



**NEGOTIATING POSITION OF MONTENEGRO
FOR THE INTERGOVERNMENTAL CONFERENCE ON ACCESSION
OF MONTENEGRO
TO THE EUROPEAN UNION
FOR
CHAPTER 7 INTELLECTUAL PROPERTY LAW**

Podgorica, 17 October 2013.

I. NEGOTIATING POSITION SUMMARY

Montenegro accepts the *acquis* with respect to the Chapter **Intellectual Property Rights** as of 21 November 2012, and does not expect any difficulties in implementing the European legislation under this chapter by the date of the accession to the EU.

Montenegro does not request derogations or transitional periods under this chapter.

II. LEGISLATIVE AND INSTITUTIONAL FRAMEWORK

II. 1. LEGISLATIVE FRAMEWORK

The main legislation of Montenegro in the field covered by the Chapter 7 - Intellectual property rights are: Law on Copyright and Related Rights ("Official Gazette of Montenegro", no. 37/11), Law on Trademark ("Official Gazette of Montenegro", no. 72 / 10 and 44/12), Patent Law ("Official Gazette of Montenegro", no. 66/08, 40/10 and 40/11), Law on Legal protection of Industrial Design ("Official Gazette of Montenegro", no. 80/10 and 27/13), Law on Appellations of origin ("Official Gazette of Montenegro", no. 48/08 and 40/11), Law on designations of origin, geographical indications and traditional specialties guaranteed for agricultural products and foodstuffs ("Official Gazette of Montenegro "no. 18/11), Law on the Protection of semiconductor topographies (" Official Gazette of Montenegro ", no. 75/10), Law on Plant Variety Protection (" Official Gazette of Montenegro ", no. 48/07 and" Official Gazette of Montenegro "no. 48/08), Law on Optical Discs (" Official Gazette of Montenegro ", br.2/07 and 53/11), and Regulation on the customs authorities procedures with goods which are suspected to infringing intellectual property rights (" Official Gazette of Montenegro ", no. 33/11). Criminal offenses against intellectual property rights are prescribed by the Criminal Code ("Official Gazette of Montenegro", no. 70/03, 13/04, 47/06, 40/08, 25/10 and 32/11).

Montenegrin legislation in this area is largely aligned with the EU *acquis*. Montenegro is aware of the obligation to continuously align legislation with the EU *acquis* in the field of intellectual property rights. Remaining discrepancies are observed in certain areas and will be fully aligned by the date of the accession to the European Union. Montenegro does not expect any difficulties concerning the alignment with these regulations.

Montenegro is a member of international treaties, agreements and conventions related to intellectual property, as follows:

1. Convention Establishing the World Intellectual Property Organization;
2. Paris Convention for the Protection of Industrial Property;
3. Berne Convention for the Protection of Literary and Artistic Works;
4. Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS);

5. Madrid Agreement Concerning the Repression of False or Deceptive Indications of Source on Goods;
6. Madrid Agreement Concerning the International Registration of Marks;
7. Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks;
8. Hague Agreement Concerning the International Registration of Industrial Designs;
9. Nice Agreement Concerning the International Classification of Goods and Services for the registration of marks;
10. Locarno Agreement Establishing an International Classification for Industrial Designs;
11. Lisbon Agreement for the Protection of Designation of Origin and their International Registration;
12. Nairobi Agreement on the Protection of the Olympic Symbol;
13. Trademark Law Treaty;
14. WIPO Copyright Treaty;
15. WIPO Performances and Phonograms Treaty;
16. Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of their Phonograms;
17. International Convention on the Protection of Performers, Producers of Phonograms and Broadcasting Organizations;
18. Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite;
19. Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure;
20. Patent Cooperation Treaty;
21. Strasbourg Agreement Concerning the International Patent Classification;
22. The Patent Law Treaty;
23. Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks;
24. The International Convention for the Protection of New Varieties of Plants.

II.2. INSTITUTIONAL FRAMEWORK

In Montenegro there is an appropriate institutional framework for the effective enforcement of the intellectual property rights. Hence, there is no need to establish new institutions for the implementation of the EU *acquis* in the field of the intellectual property rights. Authorities responsible for the enforcement of intellectual property rights are: Ministry of Economy, Intellectual Property Office, Customs Administration, Police Administration,

Administration for Inspection Affairs, Phytosanitary Administration, Commercial Court in Podgorica and basic courts and Prosecutor's Office of Montenegro.

In the pre-accession period Montenegro will continue strengthening the institutional and administrative capacity for the effective respect of the intellectual property rights of all institutions involved in the enforcement of the intellectual property rights. Measures to strengthen the institutional and administrative capacity are defined in the National Strategy of Intellectual Property for the period 2012 – 2015 adopted by the Government of Montenegro, on 29 December 2011.

The Action Plan for achieving the goals of the National Strategy of Intellectual Property is also defined. The implementation of this document is responsibility of the Working Group formed of representatives of the Government, such as: Ministry of Economy, Intellectual Property Office, Customs Administration, Inspection Administration, Commercial Court, Ministry of Education and Sports, Ministry of Science and Police Administration. Each institution is responsible for the implementation of certain parts of the Strategy. The Intellectual Property Office is responsible for the implementation and development of the document, coordination of activities and relationships between partners and stakeholders. In order to note improvement, review of the implementation of the Strategy is planned to be organized four times per year (quarterly).

