

Government of Montenegro

Ministry of Economy

Questionnaire

Information requested by the European Commission to the Government of Montenegro for the preparation of the Opinion on the application of Montenegro for membership of the European Union

– ADDITIONAL QUESTIONS –

07 Intellectual property law

Minister:

Branko Vujovic

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CHAPTERS OF THE ACQUIS – ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

7: Intellectual property law

A. Copyright and neighbouring rights

1. What is Montenegro's administrative capacity in this area, and are there any firm plans to improve it in the future (if considered necessary)?

State administration affairs from the area of copyright and related rights fall within the responsibility of the Ministry of Economy and the Intellectual Property Office.

Namely, in March 2010 the Government of Montenegro adopted the amending Decree on organization and mode of work of state administration (Official Gazette of Montenegro 15/10), by which responsibilities from this area have been transferred from the Ministry of Culture, Sports and Media to the Ministry of Economy. This change has resulted from the need to encompass all intellectual property affairs within the same line ministry.

Under the new organizational solution, the Ministry of Economy will be preparing laws and secondary legislation and supervise the work of the Intellectual Property Office, while the Intellectual Property Office will be implementing laws and secondary legislation, which entails depositing copyright works, granting operating licences to organizations for protection and collective enforcement of copyright and related rights and control of work of those organizations.

Since 2006, Montenegro has been included in the ReSPA project, one of major projects in the Western Balkans aimed at promoting regional cooperation in the area of public administration, strengthening administrative capacities and development of staff in accordance with the principles of the European administrative space. The Protocol on Co-operation on the Creation of the Regional School of Public Administration (ReSPA) was signed in Brussels in May 2006, in accordance with the "Thessaloniki Agenda for the Western Balkans" which was approved by the governments of the countries from the region and the Council of Ministers of the European Union in 2003. The implementation of the Protocol, which is important for the development of the region's administrative capacity, provides for institutionalization, i.e. opening a school which will specialize in professional development of civil servants from the region and beyond. This educational centre will be located in Montenegro, in Danilovgrad. Accommodation and technical conditions have been ensured and the centre is expected to be opened soon. Meanwhile, we have already used the benefits of the agreement – civil servants took courses via ReSPA (the last one in Zagreb from 15-17 April 2009 entitled "The Impact of EU policies to domestic policies – Intellectual Property Rights (Trademarks and Designs)" organized by the European Centre for Judges and Lawyers, EIPA Antenna in Luxembourg). We are expecting a more intensive training programme for our staff in the area of copyrights and related rights after the Regional School in Danilovgrad opens.

2. (Ref to Q. 7): Please clarify the following points:

i. As understood Article 45 of the 2005 Copyright Law does not appear to be compatible with the *acquis*. Under Article 5(2)(b) of Directive 2001/29/EC, remuneration must be paid where reproductions on any medium are made. Does Montenegro have any plan to align with the *acquis* in this regard?

The Law on Copyright and Related Rights (Official Gazette of Serbia and Montenegro 61/04), which came into effect in early 2005, is aligned with Article 5 (2) (b) of the Directive 2001/29/EC with respect to rights of authors and right-holders to fair (special) compensation for reproducing

copyright works on any medium by natural persons, for private use, through provisions of Articles 45 and 38.

Article 45, paragraph 1 of the Law on Copyright and Related Rights allows a natural person to reproduce copies of a published work for private non-commercial use without the author's permission and without remuneration to the author. This right is limited by paragraphs 2 and 3 which lay down that copies referred to in paragraph 1 may not be placed on the market, nor can they be used for any kind of public communication of a work. In addition, the paragraphs lay down that the right referred to in Article 1 does not apply to: recording of a performance, presentation or exhibition of a work, three-dimensional representations of works of visual art, constructed works of architecture, construction of a new building modelled on an existing building which is a copyright work and computer programs.

Paragraph 4 of Article 45 lays down that authors are entitled to compensation for using their work in the manner defined in paragraph 1, pursuant to Article 38 of this Law, which stipulates that: authors of works which, with regard to their nature, may be expected to be reproduced for personal non-commercial purposes to sound, image and text recording media (books, music, films etc.), have the right to special compensation from import or sale of technical devices and sound, image and text recording media which are prone to such reproduction. In case of reproduction of copyright works by photocopying or a similar technique, the author also has the right to compensation from a legal or natural person who provides photocopying services.

Authors may exercise the right to compensation pursuant to Article 38 only through organizations for collective exercise of copyright and related rights (Article 38, paragraph 5).

ii. What is the system of fair compensation to right holders for the reprography and the cases when obligation exists by the law to pay remuneration?

Under the Law on Copyright and Related Rights, reprography entails "reproducing copyright works by photocopying or a similar technique".

Compensation to right-holders for reprography is also defined by Article 38, paragraph 1 of the Law (Section 4.4 – The author's right to special compensation) and it refers to works which can be expected to be reproduced by photocopying or a similar technique for personal non-commercial purposes. Namely, Article 38, paragraph 1 lays down that "authors of works which, with regard to their nature, may be expected to be reproduced for personal non-commercial purposes to sound, image and text recording media (books, music, films etc.), have the right to special compensation from import or sale of technical devices and sound, image and text recording media which are prone to such reproduction".

In addition, paragraph 3 of the same Article lays down that apart from compensation referred to in paragraph 1, the author also has the right to compensation from a legal or natural person who provides reproduction services by photocopying or a similar technique.

Authors exercise the right to compensation through organizations for collective exercise of copyright and related rights.

iii. What are sanctions and remedies provided in your legislation in case of infringements of the IPR and the related obligations?

Criminal and civil legal protection is envisaged for infringement of intellectual property rights.

The Criminal Code (Official Gazette of the Republic of Montenegro 70/03 of 25 December 2003, 13/04 of 26 February 2004, 47/06 of 25 July 2007, Official Gazette of Montenegro 40/08 of 27 June 2008), in Chapter 21, lays down six criminal offences against intellectual property:

- Infringement of moral rights of authors and performers (Article 233)
- Unauthorized use of a copyright work or related subject-matter (Article 234)
- Unauthorized circumvention of safeguard measures aimed at prevention of infringement of copyright and related rights and information on rights (Article 235)
- Unauthorized removal or alteration of broadcast information regarding copyright and related rights (Article 236)
- Unauthorized use of another's patent (Article 237)
- Unauthorized use of another's design (Article 238).

These criminal offences are punishable by a fine or a term of imprisonment ranging from 6 months and 5 years, and for a patent up to 8 years.

These offences are prosecuted by the public prosecutor, except in the case of placing another's copyright work on the market or interpretation in a manner that is prejudicial to the honour and reputation of the author or performer, for which prosecution is initiated by filing a private lawsuit.

Apart from criminal punishments, criminal offences against intellectual property are also punishable by the safeguard measure of seizure or destruction of objects which have been used or intended for committing a criminal offence.

Protection of copyright and related rights is governed by Chapter 6 (Articles 177-186 of the applicable Law on Copyright and Related Rights) and is contained in the right of a copyright-holder, performer, phonogram producer, videogram producer, broadcast producer, database producer or a person who acquired exclusive powers to exercise copyright and related rights, so that they may request with a competent court the following:

- establishment of right infringement,
- termination of right infringement,
- destruction or alteration of objects by means of which the right has been infringed, including copies of subject-matters of protection, their packaging, matrices, negatives, etc,
- destruction or alteration of tools and equipment used to produce objects by means of which the right has been infringed, if it is necessary for the protection of rights,
- compensation for damage to property,
- publication of judgement at defendant's expense.

In addition, the author or performer has the right to file a lawsuit for compensation of non-pecuniary damages due to infringement of their moral rights.

Instead of a request for destruction or alteration of the object by means of which the right has been infringed, the prosecutor may request to be presented with those objects.

Also, the Law stipulates (Article 178) that the prosecutor, in case of property right infringement done deliberately or by negligence, may instead of compensation of pecuniary damages request compensation up to three times the amount of the usual compensation which the right-holder would receive for a specific form of using the subject-matter of protection if the use was legal.

Proceedings over infringement of copyright and related rights shall be instituted immediately (Article 179, paragraph 2 of the Law on Copyright and Related Rights).

3. (Ref to Q. 8): Does Montenegro have any concrete plans to enact legislation that will align its resale right legislation with the EU acquis?

Yes.

