

Question Q208**National Group:** Sweden**Title:** **Border Measures and other means of Customs Intervention against Infringers****Contributors:** Gunnar KARNELL, Sara SPARRING, Per SVANTESON, Katarina SÖDERBERG, Ann-Charlotte SÖDERLUND, Henrik WISTAM, Helena ÖSTBLOM**Datum:** February 20, 2009**I. Analysis of current law and case law**

The Groups are invited to answer the following questions under their national laws:

1. Do the laws of your country provide for border measures? If so, what is the legal basis?

Yes. EC Regulation 1383/2003 of 22 July 2003 concerning Customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights constitutes secondary Community law and is directly applicable in all member states of the European Union. According to article 1.1 of the EC Regulation 1383/2003, the Customs authorities may take border measures when goods are suspected of infringing an intellectual property right either when they are entered for release for free circulation, export or re-export or when they are found during checks on goods entering or leaving the Community Customs territory. Intra-community trade is therefore excluded. The scope of the IP rights and the question of whether infringement in an IP right is at hand are determined by national legislation for national IP rights and by EC legislation for Community IP rights.

Operative rules implementing the E. C. legislation concerning Customs action on point are found in Chapter 7 of the Swedish Customs Act and in the Customs Regulation and the Customs Direction.

2. Do the laws of your country provide for other measures of Customs intervention against infringers? If so, which ones and what is the legal basis?

No, although infringers do in many cases also violate rules on smuggling and product safety.

3. Are border measures and other measures of Customs intervention against (collectively referred to as "border measures") only available for pirated copyright and counterfeit trademark goods or also for goods infringing other IP rights?

If so, for which types of IP rights are border measures available? Are border measures in particular available for goods infringing patents, plant variety rights, common law marks, unregistered design rights, or geographic indications?

Is actual registration of the IP rights required or is an application to register sufficient?

Yes, border measures are available also for goods infringing other IP rights than copyrights and trademarks.

According to article 2.1 of the EC Regulation 1383/2003, the IP rights concerned are

1. registered Community trademarks and registered national trademarks under the Member State's law in which the application for action by the Customs authorisation is made. Please note that border measures are not available for national Swedish trademarks only protected through use on the market place.
2. copyrights or related rights and design rights, unregistered as well as registered in accordance with EC Legislation or national law,
3. patents under the Member State's law in which the application for action by the Customs authorisation is made,
4. supplementary protection certificate for medicinal products,
5. community plant variety rights as well as plant variety rights under the Member State's law in which the application for action by the Customs authority is made,
6. designation of origin or geographical indications or geographical designations.

In order to prove entitlement to an intellectual property right the right-holder must file a registration certificate with Customs or provide them with copies from an official database establishing the existence of the registered right. Please note that an application for Customs action cannot be granted on the basis of a mere application for registration of an intellectual property right. For unregistered rights, such as copyright and unregistered design rights, the Swedish Customs require written evidence that the person concerned is the author/creator of the copyright or the original right-holder. Furthermore, if an authorized user (such as a licensee) wishes to file an application for Customs action under the Regulation the Swedish Customs will require that a copy of the authorization document (such as the license agreement) is filed together with the application. If an authorized user also will act as a representative of the right-holder a power of attorney will be required.

Does unfair competition, passing off or the like give rise to border measures?

Unfair competition, passing off or the like does not give rise to border measures.

4. **Are border measures available for parallel imported goods?**
Are border measures available for goods contained in a travellers' private luggage?
Are there any other goods excluded by your border measures legislation?

Border measures are not available for parallel imported goods, nor for goods contained in a travellers' private luggage where the goods are of a non-commercial nature, i.e. within the limits of duty-free allowance contained in a travellers' private luggage when there are no material indications to suggest that the goods are part of commercial traffic, see article 3.2 of the EC Regulation 1383/2003. The issue of whether certain goods were to be considered as being of a commercial or non-commercial nature was recently examined by the Supreme Court (Case 4998-06).

The second paragraph in article 3.2 stipulates that the regulation shall not apply to e.g. goods bearing a trademark with the consent of the trademark holder and which have been manufactured by a license holder under conditions other than those agreed upon with the right holder. The applicability of this exception to the EC regulation remains unclear since the two prerequisites can be considered as contradictory. If goods have

been manufactured under conditions not agreed upon with the right holder, it could be argued that these goods may never be considered as bearing the trademark *with the right holder's consent*. A clarification of the applicability of this exception to the EC regulation is therefore necessary.

