



Economic Commission for Europe

Steering Committee on Trade Capacity and Standards

**Working Party on Regulatory Cooperation
and Standardization Policies (WP.6)**

**Recommendation M: Use of Market Surveillance
Infrastructure as a Complementary Means to Protect Users
against Counterfeit Goods**

Submitted by the Advisory Group on Market Surveillance (MARS)

Summary

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I. Introduction

1. **The Working Party on Regulatory Cooperation and Standardization Policies,**
2. **Recognizing** the consumer protection concerns of the United Nations Member States and the related tasks for international organizations as highlighted in the General Assembly resolution 39/248 of 16 April 1985, the decision 54/449 of 22 December 1999 and the resolution 70/186 of 22 December 2015 (United Nations Guidelines for Consumer Protection) ,
3. **Recognizing also** the importance of combating substandard, falsely labelled and counterfeit goods which pose risks to the health and safety of users, which pose risks to the environment, and which also decrease consumer confidence in the marketplace,
4. **Stressing** the necessity to set up efficient domestic market surveillance system to ensure that goods placed on the market meet legitimate public objectives such as public health protection and safety and that business transactions take place in compliance with the principle of fair competition,
5. **Stressing also** the importance of intellectual property rights (IPR) protection and enforcement for international trade and for the economic and industrial development of countries,
6. **Conscious** of the Agreement on Trade-Related Aspects of Intellectual Property (the “TRIPS Agreement”), concluded in the framework of the World Trade Organization,
7. **Noting** existing deficiencies in the protection and enforcement of IPR in international trade,
8. **Underlining** that setting up an administrative and legal framework to protect and enforce IPR, including penalties, is a key element to solve the problem of counterfeit goods,
9. **Underlining also** that building a coordinated network of cooperation between all core stakeholders, namely State authorities (e.g. customs, market surveillance authorities, police and intellectual property/patent offices), industry and users is a key element to solve the problem of counterfeit goods,
10. **Taking into account** the legal and technical differences which may exist between administrative and legal frameworks and individual technical regulations as well as the implementation tools when looking at enforcing IPR compared to ensuring market surveillance,
11. **Considering** the role of the Working Party on Regulatory Cooperation and Standardization Policies in improving the current administrative and legal framework to enable business to trade safe and reliable products,

II. Recommended practice

12. **Recommends that**, wherever feasible and where the national legal framework permits:
 - M.1 Governments involve their market surveillance authorities in the fight against counterfeit goods – in a complementary way to existing national legal mechanisms,
 - M.2 Governments support the possibility for intellectual property (IP) right-holders to inform, with information, the market surveillance and other relevant State authorities about counterfeit goods,
 - M.3 Governments urge market surveillance authorities when examining the compliance with all applicable requirements of the national legislation, to check if the goods might infringe IPR, and, whenever feasible and without prejudice to the national legislation on confidentiality, to involve other relevant State authorities and IP right-holders, this includes suspected counterfeit goods offered for sale offline, online or through other means of distance sales made available on the market and where appropriate to resort to laboratories to test the goods or request professional expertise from the IP right-holders,

M.4 Governments establish cooperation and coordination mechanisms which would bring together market surveillance agencies, customs and other relevant State authorities which would aim to develop mechanisms to ensure more rational and purposeful implementation of procedures, information exchange and mutual support in enforcing their activities in line with relevant legislation and which would further aim to organize public consultation and to organize awareness raising campaign with a focus on non-compliance as well as unsafe counterfeit goods and the potential risks caused by such products,

M.5 Governments endorse the exchange of information relevant to IPR among market surveillance agencies and with relevant State authorities at the national, regional or international levels, including the improvement of databases on accidents and incidents, on assessing scope of non-compliant, unsafe and counterfeit goods as well on the identification illicit trade, to implement the principles of this recommendation, and create the framework to strengthen and enhance cross-border cooperation,

Trusts that:

M.6 Implementation of these procedures should neither create a financial burden for market surveillance authorities nor replace or duplicate existing IPR enforcement tools (it would be rather beneficial to users, and conducive to establishing “rule of the law” principles in society and to fair competition and business development).

