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TRIPS AND THE RISE OF COUNTERFEITING: A COMPARATIVE  
EXAMINATION OF TRADEMARK PROTECTION AND BORDER  
MEASURES IN THE EUROPEAN UNION AND THE GULF  
COOPERATION COUNCIL

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*In 1995 the World Trade Organization's TRIPS Agreement came into effect, extending minimum standards of protection to intellectual property rights (IPRs) in the European Union (EU) and the Gulf Cooperation Council (GCC) States. The article sets out the problems of harmonization resulting from the grafting of Intellectual Property Rights (IPRs) onto the legal framework of GCC States. Despite the presence of the GCC Customs Union, its individual countries have witnessed varying degrees of TRIPS-acquiescence. This includes varying degrees of effectiveness with border measures as a means of combating the transportation of counterfeit goods. The article provides a discussion on why effective protection and enforcement of IP laws are necessary to prevent counterfeiting in the GCC States, drawing on the laws of the European Union for comparative purposes. Furthermore, the article considers how border control functions as an important means of enforcement in fighting against the expanding transit of counterfeit goods.*

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**I. INTRODUCTION**

The practice of counterfeiting is a well-known problem that dates back to over 2,000 years when the practice of marking genuine goods amongst traders was customary. Since then, products that have gained reputation in the marketplace have been imitated and passed off as genuine products to gain profit without much effort.<sup>1</sup> Presently, counterfeiting activities are considered to be the fastest growing phenomenon that focuses solely on reputable international brands ranging from cosmetics, watches, shoes and clothing to cars and airplane parts. Furthermore, it has flooded the world economy with fake commodities and IP right violations across the board. In addition, there seems to be a greater shift towards dealing in fake cigarettes and automotive brakes, and most alarming and destructive of all, pharmaceuticals.

The growth of counterfeit goods is not limited to the territories in which they are produced, as they are exported through multiple jurisdictions. As a result, the continued movement of counterfeit goods across borders has become one of the

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<sup>1</sup> PEGGY CHAUDHRY & ALAN ZIMMERMAN, PROTECTING YOUR INTELLECTUAL PROPERTY RIGHTS (2013).

major challenges for enforcement bodies and particularly customs authorities. Thus, the aim of this article is to examine the role of border control as an important enforcement mechanism used to deal with the expansion of counterfeit goods. For this purpose, the discussion focuses on the distribution modes used by counterfeiters and attempts to identify the relevant challenges faced by the customs authorities. It then moves on to outline the international, regional, and national frameworks of border measures with special focus on the EU to provide a comparative analytical picture of the issue at hand. Furthermore, before analysing the TRIPS Agreement, a brief overview is given of the Paris Convention as it is the origin of the international framework in this area. At the domestic level, each of the six Gulf States' provisions with respect to border control are analysed, compared, and discussed.

## II. DISTRIBUTION OF COUNTERFEIT GOODS: HOW IS IT CONDUCTED?

This section will consider the manner in which counterfeit goods are distributed. One of the primary issues in this regard relates to Free Trade Zones (henceforth 'FTZs'), and where such zones serve as prime grounds for illicit activity, it is necessary to devote some sustained attention to this issue. The problem is outlined succinctly in a report by the Financial Action Task Force (FATF), an organisation that describes itself as 'an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering and terrorist financing'.<sup>2</sup> However, it is necessary to first understand what a free trade zone is, and why exactly FTZs serve as fertile soil where illicit trade can arise. The FATF describes FTZs as 'a unique money laundering and terrorist financing threat because of their special status within jurisdictions as areas where certain administrative and oversight procedures are reduced or eliminated in order to boost economic growth through trade'.<sup>3</sup> Inferring a causality between the very concept and administrative laxity of an FTZ and illicit trade is, therefore, a rather facile endeavour, where a divide begins to occur between the legitimate intentions of an FTZ and its vulnerability to corruption. FTZs are created with the view to attaining distinctive aims. These include promotion of trade, support for formation of new businesses, and to incentivise foreign direct investment. It is easy to see how this would provide for 'a preferential environment' for such activities, and where the presence of a 'minimal amount of regulation' then serves as the means by which fussy bureaucracies can be removed from the picture.<sup>4</sup> Other benefits

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<sup>2</sup> FIN. ACTION TASK FORCE, Money Laundering And Terrorist Financing Related To Counterfeiting Of Currency (2013), <http://www.fatf-gafi.org/media/fatf/documents/reports/money-laundering-terrorist-financing-related-to-counterfeit-currency.pdf> (last visited Mar 2. 2016)

<sup>3</sup> *Id.* at 10.

<sup>4</sup> *Id.* at 12.

such as the waiving of excise and duties serve to facilitate such trade. Some kinds of FTZs include Export Processing Zones (EPZs), Enterprise Zones, Freeports, and Foreign Trade Zones. Today, there exist approximately 3,000 zones in 135 countries.<sup>5</sup> There has also existed a marked trend towards the privatisation of zones, which has resulted in the ‘creation of more FTZs with expanding purpose and privileges and greater automation to simplify bureaucratic procedures’.<sup>6</sup>

It is certainly possible to see the manner in which this would serve to facilitate the various ends desired by FTZs. However, as mentioned, the empty space where regulations previously existed also provides for the means through which criminal activity can proliferate. Thus, FTZs might not simply be described as conducive to the promotion of free trade, but also *vulnerable* to an abuse of its principles. While conceptually FTZs operate in accordance with anti-money laundering (AML) and combating the financing of terrorism (CFT) measures,<sup>7</sup> there exists a marked disparity between the theoretical implementation and the real practice of such measures. One such disparity that permits illicit trade is the rapid rate at which FTZs have developed, where existent rules and regulations have not been sufficient to keep up with this rapid expansion. This has permitted some degree of vulnerability. Further, some businesses fall outside the AML-CFT legal and regulatory framework.<sup>8</sup> Furthermore, the usage of cash as opposed to documentable means of monetary exchange poses a problem and leaves FTZs susceptible to corruption. This is also complemented by other laxities of regulation, together with a lack of systemic coordination.<sup>9</sup> These issues, when combined, make some types of goods more vulnerable than others, such as cigarettes, alcohol and other high tariff items, together with luxury goods—with the latter being a prime victim of the infringement of intellectual property rights (IPRs).<sup>10</sup> These goods are vulnerable in particular due to their high-risk nature and impact on health. Trade-based money laundering is also a key problem and is done by way of over-invoicing, phantom shipments and falsification of the value of goods from one jurisdiction to another.<sup>11</sup>

The focus of this study is on counterfeit products and there is sustained attention devoted to this issue in a report by the United Nations Office on Drugs and Crime

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<sup>5</sup> *Id.* at 13.

<sup>6</sup> *Id.* at 13.

<sup>7</sup> *Id.* at 15.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* at 17.

<sup>10</sup> *Id.*

<sup>11</sup> UNITED NATIONS OFFICE ON DRUGS AND CRIME, THE ILLICIT TRAFFICKING OF COUNTERFEIT GOODS AND TRANSNATIONAL ORGANIZED CRIME (2014), [https://www.unodc.org/documents/counterfeit/FocusSheet/Counterfeit\\_focussheet\\_EN\\_HIRES.pdf](https://www.unodc.org/documents/counterfeit/FocusSheet/Counterfeit_focussheet_EN_HIRES.pdf) (last visited Mar. 2, 2016).

