

## Anti-Counterfeiting Border Measures under Indian Customs Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007

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*Counterfeiting of goods is a global problem of enormous scale, impacting virtually every product sector and every country. India is no exception and there are significant impacts of widespread counterfeiting and piracy in India. A major chunk of counterfeit goods are manufactured outside India and thereafter imported into India. The Customs Authorities have been conferred powers to curb this menace. This article acts as a guide for the injured parties to approach the Customs for recourse in case of such cross border counterfeiting.*

### Introduction

India is a signatory to Agreement on Trade Related Aspects of Intellectual Property Rights ("TRIPS"). The TRIPS Agreement lays down minimum standards of trade regulation to be adhered to by its signatories. Article 51-60 of the TRIPS Agreement provides for various requirements related to border measures which need to be undertaken by the signatories. India by virtue of being a member of World Trade Organisation (WTO) is also a signatory to the TRIPS Agreement. In pursuance the commitment to implement border measures as envisaged by the TRIPS Agreement, the Central Government has notified the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 ("IPR Rules") *vide* Notification No. 47/2007-Cus. (NT), dated 08.05.2007. The power to notify the same

is drawn under Section 11(2)(n) 'the protection of patents, trade marks and copyrights' and Section 11(2)(u) 'the prevention of the contravention of any law for the time being in force', of the Customs Act, 1962 ("Customs Act"). The IPR Rules defines the role of the Customs Authorities to prevent counterfeiting. This article answers various questions to enable its reader to take recourse of the said Rules, if need arises.

### Who can apply?

Any person, natural or legal entity, who is registered as an owner of any Intellectual Property Right ("IPR") according to the laws in force can apply to the Customs Department under the IPR Rules. Such a person is defined as a "Right Holder" under the said Rules. The Right Holder includes its successors or its duly authorised licensee or any authorised person.

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***The ambit of the IPR Rule was further widened vide Notification No. 51/2010-Cus. (N.T.), dated 30.06.2010***

**What rights are covered?**

The IPR Rules presently covers the following types of IPR:

- (a) Copyright (defined under Copyright Act, 1957);
- (b) Trade Mark (defined under the Trade Marks Act, 1999);
- (c) Patent (defined under the Patents Act, 1970);
- (d) Design (defined under the Designs Act, 2000); and
- (e) Geographical Indications (defined under the Geographical Indications of Goods (Registration and Protection) Act, 1999)

Any goods which are made, reproduced, put into circulation or otherwise used, in violation of the aforesaid IPRs without the consent of the right holder or a person duly authorized are covered by the said IPR Rules.

The ambit of the IPR Rule was further widened *vide* Notification No. 51/2010-Cus. (N.T.), dated 30.06.2010. The said Notification prohibited the import of the following goods intended for sale or use in India, subject to following conditions and procedures as specified in the IPR Rules:

- (a) Goods having applied thereto a false trade mark as contemplated under Trade Marks Act, 1999;
- (b) Goods produced beyond the limits of India by applying a design whose copyright exists under the Designs Act, 2000 without the consent of the registered owner;
- (c) Goods produced beyond the limits of India for which a patent is in force

under the Patents Act, 1970, without the consent of the registered owner;

(d) Goods obtained by a process whose patent is in force under the Patents Act, 1970, without the consent of the registered owner;

(e) goods having applied thereto a false Geographical Indication; and

(f) goods which are prohibited to be imported by an order issued by the Registrar of Copyrights

**How to apply?**

A Right Holder may apply by giving a written notice to the Commissioner of Customs of the port where the alleged infringing consignment is likely to be imported. The said notice shall be given in the prescribed form accompanied with prescribed application fees. It must be mentioned here that though the notice for registration is submitted to the Commissioner of Customs at any of the ports where counterfeit goods are likely to be imported and all formalities associated with the registration are undertaken by that Commissioner, protection will be accorded at all the ports as specified in the notice of registration.

On receipt of notice, the Commissioner shall verify the veracity of the details furnished in the notice. On being satisfied the Commissioner shall register the notice and assign the Right Holder a Unique Permanent Registration Number (UPRN). It may be noted that a separate notices need to be filed for separate IPR's like copyright, trade mark, patents etc. It may be emphasized that a Right Holder is accorded protection from infringement of IPR only upon registration of Notice and not any time before it. Thus, merely filing a notice without it being registered is of no consequence.

The Commissioner shall usually register the notice for a period of five years unless a shorter period is requested by the Right Holder.

**What are the requirements to be fulfilled?**

The Right Holder at the time of giving a notice shall furnish a General Bond without security undertaking to execute the requisite bonds at the time of interdiction of an imported consignment infringing the IPR. The said bond shall be furnished to the Commissioner where counterfeit goods are likely to be imported. At the time of registration of notice the Right Holder is further required to furnish an Indemnity Bond undertaking to make good losses/expenses in respect of any actions taken on the basis of the notice filed by the Right Holder.

Every time an interdiction of an infringing imported consignment is detected, the Right Holder shall furnish surety and security depending on the value of the imported consignment. The amount of security may vary case to case.

Alternatively, the Right Holders can furnish a Centralized Bond (running bond) with security at the port of registration for an amount sufficient in their judgment, to correspond to value of suspected allegedly infringing goods, all over India. At the time of import of an infringing consignment the amount of value of goods shall be reduced from the running bond. It is the duty of the Right Holder to inform the jurisdictional IPR cell regarding any debits to be made in the Bond. However, even under this option the Right Holder is required to furnish an Indemnity Bond.

**How does the mechanism work?**

The Assistant Commissioner/Deputy Commissioner (AC/DC), based on the notice given by the Right Holder shall suspend clearance of imported goods which are suspected to be goods infringing intellectual property rights. On such suspension, the AC/DC shall intimate both the importer and the Right Holder. The

Right Holder is required to join the proceeding within ten working days from the date of suspension of imported consignment. In case of perishable goods, the period of ten days is reduced to three days. At the time of suspension the AC/DC shall inform the Right Holder name and address of the importer and *vice versa*. The AC/DC at the request of the importer or the Right Holder allow examination of the goods or supply additional information.

Alternatively, the AC/DC may *suo moto*, in respect of imported goods for which he has *prima facie* evidence or reasonable grounds to believe that they are goods infringing intellectual property right, suspend the clearance of the said goods. The Right Holder in such a case within five working days give a notice and furnish the necessary bonds. Thereafter, the process elaborated hereinabove is followed.

**How are the infringed goods disposed?**

Where upon determination by the AC/DC is found that the imported consignments are infringing IPR the same will be confiscated under Section 111(d) of the Customs Act. The said goods may be (a) destroyed; (b) disposed outside normal channels of commerce, after obtaining a 'no-objection' from the Right Holder or its Authorised Representative; or (c) re-exported after making alterations. Thus, the method of the disposal ensures that the infringing consignments has no adverse impact on the Right Holder.

**What are the exceptions?**

As per IPR Rules, goods of a non-commercial nature contained in personal baggage or sent in small consignments intended for personal use of the importer are not subject to the IPR Rules. However, it appears that Notification No. 51/2010 (*ibid*) which prohibits import of counterfeit for both sale and use would come into play in such cases.