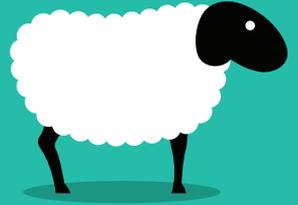
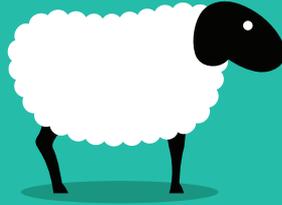
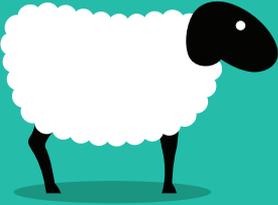
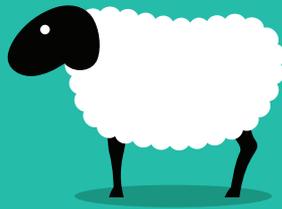
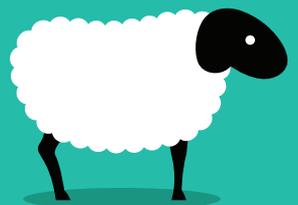
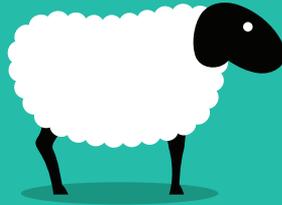


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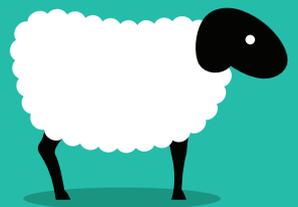
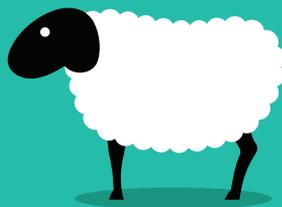
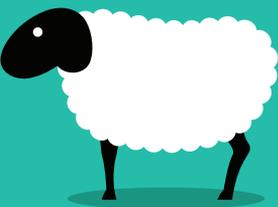
# Anti-counterfeiting 2016 A Global Guide



Anti-counterfeiting measures at all levels

**BEST Rechtsanwälte**

*Udo Pflegar*



# **BEST Rechtsanwälte:**

## **Industry experience in private practice**

Since 1999, BEST Rechtsanwälte in Frankfurt am Main, Germany, offers highly professional, competent and practical advice in the fields of intellectual property law and unfair competition. The main areas of expertise of this IP boutique are:

- **Trademark Law**
- **Design Law**
- **Domain Law**
- **Law of Unfair Competition**
- **Copyright Law**
- **Data Protection Law**
- **Litigation**

The partners, Dr. Michael Best and Udo Pflegar, have a strong background in this field, having both also worked as in house counsel for many years. Together with three further highly qualified attorneys and a well trained team of paralegals and assistants, they provide service of the highest quality.

The firm represents and advises numerous multinational companies from the pharmaceutical, chemical, automotive, cosmetics and fashion sectors as well as utility companies and small and medium sized enterprises.

The services of the firm relating to trademarks and designs include legal availability searches, filing and prosecution, opposition proceedings and litigation. The firm also negotiates and drafts license agreements, assignments and prior rights agreements and carries out trademark collision watches.

For domains, the firm conducts UDRP and ADR proceedings as well as litigation before the ordinary courts.

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## Anti-counterfeiting measures at all levels

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Protecting products against counterfeiting has become an increasingly important issue for rights holders around the world. Filing and maintaining an umbrella of registered rights is only the first step towards protecting a company's IP rights. It is necessary to maintain a balanced portfolio, making use of various kinds of rights, from trademarks and designs to patents. In the interest of enforceability, it is advisable to seek the protection of registered rights. While unregistered copyright and design protection may be available in some jurisdictions, enforcement is always a matter of proof – and it is far more economical and reliable to base infringement actions on registered design rights. Evidence of their existence is available in the form of registration and renewal certificates or register extracts. Unregistered rights require a substantially greater amount of evidence to prove, meaning that the cost of proving their existence is significantly higher.

### Watching services and market surveillance

Rights holders should watch the registers for new applications which could infringe on their own rights. This is usually done through watching services, which filter out relevant filings. These are notified and analysed in order to decide whether action is required. Taken early on, such steps can act as a clear signal to potential infringers that rights

holders are actively protecting their rights. This can serve as a valuable deterrent.

