance are contrary to public order and good manners are excluded from protection.

b) Application for registration

aa) Contents of application

The national application must amongst others contain a graphic representation in three copies and a description of the novel characteristic elements of the designs as they appear in the graphic representation (Article 13(1)). In case of a two-dimensional design the graphic representations may be accompanied by three specimens (Article 14(2)). This language seems to indicate that the design may also be three-dimensional, even if the definitions use in that case the term “model”.

The application may contain, amongst others, a request to postpone the publication (Article 13(2)).

bb) Filing date and registration

The application and the description drawn up in Romanian, accompanied by the graphic representation or specimen constitutes the regular national deposit.

The national application receives a filing date if at least the applicant's identification and the graphic representations or specimens are received by the OSIM in one copy.

The regular national deposit as well as international deposits constituted pursuant the Hague Agreement are entered in the National Register of filed applications.

cc) Multiple deposit

Multiple deposits are possible under the conditions set out in Article 17.

dd) Priority (Article 18 to 21)

The regular national deposit ensures a right of priority. Priority may also be claimed by persons from States party to Conventions to which Romania is also a party.

Article 19(2) expressly provides that priority may also be claimed based on a utility model deposit. The utility model is in Article 1(i) defined as a creation which solves a technical problem, particularly with regard to the construction shape, the assembling of a product, and which has worldwide novelty. However, according to the advice received at the OSIM there exists no law on the protection of utility models.

c) Preliminary examination and publication (Article 23)

The application is subject to a preliminary examination as to the compliance with the filing requirements. If there are no irregularities or these are remedied, the data of the application are published in the Bulletin of the OSIM. The applicant may request the postponement of the publication for a period not exceeding 30 months.

The publication of an international application by WIPO is considered to be a national publication.

d) Opposition (Article 24)

Interested parties may oppose the registration with OSIM within three months from publication, where the industrial design lacks novelty, is contrary to public order or good manners, the applicant is not the person who has first filed an application, or it incorporates without the owner's permission, a work protected by the Law on Copyright and related rights or any other protected industrial property right.

The oppositions are dealt with by a specialized board within three months from their filing.

e) Examination and registration (Article 25)

Within 12 months from publication the applications are examined by the Industrial Designs Examination Board of OSIM. If the application is accepted, the Board decides to grant the certificate of registration on the basis of an examination report.

The design is registered in the National Register of Industrial Design and published in the Bulletin.

f) Grounds for rejection of the application (Article 25(2))

The application is rejected if the conditions of Articles 2, 9-10 are not met or the provisions of Article 11 and 12 apply, or if the application incorporates without the owner's permission, a work protected by the Law on Copyright and related rights or any other protected industrial property right.

These provisions, and more generally the provisions of the Law apply also to international applications which extend their effects in Romania, unless otherwise provided.

g) Appeal

The decisions of the Examination Board may be appealed to the Board of Appeals at OSIM. Further appeal lies with the Administrative Claims Section of the Bucharest Municipality Court and from there with the Administrative Claims Section of the Court of Appeal of Bucharest.

h) Rights conferred

aa) Exclusive right

The registered owner has an exclusive right of exploitation of the industrial design (Article 33). The scope of protection is determined by its graphic representations and protection extends to any industrial design that does not produce a different overall visual impression on a qualified user (Article 34).

bb) Acts not covered by the exclusive right (Article 35)

These acts correspond to the acts not considered to infringe the exclusive rights of a patent owner.

cc) Exhaustion of rights (Article 36)

Article 36 provides that the rights cannot be exercised in case of putting on the market, on the territory of Romania, the products incorporating protected industrial designs previously sold by the owner or with his consent. This looks at first glance like national exhaustion and probably this is intended, however interpretation that it does not matter where the owner or a third person with his consent sold previously the products is not excluded. Whilst the courts have not yet addressed this issue the doctrine believes that national exhaustion applies. Consequently the right owner should be able to object to parallel imports that are found on the market, even if the border measures do not apply to them (see Part III 4).

dd) Temporary protection of the application (Article 37)

With the publication of the application the person entitled to be granted the certificate of registration enjoys the same exclusive rights, including the right to receive damages. However, the title for payment of damages may be executed only after issuance of the registration certificate.

i) Period of validity (Article 38)

The design is registered for 10 years and may be renewed three times for five years, subject to the payment of the maintenance fee.

k) Marking (Article 40)

The owner of the registration certificate may affix on the products the sign “D” in a circle, accompanied by the owner’s name and the number of the certificate.

l) Transfer (Article 41)

The rights may be transferred by succession, assignment or licence. The transfer *must* be registered with the OSIM and will produce effects in respect of third parties on the date of publication in the Bulletin.

m) Registration abroad and international registration

Similar to the Patent Law the law provides in Article 43(1) that the registration abroad of an industrial design created in Romania shall be made by the person entitled to be granted the certificate only after filing the application with OSIM!

As concerns international registrations under the Hague Agreement in the name of persons in Romania, Article 43(2) gives the choice to file them direct with WIPO or through the OSIM.

n) Cancellation

The certificate of registration of the industrial design may be cancelled, wholly or in part, at the request of an interested person, when it has been ascertained that the conditions for protection were not fulfilled at the date of filing the application. The Municipality Court of Bucharest is competent for that action. The cancellation decision is filed with the OSIM and published in the Bulletin.

## **7. Law on the repression of unfair competition**

The consolidated version of the original law and its amendments of law no. 298/2001 has been made available only in an unofficial translation that differs largely from the corresponding text versions of the original law. Already the title is now “Law on fighting against unfair competition” and it is difficult to know whether also the Romanian version of the title has changed. In view of the many substantive changes that have been introduced in 2001, the following summary is generally based on the new unofficial version.

a) Acts of unfair competition

Article 1 obliges the traders to exert their activity in good faith, according to honest customs, in respect of the consumer interests and of fair competition conditions. According to Article 2, any act or fact contrary to honest customs in industrial activity and trade of goods, activity of execution of works and providing services is considered unfair competition. The infringement of these principles attracts civil or even penal responsibility.

The law contains in its paragraph 4 a number of acts considered to be infringements (administrative offences) and in Article 5 a number of acts considered to be criminal offences, complemented in Articles 9 ff by provisions about civil responsibility (see Part III).

b) Trade secrets

The law in its most recent version contains detailed provisions for the protection of trade secrets which apparently are influenced by Article 39 TRIPS.

aa) Definition

According to the new Article 1.1

- (a) is considered as being against the honest commercial customs the use in an unfair way of the commercial secrets of an enterprise by practices like unilateral non-execution of the contract or use of unfair procedures; abuse of the trust, inciting at offences and acquiring commercial secrets by third parties, being aware of the fact that this acquiring implies such practices, able to affect the position of the competitive traders on the market;
- (b) is considered as commercial secret the information that, in total or in exact connection of its elements, is not generally known or is not accessible to the persons from the environment that is used to this kind of information and which gains a commercial value by the fact that it is a secret, and the owner took reasonable measures, having regard to the circumstances, to maintain it in a secrecy regime; the commercial secret is operating so long as these conditions are fulfilled.

bb) Administrative offence

According to Article 4 are considered “infringements” (contraventions; administrative offences) the following acts, *unless they have been committed under such circumstances as to be considered an “offence according to criminal law”* (criminal offence):

- (b) disclosure, acquiring or using of a *commercial secret* by an enterprise or an employee of the trader, without the consent of the legitimate owner of the commercial secret.

In the other subparagraphs of Article 4 typical acts of unfair competition and of misleading advertising are listed that are not of interest in the context.

The contravention stipulated under (b) is sanctioned with fines between 10 million and 100 million lei. Furthermore it is stated that the amount of fines will be updated by Government Decision, according to the inflation rate. The sanction may also be applied to legal persons.

The Ministry of Finances is competent for applying these fines on complaint of the aggrieved person, of the Chambers of Commerce and Industry or *ex officio* (until recently the Competition Office was competent for antitrust and unfair competition matters; antitrust matters are now in the competence of the Competition Council and the Ministry of Finance has been entrusted with unfair competition matters; see below Part III, A, 3 a)).

These provisions are according to the last paragraph of Article 4 completed by the provisions of Law no. 32/168 on establishing and sanctioning offences, with the modification that the prescription time is 3 years.

cc) Criminal offence

Even if trade secrets are, under Article 4 of the unfair competition law, generally only sanctioned with fines, certain important acts of using a commercial secret are listed in Article 5, dealing with criminal offences (see also below c), in its subparagraphs (c)-(f):

- c) using with commercial purpose the results of experimental data obtained with great effort or of any other linked secret information, transmitted to the competent authorities in order to obtain the necessary trading authorizations for pharmaceutical goods or chemical goods for agricultural purposes;
  - d) disclosing information under letter c), except in the cases when the disclosure is necessary for the protection of the public or where measures have been taken to ensure that the information is protected against unfair use in commerce, if it is coming from competent authorities;
  - e) disclosure, purchasing or using a commercial secret as a result of espionage;
  - f) disclosure or using a commercial secret by persons from public authorities and by persons empowered by the legitimate owner for representing them in front of public authorities;
- dd) Criminal Code

In addition to the provisions of the Unfair Competition Law, article 298 of the *Criminal Code* protects trade secrets, providing for imprisonment from two to seven years for the disclosure of a trade secret by a person that has been entrusted with the secret information based on its position. For other persons the sanctions go from six months to five years.

c) Protection of industrial property and “firms” through the unfair competition law

According to Article 5 the following is considered a criminal offence and is punished with prison from 6 months to 2 years or with a fine from 25 million to 50 million lei:

- a) using a firm, invention, trademark, geographic indication, industrial design, a topography of an integrated circuit, an emblem or package, creating confusion with those used by another enterprise;
- b) trading falsified and/or counterfeit goods, misleading the consumer as to the quality of the goods or services;
- g) production in any way, import, export, storage, offering for sale or selling goods or services with false information about patents, marks, geographical indications, industrial designs, topographies of integrated circuits, other types of intellectual property as exterior aspect of a firm, design of a shop, windows, or of clothes of the staff, advertising methods, origin and characteristics of the goods, and as regards the name of the manufacturer or trader, with the purpose of misleading other traders and consumers.

These provisions are no doubt very important, since they establish criminal offences, and particularly because they establish *civil responsibility* of the person that commits one of these acts of unfair competition, which are not only relating to industrial property rights, but also cover trade dress imitations of different kinds (“package” is listed in subparagraph a), “exterior aspect of a firm, design of a shop, windows, or of clothes of the staff, advertising methods” are listed in subparagraph g).

## 8. Consumer Protection Law

The Consumer Protection law is a comprehensive law, giving the National Authority for Consumers Protection competences and responsibilities in the official control of foodstuffs, in order to care for the safety of products and services, or the correct, complete and precise information of consumers and other aspects of consumer protection. The Law is important in the context of industrial property because it also deals with counterfeit goods:

According to Article 4, the manufacturing, import and marketing of falsified or counterfeit products is prohibited

According to Article 46, the break of the provision of Article 4 is considered to be an offence, unless the act is considered according to penal law as criminal offence. In the latter case, Article 49 provides that the case will be *notified to the competent court* by the body whose officer made the finding for applying the sanction of Imprisonment.

To the extent that such act is considered to be an administrative offence (contravention), the National Authority for Consumer Protection is the principal competent body (see below Part III, A, 3 a)).

### **C. Recommendations**

Considering the Romanian substantive industrial property law it can be stated that a great legislative effort has been undertaken since 1990 and that today Romania has very modern and effective laws in that field. Romania has indeed succeeded in its aim to provide for industrial property legislation that is harmonized with European legislation and is in line with the respective provisions of the TRIPS Agreement. The following recommendations must be understood on this background.

#### 1. Patents

No doubt it will be important that the Draft Law on the Supplementary Protection Certificate for Pharmaceutical and Plant Protection Products will soon be adopted and enter into force.

As concerns the Patent Law itself, the meaning of Article 50(2) must be clarified. If this article really provides that compulsory licenses granted pursuant to Article 48 may be freely transferred (as the English translation proposes) it is recommended to delete it.

#### 2. Trademarks and geographical indications

##### a) Mark having a reputation

In a future revision it should be provided that a mark having a reputation (without being a well-known mark) is considered to be a relative ground for refusal under the same conditions as now listed for well-known marks in Article 6(e). At present the owner of such mark must introduce a court action in order to pursue his rights, whilst a large number of other industrial property rights are a basis for opposition.

##### b) Well-known marks

At the same time the owner of a well-known marks should, in addition to the protection provided in the trademark registration procedure, which is taking into account the most recent standards as provided in the WIPO Recommendation on the protection of well-known marks, also be given an exclusive right that would allow him to take action against the *use of an infringing sign* under the same up to date conditions.

##### c) Principles of substantive law in the Regulation

A number of important provisions of substantive law are not contained in the Law itself, but in the implementing Regulations. It is recommended to include in the future at least the following principles into the Law itself:

- In opposition proceedings the owner of a registered mark must on request of the applicant furnish proof that his mark has been used during the last five years (Regulation Rule 19(8)).
- Rule 39(3) of the Regulations provides for a right of opposition within three months after publication of the decision of the OSIM to register a geographical indication on the grounds of Article 70 and also because the person has a legally founded interest in an earlier industrial property right where the geographical indication would conflict with that right.

d) Cancellation action

Article 48 provides for cancellation of a mark that should not have been registered because of absolute or relative grounds. However, such action is precluded after 5 years.

This rule is on the one hand very rigid for owners of earlier rights (it goes beyond acquiescence following toleration of use of the registered mark during five years, which *also* is provided in the law). On the other hand, it should be provided that a mark that has been registered despite the fact that it was not distinctive cannot be cancelled even before 5 years have lapsed if the mark has in the meantime become distinctive through use.

3. Trade names

Based on the laws made available it seems that trade names are only protected, under the Trade Register Law, when they are *registered* with the Chamber of Industry and Commerce (Article 30 of the Law). Article 5 of the Unfair Competition Law, as modified, provides in the unofficial English translation given to us: "It is considered a criminal offence: a) using a *firm*, invention, trademark, geographic indications, industrial design or model, or topography of an integrated circuit, emblem or package producing confusion against those used by another enterprise". The only term which clearly refers to something that is not in itself a registered right, is the term "package". Even the term "emblem" is used in the Trade Register Law, where it is provided that both trade names and emblems, as understood by the law, must be registered in order to be protected (see above B 5). Consequently, in the context of Article 5(a) it seems clear that the term "firm" must be interpreted to refer to a registered trade name respectively company name. Probably this is not just a translation problem. Therefore it is recommended to change the Unfair Competition Law in order to make it clear that a trade name is protected against its use in an unfair manner without being registered, as requested by Article 8 of the Paris Convention.

Furthermore, clear language in the Trademark Law would be useful to indicate that not only rights in a surname but also rights in a trade name may be a basis for opposition (Article 23) and for a cancellation action (Article 48). The English translation provided by WIPO on the basis of the French translation of the Romanian original text uses in Art. 23 the term "right in a surname" and in Article 48 the term "a right to a name". Should this only be a problem of translation, the English translation should be modified.

## Part II: Copyright and Related Rights

### A. Legislative framework for the protection of copyright and related rights

This part outlines the legal basis for the protection of copyright and related rights and gives an overview of the official institutions which play an important administrative role in this field.

#### 1. Laws dealing with the protection of copyright and related rights

Copyright protection has been in existence in Romania since 1862. First, copyright protection was included in a more rudimentary form in the Press Law of 1862. These provisions were superseded in 1923 by a new Copyright Law which remained in force until 1956 when the country adopted a new copyright statute, Decree No. 321 of 18 June 1956 Relating to Copyright.

The currently applicable statute which repealed the previous Copyright Law of 1956 is the **Law No. 8 of 14 March 1996 on Copyright and Related Rights**, published in the *Monitorul Oficial al României* Part I No. 60 of 26 March 1996 and in force since 25 June 1996<sup>1</sup> as amended last in June 2004 (referred to as the "Copyright Law"). Copyright Law No. 8 of 1996 was supposed to implement those European Directives in the copyright field which were already in place at the time, except for the *sui generis* right of the database maker. Most recently, the Copyright Law was amended by **Law No. 285 of 23 June 2004 concerning the amendment and completion of Law No. 8/1996 on Copyright and Related Rights** with a view to implementing the WIPO Treaties as well as Directive 2001/29/EC of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (hereinafter referred to as the "Copyright Directive") and Directive 2001/84/EC of 13 October 2001 on the resale right for the benefit of the author of an original work of art (hereinafter referred to as the "Resale Right Directive". The recent amendment also implemented the *sui generis* right of the database maker as contained in Chapter III of Directive 96/9/EC of 11 March 1996 on the legal protection of databases. Law No. 285 was published in the Official Journal No. 587 of 30 June 2004 and entered into force 30 days thereafter. An unofficial English translation of the latest amendments was made available by courtesy of UPFR, the Romanian Association of Phonograms Producers.

The Copyright Law follows the continental-European tradition and consequently distinguishes between the protection of works under copyright and the protection of performers, producers of phonograms and of audiovisual recordings as well as of broadcasting organisations under a related right.

Apart from the copyright law, there are other laws which deal with the protection of certain aspects of copyright and/or related rights. For instance, Ordinance Nr. 45/2000 as modified by Law Nr. 624/2001 regarding certain measures to control the unauthorised production and commercialisation of phonograms regulates the use of holograms. A similar Ordinance exists in the field of audiovisual recordings.

#### 2. International Conventions

At present, Romania is a member of the following international conventions which govern the protection of copyright and/or related rights:

<sup>1</sup> An English translation of the Copyright Law of 1996 may be accessed at <http://clea.wipo.int>

- the Berne Convention for the Protection of Literary and Artistic Works;
- the Rome Convention;
- the Geneva (Phonograms) Convention;
- the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS);
- the WIPO Copyright Treaty (WCT); and
- the WIPO Performances and Phonograms Treaty.

Note that Romania has never been a member of the Universal Copyright Convention (UCC).

In more detail, the following should be noted with regard to Romania's membership in international conventions:

a) Berne Convention

Romania has been a member of the Berne Convention since 1 January 1927. However, Romania ratified the latest Act of the Convention, i.e. the Paris Act (1971) as modified in 1979 only with effect from 9 September 1998.

b) Rome Convention

Romania deposited its instrument of accession to the Rome Convention on 22 July 1998 and became bound by it as of 22 October 1998. Upon adhesion to the Rome Convention, Romania made a number of reservations in accordance with Articles 5(3), 6(2) and 16(1)(a)(iii) and (iv) of the Convention<sup>2</sup>:

- As far as the points of attachment for phonograms are concerned, Romania does not apply the criterion of fixation (Article 5(3) of the Convention).
- Broadcasts are protected only if the headquarters of the broadcaster are located in another Contracting State and the broadcast was transmitted from a transmitter situated in the same Contracting State (Article 6(2) of the Convention).
- Romania will not apply the provisions of Article 12 of the Convention, i.e. remuneration for the broadcasting and communication to the public of certain phonograms, if the producer of the phonogram is not a national of another Contracting State (Article 16(1)(a)(iii) of the Convention).
- For producers of phonograms who are nationals of another Contracting State, the scope and length of the protection provided for in Article 12 shall be limited to the extent to which and as long as that Contracting State grants protection to phonograms which were originally fixed by a national of Romania (Article 16(1)(a)(iv) of the Convention).

c) Geneva (Phonograms) Convention

Romania has been a member of the Geneva (Phonograms) Convention since 1 October 1998, having deposited its instrument of accession on 1 July 1998.

d) TRIPS Agreement

Romania has been a member of the World Trade Organisation since 1 January 1995 and is hence bound by the TRIPS Agreement.

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<sup>2</sup> Intellectual Property Laws and Treaties – September 1998, page 54.

e) WIPO Treaties

Romania has ratified both WIPO Treaties and became a member of the WIPO Copyright Treaty (WCT) with effect from 6 March 2002 and of the WIPO Performances and Phonograms Treaty (WPPT) from 20 May 2002.

f) Self-executing nature of international treaties

Pursuant to Article 11 of the Romanian Constitution of 1991, treaties ratified by Parliament in accordance with the law are part of Romanian law. International treaties are therefore not self-executing in Romania but require an act of parliamentary ratification. Also, in the majority of cases, after such ratification of a treaty by national law, internal legal provisions in order to transpose the treaty into the national legal framework are needed.

### 3. **Bilateral agreements**

Romania has concluded bilateral agreements, such as the Europe Agreement with the European Union or the Trade Agreement with the United States of 1992. These agreements also touch upon copyright and related rights and oblige Romania to reach a certain level of copyright and related rights protection and, inter alia, to adhere to the Paris Act of the Berne Convention as well as the Geneva (Phonograms) Convention.

### 4. **Institutions dealing with the protection of copyright and related rights**

The Copyright Law grants ORDA, the Romanian Copyright Office (“Oficiul Român Pentru Drepturile de Autor”) ample regulatory as well as administrative and enforcement powers. Article 138 of the Copyright Law lists the numerous duties and powers of the Romanian Copyright Office which may be summarised as follows:

- **Regulatory powers** including representation activities in international norm setting organisations (Article 138(1)(a) – (b), (o) Copyright Law);
- **Organisation and management of various registers**, including the repertoire administered by collecting societies, the National Register of works and the like as well as the endorsement of the registration of anti-piracy associations at the law courts (Articles 138(1)(c), (d), (f), 148 Copyright Law)
- Endorsement of the establishment of as well as supervision and control of **collecting societies** (Article 138(1)(e) and (h) Copyright Law);
- **Enforcement powers** consisting in the control of the observance of copyright and related rights law either ex officio or upon request by gathering evidence and applying administrative (contraventional) sanctions as well as by co-operating with criminal investigation bodies as well as managing a national database of contraventions sanctioned in this field and conducting technical and scientific expertise upon request from criminal investigation bodies (Articles 138(1)(g), (i), (j), (k), (m), 145 Copyright Law);
- Secretarial work with regard to **mediation procedures** provided for under the Copyright Law (Article 138(1) (l));
- **Information and training activities** with regard to copyright and related rights (Article 138(1)(n) Copyright Law).

In addition, according to Article 138<sup>4</sup> Copyright Law, there is also an arbitration body attached to ORDA in order to perform the various duties provided for under the Copyright Law.

While it is quite normal for National Copyright Offices to be given regulatory powers as well as to be entrusted with certain control powers, namely with regard to the setting-up and functioning of collecting societies, the wide enforcement powers granted by the Copyright Law to ORDA, which include apart from the power to apply administrative sanctions and conduct technical and scientific expertise even a role in criminal prosecution together with police and customs (Article 145 Copyright Law), are rather unusual. These large enforcement powers would appear to constitute a great challenge for ORDA both in respect of number of staffing as well as with regard to the degree of specialisation and expertise of the officials.

## **B. Substantive legal issues in the field of copyright and related rights**

### **1. Subject matter of protection**

As already indicated, the Romanian Copyright Law protects works under copyright and other objects under related rights. The *sui generis right* of makers of databases is also protected under the Copyright Law as a result of the most recent amendment.

#### a) Copyright

In accordance with the introductory part of Article 7, the protection of the Romanian Copyright Law extends to original works of intellectual creation in the literary, artistic or scientific field, regardless of their manner of creation, specific form or mode of expression and independently of their merit and purpose. The work is protected simply by virtue of its creation, independently of its disclosure to the public (Article 1(2) Copyright Law). This implies that the work is protected from the moment it is made, even if incomplete, without having to comply with formalities of any kind. As a consequence, the registration in the National Registry of Works is optional (Article 148(1) Copyright Law).

The Romanian Copyright Law provides for a non-exhaustive list of works in Article 7 lit. a to j. The list contains first of all literary and artistic works in the sense of Article 2(1) Berne Convention, such as works expressed in words, works of graphic or plastic art, photographic and architectural works, musical works and dramatic works as well as audiovisual works. Computer programs are protected as literary works under Article 7 lit. a Copyright Law and hence fulfil the conditions set forth in Articles 10.1 TRIPS and 4 WCT. Note that works of art applied to products intended for practical use as well as designs are also protected as works of graphic or plastic art (Article 7 lit. g) Copyright Law). This rule may have as an implication that industrial designs could also be protected by copyright which would be feasible under Article 2(7) Berne Convention. Note also a curiosity in the list of works: the latest amendment in 2004 added in Article 7 lit. j Copyright Law as a further category for protection “works of digital art”. Does this mean as an *a contrario* conclusion that all other works are not protected if they are in digital form? Of course, this cannot be the case and would in any event be contrary to the open-ended formula employed by Article 7 Copyright Law.

Protection extends further to derivative works which are made on the basis of a pre-existing work, such as translations, transformations and adaptations (Article 8(1) Copyright Law). Likewise, Romanian Copyright Law protects collective works, i.e. collections, such as encyclopedias and anthologies, and collections and compilations of materials or data including databases which due to the selection or arrangement made constitute an intellectual work (Article 8(2) Copyright Law).

In accordance with Article 9, protection under the Copyright Law does not extend to normative texts and the drafts thereof, official symbols of state and public institutions nor to mere news and press items or simple facts and data. The exemptions of such creations from protection appear to be justified on the basis of Article 2(4) and (8) Berne Convention. Furthermore, ideas, theories, concepts including mathematical ones and the like together with methods of payment are equally excluded from protection which appears to be consistent with Article 9.2 TRIPS. Note that inventions even when contained in a work are not protected either. Presumably, this formula is used to differentiate between the copyright protection of the expression and the idea as such which amounts to an invention as protected under industrial property law.

b) Related Rights

Romanian Copyright Law in its amended version of June 2004 grants related rights protection to performances, phonograms and audiovisual recordings as well as broadcasts (Article 94 Copyright Law). The Copyright Law protects the rights of the publisher of a previously unpublished work which is already in the public domain as required by Article 4 of the EU's Duration Directive<sup>3</sup> for a period of 25 years from first publication. Technically, this is however not done in the part dealing with related rights but in connection with the provisions on term of protection in Article 25(2) Copyright Law. By contrast, the Romanian legislator does not appear to have taken up the opportunity to protect rights in respect of critical and scientific publications of public domain works. This protection is facultative under Article 5 Duration Directive.

