

World  
Trademark  
Review

# Anti-counterfeiting 2017



United Kingdom  
Finnegan Europe LLP  
*Clare Cornell*

## A Global Guide



中国外商投资企业协会  
优质品牌保护委员会  
QUALITY BRANDS PROTECTION COMMITTEE OF CHINA  
ASSOCIATION OF FOREIGN INVESTORS WITH QUALITY INVESTMENT



ATLANTA  
BOSTON  
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## VALUABLE TRADEMARKS AND DESIGN RIGHTS REQUIRE COMPREHENSIVE PROTECTION

Successful companies rely on the power of their trademarks, design rights, and brands to communicate the quality and distinctiveness of their products and services. With Finnegan's proven track record in high-profile litigation and managing worldwide portfolios, in-house counsel at leading global corporations consistently look to Finnegan to handle their most complex, high-stakes trademark matters.

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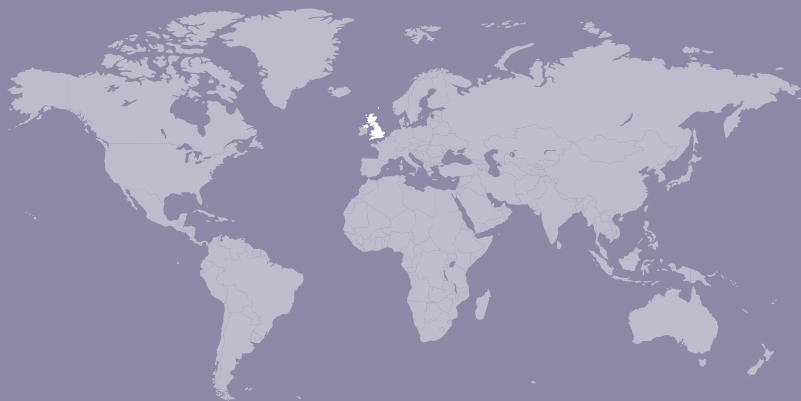
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# United Kingdom

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## Legal framework

The framework for taking action against counterfeit goods in the United Kingdom includes both national and EU provisions.

In the United Kingdom, trademark offences are listed in Section 92 of the Trademarks Act 1994. The Trademarks Act is supported by other legislation, including the Fraud Act 2006 and the Proceeds of Crime Act 2002. The Fraud Act sets out the law on false representations, possession of articles for use in the course of fraud and the manufacture or supply of articles for use in fraud. The Proceeds of Crime Act 2002 sets out legislation for recovery of the proceeds of crime through the criminal courts, as well as civil recovery.

In the European Union, trademark infringement is governed by EU Regulation 207/2009 and its subsequent amending regulation (2015/2424). EU Regulation 608/2013 concerns customs enforcement of IP rights and sets out procedural rules for customs authorities to enforce IP rights with regard to goods liable to customs supervision or customs control.

The 2015 amending regulation introduced provisions to prevent third parties from bringing into the European Union goods coming from third countries and bearing without authorisation a trademark which is identical to the trademark registered in respect of such goods or which cannot be distinguished in its essential aspects from that trademark when such goods are in transit and are not being released for free circulation.

## Border measures

Her Majesty's Revenue and Customs (HMRC) and the UK Border Agency are responsible for the control of UK borders. The Border Force is responsible for:

- monitoring customs;
- searching baggage, vehicles and cargo for illicit goods or illegal immigrants;
- patrolling the UK coastline and searching vessels;
- gathering intelligence; and
- alerting the police and security services to people of interest.

As the United Kingdom is part of the European Union, EU border regulations also apply. The main customs instrument for tackling IP infringements at the EU border is EU Regulation 608/2015.

In order to activate measures to prevent the entry of counterfeit goods into the United Kingdom, rights holders must apply for protection of their rights in an application for action. A single application may be made for protection within the United Kingdom or any other EU member state.

The application must provide the name,



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Clare Cornell is a European trademark and patent attorney. Her practice comprises trademark prosecution, maintenance, enforcement and opposition, clearance searching, portfolio management, IP due diligence and IP licensing and assignment. Ms Cornell provides a broad range of advice in high-level IP due diligence programmes, advising on all aspects of intellectual property as well as the preparation of agreements for the transfer of IP portfolios. She has assisted in multimillion-dollar IP due diligence projects during both the acquisition and divestiture of businesses, as well as coordinated multi-jurisdictional post-acquisition IP assignment programmes, and provided IP auditing services to clients who have acquired large IP portfolios, including portfolios having in excess of 1,000 rights.

address and contact details of the applicant, as well as the IP rights to be protected. Where the application is made for the United Kingdom only, evidence of UK trademark rights is required. Applications for more than one EU member state additionally require evidence of EU trademark protection and contact details for the applicant in each state concerned.

