



ALTERNATIVES FOR BRAND PROTECTION IN INDIA

Introduction

Counterfeiting has been a serious issue globally since many years, and it affects many businesses including some of the world's most well-known brands. There are many instances where certain brands and companies end up with no practical solution to fight against the huge volume of counterfeits and infringements, and eventually end up losing their brand exclusivity. A study by the Confederation of Indian Industries (CII) estimates that fast-moving consumer goods (FMCG) sector in India loses approximately 15% of its revenue to counterfeit goods with several top brands losing up to 30% of their business due to intellectual property related crimes.

Most brand owners while dealing with counterfeiting primarily resort to infringement litigation, criminal proceedings including search and seizure, administrative, cease and desist actions, etc., but, border protection measures are often not taken seriously by many well-known brands. Protecting intellectual property from counterfeiting and infringement at the Indian border is an easier, more practical, cost effective and preventive measure.

India's initiative to prevent counterfeits and intellectual property rights (IPR) infringement at the borders has resulted in the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 (the "IPR Rules") implemented on 8 May 2007 under the provisions of India's Customs Act, 1962.

Please find below certain practical questions and guidance in this regard.

1. What are the alternative strategies for brand protection other than infringement litigation, search and seizure and cease and desist actions in India?

IPR holders can avail India's border protection measures as an effective option to protect their intellectual property against import of counterfeit or infringing goods.

2. What are the border protection measures available in India?

The IPR holders can enforce their rights at the borders against the import of the infringing goods and counterfeits.

The Central Board of Excise and Customs regulates the IPR violations at the Indian borders. The IPR Rules empower the Customs Authorities (the "Customs") to intercept, seize and confiscate goods found or suspected to infringe an IPR registered with the Customs.

3. Which IPRs can be protected?

The IPR Rules afford protection against the import of goods that infringe a patent, trade mark, copyright, design and geographical indication.

4. How to avail the border protection measures?

The IPR holder must register its trade mark, patent, copyright or geographical indication (which are validly registered in India) with the Customs by filing an application in a prescribed format, subsequent to the respective intellectual property's registration in India, requesting to suspend the clearance of infringing goods.

Upon registration of the IPR with the Customs, the Customs may intercept and suspend the clearance of the goods which are suspected to infringe such IPR.

The import of the following goods is considered as infringement under the IPR Rules:

- a) goods having applied thereto, a false trade mark or a false trade description as defined under the Trade Marks Act, 1999;
- b) 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;
- c) 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;
- d) 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;
- e) goods having applied thereto, a false Geographical Indication within the meaning of the Geographical

Indications of Goods (Registration and Protection) Act, 1999; and

- f) goods which are prohibited to be imported by issuance of an order issued by the Registrar of Copyrights under the Copyright Act, 1957.

5. Will a single registration cover the whole of India?

A single registration with the Customs will cover the whole of India, across all the ports. However, the IPR holder will have an option to select specific Indian ports / locations at the time of filing the Customs registration application.

6. Whether each IPR must be registered with the Customs separately?

Yes, an IPR holder will have to register each intellectual property separately. For example, each variant of the trade mark will have to be registered separately. It is recommended that the brand owner may register the word mark variants as well as the most popular / often counterfeited label / colour variants.

7. What is the validity of a registration and does it have to be renewed periodically?

A registration with the Customs will be valid for five (5) years from the date of recordation of the IPR with the Customs, or the expiry of registration of the IPR's validity, whichever is earlier.

The IPR will have to be freshly registered with the Customs every five (5) years, to avail continued border protection. Further, the trade marks' registration must be valid for a minimum period of one (1) year while filing the registration application with the Customs.

8. What are the documents required for customs registration?

The IPR holder will have to file the following documents at the time of making an application under the IPR Rules:

- a) Scanned copies of the registration and the last renewal certificate of the IPR.
- b) Power of Attorney in favour of the counsel / advocate / agent who is filing the application on the applicant's behalf.
- c) A statement of exclusivity outlining the scope of the IPR sought to be registered.
- d) Images of genuine goods (for trade marks, patents and designs).
- e) Statement of grounds of suspension of infringing goods.
- f) Images of infringing / counterfeit goods (optional).
- g) Differentiating features of genuine and infringing goods (optional).
- h) The Imports and Exports Code (IEC) of the IPR holder and / or other authorized importers (optional but advisable).

