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The EU Commission publishes its guidelines on counterfeit goods in transit

Bartosz Krakowiak (POLSERVICE) · Tuesday, July 19th, 2016

On July 5, 2016 the EU Commission published its “notice on the customs enforcement of Intellectual Property Rights concerning goods brought into the customs territory of the Union without being released for free circulation including goods in transit” (in short: “**Transit Guidelines**”). The document is a slightly delayed reaction to the recent changes in the EU trademark laws (EU Trademark Regulation and Trademark Directive), which introduced a significant change in relation to enforcement of trademark rights against counterfeit goods transiting through the EU or a Member State.

In a nutshell, the new provisions (effective in relation to EU trademarks as of March 23, 2016 and yet to be transformed into Member States’ laws in relation to national marks) extended the rights of trademark proprietors to prevent third parties from bringing, in the course of trade, into the EU (Regulation) or into the Member State concerned (Directive), without being released for free circulation there, goods coming from third countries and bearing without authorization a trademark which is identical or essentially identical with the trademark registered in respect of such goods (the exact definition corresponds with the definition of “**counterfeit trademark goods**” in the TRIPS Agreement). To this effect, it should be permissible for trademark proprietors to prevent the entry of counterfeit goods and their placement in all customs situations, including transit, transshipment, warehousing, free zones, temporary storage, inward processing or temporary admission, also when such goods are not intended to be placed on the market of the EU or the Member State concerned (quite a change after the Court of Justice ruling in *Nokia/Philips* case C-446/09 and C-495/09).

Also, in order to reconcile the need to ensure the effective enforcement of trademark rights with the necessity to avoid hampering the free flow of trade in legitimate goods, in line with the obligations under the WTO framework (freedom of transit, etc.), a “**safeguard clause**” was added to the new provisions, which defines situations where said entitlement of trademark proprietors cannot be effectively exercised. It is the case if, during the proceedings which may follow a customs detention, initiated in accordance with Customs Enforcement Regulation (608/2013) before the judicial or other authority competent to take a substantive decision on a trademark infringement, the declarant or the holder of the goods is able to prove that the trademark proprietor is not entitled to prohibit the placing of the detained goods on the market in the country of final destination (quite tricky reversal of the burden of proof).

Transit Guidelines explain (and sometimes unnecessarily interpret, ignoring the principle *clara non*

sunt interpretanda) the above substantive law provisions, for the purposes of their practical application by EU customs authorities in the framework of the procedures governed by Regulation 608/2013. In particular, they remind that application of the new rules is **limited to counterfeit trademark goods** (so far, only to EU trademarks and to national trademarks only when the respective provisions implementing the new Directive are adopted). For all other trademark infringements and infringements of other IP rights the *Nokia/Philips* criteria are still applicable.

Further, Guidelines clarify in which customs situations the new trademark proprietors' rights can be exercised under Regulation 608/2013 (transit, temporary storage, free zone or customs warehouse procedures, temporary admission, inward processing). They also appear to interpret the "safeguard clause" by saying that it covers situations where the declarant or the holder of the goods is able to prove that the trademark concerned is not protected in the country of final destination. In the author's opinion, this interpretation is **too narrow**, not to mention that it is not for customs authorities but **for the competent courts** – during the legal proceedings which may follow a customs detention – to make use of the "safeguard clause". Specifically, Guidelines fail to mention that there may be other grounds entitling the trademark proprietor to prohibit the placing of the detained goods on the market in the country of final destination (non-trademark IP rights, unfair competition laws and even product regulatory laws).

Finally, Transit Guidelines – taking into account the need to facilitate **the smooth transit of legitimate medicines** – advise customs authorities to take full precautions to avoid any detention of legally traded medicines, whether or not generic. Actually, what the guidelines say is that the respective measures should not be applied where they are not applicable under the respective laws (which is obviously correct) but this message can also be read by customs authorities as "stay away from medicines!" (which in turn is not so good if we consider the growing market of counterfeit drugs).

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