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New Weapons to Combat Counterfeit Products



By **Charlene Lipchen**

Brand owners face the ever growing problem of counterfeit products imported into and sold in Canada. Compared to the “real thing”, counterfeit products are often inferior in quality and may even pose a potential health or safety hazard to the consumer. Counterfeits cause damage to the brand owner, both in terms of lost sales and damage to one’s hard-earned reputation as a provider of quality products. The scope of counterfeit products in Canada is increasing as well. Gone are the days when the majority of counterfeit products were imitations of luxury hand bags or sunglasses. Today, we are seeing counterfeit jewellery, consumer electronics, small appliances, cosmetics and toiletries... and even NHL jerseys. (Just pay attention to the audience during the next televised game of your favourite NHL team - you will likely see what I am talking about!) To assist brand owners with stopping the flow of counterfeits into Canada, Bill C-8, the *Combating Counterfeit Products Act* proposes to provide brand owners with new weapons to halt counterfeits at the border.

Under the current system, it is very difficult for a brand owner to pursue legal action against importers and sellers of counterfeits in Canada. A brand owner must have specific details about the counterfeit importer and the counterfeit shipment, before having the ability to obtain a court order to seize those products. Though the existing provisions have been the law in Canada for a long time, they are almost never used because it is nearly impossible to have sufficient information on an incoming counterfeit shipment to successfully obtain a court order for seizure. Once the counterfeits are in Canada it remains very difficult to pursue action, as many importers will sell the counterfeit products online or in flea markets, simply closing shop and appearing at a new location as soon as they learn of a possible investigation into their counterfeit activities.

Though the *Combating Counterfeit Products Act* is still being considered in parliament, it is widely anticipated to become law sometime this year. Once it passes, this new legislation will allow trade-mark and copyright owners to request the assistance of the Canadian Border Security Agency (CBSA) in order to identify and seize suspected shipments of counterfeit goods. Once this regime is in place, Canada will join the United States, Australia, the European Union and others in providing owners of trade-marks or copyrighted works the ability to seize suspected shipments at the border, enabling the rights holder to initiate a lawsuit against the counterfeiters and take other measures to stop the infringing activities.

Although the details have yet to be fleshed out, the essential features of the Request For Assistance (“RFA”) program, as detailed in Bill C-8, are as follows:

1. The owner of a registered trade-mark or a copyrighted work in Canada files an RFA with the CBSA, which remains in effect for two years;
2. Once the RFA is in place, if a CBSA officer finds a shipment of goods that he/she suspects may be counterfeit or infringing, he/she may detain the goods for a period of 10 working days and is extendable to 20 working days (or for a period of five working days only, if the goods are perishable); and
3. The rights owner will be notified by CBSA of the detention of the suspected counterfeit goods and receive samples of those goods, as well as details about the shipment, the importer/exporter of the goods, the countries in which they were made and in which they passed through transit, etc.

If the rights owner confirms that the suspect goods are indeed counterfeits or infringing on their copyright, it must initiate a court proceeding in connection with the seized goods; otherwise, the goods will be released after a prescribed period of time. The rights owner may be required to take other steps, such as posting security for the ongoing cost of storing and handling the detained goods, and may require a court order to ensure the goods remain seized until the legal action has finally been determined by the courts.

Under the proposed legislation, it is possible that a CBSA officer may detain a shipment of suspect counterfeit goods even without the brand owner filing an RFA. However, in such cases the trade-mark or copyright owner would only receive a limited amount of information about the suspect shipment, and would not be provided with the information required to identify the importer in order to initiate a legal proceeding against it. As such, it appears the proposed border enforcement provisions will be most useful to a rights owner who files an RFA with the CBSA.

All of this is great news for owners of trade-marks and copyright who are continuing to battle the scourge of counterfeit products in Canada. After many years of having to watch counterfeits of their products being imported and sold in Canada, rights owners may now have a better opportunity to stop such activities before those counterfeit or infringing goods can make their way into the Canadian market.

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