

Council Regulation (EC) No 3295/94 of 22 December 1994 laying down measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods

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COUNCIL REGULATION (EC) No 3295/94 of 22 December 1994 laying down measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission (1),

Having regard to the opinion of the European Parliament (2),

Having regard to the opinion of the Economic and Social Committee (3),

Whereas Council Regulation (EEC) No 3842/86 of 1 December 1986 laying down measures to prohibit the release for free circulation of counterfeit goods (4) has been in force since 1 January 1988; whereas conclusions should be drawn from the experience gained during the early years of its implementation with a view to improving the operation of the system it set up;

Whereas the marketing of counterfeit goods and pirated goods causes considerable injury to law-abiding manufacturers and traders and to holders of the copyright or neighbouring rights and misleads consumers; whereas such goods should as far as possible be prevented from being placed on the market and measures should be adopted to that end to deal effectively with this unlawful activity without impeding to freedom of legitimate trade; whereas this objective is also being pursued through efforts being made along the same lines at international level;

Whereas, in so far as counterfeit or pirated goods and similar products are imported from third countries, it is important to prohibit their release for free circulation in the Community or their entry for a suspensive procedure and to set up an appropriate procedure enabling the customs authorities to act to ensure that such a prohibition can be properly enforced;

Whereas action by the customs authorities to prohibit the release for free circulation of counterfeit or pirated goods or their entry for a suspensive procedure should also apply to the export or re-export of such goods from the Community;

Whereas, as regards suspensive procedures and re-export subject to notification, action by the customs authorities will take place only where suspected counterfeit or pirated goods are discovered during a check;

Whereas the Community takes into account the terms of the GATT agreement on trade-related intellectual property issues, including a trade in counterfeit goods, in particular the measures to be taken at the frontier;

Whereas provision should be made that the customs authorities are empowered to take decisions on applications for action to be taken that are submitted to them;

Whereas action by the customs authorities should consist either in suspending the release for free circulation, export or re-export of goods suspected of being counterfeit or pirated or in detaining such goods when they are entered for a suspensive procedure or re-exported subject to notification for as long as is necessary to enable it to be determined whether the goods are actually counterfeit or pirated;

Whereas it is appropriate to authorize the Member States to detain the goods in question for a certain period even before an application by the right holder has been lodged or approved in order to allow him to lodge an application for action by the customs authorities;

Whereas the competent authority should decide cases submitted to it by reference to the criteria which are used to determine whether goods produced in the Member State concerned infringe intellectual

property rights; whereas Member States' provisions on the competence of the judicial authorities and procedures are not affected by this Regulation;

Whereas it is necessary to determine the measures to be applied to the goods in question where it is established that they are counterfeit or pirated; whereas those measures should not only deprive those responsible for trading in such goods of the economic benefits of the transaction and penalize them but also constitute an effective deterrent to further transactions of the same kind;

Whereas in order to avoid serious disruption to the clearing of goods contained in travellers' personal luggage, it is necessary to exclude from the scope of this Regulation goods which may be counterfeit or pirated which are imported from third countries within the limits laid down by Community rules in respect of relief from customs duty;

Whereas uniform application of the common rules laid down by this Regulation must be ensured and to that end a Community procedure must be established enabling measures implementing these rules to be adopted within appropriate periods and mutual assistance between the Member States, of the one part, and between the Member States and the Commission, of the other part, to be strengthened so as to ensure greater effectiveness;

Whereas it will be appropriate to consider the possibility of increasing the number of intellectual property rights covered by this Regulation in the light, inter alia, of the experience gained in its implementation;

Whereas Regulation (EEC) No 3842/86 should therefore be repealed,

HAS ADOPTED THIS REGULATION:

CHAPTER I General

Article 1

1. This Regulation shall lay down:

(a) the conditions under which the customs authorities shall take action where goods suspected of being counterfeit or pirated are:

- entered for free circulation, export or re-export,
- found when checks are made on goods placed under a suspensive procedure within the meaning of Article 84 (1) (a) of Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code (5), or re-exported subject to notification; and

(b) the measures which shall be taken by the competent authorities with regard to those goods where it has been established that they are indeed counterfeit or pirated.

