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16 September 2016

Pierre-Jacques Larrieu
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European Commission
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Unit Taxud B/1 - Protection of citizens and enforcement of IPR
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Via email to TAXUD-UNIT-B1@ec.europa.eu

Re: Implementation of Regulation (EU) No 608/2013

Dear Mr. Larrieu,

On behalf of the International Trademark Association (INTA), we appreciate the opportunity to provide some observations on the implementation of Regulation (EU) No 608/2013 to the European Commission's Directorate-General Taxation and Customs Union.

As you know, INTA is the global association of trademark owners and professionals dedicated to supporting trademarks and related intellectual property in order to protect consumers and to promote fair and effective commerce. INTA's members are more than 6,700 organizations from 190 countries. INTA members collectively contribute almost US \$12 trillion / €8.8 trillion / ¥73 trillion to global GDP annually. For comparison, the 2015 annual GDP of the top three markets was \$10.9 trillion (China), \$16.2 trillion (European Union) and \$17.9 trillion (United States). The Association's member organizations represent some 30,000 trademark professionals and include brand owners from major corporations as well as small- and medium-sized enterprises, law firms and nonprofits. There are also government agency members as well as individual professor and student members. INTA undertakes advocacy work throughout the world to advance trademarks and offers educational programs and informational and legal resources of global interest. Headquartered in New York City, INTA also has offices in Brussels, Shanghai, Singapore and Washington D.C. and representatives in Geneva and New Delhi. For more information, please visit our website: www.inta.org.

One of INTA's priorities is the fight against counterfeiting. INTA's observations are based on research performed in the member states of the EU by its Anticounterfeiting Committee, in particular a specific task force of its European subcommittee. INTA thanks the Commission for inviting it to submit the observations of its members on the implementation of the Regulation.

Article 37 of Regulation (EU) No 608/2013 foresees that by 31 December 2016, the Commission should submit to the European Parliament and to the Council a report on the implementation of this Regulation. INTA would like to submit to you its observations on the implementation of Regulation (EU) No 608/2013 ('The Regulation'). It will inter alia address the following matters raised by the Commission:

- (a) submission of applications for action (Chapter II of the Regulation);
- (b) inspection and samplings of goods of which the release has been suspended or which have been detained;
- (c) permitted use of certain information by the holder of the decision;
- (d) procedure for the destruction of goods and initiation of proceedings;
- (e) procedure for the destruction of goods in small consignments;
- (f) the liability of the holder of the decision;
- (g) costs.

Our comments also address some other issues outside the points requested by the Commission.

Thank you for your consideration of our comments, which we hope will be useful. INTA Anticounterfeiting Manager, Maysa Razavi (mravazi@inta.org) and INTA Europe Representative Officer, H el ene Nicora (hnicora@inta.org) remain at your disposal to further exchange on these comments and answer any questions you and your team may have.

Sincerely,



Etienne Sanz de Acedo
CEO
International Trademark Association

Enclosures: Submission by the International Trademark Association in Response to the Request of the EU Commission for the Preparation of their Report on the Implementation of Regulation (EU) No 608/2013

**Submission by the International Trademark Association in
Response to the Request of the EU Commission for the
Preparation of their Report on the Implementation of
Regulation (EU) No 608/2013**

September 16, 2016

This submission was prepared with the assistance of the INTA Anticounterfeiting Committee – EU Subcommittee.

Introduction

The International Trademark Association (INTA) is grateful for the work performed by the Commission, customs in the member states of the EU, the EU Intellectual Property Office as well as the national Intellectual Property Offices and many other officials towards action against counterfeit.

Article 37 of Regulation (EU) No 608/2013 foresees that the European Commission should submit to the European Parliament and to the Council a report on the implementation of this Regulation by 31 December 2016. INTA would like to submit its observations on the implementation of Regulation (EU) No 608/2013 ('The Regulation'). INTA will address the following matters raised by the Commission:

- (a) submission of applications for action (Chapter II of the Regulation);
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- (d) procedure for the destruction of goods and initiation of proceedings;
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- (f) the liability of the holder of the decision;
- (g) costs.

These comments also address some other issues outside the points requested by the Commission.

The engagement of the European Commission is important for right holders to be successful in their action against counterfeit goods. INTA acknowledges that the Commission is continuously striving to improve action against counterfeit goods. In the same spirit, INTA submits its observations.

Scope of the Regulation

INTA observes that the widening of the scope of the Regulation to rights such as trade names is an important improvement. It sends a signal to criminals engaged in the manufacture, distribution and sale of counterfeit goods.

In this context INTA commands the Commission for its 'follow the money approach', with the aim of depriving commercial-scale infringers of their revenue flows. Parties active in the manufacture, distribution and sale of counterfeit goods will be sensitive to this.

Matters Raised by the Commission

Submission of Applications for Action ('AFA')

Whereas the lodging of an AFA under the Regulation is not overly complicated, in 2014 following the entry into force of the Regulation, the lodging in some jurisdictions was still done manually. INTA promotes that countries move to electronic filing of applications.

