

## Question Q230

**National Group:** Dutch Group

**Title:** Infringement of trademarks by goods in transit

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**Date:** May 16, 2012

### Questions

#### I. Analysis of current legislation and case law

The Groups are invited to answer the following questions under their national laws and if applicable their regional/community legislation:

#### In-transit term

- 1) Does your country's law provide for an "in transit" concept (regardless of the exact terminology)?

**Yes. Dutch law does not have specific national legislation in which an in-transit concept is defined/used. However, the Community Customs Code<sup>1</sup> (hereinafter referred to as: "CCC") is applicable in the Netherlands. The CCC provides in an in-transit concept, which is elaborated in various articles.**

- 2) If yes to question 1, what term is used in your country to describe this concept?

**The starting point to define the in-transit concept is article 4(15) CCC:**

**15) 'Customs-approved treatment or use of goods' means:**

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<sup>1</sup> Council Regulation (EEC) No. 2913/92 of 12 October 1992 establishing the Community Customs Code

- (a) *the placing of goods under a customs procedure;*
- (b) *their entry into a free zone or free warehouse;*
- (c) *their re-exportation from the customs territory of the Community;*
- (d) *[...];*
- (e) *[...].*

Article 4(16) CCC specifies what is meant by a customs procedure:

(16) *'Customs procedure' means:*

- (a) *[...];*
- (b) *transit;*
- (c) *customs warehousing;*
- (d) *inward processing;*
- (e) *processing under customs control;*
- (f) *temporary admission;*
- (g) *outward processing;*
- (h) *[...].*

In customs practice also the following terms are used which are related to goods in transit (i.e. non-Community goods) and Community goods:

- i) T1 Status goods are goods that are imported into the Customs territory of the EU on which import duties and VAT have not been paid.
- ii) T2 Status goods are goods, which can freely circulate within the EU.

If goods can freely circulate within the EU, it is still possible to act against infringing products. However, customs authorities are not entitled to act under the Customs Regulation 1383/2003 <sup>2</sup>.

- 3) If yes to question 1, does your country make any distinction between “customs transit”, “transshipment” and “in-transit”?

**Yes.** Within the definition provided in article 4 (see question 2) the CCC makes further distinctions between various aspects of the in-transit concept:

#### Article 84 CCC

1. *In Articles 85 to 90:*

- (a) *where the term 'procedure' is used, it is understood as applying, in the case of non-Community goods, to the following arrangements:*
  - *external transit;*
  - *customs warehousing;*
  - *inward processing in the form of a system of suspension;*
  - *processing under customs control;*
  - *temporary importation;*
- (b) *where the term 'customs procedure with economic impact' is used, it is understood as applying to the following arrangements:*
  - *customs warehousing;*
  - *inward processing;*
  - *processing under customs control;*
  - *temporary importation;*
  - *outward processing.*

#### Article 91 CCC

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<sup>2</sup> Council Regulation (EC) No 1383/2003 of 22 July 2003

1. *The external transit procedure shall allow the movement from one point to another within the customs territory of the Community of:*
  - (a) *non-Community goods, without such goods being subject to import duties and other charges or to commercial policy measures;*
  - (b) *Community goods which are subject to a Community measure involving their export to third countries and in respect of which the corresponding customs formalities for export have been carried out.*

However, this differentiation has no influence on the answers to the questions below.

- 4) Does your country's "in transit" concept include for example customs warehouses, free warehouses, free zones and other customs procedures under which the goods are not released for free circulation and are kept under customs control?

The CCC provides in customs procedures in which goods are not released for free circulation. As explained under question 1, customs and free warehouses and free zones are procedures which fall under the in-transit concept.

