

**REGULATION ON ACTIONS OF THE CUSTOMS AUTHORITY
APPLICABLE TO GOODS SUSPECTED OF INFRINGEMENT
OF INTELLECTUAL PROPERTY RIGHTS**

I. GENERAL PROVISIONS

Scope of Application

Article 1

- (1) This Regulation shall prescribe the conditions applicable to goods subject to customs procedure suspected of infringing intellectual property rights, as well as the manner of application of such measures.
- (2) This Regulation shall not apply to:
 - 1) goods which bear a trade mark with the consent of the holder of that trade mark or which are protected by a copyright or neighboring right or a design right and which have been manufactured with the consent of the Right Holder but are placed in a customs procedure without the latter's consent;
 - 2) goods referred to in subparagraph 1 of this paragraph which have been manufactured or bear a trade mark under conditions other than those agreed with the holders of the rights in question;
 - 3) non-commercial goods, personal belongings and gifts brought by travelers, i.e., to goods intended strictly for the importer's personal use, provided that multiple identical copies of the same product are not being imported or exported.

Definitions

Article 2

- (1) For the purposes of this Regulation:
 - 1) 'Intellectual Property Rights' shall mean copyright and related rights, trademarks, geographical indications, designs, patents and layout-design (topographies) of integrated circuits, as defined by specific legislation governing each particular area.
 - 2) 'Right Holder' shall mean the holder of any intellectual property right or his/her successor in title or any other person duly authorized by the Right Holder;

- 3) 'Infringing Goods' shall include but are not limited to Pirated Copyright Goods, Counterfeit Trademark Goods, goods infringing design rights, and goods infringing patents, as well as any goods primarily designed, produced or adapted for the purpose of enabling or facilitating the circumvention of any effective technological measure, device or component that is designed to prevent or restrict acts, in respect of works or other protected subject matter, which are not authorised by the right holder;
- 4) 'Pirated Copyright Goods' shall mean any goods which are or embody copies of copyrighted material, made without the consent of the holder of the copyright or neighboring rights, or of a person duly authorized by the right holder,;
- 5) 'Counterfeit Trademark Goods' shall mean:
 - any goods, or packaging, including goods which may not bear a counterfeit mark, but which are directly contained within packaging which bears a counterfeit trademark, bearing without authorization a trademark which is identical to, or substantially indistinguishable from, the trademark validly registered in respect of similar, or closely related goods, or which cannot be distinguished in its essential aspects from such a trademark;
 - any trade mark symbol (logo, label, sticker, brochure, instructions for use or guarantee document) whether presented separately or not, in the same circumstances as the goods referred to in the first indent,
 - any goods bearing marks which are identical to, or substantially indistinguishable from, registered trademarks, when used on related or similar goods that differ only minimally from those for which the trademark is registered, causing confusion as to the source or origin;
- 6) 'Goods Infringing Design Rights' shall mean any goods, produced without authorization of the right holder, embodying a design identical to the design validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from the registered design;
- 7) 'Goods Infringing Patents' shall mean any goods, the subject of a patent, or obtained directly by a patented process, identical to the patent validly registered, or which cannot be distinguished in its essential aspects from the registered patent made without authorization of the right holder;
- 8) 'Protection Defeating Devices' shall mean devices, products or components or parts, such as unauthorized smart cards, set top decoders or circumvention software, which are primarily designed or adapted to circumvent any Effective Technological Measure;
- 9) 'Effective Technological Measure' shall mean any technology, device or component that, in the normal course of its operation, either controls access to a protected work, performance, phonogram, broadcast, transmission or similar subject matter, or protects any copyright or any rights related to copyright or facilitate the detection of counterfeit trademark or pirated copyright goods.

- (2) Any mould or matrix which is specifically designed or adapted for the manufacture of a counterfeit trade mark or of goods bearing such a trade mark or of pirated goods shall be treated as 'Counterfeit Trademark Goods' or 'Pirated Copyright Goods'.

II. PROCEDURE UPON THE APPLICATION OF THE RIGHT HOLDER

Application

Article 3

- (1) The customs authority shall, upon application of the Right Holder, suspend the customs procedures and withhold imported, exported or transited goods suspected to be in violation of intellectual property rights.
- (2) The application may be:
 - 1) individual, related to a particular consignment of goods, or
 - 2) general, where the Right Holder provides information to the customs authority on the particulars of original goods, manufacturers, distributors, and any other information that may assist the customs authority to identify consignments suspected to be in violation of intellectual property rights.

