
LEGAL INFORMATION NEWSLETTER

No. 5

September, 2013

We are pleased to provide you with the new issue of our legal information newsletter.

Topical legal questions are discussed and those related to issues that you might encounter.

We hope that you will find it of interest. We would welcome any comment you might have.

REGULATION (EU) No 608/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL CONCERNING CUSTOM ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS AND REPEALING COUNCIL REGULATION (EC) No 1383/2003

INTRODUCTION - The Regulation of the European Parliament and of the Council No. 608/2013/EU of 12th June 2013 governing anti-counterfeiting action by customs authorities was published on 29th June 2013 (JOEU 29th June, No. L 181), repealing the regulation No. 1383/2003/EC.

This new regulation, which will apply from 1st January 2014, strengthens the role of customs authorities in the interception and the destruction of counterfeit goods entering, or in transit through, European Union territory.

The Regulation n°608/2013 deals only with the procedural rules for the customs authorities and contains no rules relating to criteria for ascertaining the existence of an infringement of an Intellectual property right.

Its scope is broaden and includes trade names when they are protected under national law, and topographies of semiconductor products as well as utility models and devices, which are primarily

designed, produced or adapted for the purpose of enabling or facilitating the circumvention of technical measures.

SUBJECT MATTER AND SCOPE - The Regulation sets out the conditions and procedures for action by the customs authorities where goods suspected of infringing an intellectual property right are, or should have been, subject to customs supervision or customs control within the customs territory of the Union in accordance with Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code, particularly goods in the following situations:

- (a) When declared for release for free circulation, export or re-export;
- (b) When entering or leaving the customs territory of the Union;
- (c) When placed under a suspensive procedure or in a free zone or free warehouse.

In respect of the goods subject to customs supervision or customs control, the customs authorities shall carry out adequate customs controls and shall take proportionate identification measures in accordance with risk analysis criteria with a view to preventing acts in breach of intellectual property laws applicable in the territory of the Union and in order to cooperate with third countries on the enforcement of intellectual property rights.

<p>Cajola & Associati Via G. Rossini, 5 20122 Milan – Italy Phone: +390276003305 Fax: +3902780177 E-mail: law@cajola.com Web site : www.cajola.com</p>

The Regulation shall not apply to goods:

- That have been released for free circulation under the end-use regime
- of a non-commercial nature contained in travelers' personal luggage
- that have been manufactured with the consent of the right-holder or to goods manufactured, by a person duly authorized by a right-holder to manufacture a certain quantity of goods, in excess of the quantities agreed between that person and the right-holder.

APPLICATIONS - To the extent they are entitled to initiate proceedings, in order to determine whether an intellectual property right has been infringed, in the Member State or Member States where the customs authorities are requested to take action, the following persons and entities shall be entitled to submit:

(1) A national or a Union application:

- (a) right-holders;
- (b) intellectual property collective rights management bodies as referred to in point (c) of Article 4(1) of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights [21];
- (c) professional defense bodies as referred to in point (d) of Article 4(1) of Directive 2004/48/EC;
- (d) groups within the meaning of point (2) of Article 3, and Article 49(1) of Regulation (EU) No 1151/2012, groups of producers within the meaning of Article 118e of Regulation (EC) No 1234/2007 or similar groups of producers provided for in Union law governing geographical indications representing producers of products with a geographical indication or representatives of such groups, in particular Regulations (EEC) No 1601/91 and (EC) No 110/2008 and operators entitled to use a geographical indication as well as inspection

bodies or authorities competent for such a geographical indication;

(2) A national application:

(a) persons or entities authorized to use intellectual property rights, which have been authorized formally by the right-holder to initiate proceedings in order to determine whether the intellectual property right has been infringed;

(b) groups of producers provided for in the legislation of the Member States governing geographical indications representing producers of products with geographical indications or representatives of such groups and operators entitled to use a geographical indication, as well as inspection bodies or authorities competent for such a geographical indication;

(3) A Union application: holders of exclusive licenses covering the entire territory of two or more Member States, where those license holders have been authorized formally in those Member States by the right-holder to initiate proceedings in order to determine whether the intellectual property right has been infringed.

A Union application may be submitted only with respect to intellectual property rights based on Union law producing effects throughout the Union.

SUBMISSION OF APPLICATIONS - Applications shall be submitted to the competent customs department. The applications shall be completed using the form referred to in Article 6 of the Regulation and shall contain the information required therein.

Where an application is submitted after notification by the customs authorities of the suspension of the release or detention of the goods in accordance with Article 18(3), that application shall comply with the following:

(a) It is submitted to the competent customs department within four working days of the notification of the suspension of the release or detention of the goods;

(b) It is a national application;

(c) It contains the information referred to in Article 6(3). The applicant may, however, omit the information referred to in point (g), (h) or (i) of that paragraph.

