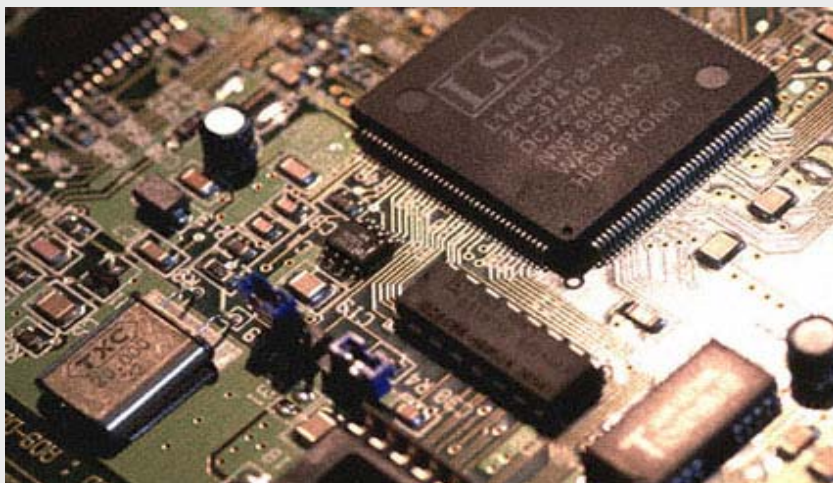


SNB-REACT Internet monitoring project



A few months ago, a questionnaire was sent out to the members to see who was interested in a further expansion of SNB REACT. As the online market is growing and developing, SNB-React is getting ahead of the game by introducing an Internet Monitoring Program to counter the offering and selling of counterfeit goods on the Internet. This program is achieving very promising results. Since we have started monitoring in Italy and the Netherlands we have had about a thousand advertisements removed from auction sites like eBay, who are particularly cooperative.

Their 'VERO-Program' (Verified Rights Owner's Program) has proven to be an effective tool in removing advertisements offering counterfeit goods. This Program also provides address information on eBay members in the Netherlands (unfortunately not in Italy due to strict privacy laws). This enables us to follow up cases. We were also able to have infringing goods removed from commercial websites. However, this procedure has proven to be more complex, mostly due to false account information in the registrar database (WHOIS). This has challenged us to improve our capability to investigate, for instance by using software that can physically locate Internet Servers.

'0900-NEPPERS' (0900-6377377).

SNB-React Netherlands has recently launched the number **0900-NEPPERS (0900-6377377)**. This number was created in order to allow direct reporting of counterfeit sales.

SNB-React noticed a need for an accessible portal for reporting counterfeit goods. Therefore we created a 0900 number with the catching name 'NEPPERS' (a popular Dutch word for counterfeit goods). We decided to charge 50 eurocents a minute. This to avoid unserious messages/reports.

A reporting will be handled by a standard procedure. In general we can say that reporter has to give answer to the who, when, where and what questions. On the basis of these data we will start an investigation. The number can be reached anytime.



New Service China

In our customs actions at the external European borders, we very often receive official information of the Chinese supplier and exporter of fake goods. Processing this information to the Chinese customs in order to stop future consignments of the same exporter is easier said than done! Various difficulties may be encountered starting from the preparation of the file and whom to inform. SNB-REACT has developed this new service for its members, with a partner, Sunfaith, a private consultancy with branches throughout China. Together we can prepare a complete file based on the information received from customs and make sure that this file will be transmitted to exactly the right customs officer in China in his own language!

The service will cost € 300, 50% of which will go to SNB-REACT to prepare the file, customs statements, images of the goods, information on consignee and consignor, type of goods, quantities etc.. and 50% for Sunfaith to inform-alert-instruct in Chinese the right customs officer.

For members lacking an extensive enforcement network in China this is a cheap and effective tool to take adequate measures and stop the source of counterfeited goods.

