

The use of Customs controls to intercept counterfeit and pirated goods is fairly well known and widely used. However, owners and licensees of national and Community plant variety rights (PVR) may not be aware that goods suspected of infringing those rights may also be detained by Customs.

Registering your PVR is a powerful first step in attaining effective anti-piracy assistance: this is the experience from the UK, the Netherlands, Bulgaria and the Balkans.

An underused weapon in your armoury?

Customs' power to detain goods suspected of infringing PVR (and other Intellectual Property rights) stems from Council Regulation No. 1383/2003. This Regulation provides that, subject to certain exceptions, Customs may detain goods on entry into, or export from, the European Community (EC). The exceptions are that Customs will not detain goods that are parallel traded, non-commercial, or are already in free circulation in the EC.

If the 'infringed' right has been registered – which is free of charge – with Customs in the country of detention, the applicant will be contacted and informed of the detention. If the right has not been registered, the right holder theoretically can be contacted by customs and asked if they wish to make an application to register the right, but this case hardly ever happens. Provided it is available, the applicant will on request also be given information about the source of the goods and the parties involved in their transport (e.g. details of the grower, the exporter and the importer).

On the basis that goods infringing PVR are likely to be classed as perishable goods, the applicant will only have a non-extendable period of three working days to inspect and take samples of the detained goods and start legal proceedings, failing which the goods will be released. Conversely, if proceedings are commenced within the three working day period, the goods will continue to be detained by Customs unless se-

curity for their release is provided by the owner, importer or consignee of the goods (or their release is ordered by the Courts). The amount of security provided must be "sufficient to protect the interests of the right holder".

Although there will inevitably be a temptation to start legal proceedings within the three working day period, it should be remembered that proceedings can be commenced at a later date, after the goods have been released. Given that the applicant will be responsible for costs and liabilities resulting from the detention (including storage costs and compensation for loss suffered by the detention of non-infringing goods), this may sometimes be the most prudent course of action; for example, where it will take more than three working days to carry out the tests necessary to prove infringement.

United Kingdom

Our experience has shown that UK Customs are very interested in Intellectual Property (IP) related detentions and are happy to assist rights holders in such matters. However, while UK Customs have the power to detain goods of their own accord, it is unlikely that goods suspected of infringing PVR will be detained until the right has been registered with UK Customs and information provided on how to recognise and distinguish between authentic and infringing goods. Accordingly, if you suspect that infringing goods are going to be transported to or from the UK, your PVR

should be registered without delay. When making the application for registration, it is also helpful if you can provide UK Customs with as much information as you can on the infringing goods, including information on their origin, the suspected method and timing of transport, and the ports that should be put on alert.

Apart from in exceptional circumstances, UK Customs will not detain goods that are in transit through the UK. This is exemplified by the recent trade mark case of *Nokia Corporation v Revenue & Customs Commissioners* [2009] EWHC 1903, which held that counterfeit goods passing from one non-EU country to another via the UK were not covered by Council Regulation No. 1383/2003. The decision is, however, under appeal and an ECJ reference to resolve the point is a distinct possibility.

PVR holders should also be aware that UK Customs do not have any inherent authority to destroy goods that are detained. The goods will not therefore be destroyed until the right holder obtains an order to that effect from the Court, or the owner of the goods agrees to their earlier abandonment. The importance of the detention itself and the leverage it can provide in subsequent negotiations with the parties involved in the infringement, should not, however, be underestimated.

The Netherlands

Like in the UK, the Dutch Customs authorities are used to providing effective assistance to right holders

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By failing to register their PVR with Customs, rights holders will be missing out on the opportunity of detecting, and potentially stopping, infringing goods before they reach supermarket shelves or other points of sale.

with their anti-piracy actions. Although it is of course recommended to submit an application for Customs actions in advance, we have the experience that the Dutch customs are also willing to cooperate in very urgent matters and take action on the spot. This means that you can request permission for Customs actions based on your PVR or trade mark (or other IP rights) at very short notice, even one or two days in advance. Afterwards, the normal application procedure must be completed.

Furthermore, as regards the simplified procedure for destruction of goods, the Dutch Custom authorities are allowed and willing to cooperate with the destruction of detained goods. This also applies in cases where the owner of the goods has not objected to the destruction, e.g. by not responding to a warning letter. Obviously, if it appears afterwards that the basis for the destruction was ill-founded; the right holder will be liable for damages. Besides this, Dutch Customs are also willing to detain suspected goods that are in transit through the Netherlands. Until now, there have been two decisions in preliminary relief proceedings regarding patents and trade marks where the Judge decided that the goods in transit had to be regarded as manufactured in the Netherlands (on the basis of the so-called 'manufacture fiction'), which meant that they infringed the IP rights of the holder. The 'manufacture fiction' essentially allows the Dutch Customs to regard the goods in transit as goods that were manu-

factured in the Netherlands, and if 'manufactured in the Netherlands' is an act to which the right owner holds the exclusive right, the seizure is in principle allowed. As regards plant materials, it remains an open question whether 'manufactured in the Netherlands' also relates to any of the exclusive acts of the PVR holder, such as production or multiplication, but so far this seems to be an acceptable line of reasoning which also provides effective relief to PVR owners who wish to stop illegal plant material in transit.

Bulgaria and the Balkans

In comparison to the Netherlands and UK, Bulgaria is a new member of the EC having joined on 1 January 2007. Before then the national legislative regime did not allow for owners of PVR to enforce their rights using Customs actions. Since accession to the EC the owners of PVR (valid in the territory of Bulgaria) have the possibility to rely on the assistance of the customs.

The first Bulgarian seizure of goods infringing PVR was made in March 2008 on the Bulgarian-Turkish border. During the seizure the owner of right could rely on the full collaboration of Customs and in fact this is a tendency which continues today – right holders may rely on the assistance and support of the Bulgarian Customs for anti-piracy actions. During the first seizure around 9,000 gerbera were detained which were subsequently destroyed. The main specifics which right holders should have in mind when

enforcing their rights in Bulgaria is that Customs also rely on the right holder's support, as the goods which have to be detained require special knowledge and experience to establish whether a particular item is counterfeit or not. As a result, Customs will usually need to have an expert or a responsible person in attendance when they have to execute an operation and have to detain goods.

Another important point is that although Customs have the right to act *ex officio* it is strongly recommended to file an application in advance in order to rely on effective measures. It is also possible to apply and to request Customs assistance only for execution of a particular action or raid. Usually centralized applications filed for more EU countries are only effective in Bulgaria when translations of the application and explanation material are provided and a local contact is nominated.

In conclusion, it should be underlined that although the Bulgarian market is relatively small, since 2007 it has become the European border with the following regions: Turkey, Macedonia, Serbia, Albania, Kosovo, Bosnia and Herzegovina, Montenegro; through the Black Sea – Russia, Georgia, Ukraine, China, Moldova (through Ukraine). We would therefore recommend that if the right holder wants to have an effective border control on the territory of the EU, which covers the EU borders, to make a national application for Bulgaria – it is free of charge. ■