

Commissioner Michel Barnier  
European Commission  
Directorate-General for the Internal Market and Services  
Rue de la Loi, 200  
B-1049 Brussels  
Belgium

Brussels, 7 March 2013

**RE: PROTECTING EUROPEAN CONSUMERS AND TRADEMARK OWNERS FROM  
COUNTERFEIT GOODS – Goods in Transit and the Revision of the Community  
Trade Mark Regulation 207/2009 and of the Trade Mark Directive 2008/95/CE**

Dear Commissioner Barnier,

The undersigned associations, which represent a broad cross-section of industries, sectors and businesses generating substantial growth and employment in Europe, appreciate your steps to modernise the European Union's trademark legislative system.

In particular, the current process to revise the Community Trade Mark Regulation (CTMR) and Trademark Directive (TMD) can lead to the creation of the necessary legal framework for more effective enforcement against counterfeiting, specifically with regards to counterfeit goods in transit. We believe that defining the transit of counterfeit goods as an act of infringement in the CMTR and TMD will close the current loophole in the EU legislative and enforcement system that allows counterfeit goods in transit to pass through EU borders and customs controls into a third country. We urge the European Commission to support this recommendation.

Under the revised Regulation on Customs Enforcement of Intellectual Property Rights 1383/2003, customs officials cannot stop counterfeits in transit unless there is an infringement as defined under substantive law. Because the act of transit is not defined as an infringement in substantive law, EU customs can only detain counterfeits if they are destined for the EU market and release those in transit from one Member State to a third country even if it is evident that the goods are fake. This practice is detrimental to the global fight against counterfeiting and is not consistent with the EU's notable efforts in other areas to protect consumers and businesses against trademark counterfeiting.

Indeed, the EU is vulnerable to counterfeiters' practice of transiting fakes in order to conceal their true origin, to facilitate their entry into a country or even to disguise the fact that their true destination is the EU market. The World Customs

Organization states in its 2011-2012 Annual Report<sup>1</sup> that more than 143 countries were intended destinations of seized counterfeit shipments in 2010, of which France and Germany were among the top five. Thirteen percent of the seizures were intended for transit in third countries en route to their final destinations, while some shipments were to be transited more than two or three times. Forty-two percent of all goods detained by EU customs for infringing IPRs were in transit, according to the last available figures proving that this means of detention is vital.<sup>2</sup>

Unlike civil trademark infringement, product counterfeiting is a serious organised crime on a global scale, requiring a coordinated global response. EU customs procedures should not contribute to the circulation of counterfeits by releasing them solely because they are not bound for the EU market, but for a third country, where enforcement standards may well be lower. Therefore, we call for the CTMR and the TMD to ensure that the act of transit of counterfeit goods is considered *prima facie* an act of infringement, notwithstanding their origin or final destination.

Any measure which fails to establish this *prima facie* rule would not be sufficient to enable customs to take effective action against counterfeit goods in transit. The CTM Regulation and Directive need to provide a solution to the specific issue of counterfeit goods in transit. Mere procedural aspects to address the issue would be inadequate unless transit and transshipment of counterfeit goods are designated as infringing acts in substantive law.

A clear definition of 'trademark infringement' (which distinguishes 'counterfeit goods in transit') to be covered by the Regulation and the Directive should be designed to capture transshipments, goods introduced in free zones and in free warehouses. Importantly, any provision on goods in transit should be limited to counterfeit products, so as not to affect legitimate international trade, including generic medicines, which do not infringe trademark rights. The targeted objective of transit measures in the proposed CMTR and TMD should be to stop counterfeit goods, many of which are dangerous to consumer health and safety.

The EU sets an example for many other countries, including those in Eastern Europe and Asia, which is a prime source of fakes according to EU Customs' seizure statistics. If the EU does not address the transit issue, the enthusiasm of these countries to seize counterfeit goods in transit may subside. The impact on the EU of more counterfeit goods in circulation will increase the risk of fakes reaching consumers. In the recent Olympics, for example, China wholeheartedly adopted the practice of stopping suspect goods from leaving the country, so the UK had a much reduced problem during London 2012.

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<sup>1</sup> WCO Annual Report 2011-2012

[http://www.wcoomd.org/en/topics/~media/WCO/Public/Global/PDF/Media/WCO%20Annual%20Report/Annual\\_Report\\_2011-12\\_en.ashx](http://www.wcoomd.org/en/topics/~media/WCO/Public/Global/PDF/Media/WCO%20Annual%20Report/Annual_Report_2011-12_en.ashx)

<sup>2</sup> EU Customs statistics 2007 (DG TAXUD)

[http://ec.europa.eu/taxation\\_customs/resources/documents/customs/customs\\_controls/counterfeit\\_piracy/statistics2007.pdf](http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics2007.pdf)

We urge the European Commission to support the inclusion of counterfeit goods in transit as an act of infringement as the proposed legislation moves through the approval process. We remain at your disposal as well as that of your staff for further information or clarification.