The agenda for 2010 of the Government of Montenegro provides for drawing up a new Law on Copyright and Related Rights this year (in the fourth quarter) and its adoption in the form of a proposal.

Drawing up a new Law entails harmonisation with all EU regulations from this area, including Directive 2001/84/EC.

The process of making a draft Law on Copyright and Related Rights is underway. The Law is being prepared by expert Dr. Miha Trampuž, who has been hired via the IPA Regional programme on Industrial and Intellectual Property Rights in the Western Balkans and Turkey.

4. (Ref to Q. 10 a): Could Montenegro provide the Commission with the timescale for adoption of the new Law on copyright, which shall enter into force in 2010", and provide it with this legislation (in English) once available? Please explain precisely the discrepancies with the current legislation and how these issues will be remedied with the new law?

In the fourth quarter of 2010, the Government of Montenegro is going to adopt a Proposal for the Law on Copyright and Related Rights.

The proposal for the Law will be submitted in English to the European Commission for approval.

The current 2004 Law on Copyright and Related Rights is aligned to a large extent with European legislation and will be an initial framework in the preparation of a new law.

The hired expert, Dr. Miha Trampuž, has made a short evaluation of the existing Law which is attached to this answer as an integral part of it. In addition, special attention will be given to the collective exercise of copyright and related rights, as the application of the current law has revealed most deficiencies with this respect. (Appendix 1)

Appendix 1

4. Appendix to question 4

Short evaluation of the Copyright and Related Rights Act (2004) of Serbia and Montenegro

by expert Dr. Miha Trampuž (Slovenia), according to point 8.1 of the Short term expertise consultancy contract of 9.11.2009

Since the legal basis for the above mentioned training was the Copyright and Related Rights Act of Serbia and Montenegro of 2004 (hereinafter CRRRA), which is presently applied in Montenegro, it could not be avoided to address some deficiencies of that law. In first place I have to mention its missing harmonization with the *acquis communautaire*, but also with some global agreements, such as the TRIPS and the Berne Convention. Furthermore, some unclear and overlapping provisions of the Act itself should be corrected as well.

To give a few examples concerning the *acquis*: the Directive 2001/84/EC on the Resale Right has not been implemented at all; the Directive 2004/48/EC on Enforcement is missing or hardly implemented with some important provisions (e.g. Article 8 on the Right of Information, Article 9/4 on *ex parte* provisional measures; Article 10 on some corrective measures etc.); the Directive 2001/29/EC on Information Society was partly not implemented (e.g. its Article 6/4) or was not implemented in a clear way (e.g. its Article 5/2); the (obligatory) Article 8 of Directive 96/9/EC on Databases was not implemented at all; Article 10 of Directive 93/83/EC on Satellite and Cable was not implemented etc. etc.

As to TRIPS, the CRRRA of Montenegro has not fully implemented its Article 50.2., i.e. provisional measures to prevent infringements *inaudita altera parte* (Article 183 CRRRA deals only with *ex parte* preservation of evidence).

As to the Berne Convention, the CRRA provisions on moral rights should be brought in line with Article 6bis BC. Also, these provisions (Article 17 CRRA of Montenegro) are overlapping with the provisions on the economic right of adaptation (Article 30 CRRA).

The Act has also structural (systematical) deficiencies.

Conclusion: As briefly shown above, the applicable Copyright and Related Rights Act (2004) shows some important deficiencies, which may be - sooner or later - raised as a serious obstacle in the process of Montenegro's accession to the European Union and the World Trade Organisation. The Act should be re-assessed and completely written anew.

Podgorica, 13 November 2009

Dr. Miha Trampuž

5. (Ref to Q. 11): With reference to cable transmission, please explain precisely the discrepancies with the current legislation and how these issues will be remedied with the new law?

The Law on Copyright and Related Rights (Official Gazette of Serbia and Montenegro 61/04) contains provisions pertaining to protection of copyright and related rights within providing services of broadcasting of radio and television programmes. There is a partial conformity of the provisions of the above-mentioned law with standards contained in Directive 93/83EC on copyright and related rights pertaining to satellite broadcasting and cable distribution, i.e. Articles 8-12.

Regarding question 11 of the EC Questionnaire, and subquestion 5, the need for harmonization of the law may be seen with respect to providing:

- the principle of extending the possibility of exercising property rights on the part of holders of copyright and related rights who are not members of organization/s for the collective exercise of rights (Articles 9 and 10). In this respect, we think that the Law is harmonized to a larger extent with the Directive. Paragraph (6) of Article 28 of the Law represents an exception as, in our opinion, it is not aligned with Article 10 of the Directive. Namely, paragraph (6) of Article 28 of the Law lays down that in case wire retransmission (cable distribution) of a programme of another broadcasting company, with respect to copyright work contained in that programme, the right of an author to prohibit or allow another author to transmit his or her work is exercised only through an organization for collective exercise of copyright and related rights. On the other hand, Article 10 of the Directive provides for an exception from the general rule that copyrights are exercised through organizations for collective exercise of rights. Specifically, the exception pertains to the right of a broadcaster that they may exercise their rights concerning programmes (regardless of whether specific rights are originally their or they were transferred onto the by a holder or copyright or related rights) even out of organizations for collective protection.
- the principle of negotiating in good faith and mediators - while defining rights and obligations regarding cable distribution (Articles 11 and 12 of the Directive). In this respect, the Law is not in conformity with the Directive. Namely, the Law does not contain provisions which provide for the possibility of inviting mediators (intermediaries) who should help with negotiations on acquiring the rights to retransmission (distribution) of programmes. Furthermore, the Law does not contain provisions regulating (administrative and judicial) measures which commit the parties to start negotiating on acquiring the rights to retransmission (distribution) of programmes in good faith and without hindering and preventing negotiations without a justifiable reason.

Having regard to all the said, as well as the fact that the proposal for the Law on Copyright and Related Rights is expected to be adopted in 2010, the necessary harmonization of the legislative framework with the above-mentioned Directive will be conducted on that occasion.

B. Industrial property rights**Patents****6. Has Montenegro adopted the required secondary legislation to the Law on Patents, and if not, what are its plans for doing so?**

The new draft Rulebook has been made pursuant to the Law on Patents (Official Gazette of Montenegro 66/08). The Government of Montenegro is expected to adopt the Rulebook by the end of the second quarter of 2010. Currently, a secondary legislation act is applied pursuant to the 2004 Law on Patents of Serbia and Montenegro (Official Gazette of Serbia and Montenegro 32/04), unless it is inconsistent with the provisions of our Law. The implementation of this Law is closely related to the implementation of the Agreement on the Extension of European Patents to Montenegro (Official Gazette of Montenegro – International Treaties, 5). Under Article 116 of the applicable Law on Patents, by this Agreement the European Patent Office completely takes over the processing of not just European patent applications, but also all PCT applications in which Montenegro is specified. The Agreement on Extension of European Patents has been implemented since 1 March 2010 and thus the draft Rulebook is adjusted to these important facts.

7. What are your plans for full alignment with the EU *acquis* on industrial property in the field of patents, trade marks, and designs? Which provisions do you intend to amend in your existing legislation on this, and by when?

The Law on Patents is completely aligned with EU legal regulations, including protection of inventions in the field of pharmacy and biotechnology.

By the end of the year, Montenegro will adopt the following three laws:

- 1) Law on Trademarks, which in the process of adoption by the Government
- 2) Law on Legal Protection of Industrial Design
- 3) Law on Protection of Topographies of Semiconductors

After these three new laws are adopted, Montenegro will stop applying corresponding laws from the period of the state union of Serbia and Montenegro, which are basically harmonized with TRIPS and *acquis communautaire*.

8. What is Montenegro's administrative capacity in this area (trademark examiners, patent examiners, etc.), and are there any firm plans to improve it in the future (if considered necessary)? How many applications did Montenegro receive on an annual basis for the last 3 years, and how many registrations were issued?

Seven civil servants are employed in the Department of Industrial Property of the Intellectual Property Office. Two examiners are employed in the Division of Patents and Topographies of Integrated Circuits. Five examiners are employed in the Division of Distinctive Signs.

There are firm plans for improving capacities in the future since the act on organization and job classification in the Office provides for employing two more civil servants.