Customs warehouses have been further elaborated in articles 98 CCC:

#### **Article 98 CCC**

1. *The customs warehousing procedure shall allow the storage in a customs warehouse of:*
  - (a) *non-Community goods, without such goods being subject to import duties or commercial policy measures;*
  - (b) *Community goods, where Community legislation governing specific fields provides that their being placed in a customs warehouse shall attract the application of measures normally attaching to the export of such goods.*
2. *Customs warehouse means any place approved by and under the supervision of the customs authorities where goods may be stored under the conditions laid down.*

Free warehouses and free zones have been further elaborated in article 166 CCC:

#### **Article 166 CCC**

*Free zones and free warehouses shall be parts of the customs territory of the Community or premises situated in that territory and separated from the rest of it in which:*

- (a) *Community goods are considered, for the purpose of import duties and commercial policy import measures, as not being on Community customs territory, provided they are not released for free circulation or placed under another customs procedure or used or consumed under conditions other than those provided for in customs regulations;*
- (b) *Community goods for which such provision is made under Community legislation governing specific fields qualify, by virtue of being placed in a free zone or free warehouse, for measures normally attaching to the export of goods.*

However, this differentiation has no influence on the answers to the questions below.

## Goods in transit – infringement

***In the following questions 5-12, “in-transit” refers to the term used in your country.***

- 5) Are goods in transit considered to fall within the trademark owner’s exclusive right to prevent others from importing goods bearing the trademark?

**In *Polo/Lauren (C-383/98)* the European Court of Justice (hereinafter referred to as “ECJ”) held that goods that pass through the Community territory “in transit” to a country outside the Community territory do not enter the Community territory. Goods placed under this procedure are subject neither to import duties nor to other measures of commercial policy. Therefore, the external transit of goods is based on a legal fiction.**

**From the judgment of the ECJ in *Rioglass (C-115/02)* it is clear that the mere “transit” (i.e. the mere transportation of the goods through the territory under the external transit regime) does not involve any marketing of the goods in question and is therefore not liable to infringe the specific subject-matter of the trademark. Also, in *Class International (C-405/03)* it was confirmed that the mere physical introduction of goods into the territory of the Community is not ‘importing’<sup>3</sup> and does not entail ‘using the mark in the course of trade’.<sup>4</sup> In *Montex/Diesel (C-281/05)* the ECJ held that the proprietor of a trademark cannot prohibit the transit through a Member state in which that mark is protected of goods bearing the trademark and placed under the external transit procedure with another state as their destination where the mark is not protected, unless those goods are subject to the act of a third party while they are placed under the external transit procedure which necessarily entails their being put on the market in that transit Member State. In its judgment in the *Philips and Nokia cases (C-446/09 and C-495/09)*, the ECJ further discussed the proof to be provided by the trademark owner in order to conclude that his rights are infringed. The ECJ held that goods ‘in transit’ infringe a registered trademark right (and therefore are to be classified as counterfeit goods or pirated goods) where it is proven that they are intended to be put on sale in the European Union, such proof being provided where it turns out that the goods have been sold to a customer in the European Union or offered for sale or advertised to consumers in the European Union, or where it is apparent from documents or correspondence concerning the goods that their diversion to European Union consumers is envisaged.**

**Consequently, a trademark proprietor cannot oppose the mere entry into the Community, under the external transit procedure, of goods bearing that mark or a similar sign, because goods in transit do not fall within the trademark owner’s exclusive right.**

- 6) Taking into account the following scenarios, are goods in transit considered to be infringing in the country of transit if:
- i. goods bearing a trademark are sent from country A (where it is not registered) to country C (where it is not registered) via transit country B (where it is registered).

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<sup>3</sup> Within the meaning of Article 5(3)(c) of the First Council Directive 89/104/EEC and Article 9(2)(c) of Regulation (EC) No 40/94.

<sup>4</sup> Within the meaning of Article 5(1) of Directive 89/104/EEC and Article 9(1) of Regulation (EC) No 40/94 respectively.

See the answer to question 5, where it is stated that transit does not involve any marketing of goods and that it therefore cannot infringe the specific subject matter of the trademark in the country of transit. The facts in this scenario are the same as the facts of the *Montex v Diesel* case mentioned above in the answer to question 5.

- ii. the trademark owner has a valid trademark registration only in the country of destination (country C).

If the trademark is registered only in the country of destination, but not in the country of transit, which for the purpose of this question must be assumed to be the Netherlands, the goods are not infringing in the Netherlands. Benelux trademark law requires that a trademark be registered in the Benelux in order to be entitled to claim protection.

- iii. the trademark owner has a valid trademark registration only in the country of origin (country A).