III. HARMONIZATION OF LEGISLATIVE AND INSTITUTIONAL FRAMEWORK

III.1. Copyright and related rights

Copyright and Related Rights in Montenegro are prescribed by the Law on Copyright and Related Rights ("Official Gazette of Montenegro", no. 37/11) and the Regulation of the deposit and registration of copyrighted works and subject matters of related rights ("Official Gazette of Montenegro", no. 30 / 12). The provisions of the Law on Copyright and Related Rights are largely aligned with the EU *acquis*, namely:

Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules of copyright and related rights to copyright applicable to satellite broadcasting and cable retransmission; Directive 96/9/EC of the European Parliament and of the Council of 11 March in 1996 on the legal protection of databases; Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society; Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 on the resale right for the benefit of the author of an original work of art; Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental and lending right and on

certain rights related to copyright in the field of intellectual property; Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights as amended by Directive 2011/77/EU; Directive 2009/24 / EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs; Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works; Council Directive 87/54/EEC of 16 December 1986 on the legal protection of topographies of semiconductor products; Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights; WIPO Copyright Treaty of 1996; WIPO Performances and Phonograms Treaty of 1996.

Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society

Montenegro holds that the Law on Copyright and Related Rights is almost fully aligned with the provisions of the Directive 2001/29/EC. The Law on Copyright and Related Rights is aligned with the provisions of the Directive 2001/29/EC concerning right of reproduction, right of communication to the public and right of making available to the public, and the right of distribution. The system of exceptions and limitations of rights is also defined as it is provided in the Directive 2001/29/EC. The Law on Copyright and Related Rights incorporates provisions against avoidance of effective technological measures and information of rights-management. For the purpose of alignment with the EU *acquis*, it is necessary to modify the Law on Copyright and Related Rights, especially parts related to exhaustion of the right of distribution in the manner that exhaustion of the right of distribution will extend to the whole territory of the European Union from the date of the accession of Montenegro to the European Union. According to Montenegrin legislation in force, the rule of exhaustion of the right of distribution applies within the territory of Montenegro.

Montenegro will completely align its legislation with provisions of Directive 2001/29, especially in the field of provisions regarding exceptions and limitations to copyright and related rights referring to private and other internal reproduction, by 2015.

Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules of copyright and related rights to copyright applicable to satellite broadcasting and cable retransmission

Montenegro estimates that the Law on Copyright and Related Rights is highly aligned with provisions of the Directive 93/83/EEC. The Law on Copyright and Related Rights contains

the provisions on the communication to the public by satellite, as well as provisions on the right of cable retransmission. In terms of definition of "satellite" Montenegro shall align its legislation with the provisions of the Directive 93/83 by 2015.

Directive 96/9/EC of the European Parliament and of the Council from 11 March in 1996 on the legal protection of databases

Montenegro estimates that the Law on Copyright and Related Rights is almost fully aligned with the provisions of the Directive 96/9/EC. General provision on exhaustion of the right of distribution also applies to databases as copyright work. According to the Montenegrin legislation in force, the rule of exhaustion of the right of distribution applies within the territory of Montenegro. The amendments to the Law on Copyright and Related Rights are to be provided in order to regulate the rules of exhaustion of right of distribution in relation to the entire territory of the EU internal market. For the full alignment with the Article 7 of the Directive 96/9/EC, it is necessary to amend the Article 141 of the Law on Copyright and Related Rights, which is planned by the end of 2015.

The provision of the Article 11 of Directive 96/9/EC on the enforcement of a *sui generis* rights of producers of databases in relation to databases whose producers or rightholders are citizens of the EU Member States or whose producers or rightholders are residents on the territory of the Community, as well as agreements made by the European Council at the proposal of the European Commission, which contribute to the expansion of the *sui generis* right of producers of databases to databases made in third countries, are not included in the Law on Copyright and related Rights. All necessary amendments to the Law will be undertaken by the end of 2015.

Provisions of the Directive 96/9/EC, which have the prerequisite - membership in the European Union, shall apply from the date of the accession of Montenegro to the European Union. For the purpose of alignment with the EU acquis, it is necessary to amend the Law on Copyright and Related Rights, especially parts related to the exhaustion of the right of distribution in the manner that exhaustion of the right of distribution will extend to the whole territory of the European Union from the date of the accession of Montenegro to the European Union.

Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 on the resale right for the benefit of the author of an original work of art

Montenegro estimates that the Law on Copyright and Related Rights is fully aligned with the provisions of the Directive 2001/84/EC, and there is no need for legislative changes.

Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental and lending right and on certain rights related to copyright in the field of intellectual property

Montenegro estimates that the Law on Copyright and Related Rights is at this stage highly aligned with provisions of the Directive 2006/115/EC, and there is no need for legislative changes. According to the Law on Copyright and Related Right, rental right and lending right are exclusive rights. This Law provides individual exclusive rights, prescribed by provisions of the Directive 2006/115/EC, both for authors and rightholders of related rights. Regarding the limitation of rights, the Law on Copyright and Related Rights contains provisions set forth in the Directive 2006/115/EC. According to the Montenegrin legislation in force, the rule of exhaustion of the right of distribution applies within the territory of Montenegro. For the purpose of alignment with the EU *acquis*, it is necessary to modify the Law on Copyright and Related Rights, especially parts related to exhaustion of the right of distribution in the manner that exhaustion of the right of distribution will extend to the whole territory of the European Union from the date of the accession of Montenegro to the European Union.

