



European Communities Trade Mark Association

ECTA's response to the Consultation Paper on the Review of EU Legislation on Customs Enforcement of IPRs¹

Introduction

The Consultation

The European Commission is currently in the process of reviewing Council Regulation (EC) No 1383/2003 of 22 July 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 ("the Border Measures Regulation").

Interested parties have been invited by DG TAXUD to comment on the Consultation Paper: "*Review of EU legislation on customs enforcement of intellectual property rights*".

As the Commission rightly emphasises in its Consultation Paper, Intellectual Property Rights ("IPRs") are of paramount importance to innovation, research and creative activities. IPR infringements are a matter of growing concern, particularly in a global economy, putting the public health and consumers' safety at great risk, while causing great harm to the legitimate industries' economic welfare.

The Border Measures Regulation is a crucial instrument when it comes to enforcing IPR at the external borders of the EU. Since the first-generation Regulation dating back to 1986, the scope of this instrument has been gradually extended in order to take into account the globalisation of counterfeiting and piracy, the growing trade in counterfeit goods over the internet, the involvement of organised crime in this sector, as well as the risks that have been identified above.

ECTA

ECTA is the European Communities Trade Mark Association. ECTA numbers approximately 1500 members, coming from the Member States of the European Union, with associate members from all over the world. It brings together all those persons practising professionally in the Member States of the European Community in the field of trade marks, designs and related IP matters.

¹ ECTA wishes to thank Olivier Vrins, member of the ECTA Anti-counterfeiting Committee, for the drafting of this response.



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1. Scope of the Regulation: Concerning the competence of Customs authorities for IPR enforcement, what should be the situations of infringing goods in which Customs authorities should take action?

1.1. ECTA advocates that the Border Measures should continue to be applicable to infringing goods that are declared for release for free circulation in the EU, as well as to all other situations in which such goods are under Customs supervision (including, in particular, (re-)exportation, external transit, Customs warehousing, transshipment, temporary deposit, placement in free zones or free warehouses).²

In 2008, only 43% of all goods suspected of infringing an IPR intercepted by the Member States at the EU external border were detained at import. Over 60% were blocked while in transit or under a Customs warehousing procedure (DG TAXUD, Report on EU Customs Enforcement of Intellectual Property Rights - Results at the European Border (2009)).

Excluding suspensive Customs procedures (and, in particular, external transit and Customs warehousing), as well as transshipment, from the scope of the Regulation would convey the wrong signal to infringers, whilst seriously undermining the efficiency of the Regulation to tackle IPR infringements in a global economy. Indeed, it would allow infringers to pre-empt the application of the Regulation by systematically placing their goods under a suspensive procedure, and later on changing the Customs status of the shipment.

ECTA does appreciate that Article 51 of TRIPS only relates to Customs checks at import and does not compel WTO Members to apply border measures to goods in transit (TRIPS, fn 13 to Art 51).

However, the TRIPS Agreement is an agreement *a minima* and does not preclude WTO Members from setting up their own national border measures, exceeding as the case may be the protection thresholds laid down in TRIPS.

Although Article V(2) of the 1994 GATT Agreement (Annex 1A to the WTO Agreement) sets out the principle of freedom of transit through the territory of each contracting party (thus including the EU), Article XX(d) also stipulates that nothing in the Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures necessary to secure compliance with the laws of regulations relating to Customs enforcement, the protection of patents, trade marks and copyrights and the prevention of deceptive practices. The Modernised Customs Code (Arts 91(1) and 177(2)(d)) also entitles the EU Member States to subject non-Community goods to such prohibitions and restrictions as are justified on grounds of, *inter alia*, the protection of industrial or commercial property, including "certain intellectual property rights". The freedom of transit principle does not aim to apply to illicit trade, including trade in goods infringing IPRs.

² When defining the situations in which Customs authorities will have jurisdiction over infringing goods, reference should preferably be made to the provisions/concepts of the Modernised Customs Code of the European Union (Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008 laying down the Community Customs Code), and no longer to Council Regulation (EC) No 2913/92.



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Thus, the scope of the current Border Measures Regulation does respect the TRIPS Agreement, and also takes into consideration the core principles laid down in the GATT Agreement.

