

Customs Seizures in the European Union

September 2010



Further information

If you would like further information on any aspect of Customs Seizures in the European Union, please contact a person mentioned below or the person with whom you usually deal.

Contact

Marc Wallheimer
Partner, Amsterdam
marc.wallheimer@hoganlovells.com
+31 (20) 5533 627

Leopold von Gerlach
Partner, Hamburg
leopold.vongerlach@hoganlovells.com
+49 (0) 404 1993 0

David Latham
Partner, London
david.latham@hoganlovells.com
+44 (20) 7296 5696

This note is written as a general guide only. It should not be relied upon as a substitute for specific legal advice.

"Brilliant in Europe"

Chambers Global, 2010

Hogan Lovells has extensive experience in filing and renewing customs seizure applications, at both a national and EU level. In our experience, the EU wide approach is often more cost effective than filing national applications separately.

COMMUNITY APPLICATION (FORM C1340A)

The Community Application form can be used to protect IP rights in two or more Member States. Normally, the customs authorities will only act after an application has been filed successfully. In this case, the application would be filed with Customs in the UK. It would then take up to 30 days for the customs authorities to issue its decision to accept the application.

We will also need to designate which Member States you wish the application to cover. You may wish to designate all of the Member States for the widest coverage possible. However, depending on the approach you wish to take, you may instead prefer to select the top 5-10 jurisdictions of concern. In our view, this is the most cost effective strategy which would yield the best results. We suggest that you focus on (a) core markets; and (b) those countries where counterfeits and parallel imports are typically manufactured and distributed.

However, cost of the application itself is the same whether 10 or all of the Member States are designated. Increased costs may however become an issue with meeting certain local law requirements and enforcement across a large number of countries.

The customs authority where you choose to file the application form (in this instance, the UK) will then become the "supervising authority" and will arrange for the application to be distributed to the other Member States' customs authorities.

The application is granted for 12 months which can be extended by further 12 month periods by writing to the Customs Authorities prior to the expiry date.

Documents

We would usually complete the Community Application, and send the form to you for review and completion. In particular, the applicant is required to complete Box 3 (applicant's signature) and Section II-B (costs undertaking, which also requires a senior officer's signature). The application must contain the following:

- a sufficiently detailed description of the goods to enable the customs authorities to recognise and distinguish genuine goods against counterfeits (including photographs of genuine and counterfeit goods and details of differences, if known);
- evidence of the existence of the IP right (for example, copies of trade mark certificates; certified copies of the Trade Marks Register);

- in the case of an authorised user (i.e. if you are the exclusive licensee of a trade mark), evidence of the title by virtue of which they are authorised to use the right (for example, a licence agreement).

Details of the following would also be helpful:

- a list of companies known to be involved in importing/exporting infringing goods and their known relevant details (for example, registered address, directors);
- information on companies known to be involved in parallel importation or the importation/exportation of counterfeit goods;
- prices for genuine goods in the various market places;
- details of authorised importers and traders should also be supplied in order to avoid unnecessary disruption of legitimate trade;
- transportation information such as the forms of transportation used for the genuine goods (for example, air, ship, truck, mail) and whether exclusive transportation (for example, company trucks or courier company) are used;
- a list of countries in which genuine goods are produced and/or a list of countries where genuine goods are not produced;
- a complete list of worldwide licensees is very useful, as we can use it to confirm the identity of manufacturers, particularly those in high risk areas such as Asia and South America. However, we understand that some clients may be sensitive about providing this sort of information;
- if you are aware of a particular consignment which it suspects may contain counterfeit goods or parallel imports, any information known on (a) expected date of arrival or departure of suspected infringing goods, (b) details on how they are being transported, (c) the identity of the importer, or supplier of the suspected infringing goods (including VAT number if known); and
- any other information, no matter how trivial, which may be helpful.

It is important to update this information regularly after the initial application. We suggest that all of the above information be presented in a detailed infringing goods identification folder for the customs authorities. This folder will be used by customs officers to identify infringing goods from genuine goods.