According to the Montenegrin Law on Copyright and Related Rights, rental right is an exclusive right. Lending right is also an exclusive right, even though the Directive 2006/115/EC permits that Member States may decide whether the lending right is an exclusive right or right to equitable remuneration. Montenegro provides enhanced protection to rightholders. Regarding the provisions of the Law which are related to the rule of exhaustion of the right of distribution, Montenegro shall undertake all necessary measures to further align the Law of Copyright and Related Rights with the provisions of Directive 2006/115 by 2015.

Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights

Montenegro holds that the Law on Copyright and Related Rights is in full compliance with provisions of Directive 2006/116/EC, and there is no need for legislative changes.

The Law on Copyright and Related Rights is not in aligned with provisions of the Directive 2011/77/EC. Montenegro finds that it is necessary to align with provisions of the Directive 2011/77/EC and to amend certain provisions of the Law on Copyright and Related Rights related to terms of protection of rights, in a way that will extend periods of protection of performers' rights and phonogram producers' rights. The Directive 2011/77/EC was adopted immediately after the adoption of the Law on Copyright and Related Rights in Montenegro, ie. 12 July 2011. Full alignment is expected by the end of 2015.

Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs

Montenegro holds that the Law on Copyright and Related Rights is almost fully aligned with provisions of the Directive 2009/24/EC. General provision on exhaustion of the right of distribution applies to computer programs as copyrighted works. The rule of exhaustion of the right of distribution, according to Montenegrin legislation in force is applicable to the territory of Montenegro. For the purpose of alignment with the EU acquis it is necessary to amend the Law on Copyright and Related Rights, particularly the part relating to exhaustion of the right of distribution in a manner that the rule of exhaustion of the right of distribution will extend to the territory of the European Union from the date of the accession of Montenegro to the European Union.

Regarding the Law, it is necessary to amend provisions of the Article 110 on computer programs, in the manner that the words "*do not relate*" should be replaced with "*shall be without prejudice to*".

Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights

Montenegro estimates that its provisions on the enforcement of intellectual property rights are highly aligned with provisions of the Directive 2004/48/EC. Montenegro shall further align with the provisions of the Directive 2004/48 within the amendments to the Law of Copyrights and Related Rights. Amendments to the Law shall define more precisely provisions on measures against intermediaries from the Article 11 of the Directive 2004/48/EC, which is expected by 2015.

WIPO Copyright Treaty from 1996

Montenegro estimates that it is in fully aligned with provisions of the WIPO Copyright Treaty of 1996.

WIPO Performances and Phonograms Treaty of 1996

Montenegro estimates that is in a full compliance with provisions of the WIPO Performances and Phonograms Treaty of 1996.

Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works

The Law on Copyright and Related Rights is not aligned with provisions of the Directive 2012/28/EU. Since the Law on Copyright and Related Rights has been adopted before the

adoption of the Directive 2012/28/EU on certain permitted uses of orphan works, it is necessary to amend the Law on Copyright and Related Rights in order to transpose the Directive 2012/28/EU, which is expected by the end of 2015.

Commission Recommendation of 18 May 2005 on collective cross-border management of copyright and related rights for legitimate online music services

Provisions for the enforcement of copyright and related rights are contained in the Law on Copyright and Related Rights. Copyright and related rights are collectively managed through organizations for collective rights management. Organizations collectively manage rights for the entire world repertoire and distribute revenues to rightholders directly or through affiliated organizations with whom they have signed a contract of mutual representation. There are no specific provisions on the realization of on-line rights.

Adoption of these amendments to the Law on Copyright and Related Rights is expected by the end of 2015.

According to the Montenegrin Law on Copyright and Related Rights, the state has no authority to establish a collective management organization, as these rights are private rights. Regardless of this fact, government bodies, primarily the IPO helps establishment of certain organizations for collective management rights that have applied for permission. The IPO advises rightholders who are willing to establish the CMO on how to properly submit all the necessary documents, how to prepare their statutes and other internal acts, how to train staff, how to start cooperation with related foreign collective management organizations, etc. There is an extensive documentation (minutes of meetings, summons with detailed reasoning and explanations, etc.) testifying in favor of these activities of the IPO. In addition, Government bodies responsible for the enforcement of the intellectual property rights, (the IPO mainly) emphasizes the importance of collective management of rights at all seminars and workshops organized by different authorities or other bodies, and urges rightholders to establish their own CMOs.

Given provisions of the Law on Copyright and Related Rights allows foreign rightholders to exercise their rights in Montenegro, as the law provides possibility of individual management of rights.

III.2. Topographies of semiconductor

The Topography of the semiconductor is regulated by the Law on Protection of semiconductor topographies ("Official Gazette of Montenegro", no. 75/2010) and the Regulation on the procedure for protection of topographies of integrated circuits ("Official Gazette", no. 44/98 and 47/98). The provisions of the Law on the Protection of

semiconductor topographies are aligned largely with Directive 87/54/EEC on the legal protection of topographies of semiconductor. Translation of the Law on the Protection of semiconductor topographies from Montenegrin to English language is not aligned with the terminology used in this form of intellectual property in the European Union. It is needed to align English translation of the mentioned law. It is necessary to modify the Law on Protection of semiconductor topographies, especially the part related to introduction of exhaustion of right principle, by introduction the Union exhaustion for the territory of the Internal Market of the European Union, by the date of the accession of Montenegro to the European Union. Adoption of these amendments to the Law on the Protection of semiconductor topographies is expected by the end of 2015.