2. For the purposes of this Regulation:

(a) 'counterfeit goods' means:

- goods, including the packaging thereof, being without authorization a trade mark which is identical to the trade mark validly registered in respect of the same type of goods, or which cannot be distinguished in its essential aspects from such trade mark, and which thereby infringes the rights of the holder of the trade mark in question under Community law or the law of the Member State in which the application for action by the customs authorities is made,
- any trade mark symbol (logo, label, sticker, brochure, instructions for use or guarantee document) whether presented separately or not, in the same circumstances as the goods referred to in the first indent,
- packaging materials bearing the trade marks of counterfeit goods, presented separately in the same circumstances as the goods referred to in the first indent;

(b) 'pirated goods' means goods which are or embody copies made without the consent of the holder of the copyright or neighbouring rights, or of the holder of a design right, whether registered under national law or not, or of a person duly authorized by the holder in the country of production, where the making of those copies infringes the right in question under Community law or the law of the Member State in which the application for action by the customs authorities is made;

(c) 'holder of a right' means the holder of a trade mark, as referred to in (a), and/or one of the rights referred to in (b), or any other person authorized to use the trade mark and/or rights, or their representative;

(d) 'declaration for release for free circulation, for export or for re-export' means declarations made in accordance with Article 61 of Regulation (EEC) No 2913/92.

3. Any mould or matrix which is specifically designed or adapted for the manufacture of a counterfeit trade mark or of goods bearing such a trade mark or of pirated goods shall be treated as 'counterfeit or pirated goods', as appropriate, provided that the use of such moulds or matrices infringes the rights of the holder of a right under Community law or the law of the Member State in which the application for action by the customs authorities is made.

4. This Regulation shall not apply to goods which bear a trade mark with the consent of the holder of that trade mark or which are protected by a copyright or neighbouring right or a design right and which have been manufactured with the consent of the holder of the right but are placed in one of the situations referred to in paragraph 1 (a) without the latter's consent.

Nor shall it apply to goods referred to in the first subparagraph which have been manufactured or bear a trade mark under conditions other than those agreed with the holders of the rights in question.

CHAPTER II Prohibition of the release for free circulation, export, re-export or of the placing under a suspensive procedure of counterfeit goods and pirated goods

Article 2

The release for free circulation, export, re-export or placing under a suspensive procedure of goods founds to be counterfeit or pirated on completion of the procedure provided for in Article 6 shall be prohibited.

CHAPTER III Application for action by the customs authorities

Article 3

1. In each Member State, the holder of a right may lodge an application in writing with the competent service of the customs authority for action by the customs authorities where the goods are placed in one of the situations referred to in

Article 1

(1) (a).

2. The application referred to in paragraph 1 shall include:

- a sufficiently detailed description of the goods to enable the customs authorities to recognize them,
- proof that the applicant is the holder of the right for the goods in question.

The holder of the right must also provide all other pertinent information available to him to enable the competent customs service to take a decision in full knowledge of the facts without, however, that information being a condition of admissibility of the application.

By way of indication, in the case of pirated goods, that information shall, wherever possible, include:

- the place where the goods are situated or the intended destination,
- particulars identifying the consignment or packages,
- the scheduled date of arrival or departure of the goods,
- the means of transport used,
- the identity of the importer, exporter or holder.

3. The application must specify the length of the period during which the customs authorities are requested to take action.

4. The applicant may be charged a fee to cover the administrative costs incurred in dealing with the application. The fee shall not be disproportionate to the service provided.

5. The competent customs service with which an application drawn up pursuant to paragraph 2 has been lodged shall deal with the application and shall forthwith notify the applicant in writing of its decision.

Where that service grants the application, the service shall specify the period during which the customs authorities shall take action. That period may, upon application by the holder of the right, be extended by the service which took the initial decision.

Any refusal to grant an application shall give the reasons for refusal and may form the subject of an appeal.

6. Member States may require the holder of a right, where his application has been granted, or where action as referred to in Article 1 (1) (a) has been taken pursuant to Article 6 (1), to provide a security:

- to cover any liability on his part vis-à-vis the persons involved in one of the operations referred to in Article 1 (1) (a) where the procedure initiated pursuant to Article 6 (1) is discontinued owing to an act or omission by the holder of the right or where the goods in question are subsequently found not be counterfeit or pirated,

- to ensure payment of the costs incurred in accordance with this Regulation, in keeping the goods under customs control pursuant to Article 6.

7. The holder of the right shall be obliged to inform the service referred to in paragraph 1 should the right cease to be validly registered or should it expire.

