

INFRINGING GOODS IN TRANSIT

I. Analysis of Current Legislation and Case Law

The Groups are invited to answer the following questions under their national laws and if applicable their regional/community legislation:

In-transit Term

1) Does your country's law provide for an "in transit" concept (regardless of the exact terminology)?

Answer 1

It does to the extent that such goods are not considered to be destined to enter the stream of United States Commerce and not subject to its Trademark Laws. The United States Trademark Law provides in Section 32 of the Lanham Act (15 USC § 1114) that:

*“(1) Any person who shall, without the consent of the registrant –
(a) use in commerce any reproduction, counterfeit copy of colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising, of any goods or services or in connection with which such use is likely to cause confusion or cause mistake or to deceive or . . . shall be liable in a civil action by the registrant for remedies.”*

Unless the accused infringing goods are used in U.S. commerce by sale, offer for sale or advertisement, their importer cannot be held liable for trademark infringement in a United States Court.

2) If yes to question 1, what term is used in your country to describe this concept?

Answer 2

“In transit”.

3) If yes to question 1, does your country make any distinction between “customs transit”, “transshipment” and “in-transit”?

Answer 3

Not under the U.S. Trademark Statute. There could possibly be a distinction under the Tariff Act.

4) Does your country's "in transit" concept include for example customs warehouses, free warehouses, free zones and other customs procedures under which the goods are not released for free circulation and are kept under customs control?

Answer 4

No, the goods are not considered to be in transit unless and until the goods are released from the U.S. Customs and Border Protection Service. If the goods are then released into U.S. commerce, they will be subject to a civil action in a U.S. court.

Goods In Transit – Infringement

In the following questions 5-12, "in transit" refers to the term used in your country.

5) Are goods in transit considered to fall within the trademark owner's exclusive right to prevent others from importing goods bearing the trademark?

Answer 5

No. Such goods are not in U.S. commerce so that Section 32 of the Lanham Act does not confer such right on the US registrant. Our understanding of the phrase "goods in transit" is that the goods have properly passed through Customs or were not subject to the jurisdiction of the U.S. Bureau of Customs.

6) Taking into account the following scenarios, are goods in transit considered to be infringing in the country of transit if:

- i. goods bearing a trademark are sent from country A (where it is not registered) to country C (where it is not registered) via transit country B (where it is registered). **NO.**
- ii. the trademark owner has a valid trademark registration only in the country of destination (country C). **NO.**
- iii. the trademark owner has a valid trademark registration only in the country of origin (country A). **NO.**
- iv. the final destination of the goods is not known at the time of entrance of the goods in the transit country (consider both scenarios-where it is registered in country B and where it is not registered in country B). **NO; NO.**

7) In those scenarios where in-transit goods are considered to infringe a registered trademark right in the transit country:

- i. Would that be the case if it shown that goods will be or that there is a risk for the goods being illicitly diverted into the market of the transit country?

Answer i.

Such goods will not infringe until they actually enter U.S. commerce.

- ii. Who has the burden of proof to show that goods will be or that there is a risk for the goods being illicitly diverted into the market of the transit country?

Answer ii.

No one. Risk of diversion does not in and of itself constitute use in commerce.

- iii. What is the nature of evidence that may have to be submitted in this regard?

Answer iii.

A receipt for payment of goods to be delivered to a purchaser located in the United States.

- iv. What is the standard of proof in such cases?

Answer iv.

Preponderance of the relevant and material evidence.

Categories of Goods and Trademarks

8) Are there any differences as to whether goods in transit are considered to be infringing in the country of transit if the goods are (i) counterfeit, (ii) parallel traded or (iii) bear confusingly similar trademarks? **NO.**

9) Is there any extended or special protection for well-known and famous trademarks in respect of goods in transit? **NO.**

10) Does the extended or special protection under question 9 above, exist even where no registration has been obtained in the country of transit. **NO.**

Border Measures and Remedies

11) Are border measures available for goods in transit under your statutory law? If yes, please quote the corresponding articles(s) or paragraph(s).

Answer 11

***They are available to block entry into the United States, not otherwise.
15 USC, Section 1124 Tariff Act, 19 USC § 526.***

12) Does your case law / jurisprudence deal with border measures regarding goods in transit? If yes, please comment if possible trends can be observed from court precedents, and in which direction. ***NO.***

13) What kinds of remedies are available of goods in transit are considered to be infringing in the transit country? Are, for example, injunctions, monetary damages, or destruction of such goods possible? ***NO.***

14) If the answer to question 13 includes monetary damages, how are the damages computed?

Answer 14

Not applicable.

15) If the answer to question 13 includes destruction of the infringing goods, who is responsible for ensuring the destruction of the infringing goods.

Answer 15

Not applicable.

II. Proposals for Harmonisation

The Groups are invited to put forward proposals for the adoption of harmonized rules as to the infringement of trademarks by goods in transit. More specifically, the Groups are invited to answer the following questions.

Please note that in-transit in the following refers to the term in a broader sense and is not limited to a specific customs procedure.

Goods In Transit – Infringement

16) Should goods in transit be considered to infringe a registered trademark in the transit country? If yes, why? If no, why not?

Answer 16

No. The U.S. Constitution limited the jurisdiction of the Trademark Statute to goods or services in commerce, not in transit in the United States without being sold, offered for sale or

advertised in the U.S. To have goods in transit considered to infringe a trademark, the Trademark Act would need to be amended to define goods in transit as goods in commerce.

17) Should it matter whether the goods have been lawfully manufactured in and/or exported from the country of origin?

Answer 17

Yes, if physically or materially different and are in commerce.

18) Should it matter whether the goods could be lawfully put on the market in the country of destination? **NO.**

19) If in-transit goods are not considered to infringe a registered trademark in the transit country, should there be an exception if it is shown that the goods will be or that there is a risk for the goods being illicitly diverted onto the market in the transit country?

Answer 19

Yes, if there is persuasive, if not conclusive, evidence of planned diversion.

20) What kind of evidence should be presented for this exception to take effect?

Answer 20

Reliably persuasive, if not conclusive, evidence.

Categories of Goods and Trademarks

21) Should infringement by goods in transit be limited to counterfeit goods or should also parallel traded goods and goods bearing confusingly similar goods [sic] marks be considered to infringe when in-transit?

Answer 21

Ideally, infringement by goods in transit in the United States should not be limited to counterfeit goods, and should also encompass parallel traded goods and goods bearing confusingly similar marks but such a provision would require amendment of United States Code Title 15 and 19 to define “goods in transit” as “goods in commerce”.

22) Should famous and well-known trademarks enjoy extended protection in respect of goods in transit? If so, should this be the case even when no registration has been obtained in the country of transit?

Answer 22

Yes, to both questions but this will similarly require an amendment to United States Code Titles 15 and 19 to define “goods in transit” in this country as “goods in commerce”.

Border Measures and Remedies

23) Should border measures be available for goods in transit?

Answer 23

Yes, when the U.S. Trademark Law and Customs Laws are amended to define “goods in transit” as “goods in commerce”.

24) Should the same remedies (such as injunctions, monetary damages and destruction) be available for infringement by goods in transit as for other trademark infringements?

Answer 24

Yes, subject to the aforesaid statutory amendments.

25) Should the same defenses be available for the importers of goods in transit as for goods under direct importation from the country of origin or other?

Answer 25

Yes, if goods in transit are to be considered under U.S. law as goods in commerce, importers of such goods should have the same defenses available to them as to goods imported from a country outside the United States and being processed through the United States Bureau of Customs and Border Patrol.