III.3. INDUSTRIAL PROPERTY RIGHTS

- Trademark

Trademark as an industrial property right in Montenegro is regulated by the provisions of the Law on Trademark ("Official Gazette of Montenegro", no. 72/10 and 44/12) and the Regulation on the procedure of granting, changing, renewing and internationally registering trademarks („Official Gazette of Montenegro" br.50/2011 from 21 October 2011). Provisions of the Law on Trademark are largely aligned with the EU *acquis*, namely: Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to harmonize laws of the Member States relating to trademarks and Council Regulation (EC) No. 207/2009 on the Community trademark. Montenegro is a signatory of the main international agreements in this area: Madrid Agreement Concerning the International Registration of Marks in 1891 (OG 12/93) and Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks in 1989 (OG 18/03) of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 1957 (with legal effect from 3 June 2006) and the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks, adopted in Vienna 12 June 1985 and amended 1 October 1985 ("Official Gazette - International Treaties" no. 08/11).

Montenegro estimates that the Law on Trademark is in a fully aligned with provisions of the Directive 89/104/EEC from 21 December 1988 for the harmonization of legislation of Member States relating to trademarks and that there is no need for legislative changes. The provisions of the Directive 89/104/EEC which is a prerequisite for membership in the European Union will apply from the date of the accession of Montenegro to the European Union.

In order to align the Law on Trademark with the EU *acquis*, it is necessary to change the part that relates to the principle of national exhaustion of rights by expanding the right of

exhaustion to the territory of European Union, after the date of the accession of Montenegro to the European Union. Pursuant to provisions of the Law on Trademark, national principle of exhaustion of rights to trademark shall be replaced by the principle of exhaustion of rights to the territory of the European Union by signing the treaty on accession.

Adoptions of these amendments to Law on Trademark are expected by the end of 2015.

Montenegro accepts the solution that the effect of the Community trademark (CTM), which have been registered or applied before Montenegro's accession to the European Union, expand automatically to Montenegro's territory, from the date of the accession. In order to protect national trademark rightholders, acquired prior to the time of becoming a full member of the EU, there shall be provided the possibility of prohibition of use of CTM's. Thus, the effect is automatically extended to Montenegro in cases of conflicts with such rights. Equally, use of such CTMs in territory of Montenegro will be prohibited in case of absolute grounds for refusal of a registration or declaration of invalidity according to Montenegrin legislation before the date of the accession. Seniority of the national registered trademark shall be possible only if the national register has priority over the CTM before becoming a full member of the EU.

By amendments, Montenegro will align with provisions of the Commission Regulation (EC) No 216/96 of 5 February 1996 laying down the rules of procedure of the Boards of Appeal of the Office for Harmonization in the Internal Market, in the part referring to the procedure of appeal to decisions of competent authority.

- **Industrial design**

The Industrial design as an industrial property right in Montenegro is regulated by the provisions of the Law on Legal Protection of Industrial Design (Official Gazette of Montenegro No 80/10 and 27/13) and the Regulation on the Procedure for Recognition, Changes and Renewal of the Validity of Industrial Design (Official Gazette of Montenegro No 12/2012).

Provisions of the Law on Legal Protection of Industrial Design are largely aligned with the *acquis* including: Directive 98/71 (EC) of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs; Council Regulation (EC) No 6/2002 on Community Designs of 12 December 2001 and Commission Regulation (EC) No 2245/2002 of 21 October 2002.

As regards the scope of industrial design, Montenegro has fully aligned its Article 14 of the Law with Article 9 of Directive 98/71 by adopting the Law on Amendments to the Law on Legal Protection of Industrial Design (Official Gazette of Montenegro No 27/2013).

The terminological discrepancies between the terms *author* and *designer* in the Law on Legal Protection of Industrial Design will be regulated by Montenegro through amendments to the Law.

Montenegro will align the Law with the provisions of the Commission Regulation (EC) No 216/96 laying down the rules of procedure of the Boards of Appeal of the Office for Harmonization in the Internal Market through amendments, in the part relating to the appeals proceedings against decisions passed by the competent body. For the purposes of alignment with the *acquis*, Montenegro will make amendments to the Law on Legal Protection of Industrial Design in the part relating to the principle of national exhaustion of design rights by expanding the exhaustion to the level of the European Union as of the date of the accession of Montenegro to the European Union and will add the provisions on Community designs which will come into force as of the date of accession.

- **Patent**

The field of patent right in Montenegro is regulated by the Law on Patents (Official Gazette of Montenegro No 66/08, 40/2010, 40/2011) and Regulation on the procedure for the legal protection of inventions (Official Gazette of Serbia and Montenegro No 62/04). Montenegrin Law on Patents is largely aligned with the international standards as well as with the *acquis*. The discrepancies are related to the part of the Law on Patents regulating the supplementary protection certificate (including paediatric extensions), compulsory licences, as well as to the part of legislation concerning biological materials. The Law on Patents includes the principle of national exhaustion of rights. With a view to aligning the rule of exhaustion of the patent right in relation to the area of whole internal market, Proposal of the Law on Patents have also regulated the exhaustion of rights at the level of the Union, along with entry into force of appropriate provisions, as of the date of the accession of Montenegro to the European Union.

