

FACILITATION OF FOREIGN TRADE AND CUSTOMS PROTECTION OF INTELLECTUAL PROPERTY

WHAT ROLE DO CUSTOMS AUTHORITIES PLAY IN THE FIGHT AGAINST
COUNTERFEITING AND PIRACY?

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Customs authorities, located along the borders, are one of the essential pillars in the fight against counterfeiting and piracy. The vast majority of infringing products flooding the markets today are not manufactured in the country in which they are offered for sale and must therefore cross a border at some point. For example, in 2005, approximately 1,000,000 counterfeit products were seized at our country's customs.

NATIONAL LEGISLATION

- Trademark Law (No. 17.011 of 09/25/98): "Whoever with the purpose of profiting or causing damage uses, manufactures, falsifies, adulterates or imitates a trademark registered in the corresponding registry of another person, shall be punished with six months of imprisonment to three years of penitentiary" (art. 81); "Whoever fills in a trademark with the purpose of causing damage or profit shall be punished with six months of imprisonment to three years of penitentiary" (art. 81). 81); "Those who fill spurious products into containers bearing another person's trademark shall be punished with six months' imprisonment to three years' imprisonment" (article 82); "Whoever knowingly manufactures, stores, distributes or markets goods bearing the trademarks referred to in the preceding articles shall be punished with three months' imprisonment to six years' imprisonment" (article 83).

- Patent Law (No. 17.164 of 2/09/99): "Whoever defrauds any of the rights protected by patents of invention, utility models or industrial designs, shall be punished with six months of imprisonment to three years of penitentiary" (article 106).

- Law on Copyright and Related Rights (No. 9.739 of 17/12/37 and No. 17. 616 of 10/01/03): "Whoever edits, sells, reproduces or causes to be reproduced by any means or instrument - totally or partially -; distributes; stores with a view to distribution to the public, or makes available to the public in any form or by any means, for profit or with the intention of causing unjustified prejudice, an unpublished or published work, a performance, a phonogram or broadcast, without the written authorization of its respective owners or successors in title, or attributes it to himself or to a person other than the respective owner, in contravention in any way of the provisions of this law, shall be punished with three months' imprisonment to three years' imprisonment" (art. 46).

BORDER MEASURES IN THE COPYRIGHT LAW

Of the aforementioned national provisions, only the Copyright Law provides special provisions on border measures.

ARTICLE 63 (Border measures). - When the National Customs Directorate or the owners of the rights protected by this law have valid reasons to suspect that the importation into the national territory of goods that, according to the terms of the applicable legislation, have been manufactured, distributed or imported or are intended to be distributed, without the authorization of the owner of the intellectual property right, may request before the competent Court, that special measures of control be ordered with respect to such goods, preventive seizure or the precautionary suspension of the respective customs clearance. All the elements of judgment that give merit to the suspicion must be presented, and a decision on such measures must be made within twenty-four hours without further procedure and without the need for counter-guarantee.

The Judge may dictate the measures requested, in which case, once complied with, they will be notified to the interested parties. If after ten working days counted from the notification to the holder of the right or his representative, it is not accredited to have initiated the corresponding civil or criminal actions, the preventive measures will be left without effect, arranging the release of the merchandise, without prejudice to the responsibilities in which the promoter of the measures had incurred.

BORDER MEASURES UNDER INDUSTRIAL PROPERTY LAW

INTERNATIONAL CONVENTIONS

- Paris Convention (Industrial Property)
- Berne Convention (Copyright)
- Rome and Geneva Conventions (Phonograms)
- Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)

Although the legislation on industrial property (trademarks and patents) lacks specific rules regulating border measures, I understand that when interpreted together with the rules on precautionary measures provided for in our General Procedural Code and those of our Customs Code, in accordance with international treaties, especially the TRIPS Agreement, they enable customs authorities to suspend the distribution of infringing products in the commercial circuits.

For example, Art. 9 of the Paris Convention establishes the possibility that products bearing a trademark or trade name may be seized upon importation into any of the countries of the Union, provided that in such countries the said distinctive signs enjoy protection.

Customs Code: "Article 1.- Definition: The National Customs Directorate, Executive Unit under the Ministry of Economy and Finance, is the national administrative body that has exclusive competence in the fulfillment of the following tasks:

(b) To enforce the conventional obligations resulting from international treaties subscribed by the country in customs matters;"

"Article 11°.- Obligations of a customs nature.- The introduction or exit through borders and the mobilization through the customs territory of goods, luggage and means of transportation shall be made in accordance with the laws and provisions of a customs nature or not, which are relevant to it."

This was confirmed by Decree No. 281/2002 of July 23, 2002, which, in its article 1, provided that the National Customs Directorate is responsible for: "Complying with the defense of intellectual property protection rights in application of the regulations in force, especially with respect to trademarks, copyrights and geographical indications of origin".