(‘UNODC’) entitled ‘The Illicit Trafficking of Counterfeit Goods and Transnational Organized Crime’.<sup>12</sup> The report provides compelling data on specific trade routes, such as the one from East Asia to Europe, where the phenomenon of ‘outsourcing’ is prevalent. There also exists a lack of regulatory measures in place that ultimately allows for the above-examined issues. As Markovic writes:

[C]ounterfeiters like to use many countries as trans-shipment points in order to distinguish the origination point of the shipments. The trans-shipment points often consist of countries with lax or less-stringent customs control. Products are sometimes shipped in cargo by themselves or hidden among legitimate shipments, and in some cases legitimate products, which are often stolen, are mixed in with counterfeit goods. The counterfeit consumer products are shipped via air, land, and sea. They are often shipped using different routes to avoid detection, although there are some central hubs such as Antwerp, that are often used as transit points, and there are also areas in which warehouses are maintained to store inventory.<sup>13</sup>

Select prominent actors in the distribution of counterfeit goods include diverse Chinese, South Asian and European Groups, mediated by transit hubs such as Dubai and Europe.<sup>14</sup> On this particular route, containers and container terminals are a key issue for the spread of counterfeit goods.<sup>15</sup> The UNODC Report attributes this to the growth of Chinese manufacturing in recent decades, where counterfeiting seems more attractive than licit trade for the purpose of reducing cost and increasing profits. In the last decade or so, there has been a marked and serious rise of counterfeit goods originating from China.<sup>16</sup> At the European border, the seizure of counterfeit goods has increased tenfold in the last ten years.<sup>17</sup> The reason for this is arguably the decentralised nature of China’s manufacturing model.<sup>18</sup> Thus, where IPRs are violated, it is not an easy endeavour for rights holders to chase the violating party. In China, there occurs a grading system in which goods are rated in accordance with the degree to which they proximally resemble originals.<sup>19</sup> Goods are sometimes manufactured and

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<sup>12</sup> *Id.*

<sup>13</sup> V. Markovic, *Criminal Trafficking and Trade in Counterfeit Consumer Products*, in 1 ORGANISED CRIME: FROM TRAFFICKING TO TERRORISM 183 (Shanty FG & Mishra PP eds., 2008).

<sup>14</sup> UNITED NATIONS OFFICE ON DRUGS AND CRIME, *supra* note 11.

<sup>15</sup> Kap Hwan Kim & Hans-Otto Gunther, *Container Terminals and Terminal Operations*, in CONTAINER TERMINALS AND CARGO SYSTEMS 3 (Kap Hwan Kim & Hans-Otto Gunther eds., 2007).

<sup>16</sup> UNITED NATIONS OFFICE ON DRUGS AND CRIME, *supra* note 11.

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

distributed from businesses that seem legitimate to the outside world, and which are then subsumed into various illicit practices of distribution.<sup>20</sup> Another channel by which such goods are distributed is the internet, where on the surface there might occur marketing of seemingly legitimate goods, but is actually a façade for illicit trade. Other examples include the trafficking of illicit pharmaceuticals from India, China, and South-East Asia that occurs through networks of organised crime groups, assisted with hired muscle.<sup>21</sup> However, organised crime is merely one amongst other such routes and corruption through mainstream routes is also a prevalent problem.<sup>22</sup>

The UNODC has commented on the manner in which it has become increasingly difficult to combat this activity at source in a globalized world. Where there also exists demand for cheaper products, the suppression of consumption cannot really be implemented. Jilberto & Mommen refer to this reality as ‘a borderless world’.<sup>23</sup> They also write that ‘the concept of ‘globalisation’ has an outspoken liberal connotation...[meaning] the production and distribution of products and/or services of a homogenous type and quality on a world-wide basis. When referring to globalisation liberals are speaking of the disappearance of trade barriers and state regulation’.<sup>24</sup> The problem associated with this is that it is decidedly utopian in nature, presupposing that if borders were universally shed, the psychological motivations of human beings would suddenly disappear. However, as seen above, the growth of FTZs shows that it is not so simple. Where the universal relinquishing of borders occurs, it would necessarily be accompanied by an attendant drive on the part of would-be counterfeiters to engage in illicit activity, so as to set about an increase in profits while minimising the losses that would be associated with licit trade. Thus, it seems to be the case that border measures might be a more effective means of combating illicit trade. Due to the nature of FTZs having reduced barriers for the purpose of facilitating global free trade, organised criminal groups and counterfeiters take advantage of this status, where it is possible to move illegal products globally without detection. Hence, balancing the advantages of FTZs and stringent border controls may help in the prevention and detection of illegal goods.<sup>25</sup>

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<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> Alex E. Fernandez Jilberto & Andre Mommen, *Globalisation Versus Regionalisation, in REGIONALISATION AND GLOBALISATION IN THE WORLD ECONOMY* 1, 2 (Alex E. Fernandez Jilberto & Andre Mommen eds., 1998).

<sup>24</sup> *Id.*

<sup>25</sup> International Chamber of Commerce, *Controlling The Zone: Balancing Facilitation And Control To Combat Illicit Trade In The World's Free Trade Zones* (2013) <http://www.iccwbo.org/Data/Documents/Bascap/International-engagement-and-advocacy/Combating-illicit-trade-in-FTZs> (last visited Mar. 2, 2016).

### III. THE ROLE OF BORDER MEASURES IN COMBATING COUNTERFEITING ACTIVITIES

As has been discussed, the on-going challenge of dealing with counterfeiters demands that customs authorities respond accordingly and in a more stringent manner. In this context, the traditional roles of customs have widened to include, *inter alia*, the facilitation of legitimate trade and enforcement of intellectual property at the borders.<sup>26</sup>

It is argued that defence at borders is crucial in stopping counterfeit goods from entering or leaving the target markets. Such restriction is considered more effective than detaining them once they circulate within these markets. Therefore, border measures are considered to be a more efficient approach especially when it may offer remedies at a lower cost when compared to judicial proceedings.<sup>27</sup> This places customs at the frontline in the battle against counterfeiting and highlights their importance in obstructing international movement of counterfeit goods at the borders.<sup>28</sup> However, none of these are straightforward claims, and so it is necessary to devote some more attention to this problem at both a theoretical—that is, foundational—level, and indeed at a pragmatic or practical level. For, the grounds for implementing and integrating any practice such as the interception of illicit trade, cannot be a hard-headed and dogmatic ‘war’ (as in the ‘war on drugs’), but rather an approach that suppresses criminal activity while permitting the flow of legitimate trade unburdened by excessive bureaucracy. In other words, it would be useful to develop a balanced and proactive approach that protects the circulation of global legitimate goods whilst at the same time targets illicit trade and counterfeiters in a structured and timely manner.<sup>29</sup>

The earlier comment on the liberal underpinnings of the phenomenon of globalisation is premised on a somewhat optimistic view of the capacity for good will, where the dissolution of borders is indicative of this optimism. However, it is also arguable that this is a utopian position as any such liberalism ignores the real and underlying problems that are associated (and bound) with the exchange of capital. The implementation of borders does not merely have an overt and explicit connotation, but also an ideological one. The ideological component of the

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<sup>26</sup> BORDER MANAGEMENT MODERNIZATION (Gerard McLinden et al. eds., World Bank 2011).