Applicants must supply a sufficiently detailed description of the goods, specific technical data found on the authentic goods (eg, barcodes) and images, as appropriate.

The applicant must also notify the IP Authorisation Unit when an IP right expires and regularly update information to enable Customs to analyse and assess the risk of IP infringement.

The applicant must also undertake to reimburse the costs incurred by Customs or other persons acting on its behalf, from the moment of detention of suspected counterfeit goods. These include costs associated with the storage and handling of the goods and, if appropriate, their destruction.

If the applicant has other relevant information concerning its products and the type or pattern of fraud experienced, this should also be provided.

Where a rights holder has information concerning a forthcoming shipment of counterfeit products, it should supply information concerning:

- the port or country from which the goods are consigned;
- the intended port of arrival;
- details of the counterfeit goods and the expected date of arrival; and
- any other intelligence which may assist Customs in recognising and seizing the counterfeit goods.

Where Customs identifies goods at the border that it suspects of infringing an IP right covered by an application for action, it will detain the goods, notify the parties involved and ask the rights holder to confirm whether the goods are infringing.

If the goods are confirmed as infringing, Customs will detain the goods for up to 10 working days (this can be extended by a maximum of 10 working days on request)

to enable the rights holder to initiate proceedings in the appropriate court or reach agreement with the owner for their disposal.

If customs officials detect goods which they suspect of infringing IP rights, but where no application for action is currently in force, Customs may seek to identify the rights holder and detain goods for up to three working days to allow an application to be lodged (ie, an *ex officio* action).

A simplified procedure allows the owner's agreement to abandon the goods to be presumed where the rights holder has been unable to obtain a response from the owner to the offer to abandon the goods.

Applicants must indemnify Customs for all costs incurred in acting on an application for action, including destruction and storage charges and costs incurred in defending appeals against seizure.

The EU Intellectual Property Office maintains an Enforcement Database (EDB), which contains information on products that have been granted an IP right. Police and customs officials in all EU member states can access this tool to view information and product details, making it easier for them to identify counterfeits and take action. Rights holders can register with the EDB, allowing easy contact with enforcement authorities. They can also use the service to:

- prepare general customs applications for action;
- receive alerts about suspicious cases; and
- alert enforcement authorities about suspected counterfeit products.

### **Criminal prosecution**

Criminal provisions relating to trademark infringement are set out in Section 92 of the Trademarks Act. Offences include:

- applying to goods or their packaging a sign that is identical to or likely to be mistaken for a registered trademark;
- selling or letting for hire, offering or exposing for sale or hire or distributing goods which bear, or whose packaging bears, such a sign;
- being in the possession, custody or control in the course of business of any such goods with a view to carrying out any of the aforementioned activities; and

- using in the course of business material bearing such a sign for labelling or packaging goods, as a business paper in relation to goods or for advertising goods.

It is also an offence to be in possession of an article specifically designed or adapted to make copies of a sign that is identical to or likely to be mistaken for a registered trademark, while knowing or having reason to believe that it will be used to produce the aforementioned items. Conviction of any of the aforementioned activities can result in a prison sentence or fine.

Various agencies in the United Kingdom are responsible for enforcing these provisions. Trading standards services are primarily responsible for enforcing the criminal IP laws, with support from the police and investigative assistance from rights holders.

Trading standards services are delivered by local authority trading standards services, which play a key role in protecting IP rights. Each service has a statutory duty to enforce the criminal provisions of the Trademarks Act within the relevant area. Trading standards officers have statutory powers to enforce IP rights on behalf of legitimate businesses.

The police also work with trading standards officers and Customs to fight counterfeiting and piracy. Under the Trademarks Act and the Copyright, Designs and Patents Act 1988, the police can ask the court for warrants to enter and search homes and businesses for evidence of infringement of IP rights. The Police IP Crime Unit, launched in September 2013, is a specialist national police unit dedicated to protecting UK industries that produce legitimate, high-quality goods and online digital content.

The Crown Prosecution Service (CPS) prosecutes IP crime investigated by the police and the National Crime Agency. Most of these cases involve fraudulent conduct on the part of individuals and corporate bodies. While local CPS areas prosecute the less complex cases, the CPS Specialist Fraud Division is fully equipped to prosecute more complex cases.

Private criminal investigations and prosecutions may also be launched by the rights holder in some cases. Where criminal prosecutions are brought by way of private

prosecution, the CPS has the power to take over proceedings, but this is rarely exercised.

The United Kingdom also has a national fraud and internet crime reporting centre, Action Fraud. It provides a central point of contact for information about fraud and financially motivated internet crime, including IP crime.