Since the opening of the Office (28 May 2008), the following applications were filed with the Office in 2008 and 2009:

	2008	2009
Applications for assigning national patents (Montenegrin and foreign applicants)	613	113
Applications for recording extended European patents in the Patent Register	31	55
International Patent Applications (PCT)	271	191
Applications for trademark registration (national) of domestic and foreign applicants	1239	686
Applications for design registration	26	31

One hundred trademark registration certificates valid in Montenegro have been issued.

9. (Ref to Q. 13): Please explain the specific rules for patent of biotechnological and computer-implemented inventions.

The question is the same as in 11, so the answer will be given within that question.

10. (Ref to Q. 14): Please explain the procedures for registering patent agents.

1) A patent agent who wants to enter his or her name in the Register of Representatives files a request for entry in the Register if he or she has a degree in engineering or law and at least five years' experience in industrial property matters.

2) If a patent agent does not have five years' experience in industrial property matters, he or she has to file a request for taking a special professional exam in the Office.

11. (Ref to Q. 15): Please explain the rules for patent of biotechnological and computer-implemented inventions.

The applicable Law on Patents comprises all the rules for patent protection of biotechnological inventions (Articles 5, 6, 24, 42 and 43). We would like to emphasize once again that almost all patent applications for such inventions will be filed and processed as extended European patent applications by the European Patent Office (ref. to – answer to question 6).

The Law on Patents is in its basic provisions (Article 5 paragraph 2 item 4), and especially in patentability requirements is harmonized with European Patent Convention (Article 52, paragraph 2) which exudes computer programs from patentability.

With respect to patentability, the Office will consider an application for patent protection of a computer-implemented invention in the same way as in the case of other subject-matters of patent applications, although computer programs are excluded from patentability.

The Office will consider whether a computer program can produce an additional technical effect which goes beyond the typical physical effects while being run on a computer. Such a computer

program has a technical feature, and since it can be regarded as an invention, then it may be patentable.

Patent rules relating to computer-implemented inventions are rules which are applied by the European Patent Office.

12. (Ref to Q. 16): Please consider this question as referring to the previous and requires an outline of the (in) compliance of both legislations on biotechnological and computer-implemented inventions.

Through an insight into reports on failure to comply with intellectual property regulations which were submitted by the Customs Administration, National Police, Market Inspection Service and the Commercial Court, no cases of non-compliance with regulations governing biotechnological and computer-implemented inventions have been found.

13. (Ref to Q. 18): Please explain the condition for filing SPCs?

The Supplementary Protection Certificate is regulated by the Law on Patents (section IX from Article 63 to Article 72 and Article 75).

The requirements for acquiring a Supplementary Protection Certificate are laid down in Article 66:

When a patent holder files an application, the Certificate will be granted if on the day of submission of application the following requirements are fulfilled:

- 1) that it is a medicinal product for human or veterinary use, or a plant protection product covered by a valid patent;
- 2) that a valid licence is issued, being the first such licence which is in force for that product;
- 3) that a medicinal product for human or veterinary use, or a plant protection product were not previously the subject-matter of the Certificate;
- 4) that the patent application which covers a medicinal product for human or veterinary use, or a plant protection product, is filed on the day established by the Accession Agreement which will be concluded between the Government and the European Union or before the date;
- 5) that the first licence is issued on the day established by the Accession Agreement which will be concluded between the Government and the European Union or before the date.

14. (Ref to Q. 19): Please explain the condition for filing SPCs?

The Law on Patents (Official Gazette of Montenegro 63/08) governs the conditions for filing an application for issuing a Supplementary Protection Certificate by Articles 63, 64, 65 and 67, as follows:

Each patent-protected medicinal product for human or veterinary uses and a plant protection product, whose placing on the market as a product for human or veterinary uses or a plant protection product is subject to the licence granting requirement, under the conditions provided for by this Law, will be the subject-matter of a Supplementary Protection Certificate.

The subject-matter of the Certificate protection is restricted solely to a medicinal product for human or veterinary use and a plant protection product covered by the licence for placing on the market the product as a medicinal product for human or veterinary use and a plant protection (hereinafter:

the licence), and with respect to any application of the product for which the licence was granted before expiry of the Certificate.

The Certificate ensures the same rights to the right-holder as a patent. Those rights are subject to analogous limitations.

The Certificate is granted to a holder of the patent covering the product or to his or her legal successor.

A holder of two or more patents covering the same product may be granted only one Certificate for that product. In case of two or more applications for the certificate which are filed by different persons who are holders of different patents covering the same product, the same certificate for that product may be granted to each of those persons.

An application for granting a certificate must be filed with a competent authority at least six months from the date of issuing the licence. If the licence is issued before granting the patent, the deadline for filing an application is six months from the date of publishing data about the granted patent.

Information on an application for granting a certificate is entered in the Register of Supplementary Protection Certificates (Article 17) and is published in an official gazette issued by a competent authority within six months from the date of filing the application.

Trademarks

15. (Ref to Q. 20): Please explain precisely the discrepancies with the current legislation and how these issues will be remedied with the new law. At which stage is the adoption of the new law on trademarks?

Legal regulations adopted in the state union of Serbia and Montenegro and which are still applied do not make explicit distinctions between absolute and relative grounds for refusal of trademark registration. The law stipulates that a competent authority examines trademark applications not just on absolute but also on relative grounds, which was also the practice of the former Patent Office of Serbia and Montenegro.

The new Law on Trademarks is completely harmonized with the codified Directive 2008/95/EC of the European Parliament and the Council of 22 October 2008 on approximating the laws of the Member States relating to trademarks. The Law will be passed in 2010. The Law is now harmonized between the line ministries and the Government of Montenegro is to discuss it and adopt it in April 2010.

The draft law establishes the European system of examining trademark registration applications. The essential examination of application has been abandoned and thus the procedure for granting and registering trademarks has been simplified. Pursuant to this, *ex officio* examinations are conducted solely on absolute grounds for refusing registration. Relative grounds are examined based on objections, in accordance with the practice of the EU and all Member States.

The right to appeal is introduced in deciding on the right to trademark registration. Decisions of the Intellectual Property Office are not final but they are subject to the right to appeal to a second-instance authority (in the draft law, the second-instance authority is the Ministry in charge of industrial property affairs).

16. (Ref to Q. 21): Please explain how the Law on Internal Trade and the Law on consumer protection protect the registered trademark right holder.

The Law on Foreign Trade (Official Gazette of Montenegro 28/04 of 29 April 2004 and Official Gazette of Montenegro 37/07 of 19 June 2007), under Article 20, leaves the possibility for the Government to prescribe permission for import and transit, and under Article 21, to prescribe permission for export when it is necessary with a view to protection of intellectual property rights.

The Law on Internal Trade (Official Gazette of Montenegro 49/08) in chapter IV – Unfair competition, under Article 40, stipulates that unfair competition, *inter alia*, is particularly considered:

- Marketing, advertising and promotion of goods by giving data or using expressions which mislead or may mislead the market with regard to the goods by which a certain trader is or may be brought into a more favourable position.
- Selling goods with marks or data which mislead or may mislead a trader with respect to the origin, production manner, quantity, quality or other characteristics or goods;
- Unauthorised use of a trademark of another trader which is or may be misleading in trading at the expense of the other trader who uses those marks in his or her business;
- Giving powers to another trader for using his trade dress if it misleads or may mislead the market;

Acts and actions of unfair competition are prohibited (Article 38 of the Law).

The act of unfair competition, which under this law is considered misdemeanour, is punishable by a fine to a business organization or other legal person or entrepreneur, from five times to three-hundred times the average minimum salary in Montenegro, as well as to a responsible person in a legal person or a physical person from ten times to twenty times the average minimum salary in Montenegro (Article 43 of the Law).

The Law on Consumer Protection (Official Gazette of Montenegro 26/07) contains provisions referring to protection of safety of consumers' life and health and protection of consumers' economic interests, as well as to informing consumers. Therefore, provisions of this Law do not stipulate protection of a trademark holder.

However, having regard to the fact that trademark is the right protecting a mark which is used for differentiating between goods on the market, or services provided by the same or similar goods, it can be said that the holder of the right to trademark is indirectly protected by the provisions of this Law. Those are primarily provisions prescribing traders' obligations while selling good and providing consumers with services. These obligations refer to labelling goods and supporting documents, prohibition of production and trading of goods which are not safe, the manner of expressing information, as well as to misleading and comparative advertising, etc.