The subject matters are defined in more detail as follows:

aa) Performances

The Romanian Copyright Law defines the notion of "performer" in Article 95 Copyright Law. In accordance with this definition, performers are *"actors, musicians, singers, dancers and other persons who present, sing, dance, recite, declaim, act, interpret, direct or conduct or in any other way execute a literary or artistic work, a performance of any kind, including performances of folklore, variety and circus performances or puppet shows"*. Hence under Romanian Law, both a performance of a literary or artistic work and a performance of any other kind, including expressions of folklore or presentations by circus and variety artists can be the subject of protection. The notion of performer in the Rome Convention and in WPPT is, in general, limited to those who perform literary or artistic works. The Rome Convention allows however to extend protection to circus and variety artists (Article 9 Rome Convention) and the WPPT extends protection also to performances of expressions of folklore (see the definition in Article 2(a) WPPT). These extensions are only examples for a self-evident rule, namely that Contracting States may go beyond the scope of international law in their domestic legislation and grant protection to performers even if they perform an act other than a literary or artistic work<sup>4</sup>. The question in such a case is only where to draw the line in practice, i.e. how to differentiate between a performance which enjoys protection under the Copyright Law. As an example, would sports persons enjoy protection as a performer under this wide formula?

<sup>3</sup> Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights, O.J. L 290/9 of 24 November 1993.

<sup>4</sup> WIPO – Guide to the Rome Convention, 1981, Article 9 Rome Convention, para. 9.4; *Reinbothe/von Lewinski*, The WIPO Treaties, 2002, Article 2 WPPT, note 28.

## bb) Phonogram

Under Article 103(1) 1<sup>st</sup> sentence of the Copyright Law, “a sound recording or phonogram means any fixation, exclusively of the sounds of the performance of a work, or of other sounds, or of digital representations of such sounds, whatever the method and the physical means used for such fixation”. This definition does not entirely represent the meaning of the modernised definition of phonogram as achieved in Article 2(b) WPPT and is contradictory in itself: as has been done in WPPT, the reference to an exclusive sound fixation should be dropped if representations of sounds are to be protected as well. If an exclusively aural fixation is a prerequisite for the protection of a phonogram, as this was the case under the Rome Convention, representations of sounds, for instance in the memory of a computer, would not have been covered<sup>5</sup>. In line with WPPT, Romanian law seemingly intends to extend protection to representations of sounds, but still uses a reference to “exclusively” aural. Secondly, the definition in Article 103 only refers to digital representations, whereas the definition in WPPT is technology-neutral as it covers representations of sounds generally without specifically mentioning representations in digital form.

The 2<sup>nd</sup> sentence of Article 103(1) Copyright Law attempts to implement the last part of Article 2(b) WPPT, namely that an audiovisual fixation as well as the soundtrack of a film do not constitute a phonogram. According to the definition in the Copyright Law “an audiovisual fixation or the sound part thereof or a digital representation of such a fixation shall not be considered a sound recording”. This part of the definition may equally benefit from a clarification in order to ensure that the text of the Agreed Statement to Article 2(b) WPPT is respected when applying this provision in practice. The Agreed Statement was to clarify that the rights in a sound recording are not affected when the recording is used separately from the audiovisual work. Note also that WPPT refers to fixations which are “incorporated” in a cinematographic or other audiovisual work. As Romanian law generally excludes the sound part of an audiovisual fixation from the notion of a phonogram, it is unclear whether this is only the case when the recording is used together with the audiovisual fixation. When such a recording is used separately from the film, for instance when the sound track of the film is sold as a phonogram, then the fixation should again be protected as a phonogram even though it was originally made for an audiovisual work<sup>6</sup>.

In order to eliminate all uncertainties of application and interpretation, it would be preferable to replace the current definition in Article 103(1) Copyright Law with the text in Article 2(b) WPPT.

## cc) Audiovisual recordings

Pursuant to Article 106<sup>1</sup> (1) Copyright Law, an audiovisual recording or videogram is “any fixation of an audiovisual work, or of sequences of images in motion, accompanied by sound or not, whatever the method and the physical medium used for this fixation”. There is no definition of audiovisual recording or videogram in international conventions with which the definition in the Copyright Law could be compared. Usually, a videogram refers to all kinds of audiovisual fixations embodied in cassettes, discs or other material mediums. The definition in the Copyright Law seems to extend also to moving images which would not qualify as audiovisual works.

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<sup>5</sup> Reinbothe/von Lewinski, *ibid.*, Article 2 WPPT, notes 33 and 34

<sup>6</sup> Reinbothe/von Lewinski, *ibid.*, Article 2 WPPT notes 35 and 36.

It is also interesting to note that the definition refers to “any fixation of an audiovisual work”. Is an audiovisual work not already by itself a fixation of a live performance?

dd) **Broadcasts**

Article 113 et seq. Copyright Law protect the rights of radio or television broadcasting organisations. There is no definition of “broadcast” in the Copyright Law. However, Article 15<sup>1</sup> Copyright Law, which is also applicable in the context of the protection of broadcasting organisations by virtue of Article 113<sup>1</sup>(2) Copyright Law, defines the activity of broadcasting in a broad manner to cover both wireless transmission, including by satellite, as well as transmissions by wire including by cable, optic fibre and any other similar means.

c) **Sui generis rights**

A national legislature can also decide to protect certain objects by a specific *sui generis* right which is neither a copyright nor a related right. The most recent example for this practice is the *sui generis* right of the maker of a database as provided in the Database Directive of the European Union<sup>7</sup>. The Romanian legislator followed this approach by inserting an independent protection for makers of databases by means of a *sui generis* right in Chapter VI of Title II of the Copyright Law.

Pursuant to Article 122<sup>1</sup> Copyright Law, this protection concerns databases in any form. The Law defines a database as “*a collection of works, data or of other independent elements, protected or not by copyright or related right, arranged systematically or methodically and individually accessible by electronic means or in any other way*”. This definition corresponds to the formula employed by Article 1(2) Database Directive.

## 2. **Conditions for protection**

There are different conditions which may need to be fulfilled in order to benefit from protection under copyright law. These are:

- Criteria of eligibility for protection or points of attachment, that means the question whether foreign works and other subject matter may benefit from protection under the Copyright Law;
- the question of applicability in time, i.e. whether works and other protected subject matter in existence prior to the enactment of the Copyright Law in 1996 and/or prior to the accession to the relevant international conventions enjoy protection under the Act; and
- the compliance with any formalities.

The situation under Romania’s Copyright Law is as follows:

a) **Eligibility for protection**

The eligibility for protection varies depending on whether a subject matter of copyright, related rights or *sui generis* right is concerned.

<sup>7</sup>

Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, O. J. of 27 March 1996 L 77/20, Art. 7 et seq.

## (aa) Works

Pursuant to Article 146-A Copyright Law, works enjoy protection under the Copyright Law in the following cases:

- the author is a Romanian national, or a foreigner but domiciled or based in Romania (whereby it remains unclear whether in the case of a work involving the contributions of several authors, all authors or only one author must be a Romanian national or domiciled or based in Romania);
- the work was first or simultaneously published in Romania; or
- in the case of an architectural work, the work was built within the borders of Romania.

In accordance with Article 147 Copyright Law, a work also enjoys protection on the basis of international treaties in the copyright field to which Romania is a party, i.e. the Berne Convention, the TRIPS Agreement or the WIPO Copyright Treaty (WCT). In the absence of such a treaty, protection is based on reciprocity.

## (bb) Performances

According to Article 146-B performances are protected under the Copyright Law if:

- the performance took place in Romania; or
- the performance is fixed on a phonogram protected under the Law; or
- the performance has not been fixed on a phonogram, but is transmitted by radio or television broadcasts protected under the Law.

In accordance with Article 147, the performance can also be protected on the basis of international treaties, i.e. the Rome Convention, the TRIPS Agreement or the WIPO Performances and Phonograms Treaty (WPPT), or on the basis of reciprocity.

## cc) Phonograms and audiovisual recordings

Phonograms and audiovisual recordings are protected in accordance with Article 146-C of the Copyright Law if:

- the producer is a natural or legal person domiciled or based in Romania;
- the first fixation of the recording took place in Romania;
- the recording was first or simultaneously published in Romania.

As in the case of performances, recordings can also be protected on the basis of international treaties, i.e. for phonograms the Rome Convention, the TRIPS Agreement or the WIPO Performances and Phonograms Treaty (WPPT), or on the basis of reciprocity. Note however that, as already indicated, Romania made a reservation upon joining the Rome Convention with regard to Article 5(3) Rome Convention and excluded the application of the criterion of fixation as far as the establishment of protection under the Convention is concerned.

## (dd) Broadcasts

Broadcasts are protected under the Copyright Law pursuant to Article 146-D if the broadcasting organisation has its headquarters in Romania.

In addition, pursuant to Article 147 Copyright Law, broadcasts enjoy protection on the basis of international treaties, i.e. the Rome Convention or the TRIPS Agreement. In this context, it is recalled that Romania has made a reservation on the basis of Article 6(2) Rome Convention and hence demands that both criteria in Article 6(1) Rome, i.e. headquarters of the broadcasters in a Contracting States plus broadcast transmitted from a transmitter in a Contracting State, be met for a broadcast to enjoy protection under the Copyright Law.

(ee) Databases

As far as one can see, the recent amendments of June 2004 which introduced the protection of the *sui generis* right of the maker of a database did not specifically make provision for criteria of eligibility for protection.

b) Applicability in time

The provisions dealing with the applicability of the Copyright Law to pre-existing works and other protected subject matter are contained in Article 149 Copyright Law and rather rudimentary. However, as long as in practice these provisions result in protecting works and other protected subject-matter which had been in existence prior to the entry into force of the 1996 Law, the provisions achieve their purpose.

In more detail, the following should be noted:

First of all, Article 149(2) Copyright Law sets forth that works created prior to the entry into force of the Law (i.e. 25 June 1996) enjoy protection under the Law subject to the conditions contained in paragraph 1 which deals with acquired rights. This rather broad formula seems to suggest that all pre-existing works enjoy protection under the Law even if the term of protection had already expired. In this context, it is necessary to read paragraph 2 together with paragraph 3 of the same article: with regard to works of authors who had deceased before 25 June 1996 and for which the term of protection had expired, such works revived in protection at the moment of entry into force of the Copyright Law and enjoyed protection up to the limit of the term provided for under the new Law. This should mean that such works were again protected for the remainder of the term of protection under the new provisions. In other words, where an author had died in 1942 and had left descendants, the protection would have continued in accordance with Article 6 lit. b of Decree N° 321 of 18 June 1956 Relating to Copyright until 1992 and hence would have expired by the time of entry into force of the new Copyright Law. However, the descendants would have enjoyed the fruit of the work of their father for a further period of 20 years from 25 June 1996 as a result of the increased terms in Article 25(2) Copyright Law. The remaining question is how far back this revival would apply. Could not only the heirs of Gustav Mahler, who died in 1911, but in theory also the successors of Wolfgang Amadeus Mozart, who died in 1791, have availed themselves of this opportunity to extend the already expired protection?

These concerns have perhaps led the Romanian legislator to change this provision again in occasion of the June 2004 amendments: the wording of Article 149(3) Copyright Law was amended to apply the extension of the term of protection only to those works in respect of which the terms calculated on the basis of the previous Law had not yet expired. Consequently, under the new provisions introduced in 2004, the author of our above example would not have benefited from the term extension as the work would have been already in the public domain.

An important question arises with regard to the interplay between Article 149(3) Copyright Law in its 1996 version and in its 2004 version. The amending Law does not give any explicit answer to this problem. For instance, in the above example of the author who died in 1942, under the 1996 version the work would have enjoyed already the term extension for a further 20 years. Would the 2004 amendments have as a consequence that the benefit of the prolonged term would have been taken away again from the heirs? If one interprets copyright law in favour of those who should benefit from it, i.e. the author, then this should not be the case. But what would otherwise be the practical relevance of the amendment? Authors of works created before 1996 and who died only after the entry into force of the 1996 Law would have enjoyed protection under the new law in any case. And works of authors deceased before 1996 would have been caught by the transitional rule in Article 149(3) of the 1996 version. One area where the provision might however play a role is the term extension for computer programs from 15 years to 70 years after the author's death.

Another problem with the provisions in Article 149 Copyright Law stems from the fact that the provision only refers to works created before the entry into force of the new Copyright Law, but does not cover expressly all subject matters of related rights or the *sui generis* right of the database maker. The provision refers expressly to sound recordings and broadcasts which appear to have been protected already under the Copyright Decree under copyright (see Article 9 Decree of 1956). However, it leaves out performances which would need to be protected in accordance with Article 14.6 TRIPS and Article 22(1) WPPT even if they were in existence prior to the adoption of the 1996 Copyright Law. Transitional rules are also lacking with regard to the *sui generis* rights of the database maker. Clarification is hence needed also in these respects.

In any event, the legal situation with regard to transitional provisions dealing with the applicability of the new provisions to existing works and the like is not entirely certain and would benefit from clarification. In addition, transitional provisions are also needed for the *sui generis* right of the maker of a database.

As far as existing agreements under previously applicable law with regard to the exploitation of works are concerned, Article 149(1) Copyright Law provides that such legal acts remain effective in accordance with the old provisions, except for the transfer of exploitation rights in respect of future works yet to be created.

#### c) Compliance with formalities

As far as works are concerned, Article 1(2) Copyright Law provides that copyright protection shall commence from the moment the work is made, even if incomplete. The author enjoys the protection independently of the compliance with formalities. In the absence of any rules to the contrary, the same principles seem to apply in the field of related rights.

As already indicated, Romania maintains a National Register of Works. Registration is however optional and not a prerequisite for protection, but is considered as evidence for a work made in Romania (Article 148(1) Copyright Law).

Romanian Copyright Law also contains provisions with regard to the use of the copyright notice © or the corresponding sign (P) for phonograms (Article 148(3) and (4) Copyright Law).

The Law further allows both producers of sound and of audiovisual recordings to specify on physical copies of recordings destined to be reproduced and distributed apart from the names of the authors and performers the titles of the works, the year of first publication, the trademark as well as the name and denomination of the producer (Articles 104 and 106<sup>2</sup>

Copyright Law). Note also that under Ordinance 45/2000 as amended by Law Nr. 624/2001 a National Register of Phonograms is created and administrated by ORDA and the application of a holographic stamp by the producer or importer of a phonogram is compulsory in the interest of the fight against piracy. Similar provisions exist for audiovisual works.

### **3. Beneficiaries of protection**

Copyright laws usually determine who may benefit from the protection under the law. Generally, there are two groups of beneficiaries: the initial beneficiary, i.e. the person who is the first owner of the rights, and the successor in title, i.e. the person to whom all or part of the rights have been transferred by contract or operation of law.

In a nutshell, the rules under the Romanian Copyright Law are as follows:

#### a) Works

As a general rule, copyright belongs to the author and embodies both moral and economic attributes (Article 1(1) Copyright Law). The author is the natural person or persons who have created the work (Article 3(1) Copyright Law).

The Copyright Law further contains a presumption of authorship in Article 4(1) Copyright Law: the person under whose name the work was first disclosed to the public shall be presumed to be the author thereof, unless proven otherwise.

Where the work was made public anonymously or under a pseudonym, the copyright in the work will be exercised by the natural or legal person who first made the work public as long as the author does not reveal his identity and only with his consent (Article 4(2) Copyright Law).

There are also specific rules governing authorship and initial ownership for different categories of works which may be summarised as follows:

#### (aa) Joint works

Pursuant to Article 5(1) Copyright Law, a work of joint authorship shall be a work created by several co-authors in collaboration. In such a case, the co-authors enjoy the copyright in the work jointly. However, one of the co-authors may be considered the main author (Article 5(2) Copyright Law). This is an unusual feature: does the main author have more rights or obligations than the other co-authors? An example for a main author is the director or maker of a film work (Article 65(1) Copyright Law). Unlike the other co-authors of a film, the director as the main author may object to the disclosure of the final work (Article 67(4) Copyright Law).

Unless otherwise agreed, co-authors may only exploit the work by mutual agreement and a refusal of consent must be fully justified (Article 5(3) Copyright Law). However, where each co-author's contribution is distinct, that contribution may be used separately provided that it does not prejudice the use of the joint work or the rights of the other co-authors (Article 5(4) Copyright Law). Remuneration for the use of a joint work shall accrue proportionally to each co-author in accordance with their agreement. In the absence of such an agreement, the remuneration shall be divided in proportion to the share contributed by each author, or equally if such shares cannot be determined (Article 5(5) Copyright Law).

## (bb) Collective works

Pursuant to Article 6(1) Copyright Law, a collective work is a work where the individual contributions of its co-authors constitute a whole so that it is impossible to attribute a separate right to the aggregate work created by any of the co-authors. Unless otherwise agreed, the copyright to a collective work belongs to the natural or legal person under whose initiative, responsibility and name such work was created (Article 6(2) Copyright Law).

## (cc) Works created in employment

The rules with regard to authorship and copyright ownership in respect of works created in employment are contained in Article 44 Copyright Law and are rather complex.

As a general principle, the economic rights in a work created in fulfilment of job duties under an individual employment contract belong to the author of the work. However, in such a case, the author may authorise the use of the work by third parties only subject to the employer's consent and to his contribution to the costs of creation. The use of the work by the employer in the framework of the object of activity is not subject to authorisation by the employed author.

Where a clause to the contrary exists and the economic rights have been transferred to the employer, the contract must specify the period during which the rights may be assigned to the employer. In the absence of a specific rule, the period shall be three years from the handing over of the work. On expiration of that period, the economic rights revert back to the employed author. Unless otherwise agreed, the author is then obliged to pay a reasonable share of the income obtained from the use of the work to the employer in order to compensate for the costs borne by the employer for the creation of the work by the employee within his job duties.

In any case, the employed author retains the exclusive right to use the work as part of the whole of his creation. Presumably, this paragraph refers to the moral attributes of the author rather than to the economic rights which are dealt with above.

## (dd) Commissioned works

In cases where the creation of a work has been commissioned, the economic rights belong to the author in accordance with Article 46 Copyright Law, except if otherwise provided.

## (ee) Audiovisual works

An audiovisual work is a joint work according to Article 5 Copyright Law and is created by the co-authors of a film. Article 66 Copyright Law provides for a closed list of co-authors of a film. These are: the director or maker of the film, the author of the adaptation, the author of the screenplay, the author of the dialogue, the author of the musical work specifically created for the audiovisual work and the author of the graphic material of animated works or animated sequences where these represent a substantial part of the work. The director or maker of the film work is its main author (Article 65(1) Copyright Law). The closed list of authors is an important feature of the Law compared with countries which have an open-ended list, such as in German copyright law, as it gives the producer legal certainty who are his contractual partners. In this context, another rather unusual feature is worth noting: it is possible to

determine in the contract between the producer of the audiovisual work and the director or maker of the film other creative contributors to the film as authors (Article 66 Copyright Law). This seems to be an interesting compromise proposal for those systems which in view of the fact that everybody who makes a creative contribution to a work must be considered an author. In such a case, under Romanian law, legal certainty is restored by including these authors in the contract.

Article 70 of the Copyright Law contains a rebuttable presumption of transfer from the co-authors to the producer of the rights in respect of reproduction, distribution, importation, public viewing, broadcasting, public transmission, communication to the public by means of sound and audiovisual recordings, cable retransmission, secondary dissemination, public performance as well as for adaptation, rental and public lending of a film. The presumption of transfer further covers the dubbing and subtitling rights.

(ff) Computer programs

Pursuant to Article 74 Copyright Law, it is presumed that the economic rights in a computer program created by an employee in the course of his duties under an employment contract shall belong to the employer. This presumption is rebuttable.

As far as **subsequent ownership** is concerned, the following is to be noted:

Ownership of copyright may be transferred in accordance with the Law (Article 3(3) Copyright Law). Pursuant to Article 39(1) Copyright Law, the author or copyright owner may only transfer his economic rights by contract to other persons. The Copyright Law contains substantial rules on copyright contracts which are reviewed in more detail in Part II B 7.

b) Subject matters of related rights

Pursuant to Article 94 Copyright Law, related rights are owned by performers in respect of their performances, by producers of sound and audiovisual recordings in respect of their recordings as well as by radio and television broadcasting organisations in respect of their broadcasts and services of broadcast programs. As has already been indicated above under Part II B 1, the notion of performer is rather wide and a definition of broadcasting organisation is not available. However, the Law defines both the producer of a sound and of an audiovisual recording: pursuant to Article 103(2) Copyright Law, the producer of a sound recording shall be the natural or legal person that has the initiative and undertakes the responsibility for the organisation and financing of the first fixation of the sounds whether or not it constitutes a work in terms of the present law. This provision follows closely Article 2(d) WPPT. Likewise, Article 106<sup>1</sup>(2) Copyright Law, the producer of an audiovisual recording shall be the natural or legal person that has the initiative and undertakes the responsibility for the organisation and making of the first fixation of an audiovisual work or of certain sequences of images in motion, accompanied by sound or not, and in this capacity furnishes the necessary financial and technical means.

Their economic rights may be assigned in whole or in part in accordance with the conditions for copyright contracts as set forth in Articles 39-43 Copyright Law. The economic rights may be subject of an exclusive or non-exclusive assignment (Article 92(2) Copyright Law).

As far as performers are concerned, where their performance is given under an individual employment contract, the economic rights that are transferred to the producer must be expressly mentioned in the employment contract (Article 100 Copyright Law). There is also a rebuttable presumption for the transfer of rights in respect of reproduction, distribution,

importation, rental and lending from the performer to the producer of an audiovisual or sound recording. Since the amendment in June 2004, the presumption does not extend any longer to the right in respect of public communication. One of the reasons for this change may reside in the fact that the exclusive broadcasting and public communication right of performers and phonogram producers was downgraded to a mere right to equitable remuneration. However, this is not the case for audiovisual works where public communication represents one of the main forms of exploitation. It is therefore regrettable that the legal certainty with regard to the exploitation of the audiovisual work has been diminished by downgrading the presumption of transfer as well.

c) Sui generis right

Pursuant to Article 122<sup>2</sup> Copyright Law, the maker of the database is the owner of the exclusive rights constituting the *sui generis right* protection. Maker of the database is the natural or legal person that has made a qualitatively and quantitatively substantial investment for the obtaining, verification or presentation of the contents of a database (Article 121<sup>1</sup>(4) Copyright Law). As far as one can see, there is no express provision that the *sui generis* right is transferable.

#### 4. Scope of protection

International conventions and regional legislation in the copyright and related rights field make provision for minimum rights which should be granted to authors and owners of related rights. This part of the report reviews the rights granted under the Romanian Copyright Law to the different categories of right owners and examines whether the system reflects the rules which may be found at the international and regional levels.

a) Works in general

Romania follows the so-called dualist approach and grants authors both moral and economic rights.

(aa) Moral rights

Article 10 Copyright Law contains a list of moral rights which are enjoyed by authors in respect of their works:

- the right to decide if, how and when to make the work public;
- the right to claim authorship;
- the right to decide under what name to make the work public;
- the right to claim respect for the integrity of the work and to oppose any modifications, as well as distortions of the work which would be prejudicial to his honor or reputation;
- the right to withdraw the work from utilisation, against payment of an indemnification to the users of the work, if need be.

Romanian copyright law hence contains not only the rights required as a minimum standard under Article 6*bis* Berne Convention but also further rights, such as a divulgation right and a right to withdraw. Note, however, that the right to withdraw does not apply to computer programs (Article 77(3) Copyright Law).

## (bb) Economic rights

The author's economic rights are listed in Article 13 as well as Article 21 of the Copyright Law. In view of the drafting technique employed, it would appear that the list is exhaustive. Article 13 grants the author exclusive rights in respect of the following uses which are defined in more detail in Articles 14 to 16 Copyright Law:

- Complete or partial, direct or indirect, temporary or permanent **reproduction** by any means and in any form of the work (Articles 13(a), 14 Copyright Law). This wide scope of the reproduction right is inspired by the international treaties, notably Article 9 Berne Convention in particular as clarified by the Agreed Statement to Article 1(4) WCT, as well as Article 2 of the Copyright Directive.
- **Distribution** of the work (Articles 13(b), 14<sup>1</sup> Copyright Law). Distribution covers the act of offering copies to the public as well as any other form of transfer of the work or a copy thereof, free of charge or against payment of remuneration. The distribution right is subject to the principle of national exhaustion. Like under Article 4(2) of the Copyright Directive, the right is exhausted not only with the first sale of the original or of the copies of a work on the domestic market by the right holder or with his consent but also with the first transfer of ownership.
- **Importation** for trading on the domestic market of copies of the work made with the author's consent (Articles 13(c) and 14<sup>2</sup> Copyright Law). The Law hence grants a separate importation right which could be used to prevent parallel imports into Romania as it refers to lawfully made copies. However, there should of course also be a possibility to prevent illegal copies from entering into the market as is the case for producers.
- **Rental** of the work (Articles 13(d) and 14<sup>3</sup> Copyright Law). Rental means making available for use, for a limited period of time and for direct or indirect economic or commercial advantage. The wording hence corresponds to the definition in Article 1(2) Rental Directive<sup>8</sup>. Where the author transfers his rental right to a phonogram or film producer, he retains an unwaivable right to equitable remuneration (Article 111<sup>1</sup> Copyright Law).

