Customs enforcement of intellectual property rights

2011/0137(COD) - 24/05/2011 - Legislative proposal

PURPOSE: to improve the legal framework regarding customs enforcement of intellectual property rights.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: Intellectual Property Rights (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.

Certain instances of detentions by customs authorities of shipments of medicines in transit through the EU, which occurred at the end of 2008, which together with the concerns expressed during the WTO consultations between India and Brazil and the EU, have shown that the relevant EU legislation for intellectual property enforcement by customs authorities could benefit from further clarification to increase legal certainty.

In its Communication on a Single Market Act, the Commission recalled that customs authorities should be able to provide greater protection for intellectual-property rights through revised legislation. The Commission developed a new customs action plan to combat IPR infringements for the years 2009-2012. The main elements of the Plan were endorsed by the Council.

The review of Regulation (EC) No 1383/2003 showed that certain improvements to the legal framework were necessary to strengthen the enforcement of intellectual property rights, as well as to ensure appropriate legal clarity, thereby taking into account developments in the economic, commercial and legal areas.

IMPACT ASSESSMENT: the impact assessment report looked at three different options, with a number of sub-options.

Option 1: ‘baseline scenario’, where the Commission would take no action and the status quo was maintained.

Option 2 : this provided for certain non-legislative measures, where the Commission would propose training initiatives and the development of guidelines and exchange of best practises;

Option 3: the Commission proposes amendments to the existing legal framework. Under this option different sub-options could be available for each of the i problems:

- **Sub-option 1** provided for the extension of the possible types of infringements to rights already covered by the current Regulation, for example, as regards goods involving any infringement of trade mark rights, not just counterfeiting.
- **Sub-option 2** included sub-option 1 and extended the current scope of the Regulation in terms of IPR covered.

The impact assessment concluded that the best suitable solution would be to amend the Regulation to respond to all the problems identified and to ensure a balanced outcome for all categories of persons affected.

LEGAL BASIS: Article 207 of the Treaty on the Functioning of the European Union provides powers to adopt measures for implementing the common commercial policy. The Regulation concerns the commercial aspects of intellectual property rights in that it deals with measures enabling customs to enforce intellectual property rights at the border on goods that are internationally traded.

CONTENT: the draft Regulation sets out the conditions and procedures for action by the customs authorities where goods suspected of infringing an intellectual property right are, or should have been, subject to customs supervision within the customs territory of the Union. The main points are as follows:

Strengthening enforcement: it is proposed to broaden the scope covered by Regulation (EC) No 1383 /2003, by including trade names, topographies of semiconductor products and utility models. It is also proposed to widen the scope of the Regulation by including infringements resulting from parallel trade and devices to circumvent technological measures, as well as other infringements of rights already enforced by customs.

The new Regulation would maintain the ability for customs to control for the purpose of enforcement of intellectual property rights, in all situations where the goods were under their supervision and the distinction between the procedural nature of the legislation and substantive law on intellectual property would be emphasised.

Destruction of goods: the proposal also introduces procedures enabling customs, under certain conditions, to have goods abandoned for destruction without having to undergo formal and costly legal proceedings. These would be differentiated according to the type of infringement.

- for counterfeit and pirated goods, the agreement of the owner to destroy the goods could be presumed if the destruction had not been explicitly opposed, whereas for other situations, the owner of the goods would have to agree explicitly to their destruction;
- in a case where no agreement is reached, the right-holder would have to initiate legal proceedings to establish the infringement, otherwise the goods will be released.

A specific procedure is also proposed for small consignments of suspected counterfeit and pirated goods covered by an application, which would allow for goods to be destroyed without the involvement of the right- holder.

Protection of the interests of legitimate traders: additional provisions are proposed to ensure the protection of the interests of legitimate traders from possible abuse of the customs enforcement procedures and to integrate the principles of the Charter of Fundamental Rights into the Regulation. To this end, the proposal clarifies the timelines for detaining suspected goods, the conditions in which information about consignments would be passed on to right-holders by customs, the conditions for applying the procedure allowing for destruction of the goods under customs control for suspected infringements of intellectual property rights other than for counterfeiting and piracy, and the right of defence.

Costs of storage and destruction of goods: the draft Regulation continues to provide that storage and destruction costs directly incurred by customs be assumed by the right-holders requesting customs action, though this would not preclude them from taking legal action to recover such costs from the primary liable party. However, it is proposed to introduce an important exception for small consignments, for which storage and destruction costs would be assumed by customs.

BUDGETARY IMPLICATIONS: the proposal has no implications for the EU budget.