



# NEWSLETTER

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## Action plan to combat counterfeiting and piracy

In October 2005 the European Commission has presented a package of measures to improve the protection for the European Union (EU) and its citizens against counterfeiting and piracy. Said measures proposed for action in 2005 and 2006 should increase Community level protection by means of improved legislation and operational controls, strengthen the customs / business partnership and reinforce international co-operation.

### 1. Motivation

Statistics showing the amount of counterfeit and pirated articles seized at the European Union's external borders in the year 2004 clearly demonstrate that counterfeiting is a very growing and increasingly dangerous phenomenon. The 103 million counterfeited and pirated goods seized in 2004 represent an increase of more than 12% compared to the year 2003 and 1000% compared to the year 1998. Fake food, medicines, household items and car parts, that can damage the health and safety of consumers, are continuing to grow in a great number and a higher quality of these fakes is making detection more difficult.

### 2. Action plan

The Action Plan proposes a number of concrete operational initiatives which would improve the implementation of the policies and legislation in the field of counterfeit and piracy in particular through customs actions. For an improved response by customs an increased dialog with business is necessary, as well as increased cooperation with our trade partners.

Further, the proposed actions should substantially strengthen anti-counterfeit controls by Customs.

The European Commission's Action Plan includes the following proposed actions:

- (a) A new business-customs working group to consider whether there is a need to refine EU anti-counterfeit legislation in order to increase protection for legitimate business while keeping down costs.
- (b) A new Task Force of Member States' customs experts with the task of improving anti-counterfeiting controls.
- (c) The completion of an anti-counterfeiting risk management guide to be distributed to all Member States as well as to our international partners.
- (d) A new electronic system of secure, real-time transmission of information. This system combines what the Community Customs Management System offer with the possibility for customs to accede to listings of companies and intellectual property databases and would also facilitate the life of rights-holders who wish to transmit information to the competent authorities.

The proposed new Community Risk Management System would be based on the existing Risk Information Form (RIF) which is exchanged rapidly between customs authorities so as to raise the awareness of the offices concerned about a potential irregularity. Further, a special sector will be created to link counterfeiting specialists to enable them to exchange in minutes details of new fakes being discovered and get this information immediately to major customs posts and risk centres around the European Community.

(e) The Commission will promote the signature of memoranda of understanding with major trade representatives such as airlines, shipping companies and express carriers with a view to improving information exchange and creating a better awareness of the risks posed by the traffic in fakes.

(f) With regard to reinforcing international co-operation, the European Commission will, together with its Member States, consider possible amendments to the World Trade Organisation Intellectual Property Rights ("TRIPS") Agreement so that countries apply anti-counterfeiting controls not only on imports but also on exports, transit and transshipment movements. This line will also be promoted in the context of co-operation with other international organisations. Above all, efforts will be made to fully implement, strengthen or develop bilateral customs-co-operation agreements with China, USA, Japan and other trading partners.

In this regard, it should be mentioned that an EU-agreement with China already exists on Customs co-operation and mutual administrative assistance (see [4]). This is an important step forward in the fight against fraud and counterfeiting.

### 3. Background / statistics

The statistics of seizures for the year 2004 show that the amount of counterfeit and pirated articles seized at the EU's external borders is continuing to increase. These threaten the health and safety of EU citizens, their jobs, Community competitiveness, trade and investment in research and innovation. Seizures in the year 2004 increased by almost 1000% compared to the year 1998. Customs now seize more than 100 million articles per year, and from the year 2003 to the year 2004 the number of customs operations involving fakes more than doubled to 22,000 annually. For example counterfeit medicines represent a rise of more than 45% from 2003. Counterfeit foodstuff, drinks and alcohol seizures increased by 200% compared to 2003 to a figure of 4.5 million.

One of the reasons for this explosion in trade in fakes is that criminals can now produce them on an industrial scale. This provides not only increased profits but also a new mechanism for efficient money laundering.

### *Prospects*

There will be a first Joint Customs Cooperation Committee in November that will be opened by Commissioner Kovacs. In addition, the Chinese authorities have recently invited the European Commission and EU Member States' experts on counterfeit to participate in joint operations in China. Pilot projects on smart and secure trade lanes with China are under development. There is a Commission Working Group on Intellectual Property Rights that is currently engaged in dialogue with China. In addition Mutual Administrative Assistance between the EU and China is under development.

#### *Sources:*

- [1] Press releases of the European Commission, IP/05/1247, "Customs: Commission launches Action Plan to combat Counterfeiting and Piracy", Brussels, October 11, 2005.
- [2] Press releases of the European Commission, memo/05/364, "Counterfeiting and Piracy": Frequently Asked Questions, Brussels, October 11, 2005
- [3] Sueddeutsche Zeitung Nr. 235 / Seite 21, Article: "EU verstärkt den Kampf gegen Produktpiraterie"
- [4] Press releases of the European Commission, IP/04/599, "Customs: Co-operation agreement initialled with People's Republic of China", Brussels, 06.05.2004

## Recent developments in trademark matters

### 1. Trademark protection in the EU gets cheaper

The European Commission has decided to significantly lower the fees payable to OHIM from 1 November 2005 on. The reductions include the following fees:

- a lowering of the CTM application fee from EUR 975.00 to EUR 900.00;
- a lowering of the CTM registration fee from EUR 1100.00 to EUR 850.00;
- a lowering of the renewal fee from EUR 2,500.00 to EUR 1,500.00.