We believe that a well-compiled (and regularly updated) infringing goods identification folder is one key to successful customs seizure actions. Hogan Lovells can of course assist in the preparation of this folder. The folder will also need to be tailored for particular countries and may need to be translated.

"Its biggest strength is that it is well integrated and the information flow between associates in different countries is seamless."

Chambers Europe, 2010

Perishable goods must be dealt with in a non-extendible period of 3 working days. We must therefore deal with these matters swiftly

A brief outline of the new procedure is as follows:

- rightsholders (or their representatives) will be notified that goods that may infringe their intellectual property rights have been detained. Details of the consignment (for example, detail of exporter, importer, quantity) will be attached to the notification. Photographs or a sample of the detained product will also be supplied.
- if the goods are counterfeit, rightsholders will then have 10 working days to decide whether to (a) initiate and commence proceedings; or (b) contact the importer and request that they abandon the goods. However, an extension of a further 10 days may be available upon request, particularly if we have contacted the importer and are still awaiting a response.
- if proceedings are commenced, the goods will be detained pending an order from the Court.
- if we send the importer a letter and no response is received within the period allowed (i.e. a maximum of 20 working days), the goods will be released and the procedure abandoned (i.e. a summary disposal procedure is not currently in operation).

A draft statutory instrument has been sent to the Minister for approval. We understand that the statutory instrument will introduce a summary disposal procedure.

Please also note that the customs authorities are authorised to detain goods without an application where it appears likely to the customs authorities that goods are infringing goods. In this case the customs authorities are authorised to detain the suspected infringing goods for a period of three working days. The authorities will invite the IP owner to lodge the application, and this must be done within the three working days or the goods may have to be released.

We have set out the major steps involved in a standard customs seizure in the UK in the Annex at the end of this note. The legal and other intellectual property regimes differ from country to country, and these procedures and time frames may differ from those elsewhere in the EU. Complying with the timing deadlines in seizures is very important. In line with the main regulations contained in EC No.1383/2003 we would expect to see generally consistent time limits with those referred to above. However, once we have identified the particular jurisdictions of concern, we would of course confirm this with you and provide a summary of the relevant national requirements and deadlines.

ENFORCEMENT - TAKING ACTION IN THE UK AND THE EU

Generally, the procedures involved in taking action to prevent counterfeits and parallel imports in the EU generally fall into 3 categories:

- customs seizures;
- administrative or criminal action through enforcement bodies such as police, customs and administrative agencies (we note that these are not commonly used in the EU); and
- civil action through the courts.

After infringing goods are detained by a customs authority the next steps depends upon the country and whether or not the importer opposes the detainment.

In some countries, the applicant will need to start legal proceedings and get a court decision before the infringing goods will be destroyed. In other countries (for example, the UK), all the applicant needs to do is confirm that the goods are counterfeit and the burden of proving that the goods are not infringing goods falls upon the sender or importer.

The majority of Hogan Lovells' experience is that the importer does not oppose the seizure and depending on the size of the seizure it is relatively inexpensive to arrange for the destruction of the seized goods.

The cost for any civil actions will depend on the facts of each case and we can provide you with costs estimates for each such action at the time. However, if such legal action was considered necessary, Hogan Lovells would always communicate with the importer first by way of correspondence and seek to negotiate with the infringer, if possible, to avoid litigation.

We have developed good relations with investigators, enforcement bodies, anti-counterfeiting organisations, lawyers and government agencies throughout the EU to handle cases on a co-ordinated basis. Through our past experience of handling such cases, we are in a good position to assess the most appropriate route to take. This includes selecting appropriate investigators, considering the appropriate course of action, drafting and submitting complaints to the enforcement authorities of the court (in association with local agents where required), and following up with any action required.

"This client-focused firm handles complex IP matters and continues to develop its resources via offices in locations as diverse as Germany, the UK, Russia, Italy and Spain."

Chambers Europe, 2010

THE HOGAN LOVELLS NETWORK

Once the application is filed with UK Customs, we will contact our own offices in the EU to confirm they are available to act by being the designated contact person for customs authorities in their jurisdiction to contact where suspected infringing goods are seized.