See the answer above under ii: If the trademark is registered only in the country of origin, but not in the country of transit, which for the purpose of this question must be assumed to be the Benelux region, the goods are not infringing in the country of transit. Additionally, it is in principle irrelevant whether the manufacture of the goods in issue was lawful or unlawful (*Montex v Diesel*).

- iv. the final destination of the goods is not known at the time of entrance of the goods in the transit country (consider both scenarios – where it is registered in country B and where it is not registered in country B).

If the mark is not registered in country B (i.e. the Benelux), then there can be no infringement in country B (see the answers to questions 6 ii) and iii). However, even if the mark is registered in country B, the goods in transit will not be considered infringing based on the mere fact that the final destination of the goods is not known. The ECJ held in *Class International* that the trademark proprietor cannot make entry for transit procedures conditional on the existence of a final destination already specified in a third country. However, if the trademark proprietor proves that they are intended to be put on sale in the European Union, then he can claim that his rights have been or are about to be infringed (*Philips and Nokia*).

- 7) In those scenarios where in-transit goods are considered to infringe a registered trademark right in the transit country:

- i. Would that be the case if it is shown that goods will be or that there is a risk for the goods being illicitly diverted into the market in the transit country?

A distinction must be made between the infringement assessment made by customs authorities when decided whether or not to detain potentially infringing products pursuant to the Anti-Piracy Regulation 1383/2003 and the assessment of infringement to be made by a court in infringement proceedings.

As soon as there are indications before it giving grounds for suspecting that an infringement of an intellectual property right exists, the customs authority must suspend the release of or detain those goods. Those indications may include:

1. the fact that the destination of the goods is not declared whereas the suspensive procedure requested requires such a declaration;
2. the lack of precise or reliable information as to the identity or address of the manufacturer or consignor of the goods; or
3. a lack of cooperation with the customs authorities or the discovery of documents or correspondence concerning the goods in question suggesting that there is liable to be a diversion of those goods to European Union consumers.

However, in infringement proceedings before the court, the proprietor of a trademark is only entitled to obtain an injunction to prohibit the transit of goods bearing his trademark if he proves that they are intended to be put on sale in the European Union (*Philips and Nokia*). The fact that there is a real and permanent risk that goods placed under the external transit procedure or the customs warehousing procedure will be released for free circulation is not sufficient for allowing a court to conclude, in infringements proceedings, that the transit infringes the essential functions of the trademark (*Montex v Diesel*). The external transit does not constitute use of the mark liable to infringe the right of the mark's proprietor to control the putting of the goods on the Community market, because it does not imply any marketing of those goods. This appears to be a relatively high threshold, which is not met by the mere contention that there is a risk that the goods will be diverted into the market in the transit country.

- ii. Who has the burden of proof to show that goods will be or that there is a risk for the goods being illicitly diverted into the market of the transit country?

It is for the proprietor of the trademark to prove that the goods are intended to be put on sale in the market of the transit country. The trademark proprietor must prove the facts which would give grounds for exercising the right of prohibition, by proving either release for free circulation of the non-Community goods bearing his mark (*Class International*) or by proving that they are intended to be put on sale in the European Union (*Philips and Nokia*).

- iii. What is the nature of evidence that may have to be submitted in this regard?

As mentioned above under 5, , in its judgment in the *Philips and Nokia* cases (C-446/09 and C-495/09), the ECJ held that goods 'in transit' infringe a registered trademark right (and therefore are to be classified as counterfeit goods or pirated goods) where it is proven that they are intended to be put on sale in the European Union, such proof being provided where it turns out that the goods have been sold to a customer in the European Union or offered for sale or advertised to consumers in the European Union, or where it is apparent from documents or correspondence concerning the goods that their diversion to European Union consumers is envisaged.

- iv. What is the standard of proof in such cases?

Courts will have to ascertain<sup>5</sup> whether goods already detained by the customs authorities do actually infringe the intellectual property rights relied upon in

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<sup>5</sup> In accordance with paragraph 1 of Article 10 of Council Regulation No 1383/2003

that country. Accordingly, unlike the decision taken by the customs authority to detain the goods temporarily<sup>6</sup>, the decision cannot be adopted on the basis of a suspicion but must be based on an examination of whether there is proof of an infringement of the right relied upon (*Philips and Nokia*).