As we are going to file trademark applications as well as requests for renewal electronically, the corresponding fees will be reduced by additional EUR 150,00.

Summarizing, the highly efficient and effective Community Trademark system has become even more attractive. By only one trademark application protection in all 25 Member States of the European Union can be obtained to with quite low fees. It is quite important that it is not necessary to use a CTM in all member countries of the EU; it is sufficient to use it in one country in order to defend the trademark in all EU countries.

### 2. Community trademark Renewals

From 1 November 2005 on proprietors of registered Community Trademarks now have the opportunity to apply for renewal of their rights for a further ten-years period. Applications to renew a registered CTM can be made at any time during a six-month period which expires on the last day of the month in which the CTM itself expires.

If the renewal application is not submitted within this initial six-month period, a further six-month period is available, with a 25% surcharge added to the corresponding renewal fee, up to a maximum of EUR 1,500.00 per application.

We would be pleased to handle your CTM filings and renewals with our highly competitive fees.

### 3. Allowability of trademarks for retail services

The issue of whether the activity of retail trading in goods in general or specifically the services rendered in connection with retail selling is registrable by a trademark has long been debated in the European Union. While the Examination Guidelines of OHIM indicated that the activity of retailing is not as such a service, the Second Board of Appeal of OHIM decided to set aside this provision, considering rather such services to be registrable provided that the field of activity or the specific goods to which the retail services relate are indicated. However, no decision of the European High Court on this problem had been available.

While the German Patent Office has denied registrability of retail services, the German Patent Court referred this problem to the European High Court which made a final decision on 7 July 2005.

In accordance with the Court's rulings, the concept of "services" in the European Union also covers services provided in connection with retail trade in goods. For the purpose of registration of a trademark for such services, it is not necessary to specify in detail the services in question. However, details must be provided with regard to the goods or types of goods to which those services relate.

Considering this important decision, retail services will be registrable in future for Community Trademarks as well as for national EU trademarks. In relation to the field of activity, phrases like "retail services in respect of food and beverages" will be allowable. Phrases like "retail services of a department store or of a supermarket" might be objected as they do not specify the goods or the type of goods to which the retail services relate.

## New top level domain .eu

As of December 7, 2005 public bodies, companies and later even individuals from the different member states of the European Community will be able to register their own domain name under the top level domain .eu.

Only the following categories of companies, organisations and individuals will be able to register a .eu domain:

- companies having their registered office, central administration or principal place of business within the European Community; or
- organisations established within the European Community without prejudice to the application of national law; or
- natural persons resident within the European Community.

The registration system is divided into three phases in order to allow companies and organisations to protect their domain name against abusive registration by cyber squatters. During the first two phases (the so-called sunrise period), domain names will be made available only to the holders of prior rights, who will be asked to verify their claim with documentary evidence.

In **phase 1** (starting December 7, 2005 until February 6, 2006), the following can apply for registration<sup>(1)</sup>

- owners or licensees of registered Community trademarks, national or international trademarks with protection in at least one member state of the European Community
- geographical indications
- names of public bodies

In **phase 2** (starting February 7 until April 6, 2006), the following can apply for registration:

- those listed in phase 1
- owners of company names, trade names
- owners of non-registered trademarks, e.g. well known trademarks

In **phase 3** (starting April 7 2006) registration is open to all, and claims to a .eu domain name no longer require verification by a legal right.

In the .eu sunrise regulations it is determined which specific documents are necessary to verify the claimed rights. The verification is complicated, especially for licensees of trademarks and with respect to the claim of non-registered business names.

Attention should be paid to the fact that in all phases the applications will be handled on a "first come, first served" basis. There is a certain protection in phases 1 and 2 as the claimed right on which the application is based has to be verified. However, if several companies claim rights for an identical company name, only the first application will lead to registration. It will not be considered which of the companies can claim the prior right.

Thus, it is recommended to mandate an attorney for the application, especially with regard to the verification of the claimed rights, in order to avoid any mistakes. Those could result in a refusal of registration.

We would appreciate arranging the registration of trademarks, company names or other rights as .eu domains for you.

(1) The lists of rights under phase 1 and 2 are not complete, only the most important rights are mentioned.

Please, note that this newsletter provides information about recent developments in national and international IP matters. We have carefully elaborated the contents, however, do not take over any liability for its correctness and completeness. Should you have specific questions on these subjects, please feel free to contact us by email or under the address given below.



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