

THE MEASURE OF BORDER SEIZURE ACCORDING TO EUROPEAN COMMUNITY AND GERMAN LAW WITH REGARD TO PATENTS AND TRADEMARKS

The measure of border seizure is legally based on a regulation of the European Community which lays down measures to prohibit the release for free circulation, export, re-export or entry of counterfeits (European Regulation). This regulation was amended in 1999 and now also pertains to patents as of July 1, 1999. The Regulation is directly applicable in every European Member State. From that follows that only those aspects are subject to the different national laws, which are not ruled by the European Regulation or regarding which the Regulation refers to the national laws. Thus, the following explanations could be stated for the whole European Union as far as they concern only the European Regulation. As to the aspects, which are not ruled by the European Regulation or are referred to the national law, it is only referred to the German legal situation.

In the national German law, border seizures based on patents and trademarks are dealt with in the German Patent Act and the German Trademark Act. According to the European Regulation and the German Trademark and the German Patent Act, customs authorities are entitled to take action where goods suspected of being counterfeit are imported. The customs authorities may hold these goods in custody. If it has been ascertained that the goods are pirated, the Oberfinanzdirektion Nürnberg, Außenstelle München (OFD) as the competent authority in Germany seizes them, if the holder of the trademark or patent has filed a motion for border seizure.

The procedure of border seizure is divided into three parts:

a. the motion for border seizure itself;

b. the process during which the customs authorities decide on whether certain goods being found at a border seizure are actually to be seized;

c. the procedure after the actual seizure, that means appeal against the seizure and preliminary injunction proceedings to uphold the seizure.

1. Motion for Border Seizure

The motion for border seizure has to be submitted by the holder of the right or any other person authorised to use that patent or trademark, or a representative thereof (Article 3 (1), Article 1 (2b), European Regulation). In case of a foreign holder of the right, the owner has to be represented by an attorney-at-law or patent attorney who is admitted in Germany.

With the motion for border seizure a holder of the right usually applies for border seizure for a period of two years. If there is no period of time mentioned by the applicant, it is assumed that the motion shall be for two years.

The motion is submitted to the OFD in Munich. The OFD requires a certain content of the motion:

(a) A certified excerpt from the Patent Register;

(b) detailed description of the counterfeits which enables the customs authorities to recognise the goods in question (negative list); reference to the place where the counterfeits are expected to be imported and the identity of the expected importer; description of characteristics of original products and authorised importers (positive list);

(c) request to be informed of names and addresses of infringers in case of seizures;

(d) appointment of an expert; the customs authorities can address this expert in the event that they have questions whether the particular goods actually infringe the patent or trademark;

(e) "Guarantee Bond", a bank guarantee, for all expenses as well as for possible damages that may arise from an unjustified border seizure (Article 3 (6) European Regulation, § 142a German Patent Act; § 149 German Trademark Act). The exact amount is settled by negotiation between the holder of the right and the OFD.

2. Procedure of Border Seizure

If the customs authorities are satisfied that goods correspond to the description of the pirated goods, they will suspend release of the goods. Then, the customs authorities will contact the holder of the right or its attorney in order to establish whether the goods are actually counterfeits. The holder of the right has to respond within ten working days. Otherwise, the goods shall be released. This period may be extended by a maximum of ten more working days. During this period, the holder of the right or his experts have the opportunity to examine the goods in order to establish whether they are infringing the rights or not.

If the OFD has made its decision according to Article 7 European Regulation, it informs both the applicant and the importer of the goods at once.

3. Procedure after Border Seizure

After border seizure there are two possibilities for the importer to react - either he contests the border seizure within two weeks of service or he accepts the measure (§ 142a German Patent Act, § 147 German Trademark Act). In the latter case, the customs authorities issue a confiscation order with respect to the

seized goods (§ 142a (3) German Patent Act; § 147 para.1 German Trademark Act). In the former case, the holder of the right has to provide the customs authorities with a judicial decision pursuant to which the custody of the seized goods has to be upheld. This has to be done within a period of two weeks. If the motion for the judicial decision is filed within these two weeks, a decision, however, is not rendered by the deadline, the period may be prolonged for up to two further weeks (§ 142a German Patent Act; § 147 German Trademark Act).

If the holder of the right does not provide judicial decision abovementioned within the required period of time, the OFD will reverse its decision on border seizure. In case the holder obtains the judicial decision, the OFD will impose the necessary measures, such as confiscation of the goods.

The judicial decision abovementioned can either be a preliminary injunction from a civil court or a confiscation order rendered by a criminal court as part of a criminal investigation.

As for preliminary injunctions in patent matters, one has to be aware of the fact that German courts very rarely render ex-parte injunctions in patent cases. Thus, one can hardly base any business decisions on the expectation of an ex-parte injunction. The normal procedure in such cases is that the court summons a hearing in order to give the infringer the possibility to present his position as well.

Because of this time pressure, the holder of the right, having filed a motion for border seizure, and his experts should in advance be prepared to file a motion for preliminary injunction. In case the customs authorities seize any infringing items and identify an importer, the motion for a preliminary injunction could then be filed right away. As a result, one might have sufficient time for a hearing.

Besides a preliminary injunction, an order of confiscation by a criminal court suffices. In order to obtain such a decision, it is necessary to file a motion for a criminal prosecution. The district attorney will then arrange for a decision by the criminal court and have the infringing goods confiscated.

The advantage of a decision from a criminal court is that it pertains to the very infringing items only and does not enjoin the importer from selling other infringing items in Germany. As a result, the criminal court can issue a decision in the interests of the holder of the right more easily than a civil court.

In general it is recommendable combining the two motions, i.e. a motion for a preliminary injunction and a motion for criminal prosecution directed to the confiscation of the infringing goods. The criminal court should be ready to render a positive decision if it can be assured that a decision by a civil court will be rendered within a very short time.

4. Community-wide border seizure with regard to European Community Trademarks

Since 1999, there has also been the possibility of filing a Community-wide motion for border seizure based on a Community trademark. That means that, after one motion for border seizure, the customs authorities of the Member States for which the motion was filed will be watching for counterfeit goods infringing the European Trademark in question.

To start a Community-wide border seizure, one has to file a special motion based on a European Community Trademark. This motion has to be passed to any of the central offices in the Member States, for example in Germany the OFD in Munich. This central office afterwards grants border seizure for the whole European Union, if applied for, or for certain European Member States. Community-wide border seizure may only be applied

for one year, instead of two years with regard to national border seizures.

At the end, it has to be stressed that border seizure should not only be considered as a means to stop the importation of infringing items, which can be drawn back in high numbers, before they are entering the market. It is furthermore a very effective tool to rapidly come to know names and addresses of infringers within Germany and the European Union. Even if it is not possible to obtain the required judicial decision in time, having filed motions for customs seizures and having received names and addresses of the infringers within Germany allows proceedings against the infringers well ahead of an actual marketing of the infringing items.