



# Counterfeiting of Goods

National legislation and court practice

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EUROJUST  
**IPC**  
PROJECT

# Intellectual Property Project



In March 2021, Eurojust and the European Union Intellectual Property Office (EUIPO) signed a Service Level Agreement (SLA) establishing the Eurojust IP Crime (IPC) Project, aimed at boosting cooperation and ensuring a more coherent and robust response against IP infringements across the EU. The IPC Project focuses on building, promoting and exchanging knowledge, tools and expertise, as well as on awareness raising and the provision of enhanced legal and operational support to complex cross-border IPC investigations.

One of the main goals of the project is to analyse case law and key pieces of legislation to offer a comparative study on how IP crimes are regulated and enforced at national and EU levels. Reports, case summaries and comparative analyses prepared by the IPC Project, and shared with the judicial authorities, dive deeper into the relevant aspects of IP crime, highlight how key issues are handled in courts, and help to share existing legal knowledge. The Project further prepares various awareness raising tools aimed at addressing the most recent IP developments and legislation.

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# INTRODUCTION

Trademarks aim to protect the application of ideas and information from exploitation without the consent of the rights holder. Rapidly developing technological measures have paved the way for new forms of counterfeiting, causing serious harm to trademark holders and their reputation as well as to the health and safety of the customer, who is often unaware of the illegal nature of the goods. While civil law protection is an effective way to assure protection against trademark infringement, the growing significance of criminal law protection ensures that the most serious trademark violations are prosecuted, putting an end to any type of impunity.

The obvious importance of criminal trademark protection enforcement is also reflected in the [Agreement on Trade-related Aspects on Intellectual Property Rights](#) (the TRIPS Agreement) and its Article 61, which currently stands as the main international provision obliging member states to set criminal procedures and sanctions in relation to counterfeiting and online piracy. This Article also sets the minimum requirements for the criminalisation of counterfeiting and online piracy, notably requirements of wilfulness and commercial scale.

This report will address the minimum requirements set out in the TRIPS Agreement and other international and European Union (EU) instruments in relation to the criminal offence of trademark counterfeiting.

At the outset, the report will analyse the elements defined in Article 61 and footnote 14 to Article 52 of the TRIPS Agreement that form the minimum standards for the crime of trademark counterfeiting. The TRIPS Agreement gives national authorities a great deal of latitude in regulating the criminal offence of counterfeiting, albeit also establishing a global responsibility to impose criminal procedures and sanctions. In order to demonstrate how criminal enforcement is regulated and how the TRIPS elements of crime are mirrored at the national level, the report will explore and compare the national legislation of France, the Netherlands, Lithuania and Poland. The national legislation of these countries shows how the crime of counterfeiting is defined, which is often linked to the civil provisions of trademark infringement.

An interlinked relationship between the civil and criminal provisions regulating trademark violations raises a lot of questions in national courts as to the limits of the application of civil law in criminal proceedings. While the criminal judges often rely on the civil law provisions defining trademark, criminal enforcement generally sets a higher threshold. The prosecutor needs to prove that the goods were in fact counterfeit, that the genuine goods are protected by trademark, and that the trademark was used without the consent of the trademark holder.

The report will further address the elements of crime necessary to be proven before a national criminal court in counterfeit cases. The subject of the criminal offence – the counterfeit goods – will be the focus of the analysis; notably, what constitutes counterfeit trademark goods and how this is defined in different national legislations and interpreted by national courts. The elements set out in the TRIPS Agreement will be illustrated with case studies based on the rulings of national criminal courts in an attempt to demonstrate different approaches to the interpretation and application of internationally set minimum standards.

# DEFINING TRADEMARK AND COUNTERFEITING

# 1

## Trademark as one of the intellectual property rights

Trademark falls under the umbrella of intellectual property (IP) rights along with copyright, patents, industrial signs and other rights. According to the [Paris Convention on the Protection of Industrial Property](#) (Paris Convention), trademark is often referred to as an industrial property right. Generally, trademarks apply to logos, symbols and branding, and aim to protect the unique nature of a product or a brand. They help the consumer to identify the source of the goods, and give valuable information about the origin, quality and specific elements attributable to that particular product. The plain purpose of a trademark is source identification, which is important for consumers to prevent confusion<sup>1</sup>.

Trademark is defined in Article 15 of the TRIPS Agreement as any sign, or combination of signs, capable of distinguishing the goods or services of one manufacturer or seller from those of another and indicating the source of the goods. Trademarks can encompass a variety of elements such as words, including personal names, letters, numerals, figurative elements and combinations of colours or signs. The trademark can also be registered in a special format, which could include stylised wording, special fonts, additional graphic elements or even distinctively shaped packaging (Figure 1). The Coca-Cola bottle is one of the most common examples of a registered trademark of a distinctively shaped bottle.

Figure  
1



<sup>1</sup> Page 241, Merkel, Csenge, Doctrine of Functionality in Trademark Law: An EU and a US Perspective: Decisions of the Court of Justice of the European Union and the Supreme Court of the United States regarding the Principle of Functionality Dissertations.

Additionally, the trademark must meet the principles of distinctiveness, legality and availability (Figure 1). The trademark has to be connected to specific goods or services sold to the customers. Even though the trademark is not limited to one good or service, it cannot be registered without specifically identifying the goods or services being used. By nature of the trademark, the trademark has to be distinctive in order to be protected under national law. For example, Apple is distinctive within the class for software, but not within the class for dried and fresh fruit. The more distinctive the trademark is, the greater scope of protection it will receive in trademark infringement and counterfeiting cases.

The use of a trademark offers many benefits to the rights-holder, such as a monopoly over the use of the mark and the right to take legal action against any possible trademark infringement. Such trademark protection is usually granted only after the trademark is registered following the requirements set by the national, regional or international authorities<sup>2</sup>. The countries allowing trademark registration often establish strong trademark protection procedures and courses of action for enforcing trademark rights against infringers.

Despite of offering the broadest scope of protection, trademark registration is not always required. Article 6*bis* of the [Paris Convention](#) emphasises that countries may refuse to register a trademark within their own borders if that trademark is one that is **well-known** in another country. A trademark becomes well-known based on the degree of knowledge or recognition that it receives in the market, the duration, extent and geographical area of recognition, and the value associated with it<sup>3</sup>.

Trademark protection covers a wide range of products and aims to protect against any possible misuse of a trademark. However, trademark infringements are very common and pose a serious risk of damages, both to the private sector and to public health and safety. A trademark may be infringed by offering goods, services, labels or other packaging containing a counterfeit mark. Although traditionally national legislation offers a wide range of civil measures for the rights-holders, criminal sanctions are often warranted to ensure the sufficient punishment and deterrence of wrongful activity. Over the years, national legislation was expanded to protect innovation, keep pace with evolving technologies, and ensure that trademark violations causing damage to the public do not merely become a standard cost of doing business for criminals.

The following chapters will overview national legislation and court practice in defining the term ‘trademark counterfeiting’ and will illustrate the national courts’ efforts to effectively recognise trademark violations by affording efficient criminal enforcement.



### Did you know..?

**SM** **SM** symbol stands for service mark, a mark used to promote or brand services, typically UNREGISTERED.

**TM** **TM** symbol indicates that the trademark is UNREGISTERED or is in the process of being registered. This sign is also used for well-known marks.

**®** **R** circled symbol stands for REGISTERED trademark. It means that the registration process is finalised; it is not pending, not published, not applies for, but registered!



<sup>2</sup> At the national level, trademark protection can be obtained through registration, by filing an application for registration with the national trademark office – [list of national IP offices](#). European Community trademarks can be registered at [European Union Intellectual Property Office](#) (EUIPO). At the international level, the trademark registration can be done through [WIPO's Madrid System](#).

<sup>3</sup> Article 2, WIPO Joint Recommendation 1999, [Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks \(wipo.int\)](#).

### Criminalising counterfeiting: the minimum standards

Trademark counterfeiting occurs when the trademark is affixed on a product without prior authorisation of the rights-holder. Counterfeiters cause significant damage to the brand, its reputation and, in some cases, could risk consumer health and safety. The profit margin of counterfeiting is extremely high while the penalties are relatively low, which makes the trade in fake goods a high-profit/low-risk crime. As a result, the proceeds gained from selling counterfeit

products are often used to finance serious organised crimes, including terrorism and human trafficking. The significant economic, social and health impacts of counterfeiting require a robust and effective response from both the international community and national authorities.

#### Article 61 of TRIPS Agreement

Members shall provide for criminal procedures and penalties to be applied at least in cases of **wilful trademark counterfeiting** or copyright **piracy** on a **commercial scale**. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. Members may provide for criminal procedures and penalties to be applied in **other cases of infringement of intellectual property rights**, in particular where they are committed wilfully and on a commercial scale.

Within the EU, the [Enforcement Directive \(2004/48/EC\)](#) is the cornerstone of legislation in the fight against counterfeiting and piracy. It aims to harmonise the laws of the EU Member States (EU MS) on the means of enforcing intellectual property rights (via sanctions and remedies). However, this directive covers only civil matters. Similarly, neither the [EU Trademark Directive](#)<sup>4</sup> (EUTM) nor the [EU Trademark Regulation](#)<sup>5</sup> (EUTMR) provide for criminal sanctions, with the exception of Article 137(2) of the EUTMR, which states that the EUTMR shall not affect the right to bring proceedings under criminal law for the purpose of prohibiting the use of an EUTMR.

Despite the vast scale, scope and impact of the problem, and the previous attempts of the EU Commission to adopt a proposal for a Directive and for a Framework Decision

on Intellectual Property Infringements<sup>6</sup>, to date there is no EU regulation harmonising criminal enforcement of IP rights violations, including counterfeiting.

<sup>4</sup> Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trademarks. [EUR-Lex - 32015L2436 - EN - EUR-Lex \(europa.eu\)](#)

<sup>5</sup> Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trademark. [EUR-Lex - 32017R1001 - EN - EUR-Lex \(europa.eu\)](#)

<sup>6</sup> The Commission's proposal follows the CJEU decision in [Case C-176/03](#), according to which the criminal law provisions necessary for the effective implementation of Community law are a matter for Community law. The CJEU while finding that, as a general rule, criminal matters did not fall within the Community's competence, stated that this did not prevent the Community legislature, when the application of effective, proportionate and

At the international level, the TRIPS Agreement sets minimum standards of protection for IP rights. An important feature of the TRIPS Agreement is the primary obligation to criminalise some IP violations, including trademark counterfeiting.

Article 61 of the TRIPS Agreement sets an obligation to provide criminal procedures and penalties for 'wilful trademark counterfeiting or copyright piracy on a commercial scale'. There are no exceptions within this scope – the obligation to set criminal procedures and penalties applies to *all* acts of wilful trademark counterfeiting or copyright committed on a commercial scale.

**Article 61 is applicable only to copyright and trademark violations.** While Article 61 of the TRIPS Agreement imposes strict obligations on trademark counterfeiting and online piracy, this obligation does not apply to other intellectual property rights<sup>7</sup>. The fourth sentence of Article 61 gives member states the option to criminalise other infringements of IP rights, in particular where they are committed wilfully and on a commercial scale. The flexibility given by Article 61 is also reflected in the national regulation of EU MS. While the obligation to provide criminal procedures and penalties in relation to trademark counterfeiting and online piracy is generally implemented in most jurisdictions, the practice varies in relation to other IP rights. A large number of EU MS choose to criminalise the counterfeiting of trademarks as well as other IP rights (examples include the Lithuanian, Estonian and Hungarian criminal codes and specialised legislation in France, Belgium or Portugal). However, other EU MS, such as Latvia, have chosen not to criminalise patent infringements, while Romania does not criminalise the violation of trade secrets. Other countries, such as UK or Denmark do not criminalise the violation of geographical indications.

**Element of 'wilfulness'.** Article 61 of the TRIPS Agreement further sets the requirements of 'wilfulness' and 'commercial scale'. The term 'wilfulness' in this context is interpreted in the same manner as in criminal law generally. It covers the concepts of an intention to infringe, wilful blindness and a conscious disregard of a substantial risk of infringement (subjective recklessness). The word 'wilful' acts as a qualifier, indicating that the Article 61 obligations do not apply unless the trademark counterfeiting or piracy are 'wilful' or, in other words, intentional. This term focuses on the infringer's intent, criminalising intentional action and leaving criminal penalties to the discretion of the national legislation with respect to acts committed without the requisite intent. Certain jurisdictions like Spain<sup>8</sup>, Bulgaria<sup>9</sup>, Hungary<sup>10</sup>, Czech Republic<sup>11</sup> and Austria<sup>12</sup> do, however, provide criminal sanctions for trademark counterfeiting whether they are committed wilfully or not.

**Element of 'commercial scale'.** The phrase 'on a commercial scale' designates a further necessary Article 61 element. This indicates that when trademark counterfeiting or copyright piracy is perpetrated 'on a commercial scale', it is necessary to establish criminal procedures and

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dissuasive criminal penalties by the competent national authorities was an essential measure for combating serious criminal offences. See more: [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_06\\_532](https://ec.europa.eu/commission/presscorner/detail/en/IP_06_532) and [https://eur-lex.europa.eu/resource.html?uri=cellar:f2e92f84-672d-42b4-bb9e-e431a81b5df9.0005.02/DOC\\_46&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:f2e92f84-672d-42b4-bb9e-e431a81b5df9.0005.02/DOC_46&format=PDF).

<sup>7</sup> Page 2, WTO Analytical Index, TRIPS Agreement – Article 61 (Jurisprudence), [WTO | Search facility](#).

<sup>8</sup> Article 274 of the Spanish Criminal Code. [BOE.es - BOE-A-1995-25444 Ley Orgánica 10/1995, de 23 de noviembre, del Código Penal](#).

<sup>9</sup> Article 172b of the Bulgarian Criminal Code. [Lex.bg - Закони, правилници, конституция, кодекси, държавен вестник, правилници по прилагане](#)

<sup>10</sup> Section 388 of the Hungarian Criminal Code. [Btk. \(új\) - 2012. évi C. törvény a Büntető Törvénykönyvről - Hatályos Jogsabályok Gyűjteménye \(jogtar.hu\)](#)

<sup>11</sup> Section 268 of the Czech Criminal Code. [40/2009 Sb. Trestní zákoník \(zakonyprolidi.cz\)](#)

<sup>12</sup> Section 60 of the Austrian Trademark Protection Act. [RIS - Markenschutzgesetz 1970 - Bundesrecht konsolidiert, Fassung vom 29.09.2022 \(bka.gv.at\)](#)

punishments. Term ‘on a commercial scale’ refers to counterfeiting or piracy carried on at the magnitude or extent of typical or usual commercial activity with respect to a given product in a given market. The magnitude or extent of typical or usual commercial activity relates, in the longer term, to profitability<sup>13</sup>. The meaning of the term ‘on a commercial scale’ varies depending on different forms of commerce, a variety of evolving technological developments, and overall specific factual situations. For this reason, TRIPS does not provide a definition of ‘commercial scale’, leaving it up to the discretion of national legislators to choose how to determine the commercial scale, and whether to assume any thresholds or numerical indicators or rather to leave the proof of commercial scale to the assessment of evidence on a case-by-case basis.

This wide discretion left to the national legislator has resulted in rather diverse regulation of the definition of ‘commercial scale’ in trademark counterfeiting. In most cases, private acts of counterfeiting are highly unlikely because there is no sensible reason to counterfeit a trademark without intending any commercial gain or advantage. This logic is reflected in some countries, such as Romania<sup>14</sup> and Spain<sup>15</sup>, where ‘commercial scale’ is a mandatory element in trademark counterfeiting. In other countries, such as Germany<sup>16</sup>, Greece<sup>17</sup> and Austria<sup>18</sup>, prosecution for trademark counterfeiting is possible regardless of whether the activity was carried out privately or as a commercial activity – the criteria of ‘commercial scale’ can be considered while determining the gravity of the crime, which leads to more severe punishment.

By design, the TRIPS Agreement was intended to be as a minimum standards agreement. It established an obligation to criminalise certain IP violations under the conditions set in Article 61. By design, the TRIPS Agreement was established as a minimum standards agreement. It established an obligation to criminalise certain IP violations under the conditions set in Article 61. Despite these obligations, the criminal regulation of the crime of counterfeiting is left exclusively to the national legislator, who, as analysed above, retains the broad discretion to decide on the modalities of the criminal regulation.

The term ‘trademark counterfeiting’ is not defined in the TRIPS Agreement. However, this term is similar to the definition of ‘counterfeit trademark goods’ set out in footnote Note 14(7) to Article 51 of the TRIPS Agreement (Figure 2). The terms used in the first sentence of Article 61 denote classes of acts or activity, whilst the terms used in footnote 14 denote classes of goods only. This reflects the fact that Article 61 provides for criminal enforcement against infringing acts, whilst Section 4 of Part III (in which the terms defined in footnote 14 are used) provides for enforcement at the border against infringing goods<sup>19</sup>. Regardless of the fact that Articles 61 and 51 of the TRIPS Agreement have different scopes, the definition of counterfeit trademark goods provided in footnote 14 is critical for understanding and defining the Article 61 obligations, particularly the subject of the criminal offence of counterfeiting, because a product's designation as a "counterfeit trademark good" results in the application of criminal procedures and penalties.

