

August 2009

New Customs Procedures Protecting your IP at the Frontier

The way in which HM Revenue & Customs (HMRC) handles goods which infringe IP rights, such as trade marks, patents, registered designs and copyright, at the point of entry into the UK has recently changed.

The Background

The European Commission has just released statistics reporting a 14% increase in the number of cases of goods detained at the EU's external border.

The number of infringing articles seized by customs rose from 79 million in 2007 to 178 million in 2008.

While all types of goods are susceptible to counterfeiting, the Commission's report identified that toys (up 136% from 2007) and DVDs (up a staggering 2600% from 2007) accounted for the most significant increases.

In the UK, HMRC Officers had established procedures for handling pirate and counterfeit goods at the point of entry into the UK. However, these procedures needed to be reformed, so that the UK's practice complied with the requirements of EC Regulation Number 138/2003 which aims to harmonise practice across the European Union.

What is the impact of these changes?

Although the new procedures do not weaken HMRC's ability to enforce IP rights, the changes place a significantly increased burden on IP right holders wishing to take advantage of the process to prevent counterfeit goods from entering the UK market.

Previously, HMRC officers had the power to destroy seized goods if the IP rights holder provided a simple witness statement confirming that they believed the goods infringed their rights.

Under the new procedure, a simple witness statement is no longer sufficient. Instead, the rights holder must apply to the High Court and obtain a Court Order confirming that the goods held do infringe their rights, and confirming that these goods should be destroyed.

Clearly, the cost of an application to the Court is significantly higher than that incurred in preparing a witness statement under the old procedures. It is therefore important that those who may need to rely upon the procedure are best placed to take action, should this prove necessary.

The changes will also impact on businesses which import goods into the UK, who may find themselves embroiled in High Court proceedings,

if a consignment of goods is detained by HMRC under these procedures.

The new procedures

Customs will continue to notify IP rights holders if they detect any goods which they believe may infringe IP rights. The suspected goods will be detained for ten working days from notification to allow time for the rights holder to apply for a Court order. An extension of time up to a maximum of ten additional working days can be requested before the original period expires.

Crucially, this time period also allows for the IP rights holder to obtain the consent of the importer to destroy the goods. It is hoped that an importer, aware of the dubious nature of the goods being imported, will agree to destruction, rather than having to defend court proceedings. If a Court Order is sought and successfully obtained, the importer will not only incur their own legal costs, but also an award to compensate the rights owner for the costs that they have incurred.

If the IP rights holder does not take action before the expiry of the deadline, HMRC will release the goods to the importer for entry into the UK market.

How do I prepare for this new procedure?

- Register your rights

The easiest way to prove your ownership of the rights is to register them, as trade mark and/or registered designs, as appropriate.

- Notify HMRC of your IP rights

While HMRC officers can detain goods based upon their own suspicions, if you believe your rights are susceptible to counterfeits or pirate copies entering the UK, or are already aware that infringing goods are being imported, provide Customs with as much information as possible to enable them to be pro-active on your behalf.

- Have your documentation ready

Ten or even twenty days is not long to prepare for legal proceedings. Prepare a pack of documents in support of your case in advance to ensure that you have enough time to take appropriate action to protect your rights.

For further information on this change in practice, and its impact on your business, please contact your usual attorney in UDL's trade mark team.

Jennifer Good, Leeds