

European Union

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The latest figures published by the European Commission show that counterfeiting is a growing phenomenon in the EU market. In 2008 EU customs authorities seized 178 million counterfeit and pirated goods and handled over 49,000 anti-counterfeiting cases, more than ever before. Compared to 2006, counterfeiting increased in almost all product sectors and the number of seized products doubled. In addition to medicines, where counterfeiting increased by 118% compared to 2007, the 136% increase in intercepted counterfeit toys is a worrying trend.

The statistics for 2008 showed an increase of 50% on 2007 across most industry sectors. The figures are particularly worrying for pharmaceutical products and perfumes and cosmetics, as these products can pose a serious threat to the health of the general population. DVDs and CDs were the most-seized products, with 79 million products retained in 2009.

In terms of overall quantities seized, China remains the principal source of counterfeit products, with 54% of all articles seized originating in China. In the pharmaceutical sector, India is the principal source of counterfeit products. Further, Indonesia is a major source of counterfeit products in the food and beverages sector.

This chapter explains the simple steps that all rights holders in the European Union should take in order to defend their rights effectively against counterfeiting and piracy – in particular, the filing of an application for action by customs authorities in the 27 EU member states.

Legal framework

The legal framework for anti-counterfeiting consists of both IP and customs statutes.

The European Union has harmonized most national IP laws and has created some unitary rights at EU level. Trademarks, designs, patents for biotechnological inventions and certain aspects of copyright and related rights have been harmonized. It has also created the Community trademark

(CTM), the Community design, the Community-protected plant variety right and Community-protected designations of origin and geographical indications. Discussions are also underway with regard to creating a Community patent.

The EU IP Enforcement Directive (2004/48/EC) harmonized the means of enforcing IP rights in all EU member states. The objective of the directive is to ensure a high equivalent level of protection for IP rights in all EU member states. Counterfeiting and piracy should be punished effectively. The directive approximates national laws with regard to:

- evidence;
- provisional measures;
- calculation of damages; and
- reimbursement of legal fees.

The EU Customs Regulation (1383/2003) addresses customs action against goods suspected of infringing certain IP rights and the measures to be taken against goods found to have infringed such rights. This regulation introduced common rules to

prohibit the free circulation, import, export, re-export or entry of counterfeit and pirated goods in the European Union.

The Customs Regulation is implemented by EU Regulation 1891/2004, which provides:

- application forms for EU-wide and national customs action; and
- instructions on how to use the forms.

Both the national and EU-wide customs applications and the procedure for the detention of counterfeit goods by customs authorities have been harmonized across all EU member states. However, there is no unified EU customs entity. Rather, the national customs authorities of the 27 member states:

- work together;
- are subject to common regulations; and
- exchange information through a centralized information system.

However, EU customs practices still have certain particularities in each member state. In addition, even if the means of enforcing IP rights have been harmonized, civil and criminal procedures are different in each member state.

EU application for action by customs authorities

The EU national customs authorities have broad investigative and policing anti-counterfeiting powers, including the right to detain goods suspected of infringing IP rights. They act not only at EU borders, but also across the entire territory of each member state. Any person transporting products into or through the European Union must have documents evidencing the genuine origin of such products (eg, an agreement or invoice).

Before the customs authorities can take any action against alleged infringing products, the rights holder must have:

- obtained a Community IP right; and
- filed a written application for intervention by the customs authorities.

IP registration

The first condition for filing an EU application for action by the customs authorities is the application or registration of a Community IP right. The following rights may be referred to in EU customs applications:

- CTMs;
- supplementary protection certificates;
- Community designs;
- Community-protected designations of origin;
- Community-protected geographical indications;
- Community-protected geographical designations for spirits; and/or

- Community-protected plant variety rights.

For non-Community rights – that is, national, European or international rights (including national and international trademarks, European and national patents, copyright and related rights) – the rights holder must file national customs applications for action with the relevant national customs authorities.

