

Sheet 2:

Counterfeit products have for many years been a threat for Intellectual Property owners throughout the world. In Europe the first regulation to fight counterfeit was introduced in 1986. The regulations and the effectiveness of the regulations have developed since then. If we look at the fact and figures we see that in -2010 EU Customs seized more than 103 million products . The shipments which were stopped, doubled in 2010. In 2009 43,500 shipments were stopped. In 2010 80.000 shipments where stopped.

The main source of these counterfeit products is still China. 85% of the seized goods originated from China. Other countries involved are; Turkey, Thailand, Hong Kong and India Nowadays 90% of the seized products are destroyed.

Sheet 3:

In the plans of the EU strategy for 2020 IP enforcement is mentioned as essential . This is because Europe aims at developing their research and innovation capacity. Easy copying of those innovations will have negative effects on this development. Of course the marketing of counterfeit goods creates also considerable damage not only to the owner of the Intellectual Property right but also to the lawful manufacturers and traders. The economy as a whole suffers by for instance the loss of taxes or employment. Furthermore those goods may in some cases endanger the health and safety of the consumers. Think for instance of pharmaceutical products which do not contain the relevant effective ingredients, or of batteries or spare parts of automobiles which do not work properly.

Sheet 4:

Counterfeit products will enter Europe mainly by Airports and Harbors. Main entering points are the airport of Schiphol and the Harbor of Rotterdam, both located in the Netherlands.

Figures of European Harbors:

Rank in Europe	Rank in World	Port	State	Thousands of tons in 2008 ^[3]
1	3	Rotterdam	Netherlands	421,136
2	16	Antwerp	Belgium	189,390
3	27	Hamburg	Germany	140,375
4	38	Marseilles	France	96,009
5	41	Amsterdam	Netherlands	94,768

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6	47	Novorossisk	Russia	81,633
7	47	Le Havre	France	80,527
8	54	Bremen/Bremerhaven	Germany	74,647
9	57	Algeciras	Spain	69,572
10	60	Grimsby and Immingham	United Kingdom	65,267

Sheet 5;

We have an EU wide regulation which provides for uniform measures throughout the EU. This is Council Regulation EC No. 1383/2003 titled

The regulation is effective in cases where counterfeit goods come from countries outside the EU. When such goods enter the EU, they are subject to a customs check and to the measures laid out in the regulation.

Sheet 6:

On the basis of this regulation customs can act on ~~the bases of~~ the following IP rights:

Registered trademarks

Design patents

Copyrights or related rights

Patents and supplementary protection certificates

Plant variety rights, designation or origin an geographical indication or designation

A few IP rights are missing such as Utility Models which are protected in France and Germany. National law, however, may provide for a national border seizure

Sheet 7

It is important to note that not all acts of infringement qualify for the border control measures. This is because the legislation, at least initially, was intended to address product piracy and not all IP infringements.

For trademarks, the term counterfeit in the regulation is restricted to the use of designations that cannot be distinguished in their essential aspects from the

registered trademark. This is narrower than the likelihood of confusion test used for trademark infringement.

Regarding design rights and copyright, the offending product must qualify as a copy of the protected item

In respect of Patents no limitations were included. Any goods suspected of patent infringement are subject to the border control measures.

Please note that parallel imports cannot be stopped on the basis of this regulation. Whenever goods have been manufactured with the consent of the IP owner or have been put into commerce with the consent of the IP owner anywhere in the world, the EU-wide border control system no longer applies. However, the national laws of the EU member states may provide for a system of additional measures.

Sheet 8:

Under the regulation customs officers may take action under two premises
The standard case: where an owner of IP rights has lodged an application with the customs of a certain EU country on the basis of which the customs detect goods that are covered by that application

With respect to situations where the application has not been lodged, the customs officers may detain goods or suspend their release for a period of three working days to enable the proprietor of the right to submit an application for customs action. This is, however, the exceptional route so that owners of IP rights are advised to file an application and should not wait for customs authorities to take action on their own.

Please note that in case of a Community Trademark, a Community Design ~~rights~~ and other Community wide-rights, the application for customs action may apply for EU-WIDE Border control rather than on a country-by-country basis; It is only necessary for the applicant to file an application in only one EU Member State and request action in any other or even all the other member States he wishes to cover. When granted in the country where the application has been lodged, the granting decision will be communicated to the designated

other member states and the applicant need no longer file any further applications.

In order to maximize the chances of seizure of the goods, the applicant should provide as much practical information as possible. He should for instance provide information which he has about the suspected channels of illegal trade, including for example details about how to spot counterfeits of likely infringing parties from past experience. Or he should provide information about the channels of trade used for the original goods so as to distinguish them from illegal trade. It is possible to provide information at any time after grant of the application to make the measures as effective as possible.

