

## Guide to Border Enforcement of IPRs in the EU

- I. Purpose of Guide.....	2
- II. Piracy and Counterfeiting.....	2
- III. EU Initiatives.....	3
- IV. Infringing products and the free movement of goods .....	4
- V. Possible Solutions.....	5
- (a) Monitoring by the private sector.....	5
- (b) The use of technical devices.....	5
- (c) Sanctions and other means of enforcing intellectual property rights.....	5
- (d) Administrative cooperation between the competent authorities.....	6
- VI. Enforcement and the Directorate General, Taxation and Customs Union.....	6
- VII. Border Controls in the EU.....	7
- VIII. Council Regulation (EC) No 1383/2003 .....	8
- Counterfeit goods.....	8
- Pirated goods.....	9
- Patented goods.....	9
- Plant varieties.....	9
- Designations of origin, geographical indications, and geographical designations.....	9
- Moulds and matrices.....	9
- Application for Action by the Customs Authorities.....	9
- Information to be provided by right holders.....	10
- Declarations of liability.....	10
- Duration of applications.....	11
- IX. Special provisions for Community intellectual property rights.....	11
- (a) Ex Officio Action by the Customs Authorities.....	11
- (b) Action by the Customs Authorities.....	11
- (c) Right of information, inspection and analysis.....	11
- (d) Time limits.....	11
- (e) Determination of infringement.....	12
- (f) Prohibition.....	12
- (g) Special Procedures for Patents, Supplementary Protection Certificates, Design Rights and Plant Variety Rights.....	12
- (h) Simplified Procedure for Disposing of Infringing Goods.....	12
- (i) Liability of Right holders.....	13
- (j) "Non-Commercial" Exclusion.....	13
- (k) Penalties.....	13
- X. Best Practices for Enforcement of Intellectual Property Rights.....	13
- (a) National Cooperation and Coordination.....	13
- (b) International Cooperation.....	14
- (c) Public Awareness and Cooperation.....	14
- (d) Right Holder Cooperation.....	14
- (e) Judicial Enforcement.....	14
- (i) Provisional measures.....	14
- (ii) Damages.....	15
- (iii) Ancillary orders.....	15
- (iv) Evidentiary rules.....	15
- (f) Criminal Procedures.....	15
- (g) Right to Information.....	16
- (h) Deterrence of Publicity.....	16
- (i) Specialized Courts.....	16
- (j) Accelerated Procedures.....	16
- (k) Mediation and Arbitration.....	16
- (l) Regulation of Optical Media Manufacturing.....	17
- (m) Contact Points and Information Providers.....	17

Last updated in June 2006

www.ipr-helpdesk.org  
ipr-helpdesk@ua.es

## Guide to Border Enforcement of IPRs in the EU

### **I. Purpose of Guide**

As the EC Green Paper, *Combating Counterfeiting and Piracy in the Single Market* (1998) observed "Since the early 1980s counterfeiting and piracy have grown considerably to a point where they have now become a widespread phenomenon with a global impact." There are many reasons for this phenomenon. They include developments in reprographic technologies, where digitisation has facilitated the rapid and extensive production of copies at a minimal cost, the growth in world demand for branded items, as well as economic and political developments, such as the growth of international trade, the internationalisation of the economy, the expansion of means of communication and the opportunism of organised crime following the collapse of the political systems in central and eastern Europe and in the former Soviet Union.

On 22<sup>nd</sup> July 2003 the European Parliament adopted a customs-related action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights<sup>1</sup>, and on 29<sup>th</sup> April 2004 a Directive [on the enforcement of intellectual property rights](#)<sup>2</sup>. These provisions are modelled primarily on the enforcement of IPR and border control provisions of Part III of the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). Compliance with these provisions is obligatory for WTO members. This border control legislation provides a range of enforcement remedies for rights holders. The purpose of this guide is to indicate the ways in which these remedies might be deployed. It is also intended to assist public authorities in Member and Applicant States in their efforts to comply with their various enforcement obligations.

### **II. Piracy and Counterfeiting**

The principal cause of piracy and counterfeiting is the incentive for unscrupulous traders of the considerable business profits that may be made by free-riding on the creative efforts and investment of others by passing off imitations of desired products at a lower cost than those which are incurred by the producer of genuine products. Obviously this trade would not exist without consumer demand and the public perception that piracy and counterfeiting are innocuous infractions. The theft of intellectual property is not yet equated in the public mind with other offences against property such as fraud, theft or trespass. This is exacerbated by (i) a failure of the public authorities and commercial organisations to the consuming public aware of the dangers resulting from the use of unauthorised products and of the deleterious social welfare effects of this trade; and (ii) the imposition of inadequately deterrent penalties by judicial authorities.

It appears there are two channels for counterfeiting and piracy: clandestine channels and normal commercial channels. The clandestine channels are, by definition, organised outside the regular market (black market), i.e. in the street, in markets, by correspondence or via the Internet. There are also normal commercial channels, where genuine products are sold alongside counterfeits. An area in which this bifurcated trade occurs, is the so called "grey goods" market in which legitimate branded products are sold as parallel imports. Since parallel products are obtained outside legitimate distribution channels, this trade lends itself to the introduction of counterfeit products.

The EC Green Paper refers to the report of the Counterfeiting Intelligence Bureau set up by the International Chamber of Commerce (ICC) that estimates counterfeiting at between 5% and 7% of world trade in terms of value<sup>3</sup>. The immediate impact of this global trade is the loss of sales and the consequent impact on employment. The US copyright industry puts its losses due to piracy at between USD 12 billion and USD 15 billion a year. According to the International Federation of the Phonographic Industry (IFPI) sales of illegal CDs account for 14% of the relevant market at the world level. In May 2003, the UK music industry reported that sales of pirated CDs have outstripped the sales of genuine products. The major industries suffering from the trade in infringed products are: the computer software industry (46%), the data processing industry (35%), the audio-visual

## Guide to Border Enforcement of IPRs in the EU

industry (25%), the toy industry (12%), the perfume industry (10%), the pharmaceutical industry (6%), and the clock and watch industry (5%).

The number of jobs lost as a result of counterfeiting is estimated at 100,000 a year for the Community (120,000 for the United States) over the past ten years. In addition to the loss of revenue by the State (customs duties, VAT), there may also be infringements of labour legislation where the counterfeit or pirated goods are made in sweatshops by undeclared workers. The phenomenon is a serious threat to economies in general as it may destabilise the markets, including such fragile markets as textiles and clothing.

In addition to their economic impact, counterfeiting and piracy have a damaging effect on public health and safety products such as medicinal products, medical equipment, toys, and spare parts for cars and aeroplanes. Counterfeiting is also common in sectors involving products that are highly sensitive from the point of view of public health and safety.

Counterfeiting and piracy also have damaging consequences for consumers. They generally involve deliberately deceiving the consumer about the quality he is entitled to expect from a product that bears a well-known trade mark. When he buys counterfeit or pirated goods outside of legitimate channels, the consumer does not, as a rule, receive any after-sales service or enjoy any effective recourse in the event of damage or injury.

Counterfeiting and piracy also have an adverse effect on public security when profits from this trade are appropriated by organised crime, which uses them as a means of recycling and laundering the proceeds of other unlawful activities (arms, drugs, etc.).

As the EC Green Paper points out, counterfeiting and piracy are detrimental to the proper functioning of the Single Market. They give rise to deflections of trade and distortions of competition, especially when they exploit national disparities, producing a loss of business confidence and a consequential under-investment in research and development in innovation and creativity, as well as in trade promotion. This has a direct impact on the number of jobs offered by firms.

