

Introduction of New EU Counterfeit Goods Regulation: Enhancement of an Intellectual Property Right Owner's Protection Against Infringement

Introduction

The movement throughout Europe of counterfeit goods which infringe intellectual property rights (IPRs) represents a real and growing threat to businesses, consumers and the public at large. The magnitude and escalation of the issue is reflected in figures published by the European Commission in its annual customs detention report for 2012, which reported that in 2011, EU Customs had detained almost 115 million products suspected of violating IPRs (the value of which represented nearly €1.3 billion) compared with 103 million in 2010.

Recognising the importance of addressing this problem, the European Council called for a review of the EU's existing regulation on counterfeit goods (1383/2003/EC) and, on 24 May 2011, the European Commission proposed that a new anti-counterfeiting regulation (5129/2013/EC) be implemented, with the aim of strengthening the enforcement of IPRs by customs. The Internal Market Committee endorsed this proposal on 24 January 2013, with a view to it being adopted by 1 January 2014.

Current Legislation

The current procedures governing the position in respect of counterfeit goods which infringe IPRs in the EU are set out in Regulation 1383/2003/EC (the "Regulation").

The Regulation permits owners of IPRs (including trade marks, copyrights, design rights, patents, supplementary protection certificates, plant-variety rights as well as protected designations of origin and geographical indications) to request national customs authorities to take action in respect of goods which they believe infringe their rights, such as seizure and detention. Alternatively, goods under suspicion may be provisionally detained by authorities before IPR holders are invited to request that action be taken.

Proposed Legislation

In order to give better protection to IPR holders in respect of counterfeit goods, the recently endorsed Regulation 5129/2013/EC (the "Proposed Regulation") seeks to revise the current position, fundamentally, by introducing the following measures:

a) Extended protection of IPRs

Alongside those IPRs currently protected by the Regulation (as referred to above), the Proposed Regulation expands the IPRs which are subject to the activity of customs authorities to include trade names, topographies of semiconductor products, utility models and devices to circumvent technological measures. This measure will be welcomed by holders of intellectual property who do not have registered protection in place, although the registration of IPRs will continue to be the recommended course of action because their enforcement will be more straightforward.

b) “Simplified Procedure” for detention and destruction of goods made mandatory

The Regulation makes provision for a “simplified procedure” under which an IPR holder and importer can agree that infringing goods should be destroyed under customs supervision. The simplified procedure is a discretionary measure and so is not currently implemented by all Member States. The Proposed Regulation however seeks to make the procedure mandatory in every Member State. Whilst many holders of IPR in the UK may not notice this change (the procedure is already in place in the UK), it will bring clarity and consistency to the current enforcement regime across Europe.

c) Accelerated procedure for the destruction of small consignments

To address the increase in infringing goods resulting from internet sales, provision is made under the Proposed Regulation for a designated, accelerated procedure allowing officials to destroy small consignments of counterfeit goods (those containing three units or less or with a total weight of less than two kilograms) without legal proceedings having to be initiated. An IPR owner will have to “opt-in” to this procedure when completing their Customs Monitoring Application to benefit from it. This will be of interest to those whose business concerns goods which are transmitted by post (and so which are more likely to satisfy the definition of a small consignment).

d) Information sharing

Goods merely in transit are not considered to be infringing goods for the purposes of the EU’s regulation of counterfeit goods and so cannot be detained or destroyed. However, the Proposed Regulation permits EU customs authorities to share information on suspected infringement activity with customs authorities in non-EU destination countries. As a result, it is anticipated that there will be an increase of seizures taking place on importation.

e) Destruction and detention costs

Presently, IPR holders are required to bear the costs incurred by the customs authorities in relation to the destruction and detention of infringing goods. However, the Proposed Regulation allows IPR holders, in accordance with national law measures, to recover these costs from the infringer or any other liable party. The viability of recovering such costs will, however, depend on the financial position of the infringing party. Having to commence legal proceedings in order to recover these costs may further deter an IPR holder. However, as part of the objective to handle cases concerning small consignments of counterfeit goods with greater speed and efficiency, any related storage and destruction costs in these circumstances will be borne by the customs authorities.

Conclusion

Given the steep rise within Europe of trade involving counterfeit goods which infringe IPRs, the new measures will be well received by owners of intellectual property. Essentially, the new measures seek to speed up and make more efficient the procedures for identifying and handling infringing goods and, at the same time, reduce the time and costs incurred by rights-holders in the process.

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