

CUSTOM RECORDAL TO PREVENT PIRACY & COUNTERFEITING

The menace of counterfeiting has assumed great proportions. As a result the commercial activity resulting from intellectual capital in the burgeoning knowledge economy is facing a slowdown and any reversal of the present condition can act like a catalyst. The introduction of **Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007** by the Central Government in exercise of the powers conferred by sub-section (1) of section 156 of the Customs Act, 1962 read with clauses (n) and (u) of sub-section (2) of section 11 of the said Act, to be applied to imported goods is certainly a step in the right direction.

The 'Rules' is an attempt to define the role of the Customs in implementation of intellectual property rights but with the proactive participation of the IP right holders. A 'Notice' by the right holder in writing is mandated at the port of import of goods infringing intellectual property rights, requesting suspension of clearance of goods suspected to be infringing intellectual property rights. The Notice is registered by the Commissioner for a minimum period of one year subject to execution of a bond and an undertaking to protect the importer, consignee and the owner of the goods and the competent authorities against all liabilities and to bear the costs towards destruction, demurrage and detention charges incurred till the time of destruction or disposal, as the case may be. The right holder also executes an indemnity bond indemnifying the Customs authorities against all liabilities and expenses on account of suspension of the release of allegedly infringing goods.

The proactive participation of the right holders effectually distills into undertaking every financial stakes and providing any information or assistance including technical expertise and facilities for the purpose of determining whether the suspect goods are counterfeit or pirated or otherwise infringe an intellectual property right. The right holder also has to join the proceedings without delay once goods suspected to be infringing intellectual property has been suspended. On account of delay of more than ten working days in joining of proceedings, from the date of suspension of clearance, there is a provision leading towards release of goods provided that all other conditions of import of such goods under the Customs Act, 1962, have been complied with.

The 'Rules' define "goods infringing intellectual property rights" as any goods which are made, reproduced, put into circulation or otherwise used in breach of the intellectual property laws in India or outside India and without the consent of the right holder or a person duly authorized to do so by the right holder.

The prohibition is on the import of following goods –

1. goods having applied thereto a false trade mark as specified in section 102 of the Trade Marks Act, 1999;
2. goods having applied there to a false trade description within the meaning of clause (i) of sub-section (1) of section 2 of the Trade Marks Act, 1999, otherwise than in relation to any of the matters specified in sub-clauses (ii) and (iii) of clause (za) of that sub-section;
3. goods made or produced beyond the limits of India and intended for sale, and having applied thereto a design in which copyright exists under the Designs Act, 2000, in respect of the class to which the goods belong or any fraudulent or obvious imitation of such design except when the application of such design has been made with the licence or written consent of the registered proprietor of the design;
4. the product made or produced beyond the limits of India and intended for sale for which a patent is in force under the Patents Act, 1970, except in cases where the consent from the patentee in India has been obtained provided that such prohibition is not applicable to the cases where such importation is allowed under the Patents Act, 1970;
5. the product obtained directly by the process made or produced beyond the limits of India and intended for sale, where patent for such process is in force under the Patents Act 1970, except in cases where the consent from the patentee in India has been obtained provided that such prohibition is not applicable to the case where such importation is allowed under the Patents Act, 1970;
6. goods having applied thereto a false Geographical Indication within the meaning of section 38 of Geographical Indications of Goods (Registration and Protection) Act, 1999;
7. goods which are prohibited to be imported by issuance of an order issued by Registrar of Copyrights under section 53 of the Copyright Act, 1957

The Customs Non-Tariff Notifications on the above information, from the Government of India, Ministry of Finance and Department of Revenue, has come out only in May 2007. The precise functioning of the 'Rules' enforcing intellectual property rights on imported goods is yet to be seen but definitely this is an opportunity for IP right holders to actively participate in enforcing procedures and thus protect their own rights.