### **III. EU Initiatives**

With a view to establishing the Single Market, the European Community has taken action in the intellectual property field mainly to harmonise existing national laws<sup>4</sup>. The Community has also taken action to create unitary rights at the Community level, valid throughout the EC, such as the Community trade mark<sup>5</sup>, the Community system of protection for plant varieties<sup>6</sup> and Community designs<sup>7</sup>. Furthermore, work on the creation of a Community patent still continues<sup>8</sup>.

Initially, community initiatives on regulating enforcement against counterfeit and pirated goods, concentrated on protecting external frontiers. On 22<sup>nd</sup> December 1994, the Council adopted Regulation (EC) No. 3295/94 establishing measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods<sup>9</sup>. Within the Single Market, the enforcement of intellectual property rights has tended to be limited and to apply to specific sectors. For example, the Directive on the harmonisation of certain aspects of copyright and related rights in the Information Society, contains provisions on obligations relating to technical measures and on sanctions and remedies. In this proposal, the provisions on sanctions and remedies are couched in very general terms.

On 15<sup>th</sup> October 1998, the Commission presented a Green Paper<sup>10</sup> on the fight against counterfeiting and piracy in the Single Market in order to launch a debate on this subject with all interested parties. The areas of intervention suggested in the Green Paper related in particular to action by the private sector, the effectiveness of technical security provisions, penalties and other means of ensuring compliance with intellectual property rights, as well as administrative co-operation between national authorities. Following the receipt of submissions, a public hearing in Munich on 2<sup>nd</sup> and 3<sup>rd</sup> March 1999 and a meeting of experts from the Member States on

## Guide to Border Enforcement of IPRs in the EU

3<sup>rd</sup> November 1999, the European Parliament adopted a Resolution on this subject on 4<sup>th</sup> May 2000<sup>11</sup>. On 30<sup>th</sup> November 2000, the Commission presented a follow-up Communication to the Green Paper in which it indicated that it would be presenting a proposal for a Directive aimed at harmonising the legislative, regulatory and administrative provisions of the Member States on the means of enforcing intellectual property rights, and at ensuring that the rights available enjoy an equivalent level of protection in the Internal Market<sup>12</sup>. The proposal for a Directive on the enforcement of intellectual property rights, was generally welcomed by interested circles and was approved by the European Economic and Social Committee<sup>13</sup>. A proposal for a Directive on measures and procedures to ensure the enforcement of intellectual property rights was issued on 30<sup>th</sup> January 2003<sup>14</sup>. Finally, the Directive on the enforcement of intellectual property rights was adopted on 29<sup>th</sup> April 2004. At present, the Commission has adopted a new proposal for a Directive on criminal measures<sup>15</sup> aimed at ensuring the enforcement of intellectual property rights<sup>16</sup> after the ECJ has established that such measures can be adopted in a Community Law instrument .

### **IV. Infringing products and the free movement of goods**

Article 3(1)(c) of the EC Treaty states that the activities of the Community include an internal market characterised by the abolition, between Member States, of obstacles to the free movement of goods and services. In addition, Article 14(2) of the EC Treaty states that the internal market comprises an area without internal frontiers in which the free movement of goods and services is ensured. While the gradual harmonisation of the substantive law on intellectual property rights has promoted the free movement of goods between the Member States and has made the applicable rules more transparent, the means of enforcing intellectual property rights was not subject to any harmonisation until Directive 2004/48 came into force (April 2006). Moreover, even when the national legislation provides right holders with effective means of enforcing their rights, it sometimes happens that the practical implementation of those means is not ensured.

These loopholes have naturally been exploited by counterfeiters and pirates, who have taken advantage of national differences to market their products, thereby causing diversions of trade and market disturbances. Harmonisation of the national provisions governing the enforcement of intellectual property rights will ensure better movement within the Internal Market, greater transparency in the systems of penalties and improved application of the means made available to right holders. Furthermore, the creation of fair and equal conditions of competition between all economic operators in the field of intellectual property is essential in order to allow these operators to make effective use of the fundamental freedoms set out in the EC Treaty. The conditions for fair and equal competition are weakened or nullified by differing national rules on enforcement of intellectual property rights. Under certain circumstances, the results are distortions of competition, which jeopardise the free movement of goods and services in the Internal Market.

This situation should change after the implementation of Directive 2004/48. A full explanation of this instrument is provided in the executive summary "Harmonization of the law on the enforcement of IPR in the EC".

Distortions of competition in the Internal Market may come not only from differences in the scope and extent of intellectual property rights by virtue of national law, but also from differences in the systems of penalties applied to protect those rights against counterfeiters and pirates. From the point of view of the latter, the strictness of the local system of penalties can be taken into account in the production costs of illegal products. These costs will depend on the penalties applied in the event of proceedings (seizure of the illegal goods, payment of fines, need to pay workers more to offset the risk of retaliation measures). The result is that, in the absence of legislation to harmonise the systems of penalties for intellectual property rights in the Internal Market, there will continue to be a situation of differences in terms of the risks and, hence, of the costs for the operators of counterfeit and pirated products. Since such counterfeit and pirated goods are, by definition, substitutes in the economic sense for the lawfully marketed goods that they imitate,

## Guide to Border Enforcement of IPRs in the EU

the divergences in the cost base in the Internal Market for illegal operators will also give rise to differences in the conditions of competition for the lawful operators. It can be assumed that, in those parts of the Internal Market where the system of penalties is relatively ineffective, the market share for counterfeit and pirated products is likely to be higher, and the prices of both legal and illegal goods lower, than in countries that have stricter penalties for intellectual property rights. This means that divergences in the systems of penalties are likely to lead to distortions in the conditions of competition and to diversions of the natural trade flows of legal goods that would take place if the penalties for intellectual property rights were harmonised throughout the Internal Market.

### **V. Possible Solutions**

In order to effectively combat counterfeiting and piracy, horizontal measures are envisaged in four areas: (a) monitoring by the private sector; (b) the use of technical devices; (c) sanctions and other means of enforcing intellectual property rights; and (d) administrative cooperation between the competent authorities.

#### **(a) Monitoring by the private sector**

Most monitoring is carried out privately by national, European or international professional associations or organisations, such as manufacturers' associations, trade mark proprietors' associations and collecting societies. It generally consists of observing market trends, advising and supporting the industries concerned, collaborating with the authorities (customs, police, the courts, etc.), monitoring suspect activities and detecting acts of counterfeiting and piracy, keeping the public informed and, where necessary, convincing the government of the need to amend the law.

Monitoring carried out by the private sector must be done in compliance with Community competition rules.

#### **(b) The use of technical devices**

One means of combating counterfeiting and piracy available to holders of intellectual property rights is the use of technical devices to protect and authenticate their products or services. Technical devices may take many forms: security holograms, optical devices, chip cards, magnetic systems, biometric codes, special inks, microscopic labels, etc. These technical devices facilitate the prosecution and punishment of counterfeiting and piracy. Through them, unlawful uses of works, products or services can easily be traced back to the source, so infringers can be found and prosecuted more effectively. However, although technical devices act as a filter for the most obvious counterfeit or pirated goods, they do not, as a rule, defeat the most highly organised infringers, who succeed in reproducing the devices. Such devices must therefore enjoy suitable legal protection to prevent them from being infringed, manipulated or neutralised. There are international obligations in the field of copyright and related rights<sup>17</sup> concerning legal protection against the neutralisation of technical measures that may be invoked by right holders in the exercise of their intellectual property rights and which restrain the performance of acts not authorised by the right holder or allowed by law. At the Community level, the Commission has taken steps in the intellectual property field to ensure that certain unlawful activities involving technical devices are prohibited in Member States<sup>18</sup>. According to Art. 6 of Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society, Member States shall provide adequate legal protection against the circumvention of any effective technological measures.