<sup>13</sup> Page 4, WTO Analytical Index, TRIPS Agreement – Article 61 (Jurisprudence), [WTO | Search facility](#).

<sup>14</sup> Art. 90 of the Romanian Law on Trademarks and Geographical Indications, [LEGE \(R\) 84 15/04/1998 - Portal Legislativ \(just.ro\)](#).

<sup>15</sup> Article 274 of the Spanish Criminal Code, [see note 8](#).

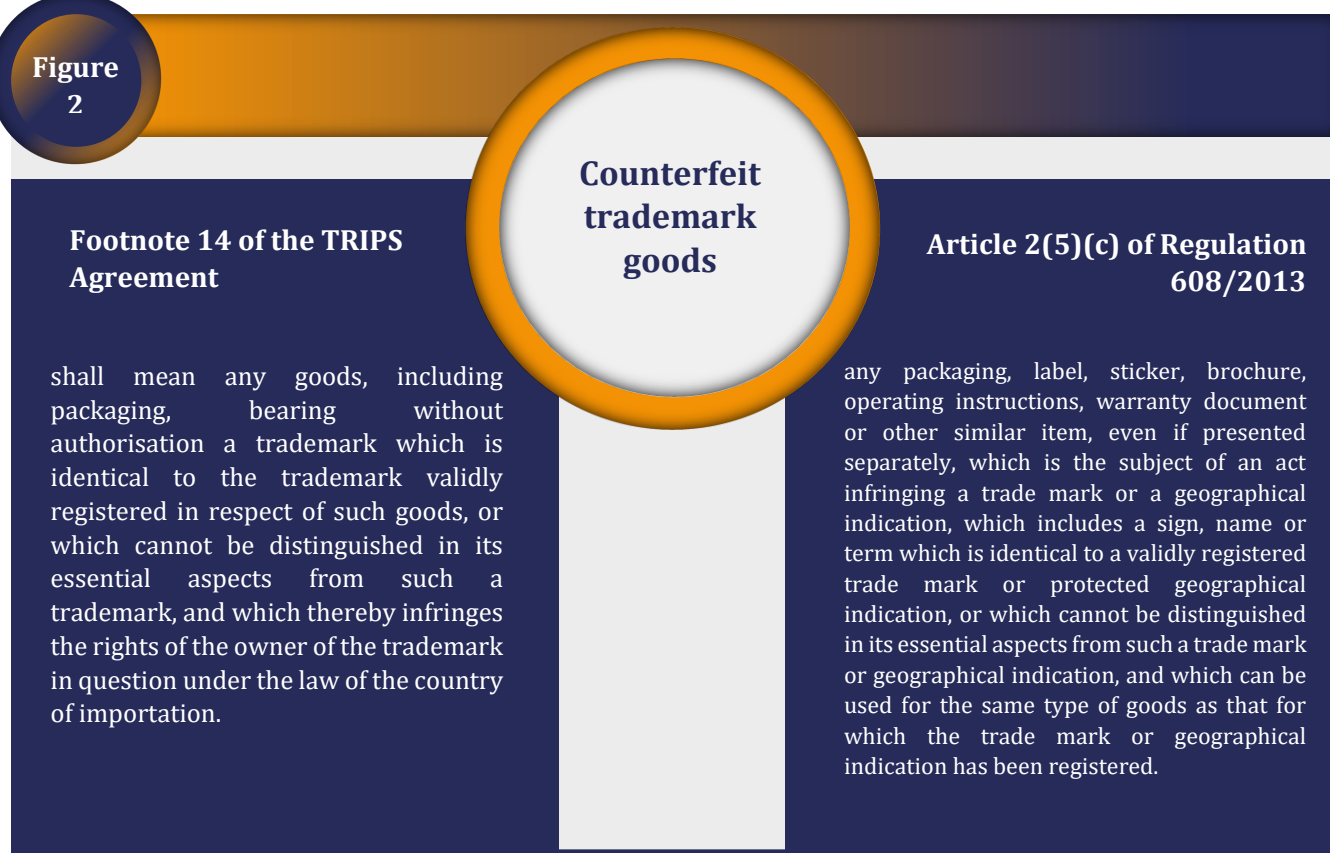
<sup>16</sup> Section 143(5) of the German Trademark Act. [Act on the Protection of Trade Marks and other Signs Trade Mark Act \(gesetz-im-internet.de\)](#)

<sup>17</sup> Article 45 of the Greek Law on Trademarks. [Νόμος 4679/2020 Εμπορικά σήματα ενσωμάτωση της Οδηγίας \(ΕΕ\) 2015/2436 για την προσέγγιση των νομοθεσιών των κρατών μελών περί σημάτων και της Οδηγίας 2004/48/ΕΚ σχετικά με την επιβολή των δικαιωμάτων διανοητικής ιδιοκτησίας και άλλες διατάξεις. , κωδικοποιημένος με τον 4796/2021 \(taxheaven.gr\)](#)

<sup>18</sup> Section 60 of the Austrian Trademark Protection Act, [see note 12](#).

<sup>19</sup> Page 4, WTO Analytical Index, TRIPS Agreement – Article 61 (Jurisprudence), [WTO | Search facility](#).

**Figure  
2**



The definition of trademark counterfeiting shows the difference between general infringing activity, in respect of which civil judicial procedures and remedies must be available, and counterfeiting as the more serious form of infringing activity, in respect of which additional procedures and remedies must also be provided – namely, border measures and criminal procedures. This difference the use of distinct terms such as trademark counterfeiting, which is most commonly used in criminal prosecution, and trademark infringement, which is used in civil and administrative proceedings. Trademark counterfeiting is always considered trademark infringement, while not all trademark infringements qualify as counterfeiting.

Generally, trademark counterfeiting refers to an established trademark being placed on a product that is not one of the legitimate goods offered by the trademark owner. The copies of the trademark are produced for the purpose of selling or advertising the goods, and are likely to deceive the consumer. The goal is to mislead the public about the specific origin of the product. This essence of counterfeiting is also reflected in the TRIPS definition of counterfeit trademark goods (Figure 2). The definition highlights the main elements of counterfeit goods, which can be broken down into the following elements:

- Counterfeited goods may be any goods, including packaging;
- The trademark is validly registered;
- The mark is identical to a registered trademark, or cannot be distinguished in its essential aspects from the original trademark;
- The goods bear such trademark without the appropriate authorisation of the trademark owner;
- Infringes the rights of the trademark holder under the law of the country of importation.

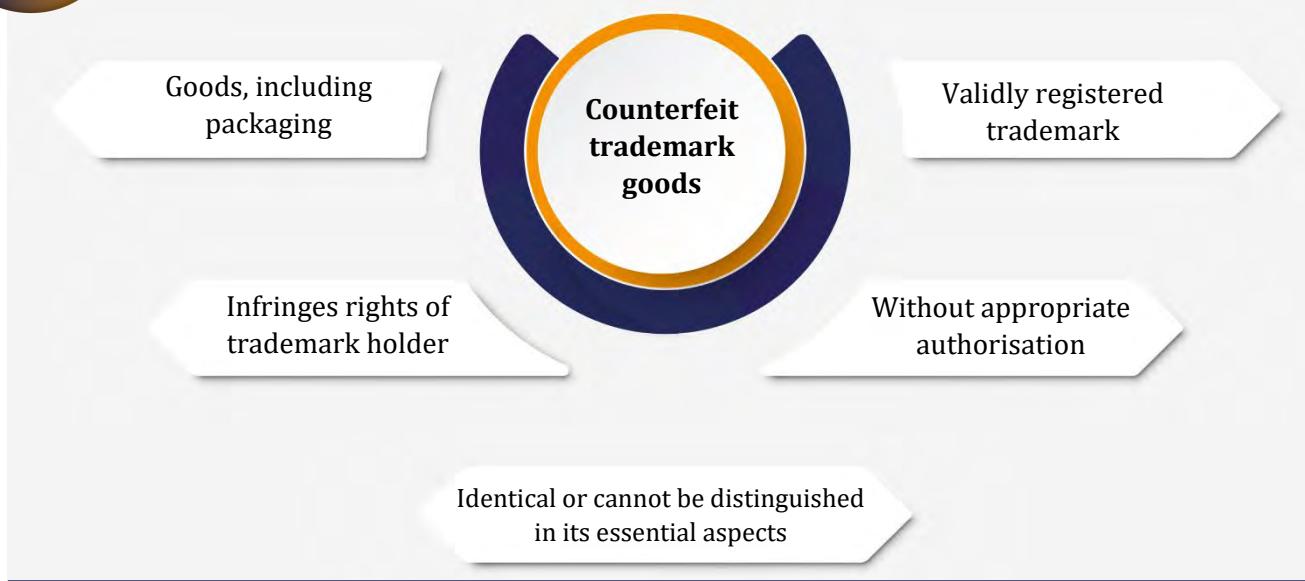
At the EU level, even though there is no harmonised legislation on criminal matters relating to trademark counterfeiting, Article 2(5)(c) of [European Council Regulation no. 608/2013](#) adopts a

definition of ‘counterfeit goods’<sup>20</sup> which has a wider scope, including both trademarks and geographical indications (Figure 2). Compared to the TRIPS definition of counterfeit trademark goods, Article 2(5)(c) broadens the concept of ‘goods’, including not only packaging but also labels, stickers, operating instructions, warranty documents and any other identifying items. Thus, the definition of counterfeit goods in Regulation no. 608/2013 has the following elements:

- A validly registered trademark or protected geographical indication;
- Any packaging, label, sticker, brochure, operating instructions, warranty document or other similar item, even if presented separately;
- Identical or which cannot be distinguished in its essential aspects from the trademark or geographical indication;
- Used for the same type of goods.

The TRIPS definition, as does the Regulation no. 608/2013 definition, establishes uniform standards for the enforcement of intellectual property rights through enhanced border measures, and civil and criminal enforcement measures. The definitions highlight the most important elements of the term ‘counterfeiting’ (Figure 3), which is also reflected in criminal legislation.

**Figure  
3**



<sup>20</sup> Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003. [EUR-Lex - 32013R0608 - EN - EUR-Lex \(europa.eu\)](#).

The field of trademark infringement, as an area of private law, seeks to protect the creations of human creativity, which is tightly linked to the private interest of an individual. While the major preoccupation of IP continues to remain the same, in modern technology-driven societies the invasion of IP rights no longer remains confined to mere private rights violations as such – which give rise to civil causes of action – but may give rise to criminal liability as well<sup>21</sup>. The harm inflicted by the wrongful act often surpasses the limits of the individual harm and affects society as a whole, especially raising the risk of harm to public health and safety, which also triggers the application of criminal procedures.

When the trademark holder's right is violated by the wilful use of the trademark or copyrighted work without proper authorisation or licensing to do so, such an act is a criminal offence. To address such acts, criminal procedures are set by national legislation, which is backed by sanctions prescribed by the state. For this reason, the EU MS prescribe penalties for trademark violations when they fit the requirements of criminal law. Largely, the introduction of penal provisions into national laws is a result of the adoption of the TRIPS Agreement, which imposed a minimum standard of enforcement in its member states.

As discussed in the previous chapter, the TRIPS Agreement leaves a lot of room for national legislators to regulate criminal procedures and determine the main elements of the crime of counterfeiting.

Examples from selected EU MS below will show the IP regimes that have been developed. They will highlight the difference in enforcement mechanisms in counterfeits cases, their impact on legitimate trade, and how they protect the interest of trademark holders and customers of such products. The legislation in these countries provide examples of how the Article 61 obligations are implemented at a national level which, despite the common agreement that counterfeiting causes economic harm and operates against the public interest, shows the variety of different approaches to the criminal IP legislation.

## Articles L.716-9 and L.716-10 of the French Intellectual Property Code

The regime of criminal sanctions in trademark matters in France is based on Articles L.716-9 and L.716-10 of the Intellectual Property Code (IP Code). It lists acts that could be considered as counterfeiting, which constitutes an objective element of this criminal offence. Under Article L.716-10 of the IP Code, any person who, without any legitimate reason, imports or exports goods presented under an infringing trademark or offers for sale, reproduces, imitates, uses, affixes, delete or modifies a trademark in violation of trademark owner's rights, is held liable for the trademark infringement. Article L.716-9 of the IP Code focuses on the importing, exporting, re-exporting or transshipping of the goods presented under infringing trademarks, production of such goods, or giving instructions to commit these offences. This language demonstrates that, in

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<sup>21</sup> Page 205, Ajay K. Sharma and Dipa Dube, The Relevance of Criminal Law in Intellectual Property Law Research. [The Relevance of Criminal Law in Intellectual Property Law Research | Handbook of Intellectual Property Research: Lenses, Methods, and Perspectives | Oxford Academic \(oup.com\)](#)

### Article L.716-9 of the French Code of Intellectual Property

The following shall be punishable by four years' imprisonment and a fine of EUR 400 000 for any person with a view to selling, supplying, offering for sale or renting goods presented under an infringing trademark:

- (a) Import, export, re-export or trans-ship goods presented under an infringing trademark;
- (b) To produce industrially goods presented under an infringing trademark;
- (c) To issue instructions or orders for the commission of the acts referred to in a and b.

Where the offences provided for in this Article have been committed by an organised group or on an online public communication network, or where the acts relate to goods dangerous to the health and safety of man or animal, the penalties shall be increased to seven years' imprisonment and a fine of EUR 750 000.

### Article L.716-10 of the French Code of Intellectual Property

The following persons shall be punished by three years' imprisonment and a fine of EUR 300 000:

- (a) To possess without legitimate cause, import or export goods presented under an infringing trademark;
- (b) To offer for sale or sell goods presented under an infringing trademark;
- (c) To reproduce, imitate, use, affix, delete, modify a mark, collective mark or guarantee mark in violation of the rights conferred by its registration and the prohibitions deriving therefrom. <...>
- (d) Knowingly deliver a good or provide a service other than that requested of him under a registered trademark. <...>

Where the offences provided for in paragraphs a to d have been committed in an organised group or on an online public communication network, or where the offences relate to goods dangerous to the health or safety of man or animal, the penalties shall be increased to seven years' imprisonment and a fine of EUR 750 000.

contrast to Article L. 716-10 of the IP Code, which punishes simple acts of counterfeiting, Article L. 716-9 of the IP Code punishes offences of organizing counterfeiting by requiring the pursuit of a commercial objective.

In the context of both articles, the aggravating circumstances are when the offences were committed in an organised group or on an online public communication network.

The two articles refer to various trademark-infringing acts, but they do not specify which elements would constitute the infringement of the trademark itself. The French court practice has generally characterised counterfeiting by the imitation or reproduction of a trademark in violation of the rights conferred by its registration and of the prohibitions deriving from it<sup>22</sup>. Therefore, the definition of counterfeiting can be analysed in the context of Articles L.713-2 to L.713-4 of the IP Code on rights conferred by the trademark. Even though these acts refer to civil action, it is generally accepted that these standards are also applicable in criminal courts<sup>23</sup>. In fact, the notion of infringement of the exclusive property rights of a holder constitutes the material element of the infringement in criminal matters.

Legal provisions regulating prohibited acts were amended in 2019, following the incorporation of the [EUTM](#) into French legislation. Prior to this reform, the concepts of reproduction and imitation of a trademark for goods or services identical or similar to those designated in the registration were central to the definition of what constitutes a trademark infringement. The reformed regulation of trademark infringement has a broader scope, which means that any actual use of the goods can constitute an act of infringement. The Court of Cassation in its landmark decision in the [Malongo case](#) clarified the scope of what can be considered a trademark infringement. The Court specified four cumulative criteria to define an act of infringement after stating that the trademark registration does not constitute use in the course of trade and, therefore, cannot be classified as an act of infringement.

<sup>22</sup> Court of Cassation, Case No. 98-86.067, 26 April 2000. [Décision - Pourvoi n°98-86.067 | Cour de cassation](#).

<sup>23</sup> Marie-Eugénie LAPORTE-LEGEAIS, Droit des Marques et nom de domaine, <https://eduscol.education.fr/chrgt/marques-et-nom-de-domaine.pdf>

Based on the Malongo decision, trademark infringement can be broken down into the following elements:

- The use of the mark in the course of trade;
- The absence of consent from the owner of the prior mark;
- Identical or similar goods or services at issue, as well as the existence of a likelihood of confusion in the mind of the public;
- Infringing the essential function of the mark<sup>24</sup>.

The trademark reform further expanded the list of acts or uses considered to be infringing (affixing of the sign to the products or their packaging; offering, placing on the market or holding for these purposes of the products; use as a trade name or company name, etc.), which were not previously regulated despite widely accepted case law. In addition, it is now possible to prohibit preparatory acts for counterfeiting, such as the use of packaging, labels, markings, security, authentication devices or any other medium on which the mark is affixed.

The trademark reform and the incorporation of the [EUTM](#) in French legislation expanded and clarified the scope of the term ‘trademark infringement’, which is a central concept in the French criminal regulation of counterfeiting. The revised concept generally adopts the same elements as the TRIPS Agreement in its footnote 14.