<sup>27</sup> David Widdowson, *The Changing Role of Customs: Evolution or Revolution?* 1 WORLD CUSTOMS J. 31 (2007).

<sup>28</sup> ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS THROUGH BORDER MEASURES: LAW AND PRACTICE IN THE EU (O. Vrins & M. Schneider eds., 2012).

<sup>29</sup> International Chamber of Commerce, *supra* note 25.

implementation of border measures symbolises a move away from diplomacy and international cooperation. It presupposes the intent of suspicious activity and centres upon a pessimistic treatment of the issue. However, in defence of the move towards borders, it also acknowledges the real problems associated with the universalising of FTZs, for where there exist human beings, there exists the tendency of corruption.

Where the source of a counterfeit activity is decentralised, such as in the example of China (or indeed the example of India, where at-source regulation is also prone to the accusation of laxity), it is difficult to focus on at-source measures. In such a case, counterfeit activity needs to be regulated from a domestic perspective as it is a challenging matter for foreign importers to intervene in the points of manufacture. Thus, due to these challenges, the implementation of border measures seems to be a key mechanism by which the international distribution of counterfeit goods can be intercepted. In sum, this is due to the existence of a combination of problems, namely (i) we reside in the age of globalisation, (ii) universal free trade is utopian, (iii) where there exists trade, there exists corruption, (iv) there needs to exist some regulation to stave off the issue of corruption and illicit activity, (v) consumer demand for counterfeit goods continues to exist, and (vi) at-source interception is a difficult matter. Thus, the concept of border measures comes into effect.

#### IV. THE INTERNATIONAL FRAMEWORK ON BORDER MEASURES

Various international and regional agreements exist with regard to border measures and combating counterfeit goods in transit. At the international level, the provisions relating to border measures were introduced in the Paris Convention and further improved in the TRIPS Agreement.<sup>30</sup>

An important feature of the TRIPS Agreement is the obligation it places on Member States to introduce and adopt border measure provisions for the protection of intellectual property rights.<sup>31</sup> Pirated and counterfeit goods have been a source of concern and have thus precipitated the interest of GATT in intellectual property protection, namely the role of customs authorities in the interdiction of such trade. As mentioned above, it is more effective to seize goods while they are in transit than to wait for them to be distributed in the market. Section 4 Part III allows for suspension of the release of suspected counterfeit goods or pirated

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<sup>30</sup> Michael Blakeney, Dir., Queen Mary Intellectual Prop. Research Inst., Univ. of London, International Protection of Industrial Property: From the Paris Convention to the TRIPS Agreement, WIPO National Seminar on Intellectual Property (May 5-6, 2004).

<sup>31</sup> MICHAEL BLAKENEY, INTELLECTUAL PROPERTY ENFORCEMENT: A COMMENTARY ON THE ANTI-COUNTERFEITING TRADE AGREEMENT (2012).



copyright goods.<sup>32</sup> It is dependent on the right holder to lodge an application or ensure action by the border authorities. Interestingly, section 3 of the Anti-Counterfeiting Trade Agreement (“ACTA”) substantially reproduces those provisions contained in section 4 of TRIPS. The main focus of TRIPS was on border measures initiated by right-holders whereas ACTA provides a greater role for *ex officio* action by enforcement authorities.<sup>33</sup> This will be dealt with in greater depth in the sections below.

#### A. Paris Convention

The Paris Convention provides some provisions relating to border measures with the objective of utilizing border seizure to control trade in infringing goods. Articles 9 and 10 of the Paris Convention deal with the seizure of goods bearing unlawful trademarks, false trademarks or trade names with no indication of their source.

Article 9 provides for seizure action at the time of importation, prohibits the importation of counterfeit goods, and also allows seizure inside the Member State. However, it is argued that the effect and enforcement of these provisions is relatively weak<sup>34</sup> at addressing counterfeiting issues since Member States are not obligated to comply with the provisions’ requirements. In this context, while Articles 9(1) and 9(2) in theory provide that counterfeit goods are subject to seizure in the country of origin or in the importation country, Article 9(3) places no obligation on national law to provide for such a seizure. Furthermore, where no measures are specified for the seizure of counterfeit goods under national legislation, Article 9(6) provides that these measures be replaced with other actions and remedies which are available domestically. It is worth noting that there is no mechanism in the Convention for the detection of goods in transit and prosecution of trademark counterfeiters.

The weakness identified in the Paris Convention has led to the establishment of the TRIPS Agreement to fully address this issue. This will be dealt with in the next section.

#### B. TRIPS Provisions relating to border measures

As discussed in previous sections, the TRIPS Agreement provides procedures and provisions to prevent counterfeit goods at the borders from being released into the

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<sup>32</sup> N. CARVALHO, *THE TRIPS REGIME OF TRADEMARKS AND DESIGNS* (2006).

<sup>33</sup> BLAKENEY, *supra* note 31.

<sup>34</sup> Vrins and Schneider, *supra* note 28.

market. The provisions this section will discuss are those related to border measures and are set out in Section 4 (Articles 51 to 60) of the Agreement.

The key border control provision that deals with goods in transit and sets out the role of customs authorities is found in Article 51 which states that members are required to:

Adopt procedures to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods may take place, to lodge an application with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods.<sup>35</sup>

In addition to the suspension of release of goods involving a suspected counterfeit trademark, Article 51 also states that the procedures for suspension must apply to the “release of infringing goods destined for exportation from their territories.”<sup>36</sup> The provision permits the seizure of goods originating within the country as well as goods in transit, which have originated in another country. It is worth noting that the Article does not apply to a Member State that “has dismantled substantially all controls over movement of goods across its border with another Member with which it forms part of a customs union.”<sup>37</sup> The controls referred to in the provision have to be applied to the movement of goods across the borders of the customs union.

Article 52 permits customs, where reasonable, to require submission of proof of ownership of that right, such as relevant registration certificate by an applicant applying for a suspension of release of goods. This may particularly be a problem for rights which do not arise from registration in the jurisdiction, namely well-known marks. These marks are considered internationally reputable such that they would qualify for protection in a country even without registration. To suspend these goods, customs authorities are obliged to (a) determine the status of the well-known mark and (b) determine whether the goods infringe the well-known trademark in the absence of registration documents.<sup>38</sup>

To protect the defendant and to prevent abuse under Article 53.1, customs authorities require the applicant to provide a security or an equivalent assurance. In

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<sup>35</sup>MICHAEL BLAKENEY, TRADE RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS: A CONCISE GUIDE TO THE TRIPS AGREEMENT (1996).

<sup>36</sup> TRIPS, section 4, art. 51.