ECTA observes that, in its Consultation Paper, the Commission considers that the Border Measures Regulation should not affect substantive IPR law applicable in the Member States and in particular to the extent of the rights conferred by such law to the rights holders.

On the face of it, it seems that the Commission is somewhat reluctant to maintain what has occasionally been referred to as the 'manufacturing fiction' (Recital 8 of the current Border Measures Regulation; Art 6(2)(b) of Regulation (EC) 3295/94). As the Commission is aware, this issue has been referred to the Court of Justice of the European Union ('CJEU') for a preliminary ruling in cases C-446/09 and C-495/09.

We respectfully suggest that the Commission should wait until the CJEU has handed down its judgments in those two cases before submitting any legislation reviewing the Border Measures Regulation to the Council.

1.2. In any instance, the Commission ought not to lose sight of the fact that goods in transit are capable of infringing IPRs, if not in the countries of origin or transit, then at least in the country of destination. It would be inappropriate to deprive the rights holders of the possibility of preventing the transit through the Community Customs territory of goods that would infringe their rights in the country of destination. In such situations, even assuming that the goods would not *per se* infringe any IPR in the Member State of transit, they should be regarded as illegitimate and may then be subject to border measures pursuant to Article XX(d) of the GATT Agreement and Article 91(1) of the Modernised Community Customs Code.³

The mere fact that goods in transit are normally not intended for sale in the transit country should not be sufficient to regard such goods as not infringing. By analogy, it is well-accepted that goods unlawfully bearing a trade mark that are declared for export in a Member State where the trade mark is protected, are capable of infringing trade mark rights, even though they are not destined for that Member State and are in no way whatsoever disclosed to the public (see, e.g., in the Benelux, the judgment of the Benelux Court of Justice of 13 June 1994, *Wolf Oil/Century Oils*). One may wonder why the situation should be different for goods that are in the process of being re-exported or are in transit or transshipment.

Assuming that the Commission would consider removing the so-called 'manufacturing fiction' (if any) from the Border Measures Regulation, then Article 10 of the current Regulation should at least be amended in such a way as to provide that, when deciding whether an IPR has been infringed or not for the application of the Regulation, reference shall be made to the law of the Member State in whose territory the goods have been intercepted by Customs, as well as to the laws of the countries of origin and destination.

³ The judgment of the CJEU of 9 November 2006 in case C-281/05 (*Montex Holdings Ltd v Diesel SpA*) does not address this issue, since it only relates to the transit through a Member State of goods whose destination is a Member State where there is no trade mark protection.

In matter of transit, it is not uncommon to provide that the legal status of the goods is to be dealt with having regard to the law of the country of destination (see, e.g., Art 88 of the Belgian Code of International Private Law). Reference to the law of transit should nevertheless be maintained, as the national law (including, as the case may be, the criminal law) of several Member States, such as the Netherlands (Article 337 of the Dutch Criminal Code) and Italy, do entitle the law enforcement authorities to prevent the transit of illicit goods.

Having regard to the possibility for infringers to 'break routes' (*ruptures de charges*) or to place goods under Customs procedures (such as, e.g., the Customs warehousing procedure) where the destination of the goods is not yet known, it could be provided under the new Border Measures Regulation, in order to impede illegitimate trade as much as possible, that goods which have been placed under a suspensive procedure or are in the process of being transhipped, and which would infringe an IPR if they were released for free circulation in the Member State where they have been intercepted, will not be released by Customs, as long as no conclusive evidence is provided to Customs (and to the rights holder) that the goods are destined for a country in which their sale would not result in an IPR infringement.

Article 10 of the Regulation could, for example, be amended to read as follows:

"When determining whether an intellectual property right has been infringed under this Regulation, reference shall be made to:

- *the law of the Member State within whose territory the goods have been placed in one of the situations referred to in Article 1(1); and*
- *the laws of the countries of origin and destination of the goods.*

When determining the applicable laws, the declarant, holder and owner of the goods shall bear the burden of proving the final destination of the goods. Pending the proceedings referred to in Article 13, the detention of the goods shall not be ended as long as no conclusive evidence of the country of destination of the goods has been produced".

Accordingly, the definition of "goods infringing an intellectual property right", the reference to "the law of the Member State in which the application for action by the customs authorities is made" or to the legislation of the Member State where the goods have been found, should be complemented by a reference in the Regulation to the laws of the countries of origin and destination of the goods.

