

Question Q208

National Group: Finland
Finlande
Finnland

Title: **Border Measures and other means of Customs Intervention against Infringers**

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I. Analysis of current law and case law

1. Do the laws of your country provide for border measures? If so, what is the legal basis?

Yes, legal basis for border measures is the Regulation (EC) No 1383/2003. The legal basis for the IPR infringement is the national IPR legislation.

2. Do the laws of your country provide for other measures of customs intervention against infringers? If so, which ones and what is the legal basis?

Yes, it is also possible to apply customs intervention as a precautionary measure based on a court order under the Code of Judicial Procedure (Chapter 7 Section 3). Also the Act on Securing Production of Evidence in Civil Disputes Concerning Intellectual Property Rights could be used for gathering evidence via customs intervention.

3. Are border measures and other measures of customs intervention against (collectively referred to as “border measures”) only available for pirated copyright and counterfeit trademark goods or also for goods infringing other IP rights? If so, for which types of IP rights are border measures available? Are border measures in particular available for goods infringing patents, plant variety rights, common law marks, unregistered design rights, or geographic indications? Is actual registration of the IP rights required or is an application to register sufficient? Does unfair competition, passing off or the like give rise to border measures?

Border measures are available for both pirated copyright and counterfeit trademark goods and also for goods otherwise infringing intellectual property rights. Border measures are available for all types of IP rights including patents, plant variety rights, geographic indications and for unregistered Community design rights. Common law marks are not recognized in Finland. Border measures are only available for copyrights and unregistered Community design rights and registered rights in force in Finland, including registered Community trademarks and registered Community designs. Unfair competition, passing off or the like does not give rise to border measures.

4. Are border measures available for parallel imported goods? Are border measures available for goods contained in a travellers' private luggage? Are there any other goods excluded by your border measures legislation?

No, according to the EC Regulation No 1383/2003 border measures are not available for parallel imported goods.

Border measures are always available for goods contained in a travellers' private luggage in a case of copyright infringement. In a case of trademark and other IPR infringements, border measures are only available for goods imported in a travellers' private luggage for business purposes and not only for private use.

As to other exclusions, goods manufactured under conditions other than those agreed upon between, *e.g.*, the right-holder and a licensee, cannot be seized under the EC Regulation No 1383/2003 on border measures. Therefore, the Customs authorities in Finland neither have the powers nor the duty to monitor the licensees' compliance with license terms under this regime without a court order.

5. Who is entitled to file an application for customs action? Is there a centralised system for managing multiple applications for customs action through a single contact point? What are the conditions for border measures? In particular, what level of evidence for alleged infringement and other information is required by customs authorities regarding the application for customs action? To which extent are customs authorities willing to receive training by the right holder? Do customs authorities generally require the provision of a security to protect the owner, holder or importer of the allegedly infringing goods? If so, will such security depend on the type of IP rights? May the customs authorities take ex officio measures? If so, what is the practical relevance of ex officio action in your country? Are customs authorities liable in case of wrongful ex officio detention?

Both the right holder and the license holder are entitled to file an application for customs action.

The Finnish National Board of Customs handles all the applications for customs action as centralized contact point.

As conditions for border measures the right holder or the licence holder must fill in the standardized form for customs application for action and the application shall be accompanied by a declaration from the right holder concerning the costs liability must be included. Furthermore the applicant needs to present an extract from the register showing the right in question (except copyright, which cannot and need not be registered in Finland, and unregistered Community design right). Suspicion of infringement on the basis of investigated samples and/or pictures of the samples and other received information is sufficient for border measures.

There are three different situations/options for initiating border measures:

- 1) An application for customs action requesting border control for a maximum period of one year, which can then be renewed for unlimited number of subsequent one year periods (any specific infringement suspicion is not needed),
- 2) An ad hoc application for customs action because of right holder's suspicion on possible infringement specified in the application, and
- 3) Border measures ex officio in which case the right holder must file an application for action concerning specifically the shipment / products seized by the authorities and the application shall be filed within 3 working days from the notification from the customs.