In this issue

- Internet monitoring Project
- New Service China
- 0900 "NEPPERS"
- Baltic States update
- Italy and Portugal updates
- The Benelux trademark act;
- Italy: Fine for purchasing fakes
- SNB-REACT Partnership Project
- WCO-IPR News and reports
- WCO/REACT training schedule

News from the Network

Italy

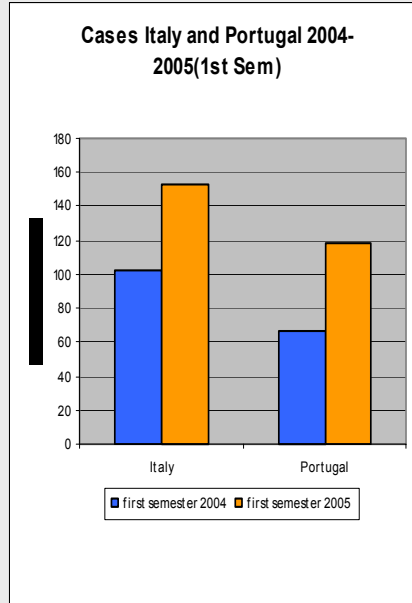
Cases in Italy have increased considerably since the beginning of the year and, compared to the same period of last year, have risen from 102 to 153, as illustrated in the graph below.

Although cases originate from all enforcement authorities, the majority of the notifications still come from customs and are strictly linked to both an increased operational activity of Italian customs and to the higher number of customs applications filed by the Italian office representing more and more brands.

The fact that many brand owners have joined our enforcement programme in Italy also means that there is a wider variety of products involved in seizures. Although mobile phone accessories always tend to be on top of the list of the most seized products, we have noticed an interesting increase of seizures concerning merchandising, toys and luxury products.

Although cases originate from all enforcement authorities, the majority of the notifications still come from customs and are strictly linked to both an increased operational activity of Italian customs and to the higher number of customs applications filed by the Italian office representing more and more brands.

Fake Marvel toys seized in Imperia



Among the examples of relevant cases we can point out a vast operation initiated by the Guardia di Finanza of Imperia named "Operation China Toys", which resulted in a seizure of 38.790 toys of various brands involving 29 defendants in four different Regions and a large seizure of mobile phone covers (205.000 pieces) coming from China and carried out by Customs in Naples. Lately there were also some significant seizures of fake fashion products.

The Italian branch of SNB-REACT, having signed a Memorandum with Italian Customs back in 2002, is actively participating in the monthly technical meetings which are usually held in Rome at Customs' Headquarters and involve other associations of brand owners. The scope of these meetings is to discuss and implement ways of further improving cooperation between Customs and IPR owners and to organize joint training seminars for customs officers. The most recent of these training sessions was held in Rome last April and enabled SNB REACT to invite three of its members to give anti counterfeiting presentations to a public of more than 100 customs officers representing the Centre and South of Italy.

Fake Dior sunglasses seized in Lisbon

Portugal

The year 2005 started off with a remarkable boost of notifications from Portugal. In the first semester of activity we reported 118 cases compared to 66 of the same period last year.

In Portugal the police authorities are always particularly active, the Brigada Fiscal and IGAE carried out numerous seizures against warehouses and local shops, mostly targeting luxury goods and merchandising.

As an example we can report a large operation conducted in April by the Brigada Fiscal of Aveiro jointly with the Brigada Fiscal of Porto in a local warehouse, which resulted in the seizure of more than 5000 perfumes of different brands. Customs in Portugal, have recently demonstrated more enthusiasm and the Results can be concretely seen with the increase in notifications. In particular we would like to praise the good work of the customs officers in Lisbon Sea Port and Leixões Customs who carried out respectively a seizure of 38.000 sunglasses and of 12.000 mobile phone covers, all coming from China. Finally, almost as an annual tradition, last April another successful training seminar was held in Lisbon and saw the participation of almost 20 brand owners who gave anti-counterfeiting presentations to customs, Brigada Fiscal and IGAE officers coming from all over Portugal. The great participation of companies this year is evidence of the increasing interest in this Country and of the strategic importance that Portugal has achieved in the fight against counterfeiting.



