



Training Manual on IP Crime Prosecution

- 5. Commercial Scale
- 6. Wilfulness

Commercial scale

TRIPS cont.

- Factual issue
- Relative standard
- Varies when applied to different factual situations.
- Varies by product and market.
- May be small or large.

Introduction

TRIPS: Counterfeiting and piracy must be criminalized at least if it takes place

- on a “commercial scale”
- and
- willfully

Higher standards optional

TRIPS: “commercial scale”

- Not defined
- Dispute panel decision:
- Depends on what is the typical or usual commercial activity in respect to
 - the particular product
 - in the local market



National laws

Almost all countries define the criminal offense by reference to overtly commercial acts, such as

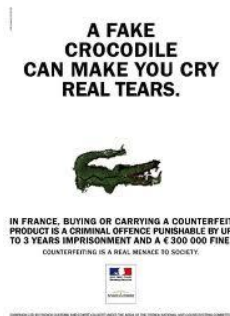
- sale or offer for sale of infringing copies,
- to obtain a “commercial advantage” or
- “in the course of trade or commerce” or
- Importation except for personal use.

Statutory thresholds

- Numerical threshold, for instance requiring at least 50 fake DVDs, not permitted.
- The test remains one of commercial scale which may, depending on the circumstances, be even one instance.

Making or buying of fakes for personal or private use

- TRIPS directed at punishing the counterfeiter and the dealer
- Does not require that the purchaser of a fake watch, CD or DVD be criminally liable unless the purchase is with the object of an on-sale.
- A person who for own use makes an otherwise unauthorized copy does not commit a crime.



Wilfulness

TRIPS

- Requires willfulness for
 - trademark counterfeiting and
 - copyright piracy.
- National laws may have other standards

National laws

- Accused to prove the absence of *mens rea* by establishing that he believed on reasonable grounds that the act was not an infringement.
- Accused knew or had reason to suspect that the goods were counterfeit;
- Accused failed to take all reasonable steps in order to avoid any act or conduct with reference to the counterfeit goods.

Meaning of “willfulness”

- Same as in criminal law generally.
- It refers to
 - an intention to infringe,
 - willful blindness, or
 - a conscious disregard of a substantial risk of infringement (subjective recklessness).

Wilful blindness

That the accused

- had a subjective realization that a certain fact was likely or that there was a “real suspicion”
- failed to make the inquiry
- to avoid actual knowledge of the suspected fact.

Recklessness

- Subjective.
- Not the same as wilful blindness.
- Requires
 - Knowledge of a danger or risk and
 - persistence in a course of conduct which creates a risk that the prohibited result will occur.

Culpability

The culpability in recklessness is justified by consciousness of the risk and by proceeding in the face of it.

In wilful blindness it is justified by the accused’s fault in deliberately failing to inquire when he knows there is reason for inquiry.

Establishing willfulness through circumstantial evidence

- Knowledge or wilful blindness is often established through direct or circumstantial evidence.
- Relevant circumstantial evidence typically includes evidence concerning
 - origin of the goods
 - the circumstances the transaction,
 - alteration of the goods,
 - method of delivery,
 - nature of the packaging or
 - an unusually low price.