The competent customs department shall notify the applicant of its decision granting or rejecting the application within 30 working days of the receipt of the application. In the event of rejection, the competent customs department shall provide reasons for its decision and include information on the appeal procedure.

If the applicant has been notified of the suspension of the release or the detention of the goods by the customs authorities before the submission of an application, the competent customs department shall notify the applicant of its decision granting or rejecting the application within two working days of the receipt of the application.

A decision granting a national application and any decision revoking or amending it shall take effect in the Member State in which the national application was submitted from the day following the date of adoption.

A decision extending the period during which customs authorities are to take action shall take effect in the Member State in which the national application was submitted on the day following the date of expiry of the period to be extended.

A decision granting a Union application and any decision revoking or amending it shall take effect as follows:

(a) In the Member State in which the application was submitted, on the day following the date of adoption;

(b) In all other Member States where action by the customs authorities is requested, on the day following the date on which the customs authorities are notified in accordance with Article 14(2), provided that the holder of the decision has

fulfilled his obligations under Article 29(3) with regard to translation costs.

A decision extending the period during which customs authorities are to take action shall take effect in the Member State in which the Union application was submitted and in all other Member States where action by the customs authorities is requested the day following the date of expiry of the period to be extended.

PERIOD OF ACTION – When granting an application, the competent customs department shall specify the period during which the customs authorities are to take action.

That period shall begin on the day the decision granting the application takes effect, pursuant to Article 10, and shall not exceed one year from the day following the date of adoption.

Where an application submitted after notification by the customs authorities of the suspension of the release or detention of the goods does not contain the information referred to in point (g), (h) or (i) of Article 6(3), it shall be granted only for the suspension of the release or detention of those goods, unless that information is provided within 10 working days after the notification of the suspension of the release or detention of the goods.

Where an intellectual property right ceases to have effect or where the applicant ceases for other reasons to be entitled to submit an application, no action shall be taken by the customs authorities. The decision granting the application shall be revoked or amended accordingly by the competent customs department that granted the decision.

On expiry of the period during which the customs authorities are to take action, and subject to the prior discharge by the holder of the decision of any debt owed to the customs authorities under this Regulation, the competent customs department which adopted the initial decision may, at the request of the holder of the decision, extend that period.

DETENTION OF GOODS FOLLOWING THE GRANT OF AN APPLICATION –

Where the customs authorities identify goods suspected of infringing an intellectual property right covered by a decision granting an application, they shall suspend the release of the goods or detain them.

Before suspending the release of or detaining the goods, the customs authorities may ask the holder of the decision to provide them with any relevant information with respect to the goods. The customs authorities may also provide the holder of the decision with information about the actual or estimated quantity of goods, their actual or presumed nature and images thereof, as appropriate.

The customs authorities shall notify the declarant or the holder of the goods of the suspension of the release of the goods or the detention of the goods within one working day of that suspension or detention.

The customs authorities shall notify the holder of the decision of the suspension of the release of the goods or the detention on the same day as, or promptly after, the declarant or the holder of the goods is notified.

The customs authorities shall inform the holder of the decision and the declarant or the holder of the goods of the actual or estimated quantity and the actual or presumed nature of the goods, including available images thereof, as appropriate, whose release has been suspended or which have been detained. The customs authorities shall also, upon request and where available to them, inform the holder of the decision of the names and addresses of the consignee, the consignor and the declarant or the holder of the goods, of the customs procedure and of the origin, provenance and destination of the goods whose release has been suspended or which have been detained.

DETENTION OF GOODS BEFORE THE GRANT OF AN APPLICATION –Where the customs authorities identify goods suspected of

infringing an intellectual property right, which are not covered by a decision granting an application, they may, except for in the case of perishable goods, suspend the release of those goods or detain them.

Before suspending the release of or detaining the goods suspected of infringing an intellectual property right, the customs authorities may, without disclosing any information other than the actual or estimated quantity of goods, their actual or presumed nature and images thereof, as appropriate, request any person or entity potentially entitled to submit an application concerning the alleged infringement of the intellectual property rights to provide them with any relevant information.

The customs authorities shall notify the declarant or the holder of the goods of the suspension of the release of the goods or their detention within one working day of that suspension or detention.

INSPECTION AND SAMPLING OF GOODS .- The customs authorities shall give the holder of the decision and the declarant or the holder of the goods the opportunity to inspect the goods whose release has been suspended or which have been detained.

The customs authorities may take samples that are representative of the goods. They may provide or send such samples to the holder of the decision, at the holder's request and strictly for the purposes of analysis and to facilitate the subsequent procedure in relation to counterfeit and pirated goods. Any analysis of those samples shall be carried out under the sole responsibility of the holder of the decision.

The holder of the decision shall, unless circumstances do not allow, return the samples referred to in paragraph 2 to the customs authorities on completion of the analysis, at the latest before the goods are released or their detention is ended.

