

**Consultation paper**  
**Review of EU legislation on customs enforcement of intellectual property rights**

**Note**

**This document is being circulated for consultation to all parties concerned in the context of a legislative proposal on customs enforcement of intellectual property rights.**

**The sole purpose of this consultation is to collect relevant information and help the Commission develop its thinking in this area.**

**This document does not necessarily reflect the views of the Commission of the European Union, and should not be interpreted as a commitment by the Commission to any official initiative in this area.**

The parties concerned are invited to submit their comments no later than 25 May 2010.

Comments may be sent by letter, fax or electronic mail to

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- Citizens: [TAXUD-C3-IPRCUSTOMS-citizens@ec.europa.eu](mailto:TAXUD-C3-IPRCUSTOMS-citizens@ec.europa.eu)
- Registered organisations: [TAXUD-C3-IPRCUSTOMS-organisations@ec.europa.eu](mailto:TAXUD-C3-IPRCUSTOMS-organisations@ec.europa.eu)
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## 1-INTRODUCTION

The European Commission, in close collaboration with the Member States, is currently in the process of reviewing 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<sup>1</sup>.

If considered appropriate in the light of the outcome of this review, the European Commission shall prepare a proposal for a Regulation of the Council and of the European Parliament, concerning Customs Enforcement of Intellectual Property Rights (IPR). The proposed regulation would replace Council Regulation (EC) No 1383/2003.

The Commission is committed to an inclusive approach when developing and implementing EU policies, which means consulting as widely as possible on policy initiatives. This applies, in particular, in the context of legislative proposals.<sup>2</sup> Informal contacts with a range of stakeholders have already taken place in the framework of the review of the current regulation on IPR enforcement by customs. In particular, the Commission has been working closely with certain experts from the Customs Administrations of the Member States, in a working group created under the Customs 2013 Programme, which met several times. Right holders and business associations have also expressed their views in various fora, such as the European Counterfeiting and Piracy Observatory, as well as with the representatives from the Member States' customs administrations in the framework of the Customs Code Committee - Counterfeit and Pirated Goods Section.

To ensure all stakeholders are given ample opportunity to contribute to this process, the Commission has decided to carry out an open public consultation through the internet, thus making sure that all relevant parties are given the possibility to express their views and to provide input.

## 2-BACKGROUND

The Commission's new Communication on a strategy for smart, sustainable growth, "Europe 2020",<sup>3</sup> underlines the importance of innovation for growth and jobs. Intellectual Property Rights (IPR) are fundamental to this key priority, ensuring full benefits from research, innovation and creative activities. IPR infringements and the resulting trade in infringing goods are of growing concern, particularly in a globalised economy. In addition to the economic consequences for industry, the infringing products may pose serious health and safety risks to consumers. This consultation concerns the EU legislation applicable to the enforcement of intellectual property rights by customs.

Council Regulation (EC) No 1383/2003 provides for customs action against goods suspected of infringing certain intellectual property rights and is an important element in the EU's

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<sup>1</sup> [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 OJ L 196, 2.8.2003, p. 7–14

<sup>2</sup> Communication from the Commission [COM \(2002\) 704 final](#): Towards a reinforced culture of consultation and dialogue - General principles and minimum standards for consultation of interested parties by the Commission

<sup>3</sup> [COM \(2010\) 2020](#), Communication from the Commission, Europe 2020. A strategy for smart, sustainable and inclusive growth. Brussels, 3.3.2010

strategy to protect and enforce intellectual property rights. In September 2008 the Council<sup>4</sup> invited the Commission and the Member States to review this regulation and evaluate the improvements needed to the legal framework to improve action against counterfeit products considered to be dangerous to consumers.

At the same time, the Council also requested a new customs action plan be developed, to combat IPR infringements for the years 2009-2012. This plan<sup>5</sup> was developed to tackle four main challenges, dangerous counterfeit goods, organised crime, globalisation of counterfeiting and the sale of counterfeits over the internet. The review of the regulation was incorporated into the plan and was carried out by the Commission, in close collaboration with the Member States.