We have offices in the following locations in Europe:

Alicante	Madrid
Amsterdam	Milan
Berlin	Moscow**
Brussels	Munich
Budapest*	Paris
Düsseldorf	Prague
Frankfurt	Rome
Hamburg	Warsaw
London	

*associated office

** outside the European Union

Depending on the key jurisdictions of concern, it may also be worthwhile engaging the services of various third parties. For example, if you selected the Netherlands as a jurisdiction of concern, we would normally liaise with SNB-REACT, an anti-counterfeiting organisation based in Amsterdam. In our experience, many infringing goods enter Europe through Amsterdam's port. SNB-REACT provides a wide range of services to assist in customs seizure programs. These services include obtaining market information on infringing goods, lodging customs applications and liaising with the Netherlands' customs authorities.

NEXT STEPS - PROCEDURES AND UPDATES

Once the application is filed, it is important to have the correct procedures in place to interact with the various Customs authorities and deal with any issues following seizures of parallel imports and counterfeit products.

Going forward, we would recommend (and can assist with):

- meeting with various customs authorities to educate them about your rights and products and how to identify genuine goods as against infringing goods. Identifying counterfeit products or parallel imports can be notoriously difficult. In our experience, meetings with customs further increases the authority's interest in your application and provides a good forum for customs officials to ask any questions;
- providing regular updates to customs authorities with (a) new information about your new intellectual property rights (such as new trade marks filed) and any new products

which have been launched on the market, (b) details of any infringing goods discovered in other jurisdictions, and (c) emerging trends in infringing activities and the identity of new infringers. In our experience, this increases the ongoing chance of successful seizures;

- developing a sophisticated and organised approach to your anti-counterfeiting strategy. It is important to understand the current activities and strategies of infringers. Appropriate information gathering and analysis is essential to ensure that the most effective strategy against infringers is developed and implemented. For example, identifying the key operators behind the flow of counterfeit goods and parallel products and taking the most appropriate action against them in the appropriate jurisdictions, i.e. jurisdictions where the company has assets. Such information is commonly gained through specific investigations by staff or local counsel, commissioning private investigators, tip offs by informers and through legal action;
- analysing and controlling your manufacture/distribution channels. One other area of great importance will be to analyse your manufacture/distribution channels to determine if infringing products are being introduced into the manufacturing/distribution channels by unscrupulous licensees, distributors or employees. The experience of other clients is that their manufacture/distribution channels have been compromised at times. It is important to actively monitor these channels and to have proper agreements in place with all parties requiring active monitoring of employees and sub-distributors. Such agreements should also include rights of inspection and also provide for penalties if unauthorised products are found;
- regular audits of your intellectual property. In particular, identifying and confirming your rights upon which enforcement action can be taken. Such an audit can reveal gaps in your portfolio.

Sources Say: "The advice is decisive, clear, practical and commercial."

Chambers UK, 2010

DETENTION AND SEIZURE

A new Customs procedure regarding the detention and seizure of suspected counterfeits was introduced in the United Kingdom in June 2009.