The Bilateral plan of cooperation which was signed between the European Patent Organization and the Intellectual Property Office of Montenegro provides a complete set of measures to strengthen the informational infrastructure in the field of patents that will set up a database. New Patent Law will include the possibility of filing an appeal against the decision of the Intellectual Property. The lawsuit against appellate decisions will be able to initiate an administrative dispute before the Administrative Court of Montenegro. The new Law of Patents will include the possibility of filing an appeal against the decision of the Intellectual Property Office.

Supplementary protection certificate

Regulation (EC) No 1610/96 of the European Parliament and of the Council concerning the creation of a supplementary protection certificate for plant protection products and Council Regulation (EEC) No 1768/92 concerning the creation of a supplementary protection certificate for medicinal products.

The provisions on the Supplementary protection certificate are included within the Law on Patents. There are discrepancies in the definition of the certificate, in clarification of the definition that it is the basic patent, as well as in introduction of the provisions on annulment of the certificate. Proposal of the Law on Patents, which is scheduled for adoption in the fourth quarter of 2013 by the Work Programme of the Government of Montenegro, regulates the chapter on supplementary protection certificate for medicinal products and plant protection products, including provisions regarding conditions to appeal the first instance decisions. Proposal of the Law is fully aligned with the Regulations EC 1610/96 and EC 1768. Also, the possibility for validity of a supplementary protection certificate is extended for six months if the basic patent is recognised for the product which is a medicine for paediatric use. The patent recognition procedure is supplemented by Proposal of the Law on Patents in a way that gives a stronger legal meaning to the regulation of the patent system in Montenegro in accordance with the international standards. That is the introduction of a proof of patentability. With amendments mentioned, applicants for patent protection of inventions will pay more attention when requesting patent protection for their inventions and thus significant effects will be accomplished, both for patent rightholders and the actions of a competent body, and, at the same time, for the patent system in Montenegro as a whole.

Compulsory licences

Regulation (EC) No 816/2006 on compulsory licensing of patents relating to the manufacture of pharmaceutical products for export to countries with public health problems

Montenegro assesses that provisions of the Law on Patents concerning compulsory licensing are largely aligned with the Regulation (EC) No 816/2006. For the purposes of reaching a full alignment with Proposal for the Law on Patents, these compulsory licences were regulated in a way that provides for the export of pharmaceutical products manufactured on the basis of approved compulsory licence to certain undeveloped/underdeveloped countries which meet the conditions laid down by Regulation (EC) No 816/2006 and which need those products so as to resolve open public health problems.

Directive 98/44/EC on the legal protection of biotechnological products

The Law on Patents includes provisions partially aligned with the Directive 98/44/EC. The full alignment (e.g, with articles 13, 21, 22 and 28 of Directive 98/44/EC), shall be accomplished by adapting the Proposal of the Law on Patent, as well as by the Proposal for the Rulebook on procedure for legal protection of patents, particularly relating to the Article 13 of the Directive 98/44/EC.

European patent

The Law on Patents of Montenegro includes provisions on the European patent which are encompassed by the Agreement between the Government of Montenegro and the European Patent Organisation on the Extension of European Patents to Montenegro (Official Gazette of Montenegro – International Treaties No 5/2009). Upon the accession of Montenegro to the European Patent Organisation and the ratification of the European Patent Convention, the Law on Patents will be supplemented by the provisions necessary for the implementation of the European Patent Convention in Montenegro. Montenegro has an observer status in the Administrative Council of the European Patent Organisation. In that context, Montenegro signed an agreement on extension with the European Patent Organisation. This agreement came into force on 1 March 2010, which formed a basis for the conclusion of the bilateral cooperation plan between the European Patent Organisation and the Intellectual Property Rights Office which came into force on 24 September 2012. The aim for Montenegro is to get prepared for the full-fledged membership in the European Patent Organisation, as well as for the ratification of the European Patent Convention. Montenegro monitors the further progress in the European patent and as soon as this convention enters into force is ready to undertake necessary measures for implementation into its legal system. Introduction of the appellate proceeding for decisions of the Intellectual Property Office regarding patents is still considered in terms of finding the rational solution, but two instances will be introduced in the process of decision making for patent - as the intellectual property right.

III.4. ENFORCEMENT

Provisions corresponding to measures, procedures and means for enforcement of intellectual property rights, which are provided for in the Directive 2004/48 of the European Parliament and of the Council of 29 April 2004 on enforcement of intellectual property rights are contained in chapters ``Civil law protection`` within special laws regulating the area of intellectual property, which are indicated in the Legislative Framework. In addition, some measures from Directive 2004/48 are incorporated in the following general laws: Law

on application of the rules regulating the IPR protection (Official Gazette of Republic of MNE, no. 45/05 and Official Gazette of MNE, no. 37/11 and 40/11), Law on Protection of Undisclosed Information (Official Gazette of the Republic of Montenegro 16/07 and Official Gazette of Montenegro 73/08), Law on Optical Disks (Official Gazette of Montenegro 2/07 and 53/11), Law on General Administrative Procedure (Official Gazette of the Republic of Montenegro 60/03 and Official Gazette of Montenegro 32/11) and Law on Inspection Supervision (Official Gazette of Montenegro 39/03 and Official Gazette of Montenegro 76/09 and 57/11), Law on Civil Procedure (Official Gazette of the Republic of Montenegro 22/04 and 76/06), Law on Enforcement and Security (Official Gazette of Montenegro 36/11) and Law on Obligations (Official Gazette of Montenegro 47/08) and the Criminal Code of Montenegro (Official Gazette of the Republic of Montenegro 70/03, 13/04, 47/06 and Official Gazette of Montenegro 40/08, 25/10 and 32/11).