Content of the Application

Article 4

- (1) Any Right Holder may lodge the application referred to in Article 3, paragraph 1 of this Regulation, in writing, with the Customs Administration, at the address of its headquarters.
- (2) The application referred to in paragraph 1 shall include a description of the goods sufficiently detailed to enable the customs authorities to recognize them, together with proof that the applicant is the holder of the right related to the goods in question.
- (3) The applicant referred to in paragraph 1 may also provide all other information available to him, including information:
 - 1) identifying the consignment or packages;
 - 2) on the place where the goods are situated or their intended destination;
 - 3) on the country or countries of origin or exporting country of suspect goods;
 - 4) on the identity of the manufacturer, importer, exporter or holder of the goods;
 - 5) on the scheduled date of arrival or departure of the goods;
 - 6) on the means of transport used; and
 - 7) on the customs authority where it is anticipated that the suspect goods will be presented, and the anticipated date of presentation.

- (4) The applicant may provide a sample of goods suspected to be in violation intellectual property right, as well as the sample of original of the goods, photographs and a like.
- (5) The general applicant referred to in Article 3, paragraph 2, subparagraph 2 of this Regulation shall specify the length of time during which the customs authority is requested to take action.

Information on Termination of the Right

Article 5

The Right Holder shall inform the customs authority should the right terminate for whatever reason during the proceedings.

Administrative Fees

Article 6

The Right Holder may be charged a fee to cover the administrative costs incurred in dealing with the application in an amount to be prescribed by the Government of the Republic of Montenegro, which shall not exceed the approximate cost of the services rendered.

Issuing a Decision

Article 7

- (1) The Customs Administration shall issue a decision in writing and serve it to the applicant within a period not exceeding thirty days as of the filing date of the application referred to in Article 3, paragraph 1 of this Regulation.
- (2) Where circumstances require immediate action and where sufficiently specific information concerning known shipments containing allegedly Infringing Goods is provided, the decision referred to in paragraph 1 of this Article shall be made as soon as possible and no later than three days as of the filing date of the application.
- (3) Where the Customs Administration has granted the application, the period during which the action to remedy the violation of the intellectual property right will be taken, not exceeding one year, shall be specified, whereas such period may be extended upon an application by the Right Holder for another year.
- (4) The decision referred to in paragraph 3 of this Article shall be forwarded to all customs offices that administer customs procedures.
- (5) An appeal against the decision referred to in paragraph 1 of this Article may be lodged with the Ministry of Finance.

Security

Article 8

Where the application has been granted the applicant may be required to provide security in the form provided for by the customs legislation in an amount equal to any costs that might be incurred with respect to keeping and safeguarding of goods, where the procedure was discontinued owing to an act or omission by the applicant, or where the goods in question were subsequently found not infringe intellectual property rights.

Suspension of the Procedure

Article 9

- (1) Where a customs authority to which the decision referred to in Article 7 of this Regulation has been forwarded is satisfied that goods placed in any of the customs procedures correspond to the description of goods contained in such decision, it shall suspend the customs procedure and detain the goods, and if necessary, examine them and take samples.
- (2) The customs office shall immediately inform the Customs Administration Headquarters, importer, declarant and the Right Holder about the suspension.
- (3) The Right Holder shall, within 15 days as of the day the information referred to paragraph 2 of this Article was received, notify the customs authority on any proceedings initiated before the competent court or any temporary measure granted.
- (4) Customs authority may, upon the request of the Right Holder, extend the period referred to paragraph 3 of this Article for another 15 days.
- (5) The Right Holder shall, at his request, be notified of the name and address of the declarant and, if known, of those of the consignee, consignor, importer or exporter and of the manufacturer of the Infringing Goods, and of the quantity of the goods in question and any additional information relating to the goods placed in the procedure that has been suspended.
- (6) The Right Holder, importer, exporter, declarant and the owner of the goods shall have the right to identify the goods in any appropriate manner, including the right to inspect the goods, provided that such inspection is done in the customs premises and under customs' supervision.
- (7) The goods detained pursuant paragraph 1 of this Article shall be placed in temporary storage in accordance with the customs legislation.