8. Each Member State shall designate the service within the customs authority competent to receive and deal with the applications referred to in this Article.

Article 4

Where, in the course of checks made under one of the customs procedures referred to in Article 1 (1) (a) and before an application by the holder of the right has been lodged or approved, it appears evident to the customs office that goods are counterfeit or pirated, the customs authority may, in accordance with the rules in force in the Member States concerned, notify the holder of the right, where known, of a possible infringement thereof. The customs authority shall be authorized to suspend release of the goods or detain them for a period of three working days to enable the holder of the right to lodge an application for action in accordance with Article 3.

Article 5

The decision granting the application by the holder of the right shall be forwarded immediately to the customs offices of the Member State which are liable to be concerned with the goods alleged in the application to be counterfeit or pirated.

CHAPTER IV Conditions governing action by the customs authorities and by the authority competent to take a substantive decision

Article 6

1. Where a customs office to which the decision granting an application by the holder of a right has been forwarded pursuant to Article 5 is satisfied, after consulting the applicant where necessary, that goods placed in one of the situations referred to in Article 1 (1) (a) correspond to the description of the counterfeit or pirated goods contained in that decision, it shall suspend release of the goods or detain them.

The customs office shall immediately inform the service which dealt with the application in accordance with Article 3. That service or the customs office, shall forthwith inform the declarant and the person who applied for action to be taken. In accordance with national provisions on the protection of personal data, commercial and industrial secrecy and professional and administrative confidentiality, the customs office or the service which dealt with the application shall notify the holder of the right, at his request, of the name and address of the declarant and, if known, of those of the consignee so as to enable the holder of the right to ask the competent authorities to take a substantive decision. The customs office shall afford the applicant and the persons involved in any of the operations referred to in Article 1 (1) (a) the opportunity to inspect the goods whose release has been suspended or which have been detained.

When examining the goods the customs office may take samples in order to expedite the procedure.

2. 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) (a) shall apply as regards:

(a) referral to the authority competent to take a substantive decision and immediate notification of the customs service or office referred to in paragraph 1 of that referral, unless referral is effected by that service or office;

(b) reaching the decision to be taken by that authority. In the absence of Community rules in this regard, the criteria to be used in reaching that decision shall be the same as those used to determine whether

goods produced in the Member State concerned infringe the rights of the holder. Reasons shall be given for decisions adopted by the competent authority.

Article 7

1. If, within 10 working days of notification of suspension of release or of detention, the customs office referred to in Article 6 (1) has not been informed that the matter has been referred to the authority competent to take a substantive decision on the case in accordance with Article 6 (2) or that the duly empowered authority has adopted interim measures, the goods shall be released, provided that all the customs formalities have been complied with and the detention order has been revoked.

This period may be extended by a maximum of 10 working days in appropriate cases.

2. In the case of goods suspected of infringing design rights, the owner, the importer or the consignee of the goods shall be able to have the goods in question released or their detention revoked against provision of a security, provided that:

- the customs service or office referred to in Article 6 (1) has been informed, within the time limit referred to in paragraph 1, that the matter has been referred to the authority competent to take a substantive decision referred to in said paragraph 1,
- on expiry of the time limit, the authority empowered for this purpose has not imposed interim measures, and
- all the customs formalities have been completed.

The security must be sufficient to protect the interests of the holder of the right. Payment of the security shall be without prejudice to the other remedies open to the holder of the right. Where the matter has been referred to the authority competent to take a substantive decision other than on the initiative of the holder of the right, the security shall be released if that person does not exercise his right to institute legal proceedings within 20 working days of the date on which he is notified of the suspension of release or detention. Where the second subparagraph of paragraph 1 applies, this period may be extended to a maximum of 30 working days.

3. The conditions governing storage of the goods during the period of suspension of release or detention shall be determined by each Member State.

CHAPTER V Provisions applicable to goods found to be counterfeit or pirated goods

Article 8

1. Without prejudice to the other rights of action open to the holder of a trade mark which is found to have been counterfeited or the holder of a copyright or neighbouring right or of a design right which is found to have been pirated, Member States shall adopt the measures necessary to allow the competent authorities:

(a) as a general rule, and in accordance with the relevant provisions of national law, to destroy goods found to be counterfeit or pirated, or dispose of them outside commercial channels in such a way as to preclude injury to the holder of the right, without compensation of any sort and at no cost to the exchequer;

(b) to take, in respect of such goods, any other measures which effectively deprive the persons concerned of the economic benefits of the transaction.