According to assessment of Montenegro and the Screening Report, special laws in the area of intellectual property, as well as frameworks of general procedural and substantive legislation are highly aligned with the *acquis* and provisions of the Directive 2004/48/EC.

Montenegro implemented into its legislation measures provided in the Directive 2004/48/EC, such as: presentation of evidence on infringement of the intellectual property rights, right to information, provisional measures and measures to secure evidence, corrective measures, collateral security, injunctions, revoking temporary measures, compensation of to the defendant, protection of witness` identity of publication of judicial decisions, infringements and sanctions (penal provisions), as well as codes of conduct.

Montenegro prepared conformity assessment with Directive 2004/48 in cooperation with experts engaged through the IPA National Project “Strengthening the intellectual and Industrial Property Policies of Montenegro”. In accordance with this, Directive 2004/48 is completely implemented into Proposal for the Law on Patents, which is currently undergoing inter-ministerial compliance procedure, and its adoption by the Parliament of Montenegro is expected by the end of 2013.

Furthermore, in amendments to the Law on Trademark and the Law on Legal Protection of Industrial Design “the right to information” (Article 8 of Directive) will be related to “commercial scale”; this is used in Directive 2004/48 as well, in order to avoid broad interpretation including provisions on injunctions against intermediaries.

Drafts of the Laws on Trademarks, Patents, and legal protection of industrial designs that are in the procedure are fully aligned with provisions of the Directive on the enforcement of intellectual property rights 2004/48, which foresees obligations of providing information (Article 8 of the Directive) as well as measures against intermediaries (Article 11 of the Directive). Complete harmonisation of regulations of Montenegro in the area of

enforcement of intellectual property rights with Directive 2004/48 is expected not later than the end of 2015.

III.5. STRENGTHENING INSTITUTIONAL AND ADMINISTRATIVE CAPACITY

INTELLECTUAL PROPERTY RIGHTS OFFICE

- Employment of new staff

The current Rulebook on Job Descriptions provides for 31 civil servant and state employee position.

The actual number of employees in the Intellectual Property Office is 23, including Director. According to the current Rulebook on Job Descriptions and Proposal for the new Rulebook on Job Descriptions, 85% employees in the Intellectual Property Office have university degree, which contributes to more efficient enforcement of intellectual property rights protection and reaching the level of protection which exists in the EU. Strengthening administrative capacities of the Intellectual Property Office is envisaged in the forthcoming period, along with improvement of IT tools with the view to improving cooperation with right holders and public institutions for enforcement of intellectual property rights, and strengthening activities for raising awareness of the public regarding the importance of intellectual property law. In accordance with the Proposal for the new Rulebook on Job Descriptions, employment of Assistant Director for the Department for IT Services and Registers Sector and/or Senior Advisor I for IT. The above mentioned employment is of great importance for conducting regular activities of the Intellectual Property Office, especially in terms of importance of IT Department, as well as fulfilment of standards required by the World Intellectual Property Organisation (WIPO) and the European Patent Office (EPO).

- Necessary equipment

Certain tools and software are required for the improvement of work of the Intellectual Property Office: software which enables the establishment of electronic register of trademarks designated to Montenegro (software by which the trademarks designated to Montenegro are taken and entered into a single data base); software – Document Management System at the level of the Intellectual Property Office from the segment of trademarks; software – digitalisation of procedure for working on all input/output documents, as well as automatic generating of all characteristics for EDMS; software – search of database of trademarks with verbal and graphic elements; establishment of relevant trademark database for uploading on the website of the Intellectual Property Office for

better cooperation with institutions for enforcement of intellectual property rights, as well as for third parties; scanners for digitalisation of documentation submitted and electronic archiving and Client 7 Desktop Computers for IT Department and Trademark Department.

- **Necessary infrastructure**

Regarding implementation, the Intellectual Property Office of Montenegro (IPO) contains infrastructure that satisfies necessary needs.

IPO and the European Patent Office have concluded the bilateral cooperation plan, which provides a set of measures for the improvement of IT infrastructure of the IPO. These measures will also set up the on-line database for patents that will be placed on the website of the IPO. The IPO is aware of its duty to establish an on-line database for registered trademarks and industrial designs. This question is closely related to the financial situation of the IPO, which is why the Government shall provide finances for preparation and installation of professional tools for on-line databases of registered trademarks and industrial design, i.e. to improve a complete infrastructure of the IPO.

MINISTRY OF ECONOMY

The Ministry of Economy supervises the legality of administrative decisions and appropriateness of the legality of the Intellectual Property Office.

- **Recruitment of new staff**

The Rulebook on Internal Organisation and Job Description of the Ministry of Economy envisages two work posts dealing with intellectual property matters – one for the industrial property and the other for the copyright and related rights. Since the work post for copyright and related rights is vacant and bearing in mind the importance of this area as well as upcoming obligations in the area of legislation, it is necessary to provide financial resources for recruitment of staff for the mentioned post.

- **Required equipment**

As far as the Ministry of Economy is concerned, there is no need for procurement of additional equipment.

- **Required infrastructure**

As far as the Ministry of Economy is concerned, the existing infrastructure meets the requirements.