The 2009-2012 Action Plan, endorsed by the Council identified several issues in the regulation that should be reviewed, notably with regard to:

- The need for clarification of the situations in which customs may take action, in conjunction with the possible infringements of rights conferred to the right holder by substantive law.
- The provisions concerning small consignments involving goods suspected of infringing IPR.
- The implementation of a simplified procedure, enabling customs authorities to have infringing goods abandoned for destruction under customs control, without there being any need to determine whether an intellectual property right has been infringed.
- The costs of storage and destruction of goods and the concerns raised by right holders regarding their financial responsibilities under the current regulation.

Any amendment should respect the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights ([TRIPS](#)), conceived as an agreement of minima.

### **3-IDENTIFICATION OF STAKEHOLDERS**

As an open public consultation, it is addressed to the public in general. Nevertheless, the Commission considers that the following categories of stakeholders would be particularly concerned:

- IP right holders and their business associations
- Economic operators in general and more specifically those providing services related to international trade of goods (shippers, carriers, consignors, customs declarants, holders of customs procedures, holders of customs warehouses, etc)
- Consumers

### **4-QUESTIONS SUBMITTED TO THE PUBLIC AND TO INTERESTED PARTIES**

The Commission would be interested in receiving contributions from the public and from all interested parties on the following issues (see **Annex 1** for further explanation on the scope of the consultation):

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<sup>4</sup> Council Resolution of 25 September 2008 on a comprehensive European anti-counterfeiting and anti-piracy plan ([2008/C 253/01](#))

<sup>5</sup> Council Resolution of 16 March 2009 on the EU Customs Action Plan to combat IPR infringements for the years 2009 to 2012 ([2009/C 71/01](#))

1. Scope of the Regulation: situations in which customs authorities should be competent to take action.
2. Scope of the Regulation: range of IPRs the Regulation should cover and possible derogations.
3. Scope of the regulation: possible derogations for which customs authorities will not be competent to take action in the light of the regulation.
4. Simplified procedure enabling customs authorities to have infringing goods abandoned for destruction under customs control, without there being any need to determine whether an intellectual property right has been infringed
5. Small consignments and sales via the internet
6. Costs of storage and destruction.
7. The Commission would be grateful to receive any other comments not yet covered by the previous questions in this paper.

## FINAL OBSERVATIONS

Your contribution to this consultation should be sent by 25 May 2010.

- If you are answering this consultation as a **citizen**, please send your contribution to:

[TAXUD-C3-IPRCUSTOMS-citizens@ec.europa.eu](mailto:TAXUD-C3-IPRCUSTOMS-citizens@ec.europa.eu)

- If you are answering this consultation on behalf of a **registered organisation**, please send your contribution to:

[TAXUD-C3-IPRCUSTOMS-organisations@ec.europa.eu](mailto:TAXUD-C3-IPRCUSTOMS-organisations@ec.europa.eu)

- If you are answering this consultation on behalf of a **public authority**, please send your contribution to:

[TAXUD-C3-IPRCUSTOMS-publicauthorities@ec.europa.eu](mailto:TAXUD-C3-IPRCUSTOMS-publicauthorities@ec.europa.eu)

It is important for contributors to clearly identify: name, address, e-mail, activity, and, in the event of representative organisations, the level of representation.

Your contributions will be acknowledged collectively and published on the website of DG TAXUD. The results will be summarised in a report to be published on the same website.

## ANNEX 1

### **1. Scope of the Regulation: situations in which customs authorities should be competent to take action.**

#### Current legislative framework

Paragraph 1 of Article 1 of Council Regulation (EC) No 1383/2003 sets out the conditions for action by the customs authorities when goods are suspected of infringing an intellectual property right in the following situations:

(a) when they are entered for release for free circulation, export or re-export in accordance with Article 61 of Council Regulation (EC) No 2913/92 of 12 October 1992 establishing the Community Customs Code;

(b) when they are found during checks on goods entering or leaving the Community customs territory in accordance with Articles 37 and 183 of Regulation (EEC) No 2913/92, placed under a suspensive procedure within the meaning of Article 84(1)(a) of that Regulation, in the process of being re-exported subject to notification under Article 182(2) of that Regulation or placed in a free zone or free warehouse within the meaning of Article 166 of that Regulation.