2. Scope of the Regulation: What should be the range of IPRs covered by the Regulation?

2.1. The Border Measures Regulation should continue to apply to all types of IPR infringements, including goods infringing a trade mark, a copyright or related right, an industrial design, a geographical indication, a patent or a supplementary protection certificate ('SPC'), and plant variety rights.

2.2. Article 2(1)(a)(i) of the current Border Measures Regulation defines “counterfeit goods” as goods “bearing without authorisation a trade mark identical to the trade mark validly *registered in respect of the same type of goods*, or which cannot be distinguished in its essential aspects from such a trade mark”, and which thereby infringes the trade mark holder’s rights under either Community or national law.

This definition does not cover all situations in which trade mark owners are entitled to prevent unauthorised use of their trade marks under either Article 9(1)(a) to (c) of Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (Codified version) or Articles 5(1) and 5(2) of Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks (Codified version) (see e.g. Pres. Rotterdam District Court, 22 August 2006, *China Shipping*). ECTA submits that the definition of “counterfeit goods” and of “pirated goods” should be revisited so as to cover all goods capable of infringing trade mark rights, copyrights, related rights or design rights. A limitation of the ambit of the Regulation to the definitions provided in TRIPS (fn 14 to Art 51), which is an *a minima* instrument, would be too restrictive. The current Border Measures Regulation is, in some way, discriminatory, in that it applies to all situations in which goods are considered to infringe a patent, an SPC, a plant variety right, a designation of origin, or a geographical indication or designation, on the one hand, but does not apply to all types of goods capable of infringing a trade mark, copyright, related right, or a design right.

2.3. In addition, the Commission should consider extending the scope of the Border Measures Regulation to utility models, topographies of semi-conductor products and *sui generis* rights of database makers provided for in Chapter III of Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases. Some Member States already provide for such protection at the EU external border (see e.g. the Czech Republic, with regard to *sui generis* database rights).

The Commission might also consider conferring competence on the Customs authorities under the Border Measures Regulation for:

- goods infringing an unregistered well-known trade mark, in the sense of Article 6*bis* of the Paris Convention for the Protection of Industrial Property. This would presumably allow, in many cases, the avoidance of discussions regarding the Customs status of the goods when determining whether goods that have been detained by Customs infringe trade mark rights or not. Since well-known trade marks ought to be protected virtually in all countries, the declarant, holder or owner of goods unduly bearing such a trade mark could no longer rely on the fact that the goods are non-Community goods to preempt the application of border measures;
- goods infringing a trade name, as is provided e.g. in Article 9 of the Paris Convention. Although the scope of trade mark rights in some of the Member States does embrace uses of a conflicting sign as a trade name (which is allowed by Article 5(5) of Directive 2008/95/EC), this is not the case in all Member States.



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Therefore, the mere reference in the Border Measures Regulation to “goods infringing a trade mark” would not be entirely satisfactory to prevent the movement of goods unlawfully bearing a trade name throughout the EU.

It should be noted in this regard that, according to the Statement 2005/295/EC of the Commission concerning Article 2 of Directive 2004/48/EC, the European Commission considers utility models, topographies of semi-conductor products, *sui generis* database rights, and trade names (in so far as these are protected as exclusive property rights in the national law concerned), as IPRs which should benefit from the protection regime as provided by the Directive.

2.4. Last but not least, the current Border Measures Regulation has proved to be relatively ineffective so far for the prevention of the placing into circulation from, to or throughout the Member States, of some types of goods which, although they do not themselves infringe any IPR (and cannot be defined either as “moulds” or “matrices”), are considered illegitimate under Community law. Video game and film producers, *inter alia*, are facing major difficulties in hindering the circulation of such goods (including, in particular, so-called “game copier devices” and “modchips”) throughout the EU.

Article 7(1)(c) of Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs (Codified version) explicitly provides that Member States must provide appropriate remedies against any person committing any act of putting into circulation, or the possession for commercial purposes of, any device whose sole intended purpose is to facilitate the unauthorised removal or circumvention of any technical device which may have been applied to protect a computer program. Pursuant to Article 7(3) of the Directive, Member States may provide for the seizure of any such devices.