The reference to the use in the ‘course of trade’ clearly indicates that the French legislator opted to follow the requirement of ‘commercial scale’ of Article 61 of the TRIPS Agreement, which means that if the trademark is not used in the course of trade, the act would not be considered trademark infringement. However, Articles L.716-9 and L.716-10 of the IP Code do not specifically mention the intent of the crime of counterfeiting. This led to a debate among French experts about the criminal elements of the crime of counterfeiting<sup>25</sup>. While the concept of good or bad faith is examined by the courts in civil cases, it is generally acknowledged that the presumption of bad faith is used by the courts in criminal cases<sup>26</sup>. This presumption is supported by Article 121-3 of the French Criminal Code, indicating that recklessness, negligence or failure to observe an obligation of due care or precaution is applicable only in cases provided by law. In the case of Articles L.716-9 and L.716-10 of the IP Code, the alternative *means rea* elements are not provided, which means that the crime of counterfeiting can be criminalised only if it is ‘wilful’, or in other words, intentional.

### Article 337 of the Dutch Criminal Code

The central provision of the Dutch criminal enforcement regime for counterfeiting is Article 337 of the Dutch Criminal Code. Under this article, which is also applicable to patent violations, counterfeiting is considered to include the import, export, transit, sale, delivery, handout and storing of goods infringing trademark.

Three types of infringing trademarks are identified under this provision: false, falsified and unlawfully produced. False marks are those marks, which, affixed to certain goods, will indicate that those goods are of a certain origin. Falsified marks are those marks which were originally genuine, but due to modifications, they are no longer genuine. Unlawfully produced trademarks are trademarks that have been manufactured by someone other than the trademark holder and

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<sup>24</sup> Paragraph 14, Court of Cassation, Case No. 19-20.959, dated 13 October 2021. [Décision - Pourvoi n°19-20.959 | Cour de cassation](#).

<sup>25</sup> Pages 458-459, Yves Faure, *Le contentieux de la contrefaçon La réponse du droit français à l'atteinte aux droits de propriété intellectuelle*. <https://www.theses.fr/2014TOU10068.pdf>

<sup>26</sup> Ibid.

### Section 337 of Dutch Criminal Code

1. Any person who intentionally imports, conveys in transit or exports, sells, offers for sale, delivers, hands out or has in store:

- a. false, falsified or unlawfully produced brands;
- b. goods that falsely bear or whose packaging or container falsely bears the trade name of another person or the trademark to which another person is entitled;
- c. goods that falsely bear, as an indication of their origin, the name of a certain place, and to which a fictitious trade name has been added;
- d. goods which bear or whose packaging or container bears an imitation, albeit with slight variations, of another person's trade name or trademark;
- e. goods or parts thereof which falsely have the same appearance as a design to which another person is entitled, or have only minor differences to such design,

shall be liable to a term of imprisonment not exceeding one year or a fine of the fifth category.

2. Any person who has a few goods, parts thereof or brands as defined in subsection (1) in store, exclusively for personal use, shall not be liable to punishment.

3. If the offender commits the serious offence referred to in subsection (1) as a profession or business, he shall be liable to a term of imprisonment not exceeding four years or a fine of the fifth category.

4. If the commission of the serious offence referred to in subsection (1) is likely to result in general danger to persons or property, the offender shall be liable to a term of imprisonment not exceeding four years or a fine of the fifth category.

without the latter's consent. The distinction between false and falsified is intended to be consistent with the corresponding sub-distinction for forgery (Article 225 of the Criminal Code)<sup>27</sup>. False and falsified trademarks will generally also be illegally produced, but this is not necessarily the case. For example, trademarks can also be stolen from the owner with the intention of attaching them to goods for which they were not initially produced. They are then – in view of their purpose – false trademarks without having been unlawfully manufactured<sup>28</sup>.

All three types of infringing marks have the same elements:

- Goods and their packaging;
- Bears an imitation, albeit with slight variations, of another person's trade name or trademark;
- The trademark is of another person to which another person is entitled.

Trademarks may also be unlawfully made without it being certain that they will be used as false trademarks or intended for that purpose. However, the word 'intentionally' placed in Article 337(1) shows that the intent also applies to the counterfeit trademark. The Supreme Court of the Netherlands confirmed that in order to fall within the scope of Article 337(1) of the Criminal Code – to which description of the offence the alleged facts are tailored – the perpetrator must have knowledge of the fact that a trademark right is being infringed, or at least have consciously taken this possibility into account. The intent must be aimed at each of the parts of the description of the offence of Article 337(1) of the Criminal Code, whereby conditional intent is therefore sufficient<sup>29</sup>.

Article 337(2) of the Dutch Criminal Code adds a nuance permitting having in stock some infringing goods for 'own use'. This exception is applicable only in case of personal use of the goods excluding any other act, such as importing, exporting or transiting for personal use. Usually, this paragraph is applicable in cases referring to a small number of goods. The limit is determined by taking into consideration the nature of the

<sup>27</sup> Rules on the fight against counterfeiting of products, protected by rights to a trademark or rights to a design (Anti-Counterfeit Products Act); EXPLANATORY MEMORANDUM, [About 0000041356 | Overheid.nl > Official Announcements \(officielebekendmakingen.nl\)](#).

<sup>28</sup> Ibid.

<sup>29</sup> Public prosecutor's office at the Supreme Court, Case No. 19/02578, dated 16 June 2020. [ECLI:NL:PHR:2020:561, Parket bij de Hoge Raad, 19/02578 \(rechtspraak.nl\)](#).

counterfeit goods and whether the number of goods could be dedicated exclusively to personal use. The narrow scope of Article 337(2) of the Criminal Code has also been confirmed by court practice, in which the application of this paragraph has been linked with the quantity of the stocked goods. The defence argued that the goods stocked by the defendant were meant for his personal use. The District Court assessed this argument by taking into consideration the total number of infringing goods. The court indicated that the high number of goods, together with the fact that the defendant was working as a salesman, exceeds the scope of personal use and concluded that Article 337(2) of the Criminal Code cannot be applicable in this case<sup>30</sup>.

Another qualifying factor, discussed in the third section of the article, is when counterfeiting is committed as part of a profession or business. Only when the court finds that the crimes were committed as a business or profession can the more severe punishment be imposed. As a result, the legislator has chosen to relax the requirements set out in Article 61 of the TRIPS Agreement by including 'commercial purpose' as an aggravating circumstance, resulting in a harsher punishment.

### Article 204 of the Lithuanian Criminal Code

Under Article 204 of the Lithuanian Criminal Code, counterfeiting is considered the possession of a large number of goods without appropriate authorisation or making use of another's trademark or service mark, incurring major damage. This article illustrates the compliance with Article 61 obligations whereby criminal procedures and penalties are provided for the crime of counterfeiting.

However, the Criminal Code does not establish the requirement of 'wilfulness' or 'commercial scale', which could mean that the legislator lowered the minimum requirements for criminal liability. Generally, the Lithuanian courts do not consider commercial scale as an element in counterfeiting cases, which means that the international minimum standards are lowered, allowing broader application of this criminal provision. On the other hand, the court practice accepts that the crime of counterfeiting can be committed with either direct or indirect intent. This means that the culprit is aware that the goods bear a trademark without permission and, as a result, that third parties may suffer harm, but nonetheless willingly or deliberately allows the consequences to arise<sup>31</sup>.

#### Article 204 of Lithuanian Criminal Code

##### Use of Another's Trademark or Service Mark

1. A person who, without holding an authorisation, identifies a large quantity of goods with another's trademark or presents them for handling or makes use of another's service mark and thereby incurs major damage

shall be punished by a fine or by restriction of liberty or by a custodial sentence for a term of up to two years.

2. A person who, without holding an authorisation, identifies a small quantity of goods with another's trademark or presents them for handling or makes use of another's service mark and thereby incurs damage shall be considered to have committed a misdemeanour and

shall be punished by community service or by a fine or by restriction of liberty.

3. A legal entity shall also be held liable for the acts provided for in this Article.

<sup>30</sup> District Court Noord-Holland, Case No. 15/700419-16, dated 17 July 2018. [ECLI:NL:RBNHO:2018:6585, Rechtbank Noord-Holland, 15/700419-16 \(rechtspraak.nl\)](https://ecli.nl/RBNHO:2018:6585_Rechtbank_Noord-Holland_15/700419-16_rechtspraak.nl)

<sup>31</sup> Vilnius District Court, case No. 1-498-271/2017, dated 18 January 2017. [Byla 1-498-271/2017 - eTeismai](https://byla-1-498-271/2017-eTeismai). Summary is available in the IPC Project annual national case summary publication - [Intellectual Property Crime Case-Law of National Courts 2022 | Eurojust | European Union Agency for Criminal Justice Cooperation \(europa.eu\)](https://intellectual-property-crime-case-law-of-national-courts-2022-eurojust-european-union-agency-for-criminal-justice-cooperation-europa.eu).

Article 204 of the Lithuanian Criminal code generally mirrors the TRIPS definition of counterfeit trademark goods by adopting the following elements:

- Any type of goods;
- Use of another's trademark without authorisation.

Besides the elements set out in the TRIPS Agreement, the Lithuanian Criminal Code introduces the additional quantitative element of 'large quantity' or 'significant damage', which shows that the legislator has chosen to set higher requirements for the crime of counterfeiting. These elements are broadly discussed by the national courts.

The Supreme Court of Lithuania analysed whether the crime of counterfeiting is considered a formal crime (completed at the moment it is committed, without the need to prove the consequences) or a material crime (in which the consequences and their link to the action are an essential element of the crime). Using logical and linguistic analysis of the Criminal Code, the court concluded that Article 204(1) of the Criminal Code sets up two alternative criminal offences: (1) possessing a large number of counterfeit goods without authorisation or making them available for sale, and (2) making use of a registered trademark without authorisation, causing significant damages<sup>32</sup>.

The use of a registered trademark is a substantial criminal offence that necessitates the demonstration of significant damages. This obliges the courts to show that the perpetrator's acts seriously harmed the owner of the trademark. According to Article 212(1) of the Lithuanian Criminal Code, 'significant damages' is defined as damage that exceeds 150 minimum salary levels (MSL) (EUR 6 900<sup>33</sup>). If the harm caused to the trademark-holder does not qualify as 'significant damage', the perpetrator's actions are qualified as criminal infringement pursuant to Article 204(2) of the Lithuanian Criminal Code. According to the Criminal Code, a criminal infringement is a low-level infringement for which the provided penalty does not involve deprivation of liberty.

Possession of a large number of counterfeit products is a formal criminal offence, which is considered completed regardless of whether the perpetrator was successful in carrying out their intended goals. It is also irrelevant whether the counterfeit goods were sold. As the mere possession of a significant number of counterfeit goods is regarded as having committed a crime, the quantitative need for significant damages is not applicable in this circumstance. However, the criminal law adds an additional quantitative criterion for this alternative criminal offence: the perpetrator must own a 'large quantity' of counterfeit goods. Contrary to 'substantial damages', the phrase 'large quantity' is not defined in the Criminal Code; instead, it is up to the courts to determine what constitutes a 'large quantity' in each particular case. The Lithuanian Supreme Court listed a non-exhaustive list of factors to consider for assessing 'large quantity', including the type of use of a foreign trademark, the scope of its usage, the value of the goods and their assortment<sup>34</sup>. According to Article 204(2) of the Criminal Code, the offence is classified as a criminal infringement (defined in the previous paragraph) if the 'large amount' criterion is not met.

This court practice, however, is not consistent. In a subsequent decision, the Lithuanian Supreme Court rejected the theory that mere possession of counterfeit goods can constitute a criminal

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<sup>32</sup> Lithuanian Supreme Court, case No. 2K-7-28-303/2017, dated 12 January 2017. [Byla 2K-7-28-303/2017 - eTeismai](#).

<sup>33</sup> MGL or basic social benefit is set by the Lithuanian Government; as of June 2022, the MGL in Lithuania is 46 Eur [528 On the resolution of the Government of the Republic of Lithuania of 5 November 2014 No. 1206 "On social par... \(e-tar.lt\)](#).

<sup>34</sup> Lithuanian Supreme Court, case No. 2K-7-28-303/2017, dated 12 January 2017. See note 32.

offense under Article 204 of the Lithuanian Criminal Code<sup>35</sup>. This court decision could be attributed to the fact that Article 204 makes no mention of the term "possession." On the contrary, possession of counterfeit trademark goods is specifically mentioned in Article 125 of the Republic of Lithuania's Code of Administrative Offenses<sup>36</sup>. Therefore, the court practice is not uniform on whether the mere possession of large amount of counterfeit goods could be considered as a criminal offence or a violation subject to administrative procedures.

Similar regulations requiring proof of the quantitative elements of significant damage or scale can be found in the criminal legislation of Latvia<sup>37</sup>, Poland<sup>38</sup> and Georgia<sup>39</sup>.

The Criminal Law provisions in Latvia criminalise acts that cause substantive damage to the injured party<sup>40</sup>. This is a substantive offence, in which the legislator included not only harmful acts but also harmful consequences that have occurred as a result of these acts, linking the circumstance to the concept of completed criminal offence and requiring mandatory basic consequence – the occurrence of substantial damage. The Latvian criminal courts indicated that the legislator intended to emphasise precisely the occurrence of harmful consequences. Otherwise, the disposition of the article criminalising counterfeiting would only contain a description of the harmful acts<sup>41</sup>. The court further added that the intention of the legislator can be deduced from the fact that, in 2011, the criminal offence of 'unlawful use of a trademark' was decriminalised and classified as an administrative offence<sup>42</sup>. This, according to the Latvian court practice, shows that there was an intention to emphasise harmful consequences.

This legislative regulation shows examples of quantitative elements set out in the criminal provisions, which intend to set an element of high quantity or high damage as a mandatory element of the crime of counterfeiting trademark goods.

### Article 305 of the Polish Industrial Property Law

The reproduction and copying of trademark-protected works by marking them with counterfeit trademarks is criminalised in Article 305 of the Polish Industrial Property Law (IP Law). Paragraph 1 of this article criminalises conduct undertaken with the aim of placing goods on the market by marking them with a counterfeit trademark or a registered trademark that one has no right to use, as well as trading with goods marked with such marks. Paragraph 2 of this article provides for minor offences, while paragraph 3 provides punishment for aggravating

<sup>35</sup> Lithuanian Supreme Court, Case No. 2K-135-489/2020, dated 18 November 2020. <https://liteko.teismai.lt/viesasprendimupaieska/tekstas.aspx?id=c717830c-52c7-4cdb-b373-310a87ab181d>

<sup>36</sup> Article 125 of the Code of Administrative Offenses of the Republic of Lithuania - Violation of industrial property rights - there is indicated that: 'Possession or transport of goods illegally bearing a foreign trade mark for commercial purposes or possession or transport for commercial purposes of goods illegally manufactured by means of a foreign design or patent for an invention shall entail a fine of between two hundred and eighty and six hundred euros'. [XII-1869 Lietuvos Respublikos administracinių nusizengimų kodekso patvirtinimo, įsigaliojimo ir įgyvendini... \(e-tar.lt\)](https://www.lrv.lt/lt/aktualu/2018/12/12/1869-lietuvos-respublikos-administraciniu-nusizengimu-kodekso-patvirtinimo-jsigaliojimo-ir-jgyvendini-e-tar-lt).

<sup>37</sup> Article 206 of the Latvian Criminal Law. [Krimināllikums \(likumi.lv\)](https://likumi.lv)

<sup>38</sup> Article 305 of the Polish Industrial Property Law. <http://isap.sejm.gov.pl/isap.nsf/download.xsp/WDU20010490508/U/D20010508Lj.pdf>

<sup>39</sup> Article 196 of Georgian Criminal Code. <https://matsne.gov.ge/en/document/view/16426?publication=209>

<sup>40</sup> Article 206 of the Latvian Criminal Law. [See note 28.](#)

<sup>41</sup> Kurzeme Regional Court, Case No. 11270014514, dated 30 November 2015. <https://manas.tiesas.lv/eTiesasMvc/nolemumi/pdf/246252.pdf>.

<sup>42</sup> Ibid.

### Article 305 of Polish Industrial Property Law

1. Anyone marking goods with counterfeit trademark marks, including a counterfeit European Union trademark, a registered trademark or a European Union trademark that they are not entitled to use, for the purpose of placing them on the market or placing on market goods bearing such trademark, shall be liable to a fine, limitation of freedom or imprisonment for a period of up to two years.
2. In case of an act of minor gravity, a person committing the offence referred to in paragraph (1) shall be liable to a fine.
3. A person who has made the offence referred to in paragraph (1) his continuing source of proceeds or commits that offence in respect of the goods of handsome value shall be liable to imprisonment for a period from six months to five years.

circumstances, notably where the perpetrator has made a regular source of income out of the crimes specified in paragraph 1 or commits this crime involving goods of significant value.

The definition of counterfeit products is set in Article 120(3)(3) of the IP Law, which indicates that it is an unlawfully used trademark that is identical or which cannot be distinguished under ordinary trading conditions from another registered trademark. While this definition follows the main elements of the TRIPS Agreement (such as similar or indistinguishable), it adds a new requirement of 'under ordinary trading conditions'. This element is widely addressed in the Polish courts, which have adopted a broad understanding of the term.

Trading should be understood as all activities consisting of marketing or making further turnover on the basis of a sales contract, but also contracts of exchange, donation, rental, delivery, lease, lending, leasing, and other similar

activities<sup>43</sup>. The Polish Supreme Court pointed out that 'trading' should be understood as any stage of trade in goods<sup>44</sup>. This requirement could be compared to the 'commercial purpose' requirement set in Article 61 of the TRIPS Agreement, which confirms the compliance of the Polish legislation to the minimum internationally agreed standards.