The Finnish customs is willing to receive training from the right holders. The National Board of Customs organises an IPR / Counterfeit Seminar for customs officials from different customs stations around Finland twice a year. Right holders are also encouraged to participate in the seminar to give training on their brands and different products in order to recognize counterfeits / infringements.

Customs authorities do not require any security to protect the owner of the allegedly infringing goods. A signed declaration from the right holder is enough together with the application for action.

The customs authorities in Finland quite frequently start border measures also ex officio. In case of ex officio detention the deadline for filing the application for customs action is shorter (only 3 working days from the custom's notice) than in situations where the right holder has already filed an application for action (10 working days from the custom's notice).

The customs authorities are not held liable for wrongful ex officio detentions. According to the Regulation 1383/2003 the right holder must by signing the declaration accept liability towards the persons involved in the event that a customs seizure procedure is discontinued owing to an act or omission by the right holder or in the event that the goods in question are subsequently found not to infringe an intellectual property right. However, there is no legal praxis yet in Finland what such a liability in practice means.

6. Are customs authorities properly equipped to identify goods which infringe patents, plant variety rights, common law marks, unregistered design rights, geographic indications or the like?

The customs officials are not equipped to identify goods of technically more complex nature and which are alleged to infringe patents and plant variety rights, and it is thus up to the right holder to inform customs officials about possible infringing products and assist them in identifying the suspect products. As discussed above, common law marks are not covered by border measures in Finland.

7. Is only the right-holder or also the owner, holder or importer of the allegedly infringing goods notified once the customs authorities detain goods? How can the alleged infringer obtain information about the status of border measures and what information is provided by customs authorities to the alleged infringer?

Normally the customs informs the right holder's representative designated in the customs application for action or if no application has been filed the registered representative of the right holder (such as a registered trademark agent). In case there are no designated / registered representatives the customs informs the right holder directly. In import situations the Finnish importer is notified of the seizure as well. In transit shipments the transportation companies and forwarding agents involved are informed.

The alleged infringer can get information about the status of the border measures from the customs station in question (i.e. which has made the seizure). Normally the customs simply informs the alleged infringer of the applicable deadlines and gives the contact information of the right holder's representative and asks the infringer to contact the representative directly. In transit situations the forwarding agents often act as "intermediaries", i.e. they are in contact with the customs and then the right-holder's representative on behalf of the their clients (often Russian forwarding agents or Russian consignees of the seized goods) to accelerate the handling of the matter and in some cases facilitate the settlement negotiations.

8. **What happens after notification? Briefly describe the procedure following notification. Is the inspection of the allegedly infringing goods following notification usually carried out by the right holder or by an expert? Does your border measures legislation provide for a simplified procedure allowing the destruction of the goods without there being any need to determine whether IP rights have been infringed? If so, in which cases? Are samples of the goods preserved for evidence purposes? If proceedings must be issued to determine whether the goods infringe IP rights, are both civil and criminal proceedings available to determine infringement? What are the advantages and disadvantages of the respective proceedings? What is the impact of a nullity action seeking to invalidate IP rights on the application for customs action? May customs authorities release goods suspected of infringing IP rights on provision of a security by the owner, holder or importer of such goods? If so, will such release depend on the type of IP rights?**

The customs most often inform the right holder's representative of the allegedly infringing goods by phone. They give the basic information about the products seized (type and quantity of the products, place of departure and destination and the deadlines) over the phone. Then they send digital pictures of the products by e-mail and documents (without the price information) by telefax or e-mail. It is also possible to get physical samples of the products if needed.