Filing an EU application

The second stage involves the rights holder lodging a written EU application for action by the customs authorities, asking the latter to seize the suspected goods. The advantage of the EU application for action is that a single application provides all designated EU customs authorities with:

- a sufficiently detailed description of the goods to which the IP right applies; and
- the particulars needed to contact the rights holder at any time.

In the application, the rights holder indicates the Community IP rights concerned and provides information on the authentic goods, as well as any information that may help the customs authorities to determine whether the goods are genuine, including:

- a report on the differences between authentic and infringing goods;
- information on the type of fraud; and
- details of the routes used by traffickers.

The rights holder must also sign an undertaking:

- to assume liability towards the persons subject to the seizure or destruction of alleged infringing goods in the event that the procedure is discontinued owing to an act or omission on its part, or if the products are subsequently found not to infringe IP rights; and
- to pay all costs incurred by keeping goods under customs control, including destruction costs.

The EU customs application for action may designate all or only a particular number of EU member states. Filing the request for action in all EU countries is strongly recommended, as the products may be introduced onto the EU common market through any country. The EU customs application for action is the most efficient and least expensive tool against counterfeiting and piracy.

The application is valid for one year, renewable on an annual basis.

Measures and actions by national customs authorities

Measures prior to an application for action
Unfortunately, not all companies protect their intellectual property adequately by systematically filing an application for intervention with the customs authorities.

Nevertheless, the customs authorities can intervene on their own initiative by suspending the release of suspected goods or detaining them for three working days, during which the rights holder may file a customs application (as discussed above) in the relevant country. If a declaration is not filed within that period, the products will be released.

Customs detention procedure pursuant to an EU application

The customs authorities may suspend the release of and detain all products that appear to infringe the IP rights cited in the EU application. The customs authorities will inform the rights holder or its representative of the products detained.

From the date on which the goods are detained, the rights holder has a non-extendable 10-working-day period either to:

- obtain an order, where applicable, that such goods be destroyed; or
- initiate an infringement action before the national court with jurisdiction.

The customs authorities will give the rights holder the opportunity to inspect the suspected goods. When examining the goods, they may take samples and, according to the rules in force in the member state concerned, hand them over or send them to the rights holder, at its express request, for the purposes of analysis and to facilitate the subsequent procedure. The samples should be returned on completion of the technical analysis. In practice, in order to save costs and accelerate the procedure, customs officers usually take photographs of the suspected goods and forward them to the rights holder for confirmation as to whether the products are counterfeit.

Depending on national provisions on the protection of personal data, the rights holder may request additional information on the origin, provenance and destination of the suspected infringing goods.

If the rights holder takes no action or if the products are not abandoned for destruction within 10 working days (or three working days in the case of perishable goods), the customs detention procedure is terminated and the products are released.

EU member state	Additional requirement when filing an EU application for action	Simplified procedure under Article 11
Austria	English translation and power of attorney advisable.	Available.
Belgium	Application must be in French, Dutch or German. Customs may request translation of attached documents.	Available. Available.
Bulgaria	None	Available.
Cyprus	None.	Available.
Czech Rep	None.	Available.
Denmark	None.	Available.
Estonia	None.	Not available. No need for court action: Customs will decide based on information from the parties. If no appeal filed, goods will be destroyed.
Finland	Finnish, Swedish or English translation required/advisable.	Available [explicit consent required].
France	French translation advisable, as is simultaneous filing of a French declaration for EU infringement and border seizures.	Not available. If rights holder declares samples to be counterfeit, Customs will usually seize and destroy the goods without court action. Destruction costs are paid by Customs.
Germany	Application must be filed via ZGR-website (German language).	Available.
Greece	Greek official translation required.	Available.
Hungary	None.	Available.
Ireland	None.	Available.
Italy	Italian translation advisable.	Available.
Latvia	Latvian or English translation advisable.	Available.
Lithuania	None, although Lithuanian translation advisable.	Available.
Netherlands	None.	Available.
Luxembourg	None.	Not available. Suspension of release can be extended by filing criminal complaint, usually leading to permanent suspension.
Malta	None	Not available. Rights holder must file infringement action before the courts.
Poland	None.	Available.
Portugal	None.	Available.
Romania	None	Available.
Slovenia	None required.	Available.
Spain	Spanish translation required.	Available.
Sweden	None.	Available [explicit consent required].
United Kingdom	English translation required.	Available.