Models and designs

17. (Ref to Q. 22): Please explain precisely the discrepancies with the current legislation and how these issues will be remedied with the new law. At which stage is the adoption of the new law on designs?

The new law has been drafted and will be adopted by the end of 2010.

The draft law on legal protection of industrial design is harmonized with Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs, Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, Council Regulation 6/2002 on Community designs and with TRIPS.

In accordance with this, design registration procedure has been approximated to the European practice resulting in the simplification of industrial design registration procedure (the concept of industrial design has been introduced).

- 1) The applicable Law in articles 18-20 explicitly requires description of design which according to Directive 98/71/EC is not mandatory;
- 2) The applicable Law does not contain possibilities of protecting unregistered design in accordance with Regulation 6/2002; the new Law provides for the protection of unregistered design;
- 3) The applicable Law (Article 34) still contains an obsolete provision of the Paris Convention, which enables turning a design application into a patent application and vice versa. The new Law will not contain those provisions.

The right to appeal is introduced in deciding on the right to industrial design registration. Thus, decisions of the Intellectual Property Office are not final but they are subject to the right to appeal to a second-instance authority (in the draft law, the second-instance authority is the Ministry in charge of industrial property affairs).

C. Enforcement

18. (Ref to Q. 24): Please comment on the major needs related to the enforcement of IPR.

One of the main needs related to the enforcement of intellectual property rights is strengthening the national institution, i.e. the Intellectual Property Office of Montenegro. Priority tasks for achieving the goal are the following:

1. Ensuring business premises for the Intellectual Property Office (the Office is currently located in rented inadequate premises)
2. Strengthening staff capacities through seminars, more frequent trainings etc.
3. Better use of funds and training with respect to it.

Also, strengthening administrative capacities of bodies in charge of enforcing intellectual property rights, including Customs Administration, National Police, Market Inspection Service and Courts.

19. (Ref to Q. 27): Please explain in more details how the prevention of import of counterfeited goods is ensured?

A customs authority takes measures with a view to preventing import of counterfeit goods in accordance with the Customs Law (Official Gazette of the Republic of Montenegro 07/02, 38/02, 72/02, 21/03, 29/05, 66/06 and Official Gazette of Montenegro 21/08) and Decree on customs authorities' dealing with goods suspected of infringing intellectual property rights (Official Gazette of the Republic of Montenegro 25/05 and Official Gazette of Montenegro 16/08).

If it is suspected that the import of goods subject to customs procedure infringes intellectual property rights, a customs authority shall suspend customs procedure and detain the goods at the request of a right-holder or *ex officio*.

Procedure at the request of a right-holder

A customs authority shall suspend customs procedure and detain the goods when it establishes that the goods subject to customs procedure match the description of the goods from the decision which the Customs Administration adopted at the request of a right-holder, pursuant to Article 9 of the Decree. The customs authority shall notify the right-holder, importer, exporter and declarant of the suspension of the procedure and detention of the goods.

The customs authority shall notify the right-holder, at his or her request, of the name and address of the declarant and if possible of the name and address of the consignee, consignor, importer, exporter and producer of the goods, as well as of the quantity of the goods and other facts pertaining to goods for which the customs procedure has been suspended. The right-holder, importer, exporter and declarant and the owner of the goods have the right to identify the goods, including examination of the goods, provided that identification and examination are done in customs premises and under customs supervision.

The right-holder shall, within 10 working days from receipt of the notification, notify the customs authority of the proceedings instituted before a competent court, or of a temporary measure. The customs authority may, at the request of the right-holder, extend the deadline for 10 more working days.

When the customs authority, within a period of ten working days, has been informed that proceedings have been instituted before a competent court and that a temporary measure has been imposed based on which the release of goods is postponed, it acts in accordance with the decision of temporary measure. Goods detained in accordance with the temporary measure shall be stored in accordance with customs regulations.

If the right-holder, within 10 working days from receiving a notification, does not inform the customs authority that legal proceedings have been instituted before a competent court and that a temporary measure has been imposed, the customs authority shall continue the customs proceedings and shall release the goods upon its completion.

The right-holder shall inform the customs authority of a final conclusion of the proceedings before a competent court.

***Ex officio* procedure**

In accordance with article 11 of the Decree, the customs authority suspends customs procedure *ex officio* and detains the goods if he or she suspects that an intellectual property right has been infringed.

The customs authority shall without delay notify the importer, exporter, declarant and the owner of the goods, right-holder or his representative of the suspension of the procedure, if the customs authority knows their respective addresses, as well as the boy in charge of intellectual property rights. The notification shall contain a warning to the importer, exporter, declarant and the owner of

the goods that the detained goods may be confiscated or destroyed, if they do not dispute the confiscation of destruction of the goods within 10 days from receipt of the notification.

The enforcement of the above-mentioned measures and efficient protection of intellectual property rights by a customs authority depend mostly on co-operation of the right-holders, who submit applications for protection of their rights with a customs authority. These applications provide the customs authority with information which enables successful risk management and better targeting of suspicious consignments and identification of counterfeit goods. For a customs authority it is very important that it has as much information about the appearance of the goods, origin of the goods, name of the producer, importer, exporter, manner of transport etc. as possible. Also, when selecting a consignment for examination, a customs authority shall also use a risk indicator: documents accompanying the goods, country of origin, mixed consignments, combinations of products of different brands, description of the goods, poor quality goods, poor packaging quality, goods in non-standard packaging, spelling mistakes, misspelled brand names, etc.

20. (Ref to Q. 28): Does the national exhaustion apply to patents, trademarks, and copyrights?

In the field of patents, the principle of national exhaustion is applied in Montenegro (Article 46 of the applicable Law on Patents).

In the field of trademarks, the applicable law lays down international exhaustion, Article 36 of the Law, but the new law will stipulate the principle of national exhaustion.

In the field of copyright, the applicable law provides for the national exhaustion of rights (Article 21).

21. (Ref to Q. 29 g)): Please clarify the following points:

i. Please comment on the capacity of the competent institutions to ensure IPR protection and provide precise data – staff, budget, cases resolved?

The Intellectual Property Office as a public authority in the state administration system employs 25 civil servants and state employees. The Act on job classification provides for employing additional six civil servants. The budget of the Intellectual Property Office for 2010 is EUR 361,952.96.

The Government has recommended to public authorities to temporarily reduce recruitment of new employees.

In the National Police, in Department of Criminal Police, there are a number of Divisions which deal with the issue of intellectual property protection and provide protection of intellectual property rights. In the Department of Criminal Police – Division of Fight against Corruption and Organized Crime there is a Group for fight against organized economic crime which, among other activities, specializes in protection of intellectual property.

The Division for fight against economic crime (Department of Criminal Police) employs seven civil servants who, among other activities, deal with the protection of intellectual property, as well as 63 on-site civil servants who are assigned to regional units and branch offices.

In the past four years, the National Police, Department of Criminal Police, brought 10 criminal charges against 10 persons for unauthorized use of copyright works or subject-matters of related rights in which more than 20,000 CDs were confiscated.

The Commercial Court, within the scope of its competences and within its Litigation Division has the Division of Intellectual Property comprised of three judges who act in disputes whose subject-matter is protection of intellectual property rights.

The Rulebook on internal organization and job classification, which came into force in late 2009, established the Division of Intellectual Property and Administrative Procedure within the Customs Administration.

The Division of Intellectual Property and Administrative Procedure supervises implementation of intellectual property regulations, participates in the drawing up of intellectual property regulations, discusses and processes applications for the protection of intellectual property rights, establishes cooperation in the field of intellectual property at national and international level, etc.

The Division currently employs one civil servant, while the Rulebook provides for employing two more civil servants in the Division. The civil servants employed in the Department of Customs Security also deal with these affairs, as well as customs officers who directly perform control of goods and conduct customs procedures.

Before the Division of Intellectual property and Administrative Procedure was founded, intellectual property affairs had fallen within the responsibility of the Division of customs and legal affairs, monitoring and implementation of customs and other regulations. Five employees were in charge of these affairs.

Pursuant to the Budget Law of Montenegro for 2010 (Official Gazette of Montenegro 87/09), total budget funds for the Customs Administration for 2010 amount to EUR 6,059,509.79.