As under the Rental Directive, the right does not apply to works of architecture and of applied art (Article 14<sup>5</sup> (a) and (b) Copyright Law). However, in Article 14<sup>5</sup> (c) – (e), the Copyright Law exempts three further categories of works from the rental right: works for communication to the public or works whose use is governed by a contract, reference works for immediate use or for lending between institutions and works created by an employed author if they are to be used by the employer. With regard to these categories, Romanian Copyright Law would not be in compliance with the terms of the Directive, as only architectural works and works of applied art were to be excluded from the scope of the rental right. The main reason was to treat all categories equally as far as possible<sup>9</sup>.

- **Lending** of the work (Articles 13(e) and 14<sup>4</sup> Copyright Law). Lending means making available for use, for a limited period and without a direct or indirect economic or commercial advantage through the agency of an institution allowing access of the public for this purpose. In essence, this definition reflects Article 1(3) Rental Directive.

<sup>8</sup> Council Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, O.J. L 346/61 of 27 November 1992.

<sup>9</sup> Von Lewinski in Walter (Hrsg.), Europäisches Urheberrecht, 2001, Art 2 Vermiet- und Verleih-RL, note 23.

Where the author transfers his lending right to a phonogram or film producer, he retains an unwaivable right to equitable remuneration (Article 111<sup>1</sup> Copyright Law).

In the case of lending through libraries, the author has only a right to an equitable remuneration. Where the lending is made through public libraries for cultural or educational purposes, no remuneration is due at all. The Rental Directive specifically allows in Article 5(3) to exempt certain categories of establishment from the payment of the remuneration so that this derogation would be compatible with European law. As far as the lending of works incorporated in sound or audiovisual recordings is concerned, such lending may only take place after the expiry of 6 months from first distribution (Article 14<sup>4</sup> (4) Copyright Law).

- **Communication to the public**, directly or indirectly, of the work, by any means, including by making the work available to the public in such a way that members of the public may access them from a place and at a time individually chosen by them (Articles 13(f) and 15 Copyright Law). This right corresponds in essence to Article 8 WCT and includes the new making available right covering electronic transmission of works. The Law employs the wording used in the international treaty and hence covers doubtless the making available of works in on demand services. Whether other computer network transmissions, such as webcasting and simulcasting would also be covered by this right or rather by the broadcasting right is not clear. However, in view of the latest modernised approach at the international level to this matter in the framework of discussions in the World Intellectual Property Organisation on a new treaty for the protection of rights of broadcasting organisations<sup>10</sup>, it would appear more appropriate to cover any internet-related transmission under a broad transmission right rather than broadcasting. Pursuant to the definition in Article 15(1) Copyright Law, the communication to the public right is wide and extends to both wire and wireless transmissions. Broadly speaking it would appear to cover any transmission which is not broadcasting. The notion of “public” refers to the “*normal circle of the members of a family and of its acquaintances*”. As is the case in Article 3(3) of the Copyright Directive, Article 15(2) Copyright Law confirms that the right in respect of communication to the public is not subject to exhaustion.
- **Broadcasting** of the work (Articles 13(g) and 15<sup>1</sup> Copyright Law). Pursuant to the definition in Article 15<sup>1</sup> Copyright Law, broadcasting covers both wireless and wire transmissions. Romanian law thus follows the tradition in those jurisdictions which, unlike the relevant international conventions, do not only cover wireless and satellite transmissions, but also transmissions by means of wire and cable under the notion of broadcasting.
- **Retransmission by cable** (Articles 13(h) and 15<sup>2</sup> Copyright Law). Despite the fact that both the notion of communication to the public and of broadcasting are defined in a rather wide way, the Law provides for a separate category of rights in respect of the simultaneous, unabridged and unaltered cable retransmission of an initial wire or over the air transmission. The definition of cable retransmission in Article 15<sup>2</sup> Copyright Law corresponds to the definition provided for in Article 1(3) of the European Union’s Cable & Satellite Directive<sup>11</sup>. As under the Directive, the right is subject to mandatory collective administration. The conditions of collective management are however not decided upon by the right holders in free negotiation with the users, but to a large extent are determined by the legislator. Article 121 Copyright Law provides not only

<sup>10</sup> Document WIPO SCCR/11/3 of 29 February 2004, Explanatory comments on Article 2, note 2.02.

<sup>11</sup> Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, O.J. L 248/15 of 6 October 1993.

that the remuneration can only be collected by one sole collecting society but also establishes that the tariffs may not exceed 1.5% from the activity of retransmission. This is an important interference in a private rights position by the legislature which should have ideally been avoided, just like in other territories. While there may be a need for a public body to overlook the activities of collective administration and to mediate if no consent can be found, right holders and users should be given a chance to collect through the collecting society of their choice and to negotiate freely as this is the case in most other market-oriented countries in Europe. After all, the remuneration for uses of copyright works is not a tax which would have to be administered by a public body, but a compensation for the use of private property.

- **Making of derivative works** (Articles 13(i) and 16 Copyright Law). This right covers the making of an adaptation or of any other alteration of a pre-existing work.

b) Works of art

Authors of works of art and of photographic works benefit from a resale right (Article 21 Copyright Law). The provisions follow closely the terms of the European Union's Resale Right Directive. In addition, the author has a right to be informed about the work's "whereabouts". This right is presumably conceived on the basis of the right to information in Article 9 of the Directive.

The provisions were introduced by the amendments to the Copyright Law as adopted in June 2004. It is therefore not yet possible to assess the practical application of the resale right.

c) Computer programs

Specific rules must be taken into consideration as far as the protection of computer programs is concerned. The rights granted to authors generally apply accordingly to computer programs. In addition, Article 73 Copyright Law as amended last in June 2004, provides that the economic rights in a computer program include the right to

- ephemeral or permanent reproduction of a computer program in whole or in part, by any means and in any form including where the reproduction is necessary for its loading, displaying, running, transmitting and storing;
- the translation, adaptation, arrangement or any other alteration of a computer program, without prejudice to the rights of the person who made such transformations;
- the distribution and rental of the original or copies of a computer program under any form.

In essence, these economic rights correspond to the restricted acts in computer programs as provided for in Article 4 of the EU's Computer Programs Directive<sup>12</sup>.

d) Related rights

As the scope of protection granted to the different categories of related right owners varies considerably, it is necessary to proceed separately. Note however that the definitions with regard to authors' exclusive economic rights in Articles 14 to 15<sup>2</sup> Copyright Law apply by way of analogy in the field of related rights. Observations on the content of rights are therefore only made in the following where specifically required.

<sup>12</sup> Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs, O.J. of 17 May 1991 No. L 122/42.

## (aa) Performers

Performers are the only category of owners of related rights who enjoy both moral and economic rights.

Pursuant to Article 96 Copyright Law, performers enjoy both paternity and integrity rights with regard to their performances as required by Article 5 WPPT.

As far as economic rights are concerned, on the basis of Article 98 Copyright Law a performer enjoys exclusive rights to authorise or prohibit in respect of

- fixation of his performance;
- complete or partial, direct or indirect, temporary or permanent reproduction, by any means and in any form of a fixed performance;
- distribution of a fixed performance;
- rental of a fixed performance;
- lending of a fixed performance;
- importation for trading on the domestic market of a fixed performance;
- broadcasting or communication to the public of his performance, except in the case of a fixed or broadcast performance;
- making available to the public of a fixed performance in such a way that members of the public may access them from a place and at a time individually chosen by them;
- cable retransmission of a fixed performance to which the comments made above in relation with authors' rights apply accordingly with the proviso that as far as related rights are concerned the maximum limit for the tariff is even lower than in the case of authors, i.e. only 0.5% of the income obtained by the users from the activity of retransmission.

Pursuant to Article 106<sup>5</sup> Copyright Law, performers, together with producers of sound recordings, have a right to receive a single equitable remuneration for the direct or indirect use of sound recordings published for commercial purpose by broadcasting or by any way of communication to the public. The right is subject to mandatory collective administration and the revenues are to be shared between performers and producers according to their agreement or in the absence of such an agreement notified to ORDA in equal shares.

In addition, where the performer has transferred his rental or lending right to a phonogram or film producer, he retains an unwaivable right to equitable remuneration (Article 111<sup>1</sup> Copyright Law).

In essence, the above catalogue of rights reflects the scope of protection of performers' rights at the international and European level. It should however be noted that, in occasion of the last revision in June 2004, the rights in respect of broadcasting and communication to the public of a performance fixed on a phonogram published for commercial purposes have been downgraded from an exclusive right to a right to remuneration. It would appear that the reason for such downgrading was not an abuse of the exclusive right by the performers or the producers, but regrettably a misunderstanding of the provisions in Article 8 Rental Directive together with Article 3(2) Copyright Directive. In fact, Article 8 Rental Directive does not oblige Member States to merely provide for a right to remuneration for broadcasting and communication to the public of performances fixed on phonograms as opposed to the exclusive making available right under Article 3(2) Copyright Directive. In view of Recital 20 it is clear that Article 8 Rental Directive is only a minimum protection. Member States may provide a more far-reaching protection in form of an exclusive

right. The same is true under Article 15 WPPT which equally establishes merely a minimum protection in form of a right to remuneration which, particularly in view of the Agreed Statement in Article 1(2) WPPT, may be upgraded to an exclusive right. In view of international and European law, the downgrading was therefore unnecessary. In view of the growing difficulties to distinguish between on demand and other internet transmissions, it was even most unfortunate to go a step backwards in this respect as the provision of exclusive rights in this field are increasingly called for in legal doctrine<sup>13</sup>.

The amendment may be also questionable from a constitutional point of view as the downgrading of a right may come close to an expropriation. It may be of interest in this context that the Spanish legislature made a similar unnecessary move when implementing the Rental Directive into Spanish copyright law. The decision of the Spanish legislator was finally challenged by Spanish courts and the initial legal situation, i.e. an exclusive right with regard to the broadcasting and public performance of phonograms had to apply as before<sup>14</sup>.

#### (bb) Producers of phonograms

Pursuant to Article 105 Copyright Law, producers of phonograms enjoy exclusive rights to authorise or prohibit in respect of:

- direct or indirect, temporary or permanent reproduction, by any means and in any form, in whole or in part;
- distribution;
- rental;
- lending;
- importation for trading on the domestic market of legally made copies of his recordings except where the copies are imported for non-commercial purposes in personal luggage, as well as of copies made without authorisation in all cases;
- broadcasting or communication to the public of his recordings, except those published for commercial purposes;
- making available to the public of his recordings in such a way that members of the public may access them from a place and at a time individually chosen by them;
- cable retransmission of a recording to which the comments made above in connection with performers' rights and authors' rights apply accordingly.

The producer is also entitled to receive an appropriate remuneration for broadcasting and communication to the public of a phonogram published for commercial purposes on the basis of Article 106<sup>5</sup> Copyright Law. The same observations as in the case of performances apply here respectively.

#### (cc) Producers of audiovisual recordings

Pursuant to Article 106<sup>3</sup> Copyright Law, producers of audiovisual recordings enjoy exclusive rights to authorise or prohibit in respect of:

- direct or indirect, temporary or permanent reproduction, by any means and in any form, in whole or in part;

<sup>13</sup> *Reinbothe/v.Lewinski*, The WIPO Treaties 1996, Artikel 15 WPPT, note 13; *Vogel* in Loewenheim (Hrsg.), Handbuch zum deutschen Urheberrecht, 2003, § 40 note 49; *Lindner* in Mestmäcker/Schulze, Urheberrechtskommentar, Looseleaf edition 2004, §§ 85, 86 note 4. *Dreier*, Die Umsetzung der Urheberrechtsrichtlinie 2001/29 in deutsches Recht, ZUM 2002, 28(30).

<sup>14</sup> Decision of the Spanish Supreme Court (Tribunal Supremo) of 1 March 2001 in case No. 413/1996

- distribution;
- rental;
- lending;
- importation for trading on the domestic market of their recordings;
- broadcasting or communication to the public of their recordings;
- making available to the public of their recordings in such a way that members of the public may access them from a place and at a time individually chosen by them;
- cable retransmission of their recordings to which the comments made above with performers' rights apply accordingly.

Unlike phonogram producers, producers of audiovisual recordings enjoy full exclusive rights with regard to the broadcasting and communication to the public of their audiovisual recordings.

(dd) Broadcasting organisations

Pursuant to Article 113 Copyright Law, broadcasting organisations enjoy an ample catalogue of exclusive rights to authorise and prohibit with regard to:

- fixation of their broadcasts;
- reproduction in whole or in part, by any means and in any form of their broadcasts;
- distribution of their broadcasts;
- rental of their broadcasts;
- lending of their broadcasts;
- importation for trading on the domestic market of their broadcasts;
- retransmission or re-emission of their broadcasts by wire or wireless means including retransmission by Internet;
- communication to the public in places accessible to the public against payment of an entrance fee;
- making available to the public of their broadcasts in such a way that members of the public may access them from a place and at a time individually chosen by them;

Note that the catalogue of rights enjoyed by broadcasters exceeds the *acquis communautaire* as broadcasters are granted rental and lending rights which is not the case under the Rental Directive.

e) *Sui generis* rights

As already indicated, *sui generis* right protection is attributed to the maker of a database as a result of the last amendment to the Copyright Law in June 2004. Pursuant to Article 122<sup>2</sup> Copyright Law, the maker of a database enjoys an extraction right and a re-utilisation right which both reflect the requirements of the Database Directive.

Note that the repeated and systematic extraction or other re-utilization of insubstantial parts of the contents of a database which conflicts with a normal exploitation of that database and causes an unreasonable violation of legitimate interests of the maker of a database are not permitted (Article 122<sup>2</sup> (5) Copyright Law).

f) Protection of technological measures and rights management information

The recently introduced Articles 138<sup>5</sup> and 138<sup>6</sup> Copyright Law specifically provide that authors, performers, producers of phonograms and of audiovisual recordings as well as broadcasters and makers of databases may employ technological measures as well as rights management information in order to protect and identify their rights. The definitions in Article

138<sup>5</sup> (2) and (3) Copyright Law with regard to technological measures as well as in Article 138<sup>6</sup> (2) Copyright Law follow the wording in the respective provisions in the Copyright Directive (Articles 6(3) and 7(2)) and do not give rise to any specific remarks.

The scope of protection of technological measures is however not entirely clear. While Article 143(1) Copyright Law provides for criminal sanctions in respect of the dealing with circumvention devices, the act of circumvention as such does not appear to be subject to sanctions. Also, it is unclear whether civil remedies under the Law apply to infringements of technological measures and rights management information. It should therefore be clarified that protection of technological measures covers both the act of circumventing technological measures as well as the dealing in circumvention devices. Both acts should also be subject to civil remedies and to the criminal sanctions in Article 143(1) Copyright Law and Article 438 Criminal Code).

In line with the terms of the Directive, rights management information is protected both against removal and alteration as well as against the various acts of distribution, and communication to the public of works and other protected subject matter from which rights management information was removed or altered. This results from the provisions dealing with criminal sanctions in Article 143(2) Copyright Law. As in the case of technological measures, it would be advisable to confirm that civil remedies apply as well.

## **5. Duration of protection**

In line with the EU's Duration Directive<sup>15</sup>, Romanian copyright law grants a general term of 70 years post mortem auctoris (p.m.a.) and a general term of 50 years in the field of related rights. The terms of protection which are currently in place are reviewed in the following in more detail. However, in view of the different terms of protection, it is again important to distinguish between copyright and related rights:

### **a) Copyright**

Authors are granted moral and economic rights. While moral rights are not limited in time and hence are perpetual on the basis of Article 11(2) Copyright Law, economic rights may be enjoyed by the author only for a limited period of time. The general term of protection for economic rights in a work, including a computer program, is 70 years post mortem auctoris, ie. from the death of the author (Articles 25(1), 30 Copyright Law).

In the case of a joint work the term of protection is 70 years from the death of the last surviving-co-author (Article 27(1) Copyright Law) and in the case of a collective work 70 years from first publication (Article 28 Copyright Law).

For pseudonymous and anonymous works the term of protection is 70 years after the first disclosure of the work to the public, unless the identity of the author is revealed or the pseudonym leaves no doubt as to his identity in which case the general rule will apply (Article 26 Copyright Law).

There is no specific rule with regard to the term of protection for audiovisual works. As an audiovisual work is treated as a joint work, it is assumed that the provisions in Article 27 Copyright Law apply. This means that an audiovisual work would be protected for a period of 70 years from the death of the last surviving co-author. In this context it should be noted that under Article 2(2) Duration Directive the term of protection of a cinematographic or

<sup>15</sup> Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights, O.J. of 24 November 1993 L 290/9.

audiovisual work is to expire 70 years after the death of the last of the following persons to survive: the principal director, the author of the screenplay, the author of the dialogue and the composer of music specifically created for use in the cinematographic or audiovisual work. If Romanian law is to be in compliance with EU law, this rule would have to be introduced. The term of protection is calculated in full years following the year in the course of which the event triggering the above terms occurred (Article 32 Copyright Law).

As the rule of comparison of terms as provided for under Article 7(8) Berne Convention is not expressly excluded, it would appear that the rule is applicable in Romanian law. This means that in the case of a work whose country of origin is a third country and the author is not a national of or permanently resident in Romania, the term of protection of such work in Romania is determined by the rules of the country of origin, but may not exceed 70 years.

#### b) Related rights

As already indicated, the general term of protection for related rights is 50 years. There is only one exception: as in the case of authors, the moral right of performers is unlimited in time (Article 97(2) Copyright Law).

In more detail, the terms of protection for the different categories of related rights run as follows:

Performers: 50 years from first fixation or, failing such fixation, from first communication to the public (Article 102 Copyright Law).

Producers: 50 years from fixation of the sound or audiovisual recording, but if the recording was published during this period, then the term of protection will run 50 years from publication (Articles 106 and 106<sup>4</sup> Copyright Law).

Broadcasters: 50 years from first dissemination of the broadcast (Article 114 Copyright Law).

While the terms of protection for performers and producers of sound recordings would appear to be compatible with the provisions in Article 17 WPPT, they would require adjustments to be in line with the *acquis communautaire*. In particular, as far as performances are concerned, Article 3(1) Duration Directive requires that the rights of performers are protected for 50 years from the performance. Where a fixation of a performance is lawfully published or lawfully communicated to the public within this period, the rights are to expire 50 years after the publication of the communication to the public, whichever is the earlier. With regard to phonograms, Article 11(2) Copyright Directive introduced a new, but unnecessary rule as not required by WPPT with regard to the starting point of the term of protection. It is now imperative to take into consideration not only the first fixation or first publication of a phonogram, but also the first communication to the public of a phonogram which is to determine the term of protection in all cases where no publication was made. If Romanian copyright law was to be in compliance with the *acquis communautaire*, then these adjustments would be required.

#### c) *Sui generis* right

The term of protection for the *sui generis right* of the maker of a database expires 15 years after the completion or making available to the public of the database (Article 122<sup>4</sup> (1) and (2) Copyright Law). In case of substantial changes to the database which result in a substantial

new investment, the rights shall expire 15 years from the making of the corresponding changes (Article 122<sup>4</sup> (3) Copyright Law).

## 6. Limitations and Exceptions

Following the continental-European legal tradition, Romanian copyright law does not contain an open-ended system of limitations and exceptions (such as the fair use doctrine under US law or the concept of fair dealing under UK law), but following other examples in continental-European laws, a closed list of limitations and exceptions along the lines of the Berne Convention.

A long list of exceptions is contained in Article 33 Copyright Law which is supplemented by more specific provisions with regard to modifications of a work (Article 35 Copyright Law), provisions on testing of equipment (Article 37 Copyright Law) and ephemeral recordings (Article 38 Copyright Law) as well as a private use provision together with a private copying royalty scheme (Articles 34 ad 107 et seq. Copyright Law). The limitations in Articles 33, 34 and 37 Copyright Law apply also to related rights (Articles 112 and 116 Copyright Law).

As far as computer programs are concerned, the Law provides for specific exceptions in Articles 77 – 79 Copyright Law. In addition, the Law contains specific limitations to the *sui generis right* of the maker of a database (Article 122<sup>3</sup> Copyright Law).

The salient points in the field of limitations and exceptions are as follows:

### a) Catalogue of exceptions provided for in Articles 33, 35, 37 and 38 Copyright Law

The catalogue of exceptions in Article 33 Copyright is preceded by a clause in the introductory part of the provision which reiterates the requirements with regard to two steps of the so-called three step test as provided for in Article 13 TRIPS, Article 9(2) Berne Convention and Article 10 WCT, namely that lawful use must not be prejudicial

- to the normal exploitation of the work; nor
- to the legitimate interests of the author or copyright owner.

Although this important rule is only referred to in the framework of Article 33 Copyright Law, it can certainly be understood as a general principle of Romanian copyright law.

In addition, Article 33(4) Copyright Law provides with regard to certain categories of exceptions that the author and the source must be expressly mentioned, unless this is impractical.

The catalogue of limitations and exceptions, which is briefly summarised in the following, reflects the examples which may be found in international and regional copyright law, particularly in the Berne Convention. In a nutshell, the catalogue of exceptions in Articles 33, 37 and 38 Copyright Law contains the following categories of exceptions:

- reproduction of a work for judicial, administrative and parliamentary proceedings as well as for public safety along the lines Article 5(3)(e) Copyright Directive (Article 33(1)(a) Copyright Law);
- use of a work for quotations along the lines of Article 10(1) Berne Convention and Article 5(3)(d) Copyright Directive (Article 33(1)(b) Copyright Law);
- certain uses of a work for teaching along the lines of Article 10(2) Berne Convention and Article 5(3)(a) Copyright Directive, but also the public performance of a work as

- part of activities of educational establishments where no entrance fee is charged (Article 33(1)(c), (g) and (2)(d) Copyright Law);
- certain specific uses by libraries and archives, mainly along the lines of Article 5(2)(c) Copyright Directive – *but see comments below* (Article 33(1)(d) and (e) Copyright Law);
  - certain uses with regard to works of art and architecture by virtue of their existence in a public place along the lines of Article 5(3)(h) Copyright Directive (Article 33(1)(f) Copyright Law);
  - use of a work in occasion of religious celebrations similar to Article 5(3)(g) Copyright Law (Article 33(1)(h) Copyright Law);
  - use of a work for the advertising of an exhibition along the lines of Article 5(3)(j) Copyright Directive (Article 33(1)(i) Copyright Law);
  - certain uses with regard to reporting on current events along the lines of Article 10 *bis* Berne Convention and Article 5(3)(c) Copyright Directive (Article 33(2)(a) and (c) Copyright Law);
  - brief excerpts from lectures, addresses and the like made orally in public in order to inform about the event similar to Article 5(3)(f) Copyright Directive (Article 33(2)(b) Copyright Law);
  - specific uses for the benefit of handicapped persons on the basis of Article 5(3)(b) Copyright Directive – *but see comments below* (Article 33(2)(e) Copyright Law);
  - certain temporary reproductions that occur in a network transmission along the lines of Article 5.1 Copyright Directive (Article 33(3) Copyright Law);
  - certain acts of modification, i.e. for sole private use without public release, for parody and caricature along the lines of Article 5(3)(k) Copyright Directive, but also in cases where the modification is necessary for the purpose of the use permitted by the author – see comments below (Article 35 Copyright Law);
  - certain uses of a work for the purposes of testing equipment along the lines of Article 5(3)(l) Copyright Directive (Article 37 Copyright Law);
  - ephemeral recordings by broadcasting organisations on the basis of Article 11 *bis* (3) Berne Convention and Article 5(2)(d) Copyright Directive (Article 38 Copyright Law).

The catalogue of exceptions gives rise to the following observations:

First of all, as far as reproduction made by libraries and archives are concerned, Article 33(1)(d) Copyright Law allows for the reproduction of a complete work in the event of destruction, serious deterioration or loss. This should of course only apply where it is impossible to acquire under reasonable conditions a replacement copy.

Secondly, the exception with regard to uses for the benefit of handicapped persons does not refer to the condition in Article 5(3)(b) Copyright Directive that such uses must be of a non-commercial nature.

Finally, with regard to the exception in respect of modifications that are necessary in view of uses permitted by author, it is questionable whether such an exception is at all needed as permission could be granted together with the original act of exploitation which necessitates the modification.

#### b) Private copying

Article 34 Copyright Law provides for a rather widely phrased exception in respect of private reproduction of works together with a royalty scheme which is determined in more detail in Articles 107 et seq. Copyright Law. According to Article 34(1) Copyright Law, the reproduction of a work without the author's consent is permitted for personal use or for use by a normal family circle provided that the work has already been disclosed to the public, that

the reproduction does not adversely affect the normal use of the work or prejudice the author or the owner of the exploitation rights. The second paragraph of Article 34(2) Copyright Law then provides for a remuneration to be paid on both recording media and equipment to compensate for the copies made. Both aspects of the private copying scheme are examined separately:

aa) Private copying exception - Article 34(1) Copyright Law

This widely phrased private copying exception is certainly doubtful insofar as consistence with European Law is concerned, in particular Article 5(2)(b) Copyright Directive. There are three aspects which would require to be addressed as far as Article 34 Copyright Law is concerned:

First of all, the private copy should be made for the use by the person him- or herself who makes the copy and not for third parties, even if it is only the normal family circle. Secondly, such reproductions should only be made for ends that are neither directly nor indirectly commercial. And last and most important, as required under Article 5(2)(b) Copyright Directive, the fair compensation to be paid for the copying should take account of the application or non-application of technological measures to the work or other protected subject matter. The narrowing down of the conditions for private copying is of highest importance as existing private copying schemes have already in the analogue world been a mere compromise solution. In the digital realm these schemes require a careful review. With the emergence of easy to operate recording material which makes rapidly best quality copies, the private copying regime, as it currently stands, will lead to a situation where the general private copying habits of the users will interfere with the normal exploitation of the work. It is therefore highly recommended to review the private copying exception also with regard to Article 5(2)(b) of the Copyright Directive and with its relationship to the application of technological measures as provided for under Article 6 Copyright Directive.

bb) Private copying royalty scheme - Article 34(2) with Articles 107 et seq. Copyright Law

The private copying royalty scheme which is instituted by Article 34(2) Copyright Law is regulated in much detail in Articles 107 et seq. Copyright Law as follows:

Private copying royalties are payable for reprography as well as for the copying of sound and audiovisual recordings and both for analogue and digital reproduction. The right to private copying remuneration is unwaivable.

