



Topic 10 – Disposal of Infringing Goods

National Workshop – Enforcement of IPRs for Law Enforcement

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Samer Al Tarawneh
Legal Counsellor, Building Respect for IP

Overview

■ The Legal Framework under the TRIPS Agreement

- Article 46 of the TRIPS Agreement
- Article 59 of the TRIPS Agreement
- Article 61 of the TRIPS Agreement

■ The US/China Dispute (DS 362)

■ Studies in the framework of the Advisory Committee on Enforcement

■ Cooperation with the UN Environmental Programme (UNEP)

Article 46 of the TRIPS Agreement – First Sentence

Judicial authorities shall have the authority to order that seized goods:

- be either 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”

Article 46 of the TRIPS Agreement – Second Sentence

Judicial authorities shall also 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”

Article 46 of the TRIPS Agreement – Third Sentence

■ Judicial authorities shall consider –

- The need for proportionality between the seriousness of the infringement and the remedies ordered, and
- The interests of third parties

Article 46 of the TRIPS Agreement – 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”*

Article 59 of the TRIPS Agreement

- *“...competent authorities shall have the authority to order the destruction or disposal of infringing goods in accordance with the principles set out in Article 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, and*
- *Other than in exceptional circumstances”*

Article 61 of the TRIPS Agreement

“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.” (Emphasis added)

US/China dispute (DS 362)

- In 2007, USA filed a complaint with the WTO (requesting a panel to be constituted) against various Chinese IP enforcement measures for not complying with TRIPS, incl. customs measures relating to the disposal of infringing goods.
- WTO Panel: Report on January 26, 2009 – important interpretation of Articles 46 and 59 TRIPS.

US/China dispute (DS 362)

Article 27 of the Chinese IPR Customs Regulations:

“Where the confiscated goods which infringe on [IPRs] can be used for the social public welfare undertakings, Customs shall hand such goods over to relevant public welfare bodies for the use in social public welfare undertakings. Where the holder of the [IPRs] intends to buy them, Customs can assign them to the holder of the [IPRs] with compensation. Where the [infringing] confiscated goods [...] cannot be used for social public welfare undertakings and the holder of the [IPRs] had no intention to buy them, Customs can, after eradicating the infringing features, auction them off according to law. Where the infringing features are impossible to eradicate, Customs shall destroy the goods”.

US/China dispute (DS 362)

- Article 27 of the Chinese Customs IPR Regulations set out four different options “**in cascade**” for the disposal or destruction of goods:
 - Donation to social public welfare undertaking ...
 - ... **or** purchase by the right holder;
 - **If not**, auctioning off after eradicating of the infringing features;
 - **If not**, destruction.

Environmentally Safe Disposal of IP Infringing Goods – ACE Discussions

- WIPO/ACE/5/7 “*Addressing Costs and Balancing Rights*,” Mr. Ronald Brohm, Amsterdam, Netherlands, November 2009
- WIPO/ACE/6/8 “*A Study Relating to Existing Methods of Disposal and Destruction of Counterfeit Goods and Pirated Goods within the Asia Pacific Region*,” Mr. David Blakemore, Executive Director, Asia Pacific Secretariat, IPR Business Partnership

■ <http://www.wipo.int/enforcement/en/ace>

Cooperation with the UN Environmental Programme (UNEP)

■ WIPO/UNEP Regional Workshops on the Disposal of Counterfeit Goods (Bangkok, 2012 and 2013)

- The Judiciary
- Senior law enforcement officials
- Senior officials from the environmental agencies
- Representatives of IP Offices
- Members of the private sector

http://www.wipo.int/export/sites/www/freepublications/en/patents/948/wipo_pub_948_4.pdf



THANK YOU

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