- i) In case of geographical indications, description of the geographical indications, geographical area of production and map.
- j) The General Bond and Indemnity Bond.

General Bond: The IPR Rules mandate the IPR holder or its authorized representative to execute: (i) a general bond undertaking to submit specific consignment-wise bond backed by a security amount, at the time of interdiction of infringing goods; and (ii) an undertaking that it will protect the importer, consignee, the owner of the goods and the Customs against all liabilities, in case that the suspension was proved to be vexatious. The IPR holder must also undertake to bear the costs towards the destruction, demurrage and detention charges until the final disposal of the goods.

Indemnity Bond: The IPR holder must execute an indemnity bond directly or through its authorized representative, agreeing to indemnify the Customs against all liabilities and expenses incidental to suspension of clearance of the goods, in case the import was proved to be legal. The importer of the goods will not be able to claim damages from the Customs on account of the goods being detained at the port. Any such liability will have to be borne by the IPR holder.

Additionally, Indian stamp duty (a government levy) of INR 100 (USD 2 approximately) must be affixed on each of the foregoing bonds. Also, the bonds must be attested by two (2) witnesses whose identity proofs (copy of driving license, passport, etc.) must be submitted along with the bonds.

9. What are the costs for filing a Customs registration application?

The official fees for a single IPR registration is INR 2000 (USD 30 approximately). There will be certain attorney fees involved for preparation, filing and follow ups on the application.

10. Procedure for Registration under the IPR Rules

- The application must be filed in the Customs department's online portal and thereafter, the hard copy of the application with all the supporting documents must be filed in the Customs office along with the online filing receipt and the official fee.
- The Customs will normally register the application within thirty (30) days of its filing and allot a Unique Permanent Registration Number (UPRN) for such registration.

11. How does the Customs track the counterfeit?

The Customs generally seizes or intercepts the goods using any of the following methods:

- a) when a *prima facie* suspicion arises regarding a consignment to be infringing IPR or counterfeit;

- b) using the information provided during the IPR registration, such as names of suspected exporters into India, images of counterfeit goods, etc.;
- c) most importantly, on the basis of the information provided by the IPR holder on case-to-case basis, or internal intelligence information; and
- d) random inspection of consignments.

12. Is there a centralized monitoring for the whole of India?

Yes, IPR border enforcement is monitored by the Indian Customs' Risk Management Division headquartered in Mumbai. It operates through forty-five (45) regional IPR cells in various cities across India.

13. What happens when a counterfeit / suspected counterfeit is intercepted?

If the imported goods are suspected to be infringing IPR, the Customs will suspend clearance of such goods. Thereafter, the Customs will inform the importer and the IPR holder about the suspension of clearance of the goods along with the reasons for such suspension.

Upon receipt of the information from the Customs, the IPR holder or its authorised representative can join the proceedings by executing a consignment specific bond with the provision for security deposit and surety, indemnifying the Customs authorities and providing documentary proof of the UPRN validity. The Customs will provide photographs / serial numbers of the products / samples of the suspended products to the IPR holder for examination, testing and analysis to determine whether the goods are counterfeit / infringing IPR.

The consignment specific bond must be of an amount equivalent to 110% of the value of the detained goods, which will be decided by the Customs on the basis of the valuation of the goods, along with security, in the form of a bank guarantee or fixed deposit, equivalent to 25% of the bond value.

However, the suspended goods will be released if the IPR holder fails to join the proceedings within a period of ten (10) working days from the date of suspension of clearance which can be extended by another ten (10) days on written request by the IPR holder with satisfactory reasons. In case of perishable goods, the period of suspension of release is three (3) working days which is extendable by another four (4) days.

If the suspended goods are found to be infringing IPR, the goods will be confiscated under the Customs Act, 1962. Further, such goods will be destroyed under the Customs' supervision or disposed outside the normal channels of commerce after obtaining IPR holder's consent. The IPR holder can raise objection on the mode of disposal within twenty (20) working days of receiving the information from the Customs in that regard.