Debtors of private copying royalties are importers and manufacturers of both recording media and equipment who have to be entered in the National Register of Private Copying which is maintained by ORDA. Prerequisite for such registration is the presentation of the Sole Registration Certificate with the Trade Registry. Importers and manufacturers are obliged to submit regularly a list of products invoiced, imported or manufactured in Romania.

The list of recording media and equipment on which private copying royalties are to be paid is not open-ended, but is negotiated annually between the collecting societies and the users based on proposals made annually. For this negotiation, a commission is established ex officio by a decision of the Director General of ORDA which is published in the Official Gazette of Romania, Part I. The negotiation commission is composed of one representative for each collecting society operating in one particular

field and one representative of the main associative structures of importers and manufacturers or failing such structures, one representative for each of the first three major importers or manufacturers in the particular field established based on turnover.

The remuneration negotiated by the parties must be within the following limits fixed by the Law:

Recording media:

Paper sheets for photocopier, paper size A4: from 0.5% to 1%

Other Media: from 3% to 7%

Recording equipment: from 0.5% to 1.5%

all to be calculated either on the customs value or on the invoiced value without VAT.

The Law provides that the collection of the private copying remuneration can only be made by one sole collecting society for reprography and another sole collecting society for sound and audiovisual recordings.

The shares of the various groups of beneficiaries in the private copying remuneration are also fixed by the Law and are as follows:

Sound recordings analogue: 40% authors and publishers, 30 % each performers and producers of sound recordings

Audiovisual recordings analogue: equal shares between authors, performers and producers

Reprography analogue: equal shares between authors and publishers

Digital private copying in all fields: equal shares between each category of beneficiary as established above

No compensation is due for professionally used recording media and equipment or for smaller quantities imported in personal luggage for non-commercial purposes

As can be seen above, the collection of private copying royalties is not left to the solution by the beneficiaries of the scheme, but is to a large extent subject to interference from ORDA. From a private investment point of view, less state interference in this field of administration of intellectual property rights is certainly desirable. Ideally, right holders and users should be in a position to negotiate freely the price for the use of their intellectual property rights. They should be left to discuss the types of recording media and equipment as well as the tariffs and the shares without the State's involvement at first. Private copying remuneration is not a government tax for the use of cultural goods which would require a significant role of the State, but a compromise solution regarding compensation for the use of somebody else's property. The State could however play a useful role if and when negotiations fail by instituting an arbitration or mediation procedure to liaise amicably with the opposing parties. However, at the outset, State intervention should be left to a minimum.

The same is true for the determination of a sole collector. While the collection of the remuneration by one sole collecting society can certainly be useful and practical as the example in Germany with ZPÜ has shown, it is nonetheless recalled that ZPÜ

was not imposed on collecting societies by the German legislator but was established freely following the desire and decision of all collecting societies involved.

These considerations should be borne in mind when implementing the private copying royalty scheme in practice.

c) Relationship between exceptions and technological measures

Pursuant to Article 138<sup>5</sup> (4) Copyright Law, right owners who employ technological measures must make available to beneficiaries of certain exceptions the necessary means for legal access to the work or other protected subject matter. The exceptions in respect of which the obligations apply are the following:

- reproduction of a work in connection with judicial, parliamentary or administrative proceedings or for public safety (Article 33(1)(a) Copyright Law);
- specific acts of reproduction for teaching purposes (Article 33(1)(c) and (2)(d) Copyright Law);
- specific acts of reproduction in libraries and archives (Article 33(1)(e) Copyright Law);
- specific acts of use for benefit of disabled persons (Article 33(2)(e) Copyright Law);
- ephemeral recordings by broadcasters (Article 38 Copyright Law).

The list of exceptions follows closely Article 6(4) Copyright Law but omits reprography. It was a wise decision of the Romanian legislator not to extend the intervention mechanism to private copying of phonograms and audiovisual recordings as this will encourage the development and employment of technological measures in this domain.

d) Computer programs

The general provisions in Chapter VI of the Copyright Law on exceptions do not apply to computer programs (Article 81 Copyright Law). Instead, specific exceptions exist for the use of computer programs in Article 77 - 79 Copyright Law with regard to the making of indispensable back up copies, as well as in respect of research and decompilation. These exceptions are to a large extent modelled on the basis of Articles 5 and 6 of the Computer Programs Directive and do as such not give rise to criticism.

e) *Sui generis* right

The *sui generis* right of the maker of a database is subject to restrictions in the following cases where the lawful user may extract or reutilize the substantial parts of a published database:

- for personal use, but only for the non-electronic contents of the database;
- as an illustration for teaching or scientific research with indication of source and under the condition that such use is justified by the non-commercial purpose to be achieved;
- for the purposes of public safety, legal or administrative proceedings.

Article 122<sup>3</sup> (4) Copyright Law hence reflects the cases and narrowly confined conditions under Article 9 Database Directive and therefore does not give rise to criticism.

## 7. Transfer of copyright and related rights

Chapter VII of the Romanian Copyright Law contains provisions on the transfer of economic rights of authors. In essence, these provisions also apply to related rights by way of analogy. In the following, an overview is given of the most important features of the provisions dealing with copyright contracts.

### a) Copyright

As is often the case in copyright laws which follow the continental-European tradition, Romanian law contains ample provisions on copyright contracts which, in many respects, are similar to the provisions which may be found in the French *Code de la Propriété Intellectuelle*. However, in comparison with other laws in the region which often contain a potpourri of the most restrictive conditions for copyright contracts, the Romanian provisions, with certain exceptions, would appear to be less intrusive on contractual freedom than is the case in some other countries in the region. A distinction must however be made between moral and economic rights:

#### aa) Moral rights

As is usually the case in continental-European traditions, moral rights are neither transferable nor waivable (Article 11(1) Copyright Law). After the author's death, moral rights pass to the heirs, or in the absence of any heirs, to the collecting society that has managed the author's rights (Article 11(2) Copyright Law).

#### bb) Economic rights

Contrary to the legal situation in the field of moral rights, economic rights of authors may be transferred by contract. The Copyright Law provides for general provisions (Articles 39 – 47 Copyright Law) as well as for specific provisions in particular fields, such as publishing contracts (Articles 48 – 57 Copyright Law), contracts for theatrical or musical performances (Articles 58 – 62 Copyright Law) as well as provisions for contracts on the rental of works (Article 63 Copyright Law). In addition, the provisions in the Copyright Law governing certain categories of works, such as audiovisual works and computer programs, contain some rules on contracts with regard to these specific categories of works (in particular Articles 68 to 71 and Article 75 Copyright Law).

Article 39(1) Copyright Law contains the general principle: the author or, as the case may be, the copyright owner may transfer the economic rights in respect of a work to third parties by contract. As under French copyright law, the transfer of the economic rights in respect of all future works is however not allowed; such a contract would be null and void (Article 41(2) Copyright Law). Note that the transfer of ownership in the material object which embodies the work does not confer in itself the right to exploit the work. By contrast, the owner of a work of visual or photographic art may exhibit the work even if the work has not yet been disclosed, unless the author has expressly reserved this right upon transfer of ownership of the work of art (Articles 47(4) and (6) Copyright Law).

The transfer of economic rights may be limited to specific rights, duration and territory (Article 39(2) Copyright Law) so that the assignment of one economic right does not affect the other rights (Article 39(7) Copyright Law). However, where the right of reproduction has been transferred, it is rebuttably presumed that the distribution right is covered also by the transfer (Article 40 Copyright Law).

The transfer may occur by way of exclusive or non-exclusive assignment (Article 39(3) Copyright Law). In the case of an exclusive assignment, the initial copyright owner may no longer use the work in the manner and for the term for which the right was assigned nor assign the respective rights in respect of the work to third parties (Article 39(4) Copyright Law). By contrast, in the case of a non-exclusive assignment, the author may still use and transfer rights in respect of the work by way of further non-exclusive assignments; the assignee may only transfer his non-exclusive exploitation right to third parties with the consent of the author, except where the transfer occurs in occasion of the transformation of a legal entity (Articles 39(5), (6) and (8) Copyright Law).

The contract assigning the rights must be in writing, except for journalistic works (Article 42 Copyright Law). The contract must contain provisions which specify the rights transferred and the respective forms of exploitation, the duration and scope of the assignment as well as the remuneration payable to the author. Failure to provide for any of these requirements entitles the affected party to cancel the contract (Article 41(1) Copyright Law).

The remuneration payable to the author is established by agreement either as a lump sum or in any other way. Where the remuneration is not determined in the contract, the author can apply to the courts for the determination of the remuneration on the basis of the amounts usually paid for the same class of works, the purpose and duration of use and other circumstances relevant to the case (Article 43 (1) and (2) Copyright Law). It is also important to note that Romanian Copyright Law also provides for a kind of best seller clause: in cases of an obvious disproportion in the remuneration of the work and the benefits accruing to the assignee of the rights, the author may apply to the courts for a review of the contract and the increase of the remuneration. The Law does not give any indication what constitutes an "obvious disproportion". As in other countries where this type of provision exists, for instance under German law, previously § 36 and now § 32a Copyright Law, the uncertainty with regard to the fact when this condition is fulfilled may have a detrimental effect on investments in certain industry sectors where cross-calculation is vital for business, such as in the audiovisual industry.

The contract may be cancelled where the assignee does not use or uses insufficiently the work, except where this is caused by the author himself, a third party or through force majeure. However, the contract may only be cancelled after an expiry of 2 years from the date of the assignment or, in the case of journalistic works, after an expiry of 3 months for works to be used in the daily press or 1 year in the case of use for periodicals. This right to cancel the contract is unwaivable (Article 47 Copyright Law).

b) Related rights

As far as related rights of performers, producers of sound and audiovisual recordings as well as of broadcasting organisations are concerned, economic rights may be transferred in whole or in part by either an exclusive or a non-exclusive assignment. The provisions on copyright contracts in Articles 39 – 43 Copyright Law apply by way of analogy (Article 92(2) Copyright Law).

Note that, just like in the case of authors, performers' moral rights are neither transferable nor waivable (Article 97(1) Copyright Law).

c) Sui Generis right

The provisions governing the *sui generis* right of the database maker do not deal with the question whether the right may be transferred. There is however no reason why the *sui generis* right of the database maker should not be transferable in the same way as is the case for copyright or related rights. The Database Directive gives even a mandate for assuming so, as Article 7(3) of the Directive provides that the *sui generis* right may be transferred, assigned or granted under a contractual license.

## 8. Administration of Copyright and Related Rights

The administration of copyright, as far as economic rights are concerned, and of related rights is dealt with in much detail in Title III Chapter I of the Romanian Copyright Law. The latest amendment of June 2004 modified the legal framework for collecting societies considerably so that the whole field of collective administration is now highly regulated. According to information from ORDA, the reason for the changes in the law were irregularities in the distribution and management system of one the collecting societies operating in Romania. In order to avoid such problems in the future, a system was adopted which makes ORDA omnipresent in the area of collective administration.

It is questionable whether such a degree of interference was indeed required. While there is no doubt that collecting societies should be subject to a firm system of supervision, the question is whether it is really necessary to go as far as the Romanian legislature did with the latest amendments. If the irregularities were discovered as a result of the regular supervision previously in place, which seemingly was the case, this would prove that the system was actually functioning well. To subject collective administration to a heavy control and management system would hence mean to overburden all those who behaved correctly and ultimately render collective management unattractive altogether. One should also not forget that the rights which are subject to collective administration are private property rights. Right owners should therefore have the freedom to negotiate the conditions and cost of the use of their works without for instance being forced by the legislature into limits for percentages within which tariffs must be determined. Moreover to empower a public body to decide on the members of a negotiation committee to deal with private property rights or to order right owners by law to collect through a sole society is an unnecessary interference in the contractual freedom. While it is certainly in the interest of right owners, users and the public at large to provide for a sound legal framework which avoids abuses by large monopolistic structures, the legislature here may have gone one step too far. Where negotiations fail because parties cannot reach agreement, it is certainly important to provide for a mechanism which ultimately leads to a decision, such as arbitration or mediation procedures or the involvement of a copyright tribunal. Furthermore, supervision of collecting societies to prevent or detect abuses and to ensure transparency are of the utmost importance. However, this requires a carefully balanced legal framework.

In the following, the recently amended system of collective administration is reviewed in more detail followed by a brief account of the current practice of collective administration.

a) Legal provisions governing rights management

The following is an overview of the provisions governing collective administration of copyright and related rights as contained in Title III Chapter I of the Romanian Copyright Law:

aa) Rights subject to collective administration

As a general principle established in Article 123(1) Copyright Law, right owners may exercise their rights either individually or collectively through a collecting society. This is however not the case in respect of the following rights which pursuant to Article 123<sup>1</sup> Copyright Law can only be administered collectively:

- remuneration for private copying;
- right to equitable remuneration for public lending;
- resale right;
- right to broadcast musical works;
- right to communication to the public of musical works, except the public viewing of cinematographic works;
- right to equitable remuneration for communication to the public and broadcasting of phonograms published for commercial purposes or of reproductions thereof;
- cable retransmission rights.

In all these cases, the principle of extended collective licensing applies, i.e. the respective competent collecting society also represents right owners who have not mandated the society. The collecting society collects remuneration also for these right owners and holds the collected sums for three years. If no claim is made for payment of the collected sums by the expiry of a period of three years, the unclaimed sums will be used according to a decision of the general meeting (Article 129<sup>1</sup> Copyright Law).

Apart from the above list, there is a second list of rights established in Article 123<sup>2</sup> Copyright Law which may be administered collectively:

- mechanical rights in respect of musical works;
- communication to the public rights;
- broadcasting rights;
- right to equitable remuneration from the transfer of the rental right.

In the cases of Article 123<sup>2</sup> Copyright Law, the principle of extended collective licensing does not apply. The collecting society does only manage the rights of those who have entrusted the society with the management of the abovementioned rights. The collecting societies must make available to users the list of works and of authors and right owners represented by the society.

In all other cases, the collecting society represents right owners only to the extent of the special mandate granted to them (Article 123<sup>3</sup> Copyright Law).

Right owners may also take recourse to specialised agents in order to represent or assist them in the individual licensing of their rights (Article 123<sup>4</sup> Copyright Law).

bb) Establishment of collecting societies

Collecting societies are legal entities and non-profit organisations, established directly by the owners of copyright and related rights whose rights they administer with the endorsement of ORDA (Article 125(1) Copyright Law). Pursuant to Article 126 Copyright Law, the endorsement is given by ORDA to collecting societies with headquarters in Romania which:

- are constituted or operate in accordance with the applicable copyright law provisions;
- file with ORDA a repertoire of works, performances, phonograms or videograms of their members managed by the society together with reciprocal agreements concluded with foreign associations;
- have adopted statutes in accordance with the pertinent provisions of the copyright law, in particular with Article 127(1) Copyright Law;
- have the economic, human and material resources for the administration of rights in the entire territory;
- are accessible to every right owner in the field in which they operate.

If these conditions are fulfilled, ORDA grants its decision endorsing the setting-up and operation of the society which shall be published in the Official Gazette of Romania, Part I, at the expense of the collecting society (Article 126(3) Copyright Law).

It should be noted that in order to be valid any subsequent amendments of the statutes will have to be endorsed by ORDA as well. The endorsement must be obtained at least two months before the general meeting in which the amendments are scheduled to be considered. The endorsement is to be issued by ORDA within 10 days from the request and will be registered with the judicial court. If the endorsement is rejected, it must be motivated. Any amendment registered with the court without endorsement by ORDA is null and void (Article 127(3) and (4) Copyright Law).

Where the conditions for the endorsement are no longer given or the collecting society infringes substantial duties, ORDA may grant the society a certain period of time to abide by the law. This decision may be appealed to the administrative section of the courts. Failure to observe the final decision, may result in the withdrawal of the endorsement by ORDA.

#### cc) Functioning of collecting societies

Collecting societies operate on the basis of the direct or indirect mandate given by the rightholders (Article 129 Copyright Law). A direct mandate exists where the rightholder has concluded an agreement directly with the collecting society. In such a case he has a right to vote in the general meetings. An indirect mandate exists in cases where a foreign collecting society has entrusted the Romanian society with the administration of rights of their members. In such a case, no right to vote in the general meeting exists.

The negotiation of tariffs and methodologies can only be achieved with the involvement of ORDA (details in Article 131(1) Copyright Law). The negotiation procedure must be initiated with a request from the collecting society to ORDA accompanied by the methodologies proposed for negotiation and a list of the main representative bodies of right owners and users that should participate in the negotiation. The methodologies are negotiated within a commission which is instituted by ORDA upon decision of its Director General comprising one representative for each of the main collecting societies operating for each category of rights and one representative for each of the main bodies representing major users in the particular field as well as of public organisations or broadcasters as the case may be. The decision of the Director General of ORDA on the composition of the negotiation commission will be published in the Official Gazette of Romania, Part I at the expense of the collecting society and submitted to the parties by registered mail together with the proposals of methodologies.

The negotiation of the methodologies is regulated in the Copyright Law in much detail (Articles 131<sup>1</sup> to 131<sup>4</sup> Copyright Law). One of the most restrictive rules may be found in Article 131<sup>1</sup>(2) Copyright Law which provides that the tariffs must be between 1% and 10% for copyright and between 0.5% and 3% for related rights from the income obtained by users

from the respective use. As already indicated, in the field of cable retransmission, these percentages are even lower as they must not exceed 1.5% for copyright and 0.5% for related rights (Article 121 Copyright Law). It should be noted that in very few instances national copyright laws impose such a rule on right owners. One example is Article 60(2) of the Swiss Copyright Law which provides for a rule for the assessment of the reasonableness of a tariff by indicating certain levels from which the tariff may be considered as unreasonable, depending on the circumstances. This rule in Swiss law has already given rise to much criticism not only from right owners but also from legal doctrine where it was considered that such a restriction was not compatible with the legal nature of an exclusive right<sup>16</sup>. However, it must be borne in mind that, contrary to the legal situation in Romania, the thresholds under Swiss law are only of an indicative value rather than an absolute threshold which could not be exceeded (although, admittedly, it may be difficult in practice to exceed these limits even under the Swiss legal situation).

The negotiation committee has only up to 45 days in order to agree on the methodologies. The methodologies must be filed with the Director General of ORDA who will decide on the publication in the Official Gazette of Romania, Part I at the expense of the collecting society.

If there is no agreement on the methodologies, the parties may request from ORDA the initiation of an arbitration procedure in which ORDA participates with an advisory role (details may be found in Article 131<sup>2</sup> Copyright Law). The decision of the arbitration board on the final form of the methodologies will be published in the Official Gazette at the decision of the Director General of ORDA. The parties may appeal the decision of the arbitration board within 15 days from the publication in the Official Gazette to the civil panel of the Court of Appeal of Bucharest. The court's decision is final and binding and will be published in the Official Gazette upon decision by the Director General of ORDA.

An application for the initiation of a new negotiation procedure for methodologies and tariffs may only be lodged with ORDA after three years have expired from the publication of the previous methodologies and tariffs in the Official Gazette (Article 131<sup>3</sup> Copyright Law). Note however that remunerations established in lump sums can be modified annually by the collecting societies based on the inflation index established at the national level. These modifications will have to be filed with ORDA and will be published in the Official Gazette upon decision of the Director General and at the expense of the collecting society (Article 131<sup>4</sup> Copyright Law).

The collection of revenues must be made by a sole collecting society for the same category of users. In other words, all right holders will have to collect together through one single collecting society, similar to the ZPÜ in Germany, with the important difference, however, that ZPÜ has been set up voluntarily by the various collecting societies whereas in Romania the sole collecting society is imposed by the legislator.

The collecting societies must designate the sole collector in order to be established by decision of the Director General of ORDA, decide upon the proportions of distributing remuneration among the various beneficiaries and set forth the expenses of the sole collector. If this information is not filed with ORDA within 30 days from the entry into force of the methodologies, the Director General of ORDA shall decide upon the sole collector. In such a case, the sole collector can only distribute remuneration once it has filed with ORDA a protocol establishing the proportion of distribution of the collected amounts.

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<sup>16</sup> *Barrlet/Egloff*, Das neue Urheberrecht, 2. Auflage, 2000, Article 60, notes 6-8.

The distribution of remuneration is made to individual right owners proportional to the use of the repertoire of each member within a maximum of six months from collection. The commission owed by the right owners may not exceed 30% from the annually collected amounts. In any case, the law stipulates that all decisions regarding methods and rules of collection and distribution as well as on all other important aspects may only be taken by members within the general meeting in accordance with the statutes (Article 134(2) Copyright Law).

Members of the collecting societies have ample rights to information against the collecting society in order to prevent abuse (details in Article 134<sup>1</sup> Copyright Law). First of all, any member is entitled to request detailed information and documents on the amounts distributed to him or her during the last 12 months, their source, mode of computation, withholdings as well as the compatibility of these data with provisions of the distribution regulation. Secondly, any member is entitled to consult 30 days before the general meeting the annual report, the balance sheet, the report of the management bodies and of the auditing commission, the text and the preamble of the decisions that are subject to the approval by the general meeting, the employees' individual salaries, information on banking and investments as well as on users together with information on litigations with users. Note that the Law makes provision for the establishment of a permanent commission regarding the access to information which may be appealed if the right to access information is violated.

dd) Obligations of collecting societies

Collecting societies have various obligations which are all provided for in the Copyright Law, in particular in Articles 125<sup>1</sup>, 130, 134 and 135, including the following:

- to grant users non-exclusive licences before the use of the protected repertoire upon request;
- to compile methodologies for negotiation with users;
- to conclude general contracts with users;
- to conclude reciprocal agreements with foreign collecting societies;
- to collect and distribute remuneration for the rights owners represented;
- to ensure the access to information on any aspect of activity for their members;
- to provide assistance to members in court cases;
- to request and gather information on the extent of use from users;
- to ensure the transparency of the society in relation to public control authorities;
- to engage in any other activity in accordance with a special mandate received from a member;
- to make available on their own webpage in electronic format updated information about the society, including the statutes, a list of members, internal commissions and local managers, the annual statement and report, information on the general meeting; and any other data necessary for the members for inforamatory purposes;
- to communicate to the public through the mass media the categories of rights that they represent, the economic rights that they manage, the categories of users who have payment obligations vis-à-vis the right owners, normative acts on the grounds of which they operate, modalities of collection as well as their working hours;
- to file with ORDA in the first quarter of each year after the general meeting the annual report as presented to and endorsed by the general meeting, judgments on registration of modification to the statute as advised by ORDA, updated repertoire and reciprocal agreements.

ee) Control of collecting societies

The operation of collecting societies is controlled by ORDA in the basis of Article 138(1)(h) Copyright Law. ORDA may carry out general controls once a year with 10 days' notice and ad hoc controls with regard to specific complaints at any time during the year subject to three days' notice (Article 138<sup>2</sup> Copyright Law). The collecting society is obliged to present the documents and information requested by the control bodies (Article 138<sup>1</sup> and Article 138<sup>2</sup> (2) Copyright Law). The result of the control together with the observations of the Director General of ORDA will be entered into a report. If any irregularities are found, administrative sanctions may be applied (Article 138<sup>2</sup> (2) Copyright Law).

b) Practical rights management

As the above provisions entered into force only recently, no account of their practical application can as yet be given. The following is therefore a brief overview of the collecting societies which are operating in Romania:

**ADA** represents composers and is one of the oldest collecting societies in Romania. The collecting society has been in existence since 1928. ADA has 11 offices in the country, including in Bucharest, with 108 employees of which 76 work in the provinces. ADA administers both mechanical and performance rights as well as private copying remuneration for music in which latter field it functions as the sole collector. As far as the administration of performance rights is concerned, about 15000 contracts are in place. However, not all outlets pay royalties and a number of them have been closed by the public prosecutor but without a criminal record, applying merely administrative sanctions. Problems exist also with private radio stations which refuse payments. Court actions have been initiated and in one case the matter has reached the Supreme Court. By contrast, with the public television there is a longstanding relationship. There have not so far been problems with the payment of performance royalties from their side and the financial conditions have just been renegotiated. As far as mechanicals are concerned, the situation appears to be less encouraging as according to ADA only two record production companies pay mechanicals, all others appear as music publishers and object to liability for payment on that basis.

In the field of literary works **Copy-Ro** is open to collect remuneration for all authors of literary works. Already before the First World War there was a Society of literary authors in Romania. During the communist era after 1949 the collecting society existed as one of 4 funds and made distributions not only to Romanian but also to foreign authors which was exceptional at the time. At present, Copy-Ro counts around 2000 members and administers about 6000 works. Copy-Ro administers all rights in respect of literary works, including for reprography. Copy-Ro is a member both of CISAC and IFFRO. There is a reluctance to pay for the use of literary works in all domains: theatres, including the national theatre, and broadcasters, in particular the national public broadcaster, object to payments, but also publishing houses are often problematic. In fact, there is only one theatre in the country which pays without problems. The problem is worse when the author negotiates himself with the theatre. Often Copy-Ro takes over such contracts from individual authors and renegotiates the contractual conditions.

