

Netherlands

Contributing firm
AKD Prinsen Van Wijmen



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Legal framework

The relevant legal framework is a mixture of criminal law and civil law, and comprises:

- EU legislation;
- national substantive legislation; and
- national procedural legislation.

In case of conflict between national and supranational law, the latter always has precedence.

Relevant EU legislation includes:

- the EU Customs Regulation (1383/2003); and
- the EU Customs Implementation Regulation (1891/2004).

No reference is made to EU directives as they have mainly been implemented into national law, which consists of:

- the Benelux Convention on Intellectual Property (trademarks and designs);
- the Dutch Patent Act 1995;

- the Dutch Copyright Act; and
- the Dutch Criminal Code.

The relevant procedural statute is the Dutch Act on Civil Procedures.

Border measures

Dutch Customs falls under the supervision of the Ministry of Finance. Customs imposes and collects taxes, and enforces EU and national customs legislation, including the EU Customs Regulation. The regulation came into force in the Netherlands on July 1 2004.

'Counterfeit' and 'pirated' goods are defined in Article 2 of the regulation. 'Counterfeit goods' are goods, including packaging, bearing a sign that is identical to a trademark that is validly registered in respect of the same type of goods, or which cannot be distinguished in its essential aspects from such a mark, without authorization. A sign need not be identical to be infringing. Counterfeits can also consist of symbols and packaging materials that cannot be distinguished in their

essential aspects from the genuine symbols and packaging materials, even if presented separately from those products.

'Pirated goods' are:

- goods that are or contain copies made without the consent of the rights holder; or
- goods that infringe on a patent (including supplementary certificates), a plant variety or a geographical indication of origin.

Anti-counterfeiting

Dutch Customs takes anti-counterfeiting actions seriously, as the marketing of counterfeit and pirated goods (and indeed all IP infringing goods) does considerable damage to law-abiding manufacturers, traders and rights holders. It also deceives and endangers the health and safety of consumers. In addition, the government loses out on tax revenue, as many sellers of counterfeit goods try to transport them across borders at low values to escape payment of duties.

Customs may take action against counterfeiting, either *ex officio* or upon an application by the rights holder.

Ex officio actions

If suspect goods arrive at Customs and no request for action against them has been lodged, Customs may nevertheless suspend *ex officio* the release of the suspect goods or detain them for up to three working days. This three-day period commences on the day that the rights holder is notified of the existence of the suspect goods.

The three-day period gives the rights holder time to submit an application for action (as set out in Article 5 of the EU Customs Regulation) against counterfeit goods.

If the rights holder does not file an application for action, Customs shall release the goods for circulation. The goods may then either enter the local market or be forwarded to their ultimate destination, as the case may be.

Application for action

Under the EU Customs Regulation, a rights holder may apply for action by customs authorities in any EU member state against suspected counterfeited or pirated goods. The application form is defined in and attached to the Customs Implementation Regulation.

The German Tax Tribunal raised the issue of whether, in light of the European's Union accession to the Madrid Protocol, Article 5(4) of the EU Customs Regulation should be interpreted as meaning that, despite the use of the term 'Community trademark', marks with international registrations are also covered. On July 2 2009 the European Court of Justice (C-302/08) ruled that Article 5(4) should be interpreted as allowing the holder of an internationally registered trademark to secure action by the customs authorities of one or more member states, besides those of the member state in which it is lodged, just like the proprietor of a Community trademark.

Under the regulation, each member state shall designate the customs department that is competent to receive and process applications for action. In the Netherlands, applications are processed by *Douane Noord*, which is based in Groningen.

The customs authorities encourage applicants to file with the application information that will enable them to distinguish genuine goods from counterfeit and/or pirated goods. This information can relate to the original goods, such as their method of storage, packaging and/or

transport, or to previously intercepted counterfeit goods. Dutch Customs is known to store carefully all intelligence provided and to make it available at all relevant entry points, such as Amsterdam airport and Rotterdam harbour.

On the basis of the information contained in the application for action, Customs may suspend, release or retain goods that are suspected of being counterfeit. On suspending the release of goods, Customs notifies the rights holder, which then has 10 days (renewable once) to inspect the goods. Customs provides the rights holder with information about the goods, including the quantity; it also usually provides digital photographs and samples.

Upon confirmation that the goods are counterfeit and that the rights holder will take action, Customs provides all available details of the consignor, consignee and the declarant to the rights holder. On request, Customs will extend the timeframe by another 10 working days (three days in the case of perishable goods).

