

Getting EU customs authorities to work for you

EU customs authorities now handle 20% of world imports and have significant experience in dealing with counterfeit goods. Having these authorities onside is a crucial part of any IP enforcement strategy

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The trade in counterfeits and pirated items has grown significantly in recent years. It is no longer limited to luxury goods, but affects all industries and product sectors. Rights holders should monitor the market for violations of their intellectual property and, to this end, may choose to seek the assistance of customs authorities. The customs authorities of the 27 member states of the European Union now handle nearly 20% of world imports, equivalent to over 2 billion tonnes of goods a year. To achieve this, EU customs authorities have hundreds of offices and employ several thousand customs officers to monitor shipments entering the European Union. This is an extensive but effective source of information for rights holders in their daily struggle to combat counterfeits.

Legal basis for border seizures

The legal basis for EU customs authorities helping rights holders to battle counterfeits is the EU Customs Regulation (1383/2003). In addition, the national trademark acts of most EU member states set out stipulations regarding border seizures.

Under the regulation, counterfeits and pirated items – regardless of whether they infringe trademarks or other IP rights such as patents, designs, copyrights, plant breeders' rights and geographical

indications – can be stopped and seized by the customs authorities of all EU member states when entering the European Union.

In Germany, Customs halts not only counterfeit products, but also illegal parallel imports (Section 146 of the German Trademark Act). Parallel imports are products entering the European Union and/or Germany from outside the European Union and the European Economic Area (EEA). Recently, due to the exchange rates, there has been a substantial increase in the volume of parallel imports coming from the United States.

Applying for customs action

Although customs authorities can halt suspicious items *ex officio* (ie, without the rights holder needing to file an application for customs action), the probability that they will find infringing items substantially increases if the rights holder records its trademarks and files an application for customs seizure action. Such applications may be filed with the respective institution of any member state (eg, the *Oberfinanzdirektion* in Nuremberg, Germany).

An application for a customs seizure action must include the following:

- All relevant trademark registrations.
- The goods to be covered by the application (usually all goods covered by the trademark).
- Information enabling customs authorities to distinguish genuine goods from counterfeits (eg, a description of the items) and/or parallel imports from legally imported goods (eg, the names of authorised senders/importers, authorized addresses, unauthorised senders/importers and unauthorised recipients).
- If possible, a description and/or image of the protected goods and their packaging

and of the infringing goods and their labels, packaging and a description of how the trademarks are being used.

- Contact information for an expert or point of contact (this should be a local person – normally, the attorney filing the application).
- A bank guarantee for €10,000, usually issued by a local bank, for applications for parallel imports.
- A declaration that customs authorities will be compensated for storage and transport costs incurred, for applications regarding counterfeits.

Protected trademarks

Applications may be based on the following trademark registrations:

- National trademark registrations in the respective member state.
- International registrations extended to the respective member state.
- Community trademark registrations.

Applications must be accompanied by details of the trademark registration (ie, the rights holder, the registration number, a copy of the registration and a list of the goods covered by it). If the member state in question acknowledges non-registered trademarks and provides for customs actions for such trademarks (eg, as Germany does), customs seizure applications may also be based on non-registered trademarks.

Territorial scope

Under the EU Customs Regulation, rights holders may choose between an application for national customs seizure actions, which means that only one specific EU member state is being requested to monitor its borders, and an application for European-wide customs seizure actions, which means that several selected or even all member states are being requested to monitor their borders. In any event, one application is sufficient to cover all member states that the rights holder wishes to involve, as the authority with which it files its application will inform all relevant customs offices throughout the European Union.

Fees

Customs seizure actions are free of charge. However, the rights holder must refund the customs authorities for any costs incurred for the storage, transport or destruction of seized goods. Under German law, the infringer must reimburse the rights holder for its costs, as well as for statutory attorneys' fees incurred by sending cease and desist letters.

