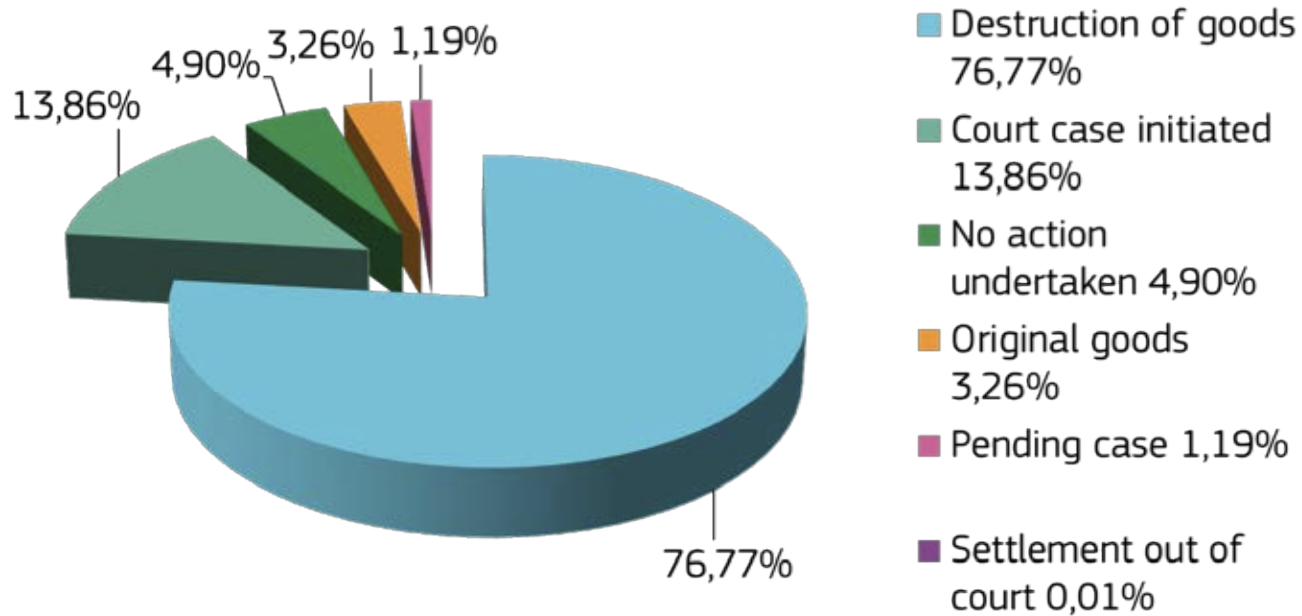


**■ Topic 5: Disposal Orders in terms
of Part III of the Agreement on
Trade-Related Aspects of
Intellectual Property Rights**

WIPO-UN ESCAP-UNEP Regional
Workshop on the Environmentally Safe
Disposal of Intellectual Property-Infringing
Goods

Bangkok
November 21-22, 2013

Eun-Joo MIN
Building Respect for IP Division, WIPO



Breakdown of result by cases

Source: “2012 Report on EU customs enforcement of intellectual property rights”

International Legal Framework

- TRIPS Part III - Enforcement of Intellectual Property Rights
 - Section 1: General Obligations (Art. 41)
 - Section 2: Civil and Administrative Procedures and Remedies (Art. 42-49)
 - Section 3: Provisional Measures (Art. 50)
 - Section 4: Special Requirements Related to Border Measures (Art. 51-60)
 - Section 5: Criminal Procedures (Art. 61)

The Context : TRIPS Basic Principles

- Members are free (but not obliged) to implement stricter enforcement procedures and remedies, provided they are TRIPS consistent.
(Art. 1.1)
- Members are free to determine the appropriate method of implementing the provisions within their own legal system and practice.
(Art. 1.1)
- IPR enforcement should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations. (Art. 7)