During this period the rights holder may approach the infringer requesting it to:

- forfeit the goods;
- remove them from circulation; and
- have them destroyed.

If the infringer objects to the destruction of the goods, the rights holder will have to initiate legal (civil) proceedings to solve the issue. If the rights holder fails to commence proceedings or fails to inform Customs of these proceedings, then Customs will release the goods.

Simplified procedure

Dutch Customs can employ the simplified procedure set out in Article 11 of the EU Customs Regulation. This enables customs authorities to order the destruction of suspect goods without any need for a court to determine whether an IP right has been infringed under national law.

Consent to destruction shall be presumed when the declarant, holder or owner of the goods has not specifically opposed destruction within the prescribed period (ie, 10 working days, renewable once). Emphasis is placed on the words "specifically opposed", which imply that the declarant, holder or owner of the goods has failed to inform the rights holder that it objects to or opposes their destruction, or used similar wording expressing the same.

Criminal prosecution

The Criminal Code distinguishes between minor offences and crimes. The wilful

manufacture and/or sale of counterfeit or pirated goods is a crime which carries a fine or a prison sentence of up to four years (Article 337).

The authority with investigative powers in the area of counterfeiting is the Fiscal Information and Investigation Service and Economic Investigation Service. Upon suspension of the release of goods, Customs will inform the service of this.

The service, together with the public prosecutor, decides upon the further prosecution of the manufacturer of the counterfeit goods. The public prosecutor has discretion as to whether to prosecute. In practice, prosecutors do not pursue many cases as most are of the opinion that the matter is of a civil nature and ought to be resolved between the parties, either in a settlement or in civil legal proceedings.

However, the public prosecutor will take action against counterfeiting if it involves:

- criminal organizations;
- major tax and excise fraud (eg, cigarettes); or
- a threat to public health and safety.

Remedies in criminal proceedings may consist of:

- fines;
- imprisonment;
- confiscation and destruction of goods; and
- payment of illegally obtained profits.

The judge in criminal procedures may also decide to impose an alternative punishment, such as community service. The main penalties for counterfeiting tend to be fines and confiscation and destruction of goods.

Civil enforcement

Under civil enforcement, a rights holder can take preliminary measures, such as detaining the goods, and file legal proceedings. The main types of civil proceedings are:

- preliminary injunction proceedings; and
- proceedings on the merits (full trial proceedings).

Detention of goods

If an infringer objects to the destruction of goods, the rights holder may seek permission from the district court to detain them. The goods will be detained at the premises of the party holding them at that point in time (ie, either Customs or a logistics service provider holding the goods under Customs' supervision), at the owner's expense.

If it is likely that the goods are counterfeit, the court will allow their detention on condition that proceedings are initiated within a term determined by the court. This term will be at least eight days and may be longer, provided that a reasonable explanation is given. A reasonable explanation could include an indication that the matter can be settled within a timeframe set by the court.

A rights holder's first action should be to file a request to detain the goods, rather than launching straight into proceedings. This is because the period allowed under the detention rules provides more time (in addition to the initial term of 20 working days under the EU Customs Regulation) to negotiate a settlement with the infringer.

If the matter is not settled during this time, the rights holder must introduce proceedings before the expiry of the deadline set by the court.

Since the implementation of the EU IP Rights Enforcement Directive (2004/48/EC), rights holders may also seek *ex parte* injunctions requesting the court to order the transfer of the infringing goods to the rights holder. An *ex parte* injunction will become invalid unless the rights holder commences *inter partes* proceedings within the timeframe set by the court.

Proceedings

Of the two types of action available, preliminary injunction proceedings are most commonly used in counterfeiting cases, as they enable rights holders to stop infringements more quickly. Preliminary proceedings will lead to a provisional measure that can become final, either because the parties achieve a settlement or because the initial action is followed by proceedings on the merits leading to a definitive measure.

Preliminary proceedings are useful for taking action against blatant infringements that require an urgent solution. In customs matters it is recommended to opt for proceedings on the merits. There is no urgency since the goods are detained anyway and it is best to strive for a definitive measure.

Preliminary injunction proceedings at first instance usually take between two and eight weeks. Proceedings on the merits may take six to 18 months at first instance. The duration of the proceedings on the merits depends to some extent on the procedural behaviour of the defending party and the court. Unlike in preliminary proceedings, the court in full trial proceedings may render declaratory judgments.

For the duration of the proceedings, Customs will continue to suspend the release of the infringing goods. If a rights holder loses at first instance, Customs will suspend release where an appeal is filed.

