

COMBATTING COUNTERFEIT GOODS, IMPORTED FROM A PARALLEL IP UNIVERSE ON THE EU'S BORDER

CUSTOMS SEIZURES PREVENTING COUNTERFEIT GOODS FROM ENTERING THE EU MARKET

SCALE OF COUNTERFEIT GOODS ON THE EU BORDER

In 2020, the value of imported counterfeit and pirated goods in the European Union was approximately EUR 120 billion. This constitutes almost 6% of all EU imports¹.

The most common counterfeit products imported into the EU are:

- Clothes, accessories and luxury goods;
- Electronics, including cell phones and spare parts;
- Food and drinks;
- Perfumes and beauty products;
- Pesticides;
- Medicines;
- Tobacco products;
- Toys.

TRADEMARKS ARE MOST AFFECTED

Crimes against intellectual property rights (IPRs) pose a serious risk to consumers' health and safety. They also cause huge economic and image losses to brand owners. Counterfeit products damage the reputation of companies whose trademarks often indicate the **quality, value or exclusivity** of their products.

Over 70% of goods seized at the EU border **infringe trademark rights**.

Most frequently infringed IPRs

Trademark	76.5%
Design	22.5%
Copyright	22.1%
Not provided	1.0%
Patent	<1.0%
Plant variety	<1.0%

CHANGES TO RUSSIAN LAW AND COUNTERFEIT GOODS ENTERING THE EU MARKET

Recent changes to Russian law are worrying for brand holders.

This increases the risk that mass-produced counterfeit goods, manufactured and marketed by Russian corporations, will be smuggled into the European Union.

On 7 March 2022, the Kremlin adopted Decree No. 299. It allows Russian companies and individuals to use patents without having acquired the consent of, and without compensating, the owner. This applies if the patent holder is from a country on the Decree's list of "hostile states".

¹ Data taken from the Joint Report of the European Commission and EUIPO: *Enforcement of intellectual property rights in the EU: Results at the EU border and in the EU internal market, 2020.*

The Decree says that 0% compensation is payable for patent infringements committed against a rightsholder who (i) is a citizen of; or (ii) is incorporated in; or (iii) has his principal place of business or profit in a “hostile state” (mostly western countries, inc. the entire EU).

Although the Decree only applies to patents, rumours exist that the Kremlin may soon issue a comparable decree regarding trademarks. This would extend Russia’s recent approach, exemplified when a Russian court rejected a claim alleging infringement of the Peppa Pig trademark².

In the wake of these events, numerous bad-faith Russian actors are attempting to register reputable trademarks in Russia (Fig. 1) or using designations similar to famous trademarks, to benefit from the reputation and good will that consumers associate with such brands (Fig. 2).

If such applications are successful, the use of infringing designations will become widespread. It would seem inevitable that such counterfeit goods will enter into the European Union.

Fig. 1

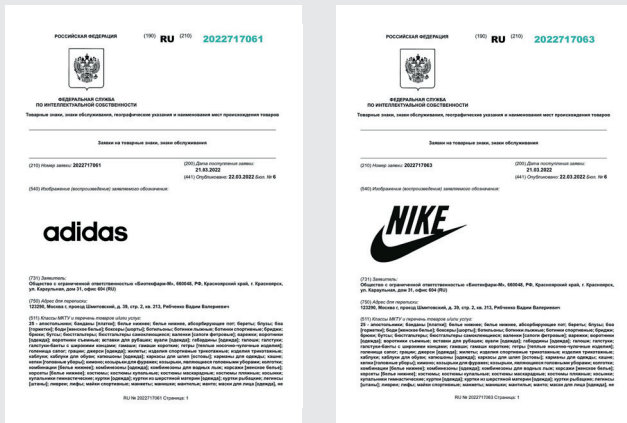


Fig. 2



PREPARING TO FIGHT BACK

1. CUSTOMS SEIZURES

Customs authorities’ seizure of counterfeit goods is the most effective way to prevent counterfeit products from entering the Polish and EU markets.

However, customs offices rarely prosecute smugglers directly, so IPR holders play an important role in deterring counterfeit and pirated goods.

When an IPR holder submits a “request for action” to the Polish/EU customs authorities, those authorities become aware of the applicant’s IPRs and can seize deliveries containing items that may infringe these rights.

Once suspicious goods are seized, the customs officials notify the IPR owner or a designated representative. The goods are detained temporarily to establish whether they actually infringe the applicant’s IPRs.

2 <https://www.independent.co.uk/news/world/europe/peppa-pig-russia-trademark-ukraine-b2034842.html>

If so, the IPR owner may file a "notification of infringement" to initiate court proceedings to order that the infringing goods be destroyed and the IPR holder's losses be compensated.

In practice, however, a quicker and simpler way of dealing with imported counterfeits is for the IPR holder and the infringing importer to conclude a settlement agreement.

2. CUSTOMS OFFICIALS' TRAINING

Unless customs officials are able to detect counterfeit goods, it is much more difficult

to prosecute those who trade them and to remove such goods from the market.

Given the scale of IPR violations they investigate, customs authorities need to be familiar with the tell-tale signs of potentially counterfeited or pirated goods, and the tactics that infringers use.

To improve their investigatory skills, customs officers should undergo special training sessions, organised in cooperation with the Department for the Protection of Intellectual Property Rights, which is part of the Customs Policy Department at the Ministry of Finance.

HOW CAN WE HELP?

SSW's IP team can help you to avoid lengthy and costly court proceedings, while achieving your intended result – i.e. the destruction of goods which infringe your IPRs.

We have many years of experience in efficiently conducting customs proceedings. We provide comprehensive advice on all IPR issues, from submitting a "request for action" to the customs authorities to monitoring compliance with protocols on the destruction of counterfeit goods.

SSW'S IP TEAM

- Helps to protect your IP rights, especially within the European Union;
- Helps you to register patents, trademarks, industrial designs and other IPRs in the European Union;
- Conducts training for customs officials on identifying the essential features of genuine products and on submitting "requests for action";
- Represents you in any IPR disputes before the Polish Patent Office, the European Union Intellectual Property Office, competent courts and arbitration tribunals.

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