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Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods

INFORMATION FROM OTHER INTERNATIONAL ORGANIZATIONS

Communication from the Customs Co-operation Council

Addendum

The following communication, dated 15 January 1988, has been received from the Secretary General of the Customs Co-operation Council.

I enclose the text of the Model Legislation1 designed to give the Customs powers to implement trade mark and copyright legislation. The text was approved by the Customs Co-operation Council's Permanent Technical Committee at its last session.

The Council would welcome the Group's views, and would, of course, be willing to examine any suggestions which might be put forward.

I should also point out that the importance of the problem posed by counterfeiting and piracy and its repercussions for Customs were emphasized once again at the most recent session of the Council's Policy Commission in December 1987.

This policy body considered that it would be in the interests of the Council's 101 members to enact regulations in keeping with the Model Legislation; in this context, the secretariat was asked to pursue its action by preparing a suitable instrument, possibly a Council Recommendation.

1Text drawn up in English and French only

CUSTOMS CO-OPERATION COUNCIL

Draft

MODEL FOR NATIONAL LEGISLATION TO GIVE THE CUSTOMS POWERS TO IMPLEMENT TRADE MARK AND COPYRIGHT LEGISLATION

Introduction

The possible rôle of the Customs in fighting counterfeiting and piracy in international trade has been discussed in various fora at the international level, notably in GATT, in the World Intellectual Property Organization (WIPO) and in the Customs Co-operation Council (CCC).

Although it is now accepted that the Customs can play a very effective rôle in combating counterfeiting and piracy, few Customs services have competence in this field: existing trade mark and copyright laws were enacted long before counterfeiting and piracy were problems of grave concern in international trade. However, governments are now taking every opportunity to enact legislation which, among other measures, provides their Customs services with appropriate competence to fight counterfeiting and piracy.

For its part, the Customs Co-operation Council approved the preparation of this Model Legislation in order to provide countries, should they decide, with a model which they might use for preparing national legislation to give their Customs services appropriate powers to assist in fighting counterfeiting and piracy in the context of trade mark and copyright violations.

Certain basic considerations have influenced the scope and content of the Model Legislation. The same considerations should be taken into account in preparing national legislation. Firstly, although it is recognized that the Customs can contribute effectively in the fight against counterfeiting and piracy, the rôle of the Customs has to be defined very precisely if Customs intervention is not to hinder the smooth flow of trade in genuine goods. The concern that measures taken by the Customs in this field might result in the creation of barriers to international trade has been expressed by a number of countries. To avoid this, the Model Legislation delimits the precise rôle of the Customs.

The second consideration is that it is the owners of trade marks and copyrights who have the prime responsibility for taking measures to protect their rights. Such measures include, for example, the registration of trade marks as prescribed by trade mark law, and the notification to the Customs that they own the rights that have to be protected. The rôle of the Customs is limited to assisting in the enforcement of protected rights. However, in countries where the exportation or importation of counterfeit or pirated goods is prohibited, the Customs has the sole responsibility for enforcing the law.

Thirdly, the extent and effectiveness of Customs intervention would be dependent on the resources avilable to the Customs. The Model Legislation provides for alternative levels of Customs intervention so that countries can choose the level which is most appropriate in the light of resources available.

Finally, it is considered that any infringement of intellectual property rights by the importation of counterfeit and pirated goods should, to the extent possible, be punished in a way to achieve the equivalent effect as in any infringement of these rights by the making of counterfeit and pirated goods within the Customs territory.

The structure and content of the Model Legislation are based on the foregoing considerations. Part I and Part II are alternatives. Part III is to apply irrespective of the option adopted.

DEFINITIONS

For the purposes of this Model Legislation:

COUNTERFEIT GOODS shall mean

any goods, including packaging, bearing without authorization a trade mark which is identical to the trade mark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects

from such a trade mark and which thereby infringes the rights of the owner of the trade mark in question under the legislation of the country of importation or exportation.

PIRATED GOODS shall mean

any goods which are unauthorized copies made directly or indirectly from an article where the making of that copy constitutes an infringement of a copyright under legislation in the country of importation or exportation.

PROHIBITED GOODS shall mean

goods the importation or exportation of which is prohibited by law.