The organisations in the related rights field are much younger as related rights protection was introduced only in 1996. The performers' collecting society **CREDIDAM** represents a merger of two performers' collecting societies and administers the rights of 4700 members in the fields of communication to the public and broadcasting. Finally, **UPFR** administers remuneration for communication to the public and broadcasting of phonograms for phonogram producers.

## C. Recommendations

On the basis of the foregoing observations, a number of recommendations for improvements are made in the following which could render the Romanian copyright and related rights system more investment-friendly. A large number of the suggestions concern legal issues. This should however not distract from the fact that one of the major obstacles to a smooth enjoyment of copyright and related rights in Romania is overregulation of the sector coupled with the wide powers of the Romanian Copyright Office (ORDA) in the field of exercise and enforcement of rights. Deregulation and streamlining of ORDA could render the whole sector more attractive both to the local as well as to foreign cultural industries.

In more detail, it is proposed to review the legal and practical situation in the copyright and related rights field as follows:

### 1. Applicability in time

The transitional provisions in Article 149 Copyright Law should be reviewed in several respects:

- the scope of the provision generally should be clarified;
- in addition, clarification is required whether provision extends to all categories of related rights, including performances;
- the introduction of a transitional provision in respect of the *sui generis* right of the maker of a database along the lines of Article 14(3) Database Directive is needed.

For more details please refer to Part II B 2 b).

### 2. Scope of protection

- a) The unnecessary downgrading of the exclusive right in respect of broadcasting and communication to the public of phonograms to a mere exclusive right should be revisited. Neither international nor regional, i.e. European, related rights law requires that only a right to remuneration is to be provided at the national level. In this context, the presumption of transfer of performers' rights in favour of the phonograms and film producer which does no longer extend to public communication should also be reviewed.

For more details please refer to Part II B 4 d) (aa).

- b) The protection of technological measures should be reviewed and either clarified or amended in order to include the act of circumvention as an infringement and to expressly provide for the application of civil remedies.

For more details please refer to Part II B 4 f).

### 3. Duration of protection

- a) A specific rule with regard to the term of protection for audiovisual works along the lines of Article 2(2) Duration Directive is needed for compliance with the *acquis communautaire*.
- b) The starting point of the term of protection for performers and producers of phonograms should be reviewed to bring it in line with Article 3(1) Duration Directive and Article 11(2) Copyright Directive respectively.

#### 4. Limitations and exceptions

The following improvements are necessary in the field of limitations and exceptions:

- a) The exceptions for the benefit of libraries and archives and handicapped persons as well as the private copying exception should be more narrowly confined to bring them in line with the Copyright Directive.
- b) The private copying royalty scheme should be deregulated to allow for free negotiation of tariffs and free choice of collection by affected parties and to limit ORDA's role to supervision powers as is the case in most other countries.

#### 5. Clarifications

- a) Definition of phonogram

The definition of the notion of "phonogram" as provided for in Article 103(1) Copyright Law should be reviewed in two respects in order to make it fully compliant with Article 2(a) WPPT:

- the reference to "exclusively aural" should be deleted and there should be a reference to all representations of sound, not just to those in digital form;
- the legal situation with regard to the use of sound tracks outside an audiovisual work should be clarified so as to comply with the Agreed Statement to Article 2(a) WPPT.

For more details please refer to Part II B 1 b).

- b) Miscellaneous clarifications

The following uncertainties in the Copyright Law should be clarified:

- Meaning of "works of digital art" as contained in Article 7 lit. j Copyright Law;
- Meaning of "obvious disproportion" in the sense of Article 43(3) and (4) Copyright Law with regard to the author's remuneration in copyright contracts;
- Clarification whether the *sui generis* right of the database maker is transferable.

#### 6. Collective administration

In the field of collective administration, there are at least three acts of deregulation in the field of collective administration which would require urgent action:

- a) The frames for tariffs for cable retransmission, private copying and uses in general should be preferably be abolished or at the very least reviewed or, at the least, transformed into an indicative threshold only as under Swiss law.
- b) The decision with regard to the collection of remuneration through one sole collecting society should be reversed. The parties involved should be in a position to decide freely who should collect remuneration for the use of copyright works and the like.
- c) The affected parties should be allowed to decide themselves on the composition of the negotiation committee for tariffs and methodologies and to negotiate without guidance from public bodies.

- d) ORDA's role in the field of collective administration should be confined, as is the case in most other countries, to the supervision of collecting societies and should amount to assistance to right owners and users, for instance by providing alternative dispute resolution services, in cases where no agreement could be reached.

## **Part III                      Enforcement**

This part examines the enforcement of intellectual property rights infringements from two different angles: it is first of all a stocktaking of the various bodies involved in enforcement and of the legal tools which both intellectual property laws and related legal sources grant right owners to defend their legal position (Section A). Secondly, the counterfeiting and piracy situation in the various industries as well as the response to the problem in terms of practical enforcement measures is outlined in Section B. Finally, Section C contains recommendations for improvements in the field of enforcement.

The majority of the relevant legal materials outside the laws governing the various forms of intellectual property were either not available in English translation at all or only to a certain extent. This applies in particular to the Codes on Civil and Criminal Procedure. As far as border measures are concerned, an English translation of Law No. 202/2000 on Specific Measures for the Enforcement of Intellectual Property Rights in Customs Clearance Operations as amended by Ordinance No. 59 of 22 August 2002 was made available.

### **A.      Legal tools for the enforcement of intellectual property rights**

Infringements of intellectual property rights can be pursued in Romania foremost in civil and criminal proceedings. In addition, in the field of copyright and related rights, administrative proceedings applied under the auspices of the Romanian Copyright Office (ORDA) are of particular importance. Also in the field of industrial property and unfair competition two administrative bodies, the National Authority for Consumer Protection and the Directorate on Unfair Competition in the Finance Ministry are, in parallel to the police and the prosecutor, competent to investigate and impose administrative fines. Finally, border measures are also available. In the following, the various procedures are described in more detail:

#### **1.      Civil remedies and procedure**

##### **a)      Civil remedies**

Both the industrial property laws and the Copyright Law contain provisions dealing with civil remedies.

##### **(aa)    Industrial property rights**

All industrial property laws provide for the possibility of the right owner to ask the competent court (now the Bucharest Municipality Court; see below b) for prohibition of the act that infringes his right and for damage for the prejudice caused to him. As concerns the acts, which are considered to be an infringement, the explanations in Part I B are referred to.

The patent owner's right is protected from publication of the patent application from which time the infringer is also liable for damage. However, payment may be enforced only after the grant of the patent (Article 58(3) Patent Law). Final decisions in civil litigation relating to patents must be communicated to the OSIM for registration and publication in the Bulletin in order to become opposable to third parties.

The Trademark Law refers for damage claims expressly to the general rules of law. Also for the infringement of other industrial property rights no doubt the general provisions with respect to the calculation of damage are applicable, since the specific laws do not contain any details on how to calculate damage.

Also the Law on the repression of unfair competition provides in Article 9 for civil responsibility for acts considered to be unfair competition (for details see Part I, B 7).

Even if the wording in the different laws is varying it can be said that generally the following additional remedies may be asked for:

- the infringing goods to be confiscated *or* destroyed;
- the materials and equipment that directly served to commit the infringement to be confiscated or destroyed;
- the infringer to inform the right holder about the identity of third parties that took part in producing and distributing the goods and of the distribution channels;
- the decision to be published.

Some laws provide for the right for information in the context of provisional measures, dealt with below b), and some laws provide for confiscation and destruction according to criminal law. No doubt, harmonization of the provisions in the different laws by providing in civil proceedings all these remedies would be desirable. More generally it is often difficult to comprehend whether the provisions in the enforcement part of the laws relate to civil liability, to criminal liability or both (even in the same article often provisions of both types of responsibility are contained).

(bb) Copyright, related rights and *sui generis* rights

Pursuant to Article 139(2) and (10) Copyright Law, right owners whose rights have been infringed may apply to the courts to seek the following remedies:

- acknowledgement of their rights;
- establishment of the infringement of these rights;
- redress for the prejudice (i.e. damages) computed in accordance with general legal provisions; however where it is impossible to establish the prejudice, the right owner may claim the payment of triple license fees;
- surrender of proceeds covered from the infringement or of the goods resulting from the infringement for compensating the damage which should mean that the damages referred to in the category above would not apply where the claimant has opted for this alternative;
- destruction of the equipment used for the infringement;
- removal of the unlawfully made copies from commercial channels by confiscation and destruction except in the case of an architectural work;
- publication in the mass media of the court's decision at the expense of the offender.

It would appear that injunctions are not available outside provisional measures (see below under (c)), unless a general Civil Code provision provides for such measures.

b) Civil procedure in general

The consultants were provided with a translation of Articles 33 and 34 of Law No. 304/2004 on Judicial Organisation as well as Articles 2-4, 121 and 581-582 of the Civil Procedure Code. In the absence of a full English translation of the Civil Procedure Code, only an overview of the procedure can be given:

aa) General outline of procedure

The court organisation in Romania follows to a large extent the ordinary court system in France. The different instances are as follows:

- Court of First Instance
- Tribunal (in Bucharest: Municipality Court)
- Court of Appeal
- High Court of Justice and Cassation

Hitherto, cases whose value was below 1 billion Lei were heard in first instance by the Court of First Instance with an appeal on both facts and legal points to the Tribunal. The decision of the Tribunal could then be appealed on points of law only to the Court of Appeal. For matters exceeding 1 billion Lei in value, the Tribunal were the first instance court with the possibility of an appeal on both facts and law to the Court of Appeal. The decision of the Court of Appeal could then be further appealed on legal points only to the High Court of Cassation and Justice.

Law No. 304/2004 on Judicial Organisation of 29 June 2004 has most recently brought an important change, namely the introduction of specialised courts in the intellectual property field. Pursuant to Article 33(2) of the Law, the Bucharest Court of Appeal will function as an instance specialized for judging intellectual property cases. This means that there will be a specialised Chamber in the Court of Appeal dealing with IP cases. The same is true for first instance cases which will be heard by a special chamber in the Municipality Court of Bucharest in accordance with Article 34(2) of the Law. The judges in the specialised courts have already undergone specific training, particularly under the Phare programme, and further training is foreseen by the School for Judges in the future. Obviously, as the amendment is so recent, it is not yet possible to make any statement as to how the new structure will work out in practice. Nonetheless, the introduction of a specialisation at the court level is an important step forward and one would assume that the creation of specialised knowledge and expertise can only be an advantage for the enforcement of intellectual property rights infringements.

For the grant of **industrial property** rights the OSIM is competent, and the specific laws provide for administrative registration and opposition procedures with appeal to the administrative appeal board of the OSIM (for details see above Part I B). Where a decision of an instance of the OSIM may be appealed to the courts (this is true for all final decisions on the administrative level within the OSIM), already at present these appeals go the Municipality Court of Bucharest with further appeal to the Bucharest Court of Appeal. Also cancellation and revocation actions must be initiated with the Bucharest Municipality Court. However, as concerns litigation against infringement, the laws simply refer to the jurisdiction of the law courts (respectively to the competent juridical body, as written in the Trademark Law). In this important field of litigation the new rules on exclusive competence of the Bucharest courts for all IP matters are no doubt an important improvement.

As far as the **copyright** side is concerned, Article 139(1) Copyright Law stipulates that the procedural rules applying to copyright cases are those rules specified in the Copyright Law together with the general procedural provisions. Owners of copyright and related rights may be represented in all procedures by an attorney with a special power of attorney. The power of attorney is considered special if it is given for the representation of the owner of copyrights or related rights in any situation of infringement. Reportedly, this recent amendment was introduced in order to facilitate the representation in infringement cases allowing the right owner to grant a power of attorney to his lawyer to represent him with regard to infringements of all his works.

bb) Case load

The consultants were provided with two studies on the protection of IPRs by the Courts of Justice covering the years 1999 – 2001 and 2001 – 2003. According to the reports, IP cases in 1999 and 2000 were rather scarce. In 2001, 179 IP cases were brought of which 82 were solved, in 2002 again 179 cases were brought of which only 78 requests were accepted and in 2003, 223 requests were lodged of which 75 were solved.

- Industrial property cases

With respect to industrial property right cases between 1999 and 2001, there was a certain number of litigation in the patent field, however apparently not relating to typical patent infringement cases. No litigation was reported with respect to topographies of integrated circuits. In the trademark field litigation took place for different reasons, including trademark infringement cases and claims of unfair competition. As concerns industrial designs, apparently litigation only related to the annulment of the registration certificate. Finally, no case was reported with respect to geographical indications. Apparently a large part of the cases was solved amicably with settlements, or with the plaintiff's renunciation to seek legal remedy, or they were suspended upon the request of the parties.

During 2001-2003 again most cases in the patent field did not relate to patent infringement, rather to objections against the OSIM decisions to grant or to reject patents. However, a number of cases have been reported, where the right to use the patent and the claim for remuneration for such use was in dispute. In the trademark field, according to the report, numerous legal issues were raised before the courts. Most of the cases apparently were appeals against decisions of the OSIM in the examination procedure or against decisions in opposition procedures. However, also requests to prohibit trademark infringements and for the reparation of the material prejudice caused were made, and decisions confirming trademark infringement were handed down. In two cases it was recognized that the plaintiff's trademark was well-known, and in one case an opposition based on a well-known commercial name was successful. In seven cases the plaintiff withdrew the action and in 90 cases for other reasons no decision was handed down. With respect to industrial designs the reported cases mainly concern objections against registration and the issue of a deed of protection by the OSIM, but also the reproduction of an industrial design drawing or design for the manufacturing of identical products. A number of the reported cases were appealed either in points of fact or of law, and the appeals were still to be solved by the competent courts, when the report was published.

- Copyright cases

As far as copyright cases are concerned, cases between 1999 and 2001 were brought mainly by collecting societies, to a large extent concerning level of tariffs for the public communication of works. A large part of litigation was solved amiably with settlements or with the claimant's renunciation to seek legal remedies or they were suspended upon the request of the parties. One particular difficulty referred to in the report is the question of securing evidence in infringement cases. The local offices for judiciary expertise were largely unable to communicate names of experts in certain areas where specialised technical experience was required, such as in music creation. The problem was not mentioned any more in the 2001-2003 report. Another suggestion made in the 1999/2001 report was to strengthen legislation in the intellectual property field, to ensure the co-operation of all bodies involved in this field in order to carry out more rigorous controls and to raise awareness of the normative acts and law decisions pronounced in the field.

As far as copyright cases between 2001 and 2003 are concerned, the report sets forth that no cases were brought regarding the author's moral rights. All cases in civil proceedings concerned economic rights and were initiated either by the collecting societies or by the right owners themselves. It appears that the cases brought were so diverse that they cannot be discussed in detail in the report. The few examples which the report discusses concerned the application of a copyright contract in the field of choreography, the unlawful use of performances in radio broadcasts, the unlawful broadcasting of phonograms and the unlawful reproduction of 178 exercises from a physics textbook.

c) Provisional measures

Provisional measures are available both in the industrial property as well as in the copyright and related rights field in accordance with the general provisions of the Civil Procedure Code, i.e. Articles 581 and 582.

aa) General procedure under the Civil Procedure Code

In essence, the procedure in accordance with Article 581 Civil Procedure Code is as follows: where there is a danger in urgent cases that a right may be infringed in case of a delay, a law court may order interlocutory injunctions to prevent an impending damage which could not be remedied or to remove impediments that would occur on the occasion of an enforcement action. The injunction may be ordered without summoning the parties. It would not appear that this provision amounts to the adoption of provisional measures *inaudita altera parte* as required by Article 50(2) TRIPS, but merely states the fact that interlocutory injunctions may be granted without a hearing of the parties before the court, i.e. in written proceedings. Note however that, as far as copyright is concerned, a specific provision was introduced in occasion of the last copyright law revision in 2004 with the effect to provide the possibility for pronouncing a decision *inaudita altera parte* (see below). Under Article 581 Civil Procedure Code, an interlocutory injunction is available even in cases where the judgment on the merits of the case has already been rendered. The injunction is interlocutory and immediately enforceable.

Pursuant to Article 582 Civil Procedure Code, the injunction may be appealed within 5 days from the day it was pronounced or from the notification, if the parties were not summoned. The enforcement of the injunction may be postponed until the judgment of appeal is rendered provided that the party has paid the security to the court. The appeal will be judged with urgency and priority in the presence of the parties. The enforcement of interlocutory injunctions may be contested.

It should be noted that there are no provisions which would deal with the initiation of proceedings on the merits of the case in application of Article 50(6) and (7) TRIPS. Unless these provisions are contained in the part of the Code which was not translated, it would be necessary to introduce respective rules in order to fully comply with TRIPS.

bb) Industrial Property

- *Patents, topographies, plant varieties and designs*

According to Article 63 of the Patent Law the patent owner may request the court to order withholding measures, where there exists the risk of infringement and if such infringement risks to cause irreparable prejudice or if there exists the risk of destruction of evidence.

The court may also order measures to stop acts of infringement by imported goods after customs clearance. In the apparent effort, to use wording as close as possible to the TRIPS provisions, of course dealing only with trade related aspects of IP, it has been overlooked that infringing goods that are offered on the market may also have been manufactured in the country and that in such case the same provisional measures should be applicable. This fact has been taken into account in the more recent Trademark law.

Furthermore the court may also decide that the infringer should inform the patent owner of the identity of third parties who took part in producing and distributing the goods and of the distribution circuits.

The court may ask for security.

Finally, the Patent Law declares the general provisions of the civil law applicable for ordering withholding measures.

The Law on the Protection of Topographies of Integrated Circuits allows provisional measures to stop infringement only "immediately after suing". The provisions of the Law on the Protection of New Plant Varieties, and of the Industrial Design Law correspond to those of the Patent Law.

- *Law on Marks and geographical indications*

The owner of a mark or, where appropriate, the Ministry of Agriculture (in the case of infringement of geographical indications), may request the court to order withholding measures when there exists the risk of infringement and if such infringement risks to cause an irreparable prejudice or to lead to the destruction of evidence (Article 87(1)).

The court may also order measures to stop acts of infringement and to safeguard evidence of the origin of the goods or services on which a mark or a protected geographical indication is unlawfully affixed (Article 87(2)).

Article 87(3) declares the general rules of law on seizure applicable to infringing acts and, according to Article 88, the provisions of Article 581 and 582 of the Code of Civil procedures apply to the measures referred to in Article 87. Furthermore the court may require the plaintiff to pay security.

The owner of a mark or, where appropriate (in the context of a geographical indication) the Ministry of Agriculture, may require the infringer to provide recent information on the origin and distribution channels of merchandise to which marks are unlawfully affixed and information on the identity of the manufacturer or merchant and on the quantity of merchandise manufactured, delivered, received or ordered.

The court may order the plaintiff to refund to the defendant any damages obtained as a result of an abusive initiation of proceedings in relation to a mark or protected geographical indication.

- *Unfair Competition Law*

As discussed in Part I, B 7, an important number of acts of infringement of industrial property rights and of trade secrets is according to Articles 4 and 5 of the law considered an administrative or criminal offence. However, Article 9 provides for these cases also for civil responsibility.

Where any of the acts listed in Articles 4 and 5 causes damage, the damaged person has the right to initiate civil action at the competent court.

Where the act was committed by an employee, the principal is responsible for the damage caused, unless he can prove that, according to the usage, he was not able to avoid the commitment of the act.

Provisional measures as provided in Article 581 and 583 of the Code of Civil procedure may be requested, where these measures cannot be delayed.

The court may order the goods to be seized and to be sold after the deceptive indications have been destroyed(!). The amount resulting from the sale will first cover the damages which have been fixed by the court (Article 10)

The court may, in addition to the other measures ordered in the decision, also order the decision to be published in the media at the expense of the defendant (Article 11). This provision is no doubt useful and should generally be applied.

The civil action must be initiated within one year of the date on which the injured party became aware or should have become aware of the damage caused and the person that caused it, but not later than 3 years from the date on which the act was committed.

The provisions of the law are complemented by the provisions of the Code of Civil Procedures.

Summing up, useful provisions are contained in the Patent Law and in the Trademark Law on the obligation of the infringer to provide information, and in the Unfair Competition Law on the possibility to order the publication of the decision and particularly on the responsibility of the principal for acts committed by an employee. However, the possibility for the court to order such provisional measures *inaudita altera parte* is not expressly provided. The laws content themselves to refer to the general provisions of the Code of Civil Procedure (Article 581).

#### cc) Copyright and Related Rights

The general procedure as described above is supplemented by specific provisions which may be found in Article 139(3) to (7) Copyright Law.

First of all, the Copyright Law provides in Article 139(3) that in cases where protected rights have been infringed, right owners may apply to the court or any other competent body, which is understood to be ORDA, for the immediate ordering of measures to prevent the occurrence of imminent damage or to secure redress. In addition, provisional measures may be requested from the court in accordance with Article 139(4) Copyright Law for securing evidence or for establishing a state of fact where there is a risk that the facts or evidence are otherwise endangered. Note that contrary to Article 50(1)(a) TRIPS, the Copyright Law seems to require that the infringement has taken place already. Hence the procedure would appear not to aim at preventing an infringement as such but a damage from occurring. However, it would appear that this is a mere drafting or translation error, but would require clarification.

As far as procedure is concerned, Article 139(5) Copyright Law provides that the provisions of common law are applicable, i.e. the above described Articles 581 and 582 Code of Civil Procedure. There are, however, a number of specific procedural provisions also in the Copyright Law which complement the rules in the Civil Procedure Code:

First of all, Article 139(5)2 provides that the interlocutory injunction is to be pronounced within at least 24 hours.

Secondly, as already indicated, Article 139(6) Copyright Law implements Article 50(2) TRIPS and specifically provides that the preliminary measures may be adopted without the summoning of the adverse party in cases where this is necessary. Whether any interlocutory injunctions are actually rendered *inaudita altera parte* in practice, is difficult to confirm as the amendment was only introduced as a result of the most recent Copyright Law reform in June 2004.

Furthermore, Article 139(7) Copyright Law provides that the Court shall request from the claimant any element of evidence in order to prove the imminent danger of the infringement and the damage. The Court may also request a security in order to ensure compensation of any prejudice that might be suffered by the defendant.

Finally, the Court may authorise the seizure of objects and documents that constitute evidence for the infringement of a copyright or related right (Article 139(8) Copyright Law). The measures of securing evidence or establishment of a state of fact will be enforced by a judicial executor, and the injured right owners and/or their representatives are entitled to participate in the enforcement of those measures (Article 139(9) Copyright Law).

## **2. Criminal sanctions and procedure**

### a) Criminal sanctions

Criminal sanctions are available against the unlawful use of intellectual property in all forms, be it objects of copyright and related rights, industrial property rights or acts of unfair competition.

#### (aa) Industrial Property Rights

##### - *Patent Law (Article 58) and related Laws*

Infringement of the patent owner's rights that occurs after the date of publication of the patent application, constitutes an offence of infringement that shall be punished with imprisonment of three months to two years or with a fine of 100 million to 300 million Lei (less than 10 000 Euro). Criminal proceedings are not initiated *ex officio* but must be initiated through the preliminary filing of a complaint by the aggrieved party (Article 58(1)).

The provisions of the Law on the Protection of Topographies of Integrated Circuits and the Law on the Protection of New Plant Varieties correspond to those of the Patent Law.

##### - *Law on Marks and Geographical Indications*

The following constitutes an infringement liable to imprisonment between three month and three years or a fine of 15 million Lei (Article 83):

- Infringement, imitation or unlawful use of a mark with the intent of misleading the public as to the quality of the goods or services to which the mark applies
- The unlawful marketing of a product under a mark that is identical with or similar to a mark registered for identical or similar products, causing prejudice to the owner of the registered mark

- Marketing of a product under a geographical indication suggesting that the product concerned originates from a geographical region other than its true region of origin with the intent of misleading the public as to the geographical origin of the products

The owner of a mark or, as appropriate, the Ministry of Agriculture and Food, may apply to the competent judicial body to order confiscation or, as appropriate, destruction of products on which marks or geographical indications referred to in Article 83 have been affixed. These provisions apply also to the material and equipment used to carry out the infringement (Article 84; this is no doubt a very useful provision that should be introduced in the criminal code or the code of criminal procedures for infringement of all industrial property rights).

Persons found guilty may be required to pay damages, in accordance with the general rules of law, for the prejudice caused by the performance of the acts referred to in Article 83 (Article 85).

Any use of marks or geographical indications contrary to honest practices in industrial or commercial activities, with an attempt to mislead consumers, constitutes an act of unfair competition and is liable to imprisonment between one month and two years or a fine of 15 million Lei (Article 86). Such fine of less than 500 Euro is of course no impediment.

Criminal proceedings shall be instituted on a prior complaint by the injured party (i.e. not *ex officio*).

#### - *Industrial Design Law*

The unlawful reproduction of an industrial design for the purpose of manufacturing products of an identical appearance, and the acts of manufacture, offering for sale, importing etc. of such products is an offence of counterfeiting and is punishable by imprisonment between six months and two years or a fine of 15 to 30 million Lei. (Article 51; this is a very small fine of less than 1000 Euro)

Criminal proceedings may be initiated by a complaint or *ex officio*. This is the only law in the field of industrial property that provides for the possibility to initiate criminal proceedings *ex officio*. However, the recently revised Criminal Code provides for all criminal offences in the field of industrial property that they are pursued only on complaint by the aggrieved party.

#### - *The Unfair Competition Law*

As said before, an important number of acts of infringement of industrial property rights and of trade secrets (as described in Part I, B 7) is according to Article 5 of the law considered a criminal offence and is punished with prison from 6 months to 2 years or with a fine from 25 million to 50 million lei.

The person who committed an act of unfair competition is obliged to discontinue the act or to remove it, to return confidential documents illegally appropriated from the legitimate owner, and where appropriate, to pay compensation for the damage caused, according to the legislation in force (Article 6).

