

**United States Department of Commerce
Commercial Law Development Program (CLDP)
& State Customs Service of Ukraine
Workshop on Identification and Interdiction of
Counterfeit and Pirated Products
Kyiv, Ukraine
February 22-23, 2011**



CLDP
COMMERCIAL LAW DEVELOPMENT PROGRAM



**Final Report
on Workshop on Identification and Interdiction
of Counterfeit and Pirated Products**

Executive Summary

In February 2011, the Department of Commerce Commercial Law Development Program (CLDP) and the Ukrainian government brought together approximately 30 customs officials as well as representatives of the Supreme Court and a local Ukrainian court to conduct a two-day workshop on the identification and interdiction of counterfeit and pirated products. The workshop was implemented utilizing expertise from the private industry. Private industry participants included Stihl AG, Adidas, BIC, Nike, DuPont, Puma, Chanel, Bayer, private law firms and the European Business Association. Ukraine customs officials heard from industry representatives about effective methods of identifying authentic versus counterfeit goods and also took part in an interactive case study that addressed institutional and legislative obstacles to effective IP protection in Ukraine. The workshop resulted in a number of significant recommendations both on judicial enforcement of IPR and on IPR border measures.

The objectives of the workshop included: (1) identifying for customs officials the key indicators of products being counterfeit; (2) determining the main current obstacles to effective application of IPR border measures and judicial enforcement of IPR in Ukraine; and (3) determining institutional and legislative actions required to improve the efficiency of IPR enforcement in Ukraine in the focus areas.

An important conclusion endorsed by all the participants was that, as a next step, the private sector and State Customs Service of Ukraine need to meet at least quarterly to discuss both issues of identification of counterfeit and pirated products and effective enforcement of the relevant rights. The pool of private sector parties involved should be extended. CLDP was asked by the participants of the workshop to assist in organizing and implementing a series of such additional workshops.

Another important step forward to more effective enforcement of IPR would be the implementation of recommendations of participants of the workshop into the text of the new draft Customs Code, registered in the Supreme Rada on February 18, 2011 (registration number 8130), as well as into other draft pieces of legislation proposed by the participants of the workshop.

Finally, the participants of the workshop made several requests for additional assistance by CLDP in the form of workshops on a number of important problems of application of IPR law.

The recommendations of the workshop are described in detail below in this report.

Recommendations from the Workshop

At the end of day two of the workshop, the participants discussed the workshop recommendations. The discussion was based on what took place during the two working days of the workshop and moderated by Dmytro Skrynka, Ukraine Regional Attorney, CLDP.

The participants made the following recommendations:

- (1) The new Customs Code, or, alternatively, the subordinate legislation, should list clear objective criteria when the customs authorities should grant the requests by the right holders to examine imported products suspected of being counterfeit.
- (2) The requirement of entering financial security before an IP object can be registered with the Customs Register should be abolished.
- (3) The existing laws should be revised to preclude situations where confiscated counterfeit and pirated products are resold in accordance with the procedure applicable to other confiscated products.
- (4) Ukrainian government should re-think its approach to dealing with transited goods in the context of its anti-counterfeiting efforts. Given Ukraine's important role as transshipment country for many counterfeit and pirated products, there should be a balance between unimpeded international trade and effective protection of IPR.
- (5) Ukraine's Civil and Criminal Procedural Codes should be amended to allow courts to accept evidence in the form of information published online. The approach used in the Russian Federation could be one of the model approaches. CLDP was asked by some participants to conduct a workshop dealing with this particular issue of judicial enforcement of IPR.
- (6) Court orders to present evidence are sometimes ignored. The law does provide for imposition of fines in such situations, but these provisions of the law should be applied more often and more rigorously.
- (7) Ukraine's Criminal Procedural Code should clarify the status of a juridical person in a criminal procedure. This is a very important measure to ensure the sanctity of evidence in a criminal case.
- (8) The new Customs Code should include provisions allowing pre-judicial agreements between the IP right holder and the importer, which would stipulate that products, whose release has been suspended, can be destroyed.
- (9) The Supreme Court of Ukraine (when it gets the relevant authority by law), or, alternatively, the Cabinet of Ministers of Ukraine, should approve clear provisions on the method of establishing damages in both criminal and civil cases. CLDP was asked by some participants to conduct a workshop dealing with this particular issue of IPR judicial enforcement.
- (10) The following Resolution should be amended to prohibit the marketing of pesticides and agrochemicals infringing upon trademarks protected in Ukraine: Resolution of the Cabinet of Ministers No. 295, of March 4, 1996 "On the Approval of the Procedure of Making State Tests, State Registration and Re-registration, Issue of Lists of Pesticides and Agrochemicals, Allowed for Use in Ukraine".
- (11) The following Resolution should be amended to prevent resale of confiscated agrochemicals and pesticides by the relevant government authorities: Resolution of the Cabinet of Ministers No. 354, of March 27, 1996 "On the Approval of the Procedure of Seizure, Disposal, Destruction and Securing of Useless or Prohibited Pesticides and Agrochemicals and Containers".

Note. A representative of the State Customs Service of Ukraine stated that the inclusion of Item 1 in the recommendations is not warranted, because this issue is being resolved even without legislative changes, and Item 4 should not be included because Ukraine should not be responsible for the control of transited goods, given especially that even in European Union border measures are not applied to transited goods.