

ARTICLE

A CLARIFICATION OF CUSTOMS AUTHORITIES' ANTI-COUNTERFEITING POWERS MAY BE IN SIGHT

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When the Anti-Counterfeiting Act of October 29, 2007 was adopted, the Senators' aim was to "make it possible to crack down more severely on counterfeiting in cases where the goods are simply transiting our territory" (Sen. L. Béteille, Senate, September 19, 2007 session).

To meet this objective, the Act of October 29, 2007 considerably strengthened Customs authorities' powers, namely by making the transshipment of counterfeit goods a criminal offence punishable under Article L.716-9 of the French Intellectual Property Code. Therefore, Customs authorities can now detain and seize counterfeit goods even if they are in transshipment, i.e., stored temporarily on airport platforms waiting to be forwarded to their final destination outside the European Union.

Three years after the adoption of the October 29, 2007 Act, Senators and Customs authorities have drawn positive conclusions from this anti-counterfeiting measure, which is considered to be capable of countering international mafia networks and preventing counterfeit goods from finding another way back into the EU.

However, the current anti-counterfeiting customs procedure is unclear. European and national courts still have trouble agreeing on the conditions of the Customs authorities' actions against counterfeit goods and drawing a distinction between transit and transshipment is somewhat difficult. The Paris Court of Appeals recently ruled that "the transshipment of goods from a third country and destined for a third country is not punishable under Article L.716-9 (French Intellectual Property Code) as [the goods] are not to be placed into the market in the French territory" (Paris Court of Appeals, November 30, 2009, no. 07/13213) whereas the Paris Civil Court had punished the transshipment of counterfeit goods several months earlier by holding that case law developments regarding transit did not apply to transshipment (Paris Civil Court, November 12, 2008, no. 2006/09211).

The Senators therefore wisely recommend clarifying customs regulations and expressly providing the possibility for Customs authorities to take action against goods in transshipment and in transit (Senate report, recommendation no. 17).

However, regarding the review of EC Regulation 1383/2003 on customs action, the European Commission does not seem to share this position and wants to exclude goods not intended for the EU market from the scope of Customs authorities' seizure powers.

In this respect, the CJEU is expected to rule on the subject of customs action very shortly, in its response to two references for a preliminary ruling on the "external transit" of counterfeit goods (CJEU, cases C-446/09 Philips; C-495/09 Nokia).

In his opinion, the Advocate General stated, with regard to EC Regulation 1383/2003, that Customs authorities can take action against goods in external transit, i.e., goods placed under the suspensive customs regime and fictitiously considered as never having entered a Member State's territory, provided that "there are sufficient grounds for suspecting that they are counterfeit goods and, in particular, that they are to be put on the market in the European Union, either in conformity with a customs procedure or by means of an illicit diversion even though there is no evidence of their destination" (Advocate General's Opinion, February 3, 2011, 113 B).

Might this be a sign from the Advocate General of good news for trade-mark owners, by a fair strengthening of Customs authorities' powers in transit cases?

The CJEU is in any case invited to rule in this way and take this as an opportunity to incite the Commission to clarify Customs authorities' powers with respect to the transit and transshipment of counterfeit goods.