In addition to this definition of counterfeit goods, Article 305 of the IP law established the following elements of the crime of counterfeiting:

- The use of a trademark registered under national or EU legislation;
- The use of a trademark without having a right to use it;
- The use of a trademark for the purpose of placing the goods on the market.

While the requirements of proof of registration and use of the trademark without the authorisation correspond to the elements of the TRIPS definition, the Polish law introduces an additional requirement: 'for the purpose of placing on the market'. The Polish court practice indicates that this means the movement of goods from the sphere of production to the sphere of consumption, carried out by acts of purchase. A single transaction would already amount to placing goods on the market<sup>45</sup>. The legal basis for a commercial transaction can include a traditional contract of purchase and sale, delivery, donation, exchange via a leasing agreement, or a contract for specific work. Negotiations, on the other hand, or the submission of a proposal to conclude a contract (offer), are considered an attempt to commit the crime of counterfeiting<sup>46</sup>. Thus, while the term 'for the purpose of placing on the market' is not defined in Polish legislation,

<sup>43</sup> District Court for Krakow-Podgórze in Krakow, Case No. II K 651/16, dated 20 December 2016. [II K 651/16 Details of a judgment - System for the Analysis of Judicial Decisions - SAOS](#).

<sup>44</sup> District Court in Toruń, Case No. II K 1875/21, dated 7 April 2022. [Treść orzeczenia II K 1875/21 - Portal Orzeczeń Sądu Rejonowego w Toruniu](#).

<sup>45</sup> Regional Court in Gliwice, case No. VI Ka 301/15, dated 7 July 2015. [Treść orzeczenia VI Ka 301/15 - Portal Orzeczeń Sądu Okręgowego w Gliwicach \(gliwice.so.gov.pl\)](#). Supreme Court, Case No. I KZP 13/05, dated 24 May 2005. [Uchwała SN > I KZP 13/05 > Izba Karna > Orzecznictwo Sądu Najwyższego > Prawo.Money.pl](#).

<sup>46</sup> Ibid.

court practice treats it similarly to the one defined in the TRIPS Agreement as ‘commercial purpose’.

The Polish legislation does not define the subjective element of the crime of counterfeiting, leaving this interpretation to the national courts. In this regard, the Polish national courts have generally accepted that this crime is considered as directional crime, which means that it is necessary for the perpetrator to become aware of the above circumstances, acting with direct or consequential intent<sup>47</sup>. This court practice excludes any possibility of unintentional *mens rea*.

Article 305 of the IP Law adds two aggravating circumstances that could result in a harsher sentence: making counterfeiting a permanent source of income and committing this criminal offence in relation to goods of significant value.

As the term ‘permanent source of income’ is not defined in the IP Law, the courts have adopted their own interpretation of the term. This element requires the proof that the defendant obtained financial gain from his activity. To assume that the perpetrator has made a permanent source of income from committing a crime, the crime does not have to be their only or main source of income or constitute an important component of their income<sup>48</sup>. The Polish courts further indicate that a permanent source of income requires a certain level of repetition; in other words, it is necessary to prove that the defendant gained income from the illegal use of a trademark at least three times for it to be considered permanent or regular<sup>49</sup>. Finally, the longevity of trading in counterfeit goods is also an indicator in determining the permanent nature of the defendant’s income<sup>50</sup>.

Goods of significant value should be interpreted by the definition in Article 115(5) of the Criminal Code, according to which significant value is PLN 200 000 (around EUR 42 500<sup>51</sup>) at the time of committing the crime.

A new and updated IP Law is currently under discussion and is expected to be adopted in the near future. The new law revises Poland’s trademark regime in an attempt to address existing flaws. The provisions on the crime of counterfeiting and the definition of counterfeited goods, on the other hand, remain unchanged in the current proposal<sup>52</sup>.

## Conclusion

The examples of French, Dutch, Lithuanian and Polish legislation confirm their compliance with the Article 61 of the TRIPS Agreement standards. However, the analysed examples show that some countries opted to lower the minimum requirement of ‘commercial purpose’. The legislation varies greatly in this regard, ranging from the complete elimination of the requirement of commercial purpose in the Lithuanian Criminal Code to the imposition of more severe sanctions where counterfeiting was committed as a ‘profession or business’ in the Dutch Criminal Code. Similarly, national legislation differs in subjective elements of the crime of counterfeiting. While the Dutch Criminal Code specifically indicates that the crime of counterfeiting can be only

<sup>47</sup> District Court in Legionowo, Case No. II K 485/19, dated 25 November 2020. [Treść orzeczenia II K 485/19 - Portal Orzeczeń Sądów Powszechnych \(ms.gov.pl\)](#).

<sup>48</sup> Supreme Court, Case No. III KK 369/07, dated 13 February 2008. [III KK 369/07 Szczegóły orzeczenia - System Analizy Orzeczeń Sądowych - SAOS](#).

<sup>49</sup> District Court for Krakow-Podgórze in Krakow. [See note 43](#).

<sup>50</sup> District Court in Toruń. [See note 44](#).

<sup>51</sup> Exchange rate dated 21 November 2022.

<sup>52</sup> See more on the newly proposed IP Law: [Projekt \(rcl.gov.pl\)](#).

‘intentional’, the Lithuanian legislation leaves the question of the subjective elements to the competence of the courts.

The examples of national legislation also illustrate the differences in defining the subject of the crime of counterfeiting – the counterfeit trademark goods. While the Polish national law defines the concept of counterfeit goods, the national legislation in other countries often refer to the civil law provisions. For example, in France, the civil concept of trademark infringement is also a subject of the criminal offence. In other countries, the civil trademark infringement concept is not set as a part of the criminal offence, showing an intention to differentiate the two standards.

Figure 4 shows the elements of ‘counterfeit goods’ in each national legislation, comparing them against the elements of the TRIPS Agreement. The elements marked in grey are not included in national legislation, while the elements marked in orange are additional to those set in the TRIPS Agreement. The elements that are not regulated in the national legislation are often addressed by the national courts.

Figure 4

## TRIPS elements of counterfeit trademark goods in national legislation

France	Poland	Lithuania	Netherlands
Goods	Goods	Goods	Goods
Including packaging	Including packaging	Including packaging	Including packaging
Similar or identical	Similar or identical	Similar or identical	Similar or identical
Validly registered trademark	Validly registered trademark	Validly registered trademark	Validly registered trademark
Absence of authorisation	Absence of authorisation	Absence of authorisation	Absence of authorisation
Infringing essential function of trademark	Infringing essential function of trademark	Infringing essential function of trademark	Infringing essential function of trademark
Wilful	Wilful	Wilful	Intentionally
In course of trade	During the course of trademark	Commercial purpose	As a profession or business (only as aggravating)
	Goods of significant value (only as aggravating)	Large quantity/Significant damage	

# COUNTERFEIT TRADEMARK PROTECTED GOODS

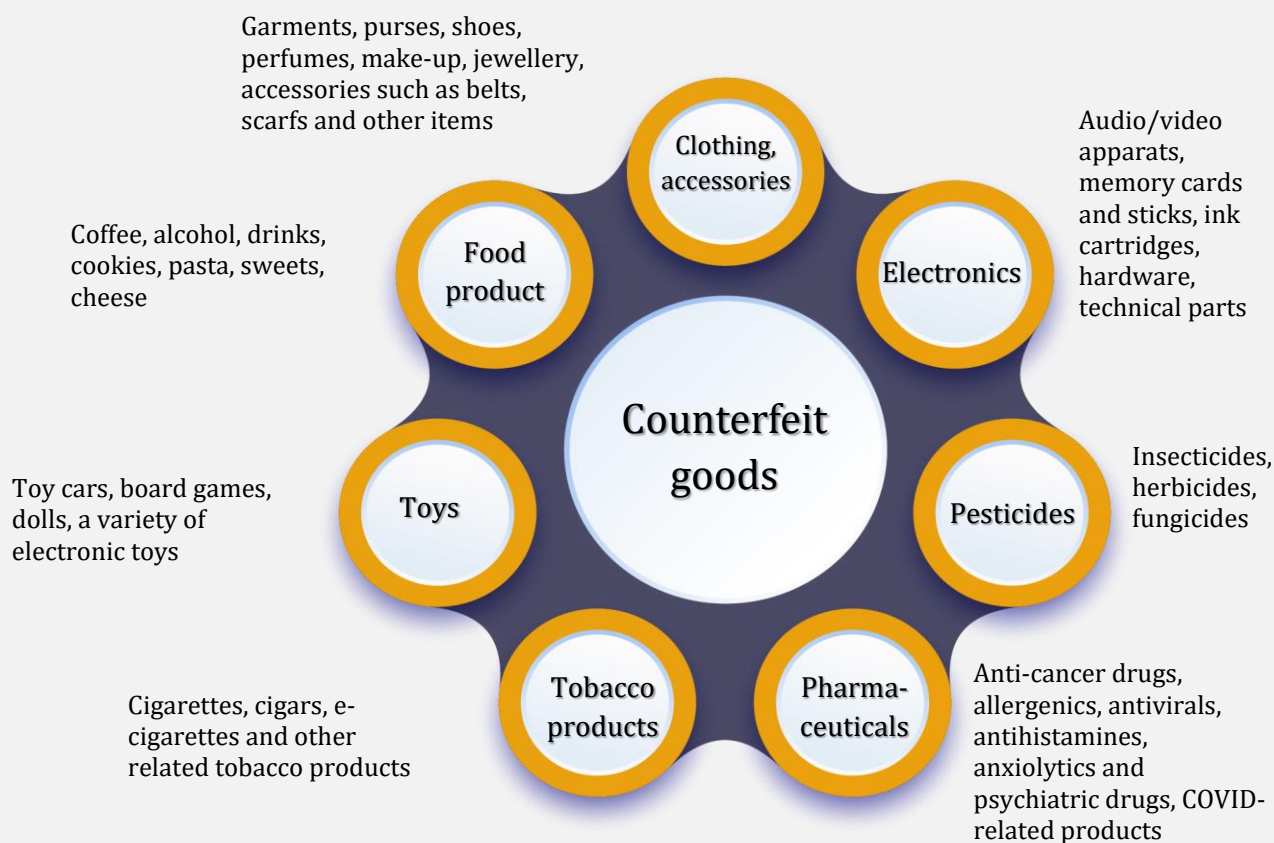
# 3

## Goods, including packaging as a subject of the crime of counterfeiting

The TRIPS Agreement indicates that any good, including its packaging, can be counterfeit. The variety of goods is not defined in most of legislation as it could encompass a wide variety of goods. This criminal offence affects a variety of sectors, such as clothes, accessories and luxury goods, electronics/electrical devices, mobile phones and components, food and drinks, perfumes and cosmetic products, pesticides, pharmaceutical products, piracy, tobacco products, toys and other commodities. By setting a broad definition of counterfeit goods, the legislator allows adaptation to fast-changing environments and ensures that new technologies or methods will not limit criminal enforcement. Figure 5 shows the variety of goods that could be counterfeit.

Figure  
5

Variety of counterfeit goods



As the production of counterfeit goods is increasing in non-EU countries, the import of counterfeit goods is often carried out separately from their packaging. While the production of materials used in counterfeiting is not monitored or regulated at national and EU levels, the packaging shape and dimensions can be a key element to distinguish genuine and counterfeit products. According to the [Intellectual Property Crime Threat Assessment 2022](#), produced by Europol and the European Union Intellectual Property Office (EUIPO), counterfeiting remains a significant challenge, with packaging being the most commonly seized counterfeit item at the European Union's external borders<sup>53</sup>. This shows the vast issue of packaging counterfeit goods, which is often the only element showing that the goods are counterfeit.

For this reason, the TRIPS definition of counterfeit trademark goods also includes the copying of packaging, labelling and other significant features of the product. However, national legislation is not consistent in expanding the term of goods to include packaging. As seen in the previous chapter, the Netherlands along with Germany<sup>54</sup>, Greece<sup>55</sup>, Ireland<sup>56</sup> and Portugal<sup>57</sup> are the examples in which packaging is explicitly included in national legislation. On the other hand, the French and Lithuanian criminal legislations do not include the term 'packaging'. Other countries, such as Austria<sup>58</sup>, Belgium<sup>59</sup>, the Czech Republic<sup>60</sup>, Hungary<sup>61</sup> and Latvia<sup>62</sup> and Switzerland<sup>63</sup> also opted to not include the term 'packaging'.

Even though the term 'packaging' is disregarded in national legislation in many countries, the courts frequently choose to define the term 'counterfeit goods' broadly. For example, in a case (Case Study 1) before the Swiss appellate court, the defendant

### CASE STUDY 1 – Switzerland

In a case before the Swiss appellate court, the defendant claimed that criminal liability cannot be incurred for affixing an incorrect label on clothing. The defendant never intended to present the goods as genuine.

The Swiss appellate court indicated that the term falsification encompasses the term of counterfeiting, which means that a product was made using materials or means other than the original product. The goods are also considered as falsified when their packaging or labelling presents them as genuine products and thus misleads the consumers. The notion of falsification is no longer assessed on the basis of the change, but on the difference between their actual value and the value presented to the consumer.

The Swiss Federal Tribunal confirmed the conclusion of the appellate court and added that it is irrelevant whether the goods were alterations of the original or made from scratch. It is also irrelevant how the accused simulated the misleading appearances. The main aspect is that the falsified goods were presented as genuine. If such manipulation had not taken place, the consumer would have bought the goods at a lower price, or indeed not at all.

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Appellate Court  
[Jug/2016/183](#)



Federal Tribunal  
[No. 6B 984/2016](#)

<sup>53</sup> Intellectual Property Crime Threat Assessment 2022. [Intellectual Property Crime Threat Assessment 2022 | Europol \(europa.eu\)](#)

<sup>54</sup> Section 143(5) of the German Trademark Act. [See note 16.](#)

<sup>55</sup> Article 45 of the Greek Law on Trademarks. [See note 17.](#)

<sup>56</sup> Section 92 of Irish Trade Marks Act. [Trade Marks Act, 1996, Section 92 \(irishstatutebook.ie\).](#)

<sup>57</sup> Article 320 of Portuguese Industrial Property Code. [DL n.º 110/2018, de 10 de Dezembro \(pgdlisboa.pt\).](#)

<sup>58</sup> Section 60 of the Austrian Trademark Protection Act. [See note 12.](#)

<sup>59</sup> Art. XV.103 and XV.70 Belgian Code of Economic Law. [LOI - WET \(fgov.be\)](#)

<sup>60</sup> Section 268 of the Czech Criminal Code. [See note 11.](#)

<sup>61</sup> Section 388 of the Hungarian Criminal Code. [See note 10.](#)

<sup>62</sup> Article 206 of the Latvian Criminal Law. [See note 37.](#)

<sup>63</sup> Article 61 of Swiss Trade Mark Protection Act. [SR 232.11 - Federal Act of 28 August 1992 on the Protection of Trade Marks and Indications of Source \(Trade Mark Protection Act, TmPA\) \(admin.ch\).](#)

### CASE STUDY 2 – Poland

The defendant was accused of trading goods in the form of clothing, shoes, handbags, belts and glasses marked with counterfeit trademarks of various companies (such as Gucci, Burberry, Bulgari and Prada), from which the defendant derived a permanent source of income.

The first instance court found the defendant guilty of the crime of counterfeiting.

The appellate court, among other, stated that pursuant to Article 305(3) of Industrial Property Law, the qualifying elements are making a permanent source of income from selling counterfeit goods or committing the offence in respect to goods of significant value.

The word ‘mark’ shall be interpreted taking into account Article 154 of the Industrial Property Law Act, in which, as a means of using the trademark, such acts as placing the mark on goods covered by the protection right or their packaging, placing the mark on documents, and using it for the purpose of advertising are mentioned. Marking should also be understood as the complete or partial alteration, counterfeiting or removal of existing marks. To satisfy this mark, it is sufficient that a ‘conceptual link’ (association) be formed between the product and the mark.

The appellate court further analysed the concept of ‘trading’ and ‘making permanent income’ and concluded that the first instance court correctly applied Article 305 of the Industrial Property law.

argued that criminal liability cannot be incurred simply by attaching an incorrect label to clothing<sup>64</sup>. The Swiss court, however, disagreed with the arguments of the defence and concluded that both legal doctrine and court practice generally accept that falsification can be the result of the counterfeiting or production of labels and packaging, which mislead the consumer as to the origin of the content of the package<sup>65</sup>. This case serves as an example in which the means of alteration is considered irrelevant to the criminal case. The primary focus of the case was that the goods were presented as genuine, whether by altering the packaging, label or the goods themselves.

In other countries, the criminal provisions are analysed alongside the provisions of the specialised legislation. For example, the Lithuanian Law on Trademarks<sup>66</sup> indicates that the proprietor of the mark may prohibit the affixing of such a sign to the goods or their packaging. This provision is often relied on in the national courts where it has been generally acknowledged that the alteration to the packaging constitutes counterfeiting<sup>67</sup>.