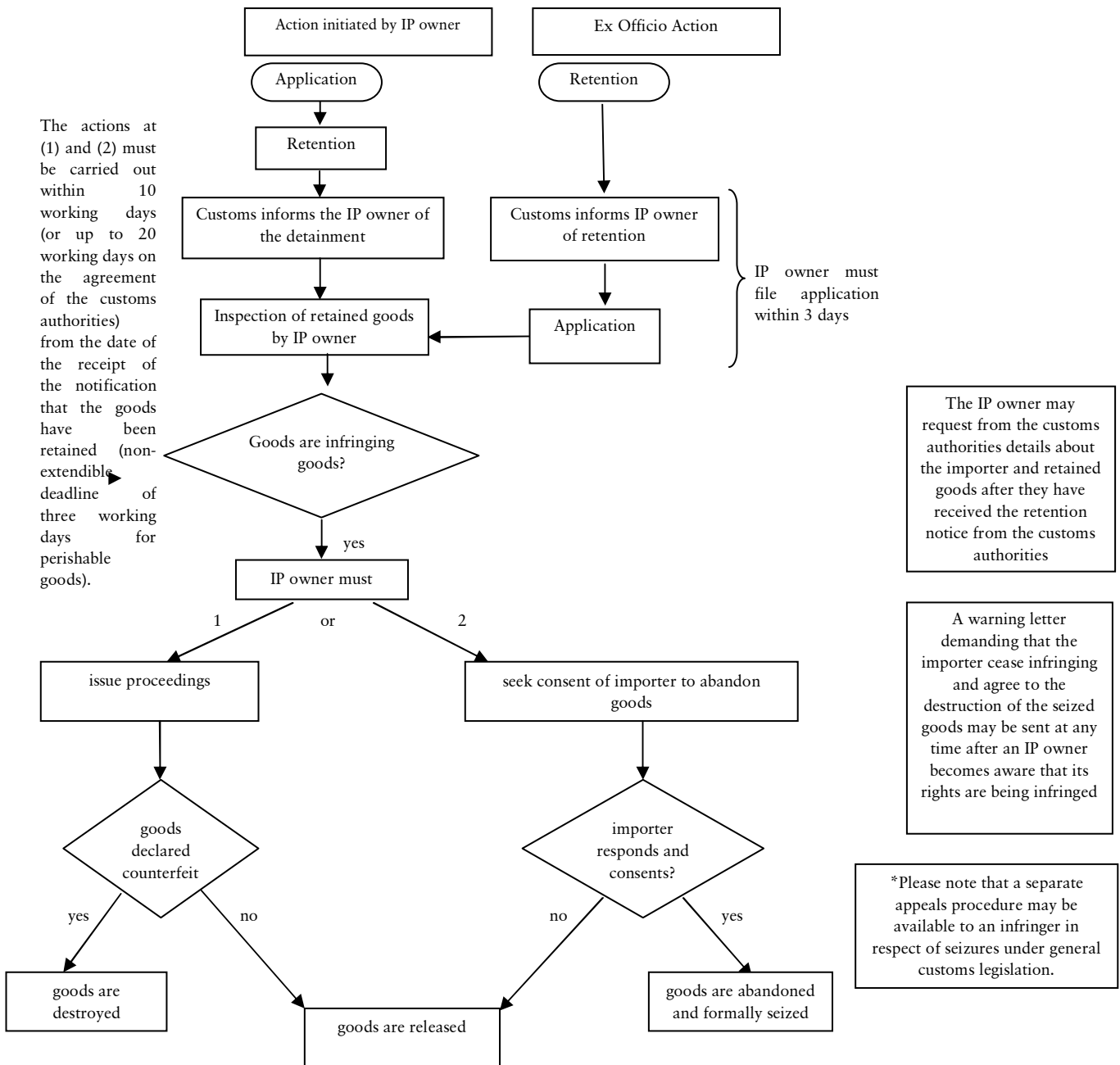
The post-application process is now as follows:

- detention/retention stage;
- litigation and seizure stage; and
- destruction stage.

In the UK, if the customs authorities are of the opinion that goods are infringing, they will temporarily detain the goods. Then the customs authorities will give notice to the importer and contact the IP owner (or their designated contact, i.e. Hogan Lovells). Rightsholders will now be required within 10 working days to either initiate proceedings to determine whether an intellectual property right has been infringed or reach an agreement with the declarant, holder or owner of the goods (most likely the importer) to abandon the goods. The time limit may be extendible by a further 10 working days upon request.

Annex

Major steps in a standard UK Customs seizure



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Hogan Lovells has offices in:

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Alicante	Colorado Springs	Houston	New York	Silicon Valley
Amsterdam	Denver	Jeddah*	Northern Virginia	Singapore
Baltimore	Dubai	London	Paris	Tokyo
Beijing	Dusseldorf	Los Angeles	Philadelphia	Ulaanbaatar*
Berlin	Frankfurt	Madrid	Prague	Warsaw
Boulder	Hamburg	Miami	Riyadh*	Washington DC
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