AGREEMENT ON TRADE RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

The international community, aware of the importance of the fight against this crime, has committed itself through the approval of the AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (known by its acronym TRIPS), concluded on April 15, 1994, which constitutes Annex 1C of the Marrakech Agreement establishing the World Trade Organization.

In order for this protection to be effective, it is not enough only to be enshrined in the Law, it is also necessary to establish procedures that allow a rapid solution of conflicts, as well as measures that help to avoid the violation of these rights, and the prevention of unlawful conducts, thus avoiding the continuation of damages to the legitimate owner, all this without undermining the guarantees of due legal process and without affecting third parties.

This Agreement, which is mandatory for all WTO Members (Article II.2 of the Agreement), was ratified by our country by Law No. 16,671 of December 13, 1994.

SCOPE OF APPLICATION

Article 51 of the Agreement, entitled "Suspension of customs clearance by customs authorities" establishes the basis for this section of the Agreement, stipulating that WTO member countries shall establish national procedures that allow the holder of a right who has valid reasons to suspect that the importation of goods involving infringements of intellectual property rights is being prepared, to request the suspension of the clearance of such goods for free circulation.

The request for suspension must be addressed to the designated authority in each country, which may be administrative or judicial authorities.

OBJECTIVE OF THE RULE

The purpose of this rule is to allow an intervention that avoids the harmful effects that could result from the infringement of intellectual property rights, when the goods have not yet been put into circulation in the country of importation, or in some cases even when they are still in the country of exportation.

Indeed, intellectual property rights pirates prepare their goods in a country other than the one for which they are destined. It should therefore come as no surprise that TRIPS complements the regulation of precautionary measures with a series of special provisions relating to measures to be adopted at borders, assigning to customs the responsibility of applying trade-related rules to ensure the observance of such regime and to prevent the violation of intellectual property rights, since such violation damages the assets of their holders, discouraging creativity, economic effort and investment.

ASSUMPTIONS OF INFRINGEMENT

The infringements provided for in this article are the following:

(a) Counterfeit trademark products (any goods, including their packaging, which bear without authorization a trademark identical to the trademark validly registered for such goods, or which cannot be distinguished in its essential aspects from that trademark, and which thereby injures the rights of the trademark holder);

(b) pirated goods infringing copyright (copies made without the consent of the owner of the right or of a person duly authorized by him in the country of production);

c) Procedures similar to those provided for in this section may also be established with respect to goods involving other infringements of intellectual property rights and goods intended for export.

PROCEDURE

The procedure is initiated ex officio or at the request of an interested party by filing a "complaint" which must contain:

(a) Sufficient information that allows the identification of the goods affected and that accredits the ownership of the infringed Right;

b) Sufficient evidence to allow the serious presumption of the infringed right to be inferred;

c) A bond or guarantee may be required from the plaintiff.

As we have already stated, the essential purpose of the procedure consists of the suspension of the customs clearance of the goods for a period of no more than 10 working days, during which the procedure leading to a decision on the merits must be initiated. Upon expiration of such term without the holder having accredited before the authority having initiated the corresponding legal actions, the authority must release the merchandise.

Mechanisms must be established so that the right holders have the possibility of inspecting the goods in order to substantiate their claims, without prejudice to confidential information.

Finally, in addition to the retention of the merchandise, other measures may be adopted to remove the infringing merchandise from commercial circuits, as well as the materials and means to produce them, which could involve the destruction or elimination of the merchandise depending on the seriousness of the infringement, and only under exceptional circumstances could it be re-exported.

PROPOSED REGULATION

However, the absence of a specific regulation at the customs level on this process has given rise to some practical problems that have been detrimental to the interests of right holders and have also been an obstacle to customs operations.

This regulation should be aimed at complying with the following basic principles:

- (a) Efficiency in the protection of right holders;
- b) Procedural guarantees for those involved;
- c) That they do not represent an obstacle for foreign trade;
- d) This regulation should comply with the minimum guidelines established by the TRIPS.
- e) To provide greater administrative facilities to economic operators who voluntarily register in a Registry of Right Holders.

SCOPE OF APPLICATION

We are not dealing with a customs violation, but with a criminal offense, so the control must be carried out regardless of the nature of the customs operation. Not only the merchandise that is going to enter or leave the customs territory must be controlled, but also that which is in a Free Zone or Free Warehouse or under a suspensive regime (for example: transit).

OBJECT OF PROTECTION

The Regulation shall mean goods that infringe intellectual property rights:

- (a) Goods, including their packaging, on which there appears without authorization a trademark identical to the trademark duly registered for the same types of goods, or which cannot be distinguished in its essential aspects from such trademark, and which consequently infringes the rights of the owner of the trademark in question under the law.
- (b) pirated goods, i.e. goods that are, or include, copies produced without the consent of the owner of the copyright or related rights.
- c) Goods that affect a patent, according to the legislation of our country.
- d) Those that affect geographical indications and denominations of origin.