III. Guidelines to the implementation of Recommendation M on the Use of Market Surveillance Infrastructure as a Complementary Means to Protect Users against Counterfeit Goods

13. These guidelines have been developed to provide more details in order to streamline the implementation of *Recommendation M on the Use of Market Surveillance Infrastructure as a Complementary Means to Protect Users against Counterfeit Goods*.

14. This recommendation uses the following definitions:

- Counterfeit – an infringement of any type of IPR
- Goods – goods, including any packaging, label, sticker, brochure, operating instructions, warranty document or similar items which are sold under a brand’s name without the brand owner’s authorization (based on EU regulation no 608/2013¹)
- Intellectual property (IP) – creations of the mind such as inventions, patents, copyrights, trademarks, industrial designs, geographical indications, or trade secrets, among others²
- IPR-holder – the holder of intellectual property rights following substantive Law
- Users – any natural or legal person to whom a product has been made available either as a consumer outside of any trade, business, craft or profession or as a professional end user in the course of its industrial or professional activities.³

15. The Universal Declaration of Human Rights reiterates the principles of IP in its article 27: “Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.” An intellectual property right (IPR) allows the creator to benefit from their work and investment in their creation. This in turn can reward creativity and encourage innovation as it provides financial resources and motivation to discover further scientific, technical, industrial or other

¹ <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:181:0015:0034:en:PDF>

² World Intellectual Property Organisation, “What is Intellectual Property”, <https://www.wipo.int/about-ip/en/>

³ Point (21) of Article 3 of REGULATION (EU) 2019/1020 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 June 2019 on market surveillance and compliance of products and amending Directive 2004/42/EC (<https://eur-lex.europa.eu/eli/reg/2019/1020/oj#d1e1464-1-1>) and Regulations (EC) No 765/2008 and (EU) No 305/2011 (OJ L 169, 25.6.2019, p. 1–44) (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019R1020>)

productions. In order to encourage such creations; it is essential that governments prioritize the protection and enforcement of IP.

16. A 2021 study by the European Union Intellectual Property Office (EUIPO) and Organisation for Economic Co-operation and Development (OECD) estimated that the international counterfeit and pirate trade was worth up to 461 billion USD per year. If domestically produced and consumed products or non-tangible digital products were also included, the EUIPO and OECD study estimated the international counterfeit and pirate trade would be several hundred billion USD more.⁴

17. The EUIPO and OECD study also revealed counterfeiting is not confined to luxury items, such as designer watches and clothing, but has expanded to include pharmaceuticals, food, drinks, medical equipment, personal care items, toys, tobacco and automotive parts – all of which can potentially pose consumer health and safety concerns.

A. Implementation of Recommendation M1

18. Most countries have an intellectual property office (IPO) or equivalent. An IPO is responsible for tasks related to IPR, following international and regional regulations in the field of legal protection of IP, supervision of collective management organizations for copyright and related rights and raising public awareness. Identification of counterfeit goods in international trade is often dealt with by customs authorities.

19. Market surveillance agencies have a prominent role in trade, verifying that products comply with relevant standards and/or technical regulations to ensure that they are safe for consumption on the market. Counterfeit goods are often unsafe for consumption and would already be flagged by market surveillance authorities as non-compliant; but often today this verification does not include IPR. With their knowledge of product requirements, their testing capabilities and their verification of products, market surveillance agencies are well placed to identify and signal cases of IP infringement.

20. With the ever-growing global market and faster distribution channels, it would make sense for customs authorities, market surveillance authorities and other respective State authorities to be involved effectively in joint enforcement activities with the aim of preventing illicit trade, protecting fair competition, eliminating unfair business practices and stopping counterfeit goods.

B. Implementation of Recommendation M2

21. IP right-holders have a vested interest to ensure that counterfeit goods do not enter onto the market and often have their own mechanisms for this either internally or through an industry chamber. This identification may be of goods already on the market or goods which have been developed abroad and may enter the market. They will want to signal to the authorities these potential infractions; some economies have put in place a procedure to do this.

