

Unanimous Supreme Court decision on criminal liability for parallel imports

- Criminal liability for "grey market" goods traders
- Added protection for trade mark proprietors
- A warning to retailers to check the provenance of the products they are selling

What's it about?

The Supreme Court considered an appeal brought by several defendants (**the appellants**) accused of the unauthorised use of trade marks, a criminal offence, contrary to section 92(1) of the Trade Marks Act 1994 (**TMA 1994**).

The appellants, wholesale traders in branded clothing, had allegedly been engaged in the bulk import and sale of parallel imported (otherwise known as "grey market") goods. "Grey market" goods are genuine (i.e. not counterfeit) trademarked goods that are manufactured, but not sold, with the trade mark proprietor's consent.

The appellants argued that, under its correct construction, section 92(1) only applied to "true counterfeits" and not to genuine parallel imports, so that their actions only attracted potential civil liability.

Why does it matter?

The appeal was dismissed unanimously. The Court held that the offence of unauthorised use of trade marks did extend to "grey market" goods. Such goods were held to be equally as unlawful within section 92 as what the appellants described as "true counterfeits".

Furthermore, the Court determined that, on ordinary reading, the three offences set out in parts (a), (b) and (c) to section 92(1) (i.e. the application of marks to goods or packaging, selling or hiring such goods, or possessing such goods in the course of a business) are not cumulative, each constituting a distinct offence.

What next?

This declaratory decision provides welcome clarity as to the liability of "grey market" goods traders. Significantly, it is the first successful criminal prosecution on this basis.

It is now clear that trading in parallel imports or "grey goods" incurs the risk of criminal prosecution. Accordingly, suppliers should make careful inquiries that the trade mark proprietor's consent has been obtained for both the manufacture and sale of the goods that they are marketing, by checking the provenance of those goods.

Trade mark proprietors will take comfort in the greater deterrent afforded by a maximum sentence of ten years' imprisonment if found guilty under section 92(1), but should be mindful that the burden of proof is higher than that of a civil claim, i.e. "beyond all reasonable doubt" rather than "on the balance of probabilities".

[*R v M & Others \[2017\] UKSC 58 \(3 August 2017\)*](#)

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