5. **Who is entitled to file an application for Customs action?**

According to the definition of the term 'right-holders' in article 2(2) of EC Regulation 1383/2003 an application for Customs action may be filed either by the right holder *stricto sensu*, authorized users (such as licensees), or their representatives. The Swedish Customs have until this day only received applications from right-holders and licensees and have thus not evaluated how they would further interpret the wording authorized user. An exclusive license would for certain be accepted but if a license is limited to certain kind of goods the licensee would probably only be able to file an application for the goods for which he has a license. The wording 'representative' is however interpreted quite broadly by the Swedish Customs. In principle, anyone with a power of attorney from a right holder or an authorized user may file an application for Customs action.

Is there a centralised system for managing multiple applications for Customs action through a single contact point?

Yes, since the entry into force of article 5(2) of the Regulation, the Member States may only designate one Customs department to receive and process applications for Customs action. The contact details of the competent department in Sweden, employing national specialists responsible for intellectual property, product safety and generic drugs, are:

Tullverket Effektiv Handel
Box 12854
SE-112 98 Stockholm
Sweden
Tel: +46 771 520 520
Fax: +46 8 405 05 50
Email: tullverket@tullverket.se
www.tullverket.se

What are the conditions for border measures? In particular, what level of evidence for alleged infringement and other information is required by Customs authorities regarding the application for Customs action? To which extent are Customs authorities willing to receive training by the right holder?

The EC Regulation 1383/2003 provides that the application for Customs action has to be submitted in writing on a special form. The application with enclosures may be filed in Swedish, English or both.

As a general rule, a right-holder lodging an application for Customs action under Article 5 of the Regulation is advised to provide the Customs authorities with as much information as possible, as this will enable the Customs officers to more efficient monitoring of possible infringements of the intellectual property rights concerned. The mandatory information to be filed with the application is:

- a general technical description of the goods in order to facilitate for the Customs to distinguish authentic from infringing goods,

- specific information regarding the type or pattern of fraud. This information may be submitted in the form of documents, photos etc. but in order to be really useful said information has to be as detailed as possible,
- the name and address of an administrative and a technical contact person. The Swedish Customs does not require a local presence of these contact persons, but prefer however, for practical reasons, to liaise with a Swedish person and
- a declaration accepting liability under article 6 of the Regulation (see further below).

Article 5(5) of the Regulation encourages right-holders to communicate other available information in their application for Customs action. This, in Sweden, includes the pre-tax value of the original goods on the legitimate market in the country in which the application is lodged, the location of the goods or their intended destination, particulars identifying the consignment or packages, the scheduled arrival or departure date of the goods, the means of transport used, the identity of the importer, exporter, or holder of the goods, the country or countries of production and the routes used by traffickers and the technical differences, if known, between the authentic and suspected goods.

Furthermore, pursuant to article 5 (6) of the Regulation, details which are specific to the type of intellectual property right referred to in the application for Customs action may also be required by Customs. This includes for example the place of manufacture or production, the distribution network or names of licensees.

The Swedish Customs officers are willing to accept training from the right-holders and these events are mostly arranged by organizations such as the Swedish Anti-Counterfeiting Group (SACG).

Do Customs authorities generally require the provision of a security to protect the owner, holder or importer of the allegedly infringing goods? If so, will such security depend on the type of IP rights?

No. However, although it does not appear as a security directed to the Customs authorities, it may be worth noticing that in accordance with article 6(1) of the Regulation applications for Customs action shall be accompanied by a declaration from the right-holder accepting liability. This declaration covers the right-holders liability in relation to Customs and guarantees that Customs will not suffer any damages from its actions. The declaration covers all intellectual property rights included in the application and does not depend on the type of IP-rights.

May the Customs authorities take ex officio measures? If so, what is the practical relevance of ex officio action in your country? Are Customs authorities liable in case of wrongful ex officio detention?

