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Ref: Proposed Community Trade Mark Regulation 207/2009 and Trade Mark Directive 2008/95/CE:

Counterfeit Goods in Transit Must Be Covered Effectively

Business Action to Stop Counterfeiting and Piracy (BASCAP), an initiative of the International Chamber of Commerce (ICC), appreciates the European Commission's steps to modernise the European Union's trademark legislative system. The current revision of the Community Trade Mark Regulation (CTMR) and Trademark Directive (TMD) cover a wide range of issues for which ICC has produced a paper providing detailed comments on several aspects of the proposed EU Trademark system reform¹.

In particular, under the current revision of the Community Trade Mark Regulation (CTMR) and Trademark Directive (TMD), we welcome the European Commission's proposals to establish the necessary EU legal framework required to enable more effective enforcement against the growing problem of counterfeit products, to prevent counterfeit goods transiting through EU Member States and to prevent the distribution and sale of packaging, labels or other similar items likely to be used in connection with counterfeit goods.

1. Goods in Transit

The European Commission has rightly recognized the importance of an effective EU legislative and enforcement system that would prevent the transit of fake goods at the EU's borders. Not only does this protect EU citizens, it helps to reduce the flow of potentially dangerous products to consumers in other countries.

Under the currently flawed Regulation on Customs Enforcement of Intellectual Property Rights 1383/2003, customs officials are only permitted to detain counterfeit products transiting through the EU if it can be shown that these products are destined for the EU market. Consequently, identified counterfeit products in transit from an EU Member State to a third (non-EU) country are released back into commercial circulation even if it is evident that the goods are not genuine. This system, incongruent with the EU's strong stance on protecting IP rights and stopping the trade in counterfeit goods, persists because transit itself is not defined as an infringing act under current EU law. Thus, it is imperative that the European Commission's proposed changes to the CTMR and the TMD remedy this situation by closing the gap in the current legislation that allows counterfeits to transit through EU Member States destined for other countries.

¹ ICC Comments on the European Commission Proposal for Reform of the EU Trade Mark System, Document No.450/1080, July 2013

We therefore support the Commission's proposal that entitles rights holders to prevent third parties from bringing goods from third (non-EU) countries bearing an unauthorized trade mark which is identical to the European trade mark registered in respect of those goods, into the customs territory of the Union, regardless of whether they are released for free circulation. Since trademark rights holders do not have access to the transit zone, we believe they would need the help of the relevant local law enforcement authorities to be able to prevent the bringing of such goods into the customs territory of the Union.

We thus propose an amendment to be inserted in the Article (9)5 of CTMR that would help trademark owners, with the assistance of the relevant local authorities, to be able to prevent the bringing of such goods into the customs territory of the Union, and thereby to increase the effectiveness of this provision.

In addition, in its Explanatory Memorandum, the Commission explains that the purpose of this provision is to allow rights holders to prevent the entry of infringing goods into the customs territory of the Union “*regardless of whether they are released for free circulation.*” However, the provision’s wording seems to be more limiting: “The proprietor of a European trade mark shall also be entitled to prevent all third parties from bringing goods [...] into the customs territory of the Union *without being released for free circulation there* [...].” We therefore propose to clarify the language of the provision so as to reflect the Commission’s intention, as set out in the Explanatory Memorandum.

2. Preparatory Acts

Currently, neither the Regulation nor the Directive contains any provisions allowing proceedings against the distribution and sale of labels and packaging or similar items which may subsequently be combined with illicit products. We therefore support the Commission's proposal that enables a trademark owner to take action against dealings in packaging, labels and similar items where there would be an infringement of trademark rights if such components were combined with goods. This provision would provide another practical, relevant and efficient contribution to the fight against counterfeiting.

In its Explanatory Memorandum, the Commission explains this provision as providing the basis to bring proceedings against counterfeiters who distribute or sell “labels and packaging or similar items.” However the text of the provision itself speaks of “get-up,” which is a legal term of art not applicable in all EU jurisdictions, and of “packaging or other means” only. In order to ensure this provision’s effectiveness, we propose a clarification of the wording used to describe the labels, packaging and other items to ensure that the more common packaging elements and components used by pirates and counterfeiters in their infringing activities are expressly dealt with in the provision.

Recommended Amendments in the Proposed Community Trade Mark Regulation 207/2009

Amendment [1]

Proposal for a Regulation

Article 9(5)

Text proposed by the Commission

(5) The proprietor of a European trade mark shall also be entitled to prevent all third parties from bringing goods, in the context of commercial activity, into the customs territory of the Union without being released for free circulation there, where such goods, including packaging, come from third countries and bear without authorization a trade mark which is identical to the European trade mark registered in respect of such goods, or which cannot be distinguished in its essential aspects from that trade mark.

Amendment

(5) The proprietor of a European trade mark shall also be entitled, ***with the assistance of the relevant local authorities***, to prevent all third parties from bringing goods, in the context of commercial activity, into the customs territory of the Union ~~without being~~ ***regardless of whether they are*** released for free circulation there, where such goods, including packaging, come from third countries and bear without authorization a trade mark which is identical to the European trade mark registered in respect of such goods, or which cannot be distinguished in its essential aspects from that trade mark.

Justification

In order to increase the effectiveness of the provision, trade mark owners would need the help of the relevant local law enforcement authorities (e.g customs, police) to be able to prevent the bringing of such goods into the customs territory of the Union, since trademark owners do not have access to the transit zone. In addition, to ensure a correct interpretation of the provision, the language should be clarified so as to allow the right to prevent the bringing of goods into the customs territory of the Union regardless of whether they are released for circulation or not.

Amendment [2]

Proposal for a Regulation Article 9a

Text proposed by the Commission

Where it is likely that the get-up, packaging or other means to which the mark is affixed will be used for goods or services and the use in relation to those goods or services would constitute an infringement of the rights of the proprietor under Article 9(2) and (3), the proprietor of a European trade mark shall have the right to prohibit the following:

- (a) affixing in the course of trade a sign identical with or similar to the European trade mark on get-up, packaging or other means on which the mark may be affixed;
- (b) offering or placing on the market, or stocking for those purposes, or importing or exporting get-up, packaging or other means on which the mark is affixed.

Amendment

Where it is likely that the ~~get-up~~, packaging, **labels, tags, security features, authenticity devices or any other materials** to which the mark is affixed will be used for goods or services and the use in relation to those goods or services would constitute an infringement of the rights of the proprietor under Article 9(2) and (3), the proprietor of a European trade mark shall have the right to prohibit the following:

- (a) affixing in the course of trade a sign identical with or similar to the European trade mark on ~~get-up~~, packaging, **labels, tags, security features, authenticity devices or any other materials** on which the mark may be affixed;
- (b) offering or placing on the market, or stocking for those purposes, or importing or exporting ~~get-up~~, packaging, **labels, tags, security features, authenticity devices or any other materials** on which the mark is affixed.

Justification

In order to increase the effectiveness of the provision, the wording used to describe the labels, packaging and other items should be clarified to ensure that the more common packaging elements and components used by pirates and counterfeiters in their infringing activities are comprised in the provision.