In Polish legislation, the term ‘trademark’ is also defined in specialised legislation. The Polish courts widely accepted that the term trademark should be interpreted based on the definition provided in the Polish Industrial Property law (Case Study 2)<sup>68</sup>. The court adopted a broad meaning of the term ‘goods’, indicating that the use of a trademark includes not only placing the protected trademark on goods or their packaging, but also placing the protected trademark on documentation accompanying the goods, or using the protected trademark for the purpose of advertising<sup>69</sup>. The court further added that any alteration of the trademark, such as its partial removal, also constitutes the crime of counterfeiting. This reasoning shows that any alteration to the goods, their packaging or any other associated document is considered counterfeiting

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Court  
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<sup>64</sup> Paragraph 4.3. Court of Appeals of Vaud Canton, Case No. Jug/2016/183, dated 19 May 2016. [Search for decisions: Jug / 2016 / 183 \(vd.ch\)](#).

<sup>65</sup> Ibid.

<sup>66</sup> Article 38(2)(2) of Lithuanian Law on Trademarks. [VIII-1981 Lietuvos Respublikos prekių ženklų įstatymas \(lrs.lt\)](#)

<sup>67</sup> Pakruojis District Court, Case No. 1-3-284/2016, dated 9 February 2016. [Byla 1-3-284/2016 - eTeismai](#).

<sup>68</sup> See also Court of Appeal in Katowice, Case No. II AKa 382/10, dated 5 January 2011. [II AKa 382/10 Szczegóły orzeczenia - System Analizy Orzeczeń Sądowych - SAOS](#).

<sup>69</sup> District Court for Krakow-Podgórze in Krakow, Case No. II K 651/16, dated 20 December 2016. [II K 651/16 Details of a judgment - System for the Analysis of Judicial Decisions - SAOS](#).

provided there is a sufficient ‘conceptual link’ (association) between the product and the trademark<sup>70</sup>.

The issue of using packaging or re-packaging is prevalent in cases of counterfeit medicines. Repackaging is frequently used to market illegal substances in the European Union. The widespread counterfeiting of medical products, which was made worse by the COVID-19 pandemic, puts people's health in danger and may even be fatal. Given the significant risk associated with counterfeit medicines, both national and international players have acknowledged the necessity of creating and implementing an effective criminal law system to put a stop to such actions.

The [Medicrime Convention](#)<sup>71</sup> is the first international criminal law instrument specifically designed to oblige State Parties to criminalise the manufacturing of counterfeit medical products (Article 5(1) and (2) of the Convention) and other related criminal offences. Countries that have ratified, accepted or approved the Convention have an obligation to establish the equivalent criminal regulation in their national legislation. Some nations, such as Hungary<sup>72</sup>, have included the offence of counterfeit medication in their criminal legislation after ratifying the Convention, even though many EU MS have yet to do so. Other countries, such as Romania, have specific provisions in their criminal codes even without the ratification of the Convention. The Romanian Criminal Code criminalises the acts of preparing, offering and displaying with a view to sell medicine that is counterfeited or substituted and harmful to health. This provision, however, falls under the crime of forgery or substitution of food and other products<sup>73</sup>. Although there is a separate legal provision that makes counterfeit medications illegal, the term ‘packing’ is typically not included in the elements of crime, leaving this interpretation to the national courts.

The issue of packaging, and specifically the re-packaging, of medical products has been addressed in great detail by the Court of Justice of the European Union (CJEU). The CJEU in its case practice has accepted that the trademark owner can prevent others from selling products with an indication that the product was re-packaged by an entity other than the trademark owner<sup>74</sup>. The re-packaging is considered legal only in cases where it is done with the authorisation of the trademark owner under strict instructions and conditions. Failure to comply with those instructions leads to the infringement of the trademark owner's rights and can mislead the consumer with regard to the origin of the products.

The national courts followed the CJEU's practice and have generally acknowledged that any modification to medicine packaging, labelling or other indications is a sign of a fake product. In a criminal case concerning counterfeit medicines (Case Study 3), the French appellate court analysed which type of packaging alteration can be considered a crime of counterfeiting. The court took a broad approach and indicated that any modification, reproduction, imitation and addition of stickers or barcode, as well as any substitution of instructions or any other type of re-

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<sup>70</sup> Ibid.

<sup>71</sup> Council of Europe Convention on the counterfeiting of medical products and similar crimes involving threats to public health (CETS No. 211). [Council of Europe Convention on the counterfeiting of medical products and similar crimes involving threats to public health - Impact of the European Convention on Human Rights \(coe.int\)](#).

<sup>72</sup> Sections 185/A and 186 of Hungarian Criminal Code. [See note10](#).

<sup>73</sup> Article 357 of Romanian Criminal Code. [CODUL PENAL 17/07/2009 - Portal Legislativ \(just.ro\)](#).

<sup>74</sup> EUCJ, Case C-207/10, dated 28 July 2011, Paranova Danmark A/S, Paranova Pack A/S v Merck Sharp & Dohme Corp. (formerly Merck & Co. Inc.), Merck Sharp & Dohme B.V. and Merck Sharp & Dohme. [EUR-Lex - 62009CJ0400 - EN - EUR-Lex \(europa.eu\)](#).

packaging is considered a crime of counterfeiting<sup>75</sup>. In another case, the Dutch court also indicated that placing packaging and/or labels of Viagra tablets on counterfeit tablets is considered counterfeiting<sup>76</sup>.

The case studies illustrate the generally accepted broad interpretation that any alterations to packaging incur criminal liability, even if the goods themselves are genuine, as long as such alteration created a risk of public deception, which is applicable more broadly than only in the case of counterfeit medicines. The requirement of the risk of deception separates criminal and civil cases – although repackaging the goods without the trademark holder's approval or control might violate civil trademark law, altering the packaging of genuine goods without an intention to deceive the consumer does not constitute a criminal offence.

As can be seen from the aforementioned case studies, the national courts generally accept that the form of the alteration of the genuine goods does not matter, despite the fact that the national legislation does not always specify the counterfeit goods and their form. Changes can be made to the products themselves, as well as to any packaging or labelling that they may have. This supports the TRIPS definition of counterfeit trademark goods, which gives the phrase 'counterfeit goods' a broad connotation.

### CASE STUDY 3 – France

The company Laboratoire Augot-Sodipharde (LAS) was only authorised to export medicines in bulk, especially to African countries. The company operated a warehouse in which it repackaged medicinal products intended for export by substitution, deletion, modification, reproduction, imitation or alteration of packaging, barcodes, stickers and instructions for use, in order to market them on the EU internal market.

The appellate court indicated that the sale of goods presented under a counterfeit trademark, after having modified, deleted, reproduced, imitated and used those marks by opposing stickers, barcodes, substituting instructions for use, or repackaging medicinal products, constitutes a criminal offence of counterfeiting.

The Court of Cassation dismissed the defendant's appeal on the ground, inter alia, that the appellate court had, without insufficiency or contradiction, characterised in all its elements, both material and intentional, the offence of counterfeiting of which it found the defendant guilty.

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Appellate Court  
[07/00129](#)



Court of Cassation  
[07-86.137](#)

<sup>75</sup> Court of Appeals of Riom, Case No. 07/00129, dated 17 July 2007, [Cour d'appel de Riom, 17 juillet 2007, n° 07/00129 | Doctrine](#). Decision confirmed by the Court of Cassation, Case No. 07-86.137, dated 19 March 2008, [Cour de cassation, criminelle, Chambre criminelle, 19 mars 2008, 07-86.137, Inédit - Légifrance \(legifrance.gouv.fr\)](#)

<sup>76</sup> Court of Maastricht, Case No. 03/993057-04, dated 9 September 2008, [ECLI:NL:RBMAA:2008:BF0141, voorheen LJN BF0141, Rechtbank Maastricht, 03/993057-04 \(rechtspraak.nl\)](#).

## Registered trademark as a subject of protection

While the variety of counterfeit goods is very broad, the subject of the crime of counterfeiting can be only the goods, which bear a trademark without authorisation. Therefore, the courts must determine if the illegal goods actually bear the trademark, whether it is the same as or similar to a registered mark, and whether it was used without the rights-holder's prior consent.

According to CJEU case law, the essential function of a trademark is the function of guaranteeing the origin of the goods and services, enabling the consumer to distinguish the origin of some goods or services from others and to assume a particular degree of product quality<sup>77</sup>. This further affords strong trademark protection.

The ground rules for trademark protection are set in Article 16(1) of the TRIPS Agreement, which highlights the element of registration. This article, similarly to the TRIPS definition of counterfeit trademark goods, requires that the trademark is registered. The registration should be carried out in the jurisdiction where the prohibited dealings take place; for imported goods, the registration must be done in the jurisdiction into which the goods are imported.

While the registration of the trademark is an objectively determined circumstance, the question arises whether criminal liability could be brought up in case of a well-known trademark, which is defined in Article 6*bis* of the [Paris Convention](#) as a trademark not requiring prior registration. Subsequently, Article 16(3) of the TRIPS Agreement extends the minimum standards of protection to well-known trademarks. In particular, well-known marks should now be protected against the use or registration of identical or similar signs with respect also to dissimilar goods or services when such use or registration would indicate a connection with existing well-known marks and 'provided that the interests of the owners of the registered trademark[s] are likely to be damaged by such use'<sup>78</sup>.

The term 'well-known' trademark is not adopted in the EU legislation, but under the [EUTM](#) and [EUTMR](#), the EU protects marks, which have a reputation. Although the terms 'well-known' and 'reputation' denote distinct legal concepts, the assessment of the reputation adopted by the CJEU is essentially based on similar quantitative considerations regarding the degree of knowledge of the mark among the public, as well as the nature, time, place and extent of its use<sup>79</sup>.

While the civil protection of well-known marks is not disputed, the question arises whether these marks, which do not have registration, can be subject to criminal proceedings. Some experts argue that the criminalisation of the counterfeiting of trademarks that are entitled to protection by Article 6*bis* of the [Paris Convention](#) is implicitly required by the TRIPS Agreement, and that a failure to do so is contrary to the spirit of Article 61 of the TRIPS Agreement<sup>80</sup>. This argument is

<sup>77</sup> EUCJ, Case No. C-299/99, dated 18 June 2002, Koninklijke Philips Electronics NV v. Remington Consumer Products Ltd, judgment of 12 November 2002 in Case C-206/01 Arsenal Football Club plc v Matthew Reed, [CURIA - List of results \(europa.eu\)](#)

<sup>78</sup> Page 169, Farley, Christine Haight and Calboli, Irene, The Trademark Provisions in the TRIPS Agreement (2016). Intellectual Property and International Trade: TRIPS Agreement (3d ed.) (Carlos M. Correa ed., Wolters Kluwer 2016).

<sup>79</sup> Well Known Mark Protection under EU Law (EUIPO Guidelines), [EUIPO Guidelines \(europa.eu\)](#).

<sup>80</sup> Paragraph 60, ADVISORY COMMITTEE ON ENFORCEMENT, THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS BY MEANS OF CRIMINAL SANCTIONS: AN ASSESSMENT. [wipo ace 4 3.doc \(live.com\)](#)

based on the fact that Article 61 of the TRIPS Agreement does not mention the requirement of trademark registration. Despite this opinion, the footnote 14 TRIPS definition of counterfeit trademark goods explicitly sets the requirement of registration.

The explicit requirement of registration is also reflected in the criminal legislation of some EU MS, such as Greece<sup>81</sup>, Italy<sup>82</sup>, Poland<sup>83</sup>, Portugal<sup>84</sup>, Romania<sup>85</sup> and Spain<sup>86</sup>. Other EU MS, such as the above-analysed criminal legislation of Lithuania or the Netherlands, do not specifically require the registration of the trademark. In this case, this question is a subject of regulation of other legislation or court practice.

In some countries, the specialised legislation on trademarks defines which trademarks are entitled to protection. The Lithuanian court practice is an example of how the interpretation of the subject of the criminal offence is analysed based on specialised legislation (Case Study 4). The Lithuanian courts indicate that only those trademarks that are protected in the manner prescribed by law can be the subject of the offence provided for in Article 204 of the Criminal Code. Lithuanian Trademark Law indicated that protected trademarks are:

- Marks registered with the competent authority;
- Marks that are the subject of an application for registration of a mark filed with the State Patent Office;
- Marks that are the subject of the international registration of the mark valid in the country;
- Signs that are recognised as well-known in the Republic of Lithuania (these are protected even while unregistered)<sup>87</sup>.

This demonstrates that the Lithuanian Criminal Code, when read in conjunction with the Trademark

### CASE STUDY 4 – Lithuania

The defendant was selling counterfeit pesticides by the side of the road, marked similarly as three pesticide trademarks. The first instance court found the defendant guilty of counterfeiting pursuant to Article 204 of the Criminal Code.

The appellate court indicated that the subject matter of the offence provided for in Article 204 of the Criminal Code is the trademark of goods or services belonging to another person and goods bearing such a mark. The subject of this offence or criminal offence are those signs of goods and services that are protected in the manner prescribed by law. An analysis of the norms of the Law on Trademarks shows that only trademarks registered in the prescribed manner are protected, and that their use without the permission of the owner or his representative is illegal.

The court further stated that, although the three pesticide marks have similar spellings to the registered trademarks, they are not the same. Thus, the court reached the conclusion that the first instance court erred in its broader interpretation of the objective aspects of the composition of the offence provided for in Article 204 of the Criminal Code because only identical signals can result in criminal culpability. The marks the defendant used on the pesticides might be misleading to the public, but this element is not applicable in criminal law and should be subject to civil proceedings.

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<sup>81</sup> Article 45 of the Greek Law on Trademarks. [See note 17.](#)

<sup>82</sup> Article 473 of Italian Criminal Code. [Art. 473 codice penale - Contraffazione, alterazione o uso di marchi o segni distintivi ovvero di brevetti, modelli e disegni - Brocardi.it.](#)

<sup>83</sup> Article 305 of the Polish Industrial Property Law. [See note 38.](#)

<sup>84</sup> Article 320 of Portuguese Industrial Property Code. [See note 57.](#)

<sup>85</sup> Art. 90 of the Romanian Law on Trademarks and Geographical Indications. [See note 14.](#)

<sup>86</sup> Article 274 of the Spanish Criminal Code. [See note 8.](#)

<sup>87</sup> Article 3 of Lithuanian Law on Trademarks. [See note 66.](#)

Law, allows for criminal liability for counterfeiting well-known trademarks. However, while relying on the provisions of the Lithuanian Trademark Law, the courts do not address the issue of the well-known trademark and frequently state that only registered trademarks can be the subject of a criminal offence<sup>88</sup>.

### CASE STUDY 5 – the Netherlands

The defendant was accused of the crime of counterfeiting as he produced goods bearing the 'Canomatic' trademark. The defendant claimed that the right to the 'Canomatic' trademark registered by Canon Kabishiki Kisha, within the meaning of the Benelux Trademarks Act had lapsed, relying on Article 5(2)(a).

While analysing Article 337 of the Dutch Criminal Code, the Supreme Court declared that even though the criminal court could not revoke the registered trademark with an expired registration period since the trademark proprietor is not a party to such proceeding, the court could acquit the accused if the latter can successfully invoke the fact that the trademark is subject to revocation. If the civil court had revoked the trademark in proceedings to which the trademark proprietor was a party, this would stand in the way of the criminal liability of the defendant.

The court indicated that the defendant cannot attack the validity of the trademark registration in the context of the criminal proceedings.

Therefore, the court rejected the defence on the sole ground that it has not been established that the right to the 'Canomatic' trademark has been forfeited by a competent court at the request of an interested party.

The courts in other countries, such as Poland, also rely on the terminology set out in the specialised legislation<sup>89</sup>. As described above, the term 'counterfeit trademarks' is defined in the Polish IP Law as identical marks used unlawfully or which cannot be distinguished, under normal conditions of trade, from registered marks for goods covered by the right of protection<sup>90</sup>. In this case, the specialised legislation supplements the criminal provisions, clarifying that only registered trademarks can be subject to criminal proceedings.

In the Netherlands, even though the requirement of registration is not specifically stated in the criminal code, court practice has indicated that the absence of a valid registration could be a reason to acquit the defendant (Case Study 5). For example, the Dutch Supreme Court confirmed the existence of the presumption that the trademark registration is valid<sup>91</sup>. The court indicated that the validity of the trademark registration is a question for civil jurisdiction, confirming that the trademark registration is assumed to be valid until proven otherwise in civil court or by other appropriate means outside criminal jurisdiction. Such a court position is understandable, as the question of the validity of the registration might go to the core of the ownership of the mark and the specific rules of registration of the trademark. For this reason, the criminal court presumes that the registration is valid, putting the burden on the defendant to prove otherwise.

Italian court practice is also uniform in relation to the question of registration. The Italian Court of Cassation observed that, since the criminal protection of trademarks or distinctive signs of

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<sup>88</sup> See Pakruojis District Court, Case No. 1-3-284/2016, dated 9 February 2016, [Byla 1-3-284/2016 - eTeismai](#), Šiauliai Regional Court, Case No. 1A-143-309/2015, dated 9 April 2015, [Byla 1A-143-309/2015 - eTeismai](#), Klaipėda City District Court, Case No. 1-620-108/2011, dated 1 June 2011, [Byla 1-620-108/2011 - eTeismai](#).