Yes, pursuant to article 4 of the Regulation, where the Customs authorities of the member states, prior to the time when an application for Customs action has been filed, have sufficient grounds to suspect that goods are infringing an intellectual property right they may suspend the release of goods and detain them for a period of three working days. After a formal decision, the right-holder is informed of the deadline of three working days for filing an application for Customs action. If an application is lodged after the deadline has expired, it will be considered too late, and the goods will therefore be released. The Swedish Customs are willing to act *ex officio* and apply border measures when they find goods that they suspect are pirated or counterfeited. However, the monitoring of goods suspected to infringe an intellectual property right, being the object of an application for action lodged under article 5 of the Regulation, is prioritized. The Swedish group's experience is that quite a lot of *ex officio* measures have been taken by the Swedish Customs over the years and thus the practical relevance among right-holders is very high. For example, to a large extent, many

companies are not aware that their products are being pirated or counterfeited by unauthorized users. Therefore, the *ex officio* measures are very helpful.

In case of a wrongful *ex officio* detention, the Customs officer who is responsible for the detention may, in severe cases, be liable for misconduct or malfeasance.

6. **Are Customs authorities properly equipped to identify goods which infringe patents, plant variety rights, common law marks, unregistered design rights, geographic indications or the like?**

The question whether or not the Swedish Customs is properly equipped is closely connected to the level of cooperation between the Customs authorities and right-holders. The Customs ability to identify goods that are infringing intellectual property rights is dependent on the amount of information that is included in the application for Customs action. In general the Customs officers lack technical education and due to the complexity of many products, such as patented products, the Swedish Customs always contact the right-holder in order to receive their confirmation that the goods in question are pirated or counterfeited. Normally, the right-holder will receive photos of the infringing goods but a sample of the same could also be sent upon request. The Customs will of course perform database and Internet searches on the products in order to be as informed as possible before contacting the right-holder and thus identification of goods infringing unregistered design rights and geographic indications is normally unproblematic.

7. **Is only the right-holder or also the owner, holder or importer of the allegedly infringing goods notified once the Customs authorities detain goods?**

As set forth in Article 9(1) of the Customs Regulation, once the Customs authorities detain the goods, the right-holder as well as the declarant or the holder of the goods are notified about the Customs action in accordance with Article 38 of the Community Regulation 2913/92. However, according to national law the requirement to notify is limited to notification to the right-holder although there is no provision in national law excluding notification to the declarant or the holder of the goods. Swedish Customs apply the provisions set out in the Customs Regulation, i.e. notifies the right-holder as well as the declarant or the holder of the goods.

How can the alleged infringer obtain information about the status of border measures and what information is provided by Customs authorities to the alleged infringer?

The alleged infringer receives a notification from the Customs containing information on the border measures taken, the quantity and type of the goods, and the time period during which the goods will be detained. Also, contact information to the right-holder is usually provided, because, in most cases, the alleged infringer will reach a settlement with the right-holder. Contact information is provided to the infringer either in the notification or through contact with the Customs officer in charge of the matter.

8. **What happens after notification? Briefly describe the procedure following notification.**

The Customs decision to detain the goods remains in force for 10 working days, or three working days in the case of perishable goods (calculated from the date of the

decision). Following notification, the right-holder must either file claim with the district court or reach a written agreement with the importer including provision for destruction of the goods seized. The goods will be released if none of these steps has taken place within the applicable time period. As in other EU Member States the period of detention can be extended by further 10 working days on application by the right-holder.

It should also be noted that the Customs office's decision to detain the goods can be retried in a summary procedure before a district court and the court's decision can be further appealed. The scope of the summary court procedure is the same as the scope of the initial custom's procedure, i.e. (i) whether the goods are suspected of infringing the IP right in question and (ii) whether the measure to detain the goods or suspend release of them is proportional, i.e. whether the reasons for the measure counterbalance the negative effects that the importer will suffer from the measure.

Is the inspection of the allegedly infringing goods following notification usually carried out by the right holder or by an expert?

In Sweden the Customs office grants the right-holder an examination period of two or three days prior to rendering its decision to detain or suspend release of the suspect goods and thus prior to the formal notification of its decision. In this respect the Customs procedure in Sweden is different from the procedure in many other EU Member States where Customs authorities do not allow the initial two to three day examination period prior to the notification. The inspection of the allegedly infringing goods is carried out by the right-holder.