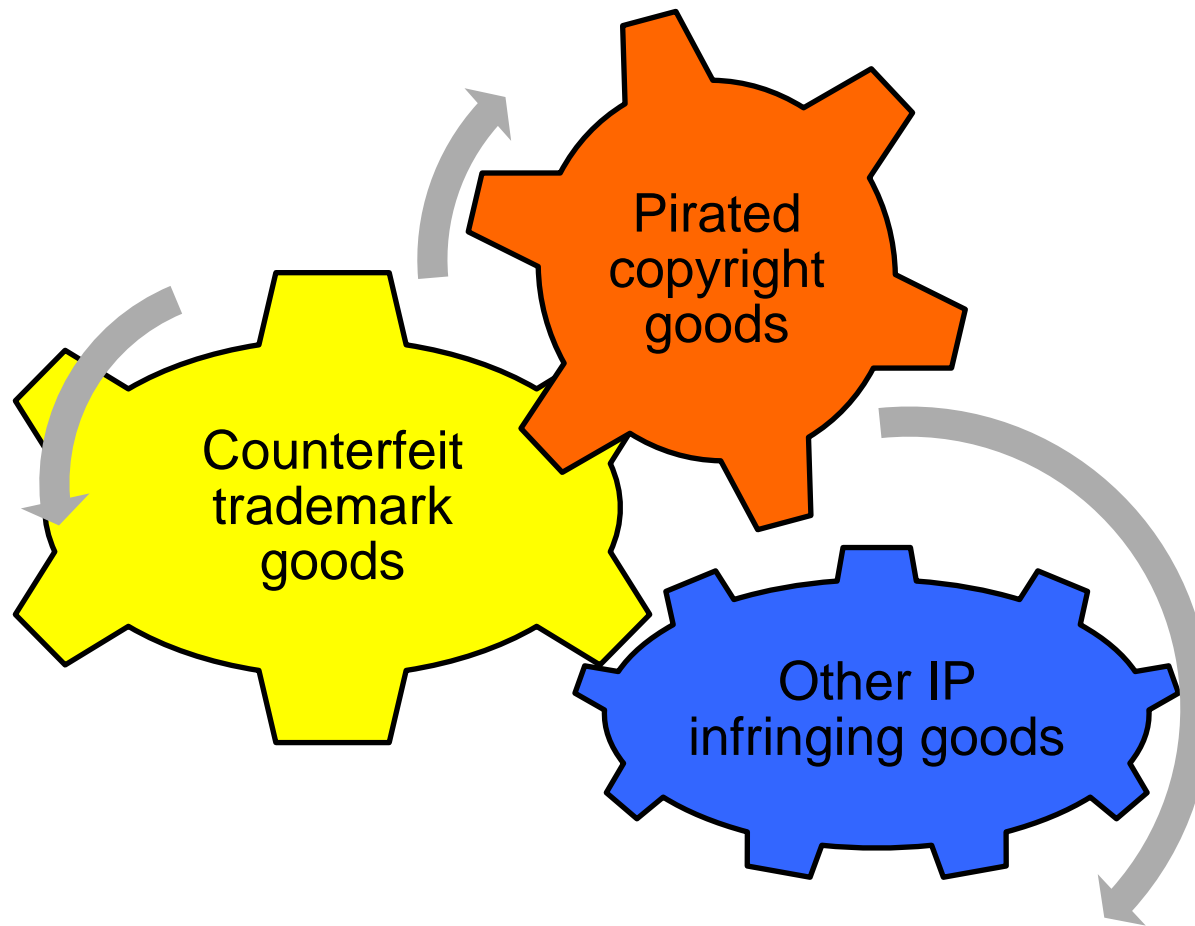
TRIPS Article 41 - General Obligations

- Make available enforcement procedures so as to permit effective action against IPR infringement, including:
 - expeditious remedies to prevent infringements; and
 - remedies which constitute a deterrent to further infringements
- Avoidance of the creation of barriers to trade
- Providing for safeguards against the abuse of such procedures
- Fair and equitable procedures
- Shall not be unnecessarily complicated or costly
- Does not create any obligation to put in place a judicial system for the enforcement of IPR distinct from the enforcement of law in general

TRIPS Article 69 – International Cooperation

- Members agree to **cooperate** with each other with a view to eliminating international trade in goods infringing IP rights. (...) They shall, in particular, promote the **exchange of information and cooperation** between customs authorities with regard to trade in counterfeit trademark goods and pirated copyright goods.

