



## **Ukraine: Destroying A False Mirror: 10 Tips For Rights Holders To Know About Destruction Of Fakes In Ukraine**

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Brands remain heavily attacked by counterfeit and sometimes you find yourself thinking that counterfeit is one of the main competitors which activity seems too expensive to tolerate. Although there is appreciable improvement with respect to software piracy, still the total volume of counterfeit remains billions-valued in Ukraine (about USD 1.3 billion annually). Counterfeit can be paralleled with a false mirror that adversely mirrors your brand and which you cannot revamp to remedy the situation. The only thing you could obviously do in such case is to destroy this false mirror to get maximum profit from the real value of your brand. Below we focus on ten main aspects for rights holders to note with respect to destroying counterfeit under Ukrainian laws:

A significant amount of counterfeit is goods imported into Ukraine. Therefore, registration of intellectual property rights with the Customs Register of IP Rights (Customs Watch) is a good pre-condition for seizure and further destroying of detected fakes. Registration of trademarks and designs are currently dominating but, for example, patents and copyright are also eligible for registration. The said registration allows customs officers to suspend customs clearance of the goods whenever a specific IP is allegedly used; with immediate notification of such suspension to the representative of rights holder.

The Customs Code of Ukraine does not provide for ultimate and unconditional destruction of fake products seized by customs authorities in the course of import / export clearance. Recycling, utilization or destruction of counterfeit is optional in such case. In particular, the court may rule on transferring the seized counterfeit to medical, educational, social and cultural institutions, as well as other institutions funded from public budgets. However, some goods are subject to mandatory destruction (e.g., tobacco goods).

Removal of labeling / marking infringing IP rights is another alternative to destruction. It may be more cost-efficient but there is a limited control over further use of the goods.

The customs laws provide for simplified procedure for destruction of counterfeit on condition that the owner of goods consents to such destruction. Goods are destroyed at the expense and under the responsibility of the rights holder.

Court ruling is a necessary legal instrument and precondition for most of the counterfeit destruction procedures.

The laws provide for destruction of materials and equipment used for manufacturing of counterfeit within administrative and criminal proceedings.

Destruction of counterfeit within civil and commercial proceedings is arranged for and handled by the public enforcement service. Criminal proceeding qualifies the fakes as material evidences to be destroyed according to special procedure.

Generally, rights holder's control over the destruction procedures is limited because the existing procedures do not allow the rights holder or its representative to participate in the destruction. In particular, rights holder and its representative are neither formally introduced to the respective commission on destruction nor allowed to sign documents relating to the faked goods.

It is essential to find a proper recycling company that is eligible to destroy counterfeit. Moreover, destroying of hazardous goods is subject to licensing.

Generally, the rights holder may finance destruction of faked goods but it is not always the case (e.g., criminal proceeding).

Unquestionably, destruction of counterfeit is not limited to the above top 10 and there are plenty of other specific issues that rights holders should take into account when dealing with fakes. To complete the article I would like to make a quotation from Isobelle Carmody (Greylands) that I believe is a good illustration to this topic: "Never trust mirrors... They never tell the truth unless you make them".