When the right-holder / representative has studied the above described material and information, they will first confirm to the customs office in question whether they want the goods to remain seized or not. In case the customs has informed the right holder ex officio, then the right holder must file a customs application for action concerning explicitly the seized products within 3 working days from the notification (the notification day not counted). Counted from the National Board of Customs' decision for said application the right holder must take further actions within 10 working days. In case the right holder already has a customs application for action filed and in force, the right holder has 10 working days from the notification (the notification date not counted) to take actions. The right holder may once apply for 10 working days extension.

Within said 10 working days time limit the right holder must decide whether it considers the goods infringing and how to proceed. The pictures and samples are normally inspected either by the right holder's representative or the right-holder itself. In most cases the right holders try to reach an amicable settlement agreeing on a destruction of the infringing products under customs supervision.

In case the settlement cannot be reached within said deadlines, the right holder must either initiate court proceedings (in accordance with the local IPR legislation and procedural rules applicable in Finland) or to file a request for criminal investigation at the customs (the criminal investigation department of the competent customs station) in order to keep the stopped goods seized at the customs. In most cases a request for criminal investigation is filed and settlement negotiations are still continued. In transit situations a criminal investigation request is more a formality to keep the goods seized because criminal investigation concerning foreign parties (like often a Chinese consignor and a Russian consignee) is in practice impossible. A civil IPR infringement case is started mostly only if dispute of the infringement exists.

In Finland the simplified destruction procedure (based on the Article 11 of the Regulation 1383/2003) has not yet been implemented into the national legislation, but it will be included in the Finnish Customs Act which is currently being reformed. A first draft of the proposed set of rules has been prepared for comments, but it remains to be seen how fast the new procedure will be implemented and in what form. In the Finnish

AIPPI Group's view will be important to include a rule that samples of destroyed products shall be preserved.

In import / export situations both civil and criminal proceedings are available to determine whether an infringement exists. In transit situations (which most part of the customs seizures in Finland are) only civil proceedings are in practice used because it is difficult to show criminal intent in Finland as the goods are only in transit here. Another practical difficulty in transit shipments is to find the parties involved (like Chinese consignors and Russian consignees) even for serving the summons. Therefore, even though criminal investigations would have initially been commenced at the right holder's request for the purposes of continuing the seizure of the goods in transit after the 10(+10) day period and of continuing pursuing a settlement, the cases are usually finally decided as civil and not as criminal cases before the Court, once it turns out that a settlement cannot be reached and criminal investigations are discontinued as unsuccessful.

As to the advantages of criminal proceedings, they may be more likely to scare the infringers than civil proceedings. Starting criminal proceedings may also have other benefits: the preliminary investigations are conducted by the authorities and require less attention by the right holders at the early stages of the investigations. This may also reduce the right holder's costs in the early stages of the proceedings. Both the customs and the police have pre-investigation powers in Finland but in boarder seizures the criminal requests are mostly filed with the customs.

There is no case law in Finland so far on the impact of the nullity actions to the customs applications for action. In the Finnish AIPPI group's view a pending nullity action should have no effect as the customs should consider the right holder entitled to action as long as the rights are in force. This is the case, e.g. in precautionary measure proceedings concerning IP rights supporting this view: the recent case law shows that a pending infringement action does not prevent a precautionary measure from being granted. Analogously, the mere commencement of a nullity action should not have any effect on border measures.

Under the EU Regulation 1383/2003, the customs cannot release the seized goods against a security by the owner, holder or importer of the goods.

9. If goods are found to infringe IP rights, may a right holder oppose - exportation of infringing goods from your country; - infringing goods in transit; - placement of infringing goods in a free trade zone or free trade warehouse?

Yes, the right holder can oppose all these.

10. If goods are found to infringe IP rights, do the judicial or customs authorities of your country generally order the destruction of the goods or do they have the authority to dispose of the goods outside commercial channels (e.g. to charity)? May the competent authorities also order the infringer to give the names of his accomplices, upstream or downstream in the channels of production and distribution?