IP-Infringing Goods – TRIPS definitions



TRIPS – “counterfeit trademark goods”

- TRIPS Agreement Note 14 (a)
- “any goods, including packaging, bearing **without authorization** a trademark which is **identical** to the trademark **validly registered** in respect of such goods, or which **cannot be distinguished in its essential aspects** from such a trademark, and which **thereby infringes** the rights of the owner of the trademark in question **under the law of the country of importation**”

TRIPS – “pirated copyright goods”

- TRIPS Agreement Note 14 (b)
- “any goods which are copies **made without the consent** of the right holder or person duly authorized by the right holder **in the country of production** and which are made directly or indirectly from an article where the making of that copy would have **constituted an infringement** of a copyright or a related right **under the law of the country of importation**”

Disposal and Destruction of IP-Infringing Goods in the TRIPS

- Article 46
- Article 59
- Article 61

- The US/China WTO Dispute (DS 362)

TRIPS Article 46 – first sentence

- To create effective deterrent to infringement

- **Judicial authorities** shall have the authority to order that goods that they have found to be infringing:
 - be **disposed** of outside the channels of commerce (to avoid harm to the right holder); or
 - be **destroyed**, unless contrary to existing constitutional requirements.

- Without compensation of any sort

TRIPS Article 46 – second sentence

- **Judicial authorities** shall have the authority to order the disposal outside the channels of commerce of
 - materials and implements **predominantly used** to create infringing goods;
 - (...) in such a manner as to minimize the risks of further infringements.

- Without compensation of any sort

TRIPS Article 46 – third sentence

- Judicial authorities shall consider
 - The **need of proportionality** between the seriousness of the infringement and the remedies ordered, and
 - The interests of third parties.

TRIPS Article 46 – fourth sentence

- In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient **other than in exceptional cases**, to permit release of the goods into the channels of commerce.

TRIPS Article 59 - Remedies

- ... **competent authorities** shall have the authority to order the destruction or disposal of infringing goods in accordance with the principles set out in Art. 46.
- In regard to counterfeit trademark goods, the authorities shall not allow the re-exportation of the infringing goods in an unaltered state,
- or subject them to a different customs procedure,
- other than in **exceptional circumstances**.

TRIPS Article 61

- Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. (...) In appropriate cases, remedies available shall also include the seizure, forfeiture and **destruction** of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. (...)

WTO US/China Dispute (DS 362)

- In 2007, the U.S. filed a complaint with the WTO, concerning certain measures pertaining to the protection and enforcement of IP rights in China, including:
 - China's Regulations for Customs Protection of IP rights and related implementing Measures that govern the **disposal** of infringing goods confiscated by customs authorities.

WTO US/China Dispute (DS 362)

- Regarding the disposal of IP infringing goods, Art. 27 of the Chinese Customs IP Rights Regulation sets out the following:
 - Donation to social public welfare bodies;
 - Sale to the right holder with compensation;
 - Auctioning off after eradicating infringing features;
 - Destruction where infringing features are impossible to eradicate.

WTO US/China Dispute (DS 362)

- WTO Panel Report of January 26, 2009 provided for interpretation of certain TRIPS provisions, *inter alia*, of Art. 46 and 59.
- Art. 59 is **not applicable** to the extent that the customs measures apply to **exports**.
- With respect to imports, although auctioning of goods is not prohibited by Art. 59, the Panel concluded that the way in which China's customs auctions these goods was **inconsistent with Art. 59** because it permits the sale of goods after the simple removal of the trademark **in more than just exceptional cases**.