#### **(c) Sanctions and other means of enforcing intellectual property rights**

The TRIPS Agreement obliges all Member countries to implement the enforcement mechanisms contained in that Agreement. This includes both criminal and civil remedies.

## Guide to Border Enforcement of IPRs in the EU

All Member States have laws stating that counterfeiters and pirates are, in principle, liable to criminal penalties, but the level and severity of the penalties vary considerably from one Member State to another. For certain types of rights, there is no criminal penalty. Some Member States have, however, been tightening their criminal law with respect to counterfeiting and piracy in recent years. In addition, right holders have a number of legal measures and procedures at the national level, of both a provisional and a permanent nature, which they can resort to in case of infringement. The various measures that may be sought in primary or interim proceedings include the cessation of the infringement while it is being committed or the prevention of future infringements, injunctions and damages. Applications for the cessation of infringements and the prevention of new infringements may be lodged in all Member States. They oblige the infringer to cease any continued interference caused by the counterfeiting. Injunctions are the instrument most widely used in Member States to prohibit an infringer from repeatedly infringing an intellectual property right. Failure to comply with an injunction is punishable by specific penalties, usually a fine payable either to the State or to the person seeking the injunction. The infringer may be required to pay damages to the right holder to compensate for the loss or damage caused by the infringement of the intellectual property right. Other measures for combating counterfeiting and piracy, include the sanction of publicity, through the publication of judgments, orders to reveal information about the origin of the goods, the distribution channels and the identity of any third parties involved in the production and distribution of the goods.

Directive 2004/48/EC on enforcement of intellectual property rights provides for minimum requirements regarding IPR execution that allows both Community regulations and national regulations to provide for measures and procedures that are more favourable for those holding IP rights, as long as they are proportional, fair, and just. Member States were obliged to implement the Directive provisions by 29<sup>th</sup> April 2006 (see the [Briefing Paper on this topic for further information](#)).

### **(d) Administrative cooperation between the competent authorities**

The TRIPS Agreement (Article 69) provides for the establishment of contact points in the administrations of each WTO member and for the exchange of information with a view to eliminating international trade in goods that infringe intellectual property rights. One of the main objectives of the Action Plan for the Single Market<sup>19</sup> is the need to ensure the consistent, effective implementation of the single market legislation. In order to promote cooperation, including the exchange of information, among Member States and between Member States and the Commission, the enforcement Directive requires that each Member State should designate one or more national correspondents for any question relating to the implementation of the measures provided for by this Directive. It shall communicate the details of the national correspondent(s) to the other Member States and to the Commission.

## **VI. Enforcement and the Directorate General, Taxation and Customs Union**

The Customs Union is an essential element in the creation of an integrated single European market and of a common commercial policy. The role of the DG Taxation and the Customs Union is to maintain and defend the Customs Union and to ensure the uniform application of the nomenclature and origin rules. The Directorate General takes part in international commercial negotiations that have an effect on the common customs policy and surveys the application of the rules of origin and preferential trading systems.

In addition to the traditional activity of collecting duties, customs administrations are entrusted with new tasks involving the protection of both the consumer and the legitimate trader. The development of electronic and world trade, the current EU enlargement process and the development of fraud and organised crime are factors forcing the customs administrations to adopt new strategies to deal with counterfeiting and piracy.

## Guide to Border Enforcement of IPRs in the EU

### VII. Border Controls in the EU

A Community-wide system of customs controls to prevent the import of goods bearing counterfeit trade marks was first implemented in Council Regulation (EEC) No 3842/86 of 1<sup>st</sup> December 1986, which established measures to prohibit the free circulation of counterfeit goods ("the 1986 Regulation")<sup>20</sup>. The 1986 Regulation set out procedures whereby trade mark owners could apply to the customs authorities of Member States to request that they suspend the release for free circulation of goods suspected of being counterfeit. The system of controls established by the 1986 Regulation had a number of weaknesses<sup>21</sup>. It was replaced by Council Regulation No 3295/94 which sought to implement the border control provisions of the TRIPS agreement. The 1994 Regulation extended the scope of border controls to include exports and goods in transit. It also expanded the definition of counterfeit goods to include packaging materials and symbols bearing unauthorised trade marks, whether presented alone or together with the goods themselves, and extended coverage of the system to goods protected by copyright and design rights.

The 1994 Regulation required the European Commission to report its implementation within two years of its entry into force. The Commission report, published in January 1998<sup>22</sup> recommended that the system be extended to cover goods protected by patents, as well as medicinal and plant products protected by additional protection certificates. It also proposed that the range of customs procedures falling within the scope of the system be extended.

A study carried out by the Customs Policy Division of the Directorate General for Taxation and the Customs Union identified several areas where the system established by the amended 1994 Regulation might be extended or improved<sup>23</sup>. The Commission's subsequent legislative proposal suggested the following changes to the system of border controls<sup>24</sup>:

- the system of border controls should be extended to cover other forms of intellectual property, particularly plant variety rights, geographical indications and designations of origin.
- requirements for the payment of fees should be largely abolished and obligations to provide security should be replaced by declarations of liability, thereby providing right-holders with cost-free access to the system.
- a simplified procedure should be introduced to dispose of infringing goods in cases where parties interested in the goods do not object to their disposal.
- the scope for *ex officio* action by customs authorities should be extended.
- the extent of the so-called "non-commercial exception" should be clarified.
- measures should be introduced to improve the flow of information between right holders and customs authorities.

The proposed changes were subsequently enacted in Council Regulation (EC) No. 1383/2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights (hereafter "the 2003 Regulation"), which entered into force on 1st July 2004<sup>25</sup>. The 2003 Regulation is directly applicable in Member States. On 21<sup>st</sup> October 2004, the Commission issued Regulation (EC) No. 1891/2004, which provided for the implementation of Council Regulation (EC) No. 1383/2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights<sup>26</sup>.

The 2003 Regulation is also integrated into the Community Customs Code (hereafter CCC)<sup>27</sup>. In particular, the customs operations covered by the Basic Regulation are defined directly by reference to the CCC<sup>28</sup>. Moreover, the Customs Code Committee established by Article 247 of the CCC plays an advisory role with regard to the implementation of the 2003 Regulation<sup>29</sup>. Within the Commission responsibility for the 2003 Regulation rests with the Customs Policy Division of the Directorate-General for Taxation and the Customs Union.

## Guide to Border Enforcement of IPRs in the EU

On 11<sup>th</sup> October 2005, the European Commission presented a package of measures to strengthen protection against counterfeiting and piracy<sup>30</sup> for the EU and its citizens. The measures proposed for action in 2005 and 2006 would increase Community level protection through improved legislation and operational controls, strengthen the customs/business partnership and reinforce international co-operation in this area.

