



Topic 5 – Trademark Counterfeiting, Copyright Piracy, Commercial Scale

*National Workshop – Enforcement of IPRs for Law
Enforcement Agencies*

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Introduction

■ Article 61 TRIPS

- *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**. [...]. Members **may** provide for criminal procedures and penalties to be applied in **other cases of infringement of intellectual property rights**, in particular where they are committed wilfully and on a commercial scale.*

Trademark

- Reminder – A trademark =
- defined in national trademarks statutes
- consist of at least of a “sign” or combination of “signs”
- “Sign” includes as a minimum words, personal names, letters, numerals, figurative elements and combinations of colors as well as any combination of these

Trademark

- Reminder – A trademark =
- The sign must be capable of distinguishing the goods or services of one undertaking from those of other undertakings
- It must serve as a badge of origin
- The ability to distinguish can either be:
 - inherent
 - acquired through use

Primary function of a trademark

- The prime function of a trademark is to protect the business of the trademark owner
- Serve big and small
- Trademarks
 - promote invention
 - protect investment and
 - enhance market-share by securely identifying a product or service

Secondary function of a trademark

- Trademarks also serve the consumer and the public in general
- Trademarks facilitate choice by:
 - identifying the product or service
 - guaranteeing its provenance (source or origin)
 - guaranteeing its presumed quality



Trademark Infringement

- Object of trade mark law is to prevent misleading commercial “speech”
- Trademark infringement consists essentially in causing confusion in relation to origin
- It destroys or dilutes the badge of origin
- It confuses and misleads the public
- through “trademark use” by the defendant

Primary Trademark Infringement

Primary infringement consists of

- the use of any sign
- which is **identical** with the registered trademark
- in relation to goods or services which are **identical** with those for which the trademark is registered
- in the course of trade
- without the consent of the trademark proprietor

=> **Identical / Identical**

Secondary Trademark Infringement

Secondary infringement consists of the use of any sign where:

- because of its **identity with, or similarity to**, the registered trademark
- and the **identity or similarity** of the goods or services covered by that trademark
- there exists a **likelihood of confusion** on the part of the public

⇒ **Identical / Similar**

⇒ **Similar / Identical**

⇒ **Similar / Similar**

+ likelihood of confusion



Trademark Counterfeiting

- TRIPS Agreement:
 - Art. 61
 - Art. 51 “counterfeit trademark goods” + footnote 14
- 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)

=> **Identical / Identical**

=> **Trademark Counterfeiting = Primary Trademark Infringement**

Trademark Counterfeiting

- WTO Panel, USA/China dispute (DS 362), Report of January 26, 2009
 - Par. 7.520: *“The terms “trademark counterfeiting” and “copyright piracy” are not defined in the TRIPS Agreement. They are distinct from the concepts of “trademark infringement” and “copyright infringement”. They are similar to the terms “counterfeit trademark goods” and “pirated copyright goods” which are defined [in footnote 14 to the TRIPS Agreement]”*
- Trademark Counterfeiting is always a Trademark Infringement, but Trademark Infringement is not always an act of Trademark Counterfeiting :
 - Trademark Counterfeiting = Primary Trademark Infringement
 - Trademark Counterfeiting ≠ Secondary Trademark Infringement

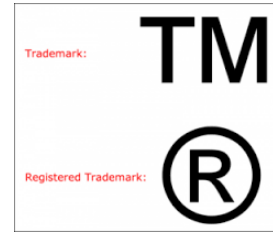
Trademark Counterfeiting

- Trademark Counterfeiting is always a Trademark Infringement, but Trademark Infringement is not always an act of Trademark Counterfeiting :
 - Trademark Counterfeiting = Primary Trademark Infringement
 - Trademark Counterfeiting ≠ Secondary Trademark Infringement
- Why does it matter?
 - Trademark Infringement (Primary / Secondary): Civil action
 - Trademark **Counterfeiting**: *potentially (conditions of wilfulness + commercial scale?)* an offence => **criminal action** (without prejudice to the civil action)

TM Counterfeiting : “Any goods, including packaging”