Likewise, Article 6(2) of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society stipulates that Member States must provide adequate legal protection against the manufacture, import, distribution, sale, rental, advertisement for sale or rental, or possession for commercial purposes of devices, products or components or the provision of services which: (a) are promoted, advertised or marketed for the purpose of circumvention of, or (b) have only a limited commercially significant purpose or use other than to circumvent, or (c) are primarily designed, produced, adapted or performed for the purpose of enabling or facilitating the circumvention of, any effective technological measures.

3. Scope of the Regulation: Possible derogations for which Customs authorities should not be competent to take action in the light of the Regulation.

3.1. ECTA backs the proposal of several Member States (including, e.g., Spain), to extend the scope of the Border Measures Regulation to parallel imports of genuine goods. The case law of the CJEU regarding parallel trade is well-settled. Customs have already been empowered to take action against parallel imports in some Member States (including, e.g., the United Kingdom and Germany), without this giving rise to any major difficulties in practice. By nature, the Customs authorities are better placed than anyone to control – and, where applicable, restrain – illegitimate parallel trade.



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The withdrawal of the derogation concerning parallel imports would also facilitate the rights holders' task to promptly notify Customs of whether or not non-Community goods whose release for free circulation have been suspended do infringe their rights. Indeed, in such cases, the rights holders would no longer have to check whether the goods are genuine or not; they could limit themselves to advise Customs that they have not consented to their importation into the EU.

3.2. As to overruns and other "goods which have been manufactured under conditions other than those agreed with the rights holder", they are usually considered as counterfeit (in the broad sense) and not as "grey goods". Hence, there is no reason to exclude such goods from the scope of the Border Measures Regulation.

3.3. As regards the so-called *personal allowance*, ECTA suggests that the current regime should be maintained in as far as it enables Customs to intervene whenever there are indications that goods are being transported for commercial purposes. Article 3 of the current Border Measures Regulation already contains such a safeguard clause: "... and there are no material indications to suggest the goods are part of commercial traffic". ECTA is not sure what the word "material" stands for, and suggests that this word is deleted.

ECTA also suggest that Article 3 is amended so as to authorise Customs to take action whenever goods infringing IPRs, irrespective of the quantity, are likely to jeopardise consumers' health or safety.

Finally, the Commission might consider including in the new Border Measures Regulation a simplified procedure, enabling Customs to deal with small consignments on their own initiative and at no cost to the rights holder (see below, section 4).

4. Should a new procedure be envisaged to deal with small consignments?

ECTA is of the opinion that consumer awareness campaigns are among the most cost-effective options when it comes to discouraging travellers from consuming counterfeit goods.

Nevertheless, a *de minimis* rule may convey the wrong signal that the Member States would tolerate IPR infringements up to a certain level. This should ideally be avoided, yet without forcing the rights holders in any way to incur costs which, in such situations, are often disproportionate.

Therefore, ECTA suggests that small consignments and goods contained in travellers' personal luggage (whether or not of a commercial nature) should be subject to a simplified procedure allowing the destruction of the goods without there being a need for the rights holder to initiate proceedings to determine whether or not the goods infringe an IPR. The simplified procedure is the only (cost-) effective way to tackle the sale of IPR infringing goods via the internet, which is a growing concern. If at all possible, the simplified procedure with regard to small consignments should be applied exclusively by Customs under their supervision, subject to the sole confirmation by the rights holder (whether or not substantiated) of the infringing character of the goods.



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A similar procedure is already being applied by the Customs authorities at Amsterdam Schiphol airport.

In those cases where the declarant, holder or owner of the goods refuses to give up the goods for destruction, the rights holder should have the choice whether or not to initiate court proceedings to have them destroyed.

The concept of small consignment could be defined as meaning anything capable of being sent via regular mail or regular express carrier service.

5. Simplified procedure enabling Customs authorities to have infringing goods destroyed under Customs control, without there being any need to initiate proceedings to determine whether or not an IPR has been infringed.

5.1. ECTA is of the opinion that the simplified procedure as described in Article 11 of the current Border Measures Regulation is an extremely cost-effective and valuable tool in the framework of IPR enforcement in all, or at least the vast majority of, the Member States. Therefore, it should definitely be retained.

