

**World  
Trademark  
Review**

# **Anti-counterfeiting 2018**



**United Kingdom**

**AA Thornton & Co**

*Louise Foster and Varuni Paranavitane*

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# United Kingdom

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Authors

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## Legal framework

The legal framework in the United Kingdom concerning anti-counterfeiting arises out of both national and EU legislation.

The primary piece of national legislation relating to trademarks in the United Kingdom is the Trademarks Act 1994. This act contains provisions covering trademark infringement as well as criminal offences relating to anti-counterfeiting.

The EU Trademark Regulation (2017/1001) governs the unauthorised use of EU trademarks. The EU Customs Enforcement Regulation (608/2013) concerns the customs enforcement of IP rights by customs authorities. Both regulations have effect in the United Kingdom.

The Fraud Act 2006 and the Proceeds of Crime Act 2002 are other pieces of national legislation that are often relevant to criminal IP crime cases:

- Under the Fraud Act, it is a criminal offence to dishonestly make a false representation with an intention to make a gain for oneself or another or an intention to cause loss to another or expose another to a risk of loss,

and to make or possess articles for use in or in connection with fraud, and to make or supply articles for use in fraud.

- the Proceeds of Crime Act provides for the recovery of assets and proceeds obtained through crime, including IP crime, as well as recovery of proceeds of crime through civil proceedings where a criminal conviction has not been possible.

## Border measures

Her Majesty's Revenue and Customs (HMRC) and the Border Force are the UK government authorities responsible for the UK borders, including the enforcement of IP rights. HMRC is responsible for national policy on IP rights enforcement and the Border Force is the law enforcement unit that implements this policy.

The EU Customs Enforcement Regulation sets out the border procedures that all EU customs authorities must adopt to enforce IP rights against counterfeit, infringing or pirated goods. The Border Force implements these procedures.

Broadly, Border Force practice for dealing with suspect counterfeit, infringing or pirated

goods found at the UK border is as follows:

- The Border Force identifies suspect counterfeit, infringing or pirated goods and detains these for 10 working days (extendable for a further 10 working days), or three working days for perishable goods.
- The Border Force uses a standard form to notify the rights holder and owner of the suspect goods (eg, the importer) of the detention and, where appropriate, sends a sample of the goods.
- Rights holders confirm within the set period whether the suspect goods are counterfeit, pirated or infringing and request destruction or release. The standard form is used to respond to the Border Force department. The form will have details of the specific Border Force representative involved.
- Owners of suspect goods must confirm if they agree to destruction within the set time period. The Border Force will assume implicit agreement to destruction of the goods where no response is received from the owner.
- If the owner contests destruction of the goods, the rights holder must commence legal proceedings within the set period to determine whether an IP right has been infringed in order to have the goods destroyed.

To aid detection of suspect goods, holders of IP rights with effect in the United Kingdom or other EU member states are advised to submit an application for action (AFA) to customs authorities. Having an AFA will assist the Border Force in identifying suspect goods as well as who the relevant contact is for the rights holder.

The Border Force will detain suspect goods where there is no AFA in place; however, rights

holders will still need to submit an *ex officio* AFA in order to have the goods destroyed.

An AFA can be requested in respect of individual EU member states, provided that there is an IP right applicable to those member states. To apply for an EU-wide AFA, an EU-wide IP right is required.

When filing an AFA, rights holders must provide:

- details of relevant IP rights;
- details of the IP rights holder and the correct legal and technical contacts; and
- information on how to identify when a product might be infringing, counterfeit or pirated.

Information on rights holders' genuine distribution chains, places of production and authorised distributors and importers is also requested if appropriate.

Alongside an AFA, rights holders can submit information to UK Customs regarding specific shipments of suspected counterfeit or infringing goods (a 'red alert') or data on new trends relating to counterfeiting or infringing goods (a 'new trend').