### Categories of goods and trademarks

- 8) Are there any differences as to whether goods in transit are considered to be infringing in the country of transit if the goods are (i) counterfeit, (ii) parallel traded or (iii) bear confusingly similar trademarks?

In its judgment in the *Class International* case, the ECJ discussed the trademark position of grey market goods or parallel traded goods in external transit. Although Regulation 1383/2003 does not apply to parallel imported goods, the Court considered that trademark owners cannot oppose the entry of such goods bearing their trademark into the Community customs territory, as such entry does not constitute 'using the mark in the course of trade'.<sup>7</sup>

The distinction between counterfeit goods and parallel traded goods is only relevant for customs control. Regarding the infringement question there are no differences as to whether goods in transit are considered to be (i) counterfeit; (ii) parallel traded; and (iii) bear confusingly similar trademarks.

In joined cases *Philips and Nokia* cases (C-446/09 and C-495/09) it is argued that it is not up to customs to make a judgment on the possible non-infringing character of the goods and they ought to notify the right holder of consignments of goods if and when these are suspected.

The suspected products may infringe the right in question and therefore be classified as 'counterfeit goods' or 'pirated goods' where it is proven that they are intended to be put on sale in the European Union. Such proof is being provided, inter alia, where it turns that the goods have been sold to a customer in the European Union or offered for sale or advertised to consumers in the European Union, or where it is apparent from documents or correspondence concerning the goods that their diversion to European Union consumers is envisaged.

The authority competent must take a substantive decision, based on an examination of whether there is proof of an infringement of the intellectual property right relied upon. The customs authority to which an application for action is made must, as soon as there are indications before it giving grounds for suspecting that such an infringement exists suspend the release of or detain those goods.

- 9) Is there any extended or special protection for well-known and famous trademarks in respect of goods in transit?

**There is no extended or special protection for well-known and famous trademarks if and when goods bearing such marks are in transit.**

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<sup>6</sup> By means of the detention provided for in Article 9(1) of Council Regulation No 1383/2003, the substantive decision as referred to in paragraph 1 of Article 10 of Council Regulation No 1383/2003

<sup>7</sup> Within the meaning of Article 5(1) of Directive 89/104/EEC and Article 9(1) of Regulation (EC) No 40/94 respectively.

10) Does the extended or special protection under question 9 above, exist even where no registration has been obtained in the country of transit?

**There is no extended or special protection for well-known and famous trademarks if and when goods bearing such marks are in transit, whether the marks are registered or not.**

## **Border measures and Remedies**

11) Are border measures available for goods in transit under your statutory law? If yes, please quote the corresponding article(s) or paragraph(s).

**The Netherlands, being a Member State of the European Community, actively enforces Customs Regulation 1383/2003<sup>8</sup> (hereinafter referred to as “Regulation”) and its previous Regulations.**

**Action by Dutch Customs based on the Regulation is allowed if, during a customs control, goods are traced which are:**

- **in one of the situations referred to in article 1(1) of the Regulation;**
- **suspected of being infringing an intellectual property right listed in article 2(1) of the Regulation.**

**Dutch Customs are entitled to impose border measures to suspect goods that are placed in transit, since article 1(1)(b) and the 3<sup>rd</sup> recital of the Regulation explicitly refers to goods being placed under a suspensive procedure, as goods in transit are.**

**When Dutch Customs are satisfied that goods in one of the situations as referred to in article 1(1) of the Regulation are suspected of infringing an intellectual property right recited in article 2(1), they suspend or detain them.**

**According to article 2(1)(a)(i) of the Regulation, the goods for which border measures are taken must infringe the trademark holder’s:**

- registered Benelux trademark<sup>9</sup>; or**
- registered Community trademark<sup>10</sup>.**

**In its *Philips* and *Nokia* cases, the ECJ argued however that goods coming from a non-member State which are imitations of goods protected in the European Union by a trademark right cannot be classified as “counterfeit goods within the meaning of the Regulation, merely on the basis of the fact that they are brought into the Community customs territory under a suspensive procedure.**

**Goods that are in transit may infringe the trademark right in question and therefore be classified as “counterfeit goods” where it is proven that they are intended to be put on sale in the European Union.**

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<sup>8</sup> Council Regulation (EC) No 1383/2003 of 22 July 2003

<sup>9</sup> Within the meaning of Benelux Convention concerning Intellectual Property (Trademarks and Designs) of February 25, 2005

<sup>10</sup> Within the meaning of **First Council Directive 89/104/EEC of 21 December 1988**

- 12) Does your case law / jurisprudence deal with border measures regarding goods in transit? If yes, please comment if possible trends can be observed from court precedents, and in which direction.