The Commission in its 2014 EU customs - right holders and stakeholders meeting on customs enforcement of IPR announced that, following integration of COPIS and the EDB, one would move to electronic filing of applications for action based on trademarks and designs. This coincides with the recommendation of INTA.

INTA observes that the requirements as to the exact content of the AFA still differ between Member States. INTA recommends that such differences be eliminated and that the Commission strives for uniform standards to provide clarity for right holders and trademark professionals and to manage expectations.

Inspection and samplings of goods of which the release has been suspended or which have been detained

In practice customs tend to electronically provide images of the goods of which release is suspended. It is important that right holders obtain images of (i) the product as a whole; (ii) images of the different perspectives of the products; (iii) images of batch numbers, expiry dates and bar codes (if and when applicable and available); and (iv) the packaging. This enables right holders to perform the inspection as soon as possible.

To the extent that samples are required, right holders find it important that these are provided as soon as possible within the first term of ten working days and where possible that special couriers can pick these up on the right holder's behalf. To the extent that the samples cannot be provided within the first ten working days, right holders require an extension of the deadline for minimum another ten working days.

INTA observes that customs in some countries provide images of counterfeit goods in advance of the official notification. To the extent that goods are genuine or may be released for other reasons, there is no requirement for customs to complete the official notification. This may reduce the administrative burden for customs. In an ideal world, customs organizations throughout the EU would adopt such practice, provided that the term of ten working days does not yet commence.

Permitted use of certain information by the holder of the decision (article 21 of the Regulation)

Right holders acknowledge that they may only disclose or use the information obtained from customs for the purposes defined in article 21 of the Regulation.

INTA draws attention though to the opinion of Advocate General Ruiz-Jarabo Colomer in the matter *Beecham Group et al. v. Andacon*-case (C-132/07).

The Tribunal of Commerce of Brussels Rechtbank van koophandel, in 2007, referred the following questions to the Court for a preliminary ruling:

- (a) must the first paragraph of Article 9 of Regulation (EC) No 1891/2004 be construed as prohibiting the competent customs service or the competent customs office from providing, or causing to be provided, information within the terms of Article 9(2) of Regulation (EC) No 1383/2003, or arranging, or causing to be arranged, an inspection within the terms of the second subparagraph of Article 9(3) of Regulation (EC) No 1383/2003, so long as the application for action made prior to 1 July 2004 has not been supplemented by the declaration referred to in Article 6 of Regulation (EC) No 1383/2003? In other words, is the declaration in question a formal condition governing the continued effectiveness of the application for action?; and
- (b) Is Article 4(2) of Regulation (EC) No 1383/2003 to be construed as allowing the Antwerp customs authorities to grant the trademark proprietor access to six samples of the goods in order to be able to determine whether or not the goods in question were counterfeit, it being understood that such notification of a sample is not to be treated as equivalent to a thorough inspection within the terms of the second subparagraph of Article 9(3) of Regulation (EC) No 1383/2003? If so, ought this granting of access to have occurred within the period of three working days laid down in Article 4(1) of that regulation?

In the light of the his considerations, AG Ruiz-Jarabo Colomer, proposed that the Court of Justice give the following reply to the questions referred for a preliminary ruling by the Rechtbank van koophandel:

- (a) The declaration referred to in Article 6 of 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 does not constitute a formal condition to the continued validity of applications for customs action submitted prior to 1 July 2004.
- (b) Regulation (EC) No 1383/2003 does not preclude customs officials from providing information obtained while acting in implementation of its provisions outside the channels indicated by Article 9(2) and the first subparagraph of Article 9(3) of the regulation, within the context of the questioning of witnesses or of documentary evidence ordered by national courts; and
- (c) Regulation No 1383/2003 does not preclude information obtained pursuant to Article 9(2) and Article 9(3) from being used in proceedings intended to counter parallel imports from third countries, when these infringe a trademark right.

INTA observes that the use of information obtained in the course of action against counterfeit is in compliance with article 21 if and when this information is used in proceedings intended to counter infringement of trademark rights, even in the situation where the subject goods do not fall within the definition of a counterfeit good as set forth in the Regulation.

Procedure for the destruction of goods and initiation of proceedings

It seems that Italy and Sweden still not operate the simplified procedure for destruction whereas such is prescribed by the Regulation. INTA recommends that the Commission addresses this situation.

INTA also observes that there are differences in the ways individual countries operate the destruction of the counterfeit goods. Differences relate to the time taken for destructions, the costs thereof and the reporting thereof. It is important that right holders have conclusive proof of the destruction. INTA promotes that customs provide the facility of destruction of goods on a non-profit basis. INTA acknowledges that the destruction fee must be sufficient to cover the costs of customs.

As to the initiation of proceedings, not all countries accept the filing of a criminal complaint as the initiation of proceedings as set forth in article 23 and the following articles of the Regulation. INTA promotes that all countries accept the filing of a criminal complaint as the initiation of proceedings.

Procedure for the destruction of goods in small consignments

INTA acknowledges that the purpose of the small consignments procedure, for the first time introduced in the regulation, is to reduce the administrative burden and costs to a minimum for both customs and right holders.