If the goods are found to infringe intellectual property rights, only the courts may order the goods to be destroyed. The parties can of course agree on the destruction and in practice most of the seized goods are destroyed based on the concluded agreements. The parties may also agree on alternative measures to be taken. If the parties are not able to agree on the subject matter, then the court may only render such decisions which are in compliance with the applicable Finnish legislation (e.g. according to the Finnish Trademarks Act the court may order that the trademark placed on goods

without authorization shall be erased or altered, or if this is not possible the goods shall be destroyed). The Finnish legislation does not contain any provisions under which the goods could be ordered to be disposed e.g. to charity. The customs does not have the power to order the destruction of the goods.

Under the Act on Securing Production of Evidence in Civil Disputes Concerning Intellectual Property Rights and under the Code of Judicial Procedure, the court may order the infringer, in the event the right holder so demands, to provide necessary information regarding the origin of the goods and the distribution network. The necessary information may include the name and address of the producer, manufacturer, distributor, supplier, owner, wholesaler and retailer of the goods. In addition, the information may include the quantity and price of the goods.

11. May judicial or customs authorities order the applicant to pay the owner, holder or importer of goods appropriate compensation for any injury caused by wrongful detention? What is considered appropriate compensation and does it include attorney fees or other expenses?

The court may order the applicant (or the right holder as the case may be) to pay compensation to the owner, holder or importer of goods due to wrongful detention of the goods in accordance with the Regulation 1383/2003 and the declaration signed by the right holder in connection with the customs application for action. According to the declaration the liability is based on the national compensation rules in force in Finland. General opinion of the Finnish representatives of the right holders has been that there should be no liability from the time period starting from the Customs' seizure notification to the deadline to take actions (i.e. 10 working days which can be have been extended with another 10 working days), however, no legal praxis on such compensation liability exists in Finland.

The courts have the power to order the applicant (or the right holder as the case may be) to pay compensation which shall be determined under the Finnish Tort Liability Act. The customs is not able or authorised to order any compensation to be paid. According to Finnish Tort Liability Act, the owner of the goods shall be entitled to full compensation. However, the type and amount of compensation in customs seizures has so far not been handled in courts. It should be noted that in Finland in praxis the compensations awarded are quite moderate.

II. Proposals for adoption of uniform rules

1. Do you think that the adoption of uniform rules and best practice of customs authorities in the area of border measures and better coordination between countries and at an international level are desirable to improve enforcement?

The Finnish AIPPI Group welcomes the adoption of uniform rules and best practice of customs authorities in the area of border measures to improve enforcement.

The EU wide regulation on border control (i.e. Council Regulation 1383/2003/EC) concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights has been in force since 1 July 2004) and its predecessor are good examples of efficient adoption of uniform rules within the EU level. The EU wide legislation has harmonized both the basis for border control as well as the administration of border control, e.g. the application form for action and data required have been harmonized. In addition, the possibility to file only one application for border

control based on a Community trademark or design, instead of filing national applications in each EU member state is also a great improvement from the right holders perspective and may in certain cases reduce the costs for the monitoring at the EU borders. Also the abolishment of fees and guarantees has helped small and medium sized companies to use the system without incurring costs.

The Finnish AIPPI Group also considers that better coordination between the various customs offices in different jurisdictions and sharing of information of best practices as well as trends and intelligence of traffickers. For example, the European Commission, other EU institutions and EU Member States are jointly fighting counterfeit on various fronts. The latest successful initiatives in this respect are the EU-co-ordinated action "MEDI-FAKE" regarding pharmaceuticals and an EU-US joint customs operation called "INFRASTRUCTURE" concerning integrated circuits.

2. What should the scope of border measures be? Do you think that border measures should be available also for goods infringing IP rights for which your national law currently does not provide border measures? If so, which IP rights? Should unfair competition give rise to border measures? Which goods should be excluded by border measures legislation?

