

Netherlands

Contributing firm
AKD Prinsen Van Wijmen



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Legal framework

The relevant legal framework consists of a mix of criminal law and civil law and comprises:

- EU legislation;
- national substantive legislation; and
- national procedural legislation.

In case of conflict between national and supranational law, the latter always has precedence.

Relevant EU legislation includes:

- the Customs Regulation (1383/2003); and
- the Customs Implementation Regulation (1891/2004).

No reference is made to EU directives as, in the main, they have been implemented into national law, which consists of:

- the Benelux Convention on Intellectual Property (trademarks and designs);
- the Dutch Patent Act 1995;

- the Dutch Copyright Act; and
- the Dutch Criminal Code.

The relevant procedural statute is the Dutch Act on Civil Procedures.

Border measures

General

The Dutch Customs Administration falls under the supervision of the Ministry of Finance. Customs imposes tax levies, collects taxes and enforces EU and national customs legislation, including the Customs Regulation. The regulation came into force in the Netherlands on July 1 2004.

Counterfeit and pirated goods

The definition of 'counterfeit' and 'pirated' goods is laid down in Article 2 of the Customs Regulation.

'Counterfeit goods' are goods, including packaging, bearing without authorization a sign identical to a trademark validly registered in respect of the same type of goods, or which cannot be distinguished in

its essential aspects from such a mark. A sign need not be identical to be infringing. Counterfeits can also consist of symbols and packaging materials that cannot be distinguished in their essential aspects from the genuine symbols and packaging materials, even if presented separately from the products.

'Pirated goods' are:

- goods which are or contain copies made without the consent of the holder of a copyright, related right or design right; or
- goods which infringe upon a patent (including supplementary certificates), a plant variety or a geographical indication of origin.

Anti-counterfeiting

Dutch Customs takes anti-counterfeiting actions seriously as the marketing of counterfeit and pirated goods (and indeed all goods infringing IP rights) does considerable damage to law-abiding manufacturers, traders and rights holders. Such marketing also deceives and endangers

the health and safety of consumers. In addition, the government misses out on tax revenue as many sellers of counterfeit goods try to transport them across borders at low values to escape the payment of duties.

Customs may take action against counterfeiting either *ex officio* or upon an application by the rights holder.

Ex officio actions

If suspect goods arrive at Customs and no request for action against them has been lodged, Customs may nevertheless suspend *ex officio* the release of the suspect goods or detain them for a period of three working days. The three-day period commences on the day that the rights holder is notified of the existence of the suspect goods.

The three-day period gives the rights holder the time to submit an application for action (as set out in Article 5 of the Customs Regulation) against counterfeit goods.

If the rights holder does not file an application for action, then Customs shall release the goods for circulation. The goods may then either enter the local market or be forwarded to the ultimate destination, as the case may be.

Application for action

Under the Customs Regulation, a rights holder may apply for action by Customs in any EU member state against suspected counterfeited or pirated goods. The application form is the one defined in and attached to the Implementing Regulation.

Under the regulation each member state shall designate the customs department competent to receive and process applications for action. In the Netherlands applications are processed by *Douane Noord*, based in Groningen.

The customs authorities encourage applicants to accompany the application with information that will enable Customs to distinguish genuine goods from counterfeit and/or pirated goods. This information can relate to the original goods, such as their method of storage, packaging and/or transport, or to previously intercepted counterfeit goods. Customs is known to store all intelligence provided carefully and to make such information available to all relevant entry points, such as Amsterdam airport and Rotterdam harbour.

On the basis of the information contained in the application for action, Customs may suspend, release or retain goods that are suspected of being counterfeit. On suspending the release of goods, Customs notifies the rights holder. The rights holder then has 10 days

(renewable once) to inspect the goods. Customs provides the rights holder with information on the goods and their quantity. Customs also usually provides digital photographs and samples.

Upon confirmation that the goods are counterfeit and that the rights holder will take action, Customs provides to the rights holder all available details of the consignor, consignee and the declarant. On request, Customs will extend the timeframe by another term of 10 working days (three days in the case of perishable goods).

During this period the rights holder may approach the infringer requesting it:

- to forfeit the goods;
- to remove them from circulation; and
- to have them destroyed.

If the infringer objects to the destruction of the goods, the rights holder will have to initiate legal (civil) proceedings to solve the issue. If the rights holder fails to commence proceedings or fails to inform Customs of these proceedings, then Customs will release the goods.