In counterfeiting proceedings, the matter is likely to conclude following a judgment at first instance. Under Dutch civil procedural law, the losing party will be ordered to compensate the other party's legal costs. Unless the parties request otherwise, the courts normally follow the Court Directive on Compensation of Legal Costs in IP Proceedings (Article 1019h Rv).

Remedies

In civil proceedings, the rights holder may seek:

- a declaratory judgment that the goods infringe its IP rights;
- surrender of the infringing goods;
- destruction of the infringing goods;
- destruction of the materials and tools with which the infringing goods were manufactured in the Netherlands;
- compensation for damages;
- lost profits; and
- compensation for legal costs (including out-of-court work).

Compensation for legal costs under the application of the Court Directive on Compensation of Legal Costs in IP Proceedings may range from €6,000 to €25,000.

Anti-counterfeiting online

The online sale of counterfeit goods is part of the wider trend of infringements taking place on the Internet, including unauthorized parallel trade and domain name grabbing.

Counterfeits are sold mainly on so-called 'replica' sites (eg, www.replicawatches.com) and on auction sites such as eBay.

Auction sites generally have effective notice and takedown procedures in place (eg, eBay's Verified Rights Owner programme). Rights holders can easily report listings that infringe their rights. eBay has reportedly declared that:

- it is in its interest to ensure that infringing items are removed from its site; and
- it is known to take such action.

Removal normally takes place within a few hours.

If and when online infringements are pursued through the courts, it is important to establish that the courts have jurisdiction. Accordingly, rights holders should ensure

that sales are directed at customers in the Netherlands. Dutch courts will consider factors such as the site's ability to accept payment in euros into a Dutch bank account or with Dutch methods of payment as a sign that sales are directed at Dutch customers. Advertising in Dutch may also lead Dutch courts to claim authority over the matter.

Finally, the host of a website that contains information provided by third parties may be found liable for infringement under Article 6:196c BW of the Civil Code if it does not remove infringing material after being notified of its illegality.

Internet security and online investigation strategies

The unlimited potential of the Internet also causes problems in monitoring infringements online. Business would be ill advised to try to monitor the web themselves. Instead, they should hire investigators and/or IT consultants that specialize in monitoring the Internet for IP infringements.

Where these infringements take place on auction sites, rights holders may follow the notice and takedown procedures described above.

Preventive measures/strategies

Counterfeiting is unlikely to disappear overnight. It is therefore important that rights holders set up and implement proactive anti-counterfeiting strategies.

One of the key measures is to apply for customs action under the EU Customs Regulation.

A proper anti-counterfeiting operation requires support on the ground (in key jurisdictions) in the form of investigators and counsel. It is important that the latter maintain good contacts with customs authorities (both the central customs organization and the customs officers at the entry points).

Finally, rights holders may use technical devices or other measures on their products so that all stakeholders can easily distinguish counterfeits from genuine products. [WTR](#)

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Huib Berendschot studied Dutch law at Tilburg University. He joined Unilever as in-house counsel in 1991; he later moved to the trademark division in Rotterdam, working in this capacity in London from 1993 to 1997 before returning to Rotterdam as head of Unilever's food and beverages trademark team. At Unilever Mr Berendschot was involved in brand development, international industrial property enforcement proceedings and the formulation of IP contracts. He represented the company with regard to counterfeiting prevention in the World Customs Organization's business IP rights group. In 2001 Mr Berendschot joined Novagraaf and since May 1 2004 he has been a member of AKD Prinsen Van Wijmen's IP and technology practice group as an attorney at law. Mr Berendschot regularly teaches on the subject of trademark law and speaks at seminars both in the Netherlands and abroad. He is now vice chair of INTA'S global committee on parallel trade.



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Peter Claassen studied law at Nijmegen University, where he obtained his master's degree. He also obtained an LLM from the Miami Law School. In 1984 Mr Claassen worked for Arnall Golden & Gregory, Atlanta, before joining AKD Prinsen Van Wijmen in 1985. He became a partner in 1992. Mr Claassen has experience in a wide range of legal matters and has greatly contributed to the expansion of the firm's IP practice. His main expertise is in the classic IP areas of patent, trademark, design and copyright law. Mr Claassen chairs both the IP and technology practice groups and is a member of leading organizations such as INTA and MARQUES. He regularly teaches on trademark and patent law, and lectures at seminars both in the Netherlands and abroad. Mr Claassen sits on INTA'S EU subcommittee on enforcement.