The IP Authorisation Unit is responsible for granting AFAs, red alerts and new trends. Relevant forms and details of where to send these are available on the HMRC website.

Endorsed by the European Commission and Europol, the Enforcement Database is a free tool that acts as a central database of the information usually submitted in an AFA to aid frontline enforcers in identifying infringing and counterfeit goods. The tool allows direct communication between enforcers and rights holders.

The Enforcement Database interacts with other existing databases such as the EU



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Intellectual Property Office register, TMView and DesignView.

A useful element of the Enforcement Database is that it can automatically generate a completed AFA and submit this to HMRC electronically. Manual entry by HMRC of the AFA information is not then required. The tool will not let a user generate the AFA until it has sufficient information, so users can be confident that an AFA submitted through the Enforcement Database should be accepted by HMRC.

The information entered is secure and access to more sensitive product details is easily controlled by the rights holder.

Further points to note include the following:

- An IP right must be in force to be covered by an AFA.
- Under an AFA, rights holders agree to be liable for the costs incurred by customs authorities in taking action to enforce IP rights, such as costs of destruction and storage of suspect goods.
- Rights holders are also liable where suspect goods are found non-infringing and the owner suffers damage.
- There are restrictions on how the information received regarding suspect goods detained by the Border Force can be used by rights holders.

### Criminal prosecution

Under Section 92 of the Trademarks Act it is a criminal offence for a person, with a view to gain for himself or herself or another, or with intent to cause loss to another, and without the consent of the proprietor, to:

- apply to goods or their packaging, sell or let for hire, offer or expose for sale or hire or distribute goods which bear, or the packaging of which bears, a sign identical to or likely to be mistaken for a registered trademark;
- possess, have custody or control in the course of a business any such goods with a view to doing any of the aforementioned activities;
- apply a sign identical to or likely to be mistaken for a registered trademark to material intended to be used for labelling or packaging goods, as a business paper in relation to goods or for advertising goods;
- use in the course of a business material bearing such a sign for labelling or packaging goods, as a business paper in

relation to goods or for advertising goods, or to possess, or have custody or control in the course of a business any such material with a view to doing any of the aforementioned activities; or

- make an article specifically designed or adapted for making copies of a sign identical to or likely to be mistaken for a registered trademark, or possess, have custody of or control such an article in the course of a business knowing that it has been, or is to be, used to produce goods or material for labelling or packaging goods, as a business paper in relation to goods or for advertising goods.

The Supreme Court recently held that these provisions can also apply to goods that are manufactured with the trademark owner's consent but sold without its consent, so they do not necessarily concern only goods produced without the trademark owner's consent.

The Crown Prosecution Service (CPS) is the public agency responsible for conducting criminal prosecution. Police will pass cases of offences committed under Section 92 of the Trademarks Act to the CPS for the purpose of bringing criminal proceedings against the suspected offenders.

National Trading Standards is the government authority that provides national and local protection and enforcement of IP rights. As well as conducting national campaigns and gathering intelligence into counterfeiting activity, Trading Standards has various regional teams that work alongside the police by carrying out a range of activities, including routine inspections of marketplaces and investigations into individuals and businesses.

Trading Standards is empowered to bring criminal prosecutions themselves, issue statutory notices and cautions, and obtain search and seizure orders from the courts.

The Police Intellectual Property Crime Unit (PIPCU) is the specialist unit within the police service tasked with tackling serious and organised IP crime and in particular IP crime committed online. PIPCU works with other national government enforcement agencies and various groups representing areas of UK industry to stop counterfeit trading. PIPCU has powers to criminally prosecute. Rights

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Varuni Paranavitane qualified as a UK solicitor in 2011 and provides strategic advice to clients in a variety of sectors – including fashion, toys and computer games – on IP rights such as trademarks and passing off, designs, copyright, patents and confidential information. She has experience dealing with counterfeit medicinal products, and has advised on and obtained resolution for clients in relation to unauthorised parallel imports of computer games into the European Union. She has litigation experience at the UK High Court and the IP Enterprise Court, including preliminary injunctions. She has also advised on commercial agreements and corporate transactions from an IP perspective. She has published articles on various IP topics in journals such as *Intellectual Property Magazine* and *WIPR*.

holders can also submit cases themselves for consideration of investigation by PIPCU when evidence of IP crime has been found.