SNB-REACT in the Baltic States

This year, SNB-REACT extended its activities in the Baltic State of **Lithuania**. Lithuania is probably the fastest growing economy in Europe nowadays and, hence, increasingly important for brands owners. Given the strategic position near Russia, it is of great importance to build up a solid enforcement system. After a few months of experience, we have become very positive about the opportunities in this country. The customs authorities are cooperating very well (our compliments to Ilona Rozeniene and her successor Daiva Niedvariene). In just a few months 20 good cases with large quantities were intercepted. The procedure is quite straight forward, including the application of the simplified customs procedure ex article 11 of the EU Regulation. One of the most important reasons for starting in Lithuania was the lack of police actions. Although special officers were appointed, no real actions were undertaken.

Markets are loaded with counterfeited goods and given the increasing demand for branded goods, it is absolutely necessary to mobilize the local enforcement structure as well. We have offered full support to the local police and finally this is working out in the first police actions. Our man in Lithuania in Kazimieras Sarczikas (ksarzickas@snbreact.org, +370 5 212 2077). Regular actions in Lithuania cost members € 300. Like everywhere small cases are € 100. In **Latvia**, we started a joint venture operation in 2003 becoming effective 1 January 2004. Joint Venture partner is CIPR, Coalition Intellectual Property Rights. After a good start we must admit that number of custom actions is below expectations. Now the new customs regulations and national implementation rules have been adopted, we really hope this would result in increasing actions. The free zone area in Riga is often mentioned as a transit point for counterfeit goods whereas the number of actions in this port should also be higher in our opinion. Customs and police actions in Latvia are charged € 350.

In **Estonia**, SNB'REACT uses the services of an external lawyer, Andres Aavik. Also with him we agreed on fixed fees for his actions.



Benelux Trademark Act – new enforcement tool



Following the EU Enforcement Directive, the Benelux Trademark Act will be changed. The enforcement remedies will be improved according to the provisions of the EU enforcement directive. A very important improvement will be the conditions put on claims to recover profits made by infringers. In the current law, the damaged rights owner must prove bad faith of the infringer before the profits made can be recovered. SNB-REACT was fiercely against this provision and, supported by the text of the enforcement directive, we managed to convince the Ministries of Belgium, The Netherlands and Luxembourg. In the revised Benelux Trademark Act, the bad faith notion does not reappear. The new condition for such claims to be granted is that the infringer knew or should have known. Obviously much easier to prove. The new law will enter into force April 2006.

Italy: fines for purchase of counterfeits

On March 14, 2005, a decree concerning urgent measures on the economic and social development' was approved. Although the decree ("Decreto Competitività"), includes provisions on various matters, it is of particular interest for us because it introduces an administrative sanction applicable to those consumers found buying counterfeit products. The fine, (up to 10.000 Euros) is foreseen for "...the purchase or the acceptance, without having previously ascertained its legitimate origin of products which, based on the quality or conditions of who is offering them or the entity of the price, induce to consider that laws concerning IPR rights may have been infringed". A concrete application of this new provision has already been carried out by the Carabinieri of Savona on several beaches in the Liguria Region just a few days ago and if applied correctly could indeed be a useful means to discourage this kind of attitude from consumers who are certainly aware that the goods bought from street vendors are of illegitimate origin.

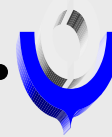
REACT Partnership Project

Besides its own offices and the consolidated joint ventures in Romania and Baltic Countries, SNB-REACT has recently launched a partnership project in other European countries, through which brand owners can benefit of the services of sister organizations, law firms and investigators, providing direct actions in the framework of anti-counterfeiting like: filing affidavits, filing criminal complaints, customs interventions.

The partners have been selected carefully for their high skills and experience in anti counterfeiting work.