- Trademarks can apply to goods (say: computers) or services (say: financial services like insurance)
- TRIPS also applies to the counterfeiting of service marks even though not common
- It is not necessary that a trademark is affixed to the goods themselves
- It may be on the packaging
- Either amounts to infringement and counterfeiting

“Bearing a trademark validly registered”



- The trademark must have been “registered”
- Within the jurisdiction where the prohibited dealing takes place
- Imported goods: registered in the jurisdiction into which the goods are imported
- Certificate issued by the local IP Office
- Unregistered trademarks may be entitled to other protection:
 - Unfair competition
 - well-known unregistered foreign trademarks (Article 6*bis* of the Paris Convention and Article 16 of TRIPS)

“Registered in respect of such goods”

- Trademarks are registered in respect of specific goods in classed
- Requirement of primary infringement
- The mere use of an identical mark does not amount to counterfeiting
- It is only if the trademark has been registered in respect of those goods

“Which is identical to the [registered] trademark”

- The same in all material respects
- Based on the overall impression
- Insignificant differences must be ignored
- Comparison with the “registered mark” as it appears on the official registration certificate and not as it has actually been used by the trademark owner on its merchandise



“which cannot be distinguished in its essential aspects”

- “Or which cannot be distinguished in its essential aspects from such a trademark”
- Prevent a counterfeiter from escaping liability by modifying a protected trademark in trivial ways
- The use in arguable cases of trademark infringement based on confusing similarity cannot be considered to be counterfeit
- Not necessary to consider the factors which are used to determine whether a mark creates a likelihood of confusion about its source
- Counterfeit marks are inherently confusing



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Actual confusion is not required

- Many persons buy counterfeit goods willingly
- However, an accused may not rely on the fact that the purchaser was not or could not have been misled because, for instance, of the price or low quality of the goods or the location of the seller's premises

“Which infringes the rights of the owner of the trademark”

- Trademark infringement by means of counterfeiting is a crime while “ordinary” trademark infringement is a statutory civil wrong
- Criminal counterfeiting inevitably constitutes civil infringement of the registered trademark (all TM counterfeiting is a TM infringement but not vice-versa)

“Without authorization”

- There cannot be infringement of a right if what was done was with the consent of the rights owner
- The prosecution must prove that the goods are not genuine goods meaning that they did not originate from the trademark owner or its licensee

“Under the law of the country of importation”

- Requirement not of general application
- Applies to imported goods only
- Consequence of
 - the principle of territoriality and
 - the requirement of registration

Who counterfeits?

- Local law determines who is deemed to be a counterfeiter
- Person who commits the actual act of counterfeiting
- Importer
- Dealer
- Accessory

Copyright Piracy

- Copyright piracy deals with the criminal infringement of
 - copyright and
 - rights related to copyright.
- Piracy presupposes civil infringement.
- Criminal liability (willfulness - infringement on a commercial scale).

Nature of copyright

- Copyright deals with the rights of intellectual creators in the literary, scientific and artistic domain.
- It is the right of the author of an original “work”.
- Secures reasonable remuneration for the use of the work.
- Protects expression and form.
- Does not protect ideas, procedures, methods of operation, or mathematical concepts as such.
- Novelty and quality irrelevant.
- It must be an original creation of the author.

Copyright rights

- Protects the owner against those who “copy”, (reproduce) the form of the work.
- Other acts of exploitation as more specifically defined in national law are also infringing, in accordance with the nature of the work
 - performance of a dramatic work,
 - rental of a DVD and
 - broadcasting of a musical work.

“Related rights” (“neighboring rights”)

Related to copyright.

Rights of those who assist intellectual creators to communicate their message by disseminating their works to the public at large

- Performers
- Producers
- Broadcasters

Requirements for copyright

- The work must be a protected work.
- It must be original.
- It must be reduced to material form.
- The work must be eligible for copyright protection.

Protected works

- Local legislation defines eligible “works”
- International requirement: “literary and artistic works” are entitled to copyright protection and they “include”:
 - Books and other writings
 - Dramatic or musical works
 - Cinematographic works (films)
 - Drawings, paintings, sculptures and engravings
 - Photographs
 - Computer software.