After the ECJ's decision in *Philips and Nokia*, it seems that the Dutch practice is now overruled by the ECJ.

Previously, Dutch Courts applied a so called "manufacturing fiction", which they based on article 6 (2)(b) Customs Regulation 3295/94.

The manufacturing fiction implies that by way of fiction it is assumed that the goods concerned are manufactured in the Netherlands and it is then considered as to whether these goods infringe intellectual property rights under Dutch laws.

The manufacturing fiction was first applied in the *Philips/Princo*<sup>11</sup> decision of the Dutch Supreme Court of 19 March 2004.

In this case, Dutch customs detained a consignment of CD-R discs, originating from Taiwan and destined for Switzerland on suspicion of infringing Philip's patent rights. Postech argued that the goods needed to be released since they were only in transit over Dutch territory and transit as such does not constitute infringement under Dutch patent law.

The Supreme Court considered that it is decisive for the infringement question whether, in the assumption that the goods have been manufactured in the Netherlands, the rights of the patent holder are violated (finding 3.5.3.2).

This reasoning was consistently followed by the lower Dutch Courts in later cases<sup>12</sup> and was reaffirmed even after the *Montex/Diesel* judgement, in the *Sosecal/Sisvel*-decision of the District Court of The Hague of 18 July 2008<sup>13</sup>.

After the preliminary questions in *Philips and Nokia*, Dutch Courts seem restraint in applying the manufacturing fiction. In *Cybergun/Wargaim*<sup>14</sup>, the District Court of The Hague stayed proceedings until the decision of the ECJ in *Philips and Nokia*.

The most recent case in the Netherlands, *Van Caem/SPI*<sup>15</sup>, shows a trend shift in the Dutch practice, since the Rotterdam District Court decided to comply with the AG's opinion in *Philips and Nokia* and anticipated upon the judgment of the ECJ.

The Court considers that the manufacturing fiction does not apply and that the sole physical entry into the Community customs territory does not constitute "use" referred to in article 2.20 BCIP (finding 4.8.6).

It has to be mentioned that *Van Caem/SPI* concerns interlocutory proceedings; the substantive proceedings have yet to be decided.

- 13) What kinds of remedies are available if goods in transit are considered to be infringing in the transit country? Are, for example, injunctions, monetary damages, or destruction of such goods possible?

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<sup>11</sup> Supreme Court, 19 March 2004 (*Philips / Postech*)

<sup>12</sup> District Court of The Hague 13 July 2005 (*Philips / Princo*) and President District Court of The Hague 24 March 2006 (*BenQ / Sisvel*)

<sup>13</sup> District Court of The Hague, 18 July 2008 (*Sosecal / Sisvel*)

<sup>14</sup> District Court of The Hague, 20 January 2010 (*Cybergun / Wargaim*)

<sup>15</sup> President District Court of Rotterdam, 11 March 2011 (*Van Caem International / Spirits International*)

The legal basis for enforcing intellectual property rights is provided by the Enforcement Directive<sup>16</sup>, which is implemented in the BCIP (art. 2.21 and 2.22) and also by means of a new title in the Code of Civil Procedure (art. 1019 – 1019i).

If goods in transit are considered to be infringing in the transit country, several remedies apply. Next to an injunction to abstain from further infringement, the owner of a trademark may claim monetary damages, which are explained in detail under question 14.

A trademark owner also has the option to claim destruction of the goods or to dispose them outside commercial channels in such a way as to preclude injury to the right-holder. There is also a possibility to order infringers to disclose information to the right owner about the network of suppliers and buyers of the infringing goods.

14) If the answer to question 13 includes monetary damages, how are the damages computed?

**Monetary damages are computed according to:**

- i) the lost profit of the right owner; or
- ii) the profit made by the infringer.