RIGHTS HOLDERS

The following shall be understood as right holders:

- (a) The holder of a trademark, of copyright of a design right, of a patent, of a protected designation of origin, of a geographical indication.
- b) Any other person authorized to use any of the intellectual property rights mentioned in the preceding paragraph or his authorized representative or user.
- b) Among the persons contemplated as representatives are collective management societies, as is the case in our country, AGADU, CUD and SUDEI, whose sole purpose or one of their main purposes is to manage or administer copyrights or related rights, or representatives who have filed an application for registration of a protected appellation of origin or a protected geographical indication.

APPLICATION FOR ACTION BY THE CUSTOMS AUTHORITIES

Ex officio action

1. When, in the exercise of their powers and in one of the situations described in the previous paragraphs, the customs authorities believe they have sufficient grounds to suspect that the goods seized may infringe an intellectual property right, they may suspend the customs operation and proceed to detain the goods for a period that must be short (for example: 3 working days) from the moment the right holder receives the notification, to allow him to file the corresponding complaint.
2. The customs authorities in most cases do not know who holds the ownership of that right, so they must request the collaboration of the National Directorate of Industrial Property or the collective management entities in the case of copyright and related rights, to provide such information.

3. Once the owner is known, he must be notified of the existence of merchandise that could infringe his right, informing him of the type and number of units retained and that he has a term to file the corresponding complaint.

4. If after the term to assert his right has elapsed, he does not request the intervention, the customs authority shall proceed to lift the retention of the merchandise.

Requirements and processing of the application for action by the customs authorities

1. Right holders may apply for a complaint requesting the suspension of the customs operation.

2. The complaint must contain mandatory information enabling the customs authorities to easily recognize the goods in question, in particular:

- Proof that the applicant is the holder of the right consisting of a certificate of ownership and validity of the right issued by:

The National Directorate of Industrial Property

3. When the complaint is presented by any other person authorized to use the intellectual property rights must also present a document in which the holder authorizes him to use his right.

4. In cases where the application is filed by a representative of the owner of the right or of the person authorized by the owner to use his right, he must submit a document evidencing his right to represent them.

5. This same document of responsibility must contain a declaration of the right holder in which he declares his commitment to bear all the costs of destruction of the goods that infringe the intellectual property rights.

6. A further period of time shall be granted for the complainant to prove that he has initiated the corresponding legal proceedings. Otherwise, the suspension shall be lifted and the goods shall be released.

VOLUNTARY REGISTRATION OF INTELLECTUAL PROPERTY RIGHTS

Now, as we have said above, the National Customs Directorate is unaware that it has the ownership of the rights. Therefore, it is appropriate to adopt a regime that allows, during the processing of the customs operation, to verify the infringement and to inform the holders of those rights so that they may exercise the corresponding actions.

It is in this sense that we consider it convenient to create, within the scope of the National Customs Directorate, a Voluntary Registry of Intellectual Property Rights Holders.

This Register, in addition to informing Customs about the holders of the rights, should have the purpose of facilitating the administrative process for the registered economic operators.

The application for registration must be made by the holder of the right or his attorney-in-fact, proving to be the holder by means of the corresponding documentation. For example, in trademark matters, by presenting a copy of the respective title certified by a Trademark Agent or by means of a certificate issued by the National Directorate of Industrial Property itself. This document must certify the validity of the trademark registration or that it is in the process of renewal. The term of validity of the trademark registration must be the same as the term of validity according to the Trademark Law.

The necessary information must also be provided so that the National Customs Directorate (representative, address, telephones, faxes, e-mail address, etc.) can make the corresponding notification in case it is necessary. It must also specify the chapters of the Tariff Nomenclature that correspond to the products covered by the trademark registration.

A fundamental element for the correct application of this regime is that the Single Customs Documents must declare the trademark or trademarks applied to the goods, their containers or wrappings. In the case of unmarked goods, this must be stated.

Immediately upon registration of a SAD requesting a merchandise operation with a registered trademark corresponding to any of the chapters of the Tariff Nomenclature for which the trademark was registered, Customs shall immediately inform the holders of the rights. Said notification shall include, in addition to the trademark, the tariff position, quantity of units, country of shipment, name and address of the supplier, name and address of the consignee and of the means of transport.

Once the notice has been released to the right holder, the Customs shall suspend the customs operation for a reasonable period of time and provide the right holder with the inspection of the goods as well as the documentation thereof.

Upon expiration of the term without the holder of the rights having accredited having initiated the corresponding legal actions, the DNA will lift the suspension of the customs operation and will release the goods.

In short, I understand that the approval of a system such as the one suggested would make the customs control of intellectual property more efficient, would provide the necessary guarantees to the parties involved and would not be an obstacle to foreign trade.

THANK YOU VERY MUCH.