Does your border measures legislation provide for a simplified procedure allowing the destruction of the goods without there being any need to determine whether IP rights have been infringed? If so, in which cases?

Swedish legislation does only allow the destruction of goods without determination whether the IP rights have been infringed if a written agreement is signed by the infringer, including provision for destruction of the goods seized. Consequently, Swedish Customs authorities do not apply the simplified procedure available in certain EU Member States for the destruction of seized goods where the importer does not specifically oppose destruction.

Are samples of the goods preserved for evidence purposes?

As a main rule, Swedish Customs does not preserve goods for evidence purpose. However, in some cases and subject to individual assessments in each case Swedish Customs preserve samples of the goods. Reason for preserving the goods may, for instance, be that the goods at issue does not constitute a clear case of infringement.

Only one sample of the goods is preserved if there are only minor differences between the goods seized (such as different colors). If the shipment contains goods with more than minor differences, several samples may be preserved. However, Swedish Customs always saves digital photos of the goods.

If the court renders an interim order to release the goods, the Customs authorities may preserve samples before releasing the goods. It shall be noted however that Swedish Customs has not handled any cases concerning release of the goods following interim orders thereof and that Swedish Customs has not yet considered how to address the situation. Thus, it is not clear whether the Swedish Customs would preserve samples in such situation even if it is likely that samples would be preserved.

If proceedings must be issued to determine whether the goods infringe IP rights, are both civil and criminal proceedings available to determine infringement?

Civil as well as criminal proceedings are available to determine infringement. A criminal prosecution will only be brought following a complaint from the injured party and where prosecution is in the public interest (except for copyright; where either complaint from the injured party or public interest is sufficient). A complaint may be filed either with the police or directly with the public prosecutor. Criminal prosecutions are in practice rare, since public prosecutors seldom acknowledge that public interest grounds exist in favour of prosecution.

Due to what was stated in the paragraph above, in practice, right-holders in Sweden are referred to private civil enforcement in the general courts in order to protect their IP rights.

What are the advantages and disadvantages of the respective proceedings?

The advantages of criminal procedures are (i) lower costs, (ii) quicker procedures and (iii) more effective security measures (such as interrogation of relevant persons).

The advantages of civil procedures are (i) control over the procedures, (ii) possibilities to settle and (iii) that such procedures only require proof about committed infringement in order to have the defendant held liable for the infringement, unlike in criminal procedures where also gross negligence must be proven.

What is the impact of a nullity action seeking to invalidate IP rights on the application for Customs action?

The Swedish Community design court has declared that the registration of the IP right is valid until an effective court decision on nullity (Case No. T 21214-07). Thus, there is no impact of a nullity action seeking to invalidate IP rights on the application for Custom's action, until a final decision on nullity has been rendered.

May Customs authorities release goods suspected of infringing IP rights on provision of a security by the owner, holder or importer of such goods? If so, will such release depend on the type of IP rights?

The provision in Article 14 of the Customs Regulation has not yet been applied by Swedish Customs authorities and no such information is provided in the detention notification. It is not clear whether the Customs authorities will apply the said provision or, if so, to what extent and in which cases.

9. If goods are found to infringe IP rights, may a right holder oppose - exportation of infringing goods from your country;

Yes. This right is stated in article 16 of the EC Regulation 1383/2003 of 22 July 2003 concerning Customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights.

- infringing goods in transit;

Yes, if the right holder can prove that such goods are being released for free circulation or can prove other facts which necessarily entail their being put on the

market in a member state in which the IP right is protected (see ECJ C-281/05, Montex Holdings Ltd v Diesel SpA). This burden of proof for the right-holder is, however, in practice not applied by Customs. Customs accordingly seize goods in transit as other goods.

- placement of infringing goods in a free trade zone or free trade warehouse?

Yes. This right is stated in article 16 of the Regulation. Please note that there are no free trade zones or free trade warehouses in Sweden.

10. If goods are found to infringe IP rights, do the judicial or Customs authorities of your country generally order the destruction of the goods or do they have the authority to dispose of the goods outside commercial channels (e.g. to charity)?