Careful observation of the markets is equally important. Internet use is the single most important gateway for marketing, selling and distributing counterfeits. For that reason, it is crucial to monitor online activities. This can be done with the assistance of specialised firms which scour the Web and filter the results in order to provide rights holders with relevant findings. Often, these results are further filtered by legal advisers in order to minimise the time that rights holders themselves need to spend on these activities. Instead, rights holders are directly advised on how to proceed in particular cases.

Of course, watching the markets and the Internet is also the responsibility of the employees of rights holders, as well as sellers and repairers of their products. All of these parties should be trained in how to recognise counterfeit products and an established chain of communication should enable information about possible infringements to be easily communicated to the rights holder. In order for such measures to succeed, rights holders should invest in training and raising awareness among those who could provide this information.

### Safety features and closed chains of development

To make it easier to recognise counterfeits,



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more and more products are being fitted with safety features, on either the packaging or the goods themselves. These features – which can range from the simple to the complex, depending on the value of the products involved – are becoming increasingly common in the market and should be seriously considered by rights holders.

Equally important for rights holders are closed – or at least closely supervised – chains of development, production, wholesale and retail. It is not uncommon for contract manufacturers to manufacture both for the ordering rights holder and for others. Equally, both wholesalers and retailers may buy cheap original goods and pass them on to the next level (and finally to consumers). For this reason, monitoring different parts of the supply chain – including through test purchases and onsite inspections – is another way to defend IP rights. Where possible, penalties for possible infringements should be included in agreements between the rights holder and other involved parties. Failing that, legal action should be taken against the infringement, in order to show that the rights holder means business. This can take the form of both civil and criminal actions. In order for this to constitute a deterrent, successful actions should be publicised.

It is important to avoid giving the impression that big corporations are unfairly attacking individuals or small companies that lack the financial and legal resources to defend themselves. For this reason, the publication of successful actions must be carefully thought out. A commendable result will demonstrate the connection between consumer and rights holder interests and

the necessity of the action taken, while simultaneously deterring counterfeiters.

### Customs measures

The principles of deterrence and education also apply to successful measures by customs authorities and the police. Cooperating with Customs at every possible level is an economical and powerful method of protecting IP rights. From the globally active World Customs Organization to regionally active organisations such as the European Observatory on Infringements of Intellectual Property Rights and its Enforcement Database (EDB) to national customs organisations, these are the partners of rights holders in defending their interests.

The EDB, for example, contains information on products that are protected by IP rights such as registered trademarks and designs. The police and customs officials of the 28 EU member states can access this information and product details through this tool, making it easier for them to identify counterfeits and take action. Using the database, rights holders and their representatives can:

- generate and send customs applications for action;
- obtain information about suspicious cases detected by the authorities; and
- alert the authorities to possible counterfeits.

For customs and police authorities, the EDB offers an opportunity to search for products and related rights and obtain contact information for rights holders.

A wide range of measures are available

to rights holders before the offices and the courts, as well as with the assistance of Customs, the police and criminal prosecution authorities.

One of these measures is provided by the EU Customs Enforcement Regulation (608/2013), which has been in force since January 1 2014 and constitutes an effective tool for taking action against infringing goods entering or leaving the EU customs territory. This is particularly the case for rights holders that own registered Community trademarks or designs. Such action can be based not only on registered Community trademarks and designs, but also on other rights, including:

- patents;
- utility models;
- copyright;
- geographical indications;
- supplementary protection certificates for medicinal and plant protection products;
- trade names;
- plant variety rights;
- national trademarks; and
- national designs.

Infringement of unregistered trademarks and designs, illegal parallel imports, so-called 'overruns' and intra-Community trade are not covered by the EU regulation. However, these may be covered by additional applications for customs measures pursuant to national laws, which are also available in many countries.

If the right is registered nationally in one or several EU member states, the rights holder can file applications pursuant to the EU regulation in each of these countries. Owners of registered Community trademarks and designs (or other IP rights based on EU law that have effect throughout the European Union) can submit a single application covering several or all EU member states using the aptly named union application.

In Germany, union applications are filed with the Central Customs Office for the Protection of Intellectual Property. Once a union application is granted, its details are made available to the central customs authorities of the designated EU member states via the European database system, COPIS.