INTA's members are pleased with the specific procedure that is introduced for small consignments of counterfeit and pirated goods and the allowing for such goods to be destroyed without the explicit agreement of the applicant in each case.

Right holders are liable for the costs of destruction under the Regulation but they cannot accept this without any form of notification as to the goods that are destroyed, their number and the time thereof. Stakeholders in their companies do not allow for unaccounted expenditures.

The Commission informed INTA and others that an application for such procedure is requested in approximately 33% of the cases. INTA is aware that customs considers the figure to be low. INTA observes that the figure is high bearing in mind that the procedure is still relatively new and bearing in mind the issues referred to in the previous paragraph.

INTA observes that the procedure should be maintained. Abandoning the procedure would increase the administrative burden for customs, which burden is higher than providing right holders with information relating to the number of goods that are destroyed and the time thereof. INTA stands ready to work with the Commission towards a workable solution. INTA acknowledges that the provision of reports must come with certain intervals and cannot not be made on a case by case basis.

It appears that a large number of pharmaceutical companies did not apply for the small consignments procedure. INTA believes that this may not be for the reasons suggested by customs, but rather because the detention of medicines may trigger an obligation for pharmaceutical companies to report to the authorities.

Finally INTA observes that not all countries apply the procedure. Unilateral adoption of the procedure is likely to contribute to a higher number of right holders using the procedure.

The liability of the holder of the decision

INTA has not particular observations in this area.

Costs

As to costs, INTA refers to its observations under the subsections for the procedure for the destruction of goods and initiation of proceedings and the procedure for the destruction of goods in small consignments.

Other issues

Other issues that INTA wishes to address are:

Languages: INTA acknowledges that the EU has 24 official languages and that requirements for translation may exist in order to effectively enforce intellectual property rights in the EU. INTA observes though that translation policies differ from country to country, ranging from requiring no translation to requiring translation of all information provided, even where this does not contribute to effective enforcement. As to list of goods and services INTA promotes use of the Enforcement Data Base which contains translations of the list of goods and services of the trademarks that are invoked as a basis for the application for action.

Pharmaceutical products: INTA wishes to make a separate remark on Pharmaceutical products. A concern is whether border control staff, in particular at smaller border points, have the capacity to understand the wording specific to medicines in order to decide whether to detain or not the goods. This could have the consequence that not all consignments of counterfeit medicines are stopped. INTA supports a close cooperation between pharmaceutical companies and customs to avoid this.

Notification of the suspension of the release: the perspective of INTA is that both customs and right holders would benefit from the use of a uniform reporting format, a uniform method of notification and uniformity in terms of the details that are reported. It seems that integration of COPIS and the EDB will allow for such harmonization of customs notifications of the suspension of release of infringing goods.

In addition INTA believes it to be beneficial that all Member States report the same details (such as type of goods, volume, names and addresses of the sender and the recipient).

Intelligence databases: INTA is concerned about the multitude of intelligence database such as COPIS, the EDB, IPM and various national databases. Research shows that customs officers are unlikely to consult multiple databases at the same time. INTA encourages the further integration of COPIS and the EDB (as promoted by the Commission).

Annual meetings with DG TAXUD: INTA believes that the EU customs - right holders and stakeholders meeting on customs enforcement of IPR are fruitful and that these contribute to promoting a private-public partnership in the field of anti-counterfeiting. These meetings should continue to take place.

Annual report: INTA wholeheartedly supports the continued publication by DG TAXUD of its annual Reports on EU customs enforcement of intellectual property rights and the results at the border. These provide useful facts and evidence that may help the public and private sector to continuously look for improvement of the fight against counterfeits. INTA regrets that the publication of the report seems to be increasingly delayed.

Conclusion

INTA is pleased to have been offered the opportunity to provide some observations on the implementation of Regulation (EU) No 608/2013 to the European Commission's Directorate-General Taxation and Customs Union. INTA would be pleased to answer any questions that the European Commission may have and is available to discuss these comments in more detail. Please contact either of the following INTA representatives:

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About the International Trademark Association

INTA is the global association of trademark owners and professionals dedicated to supporting trademarks and related intellectual property in order to protect consumers and to promote fair and effective commerce. INTA's members are more than 6,700 organizations from 190 countries. INTA members collectively contribute almost US \$12 trillion / €8.8 trillion / ¥73 trillion to global GDP annually. For comparison, the 2015 annual GDP of the top three markets was \$10.9 trillion (China), \$16.2 trillion (European Union) and \$17.9 trillion (United States). The Association's member organizations represent some 30,000 trademark professionals and include brand owners from major corporations as well as small- and medium-sized enterprises, law firms and nonprofits. There are also government agency members as well as individual professor and student members. INTA undertakes advocacy work throughout the world to advance trademarks and offers educational programs and informational and legal resources of global interest. Headquartered in New York City, INTA also has offices in Brussels, Shanghai, Singapore and Washington D.C. and representatives in Geneva and New Delhi. For more information, please visit our website: www.inta.org.