
Customs Regulation & Transit

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Query

Is Montex preventing Customs authorities from taking action in relation to goods suspected of infringing certain intellectual property rights when they are declared in internal or external transit ?

Texts

Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008 laying down the Community Customs Code

(Modernized Customs Code replacing Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code)

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

Customs Code 2008

Article 91

Goods brought into the customs territory of the Community shall, **from the time of their entry**, be subject to customs supervision and may be subject to customs controls. Where applicable, they shall be *subject to such prohibitions and restrictions as are justified on grounds of, inter alia (...)* the protection of industrial or commercial property, including controls on drug precursors (...).

(Old Article 37 of Regulation 2913/92)

Customs Code 2008

Article 135

Goods may be placed under any of the following categories of special procedures:

(a) *transit, which shall comprise external and internal transit*

(...)

(Old Article 84 of Regulation 2913/92)

Customs Code 2008

Article 144

Under the **external transit** procedure, non-Community goods may be moved from one point to another within the customs territory of the Community without being subject to any of the following: (a) import duties; (b) other charges as provided for under other relevant provisions in force; c) commercial policy measures, insofar as they do not prohibit the entry or exit of goods into or from the customs territory of the Community.

(Old Article 91 of Regulation 2913/92)

Customs Code 2008

Article 145

Under the **internal transit** procedure, and under the conditions laid down in paragraphs 2 and 3, Community goods may be moved from one point to another within the customs territory of the Community, and pass through another territory outside that territory, without any change in their customs status.

(Old Article 37 of Regulation 2913/92)

Customs Regulation 1383/2003

Article 1 (b)

This Regulation sets out the conditions for action by the customs authorities when goods are suspected of infringing an intellectual property right in the following situations:

(b) when they are found during checks on goods entering or leaving the Community customs territory in accordance with Articles [91 and 177 of the Customs Code 2008], [or] placed under a suspensive procedure within the meaning of Article [135 (a) of the Customs Code 2008] (...).

Customs Code & Regulation 1383/2003

Both the Customs Code and the Customs Regulation are **clear and unambiguous** that goods that are declared in transit – both internal and external transit – are subject not only to the general customs verification (Artt. 91, 135, 144 and 145 Customs Code), but also and more specifically, to the verification whether the goods in question are counterfeit (Art. 1 b Customs Regulation referring to Artt. 91 and 135 Customs Code)

Applicable Law to determine counterfeit

Customs Regulation

Article 10

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. (...)

Applicable law to determine counterfeit

Customs Regulation

Preamble 8

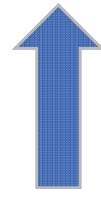
Proceedings initiated to determine whether an intellectual property right has been infringed under national law *will be conducted with reference to the criteria used to establish whether **goods produced in that Member State** infringe intellectual property rights.*

Applicable law to determine counterfeit

Customs Regulation

Under the Customs Regulation goods declared in transit will be assessed under National Intellectual Property Law.

When making that assessment, the goods in question will be judged *with reference to the criteria used to establish whether goods produced in that Member State infringe intellectual property rights*



Fiction of local manufacturing

(Supreme Court The Netherlands, 19 March 2004 Philips / Princo)

Case Law

C-383/98, **The Polo Lauren Company LP / PT. Dwidua Langgeng Pratam International Freight Forwarders**, 6 April 2000

C-115/02, *Administration des douanes et droits indirects / Rioglass en Transremar*, 23 October 2003

C-60/02, *X / Austria, (Rolex)*, 7 January 2004

C-405/03, **Class International B.V. / Colgate-Palmolive Company**, 18 October 2005

C-281/05 **Montex Holdings Ltd. / Diesel SpA**, 9 November 2006

Polo Lauren

Manufacturing outside of EU



Warehousing in Austria



Destination Poland (at the
time outside of EU)

Polo Lauren

(The) external transit of non-Community goods is (...) in fact, based on a *legal fiction*. Goods placed under this procedure are subject neither to the corresponding import duties nor to the other measures of commercial policy; it is as if they had not entered Community territory. In reality, they are imported from a non-member country and pass through one or more Member States before being exported to another non-member country. This operation is all the more liable to have a direct effect on the internal market as there is a *risk that counterfeit goods placed under the external transit procedure may be fraudulently brought on to the Community market* (...).

ECJ Polo / Lauren 6 April 2000 (C-383/98) Consideration 34

Polo Lauren

Article 1 of [the Customs Regulation] (...) is to be interpreted as being applicable where goods of the type specified in [the Customs Regulation], imported from a non-member country, are, in the course of their transit to another non-member country, temporarily detained in a Member State by the customs authorities of that State on the basis of that regulation and at the request of the company which holds rights in respect of those goods which it claims have been infringed and whose registered office is in a non-member country.

