

# Use of customs information in relation to parallel imports

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## Introduction

In a recent case before The Hague District Court, the court had to answer the question of whether information acquired during a customs seizure under the EU Anti-piracy Regulation (608/2013) may be used for an unauthorised parallel import claim.

In recent years, customs authorities throughout the European Union have held different positions on this matter. The EU Anti-piracy Regulation provides an effective means and procedure for IP rights holders (eg, trademarks, copyrights, patents and models) to request Customs to intercept consignments suspected of containing counterfeit or pirated goods and to have said goods destroyed.

Customs authorities must also, on request and where available, inform the holder of the decision of the names and addresses of the consignee, the consignor and the declarant or the holder of the goods of the customs procedure of the origin, provenance and destination of the goods whose release has been suspended or which have been detained.

## Facts

Armani asked the Dutch customs authorities to seize a shipment of Armani-branded watches. Armani claimed that the goods infringed its IP rights on the grounds of counterfeiting or unauthorised parallel importing.

The importer (consignee) stated that the information obtained by Armani through Customs should not be considered, since it was used for an unauthorised parallel import matter and Armani was permitted to use the information only for a counterfeit matter. In this regard, the importer relied on Article 21 of the EU Anti-piracy Regulation, under which information can be used only restrictively. Thus, IP rights holders may disclose or use such information for limited purposes, including:

- to initiate proceedings to determine whether IP rights have been infringed in the course of such proceedings;
- in connection with criminal investigations relating to IP rights infringement and undertaken by public authorities in the EU member state where the goods are found; and
- to initiate criminal proceedings and in the course of such proceedings.

## Decision

The Hague District Court correctly rejected the importer's defence. **(1)** The information obtained from Customs was provided to Armani in accordance with the provisions of the EU Anti-piracy Regulation, which grants customs authorities certain powers to prevent infringing goods entering the EU market. The court qualified this procedure in respect of Article 21(a) of the EU Anti-piracy Regulation – namely "a procedure to determine whether an intellectual property right has been infringed".

The court noted that, while unauthorised parallel imports fall outside the scope of the EU Anti-piracy Regulation, the use of customs information does not detract from its purpose. In this regard, the court correctly referred to earlier European Court of Justice (ECJ) case law in *Beecham Group v Andacon* (C-132/07); however, in this case no decision was reached because the parties settled. In *Beecham Group*, the advocate general noted as follows:

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*81. The Court of Justice has held that the proprietor of a trade mark can oppose parallel imports from third countries where the goods bearing its mark are being brought into the Community without its express or implied consent. Such goods do not fall within the doctrine of the exhaustion of trade mark rights, which only applies within the European Economic Area.*

*82. Consequently, in the absence of consent, there is an infringement of the rights of the proprietor of the mark. The aim of [the APR] is to combat the marketing of counterfeit and pirated goods which infringe intellectual property rights and it would therefore be strange if the proprietor of such rights could not use customs information to protect these rights in other judicial contexts by seeking to prevent parallel imports.*

The Hague District Court also noted that Armani had still based part of its claim on counterfeiting. The court concluded that trademark infringement had occurred since it was clear that the importer would be unable to prove that the goods were authorised to be marketed in the European Economic Area by Armani (or an authorised licensee of Armani). Hence, the courts had no reason to assess whether the goods were counterfeit.

## **Comment**

The Hague District Court's decision essentially confirms that information obtained by Customs under the EU Anti-piracy Regulation may be used in civil procedures to determine whether IP rights have been infringed and such civil procedures under the regulation are not limited to counterfeit procedures. The use of information to initiate a parallel import matter is therefore allowed.

Customs authorities throughout the European Union continue to respond differently to this issue due to the scope of the EU Anti-piracy Regulation. In some jurisdictions, IP rights holders receive all relevant information on the involved parties (eg, declarant, consignor and consignee) together with the first notification. However, in other jurisdictions, Customs will provide such information only after they have received a confirmation from the IP rights holder that the goods are counterfeit. For instance, Dutch customs authorities have previously refused to share information on the parties involved unless confirmation was given that the seized goods were counterfeit. Given the aims of the EU Anti-piracy Regulation, IP rights holders and harmonised IP laws, customs authorities' refusal to share relevant information is arguably unjustified.

Another related question concerns whether customs authorities will uphold the customs detention pending the proceedings to determine whether an IP right has been infringed. Under the EU Anti-piracy Regulation, Customs will hold seized goods for up to 20 working days. The detention will in any case be upheld if within said period the IP rights holder initiates a civil action on the basis of the goods being counterfeit. Certain custom authorities take the view that they must release the goods if the initiated civil procedure is based not on counterfeits, but on (for example) unauthorised parallel imports. In practice, the IP rights holder in such instances was required to arrange a civil seizure through the courts in order to prevent the goods being released to the consignee.

The Hague District Court's decision further indicated that parallel import cases must be regarded as proceedings to determine whether IP rights have been infringed under Article 21 of the EU Anti-piracy Regulation. Therefore, if a civil procedure is initiated based on unauthorised parallel imports instead of counterfeits or pirated goods, Customs should keep the detention ongoing pending the civil procedure. While customs authorities under the EU Anti-piracy Regulation might not have an active duty to seize parallel imported goods, it would detract from the purpose of the regulation if they released goods that are the subject of a civil action to determine whether they are infringing, regardless of the specific ground for the infringement.

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## **Endnotes**

(1) The Hague District Court, 15 April 2020 (*Armani v ITG*).

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