22. Within the European Union (EU), the European Parliament has developed an application for action procedure and accompanying guide⁵ for customs authorities. This guide can be used as an inspiration to establish a similar procedure in other jurisdictions, not just for customs authorities but also market surveillance authorities. Such an application for action should contain the following information:

⁴ Trends in Trade in Counterfeit and Pirated Goods, EUIPO and OECD, 2021. https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2021_EUIPO_OECD_Report_Fakes/2021_EUIPO_OECD_Trade_Fakes_Study_FullR_en.pdf

⁵ “Customs Enforcement of Intellectual Property Rights in the EU; Manual for the completion of applications for action and extension request”, Regulation (EU) No. 608/2013 of the European Parliament and of the Council of 21 June 2013, Commission Implementing Regulation (EU) No. 1352/2013 of 4 December 2013, https://taxation-customs.ec.europa.eu/system/files/2016-09/manual-application-for-action_en.pdf

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- 160 • IP right-holder's details
- 161 • Description of the goods infringing IPR
- 162 • Data on the basis of which the competent authority can recognize without a doubt the
- 163 goods are infringing IPR
- 164 • The proposal of the time period in which the undertaking of measures is requested
- 165 from the competent authority
- 166 • Data on the basis of which it is possible to recognize the shipment or the package
- 167 • Data on the place where the goods are situated, their proposed destination
- 168 • The title of the producer, importer, owner or holder of the goods infringing IPR
- 169 • Proposed date of delivery or departure of goods and data on the used means of
- 170 transport.
- 171 • Specimen or photographs of goods
- 172 • Evidence of ownership of the IPR
- 173 23. Persons entitled to submit an application for action should include:
- 174 • IP right holders
- 175 • all other persons authorized to use those rights, in particular licensees
- 176 • intellectual property collective rights-management bodies which are regularly
- 177 recognized as having a right to represent holders of IPR
- 178 • professional defence bodies which are regularly recognized as having a right to
- 179 represent holders of IPR

180 C. Implementation of Recommendation M3

- 181 24. When carrying out their regular activities to check compliance, market surveillance
- 182 agencies may detect counterfeit goods. This recommendation suggests going a step further
- 183 and to actively test not only for compliance against regulations, but also to identify potential
- 184 counterfeit goods. Information essential for the identification of products with a serious risk,
- 185 which represent basic information for market surveillance, are at the same time important
- 186 indicators of whether the product is original or has indications of suspicion that it is a
- 187 counterfeit good.
- 188 25. There are many indications which can lead to believe that a product may be counterfeit
- 189 and which are essential elements in the implementation of market surveillance activities.
- 190 Such elements include the brand, the packaging, the labelling, accompanying images, the
- 191 supply chains used, and laboratory test results.⁶
- 192 26. All authorities that intervene on IPR issues need to have the power to undertake
- 193 measures for preserving evidence, take samples, request professional expertise and undertake
- 194 temporary and/or final measures depending on the findings. Where national laws allow, the
- 195 measures should include recall of the counterfeit goods from the supply chain, removal of
- 196 counterfeit goods from the market, and/or destruction of the counterfeit goods.
- 197 27. As e-commerce (the sale of goods via the internet) continues to grow, it is important
- 198 for market surveillance authorities to have the ability to monitor online trade and markets.
- 199 This is particularly important as many counterfeit related investigations now involve some
- 200 form of electronic evidence and cross-border elements.⁷

⁶ See, for example, the Commission Implementing Decision (EU) 2019/417 of 8 November 2018 laying down guidelines for the management of the EU Rapid Information System 'RAPEX' established under Article 12 of Directive 2001/95/EC on general product safety and its notification system: <https://eur-lex.europa.eu/eli/dec/2019/417/oj>

⁷ Interpol, 'Illicit goods – the issues', <https://www.interpol.int/Crimes/Illicit-goods/Illicit-goods-the-issues>

D. Implementation of Recommendation M4

28. Coordination between agencies to combat counterfeit goods does already exist in some economies. In some cases, a coordination body for efficient IPR protection is established with an aim to monitor and direct certain tasks to ensure effective protection of IPR. Such a coordination body could have high level officials from each of the participating State authorities. For this coordination to be effective, the strategy of such a coordination body needs to ensure that strategic goals are realistic and based on the capacities of all relevant State authorities. Such a coordination body could also create, for example, an information website, organize training seminars for public enforcement authorities, hold continuous dialogue with industry and hold awareness raising campaigns targeting consumers.