The scope of border measure should be as wide as possible covering copyright and all relevant other registered IP rights. As explained above, the EU Regulation on border measures (1383/2003) is directly applicable in Finland and it covers in practice all relevant IP rights enjoying protection under Finnish law.

As explained above however, parallel imported products are excluded from the scope of border measures. Neither do the rules on unfair competition give rise to border measures. The Finnish AIPPI Group considers that including the unfair competition rules as a basis for Customs action might be problematic, as the cases are usually not as straight-forward as clear counterfeit cases and thereby, the Customs authorities may not be equipped with enough expertise and resources to monitor those. The group considers that other means of legal protection secure the right holders against unfair competition and alike.

Finland plays a special role in the fight against counterfeits and pirated goods due to its geographic location at the Russian border. The territory of Finland is increasingly used for transit to infiltrate both the European and Russian markets with infringing products. Therefore it is important for the whole EU that Finland's border control regime works efficiently. The approach of the national customs authorities and local courts to anti-counterfeiting measures has been very effective. The Finnish AIPPI Group considers that the current border control regime in Finland sufficiently secures the right holders rights – also in transit situations: in Finland, the national legislation on trademarks allows right-holders to seize transit shipments containing counterfeit goods, and this has also been confirmed in recent case law. In the Finnish AIPPI Group's view there is no need to expand or amend the current system in Finland. The Group also considers that any further harmonization should be made very carefully to not to deteriorate the level of protection of IP holders rights in Finland. The Finnish AIPPI Group considers that the approach taken by Finland could serve as a useful example for countries which currently provide less efficient regime for border control. .

3. What rules should apply in relation to the lodging and processing of applications for customs action? Should there be a centralised system for managing multiple applications for customs action through a single contact point? Should there be uniform rules on the provision of information by the applicant? What should the required level of evidence for alleged infringement be? Should there be uniform rules on the provision of information by the customs authorities?

The main principles should be set by EU with standards and guidelines, but the main level of the legislation and procedures in the countries must remain as it is. There should not be any new obligations for the right holders.

A single point for the all applications in national Customs is a cost-effective, fair, simple and most professional way to administrate the processes. In Finland a one-point-system has been used for years with excellent results.

There should not be any strict rules on provisions of information by the applicant, only some basic guidelines to harmonize the situation. The basic information given by the applicant is sufficient and the customs has a right to request more information if needed for their purposes.

The required level of the evidence should be the basic information from the applicant: The right holders claim with the basic information of the goods or the infringement. The main purpose for this information is to make the Customs to carry out the required boarder measures.

There should be some guidelines on the provision of information by the customs. The right holders should get information about the goods, the carriers, consignee, consignor etc. To act against the piracy it is important that the right holders get sufficient and relevant information at this stage of the process.

4. What rules should apply in relation to the procedure following notification? Should there be a simplified procedure allowing the destruction of the goods without there being any need to determine whether IP rights have been infringed? Should there be uniform rules on the examination of the goods by the right holder, security and compensation in the case of wrongful detention of goods and disposal of infringing goods?

There should be a simplified procedure for destruction of the goods. The declaration from the right holder about infringement should be sufficient to run this process. The right holder should receive a sample of the products to protect its interest and rights in possible further claims about wrongful detention of the goods by other parties.

National Groups are invited to comment on any additional issue concerning border measures and other measures of customs intervention which they find relevant.

It will be helpful and appreciated if Groups follow the order of the questions in their Reports and use the questions and numbers for each answer.

Summary

The border measures in Finland are based on the Regulation (EC) No 1383/2003 and they are available for copyrights, unregistered Community design rights and registered IP rights. The Finnish Group considers the Finnish legislation provides a good framework in the area of border measures and that the Finnish customs is efficient in its actions against infringements. Currently there is no need to make the border measures available for other unregistered IP rights than copyright and unregistered Community design right, both of which are covered by the current rules.