CUSTOMS ADMINISTRATION

- **Recruitment of new staff**

The Customs Administration intends to recruit one more employee, graduated in law, in the Division for Intellectual Property during 2014. , Taking into account that protection of intellectual property rights represent one of the important EU Customs Blueprints, and therefore the Customs Administration has been striving to make its activities in this field more efficient in combating circulation of counterfeited and pirated goods. During the forthcoming period, it is planned to strengthen administrative capacities, improve IT tools, enhance cooperation with rightholders and state authorities dealing with intellectual property rights protection, intensify activities on raising public awareness, promote the role of the customs service in the fight against piracy and counterfeiting, focusing particular attention to control of counterfeited goods, especially medicines, foodstuffs, electrical devices and parts of machinery, which may pose a real danger to citizens' health and security. According to the Customs Administration's Operating Strategy 2013-2015, contact points/coordinators for intellectual property matters should be appointed in regional customs posts by the end of 2013, with a view to strengthening operational capacities and efficiently implementing safeguards. Their task will be to coordinate intellectual property divisions, customs offices and customs posts, to inform customs officers on amendments to customs legislation and provisions on intellectual property protection, to provide assistance in identifying goods when checking the consignments, to keep records on goods deprived and kept in customs warehouses, to provide assistance to intellectual property rights holders during checks and possible sampling of goods, etc. The Customs Administration is determined to improve implementation of measures for customs supervision and control of goods suspected of infringing intellectual property rights. For that purpose, uniform and efficient implementation of legislation governing implementation of measures for intellectual property rights protection will be ensured through continuous training of customs officers.

- **Required equipment**

When controlling goods suspected of infringing intellectual property rights, the Customs Administration uses IT system and applications intended for intellectual property, and those have been regularly updated and modernised. The intellectual property database INES was installed in September 2008. It was installed in the Division for Intellectual Property where data from the requests for intellectual property rights protection and data on customs procedures suspension are entered. Upgrading of the existing intellectual property database INES into an updated version INES+ was completed under the IPA 2007 regional project

on industrial and intellectual property for the Western Balkan countries and Turkey, coordinated by the European Patent Organisation (EPO). The upgraded version INES+ was installed on 20 October 2010 by the experts engaged by the EPO. The intranet portal of the Customs Administration contains a special folder “Intellectual Property” intended for all customs officers. Data on the portal are regularly updated. The Customs Administration’s intranet portal provides photos of original and counterfeited goods, manuals and catalogues for identification of counterfeited goods, power point presentations with data useful for checking goods and identification of consignments, as well as other data on counterfeited goods. In early July 2012, the Customs Administration joined the IPM (Inter-face Public Members) – portal of the World Customs Organisation for fight against counterfeiting and piracy. IPM webpage represents a secure tool for exchange of information among customs authorities and right holders. Customs officers use this site to obtain useful information on legal flows of goods, contacts of representatives of right holders, photos of goods and data that could be useful for distinguishing original and counterfeited goods. IPM application is user friendly and could be searched by trademark (brand). In addition to the aforementioned, the Customs Administration also applies risk analysis when controlling goods. Data on risks in this area and their profiles are included in the electronic risk analysis system and those are subject to assessment, modification, inclusion of new profiles, etc. through a continuous process.

- **Required infrastructure**

Bearing in mind the current needs and capacities of the Customs Administration regarding the implementation of the measures of protection of the intellectual property rights, there are currently no major problems with the storage of detained goods, taking into account the number of stay of proceedings of customs procedures and the amount of retained goods in the recent years.

POLICE ADMINISTRATION

- **Recruitment of staff**

The Rulebook on Internal Organisation and Job Description of the Ministry of Interior envisages 2 work posts in the Police Administration (Crime Investigation Police – Division for Suppression of Economic Crime) dealing with criminal offences of intellectual property protection, thus attaching importance to the intellectual property rights enforcement. The Police Administration also has the Division for Fight against Organised Crime and Corruption with one work post dealing with detection of perpetrators of criminal offences

of computer crime and intellectual property protection, accordingly enabling better results and quality protection of intellectual property rights in Montenegro. Highly educated employees work in those divisions, capable of completing the tasks involving detection of criminal offences against intellectual property as well as piracy and counterfeiting. Further trainings aimed at better and high quality cooperation with the private sector (rightholders and large producers, internet service providers) will be organised, thus raising the actions to a higher quality level and ensuring better protection of intellectual property rights in the territory of Montenegro. Therefore, it is not planned to recruit new staff.

- **Necessary equipment**

Within the competence of the Ministry of Interior Affairs, the procurement of equipment for the needs of officers of the Criminal Investigation Department – Division for suppression of commercial crime and Division for fight against organised crime and corruption has been defined by the Action Plan for Chapter 24 –Justice, Freedom and Security. Action plans provide the equipment of mentioned departments with adequate vehicles, IT equipment for protection and collection of evidence, and other material and technical resources that will be gradually provided in the period of 2014 – 2018.

- **Necessary infrastructure**

Within the competence of the Ministry of Interior Affairs, plans for the following period envisage the reorganisation of the Criminal Investigation Department – Division for suppression of commercial crime. Reorganization will be provided throughout Amendments to the Regulations on the organization and systematization of jobs of the Ministry of Interior, with the objectives of: reorganization, definition of authority and centralization of jobs of economic crime. According to the action plans for 23 and 24, the special efforts will be given to strengthening of the human resources, deployment of new employees to free vacancies, organization of national and international education programs related to economic crime with the special emphasises to corruption, money laundering, financial investigations, counterfeiting, misuse and forgery of credit cards, security of the data basis, copyright and intellectual property. The implementation of the mentioned reorganization is planned for 2014.