CUSTOMS shall mean

the Government service which is responsible for the administration of Customs law and the collection of import and export duties and taxes and which also has responsibility for the importation, transit and exportation of goods.

Notes:

1. This term is also used when referring to any part of the Customs service or its main or subsidiary offices.

2. This term is also used adjectivally in connection with officials of the Customs, import or export duties or controls on goods, or any other matter within the purview of the Customs (Customs officer, Customs duties, Customs office, Customs declaration).

CUSTOMS TERRITORY shall mean

the territory in which the Customs law of a State applies in full.

Note: As a rule, the Customs territory of a State corresponds to its national territory including land, sea and air space. However, certain portions of the national territory may be excluded, e.g. free zones or the waters between the coastline and the State's territorial boundary at sea. The excluded portions of the national territory are called "Customs exclaves". By international agreement the Customs territory of a State may include a Customs exclave of another State. The area so included is called a "Customs enclave".

CUSTOMS LEGISLATION shall mean

all satutory or regulatory instruments prescribing the powers of the Customs in respect of prohibited goods in general.

IMPORTATION shall mean

the act of bringing or causing any goods to be brought into a Customs territory.

EXPORTATION shall mean

the act of taking goods out of the Customs territory.

REGISTERED TRADE MARK shall mean

any trade mark registered under national trade mark law.

OWNER OF A REGISTERED TRADE MARK shall mean

the trade mark owner himself or any other person authorized to use the trade mark, or his respresentative.

OWNER OF A COPYRIGHT shall mean

the original owner of the copyright and/or any successors in title to whom such original copyright owner has assigned his rights, or any exclusive licensee.

PART I

ENFORCEMENT OF PROHIBITIONS

Prohibitions of the importation and exportation of counterfeit and pirated goods

Article 1

The importation or exportation of counterfeit or pirated goods is prohibited and any such goods shall be liable to forfeiture.

Powers of the Customs

Article 2

Subject to Articles 3, 4 and 5 hereunder the Customs shall ecercise, in respect of counterfeit and pirated goods, the same functions and powers as those conferred by the existing legislation relating to other prohibited goods.

Article 3

Where, under Article 2 of this Model Legislation, the Customs has to punish an offence arising from the importation or exportation of counterfeit or pirated goods, the Customs shall have regard to the scale of penalties which are prescribed for offences relating to counterfeit or pirated goods which are made within the Customs territory.

Article 4

Counterfeit and pirated goods which are forfeited as prohibited goods shall be disposed of in accordance with Article 20 of this Model Legislation irrespective of other means of disposal provided for by the Customs legislation.

Article 5

Irrespective of provisions in the Customs legislation regarding the right of appeal against decisions made by the Customs, where in exercise of the powers conferred to the Customs under Part I of this Model Legislation the Customs determines that counterfeit or pirated goods are liable to forfeiture as prohibited goods, the importer or exporter shall have equivalent rights of appeal against the decision of the Customs as he would have were the decision to be determined by a judicial authority with appropriate competence.

Article 6

The Customs may at any time in order to establish whether any goods are counterfeit or pirated seek from the owner of a trade mark or copyright such information as may assist the Customs to exercise its powers under Article 2 of this Model Legislation.

Article 7

The Customs may:

(a) require the owner of a protected trade mark or copyright to provide, without payment, any expertise and any other facilities which may be required for the purpose of determining by examination, testing, analysis or otherwise, whether suspect goods are counterfeit or pirated;

(b) furnish to the owner of a protected trade mark or copyright a sample of any suspect goods for examination, testing or analysis, and require the owner to state in writing within a reasonable period whether, from the sample provided, the goods are considered counterfeit or pirated, and to furnish any other information requested as is possible.

PART II

CUSTOMS ASSISTANCE IN ENFORCING TRADE MARK AND COPYRIGHT LEGISLATION

Application for Customs intervention

Article 8

The owner of any registered trade mark may make application to the Customs:

(a) stating he is the owner of the registered trade mark; and

(b) requesting the Customs to suspend clearance of goods suspected of being counterfeit.

Article 9

The owner of a copyright may make application ot the Customs:

(a) stating that he is the owner of the copyright; and

(b) requesting the Customs to suspend clearance of goods suspected of being pirated.