The following in particular shall not be regarded as having such effect:

- re-exporting the counterfeit or pirated goods in the unaltered state,
- other than in exceptional cases, simply removing the trade marks which have been affixed to the counterfeit goods without authorization,
- placing the goods under a different customs procedure.

2. The counterfeit or pirated goods may be handed over to the exchequer. In that event, paragraph 1 (a) shall apply.

3. In addition to the information given pursuant to the second subparagraph of Article 6 (1) and under the conditions laid down therein, the customs office or the competent service shall inform the holder of the right, upon request, of the names and addresses of the consignor, of the importer or exporter and of the manufacturer of the goods found to be counterfeit or pirated and of the quantity of the goods in question.

CHAPTER VI Final provisions

Article 9

1. Save as provided by the law of the Member State in which the application is made, the acceptance of an application drawn up in accordance with Article 3 (2) shall not entitle the holder of a right to compensation where counterfeit or pirated goods are not detected by a customs office and are released or no action is taken to detain them in accordance with Article 6 (1).
2. Save as provided by the law of the Member State in which the application is made, exercise by a customs office or by another duly empowered authority of the powers conferred on them in regard to combating counterfeit or pirated goods shall not render them liable to the persons involved in the operations referred to in Article 1 (1) (a) or Article 4, in the event of their suffering loss or damage as a result of their action.
3. The civil liability of the holder of a right shall be governed by the law of the Member State in which the goods in question were placed in one of the situations referred to in Article 1 (1) (a).

Article 10

This Regulation shall not apply to goods of a non-commercial nature contained in travellers' personal luggage within the limits laid down in respect of relief from customs duty.

Article 11

Moreover, each Member State shall introduce penalties to apply in the event of infringements of Article 2. Such penalties must be sufficiently severe to encourage compliance with the relevant provisions.

Article 12

The provisions necessary for the application of this Regulation shall be adopted in accordance with the procedure laid down in Article 13 (3) and (4).

Article 13

1. The Commission shall be assisted by the Committee set up under Article 247 of Regulation (EEC) No 2913/92.
2. The Committee shall examine any matter concerning implementation of this Regulation which its chairman may raise, either on his own initiative or at the request of the representative of a Member State.
3. The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the measures to be taken. The opinion shall be delivered by the majority laid down in Article 148 (2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the Committee shall be weighted in the manner set out in that Article. The chairman shall not vote.
4. The Commission shall adopt measures which shall apply immediately. However, if the measures are not in accordance with the opinion of the Committee, they shall be communicated by the Commission to the Council forthwith. In the event:
 - the Commission shall defer application of the measures which it has decided for not more than three months from the date of their communication,
 - the Council, acting by a qualified majority, may take a different decision within the time limit provided for in the first indent.

Article 14

Member States shall communicate all relevant information on the application of this Regulation to the Commission.

The Commission shall communicate that information to the other Member States.

For the purpose of the application of this Regulation, the provisions of Regulation (EEC) No 1468/81 of 19 May 1981 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs or agricultural matters (6) shall apply *mutatis mutandis*.

The details of the information procedure shall be drawn up in the framework of the implementing provisions in accordance with Article 13 (2), (3) and (4).

Article 15

Within two years of the entry into force of this Regulation, the Commission shall, on the basis of the information referred to in Article 14, report to the European Parliament and the Council on the operation of the system particularly with regard to the economic and social consequences of counterfeiting and shall propose any amendments or additions required, within a period of two years from the implementation of this Regulation.

Article 16

Regulation (EEC) No 3842/86 shall be repealed as from the date of implementation of this Regulation.

Article 17

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

It shall apply from 1 July 1995.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 22 December 1994.

For the Council

The President

H. SEEHOFER

(1) OJ No C 238, 2. 9. 1993, p. 9.

(2) OJ No C 61, 28. 2. 1994.

(3) OJ No C 52, 19. 2. 1994, p. 37.

(4) OJ No L 357, 18. 12. 1986, p. 1.

(5) OJ No L 302, 19. 10. 1992, p. 1.

(6) OJ No L 144, 2. 6. 1981, p. 1. Regulation as last amended by Regulation (EEC) No 945/87 (OJ No L 90, 2. 4. 1987, p. 3).