Article 10

- (1) Where the customs authority was informed within the time limits referred to in Article 9 of this Regulation that proceedings before the competent court have been initiated, and that the provisional measure has been ordered prolonging the suspension of the release of the goods, the customs authority shall act in accordance with such order. The goods detained in accordance with the provisional measure shall be stored pursuant the customs legislation.
- (2) Where Right Holder does not inform the customs authority within the time limits referred to in Article 9 of this Regulation that proceedings before the competent court have been initiated, or that the proceeding have been initiated but the provisional measure has not been granted, the customs authority shall resume the customs procedure, and after the such procedure is completed, release the goods.
- (3) The Right Holder shall notify the customs authority when the procedure before the competent court is completed and the final and enforceable decision issued.

III. EX OFFICIO PROCEDURE

Suspension of the Procedure

Article 11

- (1) The customs authority may suspend the customs procedures and detain the goods *ex officio*, if the customs authority based on *prima facie* evidence is satisfied that any intellectual property rights are being infringed.
- (2) In the event referred to in paragraph 1 of this Article, the customs authority shall notify without delay:
 - 1) The importer; exporter, declarant and/or owner of the goods;
 - 2) The Right Holder or his representative if the address is available to the customs authority; and
 - 3) The authorities competent for protection of intellectual property rights.
- (3) The information referred to in paragraph 2 of this Article shall include the warning to the importer; exporter, declarant and/or owner of the goods that detained goods may be confiscated and destroyed if confiscation and destruction is not contested within 15 days as of the day the information was received.
- (4) Provisions of Articles 9 and 10 of this Regulation shall be applicable *mutatis mutandis* to any actions taken by the customs authority *ex officio*.

Provision Of Information
Article 12

Where the customs procedure was suspended pursuant Article 3, paragraph 1 or Article 11 paragraph 1 of this Regulation, the customs authority may require the Right Holder to provide, promptly and without payment, any information or assistance, including technical expertise, equipment and facilities for the purpose of determining the infringement of intellectual property right.

IV. LIABILITY

Compensation of Damages

Article 13

- (1) The customs authority shall not be liable to the importer or the owner of the goods for any damages resulting from withholding the release of the goods pursuant to Article 5, paragraph 1 and Article 7 paragraph 1 of this Regulation.
- (2) However, the person referred to in Article 5, paragraph 1 of this Regulation shall pay the importer and the owner of the goods compensation for any injury caused to them through the wrongful detention of goods based upon his request.

V. DESTRUCTION OF GOODS

Court Ordered Destruction

Article 14

- (1) Where it was decided in the proceedings before the competent court that Infringing Goods are subject to destruction or disposal outside normal channels of commerce by any other manner, the customs authority shall have them destroyed under the customs supervision or dispose of them outside normal channels of commerce by any other manner (including donation for humanitarian purposes and recycling) , provided that:
 - 1) the manner of disposal minimizes the risks of further infringements;
 - 2) such disposal shall be without detriment to the Right Holder; and
 - 3) the Right Holder is allowed to suggest an appropriate manner of disposal of the goods.
- (2) The following shall not be regarded as disposal outside normal channels of commerce referred to in paragraph 1 of this Article:
 - 1) re-exporting the Infringing Goods in an unaltered state;
 - 2) simple removal of trade marks that have been affixed to the counterfeit goods without authorization; or
 - 3) placing the goods under a different customs procedure.

Ex Officio Destruction

Article 15

- (1) The customs authority shall be authorized to confiscate and order destruction of detained goods or to order them disposed outside of normal channels of commerce, *ex-officio* and without a court order, where:
 - 1) There are grounds to suspect that such goods are Infringing Goods and;
 - 2) The importer, exporter, declarant and/or owner of the goods has been notified of the suspension pursuant Article 11, paragraph 2 of this Regulation, and did not oppose the confiscation or destruction of such goods within the time limits referred to in Article 11, paragraph 3 of this Regulation.
- (2) The customs authority shall be authorized to act in accordance with paragraph 1 of this Article if after reasonable efforts by the customs authority the importer, declarant, exporter and/or owner of the goods has not been reachable to the custom authority.

Taking of Samples

Article 16

If the destruction has been authorized by a court order or by the customs authority, Right Holders shall have the opportunity prior to the destruction of goods to take samples, insofar as and to the extent that such samples are needed as evidence in pending or future legal actions against third parties involved in infringing intellectual property rights.

VI. FINAL PROVISION

Coming Into Force

Article 17

This Regulation shall come into force on the eighth day after its publication in the Official Gazette of the Republic of Montenegro, and shall be effective as of July 1, 2005.