<sup>89</sup> District Court Poznań-Nowe Miasto and Wilda in Poznań, Case No. VI K 279/18, dated 20 June 2018, [Třešć orzeczenia VI K 279/18 - Portal Orzeczeń Sądu Rejonowego Poznań-Nowe Miasto i Wilda w Poznaniu \(poznan-nowemiasto.sr.gov.pl\)](#)

<sup>90</sup> Article 120(3)(3) of Polish Industrial Property Law. [See note 38.](#)

<sup>91</sup> Supreme Court, 17-10-2006, Case No. 02220/05HR, dated 17 October 2006, [ECLI:NL:HR:2006:AW0484, formerly LJN AW0484, Supreme Court, 02220/05 \(rechtspraak.nl\)](#).

### CASE STUDY 6 – Italy

The defendant was selling counterfeit accessories. The goods were unmarked; however, the labels had a number of protected trademark signs. The lower instance court found the defendant guilty of the crime of counterfeiting pursuant to Article 517 of the Criminal Code.

The Court of Cassation indicated that the prosecution has an obligation to prove that the goods in question were indeed trademark-protected. In this case, the registration of the goods was confirmed by the testimony of a representative of the Guardia di Finanza.

The court further analysed previous court practice indicating that the proof of registration is a required element of the crime of counterfeiting. In this case, the appellate court relied only on the statement of the investigator of the Guardia di Finanza, which, according to the court, is not sufficient to prove the existence of the registration.

As the registration is a mandatory element which is to be proved by the prosecution, the Court declared that the essential elements of the crime of counterfeiting trademark were not met in this case and annulled the lower instance decision, acquitting the defendant.

intellectual works or industrial products is aimed at guaranteeing the pre-eminent public interest of public faith rather than the private interest of the inventor, it is necessary that the trademark or distinctive sign has been filed, registered or patented. The falsification of the registered trademark can occur only if the trademark has been recognised as such<sup>92</sup>. The Court of Cassation further indicated that the burden of proof of the trademark registration lies with the prosecutor while the defendant, on the other hand, is obliged to prove the lack of registration of the trademark (Case Study 6)<sup>93</sup>. The court further set the standard of proof of registration, indicating that only an official statement from the trademark registration office would be sufficient proof. Other means, such as the statement of an investigative officer, cannot be held as sufficient proof of the trademark's registration.

The aforementioned examples demonstrate the significance of trademark registration as a crucial component that directly relates to the legal foundation for criminal protection. However, trademark registration is also significant in determining the applicable law. The national courts examined whether the location of the trademark registration could affect criminal proceedings in this regard. The Polish appellate court reached the conclusion that EU trademarks that are not registered with the Polish Patent Office are not subject to Polish criminal laws<sup>94</sup>. The Polish Supreme Court rejected this argument, stating that the appellate court failed to properly analyse the wording of Article 305 of the IP Law, which refers to 'registered trademark or an EU trademark'<sup>95</sup>. After pointing out a number of shortcomings in the appellate court's reasoning, the Supreme Court sent the case back for re-trial.

The implications of trademark registration and the importance of showing where the contested goods were registered was addressed to a great extent by the Czech courts (Case Study 7). In this case, which relates to the protection of designs, the Czech Supreme Court indicated that the prosecutor has an obligation to precisely indicate the subject of the criminal offence: what is the contested object, what is contained in the registration and where it was registered. The registration is a key element in determining the applicable law in the case. Depending on where

<sup>92</sup> Court of Cassation, Case No. 9340, dated 27 February 2013. [Detenzione di Prodotti con Marchi Contraffatti - Studio Legale Latini](#).

<sup>93</sup> Court of Cassation, Case No. 33079, dated 28 July 2016. [Corte di Cassazione, sezione I penale, sentenza 28 luglio 2016, n. 33079 - Renato D'Isa \(renatodisa.com\)](#).

<sup>94</sup> Supreme Court, Case No. V KK 383/19, dated 5 February 2020. <http://www.sn.pl/sites/orzecznictwo/Orzeczenia3/V%20KK%20383-19-1.pdf>.

<sup>95</sup> Ibid.

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the registration occurred, protection is provided by either national, EU or international law<sup>96</sup>. Once the relevant law has been identified, the courts can then determine the defendant's guilt which, according to the court, is also based on an examination of whether the defendant was aware of the relevant law.

The case studies demonstrate that national courts typically acknowledge trademark registration to be a jurisdictional element. The requirement of registration is also considered an important factor in determining the applicable law in cases when trademark protection goes beyond national trademark protection.

Despite the general acceptance that only registered trademarks are subject to criminal protection, some national legislation and court practice do accept that a well-known trademark can be the subject of a criminal offence. Hungarian legislation is an example of how well-known marks can be subject to criminal protection; however, they fall under a different criminal provision. On the one hand, if a registered trademark is violated, Section 388 of the Hungarian Criminal Code applies; on the other hand, if the violation involves an unregistered mark, Section 419 on imitation of competitors applies<sup>97</sup>.

Court practice in France and Belgium has also accepted that a well-known trademark can be a subject of criminal proceedings. The French Court of Cassation has accepted that a well-known mark can be a subject of criminal proceedings<sup>98</sup>. Similarly, as shown in [Case Study 14](#), the Belgian court accepted that a well-known trademark is the subject of criminal protection.

The case studies demonstrate that national courts typically acknowledge trademark registration to be a jurisdictional element which has important implications for the whole case, such as the burden of proof, applicable law and determination of intent. In the majority of cases, only registered trademarks are accepted as the subject of criminal proceedings, which shows the tendency to differentiate civil trademark infringement from criminal offences.

### CASE STUDY 7 – Czech Republic

The defendant was selling aluminium car rims intended for use as spare car parts. The prosecution in this case claimed that the car rims were a counterfeit copy of the official car manufacturer Skoda. The defendant was found guilty of the crime of counterfeiting by lower instance courts.

The Supreme Court indicated that, depending on the place of registration, protection can be granted in the territory of the Czech Republic, in the territory of the European Union, or, in the case of an international registration, in the territory of members of the international community according to the scope of the international registration. Since the accession of the Czech Republic to the European Union, the trademark and patent protection has been provided in the Czech Republic for so-called EU designs under EU legislation. The designs registered with EUIPO are protected by the Community Designs Regulation (6.2002), which is directly applicable in EU MS.

It is essential to ascertain which rights are violated while assessing the guilt of the defendant. The determining factor in determining guilt is identifying the law allegedly violated by the defendant, which in this case is determined based on the registration of the design.

The lower instance courts did not address the issue of registration, which is a key in determining applicable law. The applicable law is a key factor in determining the elements of crime and the intent of the defendant. For this reason, the court concluded that the defendant was not able to effectively defend himself. The lower courts' decisions were annulled and the case was sent for retrial.

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Supreme Court  
[5 Tdo](#)  
[1381/2020](#)

<sup>96</sup> Supreme Court, Case No. 5 Tdo 1381/2020-I.-1063, dated 28 April 2021. [5 Tdo 1381/2020 \(slv.cz\)](#).

<sup>97</sup> Sections 388 and 419 of the Hungarian Criminal Code. [See note 10](#).

<sup>98</sup> Court of Cassation, Case No. 18-83.298, dated 12 June 2019. [Cour de cassation, criminelle, Chambre criminelle, 12 juin 2019, 18-83.298, Inédit - Légifrance \(legifrance.gouv.fr\)](#).

### Counterfeit goods that are similar or identical to a registered trademark

Trademark counterfeiting is the direct attempt of a third party to place a trademarked brand on goods that have not come from the manufacturer of the represented brand. As a result, consumers do not get the genuine product they think they are buying, which creates confusion among consumers and tarnishes the reputation of the owner of the trademark.

The TRIPS definition of counterfeit trademark goods requires showing that the trademark is used in connection with goods identical with, or substantially indistinguishable from, a registered trademark. In other words, it is necessary to prove that a defendant used their counterfeit mark on the same class of goods on which the trademark owners use their genuine marks. In some cases, the counterfeiters may try to produce goods that are close enough in appearance to the original trademark while simultaneously introducing enough differences to placate the courts. For this reason, the TRIPS Agreement introduces the term ‘indistinguishable in its essential aspect from the registered trademark’, a standard which prevents the defendants from escaping liability by merely trivial changes to the trademark.

The similarity between trademarks is often assessed by using a civil law standard of ‘likelihood of confusion’. This standard, despite being a lower hurdle than the criminal requirement of proving ‘indistinguishable differences’, is commonly used in criminal cases across the EU MS. This chapter will overview the national legislation and the court practice in the application of the standard of ‘likelihood of confusion’ as a threshold in assessing counterfeit cases.

### Assessment of the similarity of trademarks through the standard of ‘likelihood of confusion’

The similarity of the two marks is probably the most subjective area in the evaluation of elements that come under the crime of counterfeiting.

Pursuant to Articles 5(1)(a) and 10(2)(a) of the [EUTM](#)<sup>99</sup> (and the corresponding provisions of the [EUTMR](#)), a trademark owner can oppose the registration and use of a sign identical to its mark for identical goods or services. Recital 16 of the [EUTM](#) describes this type of protection as absolute, which is consistent with Article 16(1) of the TRIPS Agreement, which states that the likelihood of confusion is presumed in the event of double identity (i.e., the identity of the trademarks and of the goods)<sup>100</sup>. The presumption of consumer confusion is also accepted by the criminal courts. For example, the appellate court in Lithuania has indicated that, where the infringement of the trademark proprietor's rights consists of the use of identical signs for identical goods, the likelihood of confusion on the part of consumers is presumed and does not

<sup>99</sup> The language of Article 5(1)(b) (relative grounds) and Article 10(2)(b) (infringement) of the EUTM indicates that the proprietor has the right to prevent a junior user from registering or using a mark where, ‘because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association with the earlier trade mark’.

<sup>100</sup> Page 229, Charles Dielen, Trademark Dilution in the European Union. <https://charlesgielen.com/media/1064/trademark-dilution-in-the-european-union-international-trademark-dilution-2020.pdf>

have to be proved<sup>101</sup>. However, whether a defendant has used a mark that is ‘indistinguishable’ from a registered trademark is a factual question that must be determined on a case-by-case basis.

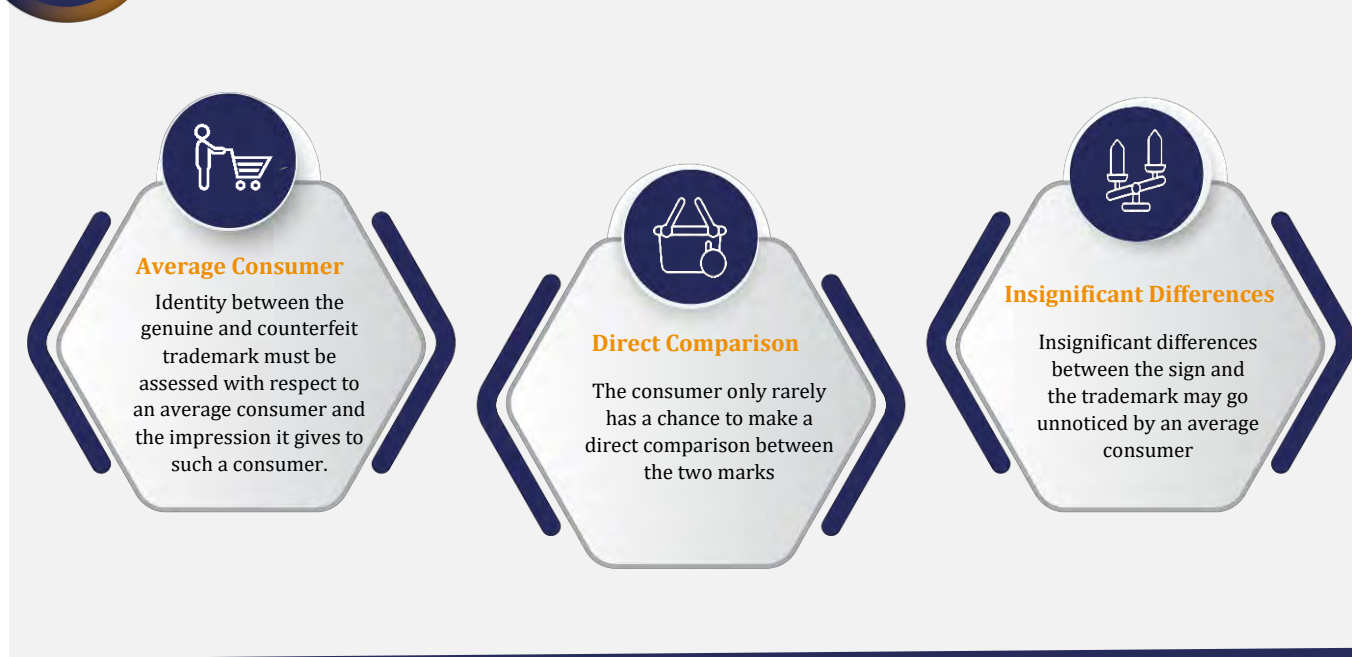
The term ‘identical sign’ has been analysed by the CJEU, indicating that the criterion of identity between two marks must be interpreted strictly. The very definition of identity implies that the two marks should be the same in all aspects<sup>102</sup>. The identity between the genuine and counterfeit trademark has to be assessed with respect to an average consumer and the impression it gives to such a consumer. The consumer only rarely has a chance to make a direct comparison between the two marks and must place his trust in the imperfect picture of them that he has kept in his mind<sup>103</sup>. Since the perception of identity between the sign and the trademark is not the result of a direct comparison of all the characteristics of the elements compared, insignificant differences between the sign and the trademark may go unnoticed by an average consumer.

This [CJEU judgment](#) illustrates three elements in assessing the similarity of the two marks: the perception of an average consumer, the possibility to conduct direct comparison, and the weight of insignificant differences (Figure 6). This decision sets the consumer confusion as a standard in assessing the similarity of two marks.

In a subsequent decision regarding the same two marks, the CJEU declared that it is common in the clothing sector for the same mark to be configured in various ways according to the type of product, which it designates. It is also common for a single clothing manufacturer to use sub-brands<sup>104</sup>. Therefore, the likelihood of confusion exists, as it is likely that the consumer might

Figure  
6

### CJEU standard of consumer confusion



<sup>101</sup> District Court of Alytus, Case No. 1-127-878/2016, dated 10 March 2016. [Byla 1-127-878/2016 - eTeismai](#).

<sup>102</sup> Paragraph 51, CJEU, Case No. C-291/00, dated 20 March 2003, LTJ Diffusion v Sadas Vertbaudet. [CURIA - List of results \(europa.eu\)](#).

<sup>103</sup> Ibid, paragraph 53.

<sup>104</sup> Paragraph 68, CJEU, Case No. T-346/04, dated 24 November 2005, Sadas v OHMI - LTJ Diffusion (ARTHUR ET FELICIE). [CURIA - List of results \(europa.eu\)](#).

believe that the goods belong to two distinct ranges of products of the same brand. For this reason, the CJEU confirmed that there was a likelihood of confusion.

The likelihood of confusion on the part of the public must be appreciated globally, taking into account all factors relevant to the circumstances of the case. The basic criteria of the likelihood of confusion are laid down in Article 4(1)(b) and the Recital 11 to [EUTM](#), and in parallel in Article 8(1)(b) and Recital 8 to the [EUTMR](#). The appreciation of the likelihood of confusion depends on numerous elements and, in particular, on ‘the recognition of the trademark on the market, the association which can be made with the used or registered sign, the degree of similarity between the trademark and the sign, and between the goods or services identified’<sup>105</sup>. This provision establishes that the likelihood of confusion is assessed based on the degree of similarity, meaning regardless of whether the goods or services using the same mark compete with one another, and whether the goods or services are so closely related that they are being marketed through the same stores or channels of distribution<sup>106</sup>. Marks that are used on similar or related goods or services are more likely to confuse consumers as to the source of those goods or services.

CJEU has established that the global assessment of the likelihood of confusion, in relation to the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind their distinctive and dominant components<sup>107</sup>. Distinctiveness can be defined as the character of a trademark due to which it can identify goods as originating from a particular source, and therefore distinguishing them from other sources. While the concept of dominance, according to the CJEU, means that the overall impression of a trademark may be dominated by one component<sup>108</sup>.

These CJEU cases set up several principles for distinguishing the two marks. While the elements of ‘indistinguishable in its essential aspects from the registered trademark’ and ‘likelihood of confusion’ are not the same, the latter is an essential element in proving whether the two marks in question are indistinguishable. The CJEU set principles that firstly establish that the trademarks should be compared in their entirety without distinguishing separate parts. A reasonably prudent buyer looks at the entire product and not separate parts thereof. Secondly, the comparison of two factors depends on how the average consumer would encounter them in the market. The counterfeit products are not typically displayed side-by-side; therefore, the average consumer does not have the chance to compare them.

These principles demonstrate that the main criterion in assessing the likelihood of confusion is the perception of the average consumer, also confirmed in the CJEU cases above. Even though these elements are applied in civil trademark infringement cases, the criminal courts generally accepted the same line of reasoning when analysing whether the goods are substantially undisguisable or whether there is a ‘likelihood of confusion’.

### Assessment of the similarity of the trademarks in criminal law

As mentioned above, the TRIPS definition indicates that only a mark that is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its

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<sup>105</sup> Recital 11, EUTM. [See note 4](#).