### **VIII. Council Regulation (EC) No 1383/2003**

The 2003 Regulation authorises national customs authorities to intercept infringing goods when they are discovered during the course of specified customs operations. These operations are defined in Article 1 of the 2003 Regulation as being when goods are:

- entered for release for free circulation, export or re-export in accordance with Article 61 of the CCC<sup>31</sup>;
- found during checks on goods entering or leaving the Community customs territory in accordance with Articles 37 and 183 of the CCC<sup>32</sup>;
- placed under a suspensive procedure within the meaning of Article 84(1)(a) of the CCC<sup>33</sup>;
- re-exported subject to notification under Article 182(2) of the CCC<sup>34</sup>; or
- placed in a free zone or free warehouse within the meaning of Article 166 of the CCC<sup>35</sup>.

The term 'suspensive procedure' covers a variety of customs procedures, including external transit, customs warehousing, inward processing in the form of a system of suspension, processing under customs control, and temporary importation<sup>36</sup>.

Although the 2003 Regulation is designed primarily to prevent infringing goods from entering or leaving the Community customs territory, it also applies to goods in external transit (i.e. goods passing through Community customs territory on their way from one non-member state to another non-member state). In *The Polo/Lauren Company LP v. Pt Dwidua Langgeng Pratam International Freight Forwarders*, the European Court of Justice held that this extended coverage was justified by the risk that goods entering the Community under the external transit procedure may be fraudulently diverted onto the single market<sup>37</sup>.

The types of infringing goods covered by the 2003 Regulation are as follows:

#### ***Counterfeit goods***

For the purposes of the Regulation, 'Counterfeit goods' are defined as:

"... goods, including packaging, bearing without authorisation a trademark identical to the trademark validly registered in respect of the same type of goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the trademark-holder's rights under Community law, as provided for by Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trademark or the law of the Member State in which the application for action by the customs authorities is made."<sup>38</sup>

Article 2(1)(a) of the 2003 Regulation also provides that trademark symbols (e.g. labels, stickers, logos), as well as packaging materials bearing counterfeit marks are to be treated as counterfeit goods, regardless of whether they are presented with counterfeit goods or separately from those goods. This provision is intended to remedy a problem that arose under the Community's earlier system of border controls whereby counterfeiters could evade customs seizure by importing unmarked goods separately from their labelling, packaging and other accompanying materials (e.g. instruction manuals), then arranging for the goods to be labelled and packaged after importation. By classifying these materials as counterfeit goods in their own right, this provision also gives trademark owners a means of fighting the independent

## Guide to Border Enforcement of IPRs in the EU

international trade in labelling and packaging material for use in the production of counterfeit goods.

### ***Pirated goods***

The 2003 Regulation defines 'pirated goods' as:

"... goods which are or contain copies made without the consent of the holder of a copyright or related right or design right, regardless of whether it is registered in national law, or of a person authorised by the right holder in the country of production in cases where the making of those copies would constitute an infringement of that right under Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs or the law of the Member State in which the application for action by the customs authorities is made."<sup>39</sup>

This definition of pirated goods is broader than the definition provided in Article 51 of the TRIPs Agreement<sup>40</sup>. However, like the TRIPs Agreement, the 2003 Regulation considers goods pirated if they constitute infringing copies. Depending on the nature of the right in question, it is then up to either Community law or national law to determine whether a particular item represents an infringing copy.

### ***Patented goods***

The Community's system of border controls was extended in 1999 to include goods that infringe a patent or a supplementary protection certificate<sup>41</sup>. However, action by the customs authorities is confined to Member States where the relevant patent or supplementary protection certificate is in force.

### ***Plant varieties***

The 2003 Regulation extends protection to plant varieties protected under the national laws of Member States, as well as those protected under the Community Regulation on plant variety rights<sup>41</sup>.

### ***Designations of origin, geographical indications, and geographical designations***

The 2003 Regulation also extends protection to goods bearing protected designations of origin, geographical indications, and geographical designations. These forms of intellectual property protection are particularly important in relation to foodstuffs and beverages. In recent years national customs authorities have intercepted large quantities of counterfeit foodstuffs and beverages, which pose obvious risks for consumers<sup>43</sup>.

### ***Moulds and matrices***

The definition of infringing goods is extended by Article 2(3) to include "... any mould or matrix which is specifically designed or adapted for the manufacture of goods infringing an intellectual property right". In practice, most of the types of equipment used to produce infringing goods - e.g. computers, printers, labelling machines, video recorders - have perfectly legitimate applications.

### ***Application for Action by the Customs Authorities***

Article 5 of the 2003 Regulation sets out the procedure whereby a right holder can apply to the customs authorities of a Member State requesting action in relation to goods that are suspected of infringing his rights. Once an application has been submitted to the competent customs department, it must notify the applicant in writing of its decision within 30 working days of

## Guide to Border Enforcement of IPRs in the EU

receipt<sup>44</sup>. If the application is granted, the decision granting the application must be forwarded immediately to the customs offices of the relevant Member State or States<sup>45</sup>.

When making an application under Article 5, the right holder is required to provide (a) proof that he holds an intellectual property right for the goods specified in the application, (b) sufficient information to enable the customs authorities to recognise the goods, and (c) a declaration of liability in the event that goods are wrongly intercepted<sup>46</sup>. These elements of the application are discussed in more detail below. If the competent customs department decides not to process an application, because it lacks one or more of the mandatory elements, it must give the right holder reasons for its decision, as well as information about the appeal procedure<sup>47</sup>.

An application under Article 5 must include proof that the applicant is the holder of the right for which protection is sought<sup>48</sup>. However, the term "right holder" is defined broadly to include (a) the holder of any of the rights referred to in Article 2(1), (b) any other person authorised to use one of these rights, or (c) a representative the right-holder or authorised user<sup>49</sup>.

### **Information to be provided by right holders**

Article 5(5) of the 2003 Regulation requires right holders to give sufficient information to enable the customs authorities to recognise any infringing goods, and in particular:

- an accurate and detailed technical description of the goods;
- any specific information the right holder may have concerning the type or pattern of fraud; and
- the name and address of the contact person appointed by the right-holder.

The 2003 Regulation indicates that right holders should endeavour to forward the following information whenever it is available:

- the value of the original goods in the relevant market;
- the location of the suspect goods or their intended destination;
- any identifying features of the consignment or packages containing the suspect goods;
- the scheduled arrival or departure date of the suspect goods;
- the means used to transport the suspect goods,
- the identities of the parties involved in the import or export of the suspect goods;
- the country or countries of production and the routes used by traffickers; and
- any technical differences between the authentic and suspect goods<sup>50</sup>.

The 2003 Regulation contains a new provision whereby customs authorities may also require right holders to provide further information that is specific to the type of intellectual property right covered by an application for action<sup>51</sup>. This is intended to assist customs authorities in dealing with applications relating to more specialised forms of intellectual property, such as plant variety rights.

### **Declarations of liability**

Under the 2003 Regulation right holders are no longer required to provide security. They are, however, required to accompany their applications with a declaration of liability. By means of such a declaration the right holder accepts liability towards those involved in the import or export of goods that may arise in the event that (a) action taken against the goods by the customs authorities is subsequently discontinued as a result of an act or omission on the part of the right holder; or (b) goods intercepted by the customs authorities are subsequently found not to infringe an intellectual property right<sup>52</sup>. The declaration also covers liability for the cost of keeping goods under customs control (e.g. the cost of storage)<sup>53</sup>.

## Guide to Border Enforcement of IPRs in the EU

### ***Duration of applications***

When granting an application, the customs authorities are required to specify the period during which they will take action<sup>54</sup>. This period may not exceed one year, but it may be renewed periodically for the duration of the relevant intellectual property right.