The district court (the Tribunal) is according to Article 8 competent for dealing with acts of unfair competition (Article 7). The criminal action is initiated by a complaint of the injured party or upon notification by the local Chamber of Commerce and Industry or by another professional organization or by the persons enabled by the Competition Office (this will now

be the staff of the Unfair Competition Directorate in the Finance Ministry, having also the power of investigation).

At the request of the legitimate owner of a commercial secret, the court may order measures to forbid the industrial or commercial operation of the goods resulted from the illegal appropriation of the commercial secret or even the destruction of these goods.

The provisions of the law are complemented by those of the Code of Criminal Procedures:

- *The Criminal Code*

The present Criminal Code also contains provisions about patent infringement (Article 299 and 300, providing for imprisonment from three respectively six months to two years or a fine), and a provision about unfair competition with respect to patents, trade names and appellations of origin (Article 301, providing for imprisonment from one month up to two years or a fine). Furthermore, trade secrets are protected by Article 298 providing for imprisonment from two to seven years for the disclosure of a trade secret!

Apart from Article 298, these sporadic provisions will soon be superseded, since a recent amendment of the Criminal Code that will enter into force in June 2005 provides instead for a whole chapter on criminal offences against *intellectual* property.

The amendment deals with Industrial property rights in Articles 425 to 431. All articles provide that the criminal proceeding must be initiated by a complaint from the injured person (this is also true for industrial designs, where the specific law also provides for initiation *ex officio*). In the following I will briefly deal with these new provisions:

(i) Inventions, industrial designs and topographies (Article 425 to 429)

The following offences are punishable with 1-3 years of strict imprisonment or with a fine expressed in days (this is the new system allowing to adapt the fines):

- Patent infringement and the placing of goods on the market that have been produced using the patented rights (Article 425 and 426);
- Industrial design infringement, including the reproduction of the industrial right for the manufacturing of products of identical appearance, the manufacture, offering for sale, import, and storage of such products etc (Article 427);
- Exploiting a registered topography of integrated circuits (Article 429);
- The disclosure, by the personnel of the OSIM, and by persons carrying out work connected to inventions or industrial designs, of data included in the request for patent registration or registration of an industrial design, prior to publication (Article 428).

(ii) Trademarks and geographical indications

According to Article 430 is punishable with 1-3 years of strict imprisonment or a fine expressed in days:

- Counterfeiting, imitation or using without any right a trademark, with the purpose of deceiving the public on the quality of products or services to which the mark refers;

- Placing in circulation products bearing a mark that is identical or similar to a registered mark for products identical or similar and that prejudices the owner of the registered mark;
- Placing in circulation products bearing a geographical indication that is suggesting the product concerned originates from a geographical region, other than the actual place of origin, in order to mislead the public regarding the geographical origin of the product.
- Article 432 provides for imprisonment of 6 months to one year only for the following acts:
- The use of marks or geographical indications, in a manner that is contrary to loyal practice in industrial or commercial activity, in order to mislead consumers

These are apparently acts of misleading advertising without infringement of exclusive rights of third persons.

(iii) Legal persons"

According to Article 439 the legal person is sanctioned for the commitment by natural persons of the crimes provided in Article 425 to 429, with the exception of Article 428 (disclosure of information by staff of the OSIM).

The new provisions are no doubt an improvement since they provide for more sensitive punishments and generally for the responsibility of legal persons. Taking into account that according to Article 15 paragraph 2 of the Romanian Constitution judges are obliged to apply the most favourable criminal law, it can only be hoped that it will be made clear that as concerns the range for punishments and fines the courts will have to apply these new provisions and not the older less far reaching provisions in the specific laws.

(bb) Copyright and Related Rights

The legal situation with regard to criminal sanctions for copyright and related rights infringements is rather complex. The currently applicable Copyright Law as amended last in June 2004 contains a fully revised set of criminal sanctions. However, at exactly the same time, the Criminal Code was amended to include equally sanctions against copyright infringements. Although the sanctions provided for in both instruments are rather similar, they differ in some respects, in particular with regard to the amount of fines and in one case concerning the conditions for an infringement to occur. The legislator will have to address this issue in order to avoid any uncertainties which in criminal law can lead to a situation where for constitutional reasons criminal sanctions may not be applied at all in such a case. In addition, there is not only the "unhealthy competition" between the Criminal Code and the current amended version of the Copyright Law. It must be borne in mind that in view of infringements which occurred before the entry into force of the amended Copyright Law of June 2004, the old provisions of the previous version of the Copyright Law applies. This report reviews only the present situation under the present, revised Copyright Law with reference to the Criminal Code provisions which will enter into force in June 2005. Anything else would exceed the purpose of this report which is to give an overview of the current situation of copyright protection and its enforcement. In the following, the revised sanctions in the Copyright Law are compared with the new version of the Criminal Code as adopted at the end of June 2004 and divergences are highlighted in blue. This is best done in an overview table as follows:

<b>Offence</b>	<b>Copyright Law as amended in June 2004</b>	<b>Criminal Law In force from 2005</b>
Production as well as import, transit or any other way of entering into the country of pirate copies or pirate TV decoders for commercial purposes	Imprisonment 3 – 5 years or 5-10 years if serious damage (Article 139 <sup>6</sup> (1) and (5) Copyright Law)	Imprisonment 3 – 5 years or 5-10 years if serious damage (Article 432(1) and (5) Criminal Code)
Distribution and possession for commercial purposes of pirate copies and pirate TV decoders in specialised stores	Imprisonment 2 – 5 years or 5-10 years if serious damage (Article 139 <sup>6</sup> (2) and (5) Copyright Law)	Imprisonment 2 – 5 years or 5-10 years if serious damage (Article 432(2) and (5) Criminal Code)
Storage and transport for commercial purposes of pirate copies and pirate TV decoders	Imprisonment 1 – 5 years or 5 – 10 years if serious damage (Article 139 <sup>6</sup> (3) and (5) Copyright Law)	Imprisonment 1 – 5 years or 5 – 10 years if serious damage (Article 432(3) and (5) Criminal Code)
Distribution of pirate copies or pirate TV decoders to the public in cases where already 2 administrative sanctions have been applied as well as the offer for sale and rental in such cases	Imprisonment of 1 – 3 years (Article 139 <sup>6</sup> (4) (a) and (b) Copyright Law)	Imprisonment of 1 – 3 years <b>except for the distribution in specialised shop in which case criminal sanctions apply from the outset</b> (Article 432(4) (a) and (b) Criminal Code)
Rental of pirate copies or of pirate TV decoders as well as their offering for sale or rental by public announcements	Imprisonment 6 months to 3 years or fine from ROL 50,000,000 to 300,000,000 (Article 139 <sup>6</sup> (6) Copyright Law)	Imprisonment 1 – 3 years (Article 432(6) Criminal Code) <b>(no fines)</b>
Refusal to declare origin of pirate copies or decoders	Imprisonment 3 months to 2 years or fine from ROL 25,000,000 – 200,000,000 (Article 139 <sup>7</sup> Copyright Law)	Imprisonment of 1 – 2 years or <b>day/fine</b> (Article 433 Criminal Code)
Making available to the public of works and other protected subject matter	Imprisonment 1 – 4 years or fine from ROL 25,000,000 to 400,000,000 (Article 139 <sup>8</sup> Copyright Law)	Imprisonment of 1 – 4 years or <b>day/fine</b> (Article 434 Criminal Code)
Unauthorised reproduction on IT systems of certain software applications	Imprisonment 1 – 4 years or fine from ROL 100,000,000 to 400,000,000. Complaint necessary, reconciliation of parties has as an effect no copyright liability (Articles 139 <sup>9</sup> and 144 Copyright Law)	Imprisonment 1 – 4 years or <b>day/fine</b> . Complaint necessary, reconciliation of parties has as an effect no copyright liability. (Article 435 Criminal Code)

<b>Offence</b>	<b>Copyright Law as amended in June 2004</b>	<b>Criminal Law In force from 2005</b>
Unauthorised distribution, importation, rental, public communication, broadcasting, cable retransmission, making of derivative works and recording of performances	Imprisonment 1- 3 years or fine from ROL 100,000,000 to 300,000,000, unless they constitute a more serious offence. Complaint/reconciliation apply (Article 140 and 144 Copyright Law)	Imprisonment 1- 3 years or <b>day/fine</b> , unless they constitute a more serious offence. Complaint/reconciliation apply (Article 436 Criminal Code).
Infringement of the author's paternity right	Imprisonment of 3 months to 5 years or fine from ROL 25,000,000 – 500,000,000. Complaint/reconciliation apply (Articles 141 and 144 Copyright Law)	Imprisonment of <b>1</b> to 5 years or <b>day/fine</b> . Complaint/reconciliation apply. (Article 437 Criminal Code)
Infringement of technological measures by way of preparatory acts/trafficking Infringement of rights management information through removal/modification of information or distribution, public communication or making available of copies	Imprisonment of 6 months to 3 years or fine from ROL 50,000,000 to 300,000,000. (Article 143 Copyright Law)	Imprisonment of <b>1</b> year to 3 years or <b>day/fine</b> (Article 438 Criminal Code)

The notion of **pirate copy** as used both in the Copyright Law and the Criminal Code refers to all copies produced directly or indirectly, in whole or in part, without the consent of the author or holder of related rights or their representatives (Article 139<sup>6</sup> (7) Copyright Law and Article 432(7) Criminal Code). **Pirate devices for access control** (in the above table referred to as “pirate TV decoders” for the reason of simplicity) means any unauthorised device produced in order to facilitate access to encoded television programs (Article 139<sup>6</sup> (8) Copyright Law and Article 432(8) Criminal Code).

As can be seen from the above table, in certain cases infringements are only admitted if the act was made for **commercial purposes**. Under the Copyright Law (Article 139<sup>6</sup> (9) Copyright Law), the commercial purpose is presumed if the pirated goods are identified at the headquarters, sales outlets, in the annexes thereof or in the means of transport used by the businesses that have as their object of activity the reproduction, distribution, rental, storage or transport of products protected by copyright or related rights. By contrast, in the new Criminal Code under Article 432(9), a commercial purpose is presumed only if the pirate copies are identified at the headquarters or the means of transport of a business person as defined above. This divergence will have to be addressed. In any case, it may have been preferable to leave out completely the commercial purposes test as far as the establishment of an infringement is concerned and to either provide for stronger sanctions in the law where an infringement is carried out for commercial purposes or to take this fact into consideration

when applying the penalties provided for under the Act as this is the case in other jurisdictions, such as under German<sup>1</sup> or French<sup>2</sup> copyright law.

A difference between the Copyright Law and the Criminal Code exists also insofar as certain **penalties** are concerned. The Criminal Code introduced a new system of fine which is not fixed by the law but refers to a day/fine. This means that taking into account the extent of an infringement, the infringer will be punished with a fine amounting to a certain number of days put into proportion with his daily earnings. This system is nothing unusual and applied also in other countries, for instance in the German Criminal Code (§ 40). It should also be noted that under the Criminal Code no prison terms inferior to 1 year are provided whereas in the Copyright Law prison terms starting with 3 or 6 months are provided for some infringements. Presumably, the move to 1 year is also a result of the revised penalty system under the new Criminal Code.

As far as the penalties are concerned, a significant uncertainty results from a discussion in the two studies of the Ministry of Justice on the protection of intellectual property rights by the Courts of Justice between 1999 and 2001 as well as 2001 and 2003. The problem concerns the fact that Article 140 Copyright Law provides that the penalties provided in this provision apply unless the infringing act constitutes a more serious offence. Most of the offences covered by Article 140 Copyright Law are susceptible to fulfil the conditions of a more serious offence such as theft, forgery, fraud, breach of trust) which have stronger penalties than those provided for in Article 140 Copyright Law. The fact that the reference in the Copyright Law hence leads to the application of stronger sanctions is considered in the 1999/2001 Study as anti-constitutional as the more favourable sanctions for the infringer should apply. However, a separate end-note to the same report seems to imply that after all this legal situation created by Article 140 Copyright Law is not a problem as the Constitution apparently refers to the applicability of the more favourable law in connection with acts which occurred before the entry into force of a new law. Nonetheless, in the 2001/2003 report, the problem is highlighted again as a constitutional problem. The report sets forth that in view of Article 15(2) of the Romanian Constitution, judges are obliged to apply the most favourable criminal law. However, as a result of Article 140 Copyright Law, judges would have to apply the more severe law. The Study considers this legal situation as violating the Romanian constitution and takes the view that judges are not allowed to apply the legal remedies of the more serious offence. To make matters worse, despite this warning of the Ministry of Justice, the this system was transferred into Article 436 of the new Criminal Code which also provides that the sanctions provided therein apply only where the act does not constitute a more serious offence. Needless to say, this unclear legal situation does certainly not encourage judges to apply criminal sanctions to copyright infringements and should hence be addressed by the legislator as a matter of urgency.

Neither the Criminal Code nor the Copyright Law make provision for a number of important sanctions other than fines and imprisonment in the specific field of criminal sanctions for copyright and related rights infringements which may be found in other jurisdictions, notably under the French Intellectual Property Code (see Articles L. 335-5, 335-6 and 335-7). In the case of the Criminal Code, such provisions may however be contained in a more general part of the Code which is not available in translation. If this is not the case, this should be

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<sup>1</sup> § 108a of the German Copyright Law provides higher fines where an infringement was made for commercial purposes.

<sup>2</sup> Under French law, the legislator decided to address the problem by providing for the application of doubled penalties in cases of all repeated infringements in order to avoid the vagaries of the commercial purposes test (Article L. 335-9 of the French Intellectual Property Code; for background information see A./H.J. Lucas, *Traité de la Propriété Littéraire et Artistique*, 2001, page 603 at 795.

addressed in future revisions. The sanctions which are lacking with regard to criminal offences are the following:

- seizure of infringing copies and equipment used for the infringement (note that seizure is possible under administrative sanctions (Article 139<sup>4</sup> Copyright Law));
- confiscation and destruction of infringing copies and equipment used for the infringement ( but destruction is possible under civil remedies (Article 139(10) Copyright Law);
- temporary or permanent closure of the infringer's business, as the case may be (the temporary closure may be provided as an administrative sanction until the copyright royalties due have been paid – see Article 139<sup>3</sup> (3) Copyright Law);
- the publication of the judgment in the press (although this is possible as a remedy in civil proceedings - see Article 139(10) Copyright Law).

It should be noted that under Romanian law both natural persons and legal entities may be criminally liable for copyright infringements. This results from Article 439 Criminal Code which provides that the sanctions for the offences provided for in Articles 432 and 434 – 438 Criminal Code apply also to legal entities. Note however that a legal entity is not liable for the refusal to declare to qualified bodies the origin of pirate goods as provided for in Article 433 Criminal Code. By contrast, the Copyright Law does not appear to expressly provide for the criminal liability of legal entities.

It should also be noted that a person will not be punished for an offence under Article 139<sup>6</sup> Copyright Law or Article 432(10) Criminal Code if, prior to the initiation of criminal proceedings, this person denounces its participation in the infringement committed upon agreement or association by several persons thus permitting the identification and criminal liability of the other participants (Article 143<sup>1</sup> (1) Copyright Law and Article 432(10) Criminal Code). Likewise, the person who has committed one of the above offences and denounces or facilitates the establishment in the course of the criminal proceedings of the identity or liability of persons who have committed offences involving pirate copies or decoders, will benefit from a reduction to half of the penalties applicable under the law (Article 143<sup>1</sup> (2) Copyright Law and Article 432(11) Criminal Code).

#### b) Procedural aspects

As no English translation of the Code on Criminal Procedure was available, the criminal procedure can only be outlined on the basis of oral information which was obtained during the consultants' visit to Romania.

There are three different instances which play a particular role in the enforcement of intellectual property rights:

- the specialised police directorate for investigation in intellectual property infringements in the General Police Inspectorate together with the so-called criminal investigation directorate;
- the Public Prosecutor in charge of intellectual property in the General Prosecutor's Office;
- judges in the specialised intellectual property chambers in courts which will also deal with criminal sanctions.

In addition, pursuant to Article 145 Copyright Law, ORDA is also competent for establishing criminal offences in the copyright and related rights field, but its exact role is not determined. This may constitute problems in practice. Also, based on the legislation on consumer protection, the National Authority for Consumer protection is competent for sanctioning criminal offences with administrative fines, and the same is true for the Directorate on Unfair Competition based on the Law on fighting against unfair competition (see below 3a).

In the following, the competences of these law enforcement bodies will be reviewed in more detail, followed by an overview of the course of a criminal procedure and statistical information on criminal procedures covering the years from 1999 to 2003.

(aa) Police

With respect to economic fraud and organized crime in the economic field, the police is subdivided in two different Directorates, which according to the information received by Mr Dan Olteanu, the Head of the Service on Customs Fraud, Intellectual Property and Gambling, are the "Directorate on Investigation" and the "Directorate on Criminal Investigation". When we talked with Mr Dumitru, Prosecutor in charge of IP at the General Prosecutor's Office, he was of the opinion that also the first Directorate would deal with *criminal* investigation in a first phase of the work of the police, whilst in the second phase the second Directorate would rather deal with criminal research. In the following we use the terminology of Mr Olteanu, who is a part of the first Directorate, which according to him is the Directorate on investigation (even if also that Directorate may in practice be involved in criminal investigation). What counts is of course not so much the terminology rather how the two directorates work together and how the work of both directorates is linked with the prosecutor's office.

The specialised police directorate for investigation of intellectual property rights infringements exists within the Fraud Division of the General Police Inspectorate in Bucharest. The Fraud Division has eight services with officers investigating specific fraud problems and coordinating with territorial officers. Service 3 of the Fraud Division is competent for customs fraud, IP and gambling. The police officers in Service 3 in Bucharest have investigation powers for the whole country and hence coordinate the police officers out in the departments (counties) of Romania.

Romania is divided into 42 departments (counties) including the Bucharest Municipality which all have investigation services. Local inspectorates have 15-25 officers dealing with fraud who are specialised in different domains and have special relations with the main office. However, they have only local powers, i.e. they are only entitled to investigate in the county in which their office is located.

Contrary to the investigation directorate, the officers of the criminal investigation directorate do not conduct on the spot investigations. Their role consists in putting evidence together after a file has been opened by the public prosecutor. They may hear witnesses or ask the investigation officers for further investigation.

As far as it was possible to discuss this matter with the private sector, it would appear that, on the whole, the copyright industries are not dissatisfied with the efforts of the police in fighting piracy. One industry particularly commended the activities of the police in the regional departments. The private sector in the copyright field also considers that the police have been sufficiently trained. In fact, one industry representative considered that the police and private sector had learned together since 1998 how to enforce copyright infringements and had made great progress. In the industrial property field the police is not considered to be very effective. It is felt that the police officers only take action against small counterfeiters

or dealers and do not intervene against bigger or large-scale counterfeiters, who seem to have good connections at the administrative or even at the political level. This may be particularly true for the police at the local level.

Anyhow, two problems remain as far as police enforcement is concerned:

First of all, once a police officer is well trained and hence has successfully pursued the enforcement of the intellectual property rights infringements (at least as concerns small counterfeiters), these officers are promoted. Although this in itself would not be a bad development, the officer is not promoted within the specialised police area, but to a completely different service. Hence, not only the skills developed as a result of the training are wasted, there is no continuity in the service.

Secondly, the competing enforcement powers in the copyright field of the specialised police and ORDA (see below Part III 3 b) aa)) without a concrete division of powers in practice is susceptible to create confusion as to the competence and also has as a consequence the fact that a great number of infringements are sanctioned with an administrative remedy by ORDA rather than by criminal sanctions through the courts. Also the competence of the National Authority for Consumer Protection to deal with counterfeit goods (see below 3 a), bb)) may lead to less cases being pursued by the courts, since the Authority can only impose administrative sanctions and will tend to settle itself the cases with such fines and not to transmit them to the police for further investigation.

(bb) Public prosecutor

The prosecution is also regionally organised, but at the regional level there is no specialisation. There is only a specialised prosecutor in charge of intellectual property within the General Prosecutor's Office in Bucharest whose main task is to supervise the enforcement activities of the police. This prosecutor supervises the criminal investigation in the IP field and examines all decisions taken at the regional level in this field in the whole country. The current prosecutor was appointed only this year. In 2003, the specialised prosecutor changed several times, the situation in previous years was not better. Hence, there has so far not been any continuity which has been very detrimental to the enforcement of intellectual property rights infringements.

However, the appointment of the new specialised prosecutor was an important step forward and highly welcomed by the private sector. The new prosecutor is enthusiastic and full of creative ideas, particularly with regard to a general strategy: he proposed to the General Prosecutor to construct a special department to coordinate the entire activity of public prosecutors and to create a good relationship between the general prosecutors and the specifically appointed prosecutor. He believes that after the reorganisation at the court level giving the courts of Bucharest exclusive competence for IP matters, it will be necessary to introduce a system of specialising prosecutors at the regional level. Later on during our consultations, there have indeed been reports that 40 prosecutors would be appointed to handle specifically IP cases. It appears that the 40 new prosecutors will receive special training. In this context, it is worth noting that a Centre of continued education for public prosecutors exists. It is compulsory for each prosecutor to participate in 2 sessions per year of 2 weeks on 7 different topics and it is hoped that IP will be one of them. If this became true, this would be a further important step forward, since the present structure provides that the specialised police officer submits the case to a general prosecutor somewhere in Romania who may have no experience in the IP field and who decides whether to submit the case in Bucharest or to close the case by ordering a (small) fine. In fact, so far, apart from the specialised prosecutor within the General Prosecutor's Office, there are no other prosecutors with special expertise in IP matters. This has as a consequence that prosecutors

only consider a small amount of cases important enough to send them to the courts, even if the specialised police officer may have recommended to send the case to the court. In most cases, the matter is either closed or punished with an administrative remedy. Several representatives not only of the private sector, but also of government agencies, are of the opinion that this attitude of the prosecutors is one of the main problems for the protection of IP rights in the country. This again shows the importance of reorganization as outlined before.

(cc) Courts

Since the adoption of the Law No. 304/2004) on Judicial Organisation, IP cases will be heard by specialised chambers in the Municipality Court (Article 34(2)) and the Bucharest Court of Appeal (Article 33(2)). The specific court organisation as described above in the context of civil remedies (see above under III. A. 1) b)) is also relevant in the field of criminal proceedings.

However, as already reported above in the context with the activities of public prosecutors, not many cases have finally been handled by the courts as they were not allowed to reach that stage. Another problem is encountered in cases where a case actually reaches the court stage: the sanctions which are finally applied are far too low. On average, Romanian courts tend to order only the minimum levels of fines and prison sentences have always been suspended. According to various private sector representatives, nobody has ever served one day in prison for intellectual property rights infringements. Needless to say, such fines are no deterrent to counterfeiting or piracy. Another problem with courts is the poor expertise of judges in the intellectual property field: more training is definitely required in order to familiarise them with all aspects of intellectual property rights.

dd) Criminal Procedure

The criminal procedure may be initiated in various ways: the police receives information either from outside (right owners, media, TV, etc.) or through its own investigation. Such information must then be transformed into an official protocol which is necessary for any ex officio enforcement action by the police. Secondly, the police may start investigations on the basis of a complaint made by either a physical person or a legal entity. Finally, the police may have received information from other institutions which have a control competence (such as Customs authorities, Finance Ministry, Consumer protection authorities).

Once the police received information that an infringement of an intellectual property right has occurred, the procedure then continues in the following steps:

- Step 1: Service 3 of the Fraud Division or a police office in one of the departments makes preliminary investigations. Only the police can investigate ex officio. This being said, in the copyright field an official from ORDA will always accompany the police on investigations.
- Step 2: Once enough evidence is gathered, Service 3 requires a “small visa” from the other police body involved, the criminal investigation directorate, in order to continue the matter with the involvement of the prosecutor.
- Step 3: If the Prosecutor decides that enough evidence was gathered, the case receives a file number and the defendant becomes an “accused” with all rights. The investigations continue under the general guidance of the public prosecutor.

Step 4: When all investigations are finished, Service 3 again will need a visa from the criminal investigation directorate to send the case to the Prosecutor.

Step 5: The public prosecutor has three possibilities:

- The prosecutor can decide that the case is to be sent to the court where the proceedings continue.
- The prosecutor can ask for more information.
- The prosecutor can close the case which hitherto happened rather often in practice. The case can be closed first of all for lack of evidence or because the accused appears not guilty. Secondly, the case can be closed on the basis of a specific provision together with an administrative fine. This is particularly the case if there is a lack of social harm in accordance with Article 18(1) Criminal Code. Lack of social harm occurs in cases where the specific circumstances so dictate, or because of the criminal history of the infringer (first time offender) or because the infringer showed good behaviour or because of the value and nature of the damage.

All these decisions may be appealed to the court by any interested person. The court can either reject the complaint, send it back to the Prosecutor or retain the case and judge it based on the elements that are already established.

In addition, an important new procedural rule was introduced into the procedure: where the a procedure was stopped unlawfully, the specialised IP prosecutor in the General Prosecutor's Office can propose to the General Prosecutor to cancel the decision which hence constitutes another possibility of review. However, in practice, it is impossible for the specialised IP prosecutor to review all cases which have been stopped. For doing this, an important increase of staff would be necessary.