In 2007, the Customs Administration adopted 27 applications submitted by holders of intellectual property rights. They had 10 instances suspensions of customs procedures and detention of goods suspected of infringing intellectual property rights. In 2008, right-holders filed 34 applications out of which 28 were adopted, while 6 applications were rejected due to formal deficiencies. The administration also had two instances of suspension of customs procedures and detention of goods suspected of infringing intellectual property rights. In 2009, right-holders filed 23 applications, 15 of which were adopted, while five applications were rejected due to formal deficiencies and three applications are being processed. They also had 9 suspensions of customs procedures and detention of goods suspected of infringing intellectual property rights. In the first two months of 2010, 4 applications submitted by right-holders were adopted while two are being processed. In addition, they had four instances of suspension of customs procedures and detention of goods suspected of infringing intellectual property rights.

We would like to point out that, in the above-mentioned instances, following one customs declaration, the customs authority suspended customs procedure both at the request of the right-holder and *ex officio*.

In 2007, two proceedings were concluded by final judgements; in 2008 one procedure was concluded by final judgements, while six proceedings were concluded in 2009. Those are proceedings for which the right-holders notified the Customs Administration that there were concluded by final judgements.

The Market Inspection Service has 56 inspectors who perform supervision in all areas which fall within the responsibility of this inspection service, including the supervision of application of intellectual property regulations. Therefore, all inspectors perform all responsibilities. It is planned that a number of inspectors specialize in supervision of implementation of regulations relating to protection of intellectual property rights on the market. In this respect, selection of inspectors is already under way and they will be trained in these fields, which are available to the Market Inspection Service.

ii. Does Montenegro have any plans to improve the enforcement capacity of the various bodies (adequacy of staffing, resources, technical expertise (e.g. of judges), IT equipment, adequacy of premises etc.)? Are there any special units to tackle internet piracy?

The National Police plans to expand staff capacities as well as instruments necessary for efficient protection of copyright and related rights.

In the Division of fight against corruption and organized crime there is a Group for fight against economic crime. Within the Group, there is the position of Senior Police Commissioner of I class for suppression of criminal offences of computer crime and abuse of copyright.

With a view to modernizing customs service in accordance with EU standards and recommendations, the Customs Administration continuously takes action on strengthening administrative capacities by aligning regulations, improving infrastructure, strengthening IT systems and professional training of customs officers.

In early 2009, the Customs Administration, in cooperation with EU TACTA, produced the Guide for customs officers on protection of intellectual property rights, with a view to promoting the knowledge of its officers. This document additionally provides guidelines for practical implementation of protection of intellectual property rights. The Guide contains instructions and useful information regarding risk indicators, facts and trends, which can be helpful to customs officers in efficient risk management and targeting of consignments while controlling goods suspected of infringing intellectual property rights. The guide is available to customs officers on the notice board of the Customs Information System (CIS).

On the CIS notice board there is the Guide for recognizing pirated music products, which was drawn up by this Administration and which was published by the International Federation of Phonographic Industry (IFPI), a music organization which represents international recording industry. The Guide contains data on identification of pirated or counterfeit CDs and DVDs and instructions on differentiating them from original products. The brochure with characteristics of original and pirated products, which was designed by this organization as well, is also available to customs officers.

The CIS notice board displays, *inter alia*, photographs of original goods, photographs of counterfeit goods and other data delivered by right-holders and which help customs officers in checking and identifying consignments suspected of containing counterfeit goods.

The intellectual property database, which was modelled on the one used in the United Kingdom Customs Office, was installed in 2008. The database is intended for the Division in charge of intellectual property rights and it is used for recording cases and applications for protection of intellectual property rights. The database is planned to be upgraded so as to adjust it to the needs of the Customs Administration and so that a part of the base, which would contain photographs of original and counterfeit goods, could be available to customs officers.

In the previous period, customs officers took part in numerous seminars and conferences on protection of intellectual property organized by WCO, CAFAO, CARDS, EU TACTA, USPTO, SNB-React, TAIEX, etc. Within IPA Regional Programme on industrial and intellectual property rights in the Western Balkans and Turkey, which is implemented by the European Patent Office and whose beneficiaries are public authorities in charge of intellectual property including the Customs Administration, this year it has been planned to organize a joint seminar on protection on intellectual property rights for civil servants of the Customs Administration and Market Inspection Service.

Protection of intellectual property rights is one of the activities pertaining to the TWINNING Contract – Technical Support to the Customs Administration, which started to be implemented in early 2010. The activity regarding protection of intellectual property rights refers to strengthening customs control for the protection of intellectual property rights.

The Market Inspection Service has 56 inspectors who perform supervision in all areas which fall within the responsibility of this inspection service, including the supervision of application of

intellectual property regulations. Therefore, all inspectors perform all responsibilities. It is planned that a number of inspectors specialize in supervision of implementation of regulations relating to protection of intellectual property rights on the market. In this respect, selection of inspectors is already under way and they will be trained in these fields, which are available to the Market Inspection Service.

iii. Please provide additional information on the kind of cooperation (if existing or planned) between the enforcement bodies (Intellectual Property Office, customs, courts, Market Inspectorate, police), as well as cooperation with rights-holders. What are the channels of communication (data exchange, etc.) and mechanisms for cooperation, and how do these work in practice?

The Intellectual Property Office has been establishing very organized and coherent cooperation with the authorities in charge of the enforcement of protection of intellectual property rights which are highlighted in the question. The cooperation is reflected in the professional exchange of information, exchange of knowledge and experience, joint presentations at seminars as well as organized and planned attendance of various seminars organized by the WIPO and EPO, which has been implementing the IPA Regional Project financed by the EU.

Right-holders closely cooperate with the Office and, with a view to protecting their rights, the Office gives them professional support in the form of various opinions, confirmations, assurances, etc. We can say that there is a strong synergy between the Office and infrastructure for the enforcement of intellectual property rights, on one hand, and between the office and right-holders or their representatives on the other. Furthermore, the manner of cooperation which has been established and which works in practice is very good, while the Office will continue to promote the cooperation in protection of intellectual property rights.

The Customs Administration has very good cooperation with the Intellectual Property Office. The Administration regularly addresses the Office so as to obtain data on registered industrial property rights, and where necessary, they hold joint meetings at which specific topics are discussed.

The Customs Administration signed the Agreement on mutual cooperation between the National Police and Customs Administration based on which information can be exchanged and joint actions can be performed and based on which these two bodies cooperate in intercepting all kinds of goods.

Special mechanisms of cooperation with state authorities and courts do not exist and thus they have to be developed with a view to more efficient implementation of regulations which govern intellectual property rights.

Recently, the cooperation between customs authorities and right-holders has improved in principle. A growing interest of right-holders for the protection of intellectual property rights by customs authorities has been evident recently. Along with applications for protection of intellectual property rights which are filed with the Customs Administration, right-holders also submit available information on the goods, details based on which a consignment or packaging can be identified, places on which the goods are located or their destination, country of origin or country of export; name of producer, importer, exporter or holder of the goods; means of transport used for transit of the goods etc. Also, they submit photos or CDs with the appearance of the original goods and counterfeit goods respectively, as well other data which might be helpful to a customs officer while examining and identifying consignments suspected of containing counterfeit goods.

With a view to informing right-holders and the public of measures taken by customs authorities with regard to goods suspected of infringing intellectual property rights, the Customs Administration, in early 2009, in cooperation with TACTA representatives, issued a Public Notice – Customs measures for the protection of intellectual property rights. This Notice is available on the Customs Administration's website www.upravacarina.gov.me in English and Montenegrin. This notice briefly

explains legal acting of a customs authority with the goods suspected of having been counterfeited and the role of a customs authority in protecting intellectual property rights.

It has been planned to improve cooperation with right-holders whose interest and readiness to cooperate is decisive for successful implementation of measures by a customs authority in the field of protection of intellectual property rights (signing memorandums of understanding, organizing regular meetings or establishing other ways of exchange of information).

The National Police, Department of Criminal Police, has established cooperation and held joint conference calls in the form of meetings and forums and contacts with numerous holders of copyright and related rights in Montenegro, the most prominent ones being Microsoft Montenegro, Rights of Music Authors (PAM), Goraton, etc.

iv. What is the average length and cost of a judicial procedure for the main types of infringements (patents, trademarks, copyright, etc.)? Please also provide data on fines and penalties per year and IP crime.

The average duration of legal proceedings in cases of intellectual property protection tried before the Commercial Court in Podgorica is 6 (six) months. The costs of legal proceedings are subject to the value of the court case in question.

