

## Border measures and other methods of Customs intervention against infringers

### Korper & Partneri - Croatia

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The volume of counterfeit goods appearing at borders continues to grow worldwide. Governments must find effective ways of combating the phenomenon, which is detrimental not only to IP rights holders, but also to consumers who, by acquiring such goods, open themselves up to various hazards, since in general counterfeit goods are inherently flawed.

### National legislation

The Croatian legislation sets down border measures to protect IP rights. The measures are structured in accordance with global trends in IP protection and are designed to provide an environment that does not tolerate IP rights infringement in any form.

The legal basis for the measures comes from the Customs Acts (NN 78/99, 117/99, 73/00, 92/01, 47/03, 140/05, 138/06, 60/08), which set out the legal framework for Customs in general, and the Directive on Implementing Customs Measures in relation to Goods Suspected of Infringing Certain IP Rights (NN 50/06, 82/07), which deals with the specific issue of customs-related IP rights infringement.

The border measures are designed to protect most IP rights - the directive expressly mentions trademarks, copyright, industrial designs, patents, plant variety rights and geographical indications. Integrated circuits are not included on this list - this may be because there are currently no registered rights pertaining to integrated circuits in Croatia.

The directive not only targets infringing goods, but also states that any mould or matrix specially designed or customised to produce goods which infringe IP rights is to be deemed to be infringing itself.

The directive, like the whole Croatian IP legislative framework, provides protection to holders of registered rights and all other persons authorised to use an IP right.

Goods produced with the rights holder's authorisation, as well as the goods produced in a manner different from that agreed with the rights holder but which pass through Customs without the rights holder's consent, are not deemed to be infringing goods under the directive.

According to Article 4(1) of the directive, goods produced with the approval of the rights holder but which have entered Customs without the rights holder's approval are excluded from the protection given by the directive.

Personal luggage and any goods contained therein are also excluded from the protection given by the directive, but all other goods are protected by the directive.

### Border measures

An application for the initiation of border measures can be filed by:

- the rights holder;
- any person authorised to use the IP rights; and
- their representative.

The system of border measures is centralised, with all applications being forwarded to and handled by the Customs

Central Office in Zagreb.

A request for the initiation of border measures should be accompanied by:

- personal information about the applicant;
- documentation proving that the applicant is the IP rights holder;
- if the application is filed by someone other than the rights holder, authorisation to use the IP right;
- if the application is filed by the rights holder's representative, a copy of a valid power of attorney;
- an accurate and detailed technical description of the goods;
- the name and address of the contact person;
- information regarding the manner or method of the alleged IP infringement; and
- any other data known to the rights holder (eg, the value of the original goods, information identifying the shipment and packaging, the expected time of delivery and the destination).

Most importantly, the documentation must include a statement certified by a public notary taking responsibility for any damages that may occur to the alleged infringer.

When applying for customs measures, the applicant is supposed to provide enough evidence to satisfy the standard of reasonable doubt.

The Croatian customs authorities are generally positively inclined to accept professional assistance which can help them in their work.

They are authorised to act ex officio if there is reasonable doubt as to the infringement of an IP right. Such ex officio action is limited to blocking goods temporarily (ie, stopping customs procedures) and notifying the rights holder immediately, which then has three days to initiate the prescribed customs measures in regard to the infringement (ie, file the application). Provided that Customs acts in the described manner, it cannot be held liable in case of wrongful detention.

A special department of the customs authorities deals exclusively with IP rights infringements. In addition, all customs' personnel receive regular training and education on IP-related issues through seminars and workshops.

The rights holder is notified as soon as Customs establishes the possibility of infringement to allow it to file an application for the initiation of border measures. The application must be filed within three days of receiving notification. The owner of the allegedly infringing goods is notified only after the initiation of the proceedings.

If the application meets all formal requirements, Customs issues a decision on the temporary detention of the goods. The rights holder then has 10 days in which to file a lawsuit against the owner of the goods for infringement of its IP rights and to notify Customs of this. The Customs Central Office then has five days to issue a decision on the detention of the goods until the conclusion of the court proceedings.

Customs relies mainly on the help of the rights holder, its representatives and any experts it provides.

### **Remedies**

It is possible to order the destruction of the goods even before the final determination of infringement. This is possible where the goods are temporarily detained following a request by the rights holder and if the rights holder requests their destruction. The rights holder must give a statement of the infringement of its rights, notarised by a public notary, while the importer of the goods or their owner or holder must give a notarised statement consenting to such destruction. This statement of consent is presumed to have been given if the proprietor of the goods fails to oppose the destruction or to file an appeal against the decision on the temporary detention. In such cases, the costs of the destruction are to be paid by the rights holder.

Either the rights holder or the owner of the goods may apply for samples of the infringing goods to be taken and kept as evidence. Such samples are taken under the supervision of the customs officers in accordance with customs procedure, and minutes on the procedure are drawn up.

The Croatian legislation provides for both civil and penal proceedings regarding IP rights infringements. However, it is

hard to speculate on the advantages of either proceeding due to the wide range of possible infringements, so this assessment should be made on a case-by-case basis.

The initiation of a nullity action seeking to invalidate an IP right has no bearing on proceedings regarding the customs measures. However, if this action is successful the rights holder must notify Customs of this within eight days.

Once proceedings regarding border measures have begun, the goods cannot be released following a request by the owner of the goods.

According to Article 24 of the directive, goods found to infringe IP rights must not be released onto the market, taken out of Croatian customs jurisdiction, exported or re-exported, regardless of the rights holder's dispositions.

Goods which are found to infringe IP rights following a legally valid decision of the competent court are to be destroyed. The destruction costs are to be paid by the recipient of the infringing goods.

The customs authorities have no legally prescribed method of compelling the infringer to reveal the names of its accomplices or any other business partners in the endeavour. Furthermore, the customs authorities have no power to impose any financial penalties on the applicant. However, following a lawsuit by an alleged infringer which suffered damages, the courts can award financial compensation. In order to facilitate such proceedings, the applicant is required to provide a certified statement of responsibility for possible damages when applying for the border measures.

### **Comment**

In general, the Croatian legislation on border measures is drafted in accordance with current international theory and practice in this field, particularly that in force in the European Union, since Croatia is in the process of harmonising its legal system with the EU Acquis Communautaire due to its hopes of becoming an EU member state in the near future.

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