The IPR Rules exclude the goods of non-commercial nature contained in personal baggage or sent in small

consignments intended for the importer's personal use from its purview.

14. Does the Customs on its own suspend clearance in *prima facie* cases of infringement or counterfeit?

Yes, the Customs can on its own suspend the clearance of the imported goods if there is *prima facie* evidence or it has reasonable grounds to believe that the goods infringe IPR, even if such IPR is not registered with the Customs.

15. Can the IPR holder inspect the infringing / counterfeit goods?

Yes, the IPR holder will have the option to inspect the infringing / counterfeit goods.

16. Should the registrant have an Indian entity? Can an overseas individual / company without Indian presence apply for border protection in India?

No, the registrant need not have an Indian entity. Any entity that has an IPR registration in India can apply for border protection in India. Such entities can engage authorized representatives / attorneys in India to assist in joining the suspension proceedings and for execution of the bonds faster and efficiently.

17. What are the steps required to make a registration more practical and efficient?

- It is recommended that the IPR holder provides as many images as possible, of the genuine and counterfeit goods along with the comparison between the genuine and counterfeit goods to the Customs. This makes the identification process easier and efficient for the Customs officials. The IPR holder can periodically inform to the Customs with the updated images, comparison charts, etc.
- It is recommended that the IPR holder provides the details of the suspected parties that export to India, and keeps the Customs updated with such information periodically.
- The IPR holder must keep its IPR registration valid, and keep registering its IPR with the Customs every five (5) years to avail continued border protection.
- Discuss with the Customs officials periodically, regarding the import of suspected infringing / counterfeit goods and can also demonstrate to them regarding the trends in counterfeiting occurring across the world.
- In many cases, international companies' legal teams, which manage the brands and the protection measures, and the local business teams in India do not work so closely. For example, the Indian business teams are either not aware of their company's customs registrations in India, or they lack the ability to cooperate when the Customs notifies regarding the interception or seizure. Therefore, the local business teams must be properly briefed regarding the Customs

registrations, clearances, bonds, etc., and work closely with the international offices and the Indian attorneys to make the Customs registrations' management more efficient and practical.

- It is important to engage knowledgeable and experienced attorneys in India to carry out the IPR and Customs registrations and keep the registrations valid throughout. Further, some experienced attorneys who have good relationship with the Customs can help in periodically following up with the officials and expediting the process at the time of seizure / interception.

18. How effective are the border protection measures in India?

The border protection measures in India works as an effective solution, provided the brand owners periodically update and follow up with the Customs. Further, as regards copyright, although there is no legal requirement in India to register a copyright to claim ownership, the copyright holder must obtain an order from the Registrar of Copyrights for customs registration and border level prohibition of the infringing imports.

Another concern is that the Customs does not verify every consignment to find out whether the products are counterfeited / infringing IPR, nor there is a sophisticated mechanism with the Customs to scan and do a preliminary check on all imported products.

Additionally, not all the Customs officials are aware of the authenticity of brands and IPRs, and how to identify the features of the counterfeit products, etc. The government has been organizing some seminars and conferences with the help of the industry to educate the Customs officials in this regard.

19. What is the volume of seizures of infringing goods that have been conducted by Indian customs since the implementation of the IPR Rules?

This information is not publically available. However, the volume of IPR violations and seizure of counterfeits at the borders have been significantly high in the past few years.

20. What are the recent developments?

The government has very recently introduced an updated online portal to register the IPR with Customs. The new portal is relatively faster, efficient and easy to use.

The Customs officials have been receiving training to identify brands, validity, ownership details, etc. This helps them to have a better understanding for border protection initiatives.

21. How many companies/brands have already registered in India, and which are the major ones?

Numerous brands have registered their IPRs with the Customs, especially, companies in the fast-moving consumer goods (FMCG), manufacturing, electronics, electrical, footwear, apparel, automobile parts, watches, accessories, music and film, etc.

Conclusion

Border protection is an effective remedy to prevent the infringing and counterfeit goods entering into the Indian market, which if organized properly, will save the costs for infringement and other legal actions.

We assist many international brands and companies to register their trade marks, patents, copyrights, designs and geographical indications in India, and thereafter, to obtain Customs registrations and coordinate with the