We would like to point out that the maximum amount to be paid for judicial expenses is EUR 1,500, whereas the fee charged by lawyers for taking legal action in cases of enforcement of protection of intellectual property rights amounts to EUR 250. Judicial expenses and lawyer fees are stipulated by the Law on Court Fees (Official Gazette of Montenegro 76/05) and the Tariff of fees and remunerations for lawyer services in the Republic of Montenegro (Official Gazette of Montenegro 12/05).

v. The destruction of counterfeit or pirated goods can only be ordered in criminal proceeding or the same possibility exists in civil cases as well? Also do customs authorities have similar power (i.e. ordering the destruction of goods) in Montenegro?

The Law on Custody of Permanently and Temporarily Confiscated Property (Official Gazette of Montenegro 49/08) defines the method of custody, i.e. management of temporarily and permanently confiscated assets in criminal or misdemeanor proceedings.

Additionally, this option is available in civil procedure as temporary seizure of property until the end of legal proceedings and for ensuring evidence.

The customs authority is authorised to destroy goods under a court ruling and *ex officio* in accordance with the provisions of the Decree on customs procedure with goods suspected of infringing intellectual property rights (Official Gazette of the Republic of Montenegro 25/05 and Official Gazette of Montenegro 16/08).

Destruction under a court ruling:

- (1) Pursuant to Article 14 of the Decree, where it has been decided in the proceedings before a competent court that goods infringing intellectual property rights are subject to destruction or removal from the normal channels of commerce, the customs authority order destruction of such goods under customs supervision or their removal from the normal channels of commerce in any other manner (including donation for humanitarian purposes and recycling without compensation), provided that:
 - 1) the risks of further infringement of intellectual property rights are minimized to the largest extent;
 - 2) it does not inflict damage on the right-holder;

- 3) the right holder is enabled to suggest a manner of removing the goods.
- (2) For the purposes of this Decree, the removal from the normal channels of commerce shall not entail the re-export of goods infringing intellectual property rights in an unaltered condition, simple removal of trademarks that have been affixed to counterfeit goods without authorisation or placing the goods under some other customs procedure.

Ex officio destruction:

- (1) Pursuant to Article 15 paragraph 1 of the Decree, the customs is *ex-officio* authorised to confiscate and order the destruction of detained goods under customs supervision or to order their removal from the normal channels of commerce, where:
 - 1) there is reasonable doubt to suspect that such goods are goods infringing intellectual property rights and
 - 2) the importer, the exporter, the declarant and/or the owner of the goods have been notified of the suspension of customs procedure, pursuant to Article 11 paragraph 2 of this Decree, and have not contested the confiscation or destruction of such goods within the prescribed deadline (10 working days).
- (2) The customs authority shall be authorised to proceed in accordance with Article 15 paragraph 1 of the Decree if, the importer, the declarant, the exporter and/or owner of the goods stays out of reach to the custom authority even after reasonable efforts have been undertaken to locate them.

The Commercial Court may order the destruction of counterfeit goods at the expense of the defendant through a decision on the substantive issue.

Under the Law on Enforcement of Legislation on Intellectual Property Protection (Article 18), the competent inspector of the Market Inspection Service shall be authorised to destroy temporarily seized goods under a court order or *ex officio*. The inspector may destroy the goods *ex officio* if the owner and/or the person whose goods have been temporarily seized is out of reach within 30 days from the date of the seizure of goods. The counterfeit goods that have been seized so far (pirated optical discs) are stored in a warehouse for seized goods and they have not been destroyed yet, having in mind that these are special goods whose destruction needs to be properly environmentally secured.

vi. Does Montenegro ensure the timely destruction of counterfeit goods, and what are the procedures and facilities for doing so?

The customs authority shall destroy goods under a court ruling and *ex officio* in accordance with the Decree on customs procedure with goods suspected of infringing intellectual property rights (Official Gazette of the Republic of Montenegro 25/05 and Official Gazette of Montenegro 16/08).

The method of the destruction of goods infringing intellectual property rights is defined by the Decree on terms and conditions of sale of customs goods and other procedures with customs goods (Official Gazette of the Republic of Montenegro 22/03 and 62/04) and by the provisions of the Customs Law and the Decree for enforcement of the Customs Law, which regulate the destruction of goods.

Counterfeit goods are destroyed under customs supervision and in the presence of the commission for the destruction of goods, formed by the Customs Administration. Depending on the type of goods being destroyed, the destruction is carried out in the presence of the Sanitary, Phytosanitary and/or Market Inspection Service, who produce a report on destruction procedure.

Montenegro does not have any special facilities for the destruction of counterfeit goods. Depending on the type, such goods are destroyed on a contractual basis with the companies equipped for the destruction of particular goods.

An example: In November 2008, the Customs Administration destroyed 741 packages or 7,410,000 counterfeit cigarettes of the brand "Monte Carlo" in Nikšić, by having them burned in special furnaces of the company "Javorak – MI-RAI" from Nikšić. The destruction was witnessed by the representative of the right holder, Japan Tobacco, as well as by the media.

The experience of the customs authorities suggests that the most frequently counterfeited items include clothes, shoes, bags, sports equipment, domestic appliances etc. In almost all cases, the goods were detained on account of suspicion of trademark infringement during import and transit.

Under the Law on Enforcement of Legislation on Intellectual Property Protection (Article 18), the competent inspector of the Market Inspection Service shall be authorised to destroy temporarily seized goods under a court order or *ex officio*. The inspector may destroy the goods *ex officio* if the owner and/or the person whose goods have been temporarily seized is out of reach within 30 days as of the date of the seizure of goods. The counterfeit goods that have been seized so far (pirated optical discs) are stored in a warehouse for seized goods and they have not been destroyed yet, having in mind that these are special goods whose destruction needs to be properly environmentally secured.

22. Does Montenegro intend to adopt a national IPR strategy? What are Montenegro's plans for addressing the shortcomings in the IPR area as outlined in the last Progress Report?

Montenegro intends to adopt a national strategy on intellectual property that will improve the institutional framework of the national system of intellectual property. The current situation will be reviewed and short-term and long-term goals will be set for all participants in the system of intellectual property through an organisational and administrative development of institutions, modernisation of procedures, employment and development of human resources, procurement of equipment as well as the enhancement of the cooperation between bodies, institutions, authorities and organisations responsible for intellectual property, and also through improving the enforcement of intellectual property rights in Montenegro and reducing the infringement of these rights to the average level of EU member states. The strategy should also ensure the application of intellectual property rights as an incentive and a powerful instrument of the economic, technological, scientific and general cultural development. This means that a comprehensive national strategy on intellectual property rights will be devised as a foundation stone for activities in this field.

Great progress has been made in overcoming the deficiencies in the field of intellectual property which were identified in the last progress report delivered by the European Commission:

- 1) By the end of 2010, the legislative framework related to industrial property will have been totally completed (trademarks, design, topography of semiconductor products – the draft laws have been prepared). Efforts have been made to this end and an expert for drafting copyright and related laws has been hired.
- 2) On 1 March 2010, the Cooperation and Extension Agreement between the Government of Montenegro and the European Patent Organization entered into force, thus creating conditions for the efficient work of the Intellectual Property Office regarding the registration of European patents. Also, the Intellectual Property Office has initiated and prepared the draft laws on the ratification of two international conventions (the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks and the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs). The Office has also initiated and, in cooperation with the competent ministry, prepared the draft of the Law on Amendments to Law on Administrative Taxes. The proposed taxes have been increased significantly.
- 3) Progress has been made in the area of the enforcement of intellectual property rights, as can be seen in the answers to these supplementary questions numbered 18-28. The answers to questions regarding the enforcement of intellectual property rights suggest a significant improvement in the work of Market Inspection Service and the Customs

Administration, which is increasingly advancing in enforcing the intellectual property rights in order to meet the demands of companies and *ex officio*.

- 4) The Intellectual Property Office has considerably increased their administrative capacities and for this year they have planned intensive activities regarding the participation of Office experts in seminars and staff training programmes through WIPO and IPA projects.

23. How will the various technical assistance projects ongoing or planned for this area affect the effectiveness of IPR enforcement, i.e. what will be the likely outcome of these projects, and by when? Please specify per project with all the necessary details and also state how these projects interlink.

Montenegro is a beneficiary of the technical assistance provided by the World Intellectual Property Organisation (abbrev. WIPO), based in Geneva, Switzerland, and the European Patent Office (abbrev. EPO), based in Munich, Germany.

