

iCe Hotline

October 08, 2007

GOVERNMENT ISSUES CIRCULAR ON BORDER ENFORCEMENT OF IPRS

In its Circular dated October 29, 2007 (“Circular”), the Central Board of Excise & Customs under the Ministry of Finance, India, has issued instructions to the relevant customs and excise authorities, for implementation of the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 (“IPR Rules”) dated May 8, 2007. The IPR Rules emanate from Section 11 of the Customs Act, 1952 which empowers the Central Government to prohibit import or export of goods infringing intellectual property rights. Before the notification of the IPR Rules, the notification of January 18, 1964, prohibited import of goods infringing trademarks and design. These new IPR Rules prohibit import of goods infringing patent, copyright and geographical indications as well.

The implementation of IPR Rules was preceded by a series of representations by industry players to the Government. Another reason behind this change cited by the Government of India is its obligations under Articles 51 to 60 of TRIPs. While the mandatory obligations under Articles 51 to 60 of TRIPs dealing with border measures are restricted to Copyright and trade Marks infringement only, the Indian Government has taken a proactive step to include other IPRs.

PROCEDURE FOR PROCURING REGISTRATION

The IPR Rules read with the Circular lay down a detailed procedure to be followed by the right holders as also by the Customs authorities for seeking suspension or release of infringing goods.

§ A right holder would have to give a notice for registration requesting the Customs Department to suspend clearance of infringing goods at the port of such goods. Such notices can be filed online.

§ The information submitted by the right holder is required to be cross verified by the Customs from the concerned authorities with whom the rights are registered in accordance with the parent IP enactments.

§ If the information is found to be wrong or false, then registration accorded to the rights holder may be cancelled. Further, an amendment to the registration would require the rights holder to undergo the entire process of registration as if it were a fresh application. In relation to a particular goods there are separate IP registrations, then a separate registration is required to be done for each type of IP.

§ Upon satisfaction by the authorities, the notice may be rejected or registered for a minimum period of five years (or less if so requested by the rights holder).

§ There are certain conditions as to the provision of bond, surety and security that the rights holder needs to satisfy. This is primarily to avoid frivolous registrations. The bond amount is equal to 110% of the value of goods while the security deposit is 25% of the bond value.

SALIENT FEATURES OF THE RULES

The Circular contemplates to implement a centralized web-enabled registration system. The Circular emphasizes that under the Rules, the determination of whether the goods are infringing or not would be in accordance with the applicable IP legislation. For smooth implementation of the IPR regime, the Circular stipulates establishment of an IPR Cell in each Custom House. The IPR Cell would be vested with the responsibility of verifying the applications, completing web-enabled registration formalities and making correspondence with the Risk Management Division and other Customs formations. Further, any import involving suspected infringement of IPRs would be handled by the IPR Cell. Any instance of *suo-moto* interdiction of the import consignments by the Customs, involving possible infringements, would also be referred to such IPR Cell. In view of the fact that these proceedings might require the customs to determine right in *personam*, participation of the rights holder is made mandatory. The qualification and training imparted to the members of the IPR Cell will play a crucial role in effective implementation of the IPR Rules. Abstention on the part of the right holder would result in discontinuation of the proceedings and release of the goods.

Proud Moments

FT Innovative Lawyers Asia Pacific 2019 Awards: NDA ranked 2nd in the Most Innovative Law Firm category (Asia-Pacific Headquartered)

RSG-Financial Times: India's Most Innovative Law Firm
2019, 2017, 2016, 2015, 2014

Chambers and Partners Asia Pacific: Band 1 for Employment, Lifesciences, Tax and TMT
2019, 2018, 2017, 2016, 2015

Benchmark Litigation Asia-Pacific: Tier 1 for Government & Regulatory and Tax
2019, 2018

IFLR1000: Tier 1 for Private Equity and Project Development: Telecommunications Networks.
2019, 2018, 2017, 2014

Legal500: Tier 1 for Dispute, Tax, Investment Funds, Labour & Employment, TMT and Corporate M&A
2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012

AsiaLaw 2019: Ranked 'Outstanding' for Technology, Labour & Employment, Private Equity, Regulatory and Tax

Research Papers

Augmented, Virtual and Mixed Reality - A Reflective Future
September 19, 2019

Digital Health in India
September 19, 2019

India Opens Skies for Drones
August 22, 2019

Research Articles

The Tips and Traps to Avoid When Investing in India
December 31, 2018

Evolving HR Law: Giving GCs Sleepless Nights?
June 01, 2017

India confirms intent to sign BEPS

- The other principle features of the IPR Rules are summarized below:
- adequate protection to the rightful importer;
- adequate protection to the Customs for bona fide act;
- suo-moto action by the Customs in specified circumstances;
- disposal of the confiscated goods;
- no action against goods of non commercial nature contained in personal baggage or sent in small consignments intended for personal use of the importer.

IMPEDIMENTS IN IMPLEMENTATION

Under the Trade Marks Act, 1999 and common law, even the unregistered trademarks are protected. Further, copyright does not require registration for being protected in India. The right holders sometimes face difficulties to convince the authorities about their ownership of unregistered IP. Hence, there is a need for guidelines to be issued in respect of unregistered IP for better implementation of the IPR Rules.

IN THE CIRCULAR IT HAS BEEN STATED THAT:

"While it is not difficult for Customs officers to determine Copyright and Trade Marks infringements at the border based on available data/inputs, it may not be so in the case of the other three violations, unless the offences have already been established by a judicial pronouncement in India and the Customs is called upon or required to merely implement such order. In other words, extreme caution needs to be exercised at the time of determination of infringement of these three intellectual property rights."

It seems that the above apprehension is somewhat misplaced. The design law protects the shape and look of the goods, and not the functionality. Similarly geographical indications are akin to trademarks. Hence, it would not be difficult to detect infringement of designs and geographical indications as well. However, a potential problem is posed when the goods are alleged to have infringed patent, as the determination of infringement involves technical issues. For determination of a prima facie case of patent infringement, ideally the Customs authorities should have guidance of experts in the relevant fields of technology on their panel.

Under the IPR Rules, the right holder is obliged to inform the authorities when his IP ceases to be valid or when he ceases to be the owner of such IPR. The IPR Rules do not take into account situations when the rights holder fails to provide such information. Failure to provide information on status of validity of IP or registration, may lead to harassment of genuine importers. A possible way of handling this eventuality would be to coordinate the functioning of the customs with all the IP registration authorities and IP Appellate Board by providing easy access for the Customs authorities to the information available with the IP registration authorities and IP Appellate Board on the validity of ownership of the IP.

GOING GLOBAL

Despite the practical difficulties involved in the implementation of the IPR Rules, the Indian government deserves plaudit for its endeavour to further strengthening border enforcement of intellectual property. The Indian laws on this front are in line with those of countries in the European Union.

- Anurag Dubey & Gowree Gokhale

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

multilateral instrument curbing tax avoidance

May 17, 2017

Audio

Round Table + Webinar: 'Title Insurance' – A Game Changer for Structuring Investments into Indian Real Estate Sector

August 07, 2019

Webinar: Amendments to Insolvency and Bankruptcy Code: Potential Impact on Creditors, Investors and Litigants

August 01, 2019

Webinar: India Budget 2019 : Implications for the International Business Community

July 09, 2019

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

[Click here to view Hotline archives.](#)

Video

BTVI The Big Story

ET Now State Of The Economy

ET Now India Tonight