Article 10

(a) Any application made under Articles 8 and 9 may also be made in respect of individual operations.

(b) Any application made under this Article shall be accompanied by:

(i) a statement of the grounds;

(ii) a request that the Customs deal expeditiously with the application.

(c) Any such application should also conform to the requirements stipulated in Articles 12 and 13.

Article 11

Any application made under Article 8, 9 or 10 of this Model Legislation should specify for how long the Customs should provide the asssistance required.

This period may, by subsequent application, be extended for further periods.

The owner of a trade mark or copyright is required to inform the Customs when such a trade mark or copyright ceases to be valid for any reason whatsoever.

Conditions governing applications

Article 12

Any application in respect of a trade mark should be presented in writing and should be accompanied by:

(a) a copy of the Trade Mark Registration Certificate;

(b) a statement of the grounds;

(c) a complete description of the goods in respect of which the trade mark is registered together, where appropriate, with a sample of the bona fide product;

(d) full details of the applicant and his location;

(e) an authorization from the owner of the registered trade mark, where the applicant is an authorized representative; and

(f) the prescribed fee.

Article 13

The competent authority may make regulations prescribing the form in which applications in respect of copyright are to be made under this Article and requiring the person making an application to furnish evidence as to the ownership and to comply with such other conditions as may be specified which shall include payment of a prescribed fee.

Article 14

When any application to the Customs is made under Article 8, 9 or 10, it shall be accompanied by an undertaking by the person making the application to indemnify the Customs authorities and to compensate any importer or exporter for any loss or damage resulting from the suspension of clearance of goods which prove to be not counterfeit or pirated.

Granting of applications

Article 15

Within twenty-eight days of the receipt of an application under Article 8, 9 or 10 the Customs shall notify the applicant whether his application has been granted or rejected or reserved for further consideration. If the application is granted it shall be effective for a period specified by the Customs.

Measures to be taken by the Customs

Article 16

(a) The Customs shall suspend clearance of any goods suspected of being counterfeits or pirated copies of goods in respect of which an application is still in force.

(b) The Customs shall inform the importer or exporter about the suspended clearance and shall state the reasons for such suspension and also the name and address of the owner of the trade mark or copyright.

(c) The Customs shall inform the owner of the trade mark or copyright of the place and date of the suspension, the name and address of the importer or exporter and the details of the goods.

(d) If within ten clear working days of the suspension of the clearance the Customs has not been informed that the matter has been referred to the competent authority to take a substantive decision on the case then, provided all other import and export requirements have been complied with, the goods shall be released to the importer or for export.

Co-operation between the Customs and owners of trade marks and copyrights

Article 17

On request the Customs may allow the owner of a trade mark or copyright to examine suspect goods, the clearance of which has been suspended in accordance with Article 16, and may allow the owner of a trade mark or copyright to draw samples for the purpose of determining, by examination, testing, analysis or otherwise whether the goods are counterfeit or pirated.

Article 18

(a) On request the Customs may provide the owner of a trade mark or copyright with any further information which the Customs is satisfied would assist in determining whether goods are counterfeit or pirated.

(b) Where it is determined that goods the clearance of which has been suspended under Article 16 are counterfeit or pirated, the Customs may, on request, provide the owner of the trade mark or copyright with copies of documents lodged in respect of such goods or with any available information or documents relating to any previous importations or exportations of similar goods by the same importer or exporter.

Article 19

The Customs authorities shall not be liable for any failure to detect any counterfeit or pirated goods, whether or not an application has been received under Article 15.

PART III

DISPOSAL OF COUNTERFEIT AND PIRATED GOODS

Article 20

Where in judicial or administrative proceedings or in a settlement it is determined that counterfeit or pirated goods are liable to forfeiture as prohibited goods, or that goods are counterfeit or pirated, the Customs shall have power to dispose of them in the following manner unless otherwise instructed by another judicial or adjudicating authority:

(a) by destruction under official supervision; or

(b) by such other manner as may be within the practice of the Customs, provided that such manner of disposal shall be outside normal channels of commerce and be without detriment to the owner of the trade mark or copyright.