Since the initiation of the simplified procedure laid down in Article 11 of the current Border Measures Regulation does not deprive the national authorities of the power to impose, on the parties responsible for importing the goods into the Community Customs territory, a 'penalty', within the meaning of Article 18 of that Regulation, such as a criminal or an administrative fine (CJEU, 12 February 2009, case C-93/08, *Schenker SIA v Valsts ieņēmumu dienests*), we suggest that the simplified procedure does not prevent the Member States from introducing alternative (criminal or administrative) procedures with a similar effect.

5.2. The simplified procedure should be rendered mandatory and directly applicable in the Member States. This could be easily achieved, by amending the phrase "...Member States may..." in Article 11(1) to read "...Member States shall...".

ECTA observes that, whilst several Member States were initially reluctant to implement Article 11, nearly all of them have done so now, and are aware that this procedure is an absolute 'must', from a practical point of view, when it comes to enforcing IPRs at the EU borders. It is important to note, in this context, that disputes following the application of the simplified procedure based on implied consent are extremely rare in the Member States. Since IPR infringements are rarely contested in practice, it would not be justified to induce rights holders to file court proceedings – and thus to incur costs – in situations such as those contemplated by Article 11.

5.3. Article 11 of the current Border Measures Regulation provides that, in those cases where the Member States decide to implement the simplified procedure, the goods shall be destroyed when "the declarant, the holder or the owner" thereof has agreed to give up the goods for that purpose; the agreement of the holder, declarant or owner of the goods to proceed with their destruction shall be presumed to exist when "the declarant, the holder or the owner" has not specifically opposed their destruction within 10 working days (or 3 working days for perishable goods).

It is unclear if the simplified procedure requires the rights holder to send a letter to the declarant, the holder *and* the owner of the goods asking them to give them up for destruction, or if the rights holder can merely produce the written agreement of any one of them (without there being any requirement for the rights holder in such case to contact the other parties) for the destruction to go ahead. Customs authorities in some Member States do require proof that all parties have been contacted. We suggest that this requirement is too strict, especially since, in many cases, the identity of the owner of the goods and/or the declarant or holder thereof is not known.

5.4. Neither does Article 11 of the current Border Measures Regulation specify as from when exactly the consent from the declarant, holder or owner of the goods can be presumed to exist. Thus, for example, the Regulation suggests that consent should be deemed to exist after 10 working days, even if the declarant, holder or owner of the goods was only contacted after 8 or 9 working days of receipt of the notification of action by Customs authorities. The new Border Measures Regulation should address this issue.

5.5. Similarly, the declarant, holder and/or owner of the goods can wait until the very last day of the prescribed period of 10 working days to notify Customs and/or the rights holder that they oppose destruction. In such a situation, the rights holder ought to be given sufficient time to prepare and initiate legal proceedings. Whenever the rights holder is notified of the opposition of the declarant, holder and/or owner of the goods to destruction less than 3 working days prior to the expiry of the 10 working-day deadline, the rights holder should be granted an additional 3 working days to initiate proceedings.

5.6. Under Article 11 of the current Border Measures Regulation, the period of 10 working days may be extended by a further 10 working days “where circumstances warrant it”. This requirement is vague and gives rise to inconsistencies in its application throughout the Member States. The new Regulation should, at least, give a non-exhaustive list of circumstances which would justify such an extension.

5.7. In some Member States, Customs consider that the rights holder no longer has the right to use the simplified procedure if the 10 working-day deadline has been extended. The new Border Measures Regulation should clarify this issue; the application of the simplified procedure should be explicitly authorised after the initial 10-day period has been extended, subject to what is said at Para. 5.5 above. Indeed, the initial 10-day period starts from the day of notification of the detention or suspension of release to the rights holder. Once the notification has taken place, a rights holder wishing to use the simplified procedure needs to file a request with Customs for the information referred to in Article 9(3); the provision of this information is not automatic and does not occur concomitantly with the notification of the detention. Most of the time, the information referred to in Article 9(3) will be provided to the rights holder several working days after the initial notification, meaning there is not enough time to use the simplified procedure within the prescribed 10-day period.

5.8. Finally, the new Border Measures Regulation should allow the rights holders to retain samples of goods that have been detained by the Customs authorities, e.g. for training purposes, on condition that such samples shall be definitively removed from commercial channels.