The procedure then continues at the court level. In this context, it should be particularly noted that, as far as copyright and related rights infringements are concerned, only ORDA is competent for establishing the expertise with regard to the illegal character of a copy. This has been criticised by the private sector which most often has better means of detecting and determining the illegal character of a copy. In view of performing this task, it would appear that ORDA may be understaffed and lacking the necessary technical equipment. A lot of improvement appears necessary in this domain to increase profitability. The OSIM, on the other hand, refuses to have its employees acting as technical expert, even if the legal representative of the infringed person would request such assistance.

ee) Statistical information

According to the discussion with the specialised IP prosecutor, 10500 cases have been handled by the prosecutors in the course of 2003. Of these 10500 cases, 9880 concerned the infringement of copyright or related rights of which just 124 continued at the court level, 1580 were closed with an administrative fine because they were small cases. In a large number of cases, right owners withdrew their criminal complaint in order to settle the case where this is allowed by the Law. In view of the low fines and the suspended prison sentences which are applied by the courts, this is often more advantageous than the completion of the procedure. Only 620 of the 10500 cases concerned patents and trademarks of which 161 went to court.

As far as the criminal cases dealt by the courts are concerned, the two studies on the protections of IPRs by the courts covering the years 1999 – 2001 and 2001 – 2003 made available by the Ministry of Justice are once again a valuable source of information.

First of all, it is interesting to note that between 1999 and 2001, the law courts solved 30 criminal cases of which 27 concerned copyright and 3 industrial designs and models. No criminal cases were handled by the courts during this period in the field of patents, trademarks, geographical indications and protection of integrated circuit topographies as no complaint was made in this area. The offences dealt with by the law courts were the forgery of industrial designs or models, the unauthorised distribution of a work, the unauthorised reproduction of phonograms as well as the unauthorised rental of phonograms. As far as the sanctions applied are concerned, the court applied prison sentences in 5 cases, however with conditional suspension only. In 3 cases, the court acquitted the accused denying the social harm of the infringement, but applied administrative remedies. In 2 further cases, the court terminated the case because the injured party withdrew the complaint. In 7 cases, the court seized goods, audio and video tapes, CDs and CD-ROMs which were designed or which were meant to constitute an offence and which belonged to the offender. In 7 further cases, the courts pronounced the seizure and destruction of illegal copies as well as the publication in the mass media of the judgment. The courts also solved cases where criminal trial was adjoined to the civil action and the courts also adjudicated damages to the civil party. It is worth noting that the study also refers to instances in which the courts applying the criminal provisions of the Copyright Law have made mistakes. This is a further indication that specific training for judges is needed.

Between 2001 and 2003, no criminal cases at all were dealt with by the courts in respect of the infringement of industrial property rights according to the study. However, according to the prosecutor, of the 10500 abovementioned cases in 2003 concerning industrial property 161 went to court. Presumably, these cases were not solved in 2003 and hence do not appear in the study. By contrast, the number of cases handled by Romanian law courts in the copyright and related rights field has grown significantly between 2001 and 2003. In comparison with the 27 cases dealt with between 1999 and 2001, the case load increased to 166 for the period between 2001 and 2003. 113 cases of these 166 copyright and related rights cases were solved as follows:

- 2001: 20 cases heard of which 18 cases were solved with 13 convictions, 2 acquittals, 1 case returned to the prosecutor, 2 cases terminated before the law court.
- 2002: 37 cases heard of which 22 cases were solved with 21 convictions and 1 acquittal.
- 2003: 109 cases heard of which 73 cases were solved with 67 convictions, 2 acquittals, 1 returned to the prosecutor and two cases were terminated before the law courts.

According to the report, criminal fines between ROL 200.000 and ROL 7.000.000 were applied taking account of the general and special legal provisions concerning the choice between alternative penalties and the determination of the amount of such penalties. It appears, however, according to the report that courts tended to apply in most cases fines that were closer to the minimum limit, which means that generally fines are imposed that are so low that they cannot at all be considered to be a deterrent to acts of counterfeiting and piracy. Also, none of the sentences applying prison terms have been enforced in practice, the prison sentences having been suspended.

Most offences in the copyright field dealt with by the courts either concerned the unauthorised reproduction of works, in particular computer software and games, as well as the unauthorised broadcasting of works and phonograms.

It is also worth noting that during the period from 2001 to 2003 the criminal complaints by institutions involved in the protection of copyright and related rights, such as the Composers' Society, ROACT or UPFR increased considerably.

### **3. Administrative remedies and procedure**

Administrative proceedings are of importance and used to a large extent both in the field of industrial property and in the field of copyright and related rights where ORDA is given an important role for enforcing copyright infringements.

#### a) Industrial property

The OSIM has no investigation power and is not competent for imposing fines. However, based on the legislation on consumer protection, the National Authority for Consumer protection is competent for sanctioning criminal offences with administrative fines, and the same is true for the Directorate on Unfair Competition based on the Law on fighting against unfair competition.

#### aa) The Directorate on Unfair Competition of the Finance Ministry

As mentioned before, unfair competition matters, formerly dealt with by the Competition-Office, are since 1.1.2004 on the administrative level in the competence of the Finance Ministry. A Directorate on Unfair Competition is headed by the former head of the unfair competition unit in the Competition Office (the unit on antitrust matters of that Office has been transferred to the new Competition Council, an independent body under supervision of the Parliament). The members of the Directorate are legal advisors specialized in unfair competition.

The Directorate has investigating powers and may impose fines, where the acts of unfair competition are considered to be administrative contraventions and *not* criminal offences.

#### - Complaints

In practice, aggrieved companies generally will according to the information given by the representative of the Directorate submit their complaint to the Directorate as investigating body, rather than going to court, for the following reasons:

- Judges are not necessarily trained in these matters, since the law is rather new (that may change with respect to IP matters in view of the new exclusive jurisdiction of the Bucharest courts);
- The courts often will not render a judgement before having sufficient information, so the judge often will first ask the Directorate for investigation.
- Furthermore, the complainant will often not know whether the committed act is an administrative contravention or a criminal offence.

Therefore, based on the submitted facts and its investigation, the Directorate will decide to which category the case belongs. In the latter case, the evidence may be submitted to the prosecutor's Office.

If the Directorate considers that the committed act is an administrative contravention, it will impose a fine. This decision may be appealed based on a government order on administrative infringements (Government order no. 2/2000). Appeals go to the administrative chamber of the competent criminal court.

If the Directorate decides not to impose a fine, in parallel the normal court procedure is available to the aggrieved person (with probably not much chances of success).

- *Relationship between the Directorate on Unfair Competition and the National authority for Consumer Protection.*

The Head of the Directorate makes a distinction based on the two basic types of unfair competition, i. e. whether the committed act relates to a competitor (e.g. comparative advertising) or to consumers (e.g. misleading advertising). The Directorate exclusively deals with acts related to a competitor. This means for the field of industrial property that the Directorate will in most cases not consider itself to be competent and will transfer the file to the Consumer Protection Authority. Indeed the criminal sanctions provided in Article 5 of the Unfair Competition Law have as condition that consumers are misled (and the import and marketing of counterfeit goods are expressly dealt with by the Consumer Protection Law, for which the Consumer Protection Authority is competent). However, as concerns trade secrets, these are clearly acts harming the owner of the trade secret. Consequently, there is competence of the Directorate for all cases relating to trade secrets, such as the offences listed in Article 4, but also the cases of using or disclosing experimental data transmitted to the competent authorities to obtain authorizations for pharmaceutical products (Article 5 c and d; above Part I B 6). However, in such cases, the aggrieved company will no doubt rather prefer to have the case handled by the courts and not content itself to ask the Directorate for imposing a fine.

In conclusion, the Directorate on Unfair Competition does not play a significant role in the enforcement of industrial property infringements.

bb) The National Authority for Consumers Protection

- *Competence to find and impose fines (Article 49)*

The empowered representatives of the National Authority for Consumer Protection and authorised experts of other public administration bodies, according to their powers, have the power to find offences and to apply the fines as provided in Article 46. For the production, import or marketing of falsified or counterfeit goods, Article 46 provides for punishment of 10 to 100 million lei (approximately 250 to 2500 Euro).

- *Investigation power (Article 49)*

The control bodies may perform samples in order to make analyses in laboratories.

Upon request, the police provides the necessary assistance.

- Power to impose additional sanctions (Article 50)

Powers are given to the finding officer and to the boards of public authorities:

The *finding officer* disposes of the following measures (amongst others that are not of interest in the context):

- to definitely stop the marketing of counterfeit goods;
- to temporarily stop the import, manufacture and marketing of counterfeit goods.

The *boards of the public authorities* (this is of course primarily the National Authority for Consumer Protection) may dispose by order or decision to definitely stop the import, manufacture or marketing and/or the withdrawal from the market of goods, where a laboratory analyse or expertise report certifies that they are counterfeit (Article 50(2)).

Upon notification of the finding officer, the legal responsible body confiscates counterfeit goods and destroys them or, as the case may be, "turns them to best account" (Article 54). This means in practice that the goods are only destroyed, where there is no other choice.

The illicit income obtained by the counterfeiter enters as revenue in the State budget of the Ministry of Finances.

Appeals against decision of the agency go to the administrative chamber of the competent criminal court (of Bucharest).

- Organisation of the Authority

The headquarters in Bucharest is under the supervision of the Prime Minister.

Including the Bucharest Branch Office, there are branch Offices in all 42 Departments of Romania. Important places are the port of Constantia, the region near Hungary and the region near the ex-Yugoslavian border. However, infringements do happen not only in specialized areas but also in the streets and on street markets, and according to a representative of the private sector, even more in the normal stores.

The authority deals with 60 000 consumer complaints (in all fields of its competence) per year, of which over 50% are well founded. Probably complaints relating to counterfeit goods represent only a small percentage of these complaints.

- Education task

Every year the authority entertains a national campaign on consumer education, including information about counterfeit goods.

- Practical aspects of task relating to counterfeit goods

It is often not easy to identify whether goods are counterfeit. If goods are supposed to be counterfeit, the authority inquires with the help of OSIM whether the brand is protected.

The aggrieved person has the choice to initiate a court action or to lodge a complaint with the Authority, what its Director considers to be the preferred choice. This may be true even in the field of counterfeiting for cases of small consignments in view of the length of court procedures, starting with a police investigation, and in view of the fact that the Authority not

only imposes fines (that are of course much too low), but can take the more important measures mentioned above and even recommend the withdrawal of the business license (see below).

The agency exercises itself some market surveillance and requests local authorities to have street markets as much as possible watched. Probably the authority will, in view of its many other tasks, normally act on a complaint by an aggrieved person.

If a case of counterfeiting is confirmed, the agency will order the fines and additional measures described above. Additionally, they recommend to the competent authority to withdraw the counterfeiter's business licenses and according to the Director of the Consumer Protection Authority, the business licence will in most cases be withdrawn.

The Director of the Agency also underlines that there are not many complaints in the field of counterfeiting, particularly not from competitors. Therefore the agency does not dispose of statistics, and he concludes that reports, according to which the country is full with counterfeit products, are not true. He underlines that there is no real evidence for such assumption. He considers the counterfeit products on the market to come from small assignments brought by people crossing the borders into the country. So he clearly denies that there be large-scale traffic in counterfeits. Since there are at least practically no complaints coming from trademark owners he concludes: Trademark owners should inform all authorities involved about all cases.

If there are indeed rarely complaints by competitors it can be assumed that in cases of large-scale organized counterfeiting the aggrieved person will not contact the Authority, rather try to have a court action initiated through the police and the prosecutor. At least this is the situation in the case of manufacturing of counterfeit cigarettes (below B 1 a), aa)) where Philip Morris even asked the central police in Bucharest for help and did not address itself to any local instance. Furthermore, representatives of the private sector are of the opinion that right owners do not collaborate very much with the Authority because of its lack of efficiency.

- Training

About 20% of the about 600 to 700 inspectors all over Romania are trained. Since according to the Director people generally stay in their office, the number of trained people is not small.

- Collaboration

The Authority also cooperates with the customs authority, where counterfeits are found in the market that are imported.

b) Copyright and related rights

In the copyright field, there are two different branches which must be taken into consideration when dealing with administrative remedies: the specific contraventions provided for under the Copyright Law and provisions contained in other legal instruments, such as the so-called "Hologram Laws" (see below under (bb)).

aa) Administrative remedies in the Copyright Law

There are various contraventions in the Copyright Law to which administrative remedies apply:

<b>Type of copyright infringement constituting a contravention</b>	<b>Administrative penalty</b>
<p>Infringements with regard to the resale right;            Infringements regarding portraits and private correspondence;            Infringement of certain provisions governing collecting societies;            Absence of registration of importer and manufacturer in private copying register;            Unlawful fixation of performances (“bootlegs”) and radio and television programmes.            (Article 139<sup>2</sup> (a) – (e) Copyright Law)</p>	<p>Fine from ROL 20,000,000 to ROL 200,000,000            (Article 139<sup>2</sup> (a) – (e) Copyright Law)</p>
<p>Failure to pay private copying remuneration;            Failure to pay copyright and related rights royalties to collecting societies.            Article 139<sup>3</sup> (1) Copyright Law</p>	<p>Fine from ROL 25,000,000 to ROL 250,000,000            In the case of repeated offence within one year, the infringer’s activity will be suspended until payment of the amounts due.            (Article 139<sup>3</sup> (1) and (3) Copyright Law)</p>
<p>Failure by users to present documents and information with regard to use of works and the like;            Failure to present or erroneous or incomplete presentation of the playlist, i.e. of repertoire used            Infringements of Articles 138<sup>1</sup> and 138<sup>2</sup> Copyright Law (control activities by ORDA – unclear which act exactly constitutes infringement).            (Article 139<sup>3</sup> (2) Copyright Law)</p>	<p>Fine from ROL 100,000,000 to ROL 250,000,000            In the case of repeated offence within one year, the infringer’s activity will be suspended until payment of the amounts due.            (Article 139<sup>3</sup> (2) and (3) Copyright Law)</p>
<p>Distribution of pirate copies or pirate decoders to the public, except by shops specialised in distributing copyright works and the like in which case the act constitutes a criminal offence:            Offering for sale or rent of pirated goods;            Making available to the public by economic entities of their own premises, equipment, means of transport, goods or services with a view to committing by another natural or legal person of a contravention provided for by the Copyright Law.            (Article 139<sup>4</sup> (a) – (c) Copyright Law)</p>	<p>Fine from ROL 50,000,000 to 250,000,000 and seizure of the pirate copies and decoders            Article 139<sup>4</sup> (a) – (c) Copyright Law</p>

The administrative sanctions in the above cases apply both to natural and legal persons. However, where the infringer is a legal entity with a business involved in the communication to the public of works and the like, the limits of the above administrative fines will be increased four times (Article 139<sup>5</sup> (1) Copyright Law).

The contraventions provided for above in Article 139<sup>2</sup> Copyright Law are established and applied by the staff of ORDA as empowered by its Director General (Article 139<sup>5</sup> (2) Copyright Law). The contraventions under Articles 139<sup>3</sup> and 139<sup>4</sup> Copyright Law are established and applied either by the empowered staff by ORDA or by the specialised structures from the subordination of the Ministry of Administration and Interior, i.e. the specialised police (Article 139<sup>5</sup> (3) Copyright Law). There are no elements in the law which would indicate how the responsibility is shared and it may be that the enforcement is run on a first come, first served basis. This may lead to confusion and is hence susceptible to affect adversely the effectiveness of enforcement. If two different bodies are competent for enforcement of copyright piracy, then their powers and obligations should be more clearly defined.

Finally, it should be noted that in cases where administrative remedies have been applied twice to one infringer in respect of distribution of pirate copies and decoders as well as in the case of offering to the public for sale or rental of pirate copies, the third infringement will constitute an offence and be punished in accordance with the criminal law provisions (Article 139<sup>6</sup> Copyright Law). In such a case, it will be relied on the database of contraventions and in order to ensure its correctness in cases where both the police and ORDA are competent for establishing and applying administrative sanctions, a Protocol between the General Police Inspectorate and ORDA shall be concluded (Article 139<sup>6</sup> (3) Copyright Law).

It should be noted that there are no specific administrative courts to which an appeal against decisions taken by ORDA could be lodged. Instead, the ordinary courts have an administrative chamber which would be competent in such cases.

#### bb) Administrative remedies in other laws

As already indicated, administrative remedies are not only provided for in the Copyright Law, but also in other legislative acts. For instance, Law No. 624/2001 amending Ordinance Nr. 45/2000 regarding certain measures to control the unauthorised production of commercialisation of phonograms, the so-called “holograms law” and hereinafter referred to as such, provides for a wide range of “contraventions” which attract a wide range of administrative remedies, including fines and confiscation of illegal materials. There is a similar Ordinance which concerns measures to control the unauthorised production and commercialisation of audiovisual recordings of which, however, an English translation was not available. Reportedly, the latter legal instrument was intended to also regulate software, but in view of the already established industry practice to apply stickers to software programmes, the involvement of public bodies in this domain was kept to a minimum. As only an English translation of the Holograms Ordinance with regard to Phonograms was available courtesy of UPFR, the Romanian Phonogram Producers Association, administrative remedies other than in the Copyright Law will be outlined briefly using the example of holograms on phonograms.

The “Holograms Law” makes provision for a National Register for Phonograms which is set up and managed by ORDA. Natural persons and legal entities who import, produce, distribute or commercialise phonograms must register at least 30 days prior to the effective start of the activity. These entities must then register each title with the National Register of Phonograms so as to receive a certificate for importation, production, distribution or commercialisation of phonograms as the case may be for each title. Registered phonogram producers and distributors must apply a hologram on their registered phonograms. These holograms are administered and sold by UPFR under authorisation and supervision of ORDA. UPFR is obliged to sell a hologram to every producer who has been registered by ORDA. This procedure, reportedly, is different from that which applies in the audiovisual field where ORDA, and not the industry association, sells the holograms.

Under the Holograms Law, the following acts constitute a contravention and attract the following administrative sanctions:

<b>Type of copyright infringement constituting a contravention</b>	<b>Administrative penalty (Article 8 Holograms Law)</b>
Possession of phonograms, holographic stamps or covers without invoices or of any equipment for manufacturing phonograms, holographic stamps or covers, for the purpose of unauthorised manufacture or reproduction	Fine of ROL 10,000,000 – 50,000,000 and confiscation of carriers, materials and equipment
Possession of phonograms, holographic stamps or covers without authorisation, counterfeit or pirated, for the purpose of their sale in commercial areas, their annexes and in means of transport	Fine of ROL 20,000,000 – 100,000,000 and confiscation of phonograms, holograms or covers
Distribution or commercialisation of phonograms without holograms	Fine of ROL 25,000,000 – 250,000,000 and the confiscation of holograms
Unauthorised manufacture or reproduction of phonograms	Fine of ROL 25,000,000 – 250,000,000 and confiscation of phonograms
Unauthorised manufacture or reproduction of holograms	Fine of ROL 40,000,000 – 300,000,000 and confiscation of stamps or equipment
Resale of holograms or use on different phonograms than those for which the certificate was issued	Fine of ROL 50,000,000 – 300,000,000
Use of holograms on counterfeit products	Fine of ROL 50,000,000 – 300,000,000
Failure to register with the National Register of Phonograms	Fine of ROL 40,000,000 – 300,000,000

The carriers and materials confiscated as mentioned in the table are subject to destruction after the expiry of the period for appeal against the official report of the contravention or from the day when the decision of the Court rejecting the appeal became final and irrevocable. The destruction will be carried out in accordance with the methodologies drawn up by ORDA and the Ministry of Culture and as approved by a government decision (Article 8(4) and (5) Holograms Law).

In addition, ORDA can decide to cancel the certificate granted to the producer/distributor who can contest the cancellation decision on the basis of the Administrative Contentious Law no.29/1990. In such a case, a new certificate cannot be requested until a period of 6 months has elapsed from the final cancellation decision (Article 8(6) - (8) Holograms Law).

The sanctions provided for in the table are applied also to legal entities. In such a case, their amounts shall be multiplied by 5 (Article 8(2) Holograms Law).

The provisions regarding the contraventions provided for in Article 8(1) Holograms Law and as outlined in the table above shall be further completed by the provisions governing the general regime of contraventions (Article 8(3) Holograms Law).

The contraventions are established and applied by ORDA or the specialised police or the National Authority for Consumer Protection. Right holders who are located or represented in Romania are entitled to be informed upon their request by ORDA regarding the acts that infringed their rights (Article 9 Holograms Law).

#### **4. Border measures**

##### a) Legal provisions

The Law no 202/2000 on Specific Measures for the Enforcement of Intellectual Property Rights in Customs Clearance Operations has been modified by Government Ordinance No 59 of 22 August 2002. It provides for comprehensive legislation in the field of border measures.

##### b) Structure

The Law uses the terms “General Customs Directorate” and “customs authorities” and leaves the internal organization to the general provisions of the Customs Code and its Regulations which according to Art. 27 are completing the provisions of the Law. Within the General Customs Directorate there exists a Directorate on Customs Surveillance and Control and, within that Directorate, IP is dealt with by a special Service to combat counterfeit and pirated goods (in short: IP Service).

Romania is subdivided in 10 customs regions with 104 customs offices at the border and in internal offices. In these offices, four officials are dealing with IP at the IP Service in the General Directorate and one to two in the regional Customs Offices. These officials receive regular training which covers also international and European norms, such as the TRIPS Agreement or the EU Regulations.

##### c) Scope of application

###### aa) Infringement of intellectual property rights

Art. 1 deals with definitions for the purpose of the law. In Art. 1(1) no. 1 the intellectual property right is defined as: copyright, neighbouring rights, right in registered trade marks or service marks, right in industrial designs, right in geographical indications, right in patents, rights in supplementary protection certificates. Consequently all these rights may serve as a basis for an application for action or an ex officio action of the Customs Authorities.

A legal representative is defined as the person allowed by the right holder to act in his name on the territory of Romania. Furthermore, counterfeit and pirated goods are defined in Art. 1(1) nos. 13 and 14. No 14 on pirated goods uses in principle the definition of the TRIPS Agreement, extends however the application of the definition to the infringement of designs. No 13 on counterfeit goods repeats in its subparagraph 1) the definition of the TRIPS Agreement, however extends the application of the term counterfeit goods to the following categories:

- 1) any trademark designed without authorisation to be applied to goods, whether presented separately or not:

- 2) any goods under the conditions of subparagraph 1, when the mark is used on goods or services that are differing from those for which the mark is registered, where this causes confusion as to the source of origin.
- 3) Any packaging bearing marks of counterfeit goods, whether presented separately or not.

No 15 defines the “goods infringing an intellectual property right” as: Counterfeit goods, pirated goods, goods infringing patents or complementary protection certificates and goods infringing geographical indications.

Furthermore, Art. 1(2) provides that any mould or matrix which is specifically designed or adapted for the manufacture of a counterfeit trademark, for the manufacture of goods bearing such trademark, for the manufacture of pirated goods or for the manufacture of goods infringing a patent, a complementary certificate or a geographical indication shall be treated as goods referred to in no 15 of Art. 1(1).

It is interesting that rights in complementary protection certificates are already covered by the law even if the respective law providing for their protection is still pending in the parliament.

#### bb) Territorial scope

According to Art. 2, the provisions of the law apply, on the whole territory of Romania, including free zones, to goods under importation or exportation. The exception provided in the Law of 2000 with respect to goods in transit has been eliminated by the Ordinance of 2002.

#### cc) Grounds for action

The customs authorities may act on application (Art. 4 et seq.) or *ex officio* (Art. 16).

#### dd) Exclusion from customs action

Art. 3 excludes from the actions provided:

- Goods which are not of a commercial nature, contained in travellers’ personal luggage or in parcels under customs regime applicable to passengers and other natural persons;
- Goods which have been manufactured with the consent of the IP right holder, however have been sold without his consent;
- Goods bearing a trademark or geographical indication or having been manufactured under conditions other than those agreed with the holder of the right.

#### d) Cooperation with other authorities

Art. 30(1) obliges the OSIM and the collective copyright and neighbouring rights administration bodies to provide the General Customs Directorate with the list of registered IP rights owners and necessary information to identify the protected elements as well as with updated information.

Art. 30(2) stipulates that the OSIM, the ORDA and other competent institutions to protect IP rights (such as the National Authority on Consumer Protection and the Directorate on Unfair Competition in the Finance Ministry) will exchange information with the General Customs Directorate in order to enforce the law. According to information from the representative of

the customs authorities, the good relations between customs and OSIM as well as ORDA are also reflected in a protocol of co-operation between the customs authorities, OSIM and ORDA.

e) Procedure based on application

The procedure based on application is used primarily by holders of industrial property rights. In this field, an increase in applications was reported by the representative of the customs authorities. By contrast, no application appears to have so far been made in the copyright and related rights field where right holders seem to rely much more on ex officio actions by the customs authorities.

aa) Conditions for an application for action by the Customs Authorities

The right holder or his representative must lodge in writing an application to the General Customs Directorate, mentioning the status of his IP right, and requesting suspension of customs clearance and the detaining of the infringing goods (Art. 4). "Detaining" is defined in Art. 1(1) as the retaining of the goods by customs authorities in a temporary warehouse under customs surveillance at the customs brokers or at the suspense customs regime owner, according to the customs law in the term established by the customs authority.

The application must contain information concerning the applicant, power of attorney, number and date of the OSIM certificate, detailed information regarding the identification of the genuine goods, including photos or samples, the place of manufacture and identification of the authorized importer respectively exporter, and the following information regarding the suspect goods: Description, photos or other graphic representation, samples if possible, countries of origin and/or place of export, identification of the person involved in the importation or exportation, if possible, the customs office where it is anticipated that the suspect goods will be presented and the anticipated date of presentation of the suspect goods to the customs (Art. 6).

Such application for action is valid up to one year.

bb) Acceptance (Art. 7)

Within 10 days from the registration of the application, the Directorate will notify the applicant the acceptance or the need for additional documents or supplementary information. If the application is rejected, the reasoned decision may be appealed to the competent legal authority (according to the new law on jurisdiction this should be the Bucharest Municipality Court).