The IP owner has to file a declaration accepting liability for third party claims if any action performed by customs authorities upon his request is determined to be unfounded in the end.

It is possible to visit customs of the most importance entrances of Europe's and have an educational session about your rights and how to detect counterfeit.

Sheet 9:

The information filed by the applicant at his request for border seizure measures will be communicated by the national customs head office responsible for decisions regarding the general request to all customs offices across that country so that they have all the information on the protected IP rights at hand. If goods are being cleared at the customs and if the customs officials suspect that the goods may infringe protected IP rights, they have the means to stop further shipment of the goods.

The customs office does not examine itself whether the goods do in fact infringe the IP rights but rather notifies the applicant to allow him to decide whether to take further action.

The applicant has a period of 10 working days to take further action with a possible extension of another 10 days.

At his request the applicant, will be provided with information on the potential infringing party or parties and the nature and quantity of goods. Usually the

applicant will be provided with a sample product or foto's thereof for further inspection which has to be returned afterwards.

The applicant now has to decide whether he wishes to proceed with the matter

If the proprietor of the right comes to the conclusion that the goods are indeed original, including parallel imports, he will inform customs that no further action is required. The goods will immediately be released.

If the right holder, upon examining the goods, concludes that they are counterfeit, he will inform customs accordingly and he will request further customs action. There are two different ways in which the matter can be taken further;

The standard way is that the proprietor of the right starts legal proceeding for infringement within 10 days, otherwise the goods will be released . Depending on the legal framework in the respective member Country, this could be civil proceedings for the infringement of the IP rights or possible proceeding under criminal or administrative law. However, legal proceedings need not be started if the party responsible for the shipment of the goods agrees to surrender them voluntarily and to revoke the clearance process at the customs. As there is only very limited time for this, and if the right holder believes that the person responsible for the goods might agree to this, he will need to take immediate action to obtain the necessary declaration for surrender of the goods from the relevant party and file it in time with the customs office. However, as the party involved in clearing the goods may wish to avoid a costly legal action which would otherwise follow, particularly with pirated goods, the person responsible for the goods will very often agree to their surrender.

The proprietor of the right might be able to benefit from the so-called simplified procedure provided that has been implemented under the local national law If the proprietor of the right applies for the simplified procedure, the other party will be notified. The onus is then shifted to the other party to specifically object to the destruction of goods. If there is no objection, the other party will be presumed to agree to the destruction of the goods. In practice, there is very often no response from the other party so that the legal presumption works and the proprietor of the right obtains the legal means for a final destruction of the counterfeit goods in an expedited way. Only in the case of a clear objection from

the other party the right holder will have to initiate legal proceedings as described above.

If the other party opposes the seizure of the goods and if the proprietor of the right has satisfied customs that he has initiated the required legal action, the relevant goods will be detained until there is a final decision in the legal action.

Whenever the proprietor of the right succeeds in the litigation action and therefore has the right to have the counterfeit goods destroyed, he will liaise with the customs to bring this about. The costs of the destruction will have to be borne by the proprietor of the right but of course he can try to make the other party reimburse these costs to him.

Sheet 10:

All that we have discussed above is applicable to goods entering the EU. But what about goods in transit, only entering EU to be shipped further to for instance. South America. One of the tricks is breaking their way though from the area of production to the area of supply, avoiding direct paths that are well known to the services specialized in this type of fraud. This technique is called breaking bulk and consists of concealing the products of origin by passing them through several other territories thereby focusing the attention of the customs administrations on the immediate source rather than on the actual origin of the product.

Before the ruling of the European court of justice in the DIESEL/MONTEX the court applied a manufacturing fiction on the basis of the text of the regulation. This means that they applied the fiction that goods in transit were manufactured in the member state where they were seized and then applied the law of that member state to decide whether or not those goods infringed the Intellectual Property Rights of the owner.

However, in de the DIESEL/MONTEX case which was not decided on the regulation but on the basis of European trademark law. The European Court decided that the manufacturing fiction does not exist and that goods in transit with which were not intended to be marketed in the EU, may not be seized.

However, there are grounds to believe that in the regulation the basis for this manufacturing fiction exist. Therefore in two separate cases, questions have been applied before the European Court of Justice. Both requesting clearance about whether this fiction applies or not.

A decision will be taken on 1 December 2011. And of course I will inform you about the outcome of this important decision.

If the manufacturing fiction does not exist, or no other measures by law will be taken, the EU will effectively open its borders to transit of fake goods to third countries. In light of the strategic aims of the European Union this will not be an ideal situation and I think other solutions may be sought by change of law.

To conclude:

To proceed effectively against counterfeit In Europe:

EU wide IP rights are recommendable

File a European wide application for border seizure and make sure all relevant information is in the application

The European contact persons should regularly contact the most important customs to educate them

If products are seized, act also if there are only a few products involved.