Bond/bank guarantees

Rights holders need not post a bond or guarantee for applications made on the basis of the EU Customs Regulation. Therefore, counterfeits can be stopped without the rights holder having to post a bond. However, applications based on national trademark law, such as the German Trademark Act, that are intended to combat parallel imports (or inter-EU shipments, as opposed to shipments coming from outside the European Union) may need to be covered by a bank guarantee. In Germany, a guarantee of €10,000 is generally considered sufficient.

Term of protection

Applications can be filed for up to one year and can be renewed as often as the rights holder wishes (Article 8(1) of the EU Customs Regulation). Should any of the registrations on which the application is based expire within the period for which the application has been granted, the application will also lapse. However, if the registration is renewed, then the customs application can also be renewed. If the application is made online, renewals can be carried out quickly and easily.

Procedures following the application

Once the customs seizure application is in place, all customs offices in the specified EU member states will watch out for and halt suspicious items that are imported into, exported from or transshipped through that country. The customs authorities will then inform the contact person named in the application to verify whether the items are counterfeit or illegally imported from outside the European Union/EEA. In addition, they will send the rights holder the names and addresses of the importer, the sender and the recipient, as well as details of the seized products, including quantities and value (Articles 9(2) and (3) of the EU Customs Regulation). Upon request, the customs authorities will send samples of the seized items to the rights holder or its legal representative for evaluation (Article 9(3)). If it turns out that the items are genuine, the rights holder must release them. However, if the items are counterfeit (or, in Germany, parallel imports), the rights holder may apply for seizure within 10 working days (three days in the case of perishable goods). In doing so, it must either initiate court proceedings or provide the customs authorities with the infringer's consent to the destruction of the items. Infringers tend not to provide this, which is why Article 11 of the EU Customs

Regulation provides for so-called “simplified destruction proceedings” and stipulates that consent is presumed if the infringer has not opposed the destruction within 10 days of notification. Thus, unless the importer opposes destruction in time, the goods will be destroyed by the customs authorities. If, however, the importer does not consent to destruction and such consent cannot be presumed, the rights holder must decide whether to initiate legal action. Again, this must take place within 10 days, which can be extended by an additional 10 days.

Further sanctions

Goods found to infringe a trademark shall not be:

- Allowed to enter into the European Union.
- Released for free circulation.
- Removed from the EU customs territory.
- Exported.
- Re-exported.
- Placed in a free zone or warehouse.

Any further decision of the customs authorities may be appealed by the importer, which can then request that the decision’s validity be tested in court.

Getting involved

European customs authorities are always eager to learn how to distinguish genuine goods from counterfeit items. Customs authorities therefore offer rights holders opportunities to train and educate their staff, who are on the front line for detecting counterfeit goods and controlling shipping documents, shipments and containers. In Germany, training sessions are generally held twice a year in different cities and

are welcomed and well attended by customs officers.

Assistance at trade fairs

Rights holders may also seek the assistance of customs authorities at national or international trade fairs. By notifying authorities about their trademarks and suspicions that these marks are being infringed by exhibitors at a fair, rights holders can – on a cost-free basis – direct customs authorities to inspect particular booths. Employees or legal representatives of the rights holder must accompany customs officers on their tour around the fair and point them towards infringing items which will then be immediately seized. In some cases, customs authorities will even take a monetary deposit from the infringer to secure cost claims. At the same time, evidence of the infringing offer can be taken for potential and subsequent court proceedings.

Conclusion

European customs authorities, in particular those in Germany, Spain and the Netherlands, are highly motivated and work very efficiently. According to a report from the European Union, in 2008 European customs authorities seized over 178 million products that were found to infringe IP rights. This is a 126% increase on the figure for 2007 (79 million products). The number of applications has also significantly increased, from fewer than 1,000 in 2000 and around 5,000 in 2005 to over 12,000 in 2008. Therefore, recording trademarks or other IP rights is an effective tool which should form an integral part of every rights holder’s IP enforcement strategy. **iam**



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