The meaning of “original”

- Different approaches:
 - Classic common law: “Sweat of the brow” or “industriousness” standard. More than a mere copy.
 - Development: expression of an idea by exercise of skill and judgement.
 - **Civil law**: work is its author’s own intellectual creation and reflects the author’s personality.

Proof of copyright

- *Registration*: is not – and may not be – a requirement for subsistence of copyright but, if provided for in the laws of a country, it may provide *prima facie* evidence of subsistence.
- *Affidavit evidence*: Depends on local law.
- *Presumptions* – the Berne requirements

Exclusive rights of authors

Someone who exercises an exclusive right without the authorization of the owner commits an act of civil infringement e.g.

- Makes reproductions in any manner or form;
- Translates;
- Makes adaptations and arrangements of the work; and
- Uses the work as a basis for an audiovisual work.

TRIPS: Copyright piracy

- WTO Panel, USA/China dispute (DS 362), Report of January 26, 2009
 - Par. 7.520: *“The terms “trademark counterfeiting” and “**copyright piracy**” are not defined in the TRIPS Agreement. They are distinct from the concepts of “trademark infringement” and “copyright infringement”. They are similar to the terms “counterfeit trademark goods” and “**pirated copyright goods**” which are defined [in footnote 14 to the TRIPS Agreement]”*
- any goods which are copies
- made without the consent of 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)
- *[This definition is incomplete because it was intended to deal with imported goods only but it does provide a useful guide]*

“Copies made directly or indirectly from a copyright work”

- Copyright infringement is a pre-requisite for piracy.
- But not mean that all infringing acts amount to piracy.
- Pirate goods take wholesale the value of the protected work.
- In practice, pirate goods are duplicates of the original.

Works that are typically pirated

- Computer programs
- Optical media such as DVDs and CDs
- Digital downloads
- Photographs
- Books and teaching materials
- Broadcasts of sporting events.



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Copies made without consent

- Lack of consent of the right holder is also a requirement for civil infringement.
- Follows from the definition of the rights of a copyright owner.
- Prosecution must prove the lack of consent.
- Seldom in issue.

Who commits piracy

- Local law determines who is pirate.
- The person who commits the actual act of piracy.
- Anyone who imports or deals with pirated goods on a commercial scale.
- Accessory or someone who aids and abets in the commission of the crime.

Technological protection measures and rights management information

- Depends on local law.
- Many countries have introduced laws to protect technical measures against circumvention (in the case of technological protection measures) or removal for the purpose of facilitating or concealing an infringement

TRIPS: “commercial scale”

- Not defined
- WTO Panel, USA/China dispute (DS 362), Par. 7.577: “[...] *what constitutes a commercial scale for counterfeiting or piracy **of a particular product on a particular market** will depend on the **magnitude or extent** that is typical or usual with respect to such a product in such a market, which may be small or large. The magnitude or extent of typical or usual commercial activity relates, in the longer term, to **profitability***”.

TRIPS: “commercial scale”

- Profit purpose + magnitude, size
- Factual issue
- Relative standard
- Varies when applied to different factual situations
- Varies by product and market
- May be small or large

National laws

- Almost all countries define the criminal offense by reference to overtly commercial acts, such as
 - sale or offer for sale of infringing copies,
 - to obtain a “commercial advantage” or
 - “in the course of trade or commerce” or
 - importation except for personal use.

Making or buying of fakes for personal or private use

- TRIPS directed at punishing the counterfeiter and the dealer
- Does not require that the purchaser of a fake watch, CD or DVD be criminally liable unless the purchase is with the object of an on-sale.
- A person who for own use makes an otherwise unauthorized copy does not commit a crime.

A FAKE CROCODILE CAN MAKE YOU CRY REAL TEARS.



**IN FRANCE, BUYING OR CARRYING A COUNTERFEIT
PRODUCT IS A CRIMINAL OFFENCE PUNISHABLE BY UP
TO 3 YEARS IMPRISONMENT AND A € 300 000 FINE.**

COUNTERFEITING IS A REAL MENACE TO SOCIETY.



COMPROPRIÉTÉ DE FRANCE DÉPARTEMENT DES COMPTES DÉPARTEMENT DES COMPTES DE LA FRANCE NATIONALE INSTITUTIONS DÉPARTEMENT DES COMPTES

Thank you for your attention!



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