*WTO TRIPS Agreement - Article 51, concerning the Suspension of Release by Customs Authorities, states:*

Members shall, in conformity with the provisions set out below, adopt procedures (13) to enable a right holder, who has valid grounds for suspecting that the importation (...) may take place, to lodge an application in writing with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods. (...) Members may also provide for corresponding procedures concerning the suspension by the customs authorities of the release of infringing goods destined for exportation from their territories.

(13) It is understood that there shall be no obligation to apply such procedures (...) to goods in transit.

#### Explanation

The extent of the competence of customs authorities concerning IPR enforcement is dependant on the scope of the customs intervention, from taking action only when infringing goods are declared to release for free circulation, to all the situations in which infringing goods are under customs supervision (including in particular exportation, transit, transshipment, temporary deposit, customs warehousing procedures, placement in free zones or free warehouses). Any of the options should take into account the following:

- the Regulation should not affect substantive IPR law applicable in the Member States and in particular the extent of the rights conferred by such law to the right holders;

- the application of the Regulation by customs should never unduly hinder legitimate trade of goods through the territory of the European Union;
- customs enforcement of IPR should make the best use of available customs resources.

A particular account should be taken of the concerns expressed by some WTO members, namely India and Brazil, relating to controls by European customs on medicines in transit through the European Union.

### Question

Concerning the competence of customs authorities for IPR enforcement, what should be the situations of infringing goods in which customs authorities should take action?

## **2. Scope of the Regulation: range of IPRs the Regulation should cover and possible derogations.**

### Current legislative framework

Paragraph 1 of Article 2 of Council Regulation (EC) No 1383/2003 states:

1. For the purposes of this Regulation, 'goods infringing an intellectual property right' means:

(a) 'counterfeit goods', namely:

(i) goods, including packaging, bearing without authorisation a trademark identical to the trademark validly registered in respect of the same type of goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the trademark-holder's rights under Community law, as provided for by Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trademark or the law of the Member State in which the application for action by the customs authorities is made;

(ii) any trademark symbol (including a logo, label, sticker, brochure, instructions for use or guarantee document bearing such a symbol), even if presented separately, on the same conditions as the goods referred to in point (i);

(iii) packaging materials bearing the trademarks of counterfeit goods, presented separately, on the same conditions as the goods referred to in point (i);

(b) 'pirated goods', namely goods which are or contain copies made without the consent of the holder of a copyright or related right or design right, regardless of whether it is registered in national law, or of a person authorised by the right-holder in the country of production in cases where the making of those copies would constitute an infringement of that right under Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs or the law of the Member State in which the application for customs action is made;

(c) goods which, in the Member State in which the application for customs action is made, infringe:

(i) a patent under that Member State's law;

(ii) a supplementary protection certificate of the kind provided for in Council Regulation (EEC) No 1768/92 or Regulation (EC) No 1610/96 of the European Parliament and of the Council;

- (iii) a national plant variety right under the law of that Member State or a Community plant variety right of the kind provided for in Council Regulation (EC) No 2100/94;
- (iv) designations of origin or geographical indications under the law of that Member State or Council Regulations (EEC) No 2081/92 and (EC) No 1493/1999;
- (v) geographical designations of the kind provided for in Council Regulation (EEC) No 1576/89.

*TRIPS - Article 51, concerning the Suspension of Release by Customs Authorities, states:*

Members shall, in conformity with the provisions set out below, adopt procedures to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods (14) may take place, (...). Members may enable such an application to be made in respect of goods, which involve other infringements of intellectual property rights, provided that the requirements of this Section are met. (...)

(14) For the purposes of this Agreement:

(a) "counterfeit trademark goods" shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation;

(b) "pirated copyright goods" shall mean any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation.