<sup>37</sup> *Id.*

<sup>38</sup> *Id.*, at Art. 52.

some extreme circumstances, Article 53.2 allows for the release of suspended goods provided that the defendant secures payment.<sup>39</sup> Further, in the interest of protecting the right holder from any infringement, the amount paid must be sufficient.

Articles 54 and 55 deal with the notice and duration of suspension respectively. Article 54 provides that customs must notify the importer and applicant 'promptly'<sup>40</sup> of the suspension of release of goods. The duration of suspension may not exceed ten working days after notice of suspension is served as per Article 55.<sup>41</sup> In turn, the applicant is responsible for initiating proceedings leading to a decision on the merits of a case and must notify the customs authorities, or the goods may be released.

Article 56 permits the authorities to order compensation in cases involving wrongful detention or detention followed by release of goods where the importer, the consignee and the owner of goods suffer injury.

Article 57 provides for the right of inspection and information. The provision empowers the customs authorities to give the right holder sufficient opportunity to inspect the goods detained in order to substantiate his claims. Further, the customs authorities must provide the right holder with "names and addresses of the consignor, the importer and the consignee and of the quantity of the goods in question."<sup>42</sup> This assists the right holder in further investigation of other persons involved and could offer an effective tool in combating counterfeiting activities.

Article 58 provides a framework for customs authorities to act upon their initiative when suspending the release of goods provided they have evidence that an intellectual property right is being infringed.<sup>43</sup> In this regard, Article 58(a) requires the authorities to seek from the right holder any information that may assist them to exercise the powers conferred on them. In addition, Article 59 provides that the competent authorities shall:

(a) "order the destruction or disposal of infringing goods"<sup>44</sup> in accordance with Article 46;<sup>45</sup> and

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<sup>39</sup> *Id.*, at Art. 53.

<sup>40</sup> 'Promptly' in this context should be interpreted in accordance with Articles 41(1), (2), and (5) and is similar to the phrase 'without undue delay'.

<sup>41</sup> DAVID PRICE, *THE DEVELOPMENT OF INTELLECTUAL PROPERTY REGIMES IN THE MIDDLE EAST* (2009).

<sup>42</sup> *Id.*

<sup>43</sup> *Id.*

<sup>44</sup> *Id.*

(b) “not allow the re-exportation of the infringing goods in an unaltered state or subject them to a different customs procedure, other than in exceptional circumstances.”<sup>46</sup>

Article 60 permits Members to exclude “small quantities of goods of a non-commercial nature contained in travellers’ personal luggage or sent in small consignments”<sup>47</sup> from the application of border measure procedures. The argument against this Article is that it underestimates the potential damage that may be caused by such importers especially where such items may be further reproduced after importation. Various cases have demonstrated the ability of counterfeiters to break up their shipment into small consignments in order to avoid penalties imposed by national law, thus encouraging repeat offenders to operate for extended periods.<sup>48</sup>

It is worth bearing in mind that the TRIPS Agreement only provides minimum standards and requires Member States to implement measures in their national legislation that comply with TRIPS provisions. In this respect, the WTO monitors Member States’ compliance with their TRIPS obligations and provides a mechanism for the settlement of disputes between and among them.<sup>49</sup>

### C. 1.3.3 EU Regulation No. 1383/2003

EU intellectual property law is firmly embedded within the global context of intellectual property regulation.<sup>50</sup> Regulation 1383/2003 – known as the ‘Customs Regulation’ – forms the backbone of community protection of intellectual property within the customs union itself. In summary, the Regulation provides for a process by which the release of suspected counterfeit goods can be suspended upon importation by a Member State.

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<sup>45</sup> Article 46 requires that goods be disposed of outside the channels of commerce “in such a way as to avoid any harm caused to the right holder.” Further, with regard to counterfeit goods, it provides that “the simple removal of a trademark, unlawfully affixed shall not be sufficient, other than in exceptional cases to permit the release of goods into the channels of commerce.”

<sup>46</sup> BLAKENEY, *supra* note 31.

<sup>47</sup> *Id.*

<sup>48</sup> UNITED NATIONS OFFICE ON DRUGS AND CRIME, *supra* note 12.

<sup>49</sup> JUSTIN MALBON ET. AL., THE WTO AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS: A COMMENTARY (2014).

<sup>50</sup> Henning Grosse Ruse-Khan, *A Trade Agreement Creating Barriers to International Trade: ACTA Border Measures and Goods in Transit*, 26 AM. U. INT’L L. REV. 645 (2010).

The aims and objectives of the Regulation are set out comprehensively by Vrins and Schneider.<sup>51</sup> In a nutshell, the Regulation seeks to exclude counterfeit goods from the internal market, while simultaneously ensuring that those who operate in breach of community intellectual property protection are deprived of any economic gains made from the sale of those goods.

The Regulation sets out two courses of action by which release of suspected counterfeit goods could be suspended. The first process is an application for enforcement made by the right-holder; the second allows for suspension of goods to be made *ex officio*, pending formal judicial procedures.<sup>52</sup>

Regulation 1383/2003 provides the framework within which intellectual property rights are protected in the customs context. The Regulation aims to address the problem of counterfeit goods entering the internal market by empowering local customs authorities to suspend the release of goods upon entry, provided either that a valid application has been lodged with the customs authority or that the authority itself has sufficient grounds to believe that the goods are counterfeit and that a protected right has been infringed. Consistent with the fundamental principles of EC law, the Regulation is intended to comply with the principles of proportionality and provide effective penalties.<sup>53</sup> Moreover, the simplified procedure enables such goods to be disposed of quickly and efficiently where the owner and right holder are in agreement that destruction is appropriate without further recourse to the relevant judicial authorities.

Under the primary procedure, the holder of an intellectual property right may lodge an application with the relevant customs authority to alert them about the transit of suspected counterfeit goods, and request an order that the authority will detain such goods at the border.<sup>54</sup> The application may be of national reach where only one Member State is affected, or a community order can be procured where

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<sup>51</sup> Vrins and Schneider, *supra* note 28, at 777: “Regulation 1383/2003 sought not only to set out the conditions for action by customs authorities confronted with goods suspected of infringing IPRs, but also to determine the measures to be taken by the competent authorities from the Member States when such goods were eventually found to have infringed IPRs. Thus it required the Member States to take measures to prohibit the placing into circulation of such goods on the customs territory of the EU, or their removal from the EU, while ensuring that the goods would be disposed of outside commercial channels and that the persons concerned would be deprived of any economic gains from the transactions. It also required Member States to *introduce effective, proportionate, and dissuasive penalties* to apply ‘in cases of violation of th[e] Regulation’” (emphasis added).

<sup>52</sup> Enrico Bonadio, *Protecting Intellectual Property Rights Through EU Customs Procedures*, 14 INT’L TRADE L. & REG. (2008).

<sup>53</sup> Vrins and Schneider, *supra* note 28.