DESTRUCTION OF GOODS AND INITIATION OF PROCEEDINGS – Goods

suspected of infringing an intellectual property right may be destroyed under customs control, without there being any need to determine whether an intellectual property right has been infringed under the law of the Member State where the goods are found, where all of the following conditions are fulfilled:

(a) The holder of the decision has confirmed in writing to the customs authorities, within 10 working days, or three working days in the case of perishable goods, of notification of the suspension of the release or the detention of the goods, that, in his conviction, an intellectual property right has been infringed;

(b) The holder of the decision has confirmed in writing to the customs authorities, within 10 working days, or three working days in the case of perishable goods, of notification of the suspension of the release or the detention of the goods, his agreement to the destruction of the goods;

(c) The declarant or the holder of the goods has confirmed in writing to the customs authorities, within 10 working days, or three working days in the case of perishable goods, of notification of the suspension of the release or the detention of the goods, his agreement to the destruction of the goods. Where the declarant or the holder of the goods has not confirmed his agreement to the destruction of the goods nor notified his opposition thereto to the customs authorities, within those deadlines, the customs authorities may deem the declarant or the holder of the goods to have confirmed his agreement to the destruction of those goods.

The customs authorities shall grant the release of the goods or put an end to their detention, immediately after completion of all customs formalities, where within the periods referred to in points (a) and (b) of the first subparagraph, they have not received both the written confirmation from the holder of the decision that, in his conviction, an intellectual property right has been infringed and his agreement to

destruction, unless those authorities have been duly informed about the initiation of proceedings to determine whether an intellectual property right has been infringed.

The destruction of the goods shall be carried out under customs control and under the responsibility of the holder of the decision, unless otherwise specified in the national law of the Member State where the goods are destroyed. Samples may be taken by competent authorities prior to the destruction of the goods. Samples taken prior to destruction may be used for educational purposes.

Where the declarant or the holder of the goods has not confirmed his agreement to the destruction in writing and where the declarant or the holder of the goods has not been deemed to have confirmed his agreement to the destruction, within the periods referred to therein, the customs authorities shall immediately notify the holder of the decision thereof. The holder of the decision shall, within 10 working days, or three working days in the case of perishable goods, of notification of the suspension of the release or the detention of the goods, initiate proceedings to determine whether an intellectual property right has been infringed.

Except in the case of perishable goods the customs authorities may extend the period referred to in paragraph 3 by a maximum of 10 working days upon a duly justified request by the holder of the decision in appropriate cases.

The customs authorities shall grant the release of the goods or put an end to their detention, immediately after completion of all customs formalities, where, within the periods referred to in paragraphs 3 and 4, they have not been duly informed, in accordance with paragraph 3, on the initiation of proceedings to determine whether an intellectual property right has been infringed.

EARLY RELEASE OF GOODS - Where the customs authorities have been notified of the initiation of proceedings to determine whether a design, patent, utility model, topography of

semiconductor product or plant variety has been infringed, the declarant or the holder of the goods may request the customs authorities to release the goods or put an end to their detention before the completion of those proceedings.

The customs authorities shall release the goods or put an end to their detention only where all the following conditions are fulfilled:

- (a) The declarant or the holder of the goods has provided a guarantee that is of an amount sufficient to protect the interests of the holder of the decision;
- (b) The authority competent to determine whether an intellectual property right has been infringed has not authorised precautionary measures;
- (c) All customs formalities have been completed.

PROCEDURE FOR DESTRUCTION OF SMALL CONSIGNMENT GOODS – This procedure applies whenever the goods suspected of being counterfeit or pirated goods and transported in small consignment are not perishable goods.

The goods must be covered by a decision granting an application and the holder of the decision has requested the use of the procedure set out in this Article in the application;

The customs authorities shall notify the declarant or the holder of the goods of the suspension of the release of the goods or their detention within one working day of the suspension of the release or of the detention of the goods. The notification of the suspension of the release or the detention of the goods shall include the following information:

- (a) That the customs authorities intend to destroy the goods;
- (b) The rights of the declarant or the holder of the goods under paragraphs 4, 5 and 6.

The declarant or the holder of the goods shall be given the opportunity to express his point of view

within 10 working days of notification of the suspension of the release or the detention of the goods.

The goods concerned may be destroyed where, within 10 working days of notification of the suspension of the release or the detention of the goods, the declarant or the holder of the goods has confirmed to the customs authorities his agreement to the destruction of the goods.

Where the declarant or the holder of the goods has not confirmed his agreement to the destruction of the goods nor notified his opposition thereto to the customs authorities, within the period referred to in paragraph 5, the customs authorities may deem the declarant or the holder of the goods to have confirmed his agreement to the destruction of the goods.

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 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.

COSTS – Where requested by the customs authorities, the holder of the decision shall reimburse the costs incurred by the customs authorities, or other parties acting on behalf of customs authorities, from the moment of detention or suspension of the release of the goods, including storage and handling of the goods.

Article contributed by Riccardo G. Cajola