Simplified procedure

Dutch Customs can employ the simplified procedure set out in Article 11 of the Customs Regulation. The simplified procedure enables the customs authorities to have suspect goods given up for destruction, without there being any need for a court to determine whether an IP right has been infringed under national law.

Consent to destruction shall be presumed when either the declarant, holder or owner of the goods has been approached by the rights holder and did not specifically oppose destruction within the prescribed period (ie, a period of 10 working days renewable once). Emphasis is placed on the words 'specifically opposed'. These words imply that, after being approached, the declarant, holder or owner of the goods failed to inform the rights holder that it objected to or opposed their destruction or use similar wording expressing the same.

Criminal prosecution

The Criminal Code distinguishes between minor offences and crimes. The wilful manufacture and/or sale of counterfeit or pirated goods is a crime which carries a maximum fine of €740,000 (in the case of a legal person) or a prison sentence of up to four years (Article 337). (The highest penalties are reserved for large-scale infringers.)

The authority with investigative powers in the area of counterfeiting is called the Fiscal Information and Investigation Service

and Economic Investigation Service (FIOD-ECD). Upon suspension of the release of goods, Customs will inform the FIOD-ECD.

The FIOD-ECD, together with the public prosecutor, decides upon the further prosecution of the manufacturer of the counterfeit goods. The public prosecutor has discretion as to whether to prosecute. In practice, the prosecutor does not pursue many cases, as most prosecutors are of the opinion that the matter is of a civil nature, which ought to be resolved between the parties, either in a settlement or in civil legal proceedings.

The public prosecutor will take action against counterfeiting if it involves:

- criminal organizations;
- major tax and excise fraud (eg, cigarettes); or
- a threat to public health and safety.

Remedies in criminal proceedings

Criminal remedies may consist of:

- the payment of fines;
- imprisonment;
- the confiscation and destruction of goods; and
- the payment of illegally obtained profits.

The judge in criminal procedures may also decide to impose an alternative sanction such as community service. The main penalties for counterfeiting tend to be fines, and the confiscation and destruction of the goods.

Civil enforcement

Under civil enforcement a rights holder can take preliminary measures, such as detaining the goods, and file legal proceedings. The main types of civil proceedings are:

- preliminary injunction proceedings; and
- proceedings on the merits (full trial proceedings).

Detention of the goods

If an infringer objects to the destruction of goods, the rights holder may seek permission from the district court to detain the goods. The goods will be detained at the premises of the party holding them at that point in time (ie, either Customs or a logistics service provider holding the goods under customs supervision), at the cost of the owner.

If it is likely that the goods are counterfeit, the court will allow their detention on condition that proceedings are initiated within the term determined by the court. This term will be at least eight days and may be longer, provided a reasonable

explanation is given. A reasonable explanation could include an indication that the matter can be settled within a timeframe set by the court.

A rights holder's first action should be to file a request to detain the goods, rather than move straight into proceedings. This is because the period allowed under the detention rules provides more time (in addition to the initial term of 20 working days under the Customs Regulation) to negotiate a settlement with the infringer.

If the matter is not settled during this time, the rights holder must introduce proceedings before the expiry of the deadline set by the court.

Since the implementation of the EU IP Rights Enforcement Directive (2004/48/EC), rights holders may also seek *ex parte* injunctions requesting the court to order the transfer of the infringing goods to the rights holder. An *ex parte* injunction will become invalid unless the rights holder commences *inter partes* proceedings within the time set by the court.

Proceedings

Of the two types of actions available, preliminary injunction proceedings are most commonly used in counterfeiting cases, as they enable rights holders to stop the infringement more quickly. Preliminary proceedings will lead to a provisional measure that can become final, either because the parties achieve a settlement agreement or because the initial action is followed by proceedings on the merits leading to a definitive measure.

Preliminary proceedings are useful to take action against blatant infringements that require an urgent solution. In customs matters it is recommended to opt for proceedings on the merits. There is no urgency since the goods are detained anyway and it is best to strive for a definitive measure.

Preliminary injunction proceedings at first instance will usually take two to eight weeks. Proceedings on the merits may take six to 18 months at first instance. The duration of the proceedings on the merits depends to some extent on the procedural behaviour of the defending party and the court. Unlike in preliminary proceedings, the court in full trial proceedings may render declaratory judgments.

For the duration of the proceedings, Customs will continue to suspend the release of the infringing goods. If a rights holder loses at first instance, Customs will suspend release where an appeal is filed.