29. Even if a coordination body is not created, it is important to foster coordination between State authorities, especially to raise the awareness of consumers about the value of IP and the dangers of counterfeit goods. State authorities should combine their resources to initiate such awareness campaigns, either with or without IP right-holders. These awareness raising campaigns could have a particular focus on non-compliance as well as unsafe counterfeit goods and risk consequences caused by those products. The World Intellectual Property Organization (WIPO) has developed a guide on how to plan and implement intellectual property awareness campaigns.⁸

E. Implementation of Recommendation M5

30. Data and the exchange of information are key to ensure effective identification of suspected counterfeit goods. This communication supports, for example, analytical activities in order to monitor trends; scope and scale of counterfeit activities; consequences of counterfeit, non-compliant and unsafe goods; preparation of joint campaigns and awareness raising; and/or on the spot operations. Gathering of intelligence (information) can also assist State authorities, including market surveillance agencies, to plan and direct their activities based on a risk assessment approach.

31. Most market surveillance authorities have already developed methodologies and use established tools for risk assessment and try to develop and use information systems for exchanging information⁹ that help them to prevent and restrict the supply of products posing serious risk to health and safety or risk to other relevant aspects of public interest¹⁰. The scope of data that the market surveillance authorities exchange in this way enables the identification of products with a serious risk, their differentiation from other products of the same or similar type or category of products available on the market and undertaking or agreeing on measures. It is recommended that such data accumulation and sharing be conducted with other relevant State authorities with an aim to identify and prevent counterfeit goods.

32. In 2021, the EUIPO published a report highlighting good practice for interagency cooperation at both national and international levels.¹¹ This data exchange requires a legally enabling environment which allows administrations to share information between each other and eventually to share information with State authorities in other economies.

33. The EUIPO has also developed an online database called the Intellectual Property Enforcement Portal (IPEP) which performs multiple functions, including how to identify counterfeit goods and how to contact IP right-holders. Currently, the IPEP can only be

⁸ <https://tind.wipo.int/record/28603>

⁹ See, for example: RAPEX/Safety Gate/ICSMS

¹⁰ Regulation (EU) 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance and compliance of products and amending Directive 2004/42/EC and Regulations (EC) No 765/2008 and (EU) No 305/2011, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019R1020>

¹¹ https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2021_Interagency_Cooperation/2021_Interagency_Cooperation_at_National_and_International_Level_An_assessment_of_good_practices_for_improving_IPR_enforcement_study_FullR_en.pdf

accessed by enforcement authorities in the EU, including market surveillance authorities, but it may expand access to enforcement authorities in jurisdictions outside the EU.¹²

34. Another example is the EU-funded project on cross-border access to electronic evidence, SIRIUS, co-implemented by the EU Agency for Criminal Justice Cooperation (Eurojust) and the EU Agency for Law Enforcement Cooperation (Europol), is a central reference point for knowledge sharing on cross-border access to electronic evidence. It offers a variety of services, such as guidelines, trainings and tools, to help with accessing data held by internet service providers. The platform is currently restricted to judges and law enforcement authorities from the EU and eighteen non-EU jurisdictions.¹³

F. Implementation of Recommendation M6

35. Cooperation and coordination in the enforcement of regulations, including the enforcement of IPR should ensure more effective action by using existing resources and eventually adding specific algorithms in risk engines and databases to help identify potential counterfeit goods.

36. In order to finance any additional costs which might incur from such activities (such as the creation of a coordination body or new databases), legislators may consider moving this cost to infringers by means of penalties or allowing IP right-holders to assist with the related costs.

¹² https://euipo.europa.eu/ohimportal/en/web/observatory/ip-enforcement-portal-home-page?TSPD_101_R0=089375ec4aab2000c3f2a05c66ebeacf7d15c0f2b917b5bc020c3b2db65cbd1ce4ebc173e63d683e083f5f20321430008d2ceb7683ed92bb160f0e5b2fa07f60896a88d5465eae73386d1db7db66ea49ce10eb1dd02ed59ffba1c587c229fcc9

¹³ <https://www.eurojust.europa.eu/sirius>