ECJ Polo / Lauren 6 April 2000 (C-383/98)

Rioglass

Lawfull Manufacturing in EU
(Spain)



Wharehousing in France



Destination Poland (at the
time outside of EU)

Rioglass

Transit, such as that in issue in the main proceedings, which consists in transporting goods *lawfully manufactured in a Member State* to a non-member country by passing through one or more Member States, does not involve any marketing of the goods in question and is therefore not liable to infringe the specific subject-matter of the trade mark.

ECJ Adm. des Douanes / Rioglass 23 October 2003 (C 115/02) Consideration
27

Rioglass

Article 28 EC is to be interpreted as precluding the implementation, pursuant to a legislative measure of a Member State concerning intellectual property, of procedures for detention by the customs authorities of goods *lawfully manufactured in another Member State* and intended, following their transit through the territory of the first Member State, to be placed on the market in a non-member country.

ECJ Adm. des Douanes / Rioglass 23 October 2003 (C 115/02)

Are Rioglass and Polo Lauren incompatible ?

NO

Polo Lauren deals with the provisions of the Customs Regulation

Rioglass deals with Article 28 EC

Question is therefore: Does Customs Regulation provide for special regime ?

Rolex

Manufacturing of counterfeit in &
outside of EU



Warehousing in Austria



Destination Poland (at the time outside
of EU)

Rolex

It is not for the Court of Justice to rule on the interpretation of national law, which is a matter for the national court alone. *If the national court were to find that the relevant provisions of national law do not prohibit and, thus, do not penalize the mere transit of counterfeit goods through the Member State concerned, contrary none the less to the requirements under Articles 2 and 11 of Regulation No 3295/94, it would be proper to conclude that those articles preclude the national provisions in question.*

ECJ X / Austria 7 January 2004 (C 60/02) Consideration 58

Rolex

Moreover, according to settled case-law, national courts are required to interpret their national law within the limits set by Community law, in order to achieve the result intended by the Community rule in question (...).

(It) will be for the national court, in order to secure for holders of intellectual property rights protection of those rights against abuses prohibited by [the Customs Regulation], to apply to the transit of counterfeit goods across the national territory the civil-law remedies applicable under national law to other conduct prohibited by that article, provided that they are effective and proportionate and constitute an effective deterrent.

ECJ X / Austria 7 January 2004 (C 60/02) Considerations 59-60

Rolex

Articles 2 and 11 of [the Customs Regulation] are applicable to situations in which goods in transit between two countries not belonging to the European Community are temporarily detained in a Member State by the customs authorities of that State.

ECJ X / Austria 7 January 2004 (C 60/02)

Customs Regulation does indeed provide for special regime

Rioglass only deals with Article 28 EC

Polo Lauren and **Rolex** deal with the provisions of the Customs Regulation, which shall preclude contrary provisions of national law, and in particular national rules that mere transit of goods does not infringe intellectual property rights

Class International

Manufacturing outside of EU with
consent of TM owner



Warehousing in The Netherlands



Destination?

Class International

Article 5(1) and (3)(c) of the [First Harmonization Directive] and Article 9(1) and (2)(c) of the [CTMR] must be interpreted as meaning that a trade mark proprietor cannot oppose the mere entry into the Community, under the external transit procedure or the customs warehousing procedure, of *original goods bearing that mark which had not already been put on the market in the Community previously by that proprietor or with his consent.*

ECJ Class Int'l / Colgate 18 October 2005 (C 405/03)

Class International, just like Rioglass does not overrule Polo Lauren or Rolex

Like **Rioglass**, **Class Int'l** is not dealing with any provision of the Customs Regulation

Both **Rioglass** and **Class Int'l** relate to goods that were lawfully manufactured in country of origin

The Customs Regulation **could not** be applied in Class, because it does not apply in cases of Parallel Trade (Article 3.1)

Montex

Manufacturing outside of EU



Warehousing in Germany



Destination Ireland

Montex

Article 5(1) and (3) of the [First Harmonization Directive] is to be interpreted as meaning that the proprietor of a trade mark can prohibit the transit through a Member State in which that mark is protected (the Federal Republic of Germany in the present case) of goods bearing the trade mark and placed under the external transit procedure, whose destination is another Member State where the mark is not so protected (Ireland in the present case), only if those goods are subject to the act of a third party while they are placed under the external transit procedure which necessarily entails their being put on the market in that Member State of transit.

ECJ Montex Holdings Ltd. / Diesel SpA 9 November 2005 (C 281/05)

Montex confirms Class International

Like **Rioglass & Class Int'l**, **Montex** is not dealing with any provision of the Customs Regulation

Under common law (Art. 28 EC, First Harmonization Directive & CTMR) mere transit is NO infringement; Issue of infringement will be dealt with when goods are put on the market