Infringing goods are generally destroyed on the basis of either a court decision or consent from the importer. Customs authorities may not themselves order the destruction of goods. The judicial or Customs authorities do not have the authority to dispose of goods outside commercial channels, e.g. to charity.

May the competent authorities also order the infringer to give the names of his accomplices, upstream or downstream in the channels of production and distribution?

As of today, there is no general right for a right holder to obtain information regarding the origin and distribution network of infringing goods. The measures currently available to obtain information from an infringer are used to collect evidence against this identified infringer, and not to obtain information regarding other parties involved in the infringement. The Government has introduced new legislation, implementing article 8 in the EC Directive 2004/48/EC of 29 April 2004, which will give the courts a right to order the infringer to provide the right holder with information regarding the origin and distribution network of the infringing goods. The infringer will however not be forced to provide information which reveals criminal acts made by his/her family members. The legislation is proposed to enter into force on 1 April 2009.

11. May judicial or Customs authorities order the applicant to pay the owner, holder or importer of goods appropriate compensation for any injury caused by wrongful detention? What is considered appropriate compensation and does it include attorney fees or other expenses?

As part of the application for border measures, the right holder accepts liability towards the persons involved (e.g. the importer) in the event that the detention procedure is discontinued owing to an act or omission by the right holder or in the event that the goods in question are subsequently found not to infringe an intellectual property right. It is however unusual that compensation for wrongful detention is examined before a court. Consequently, there is no established case law on "appropriate compensation" and what this would include.

II. Proposals for adoption of uniform rules

The Groups are invited to put forward proposals for adoption of uniform rules regarding border measures and other measures of Customs intervention against infringers. More specifically, the Groups are invited to answer the following questions:

1. **Do you think that the adoption of uniform rules and best practice of Customs authorities in the area of border measures and better coordination between countries and at an international level are desirable to improve enforcement?**

Yes, we do. Although the low priority on border measures with Swedish Customs and its lack of resources are two issues that if corrected would improve enforcement more than the suggestions in question II.1.

2. **What should the scope of border measures be? Do you think that border measures should be available also for goods infringing IP rights for which your national law currently does not provide border measures? If so, which IP rights? Should unfair competition give rise to border measures? Which goods should be excluded by border measures legislation?**

In our opinion parallel imported goods should be included. There is no reason to exclude a category of goods from border measures that, if found on the market place, would be considered to violate the IP legislation.

Due to the differences between the various national legislations regarding unfair competition and the practical difficulties for the Swedish Customs to apply foreign national law and investigate infringing goods which are not protected under Swedish law, we do not consider it as practically possible to include these cases in the border measures legislation.

3. **What rules should apply in relation to the lodging and processing of applications for Customs action? Should there be a centralised system for managing multiple applications for Customs action through a single contact point?
Should there be uniform rules on the provision of information by the applicant? What should the required level of evidence for alleged infringement be?
Should there be uniform rules on the provision of information by the Customs authorities?**

Uniform rules make the customs procedure simpler and therefore in our opinion all parties involved are likely to benefit from uniform rules.

We do believe that the right-holders would benefit from a single contact point in the event of multiple applications for Customs action. In our opinion such solution would help minimizing language barriers.

The required level of evidence for alleged infringement applied in Sweden is well balanced. The level ought to be low in order to make the Customs work fast and efficient. The low level is balanced against the possibility for the importer to refer the matter to court and to make the customs release the goods by providing a security.

4. **What rules should apply in relation to the procedure following notification? Should there be a simplified procedure allowing the destruction of the goods without there being any need to determine whether IP rights have been infringed?
Should there be uniform rules on the examination of the goods by the right**

holder, security and compensation in the case of wrongful detention of goods and disposal of infringing goods?

Yes, there should be such simplified procedure as outlined above. When Customs has reason to suspect infringement, it should be up to the importer to act to avoid destruction.

As previously noted we do believe that all parties involved benefit from uniform rules.

Summary

EC Regulation 1383/2003 concerning Customs action constitutes secondary Community law and is directly applicable in Sweden. The scope of the IP rights and the question of whether infringement in an IP right is at hand are determined by national legislation for national IP rights and by EC legislation for Community IP rights.

Swedish Customs may take border measures against infringing goods either when they are entered for release for free circulation, export or re-export or when they are found during checks on goods entering or leaving Sweden. Intra-community trade is excluded as well as goods subject to parallel import, unfair competition, non-commercial use, passing off or the like.