In case of acceptance and based on proof of payment of the equivalent of 100 Euro the application becomes effective (until 2002 the amount was 500 Euro and we have heard complaints about too high fees).

cc) Measures

Based on the effective application the authority suspends the customs clearance and retains the goods that are infringing intellectual property rights. The measure is notified to the applicant and to the person making the customs declaration (Art. 10).

If, within 10 days from the notification to the applicant of the suspending measures and the retaining of the goods, the applicant does not produce any proof that he brought a civil action

to the competent court or lodged a penal complaint, and also constituted a guarantee in favour of the General Customs Directorate, equivalent to the customs value of the retained goods, the customs authorities will proceed to customs clearance (Art. 11). In “obvious” cases, on the request of the applicant, the Directorate will extend the term of 10 days by another term of 10 days.

If all conditions stipulated in Art. 11 are fulfilled, the customs authorities may extend the retaining of the goods until the final decision of justice (Art. 12).

The parties may be authorized to examine the retained goods and to take samples in order to establish, through tests or analyses, of the goods infringe the IP right (Art. 13).

Finally, Art. 14 provides that, if the expert empowered by Justice decides that the goods infringe an IP right, it can provide copies of the documents which accompanied the goods.

The law in the rather bad English translation uses in Art. 4 about the request of the applicant the term “detaining” of goods (see above e) aa)). In the Chapter on the measures taken by the customs authorities the term “retaining” is repeatedly used, even in the provision that the customs authorities may extend the “retaining” of the goods until final decision of justice. It can be hoped that in all these provisions the term used in the Romanian text corresponds to the term “detaining of the goods” as defined in Art. 1(1), no. 16.

f) Action ex officio (Art. 16 – 18)

The Directorate *can* initiate *ex officio* actions, using the data base provided by the OSIM or by collective management organisations in the copyright or related rights field. When it suspends customs clearing *ex officio*, it informs both the “importer” and the “customs declarant” (probably this is a wrong translation and the text should read: “the IP right holder”; at least the IP right holder will apparently also be informed as can be deduced from Art. 17(2) and Art.18; see below – and Art. 58 (b) TRIPS requires that both the importer and the right holder are promptly notified of the suspension) about the suspension, its date and the customs office where the goods are. The intellectual property right holder can examine with his own means the goods suspected to infringe his right (Art. 17(2)).

Within 3 (!) days from the notification of the retaining of the goods, the right holder must lodge the application for action by the customs authorities, including proof of payment of the fees stipulated in Art. 8; otherwise the customs authorities will cancel the measure of suspending clearance operations and retaining of the goods (Art. 18).

g) Consequences of a court decision against the right holder

If by final and irrevocable court decision the complaint of the right holder is rejected, the customs authorities will act for clearance of the goods. In that case the importer, the owner or the consignee of the goods may take action against the right holder to recover possible harm from the amount of guarantee that had to be provided (Art. 19).

h) Consequences of a court decision in favour of the right holder

aa) Sanctions

If by final and irrevocable decision of the court, the complaint of the right holder is accepted, the customs authorities “will act according to art. 25, letter a” (as reworded in 2002). Art. 25 is contained in the Chapter on sanctions and provides the following:

“The following acts shall constitute a contravention if, according to the criminal law, they are not considered offences and are punished as follows:

- a) with a fine from 30.000.000 lei to 50.000.000 lei the deed of the importer, the owner or, as the case may be, of the consignee of the goods consisting in importing or exporting of the country the goods established, by final and irrevocable court decision, to be goods infringing an intellectual property right; in that case the goods shall be seized. If the goods were already sold, the amounts resulting from this sale shall be seized;”

The contraventions are stated through contraventions minutes concluded according to Art. 185 of the Customs Code. They are applied by the customs staff.

The amounts of the fines will according to Art. 31 be updated by the Government depending on the rate of inflation.

#### bb) Seizure

More important is of course the last sentence of Art. 25 providing for seizure of the infringing goods. This sentence is supplemented by Art. 21 (this is indeed a very complicate structure of the law, referring in Art. 20 and in Art. 21 to Art. 25, letter a) providing for the following possibilities with regard to the seized goods:

- a) destruction according to the legal regulations in force
- b) if there exists a written consent of the right holder and if the goods are fit to be consumed or used by natural persons, the seized goods can be delivered, free of charge, depending on the nature of the goods, to social security institutions, non-profit organizations and associations having a humanitarian profile, sport associations or clubs or to educational institutions. The institutions who accept the goods will bind themselves not to commercialise or estrange the goods.

According to this clear wording, the goods must be destroyed if the right holder does not agree in writing with a use of the goods as described under b). However, it is also clear that destruction of the goods will only be ordered based on a final and irrevocable decision of the court affirming infringement of the right of the applicant in Romania.

Finally Art. 22 provides that the customs authorities will not allow re-exportation of goods susceptible to infringe an IP right and shall not grant another customs regime until the final and irrevocable court decision is handed down, or until the penal complaint is settled according to the law.

#### i) International cooperation

Art. 24 authorises the Directorate to exchange information and to cooperate with other customs authorities in the field of IP rights.

## **B. Practical Enforcement**

Piracy and counterfeiting on the Romanian market affects virtually all industries: trademark goods, software, motion picture, books and music. Counterfeit and pirate goods are either manufactured in the country or are imported via the porous borders, mainly originating from Ukraine, Bulgaria, Poland, Russia and China.

## 1. Counterfeiting and piracy affecting the various industries

Counterfeiting and piracy in the various industry sectors appears in the following forms:

### a) Industrial property

Whilst most counterfeit products on the market are imported, certain products are also manufactured in the country, not only for local consumption but also for export purposes.

#### aa) Manufacturing in Romania.

We have been told that counterfeit wine and spirits are manufactured in Romania for sales in the country. Probably there exists also some manufacturing of other goods, however, the counterfeited goods on the market that are manufactured in the country are estimated to amount to 10 to 15 % only of the total of counterfeited goods.

Furthermore, Romania is an important source of cigarettes that are locally manufactured and exported into other countries in the region and in the near east, and are either counterfeits of international brands or sold in packaging that are look-alikes of international brands.

In 2002 a manufacturer sold cigarettes under the VALENTINO brand using a package that was virtually identical to the get-up/trade dress of MARLBORO cigarettes. The competent district court of Timisoara denied unfair competition in view of the different word marks used. However, the appeal court prohibited manufacturing and sale of the VALENTINO cigarettes in Romania. The manufacturer ceased selling the cigarettes in Romania, however continues to manufacture for exports to near east countries. Whilst the court also had prohibited the use of the material used for the manufacturing of the cigarettes, this part of the decision was appealed to the high court of justice and the final decision is not yet taken.

The same factory also manufactures look-alikes of the VICEROY brand cigarettes of BAT under its VICTORY brand for exports to neighbouring countries.

The same manufacturer exported and probably still exports counterfeit L&M brand cigarettes of Philip Morris. In a police raid in March 2003 (undertaken with the help of police officers from Bucharest) counterfeit L&M cigarettes were seized that even partially were packed in VALENTINO and VICTORY packaging. During the investigating the police requested a technical expertise that was delivered in February 2004 (!), and submitted its final report to the prosecutor not earlier than June 1, 2004. Philip Morris is convinced that even these results were only possible thanks to enormous pressure of the American Embassy on the involved authorities.

The proprietor of the cigarette factory seems to be an influential person and this may be the explanation that it was and is still so difficult to achieve progress in this case (it seems that the file is just now about to be sent to the competent court). According to information received from several representatives of the private sector this case seems just to be a typical example of the difficulties encountered in Romania in the fight against large-scale and organized counterfeiting.

#### bb) Imports

In certain industries, such as the foot wear industry, the market is largely dominated by imports of cheap counterfeits of brands such as NIKE, ADIDAS, PUMA, and REEBOK, mainly manufactured in China. The estimation goes to 90 % of the total market being counterfeits. Also the clothing industry is heavily affected, and other well-known brands that

are affected are PIERRE CARDIN, PANASONIC, and all Whisky brands (of which a part is locally manufactured).

Indeed a statistic of goods seized at the border from 2001 to 2004 that was handed out to us shows that, within the total of seized counterfeit goods, footwear is at the top in the years 2002 and 2003 with 19597 pairs of shoes seized in 2002 and 37088 pairs of shoes in 2003 (whilst so far in 2004 no shoes were seized!). Also clothing is in the top range in 2003 with 42382 pieces of clothes (pullovers, trousers, overcoats and shirts) + 26900 pairs of socks, and the figures for the first half of 2004 are also quite high.

The customs representative also told us that in her opinion most imports are small consignments coming from neighbouring countries such as Bulgaria, Moldova, Ukraine, and the Russian Federation. Furthermore, seizing of larger quantities has become more difficult in 2004 by a new approach of importers to send smaller quantities of different brands in different containers, whilst until the end of 2003 each type of counterfeits was sent in one container. This situation is no doubt more difficult for the customs authorities to handle, however it is at the same time an indication that, contrary to what most officials believe, if not organized crime, at least networks of people with good international connections to traditional sources of counterfeit goods, such as China, are behind these imports.

The statistic also shows that the number of requests for seizure is increasing (from 6 in 2001 to 38 in 2002 and 86 in 2003). In the first half of 2004 already 55 applications have been made. Also the number of seizures following the requests has increased from 4 in 2001 to 13 in 2002 and 58 in 2003. However in 2004 only 15 seizures have taken place so far, a very low figure compared to the 55 requests filed. Also when studying the figures of confiscated goods in detail, the total numbers are not really impressive, taking into account that these are the total figures for a whole year. Apparently the customs authorities content themselves with a small number of seizures of larger quantities per year, particularly at the harbour of Constantia.

We have also been told that a lot of goods are in transit and that for transit normally no border controls take place (according to the representative of the customs authorities such controls are not provided in the Customs Law). However, at least, based on information received, the authorities undertake controls. It seems that the authorities have not yet sufficiently taken into account that the exemption from border measures for goods in transit provided in the law of 2000 has been eliminated in 2002.

#### cc) Situation in the market

No doubt many counterfeit products are imported without being discovered by the customs authorities. Whilst there is not particularly much to be found in the streets and on street markets, the goods are rather sold in the normal (big) stores. The genuine goods of the before mentioned international brands are sold in a small number of specialising stores only, because they are considered to be much too expensive. In comparison, the fakes sold in most stores are of course very cheap.

#### b) Copyright and related rights

In the following, an overview is given first of all generally of the situation of piracy followed by some more industry-specific information.

##### aa) General

In the field of copyright and related rights, optical disk piracy is of prime concern, but the unauthorised broadcasting and public performance of both music and literature are also affecting the creative sector.

Optical disk piracy is a problem in all areas, be it music, motion pictures or software. One CD Plant operates in Romania since 1998 which has been allocated a Source Identification Code (SID Code) by the international recording industry. However, this plant does not constitute a problem. The problem stems rather from three different angles:

Pirate repertoire enters to a large extent through the porous borders with the Ukraine, Bulgaria, Moldova, Hungary as well as Serbia & Montenegro. The imported pirate copies originate primarily from Russia, Ukraine, Bulgaria and China. Private sector representatives assume that a criminal organised network is behind these imports. Although imported pirate repertoire may be found in large quantities in the country, this does not mean that extensive numbers of pirate copies are confiscated at the borders. It appears that the goods arrive in small quantities at the border which seemingly makes it difficult to detect them. In addition, the representative from the customs authorities reproached the private sector that none of the copyright industries had made any applications for border enforcement so far. Conversely, the copyright industries reproach the customs authorities that they do not make sufficient use of their ex officio powers. Nonetheless, the customs authorities indicated through their representative that during 2003 all importers of optical disks from Russia, Ukraine, Bulgaria and Moldova had been checked, but no infringing material was found. In one case which was a transport on transit from Russia to Bulgaria and which had declared cosmetics, 107 000 copies of music and film CDs/DVDs were found and confiscated and the private sector (IFPI and MPA) was involved in the enforcement action.

Secondly, according to information from the private sector, illegal copies are also brought into the country by declaring the goods officially as legal. On this basis, reportedly an Austrian exporter brought illegal repertoire originating from Taiwan via Croatia into Romania.

A further problem in the area of optical disk piracy is the growing practice of burning optical disks in home studios which are then sold in street markets, small retail outlets or via Internet mail order services. In fact, as far as internet piracy is concerned, the private sector indicated that illegal downloading is not so much a problem. Rather, mail order services offering illegally burned copies for sale via the Internet are of concern to the cultural industries. So far, it would appear that Internet Service Providers have shown willingness to take down infringing sites upon notice.

Piracy of books appears on a smaller scale than optical disk piracy. Nonetheless, the use of literary works by theatres, including the National Theatre in Bucharest, as well as the broadcasting of literary works, in particular by the national public broadcaster are equally a concern to writers and their publishers.

Unauthorised broadcasting of music constitutes a further problem. However, unlike in the area of literary works, the problem here does not stem from the public broadcaster, but from commercial broadcasters. For instance, a court case between the music collecting society ADA and the largest commercial broadcasters Pro-TV has now reached the Supreme Court.

The public performance of musical works without a licence by both small and larger users is also frequently a problem. ADA had started criminal proceedings against such users, but all of them were closed by the public prosecutor without a criminal record, applying just an administrative penalty.

bb) Specific industries

- Music industry

The music industry reports a piracy level of approximately 55% (80% international and 50% local repertoire). The problem is both imports in large quantities and large scale burning. Particularly during the summer holiday season large quantities of pirate recordings are for sale in the holiday resorts on the Black Sea.

Enforcement is a big problem for the music industry, as the following information from UPFR (the Romanian recording industry association) demonstrates:

In 2003, UPFR filed 196 criminal cases in court. In 138 out of these 196 cases damages of a total amount of USD 123,979 were requested. 126 cases were dropped and only 12 reached the courts. In addition to the 12 cases of 2003, courts dealt with 12 more cases from previous years in the course of 2003. Of the 24 cases 17 were solved, 10 with criminal fines and 7 with imprisonment.

UPFR also reports that in a number of cases where damages ranging between USD 6133 and 157,880 were claimed and subsequently dropped in the course of the procedure, complaints were made, but no news had ever been received with regard to the complaint. In another case, imprisonment of 2 years had been reduced to 1 year upon appeal and the damages amounting to USD 40,000 which had been admitted in first and second instance were dismissed by the Court of Appeal.

Another concern for the recording industry is the application of the Holograms Law which is administered by UPFR under the supervision of ORDA. The sale of holograms has increased from 15,574,892 in 2000 to 17,928,781 in 2003. UPFR is obliged to sell a hologram to each applicant who has been entered into National Register of Phonograms by ORDA. It is therefore of highest importance that ORDA checks carefully who will be entered onto the register. Otherwise this initiative will become counterproductive as it would have the effect of legalising piracy. In fact, problems may be noted already in the form of purchases and resales of large quantities of holograms which then reappear on illegal recordings. This initiative does certainly not improve but rather hamper the fight against piracy. If such a system is to be successful, it requires in depth market knowledge and expertise which ultimately can best be provided by private sector institutions. The system certainly requires more careful analysis of those companies who are entered on the National Register of Phonograms if the intended goal to fight piracy is to be achieved.

Another area where the involvement of private sector would be useful is the provision of technical expertise with regard to the identification of pirate copies. Again, this is an area where involvement in business practices is of prime importance which as such cannot be demanded of ORDA alone. It could certainly be useful if the private sector would at the very least be given a role in conjunction with ORDA in the provision of technical expertise.

- Software industry

Software piracy is a large problem both in the area of entertainment as well as business software. As in other industry sectors, pirate software is imported via the porous borders. There is also an increase in small home studios where software CDs are burned and subsequently sold either on street markets or via Internet mail order services. The software industry reports good relationships with ISPs who close down illegal sites upon notice from right holders.

Business software piracy takes place both in private and public sector environments. The big endusers, i.e. medium-sized and large companies with 50 -100 computers, are rarely prosecuted. The enforcement of software piracy tends to focus on small users with the consequence that in numerous cases the procedure is stopped for the reason of lack of social harm. As far as the public sector is concerned, a contract was recently concluded between Microsoft and the Government of Romania which should solve the problem of abuses in the State Organisations.

As far as the Holograms Ordinance is concerned, it was already mentioned that the software industry remains outside the scope of the legislation.

- Motion picture industry

Like the other industries, the motion picture industry suffers from imports of pirate recordings, mainly of Russian, Ukrainian, Chinese and Polish origin. The imports from are even of exceptional quality. Furthermore, pirate copies are burned in Romanian and then sold on street markets or via Internet mail order services. As in the case of the other industries, the co-operation with ISPs is good and leads to the takedown of infringing sites offering for sale such illegal copies.

Videocassette piracy is still an issue but concerns mainly rental shops. Likewise pre-release piracy is a problem in Romania as well.

Another problem for the industry is the Holograms practice which was introduced originally by the Emergency Ordinance of 2000 to extend the Holograms practice to both the motion picture and the software industry. However, ultimately the holograms practice under the Emergency Ordinance was only kept in place for the motion picture industry. The decisive difference with the holograms practice in the music industry is the fact that the holograms in the motion picture area are entirely administered by ORDA. The industry is opposed to the holograms practice and at the very least would like to see it replaced by a voluntary system administered by the industry itself.

## 2. Main obstacles to successful enforcement

The foregoing discussion of how piracy affects the various industry sectors leads to the conclusion that the following problems hamper the successful practical enforcement:

- **Courts:** In the industrial property field it seems to be difficult to succeed in infringement cases with requests for interlocutory injunctions. Generally, the case on the merits must already have been initiated and decisions without hearing the other party are very exceptional. Even with hearing the other party, it is not easy to convince the judge that he should deliver an interlocutory injunction. This may become better with the new exclusive competence of the Bucharest Municipality Court. However, amendments of the provisions in the industrial property laws that would expressly provide for an interlocutory injunction and provide that such injunction must be rendered within 24 hours and in appropriate cases without hearing the other party, as now contained in the Copyright Law, would no doubt be very useful. Furthermore, in cases of counterfeiting judges generally request the legal proof that the goods are counterfeit to be delivered by an expertise (strikingly cheap prices seem not to be evidence enough). It is the policy of the OSIM that for delivering such expertise, the employees of the OSIM cannot be engaged.

- **Prosecutors:** Criminal cases too often do not reach the courts as public prosecutors are reluctant to continue the proceedings and instead either close the case or only apply an administrative penalty. They often rely on the lack of social harm to stop proceedings. It also appears that serious infringements are rarely prosecuted and judged and that only the less important infringements are dealt with. For instance in the field of software, cases against small endusers are brought before the courts, but larger businesses remain untouched. Lack of specialisation and continuity at the prosecutor level in the regions may contribute to these problems. Until recently, this was also the case in the General Prosecutor's Office in Bucharest. With the appointment of the new specialised prosecutor in the General Prosecutor's Office there is much hope that this situation will now change. However, the newly appointed specialised prosecutor who oversees all IP prosecutions throughout the country is faced with an immense workload. More resources are urgently needed to help him to achieve his goals.
- **Absence of deterrent penalties:** In cases where the cases reach the courts, the penalties applied are not a deterrent to fight piracy. Nobody has ever served a day in prison for an infringement of intellectual property rights. Where fines are applied, these are on average closer to the minimum than to the maximum levels provided for in the law. Ultimately this may also be one of the repercussions of the problem indicated above, namely that only the smaller infringements, if at all, reach the courts.
- **Overestimation of administrative penalties:** In the copyright field, it would appear that there is more preparedness to apply lower administrative sanctions without any criminal record rather than criminal sanctions. One of the reasons for this unsatisfactory situation may reside in the fact that the competences in the field of criminal prosecution and administrative proceedings overlap with the result of the Romanian Copyright Office assuming an unclear role in the field of enforcement. The situation is similar in the field of industrial property in view of the competence of the National Authority for Consumer protection to impose fines and other administrative measures with respect to the import and marketing of counterfeit goods.
- **Training of Judges and Prosecutors:** With the exception of the new specialised prosecutor in the General Prosecutor's Office, prosecutors in general and judges lack specific knowledge of intellectual property rights.
- **No continuity of enforcement staff:** police officials and prosecutors change services frequently. This means that no continuity in the service is guaranteed. Also, this makes training efforts wasted. It was also reported that successful police officials and prosecutors are promoted to different services which have no relationship whatsoever with IP.
- **Insufficient border enforcement:** The fact that most illegal copies in circulation on the Romanian market are produced abroad and not in Romania implies that there is insufficient border enforcement. The same is true for certain industries such as the clothing industry and the footwear industry where it is estimated that 80 to 90 % of the sports and other shoes on the market are counterfeits.
- **Holograms:** the practice both in the music and motion picture fields show that the background of companies to which holograms must be allocated by UPFR or are allocated by ORDA itself is not assessed carefully enough by ORDA. This is counterproductive for the fight against piracy as it has the effect of legalising pirate copies.

- **Awareness:** Infringements of intellectual property rights are not given the attention by law enforcement bodies which they require. There is a serious lack of awareness and also of commitment to prosecute intellectual property rights infringements.

## C. Recommendations

Based on the foregoing review and discussion of enforcement in Part III A and B of this report, the following suggestions are made with a view to improve the enforcement of infringements of intellectual property rights both in the country and at Romania's borders:

### 1. Legal issues

There are miscellaneous legal issues which should be addressed either by way of clarification or modification as follows:

#### a) Civil remedies and procedure in general

- the provisions relating to civil remedies of the different industrial property laws should be harmonized in order to provide for all industrial property rights the same remedies, including all remedies that are now provided in one or the other of the laws. In that context it would also be very useful to use a language that clearly differentiates between the remedies provided on the one hand in civil procedures and on the other hand in criminal procedures.
- There should be a clarification to the effect that infringements of technological measures and rights management information used to protect or exercise copyright, related rights and the *sui generis* right are subject to civil remedies.
- It should be clarified whether or not injunctions are available in case of copyright and related rights infringements as a specific reference to injunctions is made only as far as provisional measures are concerned.

#### b) Civil procedure – provisional measures

- Clarification is required with regard to the conditions for the application of provisional measures in copyright cases, in particular whether or not a damage must have indeed occurred before a provisional measure may be applied.
- In the industrial property field, unlike in copyright, provisional measures are not available *inaudita altera parte* as required under TRIPS and no time limit is imposed on judges for rendering such measures. The recent changes in the Copyright Law in this respect could serve as an example for modifying the legal situation in industrial property as well.
- Provisions are required which deal with the initiation of proceedings on the merits of the case once a provisional measure has been granted so as to bring the law into compliance with Article 50(6) and (7) TRIPS.

#### c) Criminal proceedings

- The relationship between the new provisions dealing with infringements of intellectual property rights in the Criminal Code and the existing provisions in the respective intellectual property statutes should be clarified.

- The relationship between criminal sanctions and administrative remedies should be clarified particularly in the copyright field. Also, a clear distinction between the competences of ORDA and the criminal prosecution bodies would be helpful in order to avoid any confusion as to who should take the initiative to investigate and sanction a particular infringement.
- The constitutional problem identified in the two reports on IP cases prepared by the Ministry of Justice should be addressed, i.e. the meaning and practical application of the reference in the Copyright Law (Article 140) and in the new Criminal Code (Article 436) to the application of the stronger penalties where copyright infringement constitutes at the same time a more serious offence.
- The commercial purposes test as a prerequisite for copyright infringement should be abandoned or, if maintained, only be taken into consideration for the application of sanctions.
- The definition as well as the application of the social harm requirement in Article 18 Criminal Code as a prerequisite for the continuation of criminal prosecution should be reviewed.
- The criminal sanctions provided for in the different industrial property laws, in the Copyright Law and in the new Criminal Code should be expanded to cover in all (and not only in some of the) laws in particular:
  - o seizure, confiscation and destruction of infringing goods, copies and equipment;
  - o temporary or permanent closure of the infringer's business;
  - o publication of the judgment in the press.

(unless these sanctions may already be found in the part of the Criminal Code which was not available in translation).

## **2. Practical issues**

As far as practical issues are concerned, it is of the utmost importance that the efforts undertaken by the Romanian government to provide for a specialised handling of IP matters at the court level as well as within the police and within the General Prosecutor's Office are continued and reflected at the regional level.

In essence, the following practical measures could improve the enforcement of intellectual property rights in Romania:

- The IP specialisation of the prosecutor in the General Prosecutor's Office should be mirrored at the regional level, i.e. specialised prosecutors should be competent for the prosecution of IP matters in the regions as this is already the case at the police level. The specialised prosecutors at the regional level would then equally require specialised training.
- The proposal of the specialised prosecutor in the General Prosecutor's Office to construct a special department to coordinate the entire activity of public prosecutors in the IP field should be supported in the widest possible manner.

- Judges in specialised courts will need further training in IP matters as well as encouragement to apply deterrent penalties, which means fines at the upper levels and prison sentences which are actually enforced and not suspended.
- As far as police and customs are concerned, it would appear that sufficient training has been provided in the past. It is however necessary to ensure that, after completion of the successful training, the trained staff is not moved to a different, unrelated service.
- Customs authorities should be encouraged to make more generous use of their ex officio powers and to intensify controls of goods in transfer.
- The securing of evidence in court cases with regard to the identification of illegal copies, primarily undertaken by ORDA in copyright cases, should be reviewed. A larger involvement of the private sector which possesses in most cases the pertinent information on the rights situation should be envisaged.
- The Holograms practice in the music and audiovisual field should be fundamentally reviewed and, as far as possible, transformed into a voluntary system administered by the affected industries themselves. In addition, much more care seems to be needed with regard to the control of companies which are entered onto the respective national registers of phonograms and films in order to avoid abuse.
- The government of Romania should make a clear political commitment towards the enforcement of intellectual property rights and encourage the enforcement bodies, in particular judges, to apply deterrent penalties against every infringer.

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