Individuals and legal entities have the right to bring private prosecutions under the various criminal IP provisions. The CPS has no influence over private prosecutions.

The majority of IP crime cases involve fraudulent conduct on the part of the offenders, so provisions of the Fraud Act are often enforced alongside the trademark criminal provisions. Where possible, the provisions of the Proceeds of Crime Act are

also used to recover assets and money obtained through IP crime.

### Civil enforcement

Legislative non-criminal provisions relating to trademark infringement are set out in Section 10 of the Trademarks Act (for UK trademarks) and Article 9 of the EU Trademark Regulation (for EU trademarks).

For counterfeit goods, the use of a sign in the course of trade will normally be identical to the registered trademark and in relation to identical goods. This will therefore

constitute infringement under Section 10(1) of the Trademarks Act or Article 9(2)(a) of the Trademark Regulation. In the case of use of an identical mark on identical goods, the trademark owner is not required to demonstrate a likelihood of confusion.

Examples of use of the sign include:

- affixing a trademark to goods or packaging;
- offering the goods under the trademark for sale; and
- importing or exporting the goods under the trademark.

The trademark owner may bring an action under Section 10 of the Trademarks Act in the Chancery Division of the High Court. Lower-value cases should be brought in the Intellectual Property Enterprise Court, where damages and cost recovery are capped. For small-value claims, there is a separate small-claims track.

Before commencing any legal action, the trademark owner should normally consider sending a pre-action letter to the infringer, depending on the remedy sought and the urgency of the matter.

If urgent action is required, in certain circumstances UK courts can grant interim injunctions and search and seizure orders against the infringer. These orders can be applied for without notice to the infringer and granted within days. An interim injunction can be used to immediately stop sales where:

- the case is serious;
- damages will not be an adequate remedy; and
- the balance of convenience lies with the granting of the injunction.

A search order will allow the applicant to obtain access to the infringer's premises to search for and seize goods. These orders are awarded only in limited circumstances. A successful applicant for an interim injunction will normally have to agree to pay damages to the defendant in case the applicant does not succeed at final trial.

If the circumstances do not warrant urgent action, then following pre-action correspondence the trademark owner may start proceedings in a UK court.

Remedies available at the final court hearing on infringement are:

- permanent injunctions against future infringement;
- orders for the infringer to pay damages or an account of profits to the trademark owner;
- orders for the infringer to deliver up or destroy the infringing goods; and
- costs awards in favour of the trademark owner.

### Anti-counterfeiting online

Counterfeit goods are increasingly sold and distributed online. It is no longer just auction sites and online marketplaces where counterfeits are found, as social media platforms are considered to have now overtaken the use of these.

Counterfeit goods sales have also moved into hidden closed groups on platforms such as Facebook, making them harder to detect.

Online marketplaces, auction sites and social media platforms all have procedures to take down infringing content and listings of counterfeit goods. However, the efficiency of these procedures and scope of what content can be removed vary between sites.

The UK government recognises the challenge that online counterfeiting represents today. Various national agencies are dedicated to tackling the issue and assisting rights holders in enforcement against counterfeiters. These agencies work together and collaborate with international anti-counterfeiting initiatives to increase effectiveness and ensure sharing of intelligence.

Nominet, the 'uk', 'cymru' and 'wales' domain registry, offers a domain name dispute resolution service (DRS) that rights holders can use to take down domain names used in relation to online IP infringement. To use the DRS, rights holders must submit a complaint backed up with evidence and pay a fee. The complaint procedure will then enter a mediation phase to try to settle the dispute between the complainant and respondent. Where this is not possible, an independent expert will decide the case and, if appropriate, cancel the domain name or transfer it to the complainant.