## **IX. Special provisions for Community intellectual property rights**

### **(a) *Ex Officio* Action by the Customs Authorities**

Customs authorities are also permitted to act on their own initiative to detain or suspend the release of goods that they suspect of infringing an intellectual property right<sup>55</sup>. Where goods are intercepted under this provision, the right holder must be notified of the potential infringement of his rights and invited to make an application for action by the customs authorities under Article 5. The customs authorities must also inform the declarant or holder of the goods<sup>56</sup>. The period for which goods may be held without an application for action by the right holder is limited to three working days. If the right holder fails to make an application for action within the three-day period, the customs authorities are obliged to release the goods.

When customs authorities take *ex officio* action to intercept goods, they may inform the right holder of the nature and quantity of goods intercepted. However, they may not divulge any other information until an application for action has been granted<sup>57</sup>.

### **(b) Action by the Customs Authorities**

Once an application for action has been granted, customs offices are required to detain or suspend the release of any goods found during the course of the customs operations specified in Article 1(1) of the 2003 Regulation that they suspect may infringe an intellectual property right covered by the application<sup>58</sup>. The customs office must immediately give notice of the interception to the customs service that dealt with the application<sup>59</sup>. Either the customs office or the customs service must then give notice of the interception to the right holder, as well as the declarer or holder of the suspect goods<sup>60</sup>.

### **(c) Right of information, inspection and analysis**

Following the interception of suspect goods, customs authorities are authorised to disclose information to the right holder and the declarer or holder of the goods about the nature and quantity of the goods<sup>61</sup>. They must also give the parties an opportunity to inspect the goods<sup>62</sup>. Customs authorities are also permitted to disclose further information to right holders for the purpose of establishing whether their rights have been infringed. Customs authorities are required to inform the right holder of (a) the names and addresses of the declarer and, if known, the consignor, consignee, and holder of any suspect goods, as well as (b) the origin and provenance of the goods<sup>63</sup>. However, this disclosure requirement is subject to any "... national provisions on the protection of personal data, commercial and industrial secrecy and professional and administrative confidentiality".

### **(d) Time limits**

The 2003 Regulation imposes strict time limits on the period for which customs authorities may suspend the release of suspect goods or detain them. This period is initially restricted to 10 working days from the receipt of notification of interception, although it may be extended by a further 10 working days in appropriate cases<sup>64</sup>. In the case of perishable goods, the period is restricted to three working days and is not renewable<sup>65</sup>.

## Guide to Border Enforcement of IPRs in the EU

### (e) Determination of infringement

The purpose of authorising customs offices to intercept suspect goods is to allow right holders time to ascertain for themselves whether they believe the goods to be infringing and, if so, to secure a substantive determination to this effect from a competent authority. Unless the customs office dealing with the suspect goods has been informed within the time limits outlined above that "... proceedings have been initiated to determine whether an intellectual property right has been infringed under national law ...", then, subject to the completion of any other customs formalities, it must release the goods<sup>66</sup>. The proceedings must be initiated in the forum designated by the national law of the relevant Member State as competent to take a substantive decision regarding infringement<sup>67</sup>.

The determination of infringement is to be made in accordance with the law in force in the Member State where the goods were subjected to the customs operation that led to their interception<sup>68</sup>.

### (f) Prohibition

On completion of the procedures outlined above, goods may be found to be either infringing or non-infringing within the meaning of Article 2 of the 2003 Regulation. Where goods are found to be infringing, they may not be subject to any of the customs operations specified in Article 1(1)<sup>69</sup>.

### (g) Special Procedures for Patents, Supplementary Protection Certificates, Design Rights and Plant Variety Rights

Special procedures apply where goods are suspected of infringing design rights, patents, supplementary protection certificates, or plant variety rights. A declarant, owner, importer, holder or consignee of goods in these categories may apply to have the goods released, or their detention revoked, against provision of security. The customs authorities are obliged to release the goods as long as proceedings have been instituted to establish whether an intellectual property right has been infringed under national law, the authority empowered for this purpose has not imposed precautionary measures, and all other customs formalities have been satisfied<sup>70</sup>. The person seeking release of the goods must, however, provide security sufficient to protect the interests of the right holder<sup>71</sup>.

### (h) Simplified Procedure for Disposing of Infringing Goods

The 2003 Regulation enables Member States to adopt a new simplified procedure for disposing of goods suspected of infringing intellectual property rights. This simplified procedure allows customs authorities, with the right holder's consent, to have suspect goods abandoned for destruction under customs control, without previously determining whether an intellectual property right has been infringed under national law<sup>72</sup>. If, however, a person with an interest in the goods (i.e. the declarer, holder, or owner of the goods) contests the destruction, it is necessary to follow the standard procedure by instituting proceedings to determine whether an intellectual property right has been infringed<sup>73</sup>.

For the simplified procedure to be carried out, the right holder must inform the customs authorities in writing within the prescribed period that the goods in question infringe one or more of the intellectual property rights covered by the 2003 Regulation. The right holder must also provide the customs authorities with a written agreement from the declarant, holder or owner of the goods to abandon the goods for destruction. However, this agreement is to be presumed in cases where the declarer, holder or owner of the goods has not specifically opposed destruction within the prescribed period<sup>74</sup>. The prescribed period for the simplified procedure, as for the standard procedure, is initially restricted to 10 working days from the

## Guide to Border Enforcement of IPRs in the EU

receipt of notification of interception, although it may be extended by a further 10 working days in appropriate cases<sup>75</sup>. In the case of perishable goods, the period is restricted to three working days and is not renewable<sup>76</sup>

The cost of destroying goods under the simplified procedure is to be borne by the right holders, unless national legislation provides for this cost to be borne by another source. If goods are destroyed under the simplified procedure, the customs authorities must take samples and retain them for use as evidence in any subsequent legal proceedings<sup>77</sup>

### (i) Liability of Right holders

Any civil liability on the part of a right holder toward the declarant, owner, importer, exporter, holder or consignee of goods intercepted under the 2003 Regulation is governed by the national law of the Member State in which the interception took place<sup>78</sup>.

### (j) "Non-Commercial" Exclusion

The Community's system of border controls does not apply to goods of a non-commercial nature found in travellers' luggage, provided they are within the limits excluded from customs duty<sup>79</sup>. The 2003 Regulation provides that customs authorities may intercept infringing goods found in traveller's personal baggage if there are material indications to suggest the goods are part of commercial traffic<sup>80</sup>.

### (K) Penalties

The 2003 Regulation requires Member States to introduce penalties to apply in cases where the Regulation has been violated. According to Article 18 these penalties must be "effective, proportionate and dissuasive".

## **X. Best Practices for Enforcement of Intellectual Property Rights**

A survey conducted by the WIPO in 2002 indicated that the main barriers to eliminating counterfeiting and piracy were not found in the substantive law, but rather in the remedies and penalties available (or not available) to stop and deter counterfeiting and piracy<sup>1</sup>. The ineffectiveness of enforcement systems was attributed, in many cases, to a lack of human resources, funding and practical experience in IP enforcement of relevant officials, including the judiciary; insufficient knowledge on the part of right holders and the general public, concerning their rights and remedies; and systemic problems resulting from insufficient national and international coordination, including a lack of transparency.