<sup>54</sup> *Id.*

the goods are likely to travel through multiple Member States. In each case, the application must demonstrate that the applicant is the relevant intellectual property right holder, provide an accurate description of the goods, and also provide any information that is available regarding the infringement, such as the name or reference of the consignor.<sup>55</sup>

Under Article 4.1 of the Customs Regulation, customs authorities are also granted the power to suspend goods from release into the internal market independent of an application. This power is granted where the customs authorities believe that there are sufficient grounds to suspect that goods are counterfeit or are otherwise being shipped in violation of Community-protected intellectual property rights. The informality and discretionary nature of the *ex officio* process are significant advantages for small and medium-sized right-holders that would not otherwise have the resources to track infringements of their rights with a view to making a formal application for enforcement; simultaneously, the subsequent notification by customs authorities ensures that proper procedure is followed after suspension *ex officio*.<sup>56</sup> This discretionary and informal process leads to better tracking due to the small to medium consignment size and allows for destruction of such goods without the need for an explicit agreement from the rights holder.<sup>57</sup>

Finally, the Regulation provides for a simplified procedure which permits customs authorities to destroy suspected counterfeit goods without requiring judicial validation. The simplified procedure can only be used with the permission of both the holder of the right and the owner of the goods, and is subject to the right holder informing the customs authorities that the relevant goods infringe Community intellectual property law. The destruction of the goods is then carried out at the expense of the right holder.<sup>58</sup> The requirement of party agreement is useful not only since it facilitates swift resolution of disputes without lengthy or costly judicial intervention, but also because it allows the parties to maintain confidentiality; as the central goal of this procedure is to maintain market reputation, parties to a trademark dispute have obvious concerns for the impact that public counterfeit disputes can have on reputation within the industry.

The Customs Regulation has been broadly effective in preventing a large number of counterfeit goods from entering the common market: in the first year in which

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<sup>55</sup> *Id.*

<sup>56</sup> Bonadio, *supra* note 52.

<sup>57</sup> Jeremy Dickerson, Emily Roberts & Georgina Shaw, *Anti-Counterfeiting 2015: A Global Guide*, BURGESS SALMON LLP, 2015 [http://www.burgess-salmon.com/practices/intellectual%20property/publications/anticounterfeiting\\_2015\\_a\\_global\\_guide\\_uk\\_chapter.pdf](http://www.burgess-salmon.com/practices/intellectual%20property/publications/anticounterfeiting_2015_a_global_guide_uk_chapter.pdf) (last visited Mar. 2, 2016).

<sup>58</sup> Vrins and Schneider, *supra* note 28.

the Regulation was in force, customs authorities seized more than 100 million articles.<sup>59</sup> There are approximately 22,000 customs operations annually which concern the suspension of suspected counterfeit goods.<sup>60</sup> Further, applications made under Regulation 1383/03 increased before the regulation from 981 in 2000 to 2,888 in 2004 following the regulation coming into force.<sup>61</sup> This shows the extent to which the Regulation has contributed to an increase in the suspension of counterfeit goods, following its implementation. Furthermore, this increase in use of the procedure demonstrates, to some extent, an increased reliance by both customs authorities and right holders to protect their intellectual property in counterfeit goods.

Moreover, the Regulation provides a range of appropriately designed mechanisms for detecting and remedying the importation of counterfeit goods and is rightly placed within the framework of fundamental principles of EC law.

#### D. EU Regulation No. 608/2013

The new EU Regulation 608/2013, repealing Council Regulation 1383/2003, came into force on 1st January 2014.<sup>62</sup> The new Regulation further strengthens border measures within the EU against counterfeit and pirated goods.<sup>63</sup> Furthermore, its provisions make it easier to destroy these goods following their seizure.

Right holders no longer need to give their consent to each consignment, particularly if these consignments are small, as they may be subject to destruction<sup>64</sup> The Commission's draft proposal for changes to the Community Trademark Regulation and the introduction of a new trademark directive<sup>65</sup> may shed some new light on the possible impact of the decision in *Philips/Nokia* which at the time

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<sup>59</sup> Commission of the European Communities, Customs Response To Latest Trends In Counterfeiting And Piracy (COM (2005) 479 final).

<sup>60</sup> *Id.*

<sup>61</sup> Bonadio, *supra* note 52.

<sup>62</sup> Its provisions have a direct effect on Member States since 1 January 2014.

<sup>63</sup> WIPO, Regulation (EU) No. 608/2013 Concerning Customs Enforcement of Intellectual Rights, 2013, [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=312508](http://www.wipo.int/wipolex/en/text.jsp?file_id=312508) (last visited Jun. 2, 2015).

<sup>64</sup> *Id.*

<sup>65</sup> The EU Trademark Directive numbered 2015/2436 has come into force from 1 January 2016 as a result of more than 7 years of debate and consultation. Member States will have three years to implement most of the Directive with a final deadline of January 2023 to implement all provisions. See James Nurton, *New EU Trade Mark Directive Published*, MANAGING INTELLECTUAL PROPERTY, 2015, <http://www.managingip.com/Article/3516721/New-EU-Trade-Mark-Directive-published.html> (last visited Mar. 2, 2016).

established that goods entering the EU under a suspensive customs procedure could not be classified as ‘counterfeit goods’ or ‘pirated goods’ within the meaning of the customs enforcement regulation in force at the time.<sup>66</sup> The new Regulation may go as far as overturning this decision in respect of counterfeit goods infringing registered trademark rights.

The key provisions of the new Customs Regulation are as follows:

1. Regulation 1383/2003 provided an option for a simplified procedure, where Member States could give customs authorities the power to destroy goods without a court order, provided that the right holder and owner or importer of the goods did not object. The new Regulation adopts the simplified procedure as a compulsory procedure across all Member States. Furthermore, customs authorities will assume that the holder/declarant has agreed where there has been no objection within ten days of notification.<sup>67</sup>
2. The new Regulation now covers a wide range of IP rights not available in Regulation 1383/2003. It covers rights in relation to trade names, plant varieties, semi-conductor topographies, circumvention devices, and utility models.<sup>68</sup>
3. Right holders can now make an application for general destruction, which will result in the destruction of small parcels or express courier consignments,<sup>69</sup> without the right holder’s consent for each instance of destruction.<sup>70</sup> This is seen as crucial in light of the rise in online shopping and increase in small consignments.<sup>71</sup>

However, the new Customs Enforcement Regulation has failed to address the concerns following the decision in *Philips/Nokia* and seems to have not taken its decision into account. Therefore, customs authorities only have the power to seize goods in transit where there is ‘substantial’ likelihood that the goods will be re-routed for sale within the EU markets. Nevertheless, the new Regulation gives

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<sup>66</sup> Roland Knaak, Annette Kur and Alexander Von Mühlendahl, The Study on the Functioning of the European Trade Mark System, Max Planck Institute for Intellectual Property & Competition Law Research Paper (2012) Roland Knaak et al., *The Study on the Functioning of the European Trade Mark System*, MAX PLANCKINST. FOR INTELL. PROP.& COMPETITION L. RES. PAPER NO. 12-13 (2012)..

<sup>67</sup> Trevor Cook, *Revision of the European Union Regime on Customs Enforcement of Intellectual Property Rights*, 18 J. INTELL. PROP. RTS. 485 (2013).

<sup>68</sup> *Id.*; Regulation (EU) No. 608/2013, *supra* note 63.