Source: CAPIP network

supplementary protection certificates or plant variety rights, the declarant, owner, importer, holder or consignee of the goods may request the release of the goods on provision of security if all customs formalities have been completed. The security must be sufficient to protect the interests of the rights holder.

Remedies

The first measure in cases of counterfeiting is the destruction of infringing goods or their removal from commercial channels in such a way as precludes injury to the rights holder. Any other measures should be taken to deprive the persons concerned of any economic gains. The destruction costs should not be borne by the member state concerned. When the defendant does not pay for the destruction costs, such costs should be paid by the rights holder. However, this practice is not harmonized and in some member states destruction costs are paid by the state.

The EU IP Rights Enforcement Directive provides for harmonized measures, procedures and remedies that shall be “effective, proportionate and dissuasive”. When calculating damages, courts have to consider the negative impact of the infringement, including not only loss of profits, but also any unfair profits made by the infringer and any other elements such as moral prejudice caused to the rights holder by the infringement. As an alternative, the courts may grant the rights holder damages equivalent to the royalties that it would have received had the infringer been a licensee.

In addition, the court may order the publication of the decision or extracts thereof in newspapers or magazines and on websites.

Release of the products

In all other cases – for example, where the declarant, holder or owner objects or contests the destruction of the products – the products are released if, within the specified 10-working-day period, the rights holder has not initiated legal proceedings to determine whether an IP right has been infringed under the law of the member state where the products are detained.

The following table gives a short overview of EU customs practice in some member states. Two questions are addressed:

- Is there any additional requirement when filing an EU application for action by the customs authorities in the relevant member state?
- Is the simplified procedure of Article 11 of the Customs Regulation available? [WTR](#)

Actions by rights holder

Simplified procedure

Most member states have adopted the so-called ‘simplified procedure’ of Article 11 of the Customs Regulation, under which the products are abandoned for destruction under customs control without the need for a court decision on infringement. Under the simplified procedure, the rights holder informs the customs authorities within the 10-working-day period mentioned above that the goods concerned infringe its IP rights and provides such authorities with the written agreement of the declarant, the holder or the owner of the suspected goods to abandon them for destruction. Such agreement is presumed if the declarant, holder or owner of the goods has not specifically opposed destruction during this period, which may be extended by a further 10 working days.

The destruction is carried out at the

expense and under the responsibility of the rights holder, and must be preceded by the taking of samples by the customs authorities to be kept as evidence admissible in legal proceedings in the member state in which they might be needed.

Legal infringement proceeding

Criminal and civil proceedings are different in each member state, with harmonized rules for evidence, provisional measures, calculation of damages and reimbursement of legal fees.

Preliminary measures

The alleged counterfeit products will be kept until the court issues its decision. The conditions for storage depend on national laws, but may not give rise to costs for the customs authorities.

However, in the case of goods suspected of infringing design rights, patents,

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Caroline Casalonga has been practising IP law since 1993. Casalonga Avocats is a leading and one of the largest IP litigation boutique in France. It is the litigation partner for Casalonga & Josse, an established patent and trademark attorney firm, and is the French representative for CAPIP. Ms Casalonga has broad experience in trademark, patent, domain name, design, copyright and unfair competition litigation matters. She has extensive experience in anti-counterfeiting actions, including customs actions. Ms Casalonga is a frequent author and speaker on IP issues. She obtained her law degree from the University of Paris Assas in 1991 and an LLM from Cornell University in 1996. She was admitted to the Paris Bar in 1993 and has been a registered French and European trademark attorney since 1999. Ms. Casalonga is a member of ECTA, INTA, the IACC and the AIPPI.



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