The following were identified as being among the best practices for the implementation of the enforcement provisions of the TRIPS Agreement. As explained in the specific [Briefing Paper](#), most of these practices have been incorporated into Community Law by Directive 2004/48:

### (a) National Cooperation and Coordination

The fight against counterfeiting and piracy would have much greater chances for success if it were a coordinated one, involving all the relevant stakeholders, and dealing with all the various intellectual property rights. A number of Member States have established coordinating or taskforce units involving the relevant ministries and agencies, such as the industrial property offices, customs, police and justice. Also involved are members of such bodies as associations of right holders, copyright societies, medicine control agencies and trading standard authorities, as well as leading manufacturing, retail and consumer organizations. These units sometimes have smaller specialized committee that deal, with more specialized

## Guide to Border Enforcement of IPRs in the EU

intellectual property issues such as the drafting of new legislation and the development of frameworks for cooperation on enforcement action against intellectual property crimes.

The aims of this cooperation included the coordination of enforcement activities; the development of greater expertise, particularly among customs officers at all points of import and export; the improvement in general liaison procedures with all national agencies involved in enforcement; the enhancement of contacts with right holders and their representative organizations; the establishment of benchmarks with specialised anti-counterfeiting units in other Customs administrations; and the participation in public awareness campaigns. The exchange of officials is believed to have produced good results, allowing them to benchmark their performance and structure against specialist units that operate in other Member States. Right holders have been encouraged to contribute to the training of customs staff in the identification of counterfeit and pirated goods, and in intelligence reporting from their own sources to assist officers in identifying consignments of counterfeit or pirated goods.

### (b) International Cooperation

In some Member States, cooperation with international intergovernmental organizations has resulted in the creation of bilateral cooperation and support programs in the field of enforcement. It has been suggested that industrialized Member States be requested to create an international computer network covering the ownership of merchandise that passes through customs. It was observed that the same intellectual property rights registered in a number of countries could be affected by the same types of infringements. Information networks could consequently be useful for the exchange of information on infringement cases.

### (c) Public Awareness and Cooperation

Ultimately, the fight against counterfeiting and piracy has to involve the public, since it is the public's purchasing power that makes these practices profitable. National anti-counterfeiting and anti-piracy campaigns could be used to indicate the link between intellectual property, crime and job losses, the debilitating effects of organized crime, and the dangers to health and safety of infringing goods.

### (d) Right Holder Cooperation

As intellectual property rights are ultimately private rights, right holders have the largest immediate financial stake in ensuring the protection of those rights. For this reason, rights holders have been particularly willing to assist enforcement efforts by providing information to assist in the identification of infringing products and in co-operating in awareness and training programmes.

### (e) Judicial Enforcement

#### (i) Provisional measures

The effective participation of right holders in enforcement actions against counterfeiters and pirates is necessary. An effective way to facilitate this participation is by ordering prompt provisional measures to preserve evidence and prevent infringements. In some jurisdictions, the right holders apply *ex parte* for an order to enter the premises of the alleged infringer in order to attach and preserve evidence. This can be done on short notice, but right holders have to substantiate their claims and may have to provide security. The applications for *ex parte* orders should be acted upon and executed within a short time period, and security requirements should not unreasonably deter recourse to these procedures. Similarly, the appropriate authorities should have the right to order the seizure of suspected infringing goods and other relevant evidence as soon as there is reason to

## Guide to Border Enforcement of IPRs in the EU

suspect that rights are being or are about to be infringed. The ability to seize or preserve should cover not only the infringing articles themselves, but also the equipment and other materials used in the infringing operation, including the means of production and distribution. In some jurisdictions, the freezing of the defendant's bank account(s) and other assets may be ordered in order to ensure that funds to satisfy compensation awards and judgments pending the court's consideration of the merits of the case. In the USA, such orders, executed by the police authorities, under anti-racketeering legislation, allow the enforcement authorities to confiscate assets of organised criminals, such as real property, vehicles and boats, to be used in subsequent enforcement activities.

### *(ii) Damages*

In cases involving infringements of intellectual property rights, it is important that courts be empowered to award damages that both compensate the right holders and deter potential infringers from engaging in illegal activities. National laws therefore should contain rules on the calculation of damages that allow courts to award such damages in order to create a deterrent and adequately compensate right holders. In common law countries, right holders are entitled to an "account of profits", i.e. the right to receive all profits from the infringement. Exemplary damages may be used as a deterrent in cases of flagrant counterfeiting and piracy.

### *(iii) Ancillary orders*

In a number of countries, the courts can order the destruction of infringing goods and/or implements used in the manufacturing thereof, particularly if the defendant has acted in bad faith. Judicial procedures may also be adopted whereby offending goods that have been placed on the market are recalled at the infringer's expense, as long as they were not sold to consumers. In some countries, infringers may be required to undertake corrective advertising.

### *(iv) Evidentiary rules*

In some States, the rules of civil procedure have been amended to include a rebuttable presumption that allows judicial authorities to presume that a person who has infringed an intellectual property right had reasonable grounds to know he was infringing such right. The presumption can be rebutted if the defendant is able to provide concrete proof to the contrary. Additionally, proceedings are facilitated by the presumption of ownership of an industrial property right, evidenced by the relevant registration certificate. In copyright matters, the person or legal entity whose name was indicated as the author, producer, performer or publisher of the work, in the usual manner is, in the absence of proof to the contrary, presumed to be the lawful right holder of the work. A person claiming to have a copyright licence bears the burden of producing a true copy of the license agreement.

### **(f) Criminal Procedures**

A number of countries have introduced criminal sanctions for piracy and counterfeiting. Article 61 of the TRIPS Agreement requires criminal procedures and penalties for cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. A number of countries provide for both civil remedies and criminal penalties in relation to piracy and counterfeiting, as well as for the seizure, forfeiture and destruction of the infringing goods and of any materials and implements that have been used primarily to commit the offence.

## Guide to Border Enforcement of IPRs in the EU

### (g) Right to Information

A "right to information" has been identified as a valuable instrument in the fight against counterfeiting and piracy. It would enable right holders to identify the key persons involved in infringing activities, particularly when the infringing activity involves a number of countries. Providing the right holder with information about infringing goods, as well as about persons involved in the infringements, enables the right holder to identify the chain of distribution.

### (h) Deterrence of Publicity

In some countries, in order to protect the public and raise the awareness of the value of intellectual property rights, judicial authorities, have the power to order the official publication of court decisions, particularly those with a deterrent effect.

### (i) Specialized Courts

Some developing countries, such as Thailand and China, have established specialised courts to hear IPR-related cases as a means of improving their capacities for national enforcement, though such measures are not formally required under TRIPS. A more attractive approach for developing countries is probably to establish (or strengthen) a commercial court, which may hear IPR-related cases and provide improved access to justice for the business sector as a whole. In any event, in most developing countries, a considerable programme of training for the judiciary and other enforcement agencies in IP matters will be required. The "private" nature of IP rights suggests the importance of the resolution of disputes between parties either out of court or under civil law. Indeed, as state enforcement of IPRs is a resource-intensive activity, there is a strong case for developing countries to adopt IPR legislation that emphasises enforcement through a civil rather than a criminal justice system. This would reduce the enforcement burden on the government in the case of counterfeiting on a large scale, although the state enforcement agencies would still be required to intervene. That said, we note that developing countries have come under pressure from industry which advocates enforcement regimes based on state initiatives for the prosecution of infringements. Such pressures should be resisted, and right owners assume the initiative and costs of enforcing their private rights.