<sup>69</sup> Three units or less of counterfeit goods or such goods less than two kilos.

<sup>70</sup> Regulation (EU) No. 608/2013, *supra* note 63.

<sup>71</sup> Karen Dyekjaer, *Internet Sales Into the EU of Fake ‘Replicas’*, 9(7) J. OF INTELL. PROP. L.& PRAC. 550 (2014).



customs the power to share information with the customs authorities in third countries — namely, the countries that are the intended destination of the goods.

Further concerns surround the burden of paying for storage, which still falls on the right holder. However, these costs may be mitigated by the increased speed of destruction. Finally, there remains the issue of where the holder/declarant does not give consent to the destruction of consignments. This leads the right holder to issue proceedings in order to prevent the goods from being released.<sup>72</sup> This means that a holder/declarant may expressly refuse consent in the hopes that it is not economically viable for the right holder to bring proceedings for the destruction of the counterfeit goods.

As mentioned above, if the Commission's recent proposals for changes to the Community Trademark Regulation and a potentially new Trademark Directive are adopted, it will most likely reverse the decision in *Philips/Nokia* once it is fully implemented by all Member States in January 2023. The recent draft proposal provides that goods entering the EU Customs territory can infringe trademark registrations even when they have not been released into circulation within the EU.<sup>73</sup> This means that in most cases, counterfeit goods entering the EU Customs territory will fall within the definition of 'counterfeit goods' in the new Customs Enforcement Regulation even if they are in transit or under a suspensive procedure. The Commission's proposal addresses two different changes that assist right holders. *First*, where the consignee has no commercial intentions, the goods may still infringe trademark registrations in the EU. The main purpose of this is to ensure that infringing goods shipped to consumers from outside the EU will still be considered to infringe trademark registrations.<sup>74</sup> *Second*, right holders can take action when packaging or labels are imported with the intention of later attaching them to the goods concerned.<sup>75</sup> Overall, the new Customs Enforcement Regulation is expected to increase the scope of protection for right holders, including a simplified administrative procedure.

## V. BORDER MEASURES AT THE REGIONAL LEVEL: GULF COOPERATION COUNCIL STATES' UNIFIED CUSTOMS REGULATION

In December 2002, the Supreme Council of the Gulf Cooperation Council States (GCC) in its 23<sup>rd</sup> session in Qatar approved the enactment of the customs union of the GCC States, as of the 1<sup>st</sup> of January 2003. Since then, there were multiple

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<sup>72</sup> Cook, *supra* note 67.

<sup>73</sup> Roland Knaak et al., *supra* note 66.

<sup>74</sup> Regulation (EU) No. 608/2013, *supra* note 64; Dyekjaer, *supra* note 71.

<sup>75</sup> Cook, *supra* note 68; Regulation (EU) No. 608/2013, *supra* note 63.

delays in resolving some of the obstacles, which got in the way of full integration. The most notable is the disagreement among the GCC States over the division of customs revenues among Member States due to the varied economic weight of each country.<sup>76</sup> On 7<sup>th</sup> May 2014, after more than 10 years of deliberations, the GCC finally arrived at a decision during a meeting in Kuwait. The goal was to remove all obstacles for the full implementation of the Gulf Customs Union. The GCC is expected to approve full implementation by January 2017 in its next summit.<sup>77</sup>

The main purpose of the Unified Customs Regulation is to unify the customs authorities' procedures across all GCC Member States. More specifically, it is concerned with the procedures for the movement of goods into, within, and out of the GCC.<sup>78</sup> To ensure that its procedures are in line with the international legal framework, particularly relating to customs, the GCC Secretariat General had dispatched English versions of the Regulation to the World Trade Organization and the World Customs Organization for their comments.<sup>79</sup> Members of the WTO and WCO met this with approval with commendation for taking steps to further strengthen its implementation and enforcement actions.<sup>80</sup>

The Unified Customs Regulation comprises of seventeen sections that set out provisions relating to duties of the customs offices, areas subject to customs control, and customs procedures.<sup>81</sup> Although the Regulation employs a mixture of the latest customs regulations and laws of the GCC Member States in addition to the TRIPS Agreement, it does not contain any section on procedures for intellectual property infringement. This means that the duties of customs authorities must be interpreted from various provisions in the national laws of the Member States.<sup>82</sup>

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<sup>76</sup> Mohammad Al-Asoomi, *GCC Seeks Common Good From Full Customs Union*, GULF NEWS, 2014, <http://gulfnews.com/business/opinion/gcc-seeks-common-good-from-full-customs-union-1.1332299> (last visited May 8 2015).

<sup>77</sup> *Id.*

<sup>78</sup> The Cooperation Council for the Arab States of the Gulf Secretariat General, *Implementation Procedures for the GCC Customs Union*, 2003, <http://www.gcc-sg.org/eng/index9038.html?action=Sec-Show&ID=93> (last visited Jun. 7, 2015).

<sup>79</sup> The Cooperation Council for the Arab States of the Gulf Secretariat General, *Common Customs Law of the GCC States: Rules of Implementation and Explanatory Notes Thereof* (2008).

<sup>80</sup> World Trade Organisation, *Trade Policy Review: The Gulf Cooperation Council States* (2013) [https://www.wto.org/english/tratop\\_e/tpr\\_e/tp362\\_crc\\_e.htm](https://www.wto.org/english/tratop_e/tpr_e/tp362_crc_e.htm) (last visited Mar. 2, 2014).

<sup>81</sup> *Implementation Procedures for the GCC Customs Union*, *supra* note 78.

<sup>82</sup> *Id.*

Chapter II, specifically Articles 69-73, deals with goods in transit briefly. The wordings of the Articles are broad and do not specifically cover the role and duty of customs in relation to counterfeit goods in transit.<sup>83</sup> Furthermore, Chapter IV (Articles 139-141) of the Regulation deals with customs offences and penalties. It mentions the imposition of fines as a method of penalty applicable to counterfeit goods in transit, but it doesn't address enforcement procedures and the amount of fines that may be imposed.<sup>84</sup>

In light of the above, the attention given by the GCC States to special border control requirements of TRIPS is slight to say the least. This may be attributable to the establishment of the GCC Customs Union as TRIPS Part III, Section 4 allows that "a member shall not be required to apply the provisions of Section 4 at borders with other members with which it has formed a customs union and amongst which all controls over movement of goods across these borders have been substantially dismantled."<sup>85</sup> The problem with relying on this provision is that it ignores the fact that the amount of intra-GCC trade represents a small percentage of the total trade of each State.<sup>86</sup> Member States such as Oman have argued before the Council of TRIPS that the provisions relating to infringement of an intellectual property right and to the remedies and provisional relief apply equally to infringing imported and exported goods. It also argued that a right holder can obtain orders on the suspension of customs clearance of allegedly counterfeit goods as part of the provisional measures and relief generally available, and that these provisions by and large correspond to TRIPS Articles 51-60.<sup>87</sup> Furthermore, customs authorities have the legal authority to act *ex officio* to detain or seize suspected goods at ports of entry, to confiscate and destroy infringing goods and to suspend the release of imported counterfeit goods as required by TRIPS. Nonetheless, at the moment, both the GCC Customs Union Regulation and the intellectual property laws of each Member State do not appear to include substantive provisions of border measures in line with TRIPS. However, this may very well be on the agenda at its next expected summit in January 2017.<sup>88</sup>

## VI. BORDER MEASURES AT THE NATIONAL LEVEL

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<sup>83</sup>Common Customs Law of the GCC States, *supra* note 79.

