

World Trademark Review Daily

Consultation paper on EU Customs Regulation published
European Union - McDermott Will & Emery UK LLP

International
Counterfeiting

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Following its review of the [EU Customs Regulation \(1383/2003\)](#) concerning customs action against goods suspected of infringing certain IP rights and the measures to be taken against goods found to have infringed such rights, the [European Commission](#) has published a consultation paper entitled "[Review of EU legislation on customs enforcement of intellectual property rights](#)".

If, following the public consultation procedure, it is considered appropriate, the commission will prepare a proposal to replace the regulation. The main questions raised in the consultation paper may be summarized as follows:

- Question 1: customs authorities' competence - the regulation specifies the conditions for action by customs authorities where goods are suspected of infringing an IP right, namely when such goods are entered for free circulation, export or re-export and when they are found during checks on goods entering or leaving the Community customs territory. The commission seeks to determine the circumstances under which it is thought customs authorities should take action.

The options for the new regulation range from taking action only when infringing goods are declared for release for free circulation, to doing so in any situation in which infringing goods are under customs supervision. Any option selected must not affect substantive IP laws in the member states or unduly hinder legitimate trade through the European Union, must take account of the concerns of India and Brazil in relation to delays of genuine generic medicines destined for developing countries, and should make best use of available customs resources.

- Question 2: scope of the regulation - the regulation covers "counterfeit goods" (essentially goods (or their packaging) which infringe trademarks), "pirated goods" (essentially goods which infringe copyright and design right) and goods that infringe patents (including supplementary protection certificates), plant variety rights, designations of origin or geographical designations.

The minimum that any new regulation could cover would be "counterfeit" and "pirate" goods, within the meaning of Article 51 of the [Agreement on Trade-Related Aspects of Intellectual Property Rights](#), but the commission invites views on exactly how far this should be extended.

- Question 3: derogations - the regulation does not apply to products made in breach of certain licence conditions between an IP rights holder and its manufacturer (particularly 'overruns'), parallel imports or small quantities of infringing goods of a non-commercial nature that are imported in travellers' personal luggage. The commission seeks to determine whether these derogations should remain in place.
- Question 4: simplified procedure for goods to be abandoned for destruction - the regulation sets out a simplified procedure for the destruction of goods which have been abandoned under customs authorities' control. This procedure does not require a court or other tribunal to determine whether they are infringing goods, but is not currently mandatory and, therefore, as noted in the consultation paper, provides for a non-uniform application between member states. The commission canvasses opinion on whether the procedure should be removed from the regulation, left optional or imposed as a mandatory measure.
- Question 5: small consignments - the commission acknowledges that the current regime is not necessarily equipped to tackle the rise in internet sales, particularly where goods are distributed by post or courier in small consignments. The consultation seeks participants' views on whether a simplified procedure to deal with such small consignments is required and, if so, what should be considered as a small consignment.

The consultation paper puts forward one suggestion for the procedure where the IP rights holder would not necessarily be involved and the holder of the infringing goods would be offered the possibility of abandoning the goods for destruction by the customs authorities.

- Question 6: cost of storage and destruction - under the current regime, member states are able to pass on the cost of storage and destruction of infringing goods to IP rights holders. IP rights holders have raised concerns regarding the attribution of these costs and it has been suggested that it may create an obstacle to the effectiveness of the provisions.

World Trademark Review *Daily*

The commission seeks views on the extent to which costs should be passed on and, in particular, whether all costs should be borne by IP rights holders, as is currently the position, or only those costs incurred by the customs authorities themselves, leaving other costs to be borne in accordance with the relevant member state's system for dealing with other civil or criminal enforcement of IP rights. The commission also notes that there are frequently several intermediaries, such as shippers and carriers, with whom the responsibility and cost of storage and destruction could legitimately be shared.

When the regulation first came into force, it was seen by IP rights holders as an expedient way of dealing with the importation of counterfeits. It has since proven, however, to fall short of the protection that some IP rights holders want. This consultation provides an opportunity for IP rights holders to be heard on their concerns relating to the practical application of the regulation.

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