Although Customs in its monitoring for infringing goods prioritize goods object to a filed application for action, quite many *ex officio* measures are taken by Customs and the practical relevance among right holders of *ex officio* actions in Sweden is accordingly very high.

Sweden has not adopted the simplified procedure and in practice infringing goods are therefore destroyed with consent from the infringer. Due to the requirement for "public interest" in order to bring criminal proceedings against an infringer, right holders in Sweden are in practice referred to private civil enforcement.

Zusammenfassung

Die Verordnung (EG) Nr. 1383/2003 des Rates vom 22 Juli 2003 über das Vorgehen der Zollbehörden gegen Waren etc. findet als sekundäres Gemeinschaftsrecht unmittelbare Anwendbarkeit in Schweden. Der Umfang der Rechte an geistigem Eigentum, sowie die Frage ob eine Verletzung eines solchen Rechtes besteht, werden anhand der Rechtsvorschriften der nationalen Gesetzgebung in Bezug auf nationale Rechte und für gemeinschaftseigene Rechte durch Gemeinschaftsrecht bestimmt.

Schwedische Zollbehörden können gegen Waren, die an geistigem Eigentum verstoßen, tätig werden, entweder wenn sie zur freiem Verkehr, Ausfuhr oder Wiederausfuhr eingeführt werden, oder wenn sie während Untersuchung der Waren gefunden werden, die nach Schweden ankommen oder das Land verlassen. Gemeinschaftsbinnenhandel ist ausgenommen sowie Waren die von Parallelimport, unlauterem Wettbewerb, nicht kommerzieller Nutzung, „passing off“ oder ähnlichem betroffen sind.

Wenn auch, für ihr Tätigwerden, die Zollbehörden Waren, die an geistigem Eigentum verstoßen, Priorität zuerkennen, die in schriftlichem Antrag anhängig gemacht

worden sind, werden doch von den Behörden recht viele Maßnahmen *ex officio* unternommen, was sich somit unter Rechtsinhabern in Schweden von großer praktischer Bedeutung erwiesen hat.

Schweden hat das vereinfachte Verfahren nicht eingeführt. Deswegen werden, in der Praxis, rechtswidrige Waren nach Einwilligung des Rechtsinhabers vernichtet. Weil für strafrechtliche Verfahren Verstoß gegen ein „öffentliches Interesse“ erfordert wird, sind schwedische Rechtsinhaber in der Praxis an Zivilrechtsmaßnahmen hingewiesen.

Sommaire

Le Règlement (CE) no 1383/2003 du Conseil, du 22 juillet 2003, concernant l'intervention des autorités douanières etc. constitue du droit Communautaire secondaire, directement applicable en Suède. L'étendue des droits de propriété intellectuelle, ainsi que la question si une atteinte a été portée à un droit de ce genre, se décide sur la base du droit national en ce qui concerne les droits nationaux et sur celle du droit de la Communauté Européenne pour les droits communautaires.

Les autorités douanières suédoises prennent des mesures à l'égard de marchandises portant atteinte aux droits de propriété intellectuelle ou lorsqu'elles sont importées afin d'une circulation libre, pour être exportées ou réexportées ou encore quand elles sont trouvées au cours de contrôles de marchandises entrant ou en train de quitter la Suède. Exclu est le commerce intercommunautaire ainsi que de marchandise sujet d'importation parallèle, concurrence déloyale, pratiques non-commerciales, « passing off » etc.

Même si les autorités douanières, en intervenant contre marchandises en violation des droits, laissent la priorité aux marchandises sujets d'une demande d'intervention écrite, non peu des mesures douanières s'appliquent *ex officio* et, en conséquence, l'envergure pratique des applications *ex officio* en Suède est reconnue par les titulaires des droits.

La Suède n'a pas introduit la procédure simplifiée et, en pratique, des marchandises portant atteinte aux droits de propriété intellectuelle sont conséquemment détruites avec le consentement du violateur. A cause de l'exigence d'un « intérêt public » pour agir en procédure pénal contre des violateurs, les titulaires des droits suédois font, en pratique, recours aux procédures d'exécution civiles.