### Explanation

The range of IPR infringements covered by the provisions of the Regulation could vary from "counterfeit trademark goods" and "pirated copyright goods" as defined by footnote (14) of TRIPs agreement to any IPR infringement, in particular Copyright and Related Rights, Trademarks, Geographical Indications, Industrial Designs, Patents, Utility Models, Layout-Designs (Topographies) of Integrated Circuits and Plant Variety Rights.

### Question

What should be the range of IPR covered by the Regulation?

**3. Scope of the regulation: possible derogations for which customs authorities will not be competent to take action in the light of the regulation.**

### Current legislative framework

Article 3 of Council Regulation (EC) No 1383/2003 states:

1. This Regulation shall not apply to goods bearing a trademark with the consent of the holder of that trademark or to goods bearing a protected designation of origin or a protected geographical indication or which are protected by a patent or a supplementary protection certificate, by a copyright or related right or by a design right or a plant variety right and which have been manufactured with the consent of the right-holder but are placed in one of the situations referred to in Article 1(1) without the latter's consent.

It shall similarly not apply to goods referred to in the first subparagraph and which have been manufactured or are protected by another intellectual property right referred to in Article 2(1) under conditions other than those agreed with the right-holder.

2. Where a traveller's personal baggage contains goods of a non-commercial nature within the limits of the duty-free allowance and there are no material indications to suggest the goods are part of commercial traffic, Member States shall consider such goods to be outside the scope of this Regulation.

*TRIPS - Article 51, concerning the Suspension of Release by Customs Authorities, states:*

Members shall, in conformity with the provisions set out below, adopt procedures (13) to enable a right holder (..)

(13) It is understood that there shall be no obligation to apply such procedures to imports of goods put on the market in another country by or with the consent of the right holder, (...)

*Article 60, concerning De Minimis Imports, states :*

Members may exclude from the application of the above provisions small quantities of goods of a non-commercial nature contained in travellers' personal luggage or sent in small consignments.

### Explanation

The possible options vary from no derogation of the possible IPR infringements under the scope of the Regulation to any derogation with the exception of commercial shipments of "counterfeit trade mark goods" and "pirated copyright goods". In this context, the main issues concern:

- small quantities of goods of a non-commercial nature contained in travellers' personal luggage.
- certain violations of licensee contracts considered as an IPR infringement by the substantive IPR law so-called overruns (including goods bearing a trademark with the consent of the holder of that trademark, goods bearing a protected designation of origin, or a protected geographical indication, or which are protected by a patent or a supplementary protection certificate, by a copyright or related right or by a design right or a plant variety right, or are protected by another intellectual property right within the scope of the Regulation under conditions other than those agreed with the right-holder).
- parallel trade, namely goods put in the market, outside the territory where exhaustion of IPR could take place, by or with the consent of the right holder and then placed in one of the situations which allows customs authorities to take action.

## Questions

- Should the derogation concerning small quantities of goods of a non-commercial nature contained in travellers' personal luggage be kept or should it be withdrawn?
- Should the derogation concerning overruns be kept or should it be withdrawn?
- Should the derogation concerning parallel trade be kept or should it be withdrawn?

## **4. Simplified procedure enabling customs authorities to have infringing goods abandoned for destruction under customs control, without there being any need to determine whether an intellectual property right has been infringed**

### Current legislative framework

*Article 11* of Council Regulation (EC) No 1383/2003 states:

1. Where customs authorities have detained or suspended the release of goods which are suspected of infringing an intellectual property right in one of the situations covered by Article 1(1), the Member States may provide, in accordance with their national legislation, for a simplified procedure, to be used with the right-holder's agreement, which enables customs authorities to have such goods abandoned for destruction under customs control, without there being any need to determine whether an intellectual property right has been infringed under national law. To this end, Member States shall, in accordance with their national legislation, apply the following conditions:

— that the right-holder inform the customs authorities in writing within 10 working days, or three working days in the case of perishable goods, of receipt of the notification provided for in Article 9, that the goods concerned by the procedure infringe an intellectual property right referred to in Article 2(1) and provide those authorities with the written agreement of the declarant, the holder or the owner of the goods to abandon the goods for destruction. With the agreement of the customs authorities, this information may be provided directly to customs by the declarant, the holder or the owner of the goods. This agreement shall be presumed to be accepted when the declarant, the holder or the owner of the goods has not specifically opposed destruction within the prescribed period. This period may be extended by a further ten working days where circumstances warrant it;

— that destruction be carried out, unless otherwise specified in national legislation, at the expense and under the responsibility of the right-holder, and be systematically preceded by the taking of samples for keeping by the customs authorities in such conditions that they constitute evidence admissible in legal proceedings in the Member State in which they might be needed.

2. In all other cases, for example where the declarant, holder or owner objects to or contests the destruction of the goods, the procedure laid down in Article 13 shall apply.

### Explanation

Article 11 establishes a common framework but is not mandatory for Member States. The provision therefore allows for a non-uniform application between Member States. Possible options are maintaining the procedure as optional for Member States, making it compulsory for all Member States, or deleting the procedure.

## Questions

Should the implementation of the simplified procedure as described in *Article 11* of Council Regulation (EC) No 1383/2003 be kept as optional for Member States? Or should it be compulsory and directly applicable by all Member States? Or should it be deleted?

## **5. Small consignments**

### Explanation

The current procedures may not be adapted to tackle the growing problem of sales of IPR infringing goods via the internet effectively, which are usually distributed by post or couriers in small consignments. A new simplified procedure could be envisaged to deal with this problem, where the right holders would not necessarily be involved and the holder of the goods would be offered the possibility of abandoning the infringing goods for destruction under customs supervision.. Such a procedure would require the concept of small consignment to be defined, as well as a further procedure if the holder of the goods did not agree to abandon the goods for destruction.

### Questions

Should a new procedure be envisaged to deal with small consignments? What should be the concept of small consignment?

## **6. Costs of storage and destruction.**

### Current legislative framework

*Article 6* of Council Regulation (EC) No 1383/2003 states:

1. Applications for action shall be accompanied by a declaration from the right-holder, which may be submitted either in writing or electronically, (...)

In that declaration the right-holder shall also agree to bear all costs incurred under this Regulation in keeping goods under customs control pursuant to Article 9 and, where applicable, Article 11.

*Article 15* of Council Regulation (EC) No 1383/2003 states:

The conditions of storage of the goods during the period of suspension of release or detention shall be determined by each Member State but shall not give rise to costs for the customs administrations.

*Article 17* of Council Regulation (EC) No 1383/2003 states:

1. Without prejudice to the other legal remedies open to the right-holder, Member States shall adopt the measures necessary to allow the competent authorities:

(a) in accordance with the relevant provisions of national law, to destroy goods found to infringe an intellectual property right or dispose of them outside commercial channels in such a way as to preclude injury to the right-holder, without compensation of any sort and, unless otherwise specified in national legislation, at no cost to the exchequer;

(...)

### Explanation

Right holders have raised concerns about the attribution of costs resulting from the storage and destruction of infringing goods, as provided for in the current regulation. It has been suggested that capacity and costs of storage and destruction create a serious obstacle to the effectiveness and efficiency of the provisions.

### Questions

- What should be the scope of the provisions regarding costs in the IPR customs enforcement regulation? Should it refer to any cost or should it be limited to the costs incurred by customs authorities, leaving other costs to be borne in accordance with the common provisions regarding civil or criminal IPR enforcement applicable in the territory of the Member state where action has been taken?
- What should be the responsibility, regarding costs of storage and destruction, of each of the economic operators involved – voluntarily or involuntarily – in the international trade of IPR infringing goods? In addition to the right holders and the holder of the goods, there are several intermediaries involved, such as shippers, carriers, consignors, customs declarants and holders of customs warehouses.
- Should these provisions be set out without prejudice of the right of the person liable for costs to seek redress through the judicial system from any other party involved according to common provisions in force?