<sup>84</sup> *Id.*

<sup>85</sup>D Price, *The Dynamics Of Intellectual Property Protection In The Arab Gulf States*, 3 INT'L REV. BUS. RES. PAPERS (2007); BLAKENEY, *supra* note 31.

<sup>86</sup>JUSTIN MALBON ET AL., *supra* note 49.

<sup>87</sup> *Review of Legislation: Oman*, WTO Document IP/Q4/OMN/1 (03-1675), 24 March 2003.

<sup>88</sup> D. PRICE, *THE DEVELOPMENT OF INTELLECTUAL PROPERTY REGIMES IN THE ARABIAN GULF STATES: INFIDELS AT THE GATE* (2009).

*A. Saudi Arabia*

The main laws relating to counterfeiting and trademark protection in Saudi Arabia are the Commercial Fraud Law (Royal Decree 11/1984) and the Trademark Law (Royal Decree 21/2002). The Trademark Law 2002, which replaced the 1984 law, introduced important changes with respect to enforceability of trademark protection.<sup>89</sup> Its main feature is providing provisions for severe punishment in acts of counterfeiting, including goods in transit. However, the issue remains in the hands of customs authorities who lack expertise and guidance in enforcing IP rights.

With respect to border measures, Saudi Arabia is one of the GCC member States most affected by counterfeit goods in transit. It is considered a major entry point for counterfeit products, which originate mainly from China and surrounding countries, including the United Arab Emirates.<sup>90</sup> Despite Saudi customs providing a monitoring service to prevent import and/or export of counterfeit goods, the system is not as sophisticated.<sup>91</sup>

To ensure protection, a right holder must submit a petition to Saudi customs requesting them to search all ports for counterfeit goods and detain these goods. The issue here is that only registered and valid trademarks in Saudi Arabia warrant protection, and it does not apply to goods passing through from one non-Member State to another non-Member State.<sup>92</sup> In the instance where customs detects a consignment of counterfeit goods, it may initiate criminal or civil proceedings to obtain a seizure order for subsequent destruction of the goods.

*B. Bahrain*

Bahrain derives much of its provisions on trademark protection through various local, international, and bilateral agreements. The main regulation that provides trademark protection and enforcement locally is the Trademarks Law (11/2006).<sup>93</sup>

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<sup>89</sup> M Salman Khan, *Saudi Arabia: Trademark & Patent Services*, WORLD TRADEMARK REVIEW, 2010, <http://www.worldtrademarkreview.com/issues/article.ashx?g=1ac1ba27-2a48-48bf-8839-722f21f53cfa> (last visited 18 December 2015).

<sup>90</sup> Saba Intellectual Property, Saba IP Bulletin: Saudi Arabia - Customs Seize 34 Million Counterfeit Items (2015), [http://www.sabaip.com/en/documents/fe\\_bulletin/Saba-IP-Bulletin--September-2015.pdf](http://www.sabaip.com/en/documents/fe_bulletin/Saba-IP-Bulletin--September-2015.pdf) (last visited 2 October 2015).

<sup>91</sup> *Id.*

<sup>92</sup> A. Khoury, *The Development of Modern Trademark Legislation and Protection in Arab Countries of the Middle East*, 16 TRANSNAT'L LAW. 249 (2002).

<sup>93</sup> Sabuktageen Zahoor Khawaja, *Bahrain: United Trademark & Patent Services*, WORLD TRADEMARK REVIEW, 2010,

The law also provides regulations concerning border measures and counterfeit goods in transit. It confers various powers on customs authorities to assist in curbing trafficking of counterfeit goods effectively.

Although Bahraini customs may seize suspected counterfeit goods that have been imported, are in transit, or are destined for export, and prohibit the circulation of these goods, it has no authority to seize or destroy the goods without a decision from a competent court. The issue lies in the fact that there are no specialized IP courts in Bahrain (or any other Member State), and judges who are considered experts in the field of IP protection are rare.<sup>94</sup> Hence, there are usually long delays in issuing enforcement procedures and guidance in order for customs authorities to execute their duties in this respect. Furthermore, being a member of the GCC States, it can only detain and seize goods circulating within the GCC Member States and not goods passing through from one non-Member State to another. Therefore, only local registered trademarks in Bahrain and the GCC may qualify for any type of enforcement procedures concerning goods in transit at present.<sup>95</sup>

### C. Kuwait

Articles 61 to 95 of the Commercial Code (Law 68/1980) are applicable to counterfeiting and trademark infringement in Kuwait. Historically, Kuwait has experienced the highest rate of counterfeiting in the Gulf region.<sup>96</sup> As a result, Kuwaiti customs have established an IP rights department for border enforcement. Furthermore, it provides training sessions by right holders to educate customs officers on their brands and provide them with essential knowledge, skills, and procedures to identify counterfeit goods and combat counterfeit trade.<sup>97</sup>

At present, there are no procedures in place for the registration of trademarks with customs, which makes identification of counterfeit goods challenging.<sup>98</sup> Furthermore, without a court order, the customs authorities are not empowered to seize and destroy any counterfeit goods passing through Kuwait's border. This results in many goods being returned to the port of origin and reduces the

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<http://www.worldtrademarkreview.com/issues/article.ashx?g=1c7c0441-6b75-48a5-9572-f939adaafbc> (last visited 18 October 2015).

<sup>94</sup>D. Price, *Bahrain Free Trade Agreement and Intellectual Property Protection*, 7 J. WORLD INTELL. PROP. 829 (2004); Khawaja, *supra* note 93.

<sup>95</sup> Khawaja, *supra* note 93.

<sup>96</sup> Syed Mubashir Ali, *Kuwait Trademark & Patent Services*, WORLD TRADEMARK REVIEW, 2010 <http://www.worldtrademarkreview.com/Intelligence/Anti-Counterfeiting/2010/Country-chapters/Kuwait> (last visited 2 December 2015).

<sup>97</sup> M. Al-Kandari, *Infringement of Copyright and Trade Marks in Electronic Commerce: A Kuwaiti and Comparative Approach*, 17 ARAB L. Q. 3 (2002).

<sup>98</sup> Ali, *supra* note 96.

effectiveness of border protection measures as a way of combating counterfeit goods in transit in Kuwait.<sup>99</sup> Despite customs authorities' attempt at becoming proactive when dealing with counterfeit goods, the relevant systems such as detection, suspension, and seizure are still in development.

