

PROPHYTA

THE ANNUAL
2005



 Reed Business Information

PROPHYTA
is a publication of the Propytha foundation

Pirates stopped at border

Since 1st July 2004, a new anti-piracy regulation has been effective in the European Union. This regulation authorises customs authorities of member states to intercept goods that infringe upon certain intellectual property rights at the borders. This article briefly summarises the working of the regulation and the new possibilities for legal enforcement of plant variety rights.

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The new anti-piracy regulation extends protection to plant varieties protected under the national plant variety laws of the EU member states, as well as those protected under the Community regulation on plant variety rights. The regulation enables holders of plant variety rights and intellectual property rights to apply for action by customs authorities if goods suspected of infringing such intellectual property rights are found during custom checks. This action involves suspending the release and detainment of infringing goods. By invoking the anti-piracy regulation, the holder of an intellectual property right can therefore take action against infringements before the goods come onto the market.

Three types of goods

The anti-piracy regulation differentiates between - and is applicable to - three types of goods:

1. counterfeit goods; e.g. plant material packaging wrongly bearing trademarks infringing upon the right holders' trademarks;
2. pirated goods; e.g. logo's on packaging infringing copyrights;
3. goods which infringe upon, among others, national or Community plant variety rights or patents, e.g. variety constituents or harvested materials infringing on plant variety rights.

The anti-piracy regulation is applicable to goods which originate in or come from countries outside the European Economic Area (EEA) and are introduced into the Community customs territory. The regulation is also applicable to transito goods. Consequently, infringing plant materials from outside the European Community which are transferred in transito via an EU member state, destined for a non-EU member state can also be intercepted.

The anti-piracy regulation does not apply to parallel imports. This means that the regulation can in principle not be invoked to oppose against unauthorised imports of original or genuine products (e.g. products produced with the consent of the right holder) coming from a non-EU member state into the EEA.

Application

The application for customs action should contain as much information as possible to enable the goods in question to be readily recognised by the customs authorities. This includes a detailed

technical description of the original goods, information concerning the type or pattern of fraud, the location of the suspected goods or their intended destination, particulars identifying the consignment or packages, the scheduled arrival or departure date of the goods, the means of transport used, the identity of the importer/exporter/holder of the goods, etc. The application is free and can be made for one year with the possibility of extension. Applications for action will have to be accompanied by a declaration from the right holder accepting liability in the event that the customs procedure is discontinued owing to an act or omission by the right holder or in the event that the goods in question are subsequently found not to infringe an intellectual property right.

Intercepted

Once the customs authorities, on the basis of the application and the information provided, intercept goods that are suspected of infringing an intellectual property right, they suspend release of the suspected goods and/or detain them. The customs office immediately gives notice of the interception to the right holder (or its contact person), as well as the declarant or holder of the suspect goods. The customs office informs the right holder of the actual or estimated quantity and nature of the intercepted goods and will in most cases send photos thereof.

Provided that this is allowed under national law, the right holder may request the customs authorities in writing to provide further information regarding the names and addresses of the consignee, the consignor, the declarant and/or the holder of the goods, and the origin and provenance of the suspected goods. The right holder will also be given the opportunity to inspect the suspected goods by taking samples and analysing them. In this manner, the right holder can quickly obtain all relevant information and samples to take further legal action against the infringers.

The anti-piracy regulation imposes strict time limits on the period during which customs authorities may suspend the release of suspect goods or detain them. The customs authorities shall - after the right holder has been informed of the interception - suspend the release of the suspected goods for a period ten working days, or three working days in the case of perishable goods (such as cut

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flowers or crisp vegetables). With the exception of perishable goods, this term can be extended for another ten working days.

Legal action

Authorising customs authorities to intercept suspect goods gives right holders time to ascertain for themselves whether they believe the goods to be an infringement. During the term of suspension or detainment the right holder has to proceed with further legal action. Usually, the right holders attorney sends a cease and demand letter to the alleged infringers and/or the holder of the goods. For instance, the alleged infringer is summoned, amongst other things, to cease the further distribution, promotion and sale of the goods concerned, to provide information with respect to the producer/manufacture of the goods, to voluntarily surrender all infringing goods and to pay damages, including legal costs.

In the event a settlement with the alleged infringer cannot be reached - or cannot be reached in time - on the basis of the demand letter, to prevent the release of the goods by the customs authorities, the right holder may opt to attach the suspected goods and to institute legal procedures before the court.

Once it has been established by the courts that the suspected goods are found to be infringing, these goods may not be:

1. allowed to enter into the Community customs territory;
2. released for free circulation;
2. removed from the Community customs territory; or
4. (re-) exported.

The suspected goods will thus have to be destroyed. In most cases however the alleged infringers do not respond to the demand letter. Instead of commencing time-consuming legal proceedings, under the new anti-piracy regulation the right holder may now opt to apply the new simplified procedure of disposing of suspected goods.

Destruction

This new procedure allows customs authorities, with the right holder's consent, to have the suspected goods abandoned for destruction under customs control. Provided that this is allowed under national law, the simplified procedure thus gives the right holder the possibility to destroy the suspected goods, once it has

informed the alleged infringers - by sending them a demand letter and declaration to voluntarily surrender the suspected goods - and no or no timely reaction is sent back.

If, however, a person with an interest in the goods (i.e. the declarant, holder, or owner of the goods) contests to the intended destruction, it is necessary to first institute proceedings before a competent court to determine whether an intellectual property right has indeed been infringed. Where goods are destroyed under the simplified procedure, the customs authorities must take samples and retain them for use as evidence in any subsequent legal proceedings.

Proof

To be able to successfully rely the enforcement of intellectual property rights under the anti-piracy regulation, it is advisable for the right holder to identify which plant varieties, trademarks, patents or logo's qualify for customs action (i.e. to map out suspected activities and possible infringements of intellectual property rights). Furthermore, the right holder should collect, as much as possible, specific information concerning the type or pattern of the fraud or suspected activities.

It is also recommendable to appoint a contact person, such as a legal counsel, who can deal with the administrative handling of the application and the notifications by the customs authorities of the intercepted goods. Furthermore, since the regulation imposes strict time limits, it is useful to work out in detail an action plan for the timely comparative testing (e.g. DNA-analysis) of the intercepted suspected plant materials to establish infringement of plant variety rights. Contrary to fake consumer goods such as sportswear, it goes without saying that customs authorities will in most cases not be able to easily identify infringing plant materials as such. To be able to successfully invoke plant variety rights under the anti-piracy regulation, the right holder will thus mainly have to rely on circumstantial information, such as the type or pattern of the fraud, the intended destination of the suspected goods, particulars identifying the consignment or packaging and the other information as set out above.

Informing customs

In October 2004, DLA SchutGrosheide in co-operation with de Dutch seed association Plantum NL, the Netherlands Inspection Service for Horticulture, Seminis Vegetable Seeds and the Dutch customs authorities (including the criminal investigation department FIOD-ECD) organised a meeting to discuss the new possibilities for protection and enforcement of plant variety rights under the anti-piracy regulation. A second meeting is planned for 2005. For this purpose, Plantum NL has requested that its members share their experiences in using the anti-piracy regulation, especially with regard to custom action on the basis of plant variety rights. This information can be very useful for the customs authorities to be able to successfully intercept infringing plant materials in the future, providing right holders with effective new possibilities for legal enforcement of their plant variety rights at the borders. □