### (j) Accelerated Procedures

The WIPO survey of proposed best practices<sup>82</sup> urged that, in order to relieve the courts and their congestion, accelerated cost reducing procedures could be considered. For example, after the customs authorities have seized the goods, the applicant or the person who is entitled should have the possibility to file a written objection within a short time limit. If no objection is filed, the goods would be destroyed or removed from the market in a different way. If an objection is raised, the seized goods would be handed over to the right holder if the applicant cannot prove that he has brought an action with the competent court within a time limit of 10 or 20 days, for example. It was also suggested that alternatively, intellectual property cases could be dealt with in interim, informal procedures, which could be held on very short notice and following which the infringement might be stopped immediately. This abbreviated procedure could be followed by proceedings on the merits. The right holder could make a reasonable case for having an urgent interest and he should do so within reasonable time after the discovery of the infringements, otherwise, he should start proceedings on the merits.

### (k) Mediation and Arbitration

A means of reducing the expense and bureaucratic delays in the enforcement process in a number of developed countries has been to introduce alternative dispute resolution procedures, such as mediation and arbitration. These procedures encourage the exchange of information in order to facilitate the settlement of disputes at an early stage.

## Guide to Border Enforcement of IPRs in the EU

### (l) Regulation of Optical Media Manufacturing

A particular problem, particularly in Asia, has been the manufacture of pirated optical discs. The Macao SAR Government has taken a series of measures to deal with optical disc piracy. It requires controls on the import and export of optical disc production equipment, stampers and media products, as well as raw material for optical discs. Shops selling optical discs must be registered (stating business hours) before business operation, and a penalty shall be levied for any operation beyond registered business hours. With this regulation in place law enforcement authorities are able to control the irregular operation of shops. Source documents (e.g. an invoice) must be available for tracing the activities of selling, storing and shipping in/out of optical disc products, otherwise, a penalty shall be levied. Fines and imprisonment are imposed in relation to selling, storing, and in/out shipping of pirate disc production.

### (m) Contact Points and Information Providers

For effective *ex officio* and normal actions, the security forces and customs authorities must have access to information concerning the right holders. In order to achieve this, contact points have been established in a number of WIPO Member States as the national intellectual property offices, which, under the right circumstances, can provide useful and fast information on right holders and rights. In some Member States, the intellectual property office plays a pivotal role in drafting clear instructions for enforcement officials on how to proceed in these cases and how to do studies and compile useful reports to assist in this aim. The intellectual property office has been called upon to give binding or non-binding reports, and other relevant information, to assist the courts.

1. Regulation (EC) No. 1383/2003, OJ L 196 , 2.8.2003, p. 7.
2. Directive 2004/48/EC OJ L 195 , 2.6.2004, p. 16.
3. *Countering Counterfeiting. A guide to protecting & enforcing intellectual property rights*, Counterfeiting Intelligence Bureau, International Chamber of Commerce, 1997.
4. Eg trade marks (First Council Directive 89/104/EEC of 21<sup>st</sup> December 1988 to approximate the laws of the Member States relating to trade marks, OJ L 40, 11.2.1989, p. 1), designs (Directive 98/71/EC of the European Parliament and of the Council of 13<sup>th</sup> October 1998 on the legal protection of designs, OJ L 289, 28.10.1998, p. 28), patents for biotechnological inventions (Directive 98/44/EC of the European Parliament and of the Council of 6<sup>th</sup> July 1998 on the legal protection of biotechnological inventions, OJ L 213, 30.7.1998, p. 13), aspects of copyright and related rights ( Council Directive 91/250/EEC of 14<sup>th</sup> May 1991 on the legal protection of computer programs, OJ L 122, 17.5.1991, p. 42; Council Directive 92/100/EEC of 19<sup>th</sup> November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, OJ L 346, 27.11.1992, p. 61; Council Directive 93/83/EEC of 27<sup>th</sup> September 1993 on the co-ordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, OJ L 248, 6.10.1993, p. 15; Council Directive 93/98/EEC of 29<sup>th</sup> October 1993 harmonising the term of protection of copyright and certain related rights, OJ L 290, 24.11.1993, p. 9; Directive 96/9/EC of the European Parliament and of the Council of 11<sup>th</sup> March 1996 on the legal protection of databases, OJ L 77, 27.3.1996, p. 20; Directive 2001/29/EC of the European Parliament and of the Council of 22<sup>nd</sup> May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167, 22.6.2001, p. 10..) resale right for the benefit of the authors of original works of art (Directive 2001/84/EC of the European Parliament and of the

## Guide to Border Enforcement of IPRs in the EU

Council of 27<sup>th</sup> September 2001 on resale rights for the benefit of the authors of original works of art, OJ L 272, 13.10.2001, p. 32) .

5. Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, OJ L 11, 14.1.1994, p. 1.
6. Council Regulation (EC) No 2100/94 of 27<sup>th</sup> July 1994 on Community plant variety rights, OJ L 227, 1.9.1994, p.1.
7. Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs, OJ L 3, 5.01.2002, p. 1.
8. [Proposal for a Council Regulation on the Community patent \(8th march 2004\)](#) In March 2004, under Irish presidency, the Competetive Council failed to agree on the details of proposed Regulations. The most problematic issues were the time delays for the translation of claims and the authentic text of claims in case of infringement. How to treat infringement of patents which might arise as a result of mistranslations was disputed. Between January and March 2006, the European Commission held a [public consultation on future patent policy in Europe](#). The Community patent continues to be a priority but the adoption of a new Proposal for Regulation will depend on the results of a public hearing to be held soon in Brussels.
9. Council Regulation (EEC) No 3842/86 of 1 December 1986 laying down measures to prohibit the release for free circulation of counterfeit goods, OJ L 357, 18.12.1986, p. 1;8 OJ L 341, 30.12.1994, p. 8. Regulation (Regulation (EC) No 1367/95, OJ L 133, 17.6.1995, p. 2).
- 10.COM(98) 569 final
- 11.OJC C 41, 7.2.2001, p.56.
- 12.COM (2000) 789 Final.
- 13.OJ C 221, 7.8.2001, p.20.
- 14.COM (2003) 46 Final.
- 15.[Directive 2004/48/EC Official Journal L 195 , 2.6.2004, p. 16](#)
- 16.[COM \(2005\) 276 final](#)
17. See Article 11 of the WIPO Copyright Treaty and Article 18 of the WIPO Performances and Phonograms Treaty. Both treaties were adopted by the Diplomatic Conference on Certain Copyright and Neighbouring Rights Questions, which was convened under the auspices of WIPO in Geneva on 20 December 1996.
18. Article 6 of Directive 2001/29/EC of the European Parliament and of the Council of 22nd May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society OJ L 167 , 22.6.2001, p. 10.
- 19.45 CSE(97)1 of 4<sup>th</sup> June 1997.
- 20.OJ [1986] No L 357/1; and Commission Regulation (EEC) No 3077/87 of 14th October 1987 laying down provisions for the implementation of Council Regulation (EEC) No 3842/86 establishing measures to prohibit the release for free circulation of counterfeit goods , OJ [1987] L291/19. See also S. Billings, "EEC Council Regulation 3842/86: an effective piracy weapon?" [1988] EIPR 346; E. Vermulst, R-J. Meijer and P. Waer, "Counterfeiting in GATT, the EEC and the Netherlands: searching for new remedies" (1988) 2 [Legal Issues of European Integration](#) 61.
21. Report from the Commission to the Council and the European Parliament on the Functioning of the System set up by Council Regulation (EEC) No 3842/86 of 1<sup>st</sup> December 1986 (Counterfeit Goods), 15<sup>th</sup> February 1991, SEC(91) 262 final.