The Finnish Group welcomes further harmonization of rules in the area of border measures in general. However, because of the good situation in Finland the group considers that any further harmonization should be made very carefully to not to deteriorate the level of protection of IP holders rights in Finland. Furthermore, as Finland is an EU border state, transit shipments have a big role here which should be observed. The Group considers that Finnish customs is doing important work regarding transit shipments which benefits all IP holders and thus it must be especially emphasized that possible further harmonization must not impede on IP holders right to seize shipments in transit in Finland.

Zusammenfassung

In Finnland stützen sich die Grenzmaßnahmen auf die Verordnung (EG) Nr. 1383/2003 und stehen für Urheberrechte, nicht eingetragene Gemeinschaftsgeschmacksmusterrechte und registrierte IP-Rechte zur Verfügung. Die finnische Gruppe bringt vor, dass die finnische Gesetzgebung einen guten Rahmen im Gebiet der Grenzmaßnahmen abgibt und dass die finnische Zollbehörde effektive Massnahmen gegen Verletzungen ergriffen hat. Zur Zeit gibt es keinen Anlass, die Grenzmaßnahmen für andere unregistrierte IP-Rechte als für Urheberrecht und nicht eingetragenen Gemeinschaftsgeschmacksmusterrecht, die den aktuellen Vorschriften unterliegen, zur Verfügung zu stellen.

Die finnische Gruppe sieht der weiteren Harmonisierung der Regelungen im Gebiet der Grenzmaßnahmen generell entgegen. Wegen der guten Situation in Finnland bringt die Gruppe jedoch vor, dass jede weitere Harmonisierung sehr sorgfältig durchgeführt werden sollte, damit sich das Schutzniveau der IP-Rechteinhaber in Finnland nicht verschlechtert wird. Es soll ferner auch in Rücksicht genommen werden, dass da Finnland ein EG-Mitgliedstaat ist, spielen Transitbeförderungen hier eine große Rolle. Die Gruppe bringt vor, dass die finnische Zollbehörde eine wichtige Arbeit hinsichtlich der Transitbeförderungen leistet und dass dies allen IP-Rechteinhabern nützt. Dabei ist besonders hervorzuheben, dass eventuelle weitere Harmonisierung das Recht der IP-Inhaber, Transitbeförderungen in Finnland in Beschlag zu nehmen, nicht behindern darf.

Sommaire

En Finlande, les actions aux frontières sont fondées sur le règlement (CE) no 1383/2003 et concernent les droits d'auteur, droits au dessin ou modèle communautaire non déposés et droits de propriété intellectuelle déposés. Le groupe finlandais considère que la législation finlandaise offre un cadre approprié dans le domaine des actions aux frontières et que les actions entreprises par les autorités douanières finlandaises contre des atteintes sont efficaces. Actuellement, il n'est pas nécessaire de prévoir d'actions aux frontières applicables aux droits de propriété intellectuelle non déposés autres que les droits d'auteur et droits au dessin ou modèle communautaire non déposés, ceux-ci concernés par les dispositions actuelles.

D'une manière générale, le groupe finlandais encourage la poursuite de l'harmonisation des règles dans le domaine des actions aux frontières. Cependant, en raison de la bonne situation en Finlande, le groupe juge que toute harmonisation future devrait être effectuée

avec la plus grande prudence pour ne pas baisser le niveau de protection des droits des titulaires de propriété intellectuelle en Finlande. En outre, étant donné que la Finlande est un état frontière de l'Union Européenne, les expéditions en transit jouent un rôle important pour notre pays, ce qui doit être pris en compte. Le groupe considère que les autorités douanières finlandaises effectuent dans le domaine des expéditions en transit un travail important profitant à tous les titulaires de propriété intellectuelle. Il faut donc souligner en particulier qu'une éventuelle harmonisation future ne doit pas entraver les droits des titulaires de propriété intellectuelle durant les expéditions en transit en Finlande.