In counterfeiting proceedings, the matter is likely to conclude following a

judgment at first instance. Under Dutch civil procedural law the losing party will be ordered to compensate the legal costs of the other party. Unless the parties request otherwise, the courts normally follow the Court Directive on Compensation of Legal Costs in IP Proceedings (Article 1019h Rv).

Remedies

In civil proceedings, the rights holder may, depending on the exact circumstances, seek, among other things:

- a declaratory judgment that the goods infringe upon its IP rights;
- the surrender of the counterfeit and/or pirated goods;
- the destruction of the counterfeit and/or pirated goods;
- the destruction of the materials and tools with which the counterfeit and/or pirated goods were manufactured in the Netherlands;
- compensation for damages;
- lost profits; and
- compensation for legal costs (including out of court work).

Compensation of legal costs under the application of the Court Directive on Compensation of Legal Costs in IP Proceedings may range from €6,000 to €25,000.

Anti-counterfeiting online

The online sale of counterfeit goods is part of the wider trend of infringements occurring on the Internet, including the online sale of unauthorized parallel trade and domain name grabbing.

Counterfeits are sold mainly on 'replica' sites (eg, www.replicawatches.com) and on auction sites such as eBay.

Auction sites generally have effective notice and takedown procedures in place (eg, eBay's Verified Rights Owner programme). IP owners can easily report listings that infringe their rights. eBay reportedly declared that:

- it is in its interest to ensure that infringing items are removed from its site; and
- it is known to take such action.

The removal normally takes place within a few hours.

If and when infringements on the Internet are pursued through the courts, it is important to establish that the courts have jurisdiction. Accordingly, rights holders should ensure that sales are directed at customers in the Netherlands. The Dutch courts will consider the ability to pay in

euros into a Dutch bank account or with Dutch methods of payment as a sign that sales are directed at Dutch customers and therefore that Dutch courts have jurisdiction. Putting up an advertisement in Dutch may also lead the Dutch courts to claim authority over the matter.

Finally, the host of a website that contains information provided by third parties may be found liable for infringement under Article 6:196c BW of the Civil Code if the host does not remove infringing material after being notified of its illegality.

Internet security and online investigation strategies

The unlimited potential of the Internet also causes problems in monitoring infringements online. Business would be ill-advised to try to monitor the Web themselves. Instead, they should hire investigators and/or IT consultants specialized in monitoring the Internet for IP infringements.

Where these infringements take place on auction sites, rights holders may follow the notice and takedown procedures described in the previous paragraph.

Preventive measure/strategies

Counterfeiting is unlikely to disappear overnight. It is therefore important that rights holders set up and implement proactive anti-counterfeiting strategies.

One of the key measures is to apply for customs action under the Customs Regulation.

A proper anti-counterfeiting operation requires support on the ground (in key jurisdictions) in the form of investigators and counsel. It is important that the latter maintains good contacts with Customs (both the central customs organization and the customs officers at the entry points).

Finally, rights holders may use technical devices or other measures on their products so that all stakeholders may easily distinguish counterfeits from genuine products. [WTR](#)

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Huib Berendschot studied Dutch law at Tilburg University. He joined Unilever as in-house counsel in 1991. He later joined the trademark division in Rotterdam and worked for the same division in London from 1993 to 1997. He moved back to Rotterdam as head of Unilever's food and beverages trademark team.

At Unilever Mr Berendschot was involved in brand development, international industrial property enforcement proceedings and the formulation of IP contracts. He represented Unilever on the subject of counterfeiting prevention in the business-IP rights group of the World Customs Organization.

In 2001 Mr Berendschot joined Novagraaf and since May 1 2004 he has been a member of the IP and technology practice group of AKD Prinsen Van Wijmen as an attorney at law.

Mr Berendschot regularly teaches on the subject of trademark law and speaks at seminars both in the Netherlands and abroad.



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Peter Claassen studied law at Nijmegen University where he obtained his master's degree. He also obtained an LLM from the Miami Law School. In 1984 he worked for Arnall Golden & Gregory, Atlanta, before joining AKD Prinsen Van Wijmen in 1985. He became a partner in 1992.

Mr Claassen has experience in a wide range of legal matters and has greatly contributed to the expansion of the firm's IP practice. His main expertise is in the classic IP areas of patent, trademark, design and copyright law.

Mr Claassen chairs both the IP and technology practice group and is a member of leading organizations such as the International Trademark Association and MARQUES. He regularly teaches on trademark and patent law, and lectures at seminars both in the Netherlands and abroad.