I. Technical assistance provided by the World Intellectual Property Organisation (abbrev. WIPO) to Montenegro, i.e. to the Intellectual Property Office of Montenegro.

In 2009 and 2010, the WIPO provided technical assistance to Montenegro, which is a member of the Organisation, within the framework of assistance organised by the WIPO Division for Certain Countries in Europe and Asia:

1. Expert assistance in the drafting of the Law on Trademarks, the Law on Legal Protection of Design and the Law on Topography of Semiconductor Products. The process is in its final stages and the adoption of these laws is underway, while it is expected to be completed by the end of calendar 2010.

2. For calendar 2010, the WIPO is planning the realisation of technical assistance in the area of staff training through:

- a) providing participation for three (3) IPO representatives in a Seminar on Madrid System;
- b) organising study visits for three (3) IPO representatives to a highly functional intellectual property office in Europe in the duration of three (3) days;
- c) providing training for three (3) IPO representatives for the use of ROMARIN database;
- d) providing participation for two (2) IPO representatives in a WIPO Seminar on the Hague System;
- e) organising a national Seminar on Patent Cooperation Treaty lasting for two (2) working days in Podgorica, in late May 2010;
- f) organizing a national Seminar on Madrid System and the Hague Agreement lasting for two (2) working days in Podgorica in December 2010.

3. For calendar 2010, the WIPO is also planning to give technical assistance to Montenegro through providing financial support for:

- a) the translation of the Nice Classification of Goods and Services into Montenegrin;
- b) the translation into Montenegrin and the printing of three (3) WIPO brochures on intellectual property;
- c) the provision of assistance of the relevant WIPO division for the improvement of IT infrastructure in IPO through the introduction of IPAS programme.

II. Technical assistance which the European Patent Office (abbrev. EPO) provides to Montenegro, i.e. to the Intellectual Property Office of Montenegro.

1. The Intellectual Property Office of Montenegro is the main beneficiary of the IPA 2007 Regional Project on Industrial and Intellectual Property Rights for Countries of the Western Balkans and Turkey, which is financed by the EC and carried out by EPO.

Basic information about the Project:

Project title: Regional Project on Industrial and Intellectual Property Rights for Countries of the Western Balkans and Turkey
Total project value: €1,999,873
Start date of Project: 16 November 2008
End date of Project: 15 November 2010
Project duration: 24 months
Beneficiaries: Albania, Bosnia and Herzegovina, FYR Macedonia, Montenegro, Croatia, Kosovo (as defined in the UN Security Council Resolution 1244 dated 10 June 1999), Serbia, Turkey
Project partners: European Commission (EC), which provides the funds for the Project
European Patent Office (EPO), which is in charge of the Project implementation

The main recipient of the Project in Montenegro: Intellectual Property Office of Montenegro

1) Project implementation

1.1. Activities carried out in the first phase of the Project:

- a) the establishment and the procurement of equipment for the regional office in Podgorica;
- b) the appointment of a regional assistant – Alenka Radonjic;
- c) the organisation of meetings in all countries beneficiaries in which they present the needs of all intellectual property stakeholders. In Montenegro, such meeting was organized on December 2009 in the Ministry of Economy.

1.2. Activities carried out in the second phase of the Project:

- a) a visit of an expert, Mr Michel Mranadon, was arranged in the period 18-21 May 2009 in Podgorica with the goal of evaluating the capacities of the Intellectual Property Office, whereupon he produced a report;
- b) a visit of an IT expert, Vladimir Obućina, was arranged on 1 July 2009, after which a report was made. The purpose of this report is to provide assistance from EPO to improve the IT capacities of the Intellectual Property Office.

1.3. Activities carried out in the third phase of the Project:

- a) a specialist Seminar on Intellectual Property for the Judges of the Commercial Court was held in the period from 9 to 11 November 2009;
- b) a General Seminar on Intellectual Property for the Judges of Basic Courts in Montenegro was held in the period from 10 to 12 November 2009;
- c) a meeting between an EPO expert, Mr Keny Wright, and the expert team of the Police Directorate was arranged on 21 December 2009 with the aim of identifying police requirements regarding a manual which the EPO will prepare for the Montenegrin police. The drafting of the manual is underway.
- d) The following measures have been taken relating the improvement of the IT infrastructure in IPO:
 - An active directory and three-year antivirus licences have been installed on three (3) servers located in the premises of the Ministry for Information Society;
 - 28 work units, i.e. computers have been reinstalled in IPO (the installment of the operative system and 28 two-year antivirus licences and their inclusion in the IPO domain);
 - The configuration of network equipment – routers and switchers;

- The installment of additional equipment (printers, scanners and other multifunctional devices). This activity had been completed by 15 February 2010.

1.4 . The beginning of the fourth phase has been planned for March 2010.

The activities to be carried out within the fourth phase of the Project:

- a) The completion of the manual for the Police Directorate of Montenegro;
- b) The attendance of three (3) representatives of IPO at the EPO Seminar on Vienna Convention in Sarajevo, Bosnia and Herzegovina, in the period 12-14 April 2010;
- c) The organisation of EPO seminars for the representatives of the Customs Administration of Montenegro and the Market Inspectorate of Montenegro in Podgorica, in the period 22-24 April 2010.
- d) The organisation of EPO seminars for the Chamber of Economy of Montenegro in Pogorica in the period 6-7 May 2010;
- e) The drafting of the Law on Enforcement of Intellectual Property Rights;
- f) The drafting of the Law on Copyright and Related Rights;
- g) The participation of one (1) IPO representative at an intellectual property seminar at OHIM in Alicante, Spain.

2. The beginning of the implementation of the IPA 2009 National Project on Industrial and Intellectual Property, financed by the EC and carried out by EPO, is expected in May 2010. The total value of the Project is €450,000. This Project is an extension of the IPA 2007 Regional Project. The main beneficiary is the Ministry of Economy of Montenegro. EPO, the EU delegation in Montenegro and the representative of Montenegro (the Ministry of Economy (abbrev. ME) and the Intellectual Property Office of Montenegro (abbrev. IPO) have held talks and negotiations over the project activities. The activities will focus on the development of ME and IPO capacities, as well as on the introduction of a sustainable system of the protection of intellectual property rights.

III The coordination of the projects of technical assistance in the area of industrial and intellectual property in Montenegro

The abovementioned projects of technical assistance are coordinated through the communication and agreements between the representatives of WIPO, EPO, the EU delegation in Montenegro and the representatives of the institutions working in the area of intellectual property rights in Montenegro (primarily IPO and ME, but also the representatives of the Customs Administration, the National Police, the Market Inspection Service and relevant courts), thus allowing for the overlapping of project activities to be avoided. For instance, the WIPO and EPO have cooperated in the issue of experts' selection, and currently, for example, they are working together to introduce the IPAS programme (an IT programme) in IPO Montenegro. Moreover, the WIPO representative holds the status of an observer of the IPA 2007 Regional Project on Industrial and Intellectual Property Rights in the Western Balkans and Turkey, regularly attends the meetings of the Project's Management Committee and is familiar with the Project activities. The WIPO is involved in the Project implementation through this representative. The EU delegation in Montenegro has coordinated to a certain extent the selection of project activities with the IPA 2007 Regional Programme, by arranging a joint meeting (23 June 2009) between the Delegation representative, EPO, the representative of Montenegro (the main Project recipient – IPO Montenegro) and the WIPO expert in charge of the drafting of the Montenegrin legislation (industry property related laws). In this meeting, the Project activities were demarcated and defined in details and the tasks of the WIPO experts were determined, thus allowing for the overlapping of the activities from the framework of technical assistance to be avoided. The EU delegation is also involved in the selection of project activities for the upcoming national project through the supervision of the activity selection in order to avoid overlapping.