ADMINISTRATION FOR INSPECTION AFFAIRS

- **Employment of the new staff**

Within the Administration for Inspection Affairs, the Market Inspection performs supervision in the area of intellectual property (copyright and related rights and industrial property rights) ex officio and upon requests (mutual and individual) of intellectual property

rightholders. The Market Inspection Division within the Administration for Inspection Affairs needs no additional staff since it can perform supervision of intellectual property rights with present number of market inspectors. In the Market Inspection there are currently overall 51 inspectors, who are allocated in three regional units (northern, central and southern). However, trainings and education of the market inspectors in this area should be continued. In cooperation with the Intellectual Property Office, market inspectors have attended trainings in this area, but in order to improve the work of inspectors they should have a continuous education.

- **Necessary equipment**

The Market Inspection in its work uses the information system (TRIS), in which the entire work of inspectors is being registered. This system, although containing files on all performed inspection controls, still does not provide an overall state of play regarding the intellectual property rights. For that reason, it is necessary to establish a special system/application which would be intended for the intellectual property rights protection. Mentioned application is expected to be established by 2015. Under the Regional Programme on Industrial and Intellectual Property Rights (IPA 2007, in 2010 the Market Inspection got the INES application used by the Customs Administration which was supposed to be adapted to the needs of the Market Inspection under the same Programme. However, since the mentioned programme is completed, the expected adaptation was not carried out, which is the reason why the INES application is not used in the Market Inspection given the lack of finances and expert support.

- **Necessary infrastructure**

Market inspection does not have the space necessary for storing seized goods, which is the issue that should be resolved by the end of 2015.

COURT BODIES

- **Employment of the new staff**

The Commercial Court in Podgorica, which includes the Division for intellectual property rights, is competent for disputes between legal entities in the area of intellectual property rights. The Division employs five judges, which is regarded as a sufficient number of judges for settling disputes in the area of intellectual property rights protection. Montenegro will continue with the trainings and further continuous education of judges by organising seminars with the participation of the national and foreign experts through the Judicial Training Centre of Montenegro, as well as by organising study visits to specialised courts in the neighbourhood dealing with the disputes in this area.

- **Necessary equipment**

The Commercial Court in Podgorica has the IT equipment, but it needs new software and hardware for providing better informatics support to the statistical monitoring of court cases, including the cases of intellectual property rights protection, which is expected to be provided by the end of 2015. The Commercial Court estimates that one IT expert is enough for carrying out all the informatics tasks. Furthermore, the Commercial Court supports further work on strengthening cooperation and coordination of all bodies participating in the enforcement of intellectual property rights in Montenegro and their IT networking. It is also necessary to ensure additional foreign language trainings, especially in professional terminology.

- **Necessary infrastructure**

Having in mind specialisation of judges in the area of intellectual property rights working in the Commercial Courts, as well as for quicker and more efficient settling of disputes, Montenegro considers transfer of competences from Basic Courts to the competences of the Commercial Court in Podgorica. Timeframe for transfer of competences shall be defined throughout the reorganization of judiciary network.

III.6. COORDINATION OF ENFORCEMENT INSTITUTIONS

For efficient suppression of violation of the intellectual property rights, there is a constant cooperation and coordination between all institutions competent for the intellectual property rights protection in Montenegro, especially of those operating and investigating in this area.

Furthermore, Customs Administration, Market Inspection, Agency for Pharmaceuticals, Police Administration and the Phytosanitary Administration have a good cooperation with the Intellectual Property Office. They are regularly communicating with the Office for the purpose of obtaining data on the registered intellectual property rights in cases of *ex officio* termination of customs procedures and when necessary they organise joint meetings for considering concrete topics. Moreover, representatives of these institutions participated in drafting the National Intellectual Property Strategy for the period of 2012-2015, which represents an excellent basis for the cooperation, and the purpose of which is the improvement of enforcement of intellectual property rights, enhancement of economic growth through effective use of the intellectual property, improvement and modernisation of information systems regarding the intellectual property rights issues, etc.

As to the relationship between the two authorities, Montenegrin legislation set up clearly defined rules. The Ministry of Economy supervises the legality of administrative decisions and appropriateness of the legality of the Intellectual Property Office

According to the Regulation on the Organization and Operation of Public Administration of Montenegro, Intellectual Property Office is an independent state authority responsible for: examination of requirements for the registration of industrial property rights, decision on the acquisition of the patent, trademark, design, topography of integrated circuits and geographical indications (industrial property), determination of termination of industrial property rights; disclosure of information relating to applications for registration of industrial property rights; providing information services related to applications and registered industrial property rights, keeping registers of applications for recognition of industrial property rights, intellectual property rights register and register of natural and legal persons in proceedings for recognition of industrial property rights; deposition and registration of copyright works and subject matter of related rights, issuing permissions for the operation collective management societies; supervision over the work of collective management societies; carries out the international cooperation in the field of intellectual property rights, as well as other authorized duties.

In the following period, Montenegro will continue to strengthen the cooperation with the competent bodies in Montenegro, for the purpose of more efficient realisation of intellectual property rights protection and accomplishing the EU level of the protection.