

European Parliament – Oral question with debate (31 March 2010) - excerpt

“1. In view of the necessity to fight effectively against massive importation of counterfeited and pirated goods into the single market, there is a strong need to be able to seize and withdraw these goods under the EU Customs Regulation at all of the EU's external borders, irrespective of the place of importation.

As far as trade mark piracy is concerned, the use of a Community trade mark currently confers such seamless protection everywhere in the EU and accordingly makes effective seizures possible at all external borders of the EU. Therefore, it is essential that the benefits of Community trademarks are not hampered by the introduction of a new requirement, according to which the use of a Community trade mark within one Member State is not sufficient for a company to enforce its own property rights in the single market.”

Position of the Hungarian Patent Office

In our view, the rule of genuine use of a Community trade mark (hereinafter referred to as “CTM”) defined in *Council Regulation (EC) No. 207/2009 of 26 February 2009* on the Community trade mark (hereinafter referred to as “the CTMR”) does not directly affect the number of “seizures” carried out by the customs authorities based on applications for action, thus *the border measures aimed at enforcing IP rights and the genuine use requirement of the CTM are not directly linked.*

1. The EU rules concerning the enforcement of intellectual property rights by customs authorities are defined in the following legal instruments:

- *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 (hereinafter referred to as “the Regulation”);
- *Commission Regulation (EC) No. 1891/2004 of 21 October 2004* laying down provisions for the implementation of Council Regulation (EC) No. 1383/2003 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 (hereinafter referred to as “the implementing regulation”).

Article 1 of the Regulation sets out the conditions under which the customs authorities may act, when goods are suspected of infringing an intellectual property right. These conditions are the following:

- if the goods are entered for release for free circulation, export or re-export;
- or if the goods are found during certain checks, for example when the goods are entering or leaving the Community customs territory, or are in the process of being re-exported or are placed in a free zone or free warehouse.

Pursuant to Article 2(1)(a), **counterfeit goods** are to be deemed “goods infringing an intellectual property right”, which renders the Regulation applicable in their case. Counterfeit goods are goods bearing without authorization a trade mark either identical to the trade mark validly registered in respect of the same type of goods, or which cannot be distinguished from such a trade mark, and

which thereby infringes the trade mark holder's rights under Community law, or the law of the Member State in which the application for action by the customs authorities is made.

The rules for the lodging and processing of applications for customs action are laid down in Articles 5, 6 and 7 of the Regulation. The right holder may apply in writing in each Member State for action by customs authorities when goods are found in one of the situations referred to in Article 1(1) (**application for action**). Where the applicant is the right holder of a Community trade mark, an application may, in addition to requesting action by the customs authorities of the Member State in which it is lodged, request action by the customs authorities of one or more other Member States.

It is evident from the rules on the lodging and processing of applications for customs action that the right holder does not have to prove genuine use of his trade mark in order to file an application. The customs authority does not decide on the infringement or validity of the intellectual property right in question during its proceedings under the Regulation. Under Article 10 of the Regulation, the law in force in the Member State within the territory of which the goods are placed in one of the situations referred to in Article 1(1) shall apply when deciding whether an intellectual property right has been infringed under national law.

2. Customs procedure for the enforcement of intellectual property rights may be started upon request or *ex officio*.

In the absence of an application for action, if the local customs office has sufficient grounds for suspecting that goods infringe an intellectual property right, **the release of the goods may be suspended** for a period of 3 working days. In these situations, the right holder may file – within 3 working days – an **application for action** with the relevant customs authorities and inform the local customs office about the application for action; otherwise the goods will be released.

3. If – during an inspection – the customs authorities notice that the goods presumably infringe intellectual property rights and an application for action has already been filed, the release of goods will be suspended or the goods will be detained in accordance with Article 9(1). The customs office delivers a decision about its action and informs the right holder and the declarant or holder of the goods. The local customs office calls the attention of the right holder and the declarant or holder of the goods to the possibility of the **simplified procedure** (Article 11) and informs the right holder about the right to start civil court proceedings within 10 working days under Article 10 of the Regulation. If the right holder does not prove that he has started the abovementioned court proceedings within the same deadline, the customs authority will release the goods in accordance with Article 13(1).

4. If the right holder decides to apply for the **simplified procedure**, the right holder informs the customs authorities in writing within 10 working days from receipt of the notification of customs, that the goods concerned by the procedure infringe his intellectual property right (such a statement is sufficient, proving is not necessary) and provides the authorities with the written agreement of the declarant of the goods to abandon the goods for destruction. The agreement shall be presumed to be given when the declarant of the goods has not specifically opposed the destruction within the given deadline. Where the declarant (holder or owner) of the goods objects to the destruction of the goods, the right holder is entitled to initiate civil court proceedings and file a request for temporary

injunction pursuant to the rules of the national law [Articles 10 and 13(1) of the Regulation], and the customs office has to be notified within 10 working days of receipt of notification about the suspension of release or of the detention, that the proceedings have been initiated. In that case the detention will be sustained as long as the court has not delivered a legally binding decision. Otherwise the goods will be released or the detention shall be ended and the goods will be subject to further customs formalities.

5. It should be noted that the proof for genuine use of a CTM is not relevant in the proceedings of customs authorities; it may only gain significance in the case of a trade mark infringement action filed at the relevant courts. In accordance with Article 95 of CTMR, the Member States shall designate in their territories national courts which shall act in case of Community trade mark infringement cases (in Hungary, it is the Metropolitan Court that has jurisdiction on first instance and the Budapest Court of Appeal that has jurisdiction on second instance in CTM infringement proceedings). Under Article 99(1) of CTMR, the Community trade mark courts shall treat the Community trade mark valid, unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration for invalidity.

Pursuant to Article 15 of the CTMR: “If, within a period of five years following registration, the proprietor has not put the Community Trade Mark to genuine use in the Community in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community Trade Mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use.”

Pursuant to Article 51(1)(a), failure to comply with the genuine use requirement is a ground for revoking a CTM either on application to the OHIM or on the basis of a counterclaim in infringement proceedings as defined in Article 100 of the CTMR.

Under Article 100 of the CTMR, a counterclaim may be based on the grounds for revocation or invalidity mentioned in the CTMR and the rules of examination of the request for revocation or invalidity defined in Article 57 [paras. (2)-(5)] are applicable for the counterclaims as well. Pursuant to Article 57(2) of the CTMR, *if the proprietor of the Community trade mark so requests, the proprietor of an earlier Community trade mark, being a party to the invalidity proceedings, shall furnish proof that, during the period of five years preceding the date of the application for a declaration of invalidity, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his application, or that there are proper reasons for non-use, provided the earlier Community trade mark has at that date been registered for not less than five years.*

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Based on the above, it can be established that customs authorities will never examine in their procedure whether the genuine use requirement enshrined in Article 15 of the CTM is fulfilled or not, as that question may only arise in civil court proceedings following the suspension or detention of goods supposedly infringing intellectual property rights, thus the “introduction of a new requirement” concerning the genuine use of a CTM bears no effect on either the number of

“seizures” carried out by customs authorities, or on the efficiency of the measures taken by the customs authorities (or on customs enforcement in general).