### Civil enforcement

Activities which constitute trademark infringement are set out in Section 10 of the Trademarks Act. These include the use in the course of trade of a sign that is identical to a trademark in relation to goods or services which are identical or confusingly similar to those for which it is registered. Where the mark concerned and goods or services on which it is used are identical, there is no need to provide evidence of a likelihood of confusion. Where the marks or relevant goods or services are similar rather than identical, a likelihood of confusion on the part of the relevant public must be shown in order for there to be a finding of infringement. Where marks have a high degree of recognition in the United Kingdom, protection may also extend to the use of such a mark on dissimilar goods, if it can be proven that the mark has a reputation and the use of the sign, without due cause, takes unfair advantage of or is detrimental to the distinctive character or repute of the trademark.

Infringing use includes:

- affixing a mark to goods or their packaging;
- offering for sale, marketing or stocking goods or supplying services under the sign;
- importing or exporting goods under the sign; and
- using the sign on business papers or in advertising.

Trademark infringement claims are taken to the Chancery Division of the High Court. Straightforward, lower-value cases can be brought before the IP Enterprise Court, where damages are capped at £500,000 and up to £50,000 in legal costs can be recovered. Complex cases are heard by the High Court Chancery Division, where there are no such restrictions on costs or damages. Procedures before the High Court can be both lengthy and costly.

Remedies available to a claimant through the IP Enterprise Court include:

- interim injunctions (in combination with a cross-undertaking in damages);
- final injunctions;
- damages or account of profits;
- delivery up of infringing goods;
- removal of marks from infringing goods; and
- destruction of infringing goods.

Delay in making a claim may be fatal to an application for interim relief; it is generally accepted that delay of more than one month may weaken such a claim.

The High Court Chancery Division can grant interim injunctions, including freezing injunctions, and search orders. The remedies that can be ordered include:

- permanent injunctions;
- damages or account of profits;
- destruction or delivery up of infringing goods; and
- costs.

### Anti-counterfeiting online

The sale and distribution of counterfeit products in the United Kingdom increasingly take place online, through both websites created specifically for the purposes of selling such goods and official channels (eg, online marketplaces and social media).

Online marketplaces and social media channels provide mechanisms for dealing with the sale of counterfeit products. Online marketplaces have policies and procedures for reporting counterfeit and infringing products, which are quick and straightforward to use.

Domain registrars also offer takedown services and react to requests from rights holders for the removal of infringing content from websites.

Various agencies and procedures exist for tackling domain names which take advantage of registered trademarks or sell counterfeit products. The resolution system used will depend on the top-level domain concerned.

Where ‘.uk’ domains are used for any unlawful purpose, Nominet provides a protection system for the brand owner. If Nominet receives an alert from a law enforcement agency, it will work with its

registrars to suspend domains, which then cannot be used in web or email addresses. Suspension requests can be made where a website is used to supply counterfeit goods or commit fraud under Section 2(1) of the Trademarks Act and Section 92(1) of the Fraud Act.

Where a civil resolution is required, Nominet's Dispute Resolution Service seeks to settle disputes through mediation and, where that is impossible, by a binding decision of an independent expert. The complainant must be able to demonstrate rights in a name that is the same as or similar to the domain name concerned. To succeed, the complaining party must prove, on the balance of probability, that the registration or use of the domain name is abusive.

### Preventive measures/strategies

The United Kingdom has an extensive network of both government and private bodies that can assist brand owners in their battle against counterfeit products.

The National Markets Group was established in 2008 to provide a forum for a national, coordinated, cross-sector approach to tackle the trade in counterfeit and pirated goods at markets and car boot fairs. The group comprises trading standards offices, the UK IP Office, police authorities, HMRC and industry groups representing rights holders. The National Markets Group will identify counterfeiters and provide information to trading standards services, allowing them to take action, as well as seizing counterfeit goods.

The Real Deal campaign – an initiative of the National Markets Group – is a cross-sector partnership initiative bringing together local authority trading standards services, market operators and traders, industry groups and copyright and trademark owners in order to tackle counterfeits found in markets in the United Kingdom.

Other not-for-profit groups exist which provide members with services including customs and online enforcement, investigations and monitoring services.

Brand owners can take advantage of these government-backed initiatives and private organisations to establish robust anti-counterfeiting strategies. A brand owner's supply chain network and customers can also form an essential resource in the identification of counterfeit goods; maintaining strong relationships with these groups can provide a quick, cost-effective method for identifying counterfeit products. Engaging consumers in social media forums and providing quick and easy reporting channels can provide an excellent monitoring resource. Due to the rising number of counterfeit products being sold online through marketplaces and social media, engaging a service provider to monitor websites for infringing content in auctions, e-commerce sites, search engines and social media platforms and assist with takedown requests is practically essential. Keeping a database of repeat offenders by regularly carrying out reverse WHOIS searches can assist in identifying future indiscretions. Engaging regularly with customs authorities can also help in the battle against counterfeit products; providing training sessions and supplying samples to help officials to recognise counterfeit products are also highly effective. **WTR**

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