<sup>106</sup> Page 10, EUIPO, Likelihood of Confusion: The Nature of Criterion of an “independent distinctive role”. [https://euipo.europa.eu/knowledge/pluginfile.php/28196/mod\\_data/content/270/GILTAT\\_Flavien.pdf](https://euipo.europa.eu/knowledge/pluginfile.php/28196/mod_data/content/270/GILTAT_Flavien.pdf).

<sup>107</sup> Paragraph 35, CJEU, Case No. C- 334/05, dated 12 June 2007, P *OHIM v Shaker* [2007] ECR I- 4529 [CURIA - List of results \(europa.eu\)](#).

<sup>108</sup> Page 20, Charles Dielen, Trademark Dilution in the European Union. [See note 100](#).

essential aspects from such a trademark, can be considered counterfeit. In other words, the TRIPS definition of counterfeit trademark goods indicates that counterfeit goods are those that are identical to the trademark-protected goods, as well as those that bear differences that essentially would not allow consumers to distinguish the counterfeit from genuine goods. While the term 'indistinguishable' is not defined in TRIPS, generally the interpretation of this standard is left to national courts. However, criminal courts often apply a different standard to assess the similarity between contested and genuine goods.

National legislation on this element of crime is also very diverse. Some countries, such as Lithuania, analysed above, define the subject of the crime as 'goods' without indicating whether the counterfeit goods ought to be identical or similar. In France, on the other hand, criminal legislation refers to 'trademark infringement', which refers to the definition of the infringement set in civil legislation. Neither the subject of the crime nor whether the counterfeit goods ought to be similar to genuine goods is defined in the criminal legislation of Germany<sup>109</sup>, Hungary<sup>110</sup>, Latvia<sup>111</sup>, Poland<sup>112</sup>, Portugal<sup>113</sup> or Spain<sup>114</sup>. In this case, national courts frequently refer to civil legislation to define the subject of the crime of counterfeiting, giving national courts considerable leeway in determining the criteria by which the goods can be deemed counterfeit. This also leaves it up to the courts to define the difference between the threshold applicable in civil infringement cases and criminal counterfeit cases, resulting in frequently differing court practice among EU MS, or even different approaches taken by national courts within the same country.

The French legislation, as analysed above, refers to civil law defining trademark infringement. The amendments introduced to the French IP Code indicate that it is prohibited to use a mark identical or similar to a registered trademark, if there is, in the

### CASE STUDY 8 – France

Custom services, while carrying out an inspection of goods from China, found a presence of scarves appearing to be counterfeits of 'Louis Vuitton', 'Burberry' and 'Marilyn Monroe' trademarks. The importer was a company, AJ Moda, which was found guilty of the crime of counterfeiting.

The Court of Cassation, while reviewing the appeal of the defendant, indicated that trademark 'Burberry tile' is an EU-registered trademark under Class 25: scarves, and is characterised by special motifs. The court considered that there was a visual similarity between the registered and disputed goods, which creates the likelihood of confusion.

The court further indicated that Louis Vuitton also has an EU-registered mark under Class 25. On examination of the samples, the Court confirmed that the even coarse reproduction of the motifs on goods (stylised floral elements of the monogram canvas arranged in staggered patterns) generates the likelihood of confusion.

This, in turn, constitutes an infringement by imitation of the trademark, which is a material element of trademark infringement pursuant to French IP Code. Thus, the court confirmed the decisions of the lower instance courts convicting the defendant of the crime of counterfeiting.

The court further indicated that, in absence of the proof of registration of the Marilyn Monroe trademark, and material proof of trademark violation, the defendant was acquitted of trademark violation in relation to this trademark.

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Court of  
Cassation  
[19/02578](#)

<sup>109</sup> Section 143(5) of the German Trademark Act. [See note 16.](#)

<sup>110</sup> Section 388 of the Hungarian Criminal Code. [See note 10.](#)

<sup>111</sup> Article 206 of the Latvian Criminal Law. [See note 37.](#)

<sup>112</sup> Article 305 of the Polish Industrial Property Law. [See note 38.](#)

<sup>113</sup> Article 320 of Portuguese Industrial Property Code. [See note 57.](#)

<sup>114</sup> Article 274 of the Spanish Criminal Code. [See note 8.](#)

mind of the public, a likelihood of confusion<sup>115</sup>. The French courts have followed this provision in criminal cases as well as in civil cases, in which the determination of trademark infringement is equal (Case Study 8). After having assessed the appearance of the contested and genuine goods, the Court of Cassation concluded that the similarity between the goods could cause the likelihood of confusion<sup>116</sup>. According to the French IP Code, this is a material element of trademark infringement. Based on this conclusion, the Court upheld the lower instance court's guilty verdict. This demonstrates that the court used civil law standards of trademark infringement to define the material elements of the crime of counterfeiting, indicating that the threshold of proof is the same in both civil and criminal cases under French criminal law.

While the French legislation sets the same standards applicable to both civil and criminal cases, the national courts of other countries tend to draw a difference between trademark infringement and the crime of counterfeiting.

### CASE STUDY 9 – Lithuania

#### District Court of Alytus

The defendant was selling chain saws marked with sign 'Stell', which were very similar to chain saws, which belong to a German brand ANDREAS STIHL AG & CO KG.

Expert Opinion in the case stated that 11 units of saws 'Stell' are marked with marks that are misleadingly similar to the word and figurative marks 'STIHL' belonging to the German company ANDREAS STIHL AG & CO KG.

The court relied on the expert's opinion on similarities between the original STIHL chainsaws and the counterfeit chainsaws labeled 'Stell', which was based on the assessment markings, labels, trademarks and other details of the counterfeit chainsaws. The court concluded that even though the quality of the counterfeit product did not meet the requirements set for the genuine products, there is enough elements indicating the similarity, which in turn creates the confusion.

For these reasons, the court affirmed the decision of the first instance court finding the defendant guilty for the crime of counterfeiting.

#### District Court of Pakruojis

The defendant was selling counterfeit pesticides Granstar, Monitor and Actara. The first instance court found the defendant guilty of counterfeiting the trademark pursuant to Article 204 of the Criminal Code.

The appellate court indicated that in the present case the names 'Granstaras', 'Monitor', 'Aktara' look and sound very similar to the trademarks 'Granstar', 'Monitor', 'Actara' registered by the firms El du Pont de Nemours and Company', Monsanto and S. P. AG.

However, obvious differences are seen between the original and counterfeit: their names do not align in terms of colour or graphics, nor grammatically. The registered trademarks were not used in this case, and the packages were not marked with them. Within the meaning of Article 204, the mark of a good or service by which the culprit marks his goods or service must be identical to the original.

The use of a misleadingly similar sign is to be examined exclusively in accordance with the procedure established by civil procedure.

For these reasons, the court reversed the decision of the first instance court and acquitted the accused.



<sup>115</sup> Article L.713-2 of the French Intellectual Property Code. [Article L713-2 - Intellectual Property Code - Légifrance \(legifrance.gouv.fr\)](#).

<sup>116</sup> Court of Cassation, Case No. 16-85.951, dated 17 January 2018. [Cour de cassation, criminelle, Chambre criminelle, 17 janvier 2018, 16-85.951, Inédit - Légifrance \(legifrance.gouv.fr\)](#).

## Defining counterfeiting – elements of crime and court practice

The phrase ‘goods’ is not defined in the Lithuanian Criminal Code, hence the national court has adopted different interpretations of the term (Case Study 9). Some courts interpreted the term ‘goods’ in a narrow manner, indicating that only the goods that look identical to a registered trademark can be subject to criminal prosecution, while the element of confusion is applicable only in civil infringement cases<sup>117</sup>. This practice demonstrates the rejection of the consumer

confusion theory in criminal cases, resulting in a much higher threshold than the civil cases. In these cases, the courts set a high threshold, indicating that only a small portion of the goods, specifically those identical to a registered trademark, can be prosecuted. This approach has also been confirmed in the later national court cases<sup>118</sup>.

In other cases, the Lithuanian national courts have chosen a broader interpretation of the term ‘goods’. For example, an appellate court assessed the overall appearance of the counterfeit good, including elements such as the spelling of the title, colours and shapes, which lead to the conclusion of the likelihood of confusion<sup>119</sup>. This approach demonstrates that some courts adopt a lower threshold than that demonstrated in the previous example, bringing criminal counterfeiting much closer to the assessment standard used in civil trademark infringement.

These judgments demonstrate the diverse interpretation of the threshold applicable in criminal cases, ranging from acceptance of consumer confusion standards to the application of criminal provisions only to identical counterfeit goods.

The element of confusion is also accepted by the Spanish courts; however, the court practice of the meaning of this standard is also diverse. The Spanish courts adopted so-called ‘consumer error theory’, which means that for a crime to be committed it was necessary for the characteristics of the illicit products to sufficiently mislead the potential purchaser as to their authenticity<sup>120</sup>. However, the recent Spanish Supreme Court decision (Case Study 10) reversed the ‘consumer error’ theory, indicating that the main goal of the criminal legislation is to punish the violation of the

### CASE STUDY 10 – Spain

The defendant was selling items that were identical to the trademark owned by Adidas. The lower instance courts found the defendant guilty of the crime of counterfeiting.

The Supreme Court endorsed the conclusions of lower instance courts, stating that consumer error is not a requirement for the crime of counterfeiting and that its concurrence is irrelevant, given that the protected right in Article 274 of the Criminal Code is the exclusive use of the trademark, to which the prestige or commercial reputation of its owner is inextricably linked.

The Supreme Court also argued that the circumstances that would allow the consumer to have knowledge that the product was not genuine (price and place of commercialisation), disappeared as soon as the goods were purchased and, therefore, they could not be seen by other potential consumers.

It is not necessary for confusion to occur between the products, but rather between the registered trademark and the imitated sign. Further, the circumstances in which the customer purchases the product that may lead him to believe that the product is not genuine are irrelevant because the crime punishes a detriment to the owner of the intellectual property right rather than a fraud against end consumers.

Supreme Court  
 ATS 12486/2021



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 JUDGEMENT

<sup>117</sup> District Court of Alytus, Case No. 1-163-875/2012, dated 4 October 2012. [Byla 1-163-875/2012 - eTeismai](#).

<sup>118</sup> Šiauliai Regional Court, Case No. 1A-143-309/2015, dated 9 April 2015, [Byla 1A-143-309/2015 - eTeismai](#).

<sup>119</sup> District Court of Pakruojis, Case No. 1-3-284/2016, dated 9 February 2016. [Byla 1-3-284/2016 - eTeismai](#).

<sup>120</sup> Grau & Angulo, Supreme Court rejects consumer error theory. [Supreme Court rejects consumer error theory - Grau & Angulo Abogados \(ga-ip.com\)](#).

rights of the intellectual property rights owner<sup>121</sup>. The consumer error theory rather covers the circumstances under which the consumer could be defrauded, which deviates from the main purpose of the criminal legislation. Instead of customer confusion, the key factor in trademark counterfeiting cases is trademark confusion. This judgement rejected the CJEU case practice, which calls for evaluation of the consumer's perspective as a cornerstone of the 'likelihood of confusion' standard. Instead, the criminal court stressed that the main goal of the criminal provision of counterfeiting is to protect the trademark as a property right; thus, the confusion of the trademark is the main element.

The case studies show that the national courts adopt very different approaches in applying the 'likelihood of confusion' standard. The criminal courts are mindful of the different thresholds applicable to civil infringement cases and criminal counterfeiting cases, and the values protected by the criminal legislation. Despite this, the extent to which the courts assess the risk of confusion differs greatly.

Some national legislators have included the requirement to assess the similarity of the goods in the criminal regulation. Some examples of such legislation are the above-analysed Dutch Criminal Code along with criminal provisions in Ireland<sup>122</sup>, Finland<sup>123</sup>, Greece<sup>124</sup>, Romania<sup>125</sup> and the Czech Republic<sup>126</sup>.

The Dutch Public Prosecutor, in their submission to the Supreme Court, analysed what constitutes 'albeit with slight variations' within the meaning of Article 337(1)(d) of the Dutch Criminal Code (Case Study 11). The Public Prosecutor indicated that the intention of the legislator is to adopt a broader understanding of identical goods to avoid potential impunity<sup>127</sup>. Slight deviations could be considered when there is a change in spelling of the brand, but it remains similar to the original name of the brand. The actual comparison of the marks could be

### CASE STUDY 11 – the Netherlands

The defendant was found guilty for imitating, importing and stocking fake bike parts – wheels, handlebars, bike frames and seat posts. The bike parts were sold on an online platform called Marktplaats.

The defendant appealed the decision of the appellate court, claiming that the marks he used on the goods were not identical to the registered trademark.

The Office of Public Prosecutor in his submission to the Supreme Court indicates that by adding the words 'albeit with a slight deviation' in Article 337 of the Criminal Code, the legislators clearly intend to ensure that there is no impunity for a slight change of the trademark. Examples of minor deviations derived from the case-law are: names 'BVLGARI' vs 'Bulgari', 'GWENCHY' vs 'Givenchy', 'ISSEY MWAKE' vs. 'Issy Miyake' and 'Papillon' vs 'Le Papillon'.

These differences demonstrate a 'slight deviation', which means that the actions of the defendants fall within the meaning of Article 337 of the Criminal Code.

The Supreme Court dismissed the appeal of the defendant confirming the interpretation of what is considered as slight difference within the meaning of Article 337 of the Criminal Code.

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Prosecutor's Opinion  
19/02578



Supreme Court  
19/02578

<sup>121</sup> Supreme Court, Case No. ATS 12486/2021, dated 16 September 2021, [Consejo General del Poder Judicial: Buscador de contenidos](#)

<sup>122</sup> Section 92 of Irish Trade Marks Act. [See note 56.](#)

<sup>123</sup> Chapter 49, Section 2 of the Finnish Criminal Code. [Rikoslaki 39/1889 - Ajantasainen lainsäädäntö - FINLEX®.](#)

<sup>124</sup> Article 45 of the Greek Law on Trademarks. [See note 17.](#)

<sup>125</sup> Art. 90 of the Romanian Law on Trademarks and Geographical Indications. [See note 14.](#)

<sup>126</sup> Section 268 of the Czech Criminal Code. [See note 11.](#)

<sup>127</sup> Public prosecutor's office at the Supreme Court, Case No. 19/02578, dated 16 June 2020. [ECLI:NL:PHR:2020:561, Parket bij de Hoge Raad, 19/02578 \(rechtspraak.nl\)](#)

assessed, taking into consideration such factors as the type of trademark, the similarity of design, the similarity of product, identity of retailers and purchasers and the defendant's intent.

### CASE STUDY 12 – Spain

The defendants, operating in an organised group, were selling counterfeit bags, glasses, football shirts and equipment from well-known luxury brands, such as 'Prada', 'Chanel', 'Real Madrid', 'Futbol Club Barcelona' and others.

In analysing the case, the Provincial Court in Barcelona indicated that the doctrine of confusion of identity and great similarity in criminal cases can be applicable only to the same category of goods. The issue of the similarity between the goods in different categories could be a subject of civil procedure.

The indicators of the risk of confusion could be the similarity of logo, price, shape, quality of the product and place of sale, as well as the phonetic similarity of the name, the guarantees of authenticity, and the use of the sign on a product of the same or similar kind.

On the other hand, there is no need to have a confusion of the public as the subject of the protection is industrial right, and not the freedom of consumption. In this case, it was obvious to the public that the goods were counterfeit based on the crude nature of the imitation, the significantly lower price, the clandestine nature of the place of sale, the absence of invoices or proof of provenance of the products and the absence of the supplier's badge.

The perception of the public is irrelevant in the present case, as is the fact that purchasers approach blankets laid on subway platforms or in city streets to purchase clearly counterfeit goods.

For these reasons, the court found all defendants guilty of crime of counterfeiting pursuant to Article 273 of the Criminal Code.

This case demonstrates that the criminal court assesses the similarity of the goods without considering whether there is a risk of confusion. Based on an objective assessment of the appearance of the contested goods in comparison to the trademark-protected goods, the court concluded that the contested goods have indistinguishable differences. The main issue in the case was not whether the changes in the labelling of counterfeit goods were intended to deceive or confuse the consumer, but rather whether they could be regarded as a minor deviation.

Even though, as demonstrated above, the criminal courts rely on the 'likelihood of confusion' to some extent, it is generally accepted that in criminal cases, the actual confusion might not be required as sometimes the consumers willingly buy the counterfeit products. It is sufficient that there is a *likelihood* of confusion, mistake or deception to any member of the buying public, even a person who sees the product after its purchase. The defence often argues that there was no likelihood of confusion because the purchaser knew that the goods were counterfeit, for example, because the fake goods were offered at an unusually low price, or because the defendant specifically told the purchaser that the goods were counterfeit. The Spanish provincial court argued that it is irrelevant that the buyers approach street vendors selling counterfeit goods in public spaces even though there are enough elements to conclude that the goods are counterfeit (Case Study 12). The court argued that in some cases the buyers might even look for counterfeit goods that are cheaper and more accessible<sup>128</sup>. However, the primary goal of criminal regulation against counterfeit trademarks is to protect intellectual property rights, not the freedom to consume, rendering the customer's point of view irrelevant.