In determining damages, the court must take into account all appropriate aspects, including any loss incurred by the infringing use of the trademark. Since it is difficult to establish the actual harm suffered by the right owner, it is possible to claim surrender of profits made by the infringer. The court orders the infringer to supply a report of the earned profits.

Compensation *ex aequo et bono* is awarded when it is not possible to determine exactly the amount of lost profits and/or damages.

Case law holds that an account of profits is possible in addition to an award of damages. However, the total award cannot exceed the highest amount of any of the single items of loss. Therefore, they are only allowable under the condition that they are not fully cumulative.

The court will also take account of non-economic factors, such as the loss of goodwill, loss of distinctiveness of the mark and loss to reputation.

Costs incurred by the claimant are recoverable, provided that they are reasonable and sufficiently substantiated. Besides lawyers' fees, the claimant may recover court fees and other costs, such as costs made for seizure of the goods, investigation costs, costs of travel etc.

**NB: In the Netherlands only compensational damages are awarded. Unlike Anglo-American countries, we do not provide for any punitive damages.**

15) If the answer to question 13 includes destruction of the infringing goods, who is responsible for ensuring the destruction of the infringing goods?

**The destruction of the goods is being supervised by customs.**

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<sup>16</sup> Directive 2004/48/EC of 29 April 2004

As stated in article 17 of the Regulation and also in article 2.22 BCIP, destroying the goods is being carried out at the risk and account of the infringer of the trademark.

In case the simplified procedure of art. 11 Regulation applies; the right holder has to file an application for destruction at the customs office. The goods are then being destroyed for the risk and account of the right holder.

**NB:**

Because of the *Philips and Nokia* decision of the ECJ, the answers on the questions 13 - 15 are rather theoretical since goods in transit are not infringing in the transit area (Benelux or EU).

## II. Proposals for harmonisation

The Groups are invited to put forward proposals for the adoption of harmonised rules as to the infringement of trademarks by goods in transit. More specifically, the Groups are invited to answer the following questions.

Please note that in-transit in the following refers to the term in a broader sense and is not limited to a specific customs procedure.

### Goods in transit – infringement

16) Should goods in transit be considered to infringe a registered trademark in the transit country? If yes, why? If no, why not?

If one is to take the concept of "in transit" in its meaning that the final destination of the goods concerned is known but happens to be a Non-EU country or another EU country outside the country of transit, then it is the Group's view that in principle such goods should not be considered to be an infringement to registered trademarks in the country of transit. However, during the in transit period, it might occur that information on the final destination becomes available: If then such destination appears to be the transit country, the trademark owner should be allowed to oppose on the basis of trademark infringement as there is a likelihood that the goods will actually be brought onto the market in the country of transit. The term "in transit" is not a legally defined term, therefore it is the Group's view that the status "in transit" in itself cannot exclude trademark infringement in the transit country.

In addition thereto, it is the Group's view that there should be one exceptions to the general rule that goods in transit do infringe in the transit country. We propose a new, limited, category of "world famous trademarks". With this term we mean trademarks which enjoy the protection of article 6bis of the Paris Convention world-wide. The proprietor of such a trademark should be able to act against counterfeit goods (goods with a similar or almost identical sign) when such goods are in transit. These goods should already by their "in transit status" be considered to infringe. The rationale behind this exception is that such signs will infringe everywhere in the world because the trademark will enjoy everywhere the protection of article 6bis of the Paris Convention and the sign is identical or almost identical to the world famous trademark. It is certain that these goods will infringe in another country. The Group considers it efficient that the trademark

owner does not have to wait until the goods are actually put on the market in the country of destination. Under these special circumstances it makes sense to be able to act in the country of transit.

The Group is aware of the fact that the ECJ has decided differently in the Nokia & Philips case where the Court decided that the powers and obligations of the Member States' customs authorities as regards goods posing such risks must be assessed on the basis of other provisions of European Union law, such as Articles 56, 58 and 75 of the Customs Code (par. 67-77). However, the Group feels that such other provisions may not in all cases be sufficiently applied by Custom Authorities in respect of trademark owners interests.

- 17) Should it matter whether the goods have been lawfully manufactured in and/or exported from the country of origin?