Nominet will also suspend domain names involved in online IP infringement in response to requests from PIPCU.

The work of PIPCU has a focus on stopping online counterfeit trading. PIPCU can bring



## Consumer education and awareness are important. Providing simple channels for consumers to alert brands to possible counterfeit sales is useful

prosecutions and have assets seized under the Proceeds of Crime Act.

In April 2017 PIPCU launched Operation Ashiko, a joint initiative with the International Anti-counterfeiting Coalition Rogueblock programme, which works to suspend '.uk' domains being used to commit IP crime.

Internet service providers (ISPs) can, through the courts, be made subject to a blocking order available under Section 97 of the Copyright, Designs and Patents Act, whereby ISPs are ordered to block websites known to host infringing content.

The National e-Crime Team is the section of National Trading Standards focused on investigating online crime, including counterfeiting and IP crime. Operation Jasper is a major enforcement operation run by the National e-Crime Team with the National Markets Group targeting those using social media to commit IP crime. The operation has resulted in the seizure of counterfeit goods and takedown of infringing website listings.

### Preventive measures/strategies

Several UK government agencies operate initiatives aimed at tackling counterfeiting and infringement. In addition to those discussed above, others to note include the following:

- The Anti-Counterfeiting Group (ACG) works with brands and their representatives, government bodies and enforcement agencies to improve intelligence sharing and engagement with anti-counterfeiting efforts. ACG members receive access to guidance on anti-counterfeiting.
- The National Markets Group, and its Real Deal campaign, is a cross-sector initiative of Trading Standards, police, the UK Intellectual Property Office (UKIPO)

and organisations representing rights holders and industries to tackle the trade in counterfeits at physical markets and increase consumer awareness and trust.

- The UKIPO's Intelligence Hub coordinates intelligence into counterfeiting and piracy activity received from enforcement agencies and rights holders in order to disrupt the supply chain and trade of counterfeits.
- Trading Standards operates the Buy With Confidence scheme, which offers reassurances to consumers as to the legitimacy of traders and quality of goods and services being provided.

It is important that brands engage with and assist enforcement agencies, as many can in appropriate cases prosecute counterfeiters on behalf of rights holders.

Brands also need to be proactive and use the channels open to them which are made available by these initiatives to take action against counterfeiting.

Rights holders should ensure that they are well placed to receive intelligence of counterfeiting activity. Several private companies offer tools to monitor infringing content online, registration of domain names containing trademarks and third-party use of brand names on the Internet. Reverse WHOIS searches can be used to identify patterns of behaviour by counterfeiters.

An AFA by Customs and use of the Enforcement Database will ensure that as many shipments of counterfeits are stopped by Customs as possible and provide valuable intelligence.

It is helpful for rights holders to document any intelligence received regarding counterfeiting of their brands. Over time, this will:



- build a picture of the physical routes that counterfeiters use to bring fake goods into the United Kingdom and the online spaces used for sales;
- inform brands of the tell-tale signs of counterfeit goods;
- create awareness of trends in the types of goods that counterfeiters are copying; and
- help to detect repeat offenders.

Compiling guidance as to how to distinguish a brand's genuine goods from counterfeits is valuable to Customs and other enforcement agencies.

Consumer education and awareness are also important. Providing simple channels for consumers to alert brands to possible counterfeit sales is useful. Anti-counterfeiting security features that consumers know to look out for and can verify (eg, holographic labels) are available from some companies.

However, rights holders should be wary of how widely they distribute guidance

identifying when their goods have been counterfeited. Detailed guidance should be restricted to Customs and enforcement agencies; in the wrong hands, too much information on how to spot a fake can assist counterfeiters. **WTR**



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