In criminal cases, the requirement of confusion is not restricted to instances in which the actual purchaser is confused. Rather, the term 'likelihood of confusion' means that the counterfeit products are likely to cause a confusion in the general public.

Provincial Court  
SAP B  
13118/2018



ACCESS  
JUDGEMENT

<sup>128</sup> Provincial Court of Barcelona, Case No. SAP B 13118/2018, dated 14 December 2018. <https://www.poderjudicial.es/search/AN/openCDocument/15989a356628440a706a6aba80cff43b8a7547a048af8ebf>

For this reason, the criminal courts might determine that there was a ‘likelihood of confusion’ even where the defendant told the immediate purchaser the item was not genuine.

### Conclusion

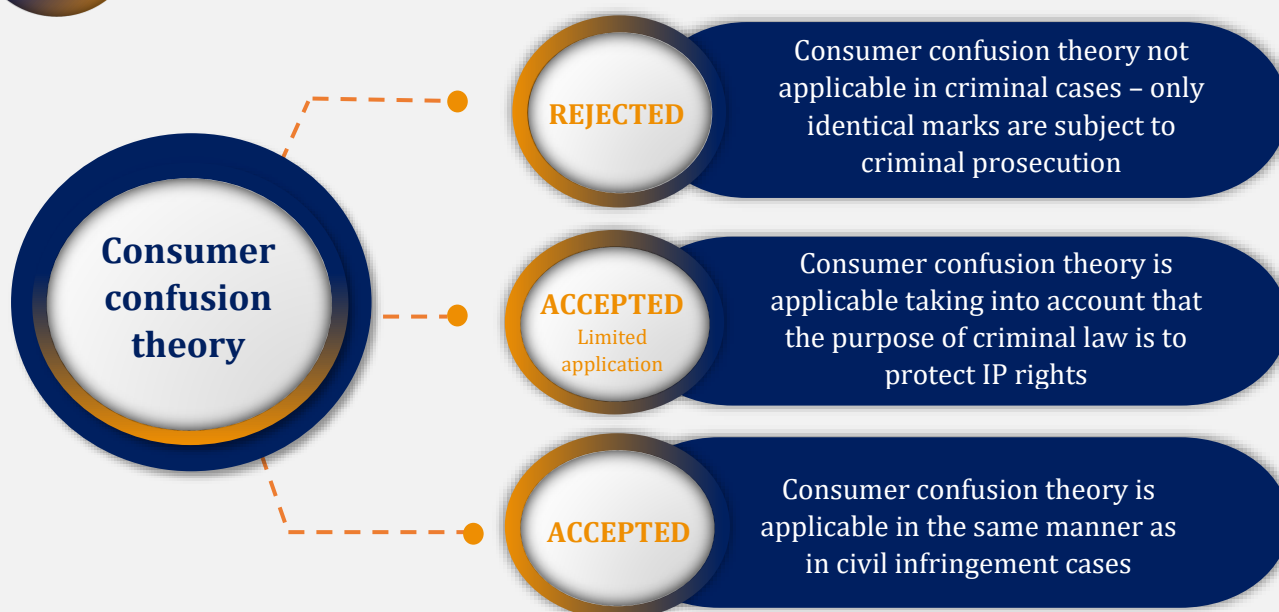
Assessing whether the contested goods are identical or similar to the trademark-protected goods is frequently the first step in criminal cases involving counterfeit trademarks. In civil trademark infringement cases, the CJEU has accepted that the similarity of the marks must be evaluated from the standpoint of the typical consumer. The typical consumer might not be able to distinguish between two marks without the ability to compare two marks at once. As a result, this could cause a likelihood of confusion in the market. While the likelihood of confusion standard cannot be identifiable with the TRIPS element of ‘indistinguishable in its essential parts’, the similarity of the two marks is frequently judged on the basis of the likelihood of confusion.

The concept of trademark infringement under civil law is frequently mentioned in criminal legislation. As a result, national courts typically determine the concept of similarity between two trademarks, and to what extent similarity can be determined using the civil law consumer confusion criterion. However, criminal law frequently establishes a higher threshold for an act to be classified as a criminal offence than civil trademark infringement. In other words, the burden of proof is much higher in criminal cases - not every trademark infringement is a criminal offence against the trademark, whereas every criminal offence is a trademark infringement. National court practice reflects this distinction between civil law infringement and criminal offence.

Criminal court practice shows diverse interpretation and application of the ‘likelihood of confusion’ standard, which is based on the consumer confusion theory. Figure 7 shows that some courts rejected the consumer confusion, indicating that the civil law standard cannot be applicable in criminal cases. Other courts argued that the element of confusion is rather related to the confusion of the trademark and not the confusion of the public, as this is not the subject of the protection of the criminal provision. Finally, other courts, following national legislation, indicated that as long as there is a determination of trademark infringement, criminal prosecution is possible given that other elements of crime are met.

Figure  
7

### Consumer confusion theory in criminal cases



### Trademark is used without the appropriate authorisation of the trademark owner

The requirement that the trademark is used without the consent of the owner is generally set in most anti-counterfeiting legislation. This requirement generally speaks for itself and indicates that there cannot be any violation of the trademark with the consent of the trademark holder.

The court has accepted that the lack of authorisation of the rights-holder is the centre of the definition of a counterfeit trademark (Case Study 13). The defence argued before the Polish court that the contested goods are identical to those of the trademark owner, and the only difference is that the trademark is not registered in the name of the defendant. The identical nature of the goods was also confirmed by the expert's opinion. However, the court rejected the argument, stating that even though the disputed goods were made by the trademark holder, using them would be illegal without the holder's proper authorisation<sup>129</sup>. This case demonstrates that the appropriate authorisation of the trademark holder is a key element in counterfeit trademark cases even if the contested goods are genuine.

The prosecutor is further bound by a number of obligations due to the absence of the trademark owner's consent. In more detail, the prosecution must demonstrate that the goods are not original, which means they were not created by the trademark holder. When trying to determine which trademarks the defendant infringed, prosecutors should consult with the trademark holder. The trademark can have a range of elements and symbols, such as the specific colour, type of fabric or even the shape of the packaging, which the trademark holder is best suited to identify as elements which may have been registered as trademarks and which may have been counterfeit. As demonstrated in Case

#### CASE STUDY 13 – Poland

The defendant was selling handbags on the internet portal called Allegro.

An expert conducted a detailed analysis of 20 features of the bag secured from the defendant with the characteristics of an authentic handbag, stating that the bags are practically identical (type of leather of the flap, embossing, colour, metal latch, zip, metal zip head, metal hook with a mark, stitching, handles, bag material, interior, dimensions and colour of the lining). The bag secured from the defendant could have been produced on the same production line as the authentic products.

However, within the meaning of Article 120(3)(3) of the Industrial Property Law, a counterfeit trademark is also understood as identical marks used unlawfully or those that cannot be distinguished in normal conditions of trade from registered marks, for goods covered by the protection right. The marks placed on those goods were used without the consent of the rights holder and therefore were used unlawfully. The legal literature agrees that the unlawfulness of the use of a counterfeit trademark results, in principle, from the lack of consent of the holder of the right of protection to the original trademark to the use of the mark by the infringer.

Therefore, the court concluded that it is irrelevant that the goods are identical or that they might originate from the factory used by the rights holder.

ACCESS  
JUDGEMENT



District Court  
[VI Ka 244/18](#)

<sup>129</sup> District Court Warsaw, Case No. VI Ka 244/18, dated 14 December 2018. [VI Ka 244/18 Szczegóły orzeczenia - System Analizy Orzeczeń Sądowych - SAOS.](#)

Study 6, the lack of information provided by the rights holder can lead to the rejection of criminal charges and acquittal. The French Court of Cassation ruled that the trademark holder failed to provide evidence regarding trademark registration or whether the seized goods were counterfeit<sup>130</sup>. The court further stated that it is not enough for the trademark holder to declare that the contested goods are counterfeit based only on the assessment of the pictures of contested goods.

### CASE STUDY 14 – Belgium

The customs at Charleroi Airport intercepted more than 3 000 labels of Château Petrus wine. The defendant imported the labels to decorate wine bars. Even though the defendant admitted that the labels were counterfeit, which were aged using blackcurrant juice, he never intended to affix them on wine bottles.

The court disagreed with the reasoning of the defendant, indicating that the use of a figurative well-reputed trademark could be prohibited even for goods other than those designated. Since the labels were purchased with the intention of reselling decorative items bearing such labels at a high price, the defendant intended to capitalise on the trademark's reputation and distinctive power.

For this reason, the court established that the defendant committed a crime of counterfeiting.

The court further indicated that given that the counterfeit wine labels were not sold, Château Petrus did not suffer any material damages. In this regard, the court awarded only moral damages.

In other cases, the courts rely on the expert's testimony comparing genuine and counterfeit goods ([Case Studies 9](#) and [13](#))<sup>131</sup>. The expert's opinion compares contested goods with genuine goods, taking into consideration the looks of the goods, the quality of the materials used to produce the contested goods, and the packaging. These elements are used to determine whether the contested goods match the quality of genuine goods or whether it is possible to determine the difference between the goods.

Another implication of this TRIPS requirement is that the counterfeit trademark must at least have been used in connection with the type of goods for which the protected mark was registered or in connection with the defendant's goods<sup>132</sup>. This element sets a distinction between civil and criminal trademark infringement cases. In civil cases, the trademark holder can request remedies even if the trademark in question was used on a different type of goods. In criminal cases, however, the prosecution has an obligation to prove that the class of counterfeit goods match the class of the goods for which the trademark was registered.

This TRIPS requirement is generally accepted by the national courts. [Case Study 8](#) demonstrates how the criminal court determines whether counterfeit goods belong in the same category as the registered goods<sup>133</sup>. In this case, the contested goods were scarves bearing the trademarks of 'Louis Vuitton', 'Burberry' and 'Marilyn Monroe', which were registered under Class 25 covering scarves. In the light of this, along with other

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<sup>130</sup> Court of Cassation, Case No. 16-85.951, dated 17 January 2018. [Cour de cassation, criminelle, Chambre criminelle, 17 janvier 2018, 16-85.951, Inédit - Légifrance \(legifrance.gouv.fr\).](#)

<sup>131</sup> District Court of Alytus, Case No. 1-163-875/2012, dated 4 October 2012. [Byla 1-163-875/2012 - eTeismai](#); District Court Warsaw, Case No. VI Ka 244/18, dated 14 December 2018. [VI Ka 244/18 Szczegóły orzeczenia - System Analizy Orzeczeń Sądowych - SAOS.](#)

<sup>132</sup> Paragraph 70, ADVISORY COMMITTEE ON ENFORCEMENT, THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS BY MEANS OF CRIMINAL SANCTIONS: AN ASSESSMENT. [wipo ace 4 3.doc \(live.com\)](#)

<sup>133</sup> Court of Cassation, Case No. 16-85.951, dated 17 January 2018. [Cour de cassation, criminelle, Chambre criminelle, 17 janvier 2018, 16-85.951, Inédit - Légifrance \(legifrance.gouv.fr\).](#)

elements of crime, the court declared the existence of trademark infringement.

However, some courts indicated that in some cases, the use of a well-reputed trademark could be prohibited even for goods other than those designated (Case Study 14). The court concluded that if the defendant intends to use the reputation and distinctiveness of the trademark for financial gain, even the decorative nature of the use of the trademark could constitute infringement<sup>134</sup>. This case exemplifies a broad interpretation of trademark violation, which means that the main criterion for determining whether a defendant violated trademark law is whether they exploited the trademark's reputation for personal gain. This interpretation offers very strong protection of the trademark's reputation and brings criminal trademark violation to civil trademark infringement.

In conclusion, based on the above, this element sets a number of important obligations for the prosecution to prove the following elements:

- Lack of authorisation of the trademark owner. Consent is particularly important when the defendant uses genuine products obtained without the trademark owner's knowledge.
- Proof that the contested goods are fake, which can be done either through the statement of the trademark owner or an expert's opinion.
- The counterfeit trademark's use on the same class of goods. The application of this criterion varies in national courts. Some courts strictly require the use of the same class of goods while other courts, as demonstrated above, adopt a broader interpretation, which allows criminal liability to be brought for the use of a trademark on goods other than that originally designated.

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<sup>134</sup> Tribunal of First Instance (correctional) of Hainaut, Case No. 221/64, dated 6 January 2021. <https://www.ie-forum.be/documents/eccli/601821e8-6b64-4a53-b6ee-1fb5c35ff8c2.pdf>

# CONCLUSION

The primary function of a trademark is to guarantee the origin of goods and services, allowing consumers to distinguish the origin of some goods or services from others and assume a certain level of product quality. This provides additional trademark protection. Trademark protection entails civil, administrative and criminal procedures designed to ensure the protection of intellectual property rights, violations of which cause serious harm to the rights-holder's rights and reputation, and endangers public health and security.

Trademark counterfeiting is a direct attempt of a third party to place a trademarked brand on goods that have not come from the manufacturer of the represented brand. As a result, the consumers do not get the genuine product they think they are buying, which creates confusion among consumers and tarnishes the reputation of the owner of the trademark.

The seriousness of the crime of counterfeiting has produced a widespread international response. The TRIPS Agreement sets an obligation to its member states to set criminal procedures and sanctions in relation to the crime of counterfeiting. Even though the TRIPS Agreement acknowledges that criminal procedures are a question for national legislation, it sets important minimum internationally agreed standards on which criminal activities have to be criminalised. According to Article 61 of the TRIPS Agreement, the obligation to set criminal procedures and penalties applies to all acts of intentional trademark counterfeiting or copyright committed on a commercial scale. Additionally, footnote 14 to Article 51 defines counterfeit trademark goods, which is the subject of the crime of counterfeiting. These two provisions form internationally accepted minimum standards for the crime of counterfeiting, which may be broken down into the following elements:

- Counterfeited goods could be any goods, including packaging;
- The trademark is validly registered;
- The mark is identical to a registered trademark, or cannot be distinguished in its essential aspects from the original trademark;
- The goods bear such trademark without appropriate authorisation of the trademark owner;
- Committed wilfully;
- Committed on a commercial scale.

Compliance with the TRIPS obligations is widespread; the EU MS have included criminal procedures and sanctions in their criminal legislation. However, study of national criminal laws shows that regulation varies from country to country. Most member countries accept that the criminal offence of counterfeiting can be committed only intentionally. This stems from the very nature of the crime of counterfeiting, which means that it is unlikely that someone will produce counterfeit goods without the intention of financial gain. However, the element of the 'commercial scale' differs. Some countries choose to include this element, while others consider it unnecessary to prove commercial scale at all.

Turning to the definition of counterfeit trademark goods, national legislation also varies in this regard. While it is generally accepted that counterfeit goods could be any goods, most national laws do not include the requirement of packaging. Despite this, as shown in the case studies,

national courts generally accept that the means of alteration does not matter. The goods could be altered by modifying the packaging, labels or the goods themselves. The main aspect that the criminal courts consider is that the counterfeit goods are presented as genuine.

In general, most national laws and court precedents require proof of trademark registration. This stems from the argument that only legally protected trademarks can be the subject of this criminal offence. In criminal prosecutions, the genuine mark is usually treated as 'incontestable'. The registration may be cancelled in the appropriate civil or administrative proceeding, and this result might be presented before the criminal court. However, the criminal court does not assess the validity of the trademark itself.

The consumer confusion theory is at the heart of trademark infringement litigation. According to CJEU court precedent, the identity of the two products must be determined from the standpoint of the average consumer. The consumer frequently lacks the necessary skills or knowledge to distinguish between fake and genuine products, which leads to confusion about the product's origin. This civil law criterion is commonly referred to as the 'likelihood of confusion,' and it is used in limited circumstances by criminal courts to determine whether the contested goods are indistinguishable from genuine goods.

Criminal courts, on the other hand, are aware of the distinction between civil and criminal proceedings. The preceding case studies demonstrate that criminal courts frequently refer to the protected rights under criminal law, which, in the case of trademark counterfeiting, protect the rights of the trademark owner rather than the potential consumer from confusion. This shows diverse applications of the consumer confusion theory in the criminal courts, which varies from a rejection of the theory to application in the same manner as in civil litigation. Despite the varied application of the consumer confusion theory, the criminal courts generally accept that proof of actual confusion is not necessary. It is sufficient that there is a possibility of confusion, mistake or deception for any member of the purchasing public, including someone who sees the product after it has been purchased.

The difference in the scope of civil and criminal procedures is due to the much higher threshold applicable in criminal cases. In other words, not all trademark infringements are criminal offences, while all criminal offences also qualify as trademark infringements. Criminal procedures require the prosecutor to prove more elements, such as that the trademark was indeed counterfeit, that it was used on the same class of goods, and that there was no explicit authorisation of the trademark owner. Lack of proof of any of these elements, as demonstrated in the case studies, may lead to dismissal of the criminal case.

In conclusion, even if national authorities generally implement the TRIPS Agreement obligations and elements constituting counterfeit trademark goods, national legislation and court practice differs in applying those elements. The courts are mindful to ensure that the scope of criminal protection is not lost, and that the fine line between civil law infringements and criminal offence is not crossed.

This diverse legal landscape makes the prosecution of cross-border crimes highly challenging for prosecutors, while the low level of sanctions further derogates the will to pursue criminals outside of national borders.



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