It is the Group's view that that does not matter. In as far as the Netherlands is the country of transit, the test for the infringing status of goods in transit is what their final destination is, not what their country of origin is. Even if the goods that are currently in transit, have been unlawfully manufactured in the country of origin, that as such should not create an infringement per se in the transit country, for example, if the trademark owner has no valid trademark rights in the country of transit. However, such may be different in the circumstances as mentioned above under question 16.

- 18) Should it matter whether the goods could be lawfully put on the market in the country of destination?

No, also then there should be no infringement in the transit country, in as far as there are no indications that the destination of the goods concerned will be changed in the meantime and bearing in mind the two exceptions described above.

- 19) If in-transit goods are not considered to infringe a registered trade mark in the transit country, should there be an exception if it is shown that the goods will be or that there is a risk for the goods being illicitly diverted onto the market in the transit country?

Yes, following the recent decision of the ECJ in the joined cases Philips & Nokia C-446/09 and C-495/09, such circumstances would alter the situation, since then it can be considered that there is "use" of the trademark in the transit country.

- 20) What kind of evidence should be presented for this exception to take effect?

From the recent decision of the ECJ in the joined cases Philips & Nokia C-446/09 and C-495/09 it follows that it depends on the fact whether the actions to be taken and the analysis to be made are performed by the local customs authorities or by the national court. For the custom authorities the evidence must show that there is a suspicion that these will enter the market in the EU and will thereby infringe intellectual property rights. This suspicion may not only arise if there is "*a commercial act already directed to consumers*" in the EU, but also on the basis of other circumstances, which could mean that the operators involved have the intention to bring the goods into EU circulation or are *disguising such intentions*. For the determination of infringement by the national courts in subsequent proceedings, the national courts can not rely on the mere suspicion to a finding of

infringement, according to the ECJ in Philips & Nokia, as it was decided. The rights owners must present more concrete evidence that the goods concerned will be put onto the market in the EU.

Following the ECJ in Philips & Nokia, one can think of the following circumstances:

- the fact that the destination of the goods is not declared whereas the suspensive procedure requested requires such a declaration;
- the lack of precise or reliable information as to the identity or address of the manufacturer or consignor of the goods;
- a lack of cooperation with the customs authorities;
- the discovery of documents or correspondence concerning the goods in question suggesting that there is liable to be a diversion of those goods to EU consumers;
- Lack of the indication that the goods concern branded goods;
- the existence of a sale of goods to a customer in the EU;
- of an offer for sale or advertising addressed to consumers in the EU; or
- of documents or correspondence concerning the goods in question showing that diversion of those goods to EU consumers is envisaged.

### **Categories of goods and trademarks**

21) Should infringement by goods in transit be limited to counterfeit goods or should also parallel traded goods and goods bearing confusingly similar signs be considered to infringe when in-transit?

**As indicated above with regard to sub question 16, it is the Group's view that in principle goods in transit do not infringe. We see limited room for any exception, save for that counterfeit of world famous trademarks, of which it can be safely assumed that they will infringe everywhere in the world. We believe that in these circumstances the trademark proprietor should be able to exercise his trademark rights.**

22) Should famous and well-known trademarks enjoy extended protection in respect of goods in transit? If so, should this be the case even when no registration has been obtained in the country of transit?

**We refer to our answers above. We envisage a new category of world famous trademarks which enjoy extended protection in respect of transit situations. For such goods we do not think that a registration in the country of transit should be required (although it would be preferable), because such trademarks would qualify in the transit country as famous trademarks within the meaning of art. 6bis of the Paris Convention.**

## **Border measures and Remedies**

23) Should border measures be available for goods in transit?

**We refer to our answers above in relation to trademark infringement. We feel that under the same conditions as for infringement, border measures should also be available for goods in transit.**

24) Should the same remedies (such as injunctions, monetary damages and destruction) be available for infringement by goods in transit as for other trademark infringements?

**We feel that this question should also be answered positively. Infringement by goods in transit does not principally differ from an infringement made by importing the infringing goods and should therefore be treated similarly.**

25) Should the same defenses be available for the importers of goods in transit as for goods under direct importation from the country of origin or other?

**Since we feel that the bringing of goods in transit does not principally differ from direct importation, we also feel that the same defenses should be available for the importers of goods in transit as for goods under direct importation.**