IV The expected outcome and results of the technical assistance projects

The expected short-term and middle-term outcome and results of the technical assistance projects provided to Montenegro by the WIPO and EPO (as described above in details) include the following:

- Raising the public awareness about the importance of the protection of intellectual property rights in Montenegro
- Completing the legislative framework for the area of industrial and intellectual property by finalising the drafting, the adoption and the enforcement of industrial and intellectual property related laws, which will be in full accordance with the EU legislation and the agreements and the conventions administered by WIPO and especially TRIPS
- The development of the full capacity of the Intellectual Property Office of Montenegro
- The development of the capacities of all other stakeholders within the system of intellectual property protection in Montenegro
- The establishment of strong connections between the Montenegrin authorities and institutions which are in charge for the implementation and the protection of intellectual property in Montenegro
- The procurement of IT infrastructure for activities regarding the improvement of the enforcement and the protection of industrial and intellectual property rights in all authorities and institutions in Montenegro
- The establishment of an appropriate and sustainable system which involves all stakeholders in order to provide the effective enforcement and the protection of intellectual property in Montenegro
- Securing a level of protection of industrial and intellectual property in Montenegro similar to that of the EU countries

24. Is there an overall assessment of the main characteristics and significance of IPR infringements in your country (main rights infringed, economic impact, national production vs. import/transit, etc.)?

The experience of customs authorities suggests that the most frequently counterfeited items include clothes, shoes, bags, sports equipment, domestic appliances etc. In almost all cases, the goods were detained on account of suspicion of counterfeit trademark during import and transit.

The Market Inspection Service recorded the highest number of offences in the area of the infringement of copyright and related laws (the piracy of optical discs with music and film contents, as well as software piracy).

25. What is the latest development on the total number on IPR-cases? Please provide statistics, per year and category, on IPR enforcement including customs, police, market inspectorate operations and seizures and court cases.

In 2007, 27 requests for the protection of intellectual property rights were filed with the Customs Administration. The Administration also reported 10 suspensions of the customs procedure involving the detention of goods suspected of infringing intellectual property rights. In 2008, 34 requests were filed to the Customs Administration and 2 suspensions of the customs procedure involving the detention suspected of infringing intellectual property rights were reported. In 2009, 23 requests were filed with the Customs Administration and there were 9 suspensions of the customs procedure involving the detention of goods suspected of infringing intellectual property rights. In the first two months of 2010, 6 requests were filed and 4 suspensions of the customs procedure involving the detention of goods suspected of infringing intellectual property rights were reported.

In 2009, the Market Inspection Service reported 318 cases of the infringement of intellectual property rights. 307 of these refer to copyright and related rights abuses, whereas 11 refer to the infringement of industrial property rights. The enforcement of copyright and related rights was supervised mostly ex officio, and in the total number of cases of the infringement of these rights, 257 refer to software piracy and 50 to piracy of music, film and PC games (unauthorised copying and sales of optical discs). In the area of industrial property, the supervision was carried out at individual and general requests of the right holder. The reported cases involve the infringement of trademark, i.e. the unauthorised use of the trademark of a third party (Mercedes, Hazer Werh-Herman, Adidas).

The number of legal proceedings related to the cases of intellectual property infringement in the Commercial Court has increased in line with the latest developments and the education of the public in this area, which has contributed to a more transparent presentation of the subject in the press and the electronic media.

In 2007, 44 cases were tried in this area and the proceedings in all cases ended with a final court judgements.

In 2008, 22 cases were processed in this area. 18 cases were decided, whereas 3 are still being tried and 1 is currently under appeal.

In 2009 and 2010, 29 cases were tried. A first-instance decision was made in 14 cases, whereas 15 are currently being tried.

All the abovementioned cases generally refer to the infringement of trademark and music copyright. We point out that the average duration of trial for these cases is 6 months.

In 2006, 2007, 2008 and 2009, the National Police brought 10 criminal charges against 10 persons on unauthorised use of copyright and related rights.

26. What is the exact number of counterfeited goods (please specify subcategories) and copyright related material which the national customs and police forces have registered/seized during the last 3 years (presented per year)?

In 2007, the Customs Administration reported 10 suspensions of the customs procedure involving the detention of goods suspected of infringing intellectual property rights. The goods comprising 37,418,728 items, 96 trademark packages and 49 moulds used for the fabrication of trademarks were detained, including the following:

- 37,400,000 cigarettes
- 14,523 pair of shoes
- 4,076 garments
- 31 bags
- 2 wallets
- 12 caps
- 26 gloves
- 34 belts
- 24 socks
- 96 trademark packages
- and 49 moulds used for the fabrication of trademarks.

For the 2008, there were two suspensions of the customs procedure involving the detainment of goods suspected of infringing intellectual property rights. The detained goods comprise 2,221 items, including the following:

- 82 pairs of shoes
- 207 garments
- 1,870 socks

- 17 bags
- 45 balls.

In 2009, there were 9 suspensions of the customs procedure involving the detainment of goods suspected of infringing intellectual property rights. The detained goods comprise 90,965 items, including the following:

- 13,408 rubber logos
- 37,814 pairs of shoes
- 7,641 garments
- 414 bags
- 370 caps
- 298 scarves
- 20 gloves
- 31,000 labels.

During the first two months of 2010, there were 4 suspensions of the customs procedure involving the detainment of goods suspected of infringing intellectual property rights. The detained goods comprise 49,582 items, including the following:

- 9,000 pairs of shoes
- 11,940 door locks
- 77 mobile phones
- 4,285 parts for mobile phones
- 300 water pumps
- 23,980 appliances/devices.

Most of the abovementioned cases of the suspension of the customs procedure on account of suspicion of counterfeiting involved mixed shipments including several goods of various trademarks, i.e. right holders. We point out that in the mentioned cases, the suspensive procedures were enforced by the customs authority following the infringement of one customs declaration both at the request of the right holder and *ex officio*.

In the last 3 years, the National Police brought 8 criminal charges against 8 persons for unauthorised trade, in the process of which 8,000 unoriginal garments (jeans, shirts, T-shirts, bags etc.) were confiscated.

Also, the members of the National Police brought 10 criminal charges against 10 persons for unauthorised use of copyright or related rights, on account of which 20,000 discs have been confiscated.

27. Do the enforcement bodies have ex-officio powers to act against IP infringements?

Yes.

The customs authority may suspend the customs procedure and detain goods *ex officio* if there is suspicion that an intellectual property right has been infringed, pursuant to Article 11 of the Decree on customs procedure with goods suspected of infringing intellectual property rights (Official Gazette of the Republic of Montenegro 25/05 and Official Gazette of Montenegro 16/08).

The customs authority notifies the importer, the exporter, the declarant and/or the owner of the goods, the right holder and/or its representative about the suspense of the customs procedure without any delay, if their address is known to the customs authority, as well as the authority competent for intellectual property. The notification of the suspense of the customs procedure includes a warning to the importer, the exporter, the declarant and/or the owner of the goods informing them that their goods may be detained or destroyed, if the confiscation and the destruction of the goods are not contested within 10 working days as of the receipt of the notification.

Pursuant to the Criminal Procedure Code which was published on 18 August 2009 and which will become applicable a year after publishing, i.e. on 26 August 2010 (Article 81, Manner of conducting the search, paragraph 1), during the search, the National Police shall be authorised to temporarily seize only those items that are related to the purpose of the search and shall make an exact list of the items seized in the record of the search. Also, under Article 85 paragraph 9 of the same Code, an authorised police officer may seize items when proceeding in accordance with his/her authorisations.

Under the previous Criminal Code, which is in force until August 2010 (Article 81, paragraph 1), items which can serve as evidence in legal proceedings in accordance with the Criminal Code may be temporarily seized at a court request and handed to the court or they may be handed to the court in any other manner. Article 81, paragraph 7 of the current Code also prescribes that an authorised police officer may seize items when proceeding pursuant to the provisions 230 and 246 of the Criminal Code or when executing a judicial warrant.

The Market Inspection Service is authorised to take actions in cases of the violation of intellectual property rights ex officio (Law on Enforcement of Legislation on Intellectual Property Rights).

28. What measures do national authorities take to ensure the public (consumers as well as retailers) understands the importance of respecting IPRs?

The Intellectual Property Office organises various activities in order to raise the awareness about the importance of intellectual property and the protection of intellectual property rights. The Office actively organises seminars for all authorities competent for the enforcement of intellectual property rights, publishes WIPO's brochures and distributes them to different target groups, celebrates the World Intellectual Property Day etc.

In order to give the public an insight into this matter and provide them with information of greatest importance for them as consumers, the Centre for Consumer Protection, supported by the Institute for Open Society, has published a Short Guide to the Law on Consumer Protection. The Guide seeks to explain the basic rights and obligations of consumers, the manner of their protection, the obligations of traders to consumers, as well as to list the institutions competent to protect these rights.