## Guide to Border Enforcement of IPRs in the EU

22. Report from the Commission on the implementation of Council Regulation (EC) No 3295/94 of 22<sup>nd</sup> December 1994 as regards border controls on trade in goods which may be counterfeit or pirated, and Proposal for a Council Regulation (EC) amending Regulation (EC) No 3295/94 laying down measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods, COM(1998) 25 final, OJ [1998] C108/63.
23. Customs Policy Division of the Directorate-General for Taxation and the Customs Union, Study Aiming to Improve Customs Control Regarding Intellectual Property Rights and to Facilitate Access to an Effective Customs Regulation, TAXUD/2001/1003, 28 January 2001, Brussels. See also, Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee concerning a strategy for the Customs Union, COM(2001) 51 final.
24. Proposal for a Council Regulation concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, COM(2003) 20 final.
25. OJ L 196/7, 2.8.2003, p. 7.
26. OJ L 328, 30.10.2004, p. 16.
27. Council Regulation (EEC) No 2913/92 of 12th October 1992 establishing the Community Customs Code, OJ L 302, 19.10.1992, p. 1, as last amended by Regulation (EC) No 2700/2000 of the European Parliament and the European Council, OJ L 311, 12.12.2000, p. 17. See also Commission Regulation (EEC) No 2454/93 of 2nd July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code OJ L 253, 11.10.1993, p. 1.
28. 2003 Regulation, Article 1(1)(a).
29. 2003 Regulation, Article 21.
30. Commission Communication [COM\(2005\) 479](#) of 11 October 2005
31. 2003 Regulation, Article 1(1)(a).
32. 2003 Regulation, Article 1(1)(b).
33. 2003 Regulation, Article 1(1)(b).
34. 2003 Regulation, Article 1(1)(b).
35. 2003 Regulation, Article 1(1)(b).
36. CCC, Article 84(1)(a).
37. Case C-383/98 [2000] ECR I-2519 (ECJ), para.34. Note, however, that the Regulation does not apply to goods in transit to a non-member state where the goods originate within the Community, Administration des Douanes et Droits Indirects v. Rioglass SA and Transremar SL, Case C-115/02, judgement of 23rd October 2003, [OJ C 304, 13.12.2003, p. 8.](#)
38. 2003 Regulation, Article 2(1)(a)(i).
39. 2003 Regulation, Article 2(1)(b).
40. E.g. the definition of 'pirated copyright goods' in the TRIPs Agreement makes no reference to design rights.
41. Supplementary protection certificates are issued under Council Regulation (EEC) No 1768/92, OJ L 182, 2.7.1992, p. 1; and Council Regulation (EC) No 1610/96, OJ L 198, 8.8.'996, p. 30.

## Guide to Border Enforcement of IPRs in the EU

42. Council Regulation (EC) No 2100/94 of 27<sup>th</sup> July 1994 on Community plant variety rights, OJ [1994] L227/1 (as amended).
43. Commission Press Release, Customs: counterfeiting and piracy in 2001, Brussels, 26<sup>th</sup> July 2002, IP/02/1163.
44. 2003 Regulation, Article 5(7). The 1994 Regulation, Article 3(5), specified that if an application was refused, the customs service must give reasons for its refusal and its decision may be subject to appeal. The 2003 Regulation contains a similar provision in Article 5(8).
45. 2003 Regulation, Article 8(2), first sub-paragraph. It seems logical for the competent customs department of each Member State to forward decisions granting an application to customs offices within that Member State's customs authority. However, the first sub-paragraph of Article 8(2) does not specify who is responsible for forwarding these decisions to customs offices. See also the second sub-paragraph of Article 8(3).
46. 2003 Regulation, Article 5(5).
47. 2003 Regulation, Article 5(8).
48. 2003 Regulation, Article 5(5).
49. 2003 Regulation, Article 2(2).
50. 2003 Regulation, Article 5(5).
51. 2003 Regulation, Article 5(6).
52. 2003 Regulation, Article 6(1).
53. 2003 Regulation, Article 6(1), second sub-paragraph.
54. 2003 Regulation, Article 8(1).
55. 2003 Regulation, Article 4(1).
56. 2003 Regulation, Article 4(1). "Declarant" is defined in Article 4(18) of the CCC as "the person making the customs declaration is his own name or the person in whose name a customs declaration is made". "Holder of the goods" is defined by reference to Article 38 of the CCC, which covers the person who brings the goods into the customs territory of the Community and any person who assumes responsibility for the carriage of the goods after they have been brought into the customs territory of the Community.
57. 2003 Regulation, Article 4(2).
58. 2003 Regulation, Article 9(1), first sub-paragraph.
59. 2003 Regulation, Article 9(1), second sub-paragraph.
60. 2003 Regulation, Article 9(2).
61. 2003 Regulation Article 9(2).
62. 2003 Regulation, Article 9(3) second sub-paragraph.
63. 2003 Regulation, Article 9(3). Under Article 6(1) of the 1994 Regulation right holders were able to obtain the names and addresses of the declarant and, if known, the consignee of suspect goods prior to a substantive determination of infringement. However, under Article 8(3) they were entitled to receive information about the identities of others involved in the manufacture and chain of distribution only after they had obtained a substantive determination of infringement.
64. 2003 Regulation, Article 13(1).
65. 2003 Regulation, Article 13(2).

## Guide to Border Enforcement of IPRs in the EU

www.ipr-helpdesk.org  
ipr-helpdesk@ua.es

- 66.2003 Regulation, Article 13(1).
- 67.2003 Regulation, Articles 10 and 13.
- 68.2003 Regulation, Article 10.
- 69.2003 Regulation, Article 16.
- 70.2003 Regulation, Article 14(1).
- 71.2003 Regulation, Article 14(2).
- 72.2003 Regulation, Article 11(1).
- 73.2003 Regulation, Article 11(2).
- 74.2003 Regulation, Article 11(1), first indent.
- 75.2003 Regulation, Article 11(1) first indent.
- 76.Ibid.
- 77.2003 Regulation, Article 11(1), second indent.
- 78.2003 Regulation, Article 19(3).
- 79.2003 Regulation, Article 3(2) and 12th Recital
- 80.2003 Regulation, Article 3(2) and 11th Recital.
- 81.WIPO Doc., WIPO/EIM/3.
- 82.WIPO Doc., WIPO/EIM/3.

---

The [IPR-Helpdesk](#) project is coordinated by the University of Alicante, which is supported by the Intellectual Property Law Institute of Jagiellonian University in Cracow and European Research and Project Office GmbH in Saarbrücken.

**Project Management Office**  
IPR-Helpdesk  
Edificio Germán Bernácer  
Universidad de Alicante  
P.O. Box 99  
03080 Alicante  
España

e-mail: [ipr-helpdesk@ua.es](mailto:ipr-helpdesk@ua.es)  
Tel.: +34 965 90 97 18  
Fax: +34 965 90 97 15

**Representative Office**  
IPR-Helpdesk  
98, Rue du Trône  
B-1050 Brussels

e-mail: [ipr-helpdesk@ua.es](mailto:ipr-helpdesk@ua.es)  
Tel.: +32 (0) 2 213 41 63  
Fax: +32 (0) 2 213 41 69