Services are available in the following countries: Romania, Spain, Hungary, Malta, Poland, Austria and Luxembourg. Please contact us for individual arrangements but in general customs, criminal and civil actions stay below € 350 per case as long as working time is not exceeding four hours.

For further details also consult our website www.snbreact.org, in the section "partners".



Plovdiv, Bulgaria Technical training, May 9-10.



In view of future accession to the European Union, Bulgaria is increasing cooperation and initiatives to enhance its integration process. It is therefore not a surprise that WCO-IPR seminar organized in the city of Plovdiv in May gathered as many as 18 right holders, for training that involved 40 customs officers from all border points of the country. The location was chosen, because of the initial project to involve directly Turkish Customs administration (Plovdiv is half way between Sofia and the border), due to the very relevant problem of import of counterfeit goods especially at the entrance point of Turkish-Bulgarian landborder. As it has not been possible to make a joint event, further initiative with Turkish customs will certainly be organized, nevertheless the issue was long discussed by the brand owners, the participants and the chair which was formed by well known Dutch Custom expert Jan Oomen, Alexey Kislitsyn of P&G and Paolo Balistrieri of SNB-REACT as co-chair. Alongside the technical presentations from each company, the aim of the seminar was to encourage Bulgarian Customs authorities to improve their actions and provide them with the necessary skills and information to do so.

Great focus was given to the implementation of customs procedures and integration of Bulgarian laws to the European Union and WCO Standards.

Jan Oomen presented the WCO Model law and Risk Analysis techniques and with the active contribution of local lawyers, a final round table involved all the participants in a very active and fruitful discussion. Most outstanding legal and procedural matters highlighted, are: the exclusive use of civil procedure in customs seizure, which would ease the introduction of Art.11 procedure but limit the brands owner possibilities to enforce their rights; major problem is also that transit is not subject to Border Measures yet, in direct conflict with EU regulation and WCO model law; Pirated and counterfeit goods are not yet included in the Law on the Customs list of prohibited goods .



Certainly the discussions raised the awareness that it is now, in the EU accessing period, the right moment to put forward proposals for changes and implementations, the Bulgarian Customs Authority and all the parties involved, seemed to have the right approach to make this happen in due time.

Contacts:

WCO-IPR

Mr. Will Robinson
Tel: +32.2.209.9.303
will.robinson@wcoomd.org

SNB-REACT offices:

HQ and WCO-IPR Secretariat

Amstelveenseweg 864, 1081JM
Amsterdam
Tel: +31 (0)20 640 6363
info@snbreact.org

Ms. Ingrid Van der Hoek
(Secretary WCO-IPR)
info@wcoipr.org

Italy

Tel: +39 02 80509450
pbalistrieri@snbreact.org

Portugal

Tel: +351 21 357 5035
ppereira@snbreact.org

Lithuania

Tel: +370 5 212 2077
ksarzickas@snbreact.org

Latvia JV with CIPR

Tel: +371 7280 759
artis.brinkmanis@pbnco.com

WCO-IPR APAC: training sessions and newsletter

The WCO-IPR Asia Pacific Secretariat, has a very active schedule ahead, next months. In fact WCO-IPR training format, already proved to be effective all over the world is attracting the interest of many country's Customs Administrations in the region. Kazakhstan, Pakistan and Indian Authorities expressly requested training events for their officers and the strategic group business members responded with high interest. Almaty event in July, organized in cooperation with UNECE and Wipo. David Blakemore and Jennifer Tashima of the APAC Secretariat are busy

with the collection of company's participation and the assessments on the region main IPR related problems. Projects to organize trainings and involve other "new" regions are undergoing, as contacts with Algerian Customs and other East African countries have been established. WCO-IPR APAC, has also taken the initiative to produce a quarterly newsletter, which covers all global activities of the group (our page dedicated to WCO-IPR, will anyway coexist with it); you can find the first issue of on www.wcoipr.org site and send your contributions to asiapacificipr@msn.com.