Customs will then detain or suspend the release of goods that it suspects infringe IP

rights, and inform the rights holder and the declarant or holder of the goods accordingly. If the rights holder confirms the infringement, the relevant goods will be destroyed on its request, unless the other party explicitly opposes destruction within 10 working days. If objections are raised, it will become necessary to initiate civil proceedings to obtain court confirmation that a right has been infringed. However, this is frequently not the case.

### Trade fairs

The EU Customs Enforcement Regulation also permits customs authorities to take action



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Udo Pfléggar studied and trained in Melbourne, Australia and Regensburg, Germany. He joined the Office for Harmonisation in the Internal Market in 1999, where he worked as a senior examiner, litigator and instructor. After heading the Boehringer Ingelheim domain and trademark group, in 2009 he joined BEST Rechtsanwälte as a partner. He deals with questions relating to trademark, design and domain law, as well as data protection issues. Mr Pfléggar is a lecturer in law at the University of Applied Sciences in Frankfurt am Main and a panellist for 'eu' alternative dispute resolution proceedings. He is a member of the European Communities Trademark Association Law Committee, MARQUES and other professional organisations.

at international trade fairs; this is another efficient tool available to rights holders. Such actions can take place at trade fairs throughout Europe and customs offices at major exhibition centres are well prepared for these measures.

As an example, in Frankfurt am Main, Germany – home of the trade fair company Messe Frankfurt – cooperation exists between the customs office responsible for the district and the various Frankfurt fairs, including the Ambiente consumer goods fair, which had more than 4,800 exhibitors in 2016 and has well over 125,000 visitors annually.

Before the fair, rights holders or their representatives can register with the customs office in order to participate in customs actions during the fair. They meet with customs officers on the first morning of the fair. The exhibitors are divided into groups, covering different classes of goods. The exhibition halls to be visited are agreed and each group of right holders is accompanied by a team of armed customs officers.

During the visit, rights holders point out exhibitors that may be infringing or spot infringing goods on stands or in catalogues. Additionally, experienced customs officers look out for copies of goods for which applications for customs measures have been filed. The tour can go anywhere in the exhibition at any time, so it is very difficult

for exhibitors to predict what will happen and when.

Once an infringing item is spotted, customs officers enter the stand and examine the potentially infringing goods. If it has been reported by a rights holder, the rights holder must provide evidence of the infringement. It is thus essential to have the documents necessary to prove infringement on hand to show to the customs officers. However, it is sufficient to provide such evidence in electronic form.

Infringing items are removed from the stand and confiscated by Customs. If there is an infringement in a catalogue, Customs will take a sample and order the infringer to delete the item in question from all other documents, setting a time limit for doing so. The infringer will also be ordered to pay an on-the-spot security deposit to cover the subsequent court costs and a possible fine. If this deposit cannot be paid, the infringer may be arrested until the funds are made available.

Later, another inspection is carried out to see whether the required steps have been taken by the exhibitor. If not, more and higher fines become due. This opportunity may also be used to check on other stands that have been spotted by rights holders in the interim. This cooperation between rights holders and Customs should be considered as an option for further protecting IP rights. With experienced legal representatives on site to assist the customs officers, this can be a powerful weapon in the fight against counterfeits.

These measures concern exhibitors from outside the European Union. However, rights holders may approach the police station located on the site of the exhibition grounds regarding infringements carried out by exhibitors from within the European Union. The proceedings are slightly different, but lead to the same result.

### Conclusion

Overall, there are many elements and components to a global anti-counterfeiting policy. Naturally, changes to the economy must be watched closely and policies will need to be adapted where necessary. The dawn of the fourth industrial revolution



**The EU Customs Enforcement Regulation also permits customs authorities to take action at international trade fairs; this is another efficient tool available to rights holders**

discussed at the 2016 World Economic Forum in Davos, Switzerland – which cited robots, self-driving vehicles and three-dimensional (3D) printers as technical innovations which will have a major impact on industry and humanity – will also change the production and distribution of goods. This will make it necessary to adjust and adapt anti-counterfeiting policies continuously – in particular, to keep up with the potential for the decentralised manufacture of counterfeit goods which many predict will be facilitated by 3D printers in the future. **WTR**

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