Yours Sincerely,

AIM- European Brands Association



BASCAP- Business Action to Stop Counterfeiting and Piracy



ECTA- European Communities Trademark Association



INTA- International Trademark Association



MARQUES- European Association of Trade Mark Owners



Cc:

**European Commission**

Commissioner Karel De Gucht (Directorate-General for Trade)

Commissioner Algirdas Šemeta (Directorate-General for Taxation and Customs Union)

Director General Luis Romero Requena (Legal Service)

Description of the associations:

**AIM** AIM is the European Brands Association. It represents the branded goods industries in Europe on key issues which affect the ability of brand manufacturers to design, distribute and market their brands. AIM's membership groups 1800 companies of all sizes through corporate members and national associations in 21 countries. These companies are mostly active in every day consumer goods. They employ some two million workers and account for over 350 billion Euro in annual sales in Europe alone. AIM's mission is to create for brands an environment of fair and vigorous competition, fostering innovation and guaranteeing maximum value to consumers now and for generations to come.

Contact: Marie Pattullo, Legal and Intellectual Property Manager - [marie.pattullo@aim.be](mailto:marie.pattullo@aim.be) or +32 2 736 0305.

**BASCAP** Counterfeiting and piracy have become a global epidemic, leading to a significant drain on businesses and the global economy, jeopardizing investments in creativity and innovation, undermining recognized brands and creating consumer health and safety risks. In response, the ICC launched BASCAP to connect and mobilise businesses across industries, sectors and national borders in the fight against counterfeiting and piracy; to amplify the voice and views of business to governments, public and media; and to increase both awareness and understanding of counterfeiting and piracy activities and the associated economic and social harm. Visit BASCAP on the web at: [www.iccwbo.org/bascap](http://www.iccwbo.org/bascap)

Contact: Alexandra Iliopoulou, Policy and Legal Adviser - [alexandra.iliopoulou@bascap.com](mailto:alexandra.iliopoulou@bascap.com) or +32 489 970 143.

**ECTA** **ECTA**, the European Communities Trade Mark Association, was formed in 1980. **ECTA** numbers approximately 1.400 members, coming from all the Member States of the European Union with associate members from all over the world. It brings together all those persons practicing professionally in the Member States of the European Community in the field of trade marks, designs and related IP matters. These professionals are lawyers, trade mark advisors, trade mark attorneys, in-house counsel and others who can be considered specialist practitioners in these areas. The Association has always concentrated on those issues where the interests of all members coincide and has refrained from taking a position on matters in which there is no common viewpoint. The extensive work carried out by the Association so far, following the above guidelines, combined with the high degree of professionalism and recognized technical capabilities of its members, has established **ECTA** at the highest level and has allowed the Association to achieve the status of a recognized expert spokesman on all questions related to the protection and use of trade marks, designs and domain names in and throughout the European Union, and for example, in the following areas:

- Harmonization of the national laws of the EU member countries;
- Community Trade Mark Regulation and Directive;

- Community Design Regulation and Directive;
- Organisation and practice of the OHIM.

In addition to having close links with the European Commission and the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM), **ECTA** is recognized by WIPO as a non-Government Organisation (NGO). **ECTA** does also take into consideration all questions arising from the new framework affecting trade marks, including the globalization of markets, the explosion of the Internet and the changes in the world economy. For more information: <http://www.ecta.org>

Contact: Ewa Grabiak, Legal Co-Ordinator - [ewa.grabiak@ecta.org](mailto:ewa.grabiak@ecta.org) or +32 2 513 52 85

#### INTA

The International Trademark Association (INTA) is a non-profit membership organisation dedicated to the development, advancement and protection of trademarks worldwide. The Association's 6,200 members include trademark owners, law firms and academics from over 190 countries. Headquartered in New York, the association has representative offices in Brussels, Shanghai and Washington, DC, and representatives in Geneva and Mumbai. For more information, please visit [www.inta.org](http://www.inta.org).

Contact: Christina Sleszynska, Europe Representative – [csleszynska@inta.org](mailto:csleszynska@inta.org) or +32 2 550 3833.

#### MARQUES

**MARQUES** is the European association representing brand owners' interests. The **MARQUES** mission is to be the trusted voice for brand owners. Established in 1986 and later incorporated in the United Kingdom as a not-for-profit company limited by guarantee, **MARQUES** unites European and international brand owners across all product sectors to address issues associated with the use, protection and value of IP rights, as these are vital to innovation, growth and job creation, which ultimately enhance internal markets. Especially trade marks play a significant role in free trade and competition in the market place.

**MARQUES** is an accredited organisation before the Office for Harmonisation in the Internal Market (OHIM), appointed observer at the OHIM Administrative Board and Budget Committee, an official non-governmental observer at the World Intellectual Property Organisation and a registered interest representative organisation (ID 97131823590-44) in the Transparency Register set up by the European Parliament and the European Commission, which extends and replaces the former Register of Interest Representatives, opened by the European Commission in 2008. More information about **MARQUES** and its initiatives is available at: [www.marques.org](http://www.marques.org)

Contact: Alessandra Romeo, External Relations Officer - [aromeo@marques.org](mailto:aromeo@marques.org).