

ECTA WORKSHOP

Liability of Rights holders following
discontinuance of a procedure for detention on
goods

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- The defense of intellectual property rights is a major issue.
 - In this respect, Regulation 608/2013 on the European Parliament and the Council of 12 June 2013, concerning enforcement of intellectual property rights and repealing Council Regulation (EC) N° 1383/22032, is a very effective tool for the IP rights holder...
 - ...But a terrible one for the holder of the seized goods.

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- However, sometimes, the holder of the seized goods is not necessarily the “bad guy” but also be a loyal competitor.
 - On the other hand, sometimes, this loyal competitor may be confronted to an IP owner who, for business strategies, invokes rights that he knows he does not held.
 - This is where article 28 of the Regulation 608/2013 is crucial.

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- Pursuant to this Article “***Liability of the holder of the decision***”:

Where a procedure duly initiated pursuant to this Regulation is discontinued owing to an act or omission on the part of the holder of the decision, where samples taken pursuant to Article 19(2) are either not returned or are damaged and beyond use owing to an act or omission on the part of the holder of the decision, or where the goods in question are subsequently found not to infringe an intellectual property right, the holder of the decision shall be liable towards any holder of the goods or declarant, who has suffered damage in that regard, in accordance with specific applicable legislation.”

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- However, does this Article provide adequate protection for the holder of the goods unlawfully seized?
 - Let's review a case.

DESIGNS ON WHICH THE CUSTOMS PROCEEDINGS WERE LAUNCHED

Designs n° 002223834-0027 et n° 002223834-0028



Designs n° 002223834-0033 et n° 002223834-0032




Contested goods




Prior art

1964
**Oyster Perpetual
Submariner 200m=660ft**
Référence: 5513
Boîtier: acier inoxydable, fond vissé,
bracelet articulé acier inoxydable, 39 mm
Mouvement: calibre 1520, rhodium, 26
rubis, 6 réglages, automatique
Remarques: modèle doté d'une version de
cadran dans le style « Explorer » très rare.
Estimation: € 20 000,-



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- The Customs proceedings led to the detention of all contested goods.
 - The Customs brought an action before the Criminal Court.
 - The IP right holder claimed damages before the Criminal Court.

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- Both, the Court of first instance and the Court of Appeal, rejected the Customs and the IP right holders' claims.
 - The case is now pending before the Supreme Court.
 - However, the Customs refused to release the goods which are still detained.



Harmful Consequences for the holder of the goods

- The goods have now become obsolete because – obviously - the batteries of the watches are dead.
- The expenses of the marketing campaign have been spent in vain.
- Loss of a market and of the possibility to sell other products.
- Reputational damages.
- Costs of proceedings and time spent.



Way to restore the holder of the goods in its rights

- Bring a civil action for tort liability and unfair competition.
- This legal action presents some difficulties, in addition to the correct assessment of the loss:
 - It is the Customs, and not the IP rights holder, who ordered the detention of the goods and still detains them;
 - Invoking IP rights - as such - is not a wrongful act;
 - Necessity to prove the bad faith of the IP rights holder.



CONSIDERATION

- When the holder of the goods seriously challenges the validity of the IP rights or when there are strong evidence of their invalidity, shouldn't the holder of the goods be able to better defend its rights, before the detention or any legal action?
- Drawing the attention of the customs to this issue.



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