#### D. Qatar

The Law on Trademarks, Geographical Indications, and Industrial Designs (9/2002) governs Qatar's trademark protection procedures, which repealed the Trademarks Law of 3/1978. As a signatory to the Paris Convention (and various other treaties and conventions), unlike the rest of the GCC States, a trademark owner may file a suit before the Qatari courts to enforce his rights in a well-known trademark even if the mark is not registered in Qatar.<sup>100</sup> This means that right holders generally do not face challenges where trademarks not registered in Qatar are concerned. The enforcement of trademark protection is a priority for the government in light of its continued efforts to be a part of the international arena, and among all the GCC States, it is thus more likely to make an added effort to comply with its international obligations.

With regard to its border measures, it is currently not possible to record trademark rights with customs authorities. Only if the owner of a mark suspects that goods imported are counterfeit, it may file a complaint before the customs authorities detailing the container number, date of arrival of goods, and other relevant information.<sup>101</sup> It is worth noting that Qatar's trademark legislation does not authorise the seizure of goods in transit.<sup>102</sup> It is of the view that counterfeit goods that are not unloaded in Qatar usually remain beyond the jurisdiction of the Qatari customs authorities.

#### E. United Arab Emirates (U.A.E.)

The United Arab Emirates (UAE) is a union of seven emirates, which arguably makes enforcing IP rights in each emirate a challenge. Generally, IP-related matters are governed by federal laws that are enforceable in all seven emirates, however, each emirate practices a slightly different version of the law and levels of

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<sup>99</sup> *Id.*

<sup>100</sup> Essam Shafiq, *Qatar: Trademark & Patent Services*, WORLD TRADEMARK REVIEW, 2010, <http://www.worldtrademarkreview.com/issues/article.ashx?g=82e6bad2-2b60-41c9-8b7f-7b3bbe535c9f> (last visited 18 October 2015).

<sup>101</sup> Tareq Jeroudeah, *Intellectual Property Rights Border Measures in Qatar*, MEYER-REUMANN & PARTNERS, 2011, <http://lexarabiae.meyer-reumann.com/issues/2012-2/vol-xvi-issue-2-apr-2012-articles/intellectual-property-rights-border-measures-in-qatar> (last visited 25 December 2014).

<sup>102</sup> *Id.*

enforcement can vary from one emirate to another.<sup>103</sup> The Trademark Law (8/2002) which repealed the Trademark Law (37/1992), governs all trademark prosecution and infringement matters.<sup>104</sup>

Unlike other GCC member States, where the burden is on the right holder to inform customs of suspected counterfeit goods, the UAE allows trademarks to be recorded with customs, which are then placed on a watch list.<sup>105</sup> As a result, the UAE customs notifies the right holder or its representatives of any goods suspected of being counterfeit. However, similar to Qatar, the UAE's Trademark Law does not authorise the seizure of goods in transit and it certainly does not apply to goods not intended for distribution within the GCC.<sup>106</sup>

#### F. *Oman*

The Industrial Property Law issued by Royal Decree No. 67/2008 governs trademark protection laws in Oman.<sup>107</sup> It has incorporated trademark protection into a single comprehensive law encompassing all areas of industrial property.<sup>108</sup> Due to its strategic location, Oman has one of the highest rate of counterfeit trade, amongst the GCC Member States in the region, with goods passing through from China, India, and surrounding countries. Although Oman places importance on combating counterfeit goods in transit due to its international treaty obligations, its customs authorities require extensive training in identifying and seizing suspected counterfeit goods. Furthermore, its Industrial Property Law does not authorize the seizure of goods in transit, thus reducing the effectiveness of border protection measures as a way of combating counterfeit goods in transit.<sup>109</sup>

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<sup>103</sup> PETER W. HANSEN, *INTELLECTUAL PROPERTY LAW AND PRACTICE OF THE UNITED ARAB EMIRATES* (2009).

<sup>104</sup> E. Al-Tamimi, *The Framework for Litigation in the United Arab Emirates*, TAMIMI & CO, 2012, [http://www.tamimi.com/site\\_1024/pdf/litigati.pdf](http://www.tamimi.com/site_1024/pdf/litigati.pdf); Stanislas Barro, *Dubai Customs Releases Report on Achievements for 2008*, *WORLD TRADEMARK REVIEW*, 2009, <http://www.worldtrademarkreview.com/daily/detail.aspx?g=02336d56-b16b-4620-8949-b3e443105e0c#search=%22%22> (last visited 18 October 2014).

<sup>105</sup> Sarmad Hasan Manto, *United Arab Emirates: Trademark & Patent Services*, *WORLD TRADEMARK REVIEW*, 2010, <http://www.worldtrademarkreview.com/issues/article.ashx?g=ef3f7bfe-ce99-41f6-84a9-79f0c30014e6> (last visited 18 December 2014).

<sup>106</sup> Price, *supra* note 85.

<sup>107</sup> J. Al-Wahabi, *Intellectual Property System in the Sultanate of Oman*, WIPO Introductory Seminar on Intellectual Property, Muscat, Oman, 19 April 2004, WIPO Document WIPO/IP/MCT/APR/04/3, April 2004.

<sup>108</sup> *Id.*

<sup>109</sup> *Review of Legislation: Oman*, *supra* note 87; Al-Wahabi, *supra* note 108; Price, *supra* note 85.

## VII. CONCLUSION

The implementation of border measures in the EU is generally in compliance with the international standards imposed by TRIPS and other relevant legislations within its Member States. In terms of goods in transit, Regulation 1383/2003 provoked uncertainty in the decision of *Philips/Nokia*. Furthermore, despite the implementation of Regulation 608/2013 on the 1<sup>st</sup> of January 2014, it still does not address the issues raised in the decision where goods entering the EU under suspensive customs procedures are not to be classified as counterfeit goods within the meaning of the Customs Enforcement Regulation. However, the Commission's draft proposals for changes to the Community Trademark Regulation and potential introduction of a new Trademark directive may provide clarification on the decision of *Philips/ Nokia*. The Commission's proposals provide that goods entering the EU customs territory can infringe trademark registrations even when they have not been released into circulation within the EU. This may prove rewarding in the fight against counterfeiting.

In contrast, the GCC Unified Customs Regulation awards little attention to border control as set out in TRIPS. The general view taken by customs authorities within each of the Member States is that goods suspected of infringing intellectual property rights may be detained if intended for circulation within the GCC. However, goods in transit intended for circulation in a third country are not subject to the provisions of the Regulation. The proposal here is to perhaps implement procedures that enable customs authorities to use *ex officio* power in detecting and seizing goods in transit suspected of infringing intellectual property rights. More importantly, it should apply to situations where goods entering the GCC can infringe intellectual property rights even when they have not been released into the local market. In the absence of an effective customs regulation that would grant such powers to customs authorities, perhaps each Member State could seek to implement the above proposals in a manner that complies with their own national laws. This is until the Customs Unified Regulation is implemented by all GCC States at the next summit in January 2017, which may perhaps address the above concerns and bring its border control procedures in line with TRIPS.

The above discussion also draws on the importance of close cooperation and effective communication between right holders and customs authorities. This approach will not work if either party is ill-informed. Furthermore, in some situations, right holders do not have all the information requested which renders them unable to take necessary action. This is certainly one of many issues faced by right holders within the GCC States. In this context, the proposal is to set up a database system shared among customs authorities in each Member State to enhance communication, exchange information, and facilitate right holders.