This possibility does not exist under the current Regulation. Indeed, Article 9(3), third indent, provides that Customs may send samples to the right holder “strictly for the purposes of analysis and to facilitate the subsequent procedure” (i.e. not for training purposes), whilst Article 12 provides for sanctions in cases of unauthorised use of samples. Article 9(3) further provides that, where circumstances allow, samples must, in principle, be returned to Customs on completion of the technical analysis.

In the framework of the *simplified procedure*, Article 11 of the current Border Measures Regulation provides for no other option than the *destruction* of the goods. It also stipulates that the destruction shall be preceded by the taking of samples. However, it states that such samples should be kept “by the Customs authorities”.

By contrast, Article 17 of the Regulation provides that, at the outcome of the *legal proceedings* referred to in Article 13 of the Regulation, the goods should not necessarily be destroyed, but should at least be removed from commercial channels.

The retention of samples by the rights holders could, if appropriate, be subject to the filing of a declaration that they have been irrevocably removed from commercial channels. Failure to comply with this undertaking could give rise to sanctions under Article 12 of the current Border Measures Regulation.

6. Costs of storage and destruction

6.1. As the Commission rightly states in its Consultation Paper, the capacity and costs of storage and destruction do indeed create a serious obstacle to the effectiveness and efficiency of the measures laid down in the Border Measures Regulation, since they frequently discourage rights holders (especially SMEs) from taking action against goods infringing their IPRs. Article 41(2) of the TRIPS Agreement – as implemented in Article 3 of Directive 2004/48/EC – provides that IPR enforcement procedures should not be unnecessarily complicated nor costly. Further, Article 10(2) of Directive 2004/48/EC provides that the destruction of goods that have been found by the courts to infringe IPRs shall be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so. The Border Measures Regulation should be put in line with the Directive in this regard.

By providing that destruction will, in principle, be carried out at the expense of the rights holder, Article 11 of the current Regulation incorrectly conveys the impression that the rights holders should not be in a position to claim reimbursement (or direct payment) of the costs of destruction from the infringer. By contrast, such a damages claim can be initiated as part of the court proceedings under Article 13 (see Art 17 of the Regulation, “*Without prejudice to the other legal remedies open to the right holder...*”). ECTA agrees that the destruction, just like the conditions of storage of the goods during the period of suspension of release or detention, should not give rise to costs for the Customs administrations. Article 15 of the current Border Measures Regulation could be maintained in this regard. However, the Regulation should not preclude agreements whereby the infringer or a third party undertakes to pay these costs, nor claims for damages which the rights holder might consider filing to seek reimbursement of these costs.

In that it provides that the rights holder must agree to bear all costs incurred under the Regulation, Article 6 (and the declaration referred to in this provision) should also be amended to that effect.

The rights holders should undertake to reimburse all costs which the Customs authorities incur to keep goods under Customs supervision pursuant to Articles 9 and 11, and should indemnify Customs against possible actions from third parties in this regard. In the case of Article 11, this should also cover the costs of destruction.

Alternatively, the scope of the provisions regarding costs in the new Border Measures Regulation should be limited to costs incurred by the Customs authorities, leaving other costs to be borne in accordance with the applicable national provisions regarding civil or criminal IPR enforcement.

6.2. As a general rule, the new Border Measures Regulation could provide that the economic operators involved – whether or not they acted in bad faith – in the trade of IPR infringing goods should be primarily liable for the destruction and storage costs. In principle, these costs should be borne primarily by the infringer. However, intermediaries acting under contract with the infringer should be liable for such costs whenever the identity of the infringer is not known to the rights holder. This would not be inconsistent with the Modernised Customs Code, which provides in Article 125 that:

*"Where the Customs authorities have reasonable grounds for so doing, they may require goods which have been presented to Customs to be destroyed and shall inform the holder of the goods accordingly. **The costs of destruction shall be borne by the holder of the goods.**"*

In the case of good-faith operators, such responsibility should be set out without prejudice to the right to seek redress through the judicial system from any other party involved (whom they are better placed than the rights holders to identify) according to the common provisions in force under applicable national law.

Service providers should, as a minimum, be held liable for costs once they have been notified by Customs and/or by the rights holder that the goods infringe IPRs and yet continue to oppose destruction in application of the simplified procedure.

