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Enforcement of Intellectual Property Rights for imported goods

It is not uncommon to see that various products are quite often imported into/exported out of India by comprising the Intellectual Property Rights (IPRs) of the right owners. It may be a simple and oft repeated case of import/export of goods, which are infringing the trademarks of a legitimate right owner who has built the brand name and created global reputation by painstaking efforts over a long period of time, or those goods which have been imported/exported by infringing the patent rights of the inventor who has put in enormous research into the product.

The significance of cross border protection of Intellectual Property Rights (IPRs) is well accepted and fairly recognized by all the global jurisdictions. With the opening up of economies and mitigation of global barriers relating to trade, cross border reputation of IPRs has taken universal dimensions. India has been a significant contributory to the cause of cross border protection of IPRs. Further the WTO Agreement on Trade Related Intellectual Property Rights popularly known as TRIPS has attracted as its signatories most of the jurisdictions including India, which has been over the years fulfilling all its obligations under TRIPS.

Enforcement of IPRs of the respective right holders, in respect of imported goods, has been a critical issue throughout the world. As far as India is concerned, it has laid down a legal frame work in the year 1964 itself by issuing a Ministry of Finance (Department of Revenue) Notification No. 1-Customs dated 18th January 1964 which protected IPRs of the right holders by prohibiting import of infringing goods into India. The said notification is in currency even today. Though the said legal frame work by way of this notification has been there for decades, its effective implementation is anybody's guess. Further the so called protection was made available only in respect of infringement of trade marks and designs only, whereas Intellectual Property Rights encompass various other valuable rights like patents, copyrights, and geographical indications, all of which are otherwise statutorily protected in India.

Now with the TRIPS, national treatment of IPRs of the right owners belonging to other signatory countries has become imperative. TRIPS vide Article 51 has clearly mandated that the member Countries shall take appropriate border measures by enabling the Customs Authorities to suspend release of infringing goods.

In this direction, as a further step towards the fulfillment of its TRIPS obligations, Government of India has now framed the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 issued vide Notification No. 47/2007-Customs (Non Tariff) dated 8th May, 2007. These Rules are proposing to give the Customs Department enough teeth and procedural framework to deal with enforcement of IPRs of the right holders (including their successors in interest).

Let us consider here the important aspects of these Rules, which if implemented properly, will usher a new era in the protection of cross border IPRs, in respect of imports into India.

The Rules are fairly concise and to the point showing the sincerity of Government for enforcement of cross border IPRs. The Rules have defined certain important phrases namely “goods infringing IPRs”, “Intellectual Property”, “Intellectual Property Law” and “right holder”. The interesting aspect of these definitions is their global outlook in as much as breach of IPRs both in or outside India are covered (which is also the mandate of TRIPS). Another path breaking aspect of the Rules is its coverage of copyrights, trademarks, patents, designs and geographical indications as defined under the respective legislations.

Another subtle and important aspect is the proposal under the rules to enforce only “protected Intellectual Property Rights”. Therefore, the right holders cannot protect their common law rights in any IPR. What can be enforced under these Rules are only protected IPRs i.e. IPRs in respect of which the right owner has taken some affirmative action, i.e registration of such right. If there is no registration done by the right owner, establishing ownership and protection, then enforcement under these Rules may not be possible.

A cogent procedure has been set out for enforcement of IPRs under these Rules. The procedure is initiated by the right holder giving a written notice in the prescribe format (accompanied by prescribed fees and documents) to the Customs Officer at the port, through which goods infringing IPRs are being imported. Such a notice is to be given requesting the Customs to suspend clearance of such suspected goods.

Based on the notice given by the right holder to the Customs, the concerned officer is required to either register or reject the notice in a time bound manner under intimation to the right holder. Once the notice is registered the Customs will indicate the validity period, which shall not be less than one year, unless the right holder desires for a shorter period. The Customs Officer at the port which has registered the notice is also required to communicate the registration of the notice to all the Customs Officers specified in the notice by the right holder.

The registration is subject to certain conditions. The right holder or his agent has to execute appropriate bond with the Customs for adequate security, surety and indemnity, undertaking to protect the importer, consignee, the owner of the goods and the concerned authorities against all liabilities and to bear the costs towards destruction, demurrage and the detention charges.

After such registration by the Customs Department, the import of allegedly infringing goods into India is deemed to be prohibited under the Customs Act. As a consequence, whenever the Customs Officers have reason to believe that the imported goods are suspected to be infringing IPR of the registered right holder, the clearance of such goods shall be suspended. Suspension is to be based on *prima facie* evidence or reasonable grounds as to such infringement. The right holder is supposed to provide all such information, assistance, technical expertise and facilities for determination of the suspect goods as counterfeits, pirated or otherwise infringing his IPRs. If the above support is not forthcoming the goods will be released by the Customs as in the normal course of import. There is special dispensation in respect of perishable goods for which shorter time frames have been fixed.

The Rules also provide for examination of the suspended goods by both the right holder as well as the importer. Representative samples can be drawn by them for examination, testing and analysis to assist the Customs in determining whether goods are pirated, counterfeit or otherwise infringing.. The right holder can request the Customs for supply of information pertaining to the importer. Similarly importer can request for information regarding the right holder.

The provisions also provide for disposal of the infringing goods after determination by the Customs that the goods detained or seized have infringed IPRs and no further legal proceedings are pending in relation to such determination. Such destruction of the infringing goods shall be under official supervision outside the normal channels of commerce after obtaining “no objection” from the right holder. It is interesting to note that the costs towards destruction, demurrage and detention charges shall be borne by the right holder. Another important aspect is that the re-exportation of such infringing goods is not possible without alteration to expunge such infringement from the goods. Appropriate samples can also be drawn and kept by the Customs before destruction/disposal of the infringing goods to aid future litigation. Personal baggage and de-minimis (i.e. minor) imports are not subject to these Rules. Most importantly Customs Officers dealing with such matters are protected if they have taken any action in good faith and they shall not be liable for any failure to detect goods infringing IPRs, any inadvertent release of such goods or any other action in respect of such goods.

Though the above step is a positive step towards enforcement and protection of cross border IPRs for imported goods, we should keep in mind that the Customs Department, which is already overburdened needs adequate infrastructural support before these Rules are implemented. Such support is necessary, since, the aspects on which the Customs is required to act upon under these Rules are technical in nature and require different kind of expertise relating to Intellectual Property Rights, their infringement and the applicable Laws. Though the task at hand is not impossible, this is going to be a Herculean task. One practical way is to depute sharp and efficient officers from the IPR Departments to the Customs Department to assist the Customs to set up and implement the systems for smooth transition.

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