In order to avoid as much as possible groundless oppositions to destruction by persons who have no authority over the goods, the new Regulation could also provide for an obligation on intermediaries, when opposing destruction, to post a financial guarantee to cover the costs of storage of the goods pending the court proceedings.

The increasing involvement of service providers in the fight against IPR infringements is reflected in other recent Community legislation, as Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, and Directive 2004/48/EC.

6.3. In practice, storage and destruction costs can reach considerable amounts.

6.3.1. In Belgium these costs vary, depending on a) the place where the goods are subject to border measures, b) the procedure the right-holder chooses to follow-up on the detention, and c) the nature of the infringing goods.

It has been common practice that storage costs for the first (maximum 20) days have been covered by the carrier. Recently there have been cases, mainly at airports, where carriers or shipping agents claim a few hundred Euros for storing the goods a few days. To our knowledge right-holders have not paid these amounts.

Under the simplified procedure the right-holder will have to come up for the destruction costs. Sometimes the right-holder will organise the destruction himself (e.g. in Zaventem – Brussels airport) whereas on other occasions the authorities organise the destruction and require the destruction companies to invoice the different right-holders concerned at an amount depending on the quantities and the nature of the goods. Destruction costs are typically around 175 € a ton (for non-hazardous waste) with a minimum of 100 €. If a destruction certificate is required an additional fee is often charged.

In case the detention is followed up by a civil procedure the storage and destruction costs have to be advanced by the right-holder and can be claimed back from the infringer. As civil proceedings tend to last for at least one year the costs can pile up. In the harbour of Antwerp where entire containers are seized the storage costs can amount to 500 or even 1.000 € a month. For instance, in December 2009, an amount of 3.850 EUR has been claimed for the storage and destruction of 2600 infringing trolleys. In March 2010, an amount of 4.750 EUR was requested for 11.300 kg.

Where the detention is followed up by criminal proceedings the costs are usually at the expense of the State, although there is a practice (mainly in Antwerp) to ask right-holders to contribute.

The problem that the right holders are facing is that, in some circumstances, the customs are delaying the destruction or do not inform the right holders of the possible storage costs and that these are claimed at the end of the proceedings which may last sometimes for months/years.

Customs authorities should at least be required to inform the right holders at the very beginning of the procedure of any specific costs that they may have to bear.

6.3.2. In Luxembourg there are reported cases where carriers have charged a service charge for storage costs and for arranging the destruction. In practice the price is “negotiable”. Sometimes horrendous amounts are claimed whereas in the end a few hundred Euros are paid. Destruction costs are typically around 175 € a ton (for non-hazardous waste).

6.3.3. The Italian Custom authorities do not request a reimbursement of costs to the right-holders. Usually destructions are carried out when storage is full, without separating the products, but preferably separating the type of material mainly for recycling purposes. A similar approach is adopted in Romania.

6.3.4. In Denmark the costs vary between DKK 1000 and 5000.

7. Miscellaneous

7.1. The filing of applications for action by Customs authorities electronically should be further encouraged and, whenever possible, the Member States should be obliged to allow this. If at all possible, the Implementing Regulation to the new Border Measures Regulation should propose a standard platform, or at least standard editable electronic forms, for this purpose, in order to avoid discrepancies between Member States as much as possible.

7.2. Provisions should be adopted in the new Border Measures Regulation to allow rights holders who have obtained information from the Customs authorities under the Regulation to use it to enforce their IPRs, even when the IPR infringement is not covered by the Regulation (see, e.g., under the current Regulation, the situation of parallel imports and overruns; cf. the Opinion of Advocate-General Colomer of 8 April 2008 in case C-132/07, *Beecham Group plc anors v Andacon NV*). Use of such information should, for example, be allowed when claiming compensation from the infringer or third parties for the prejudice incurred as a consequence of the suspension of release or detention or destruction of the goods.

7.3. The new Regulation should encourage environmentally-friendly destruction processes, such as recycling, and allow infringing goods to be transported from one Member State to another, under Customs supervision, for that purpose. Article 16 of the current Border Measures Regulation would, in such case, need to be amended to authorise Customs to move the goods under their control from one place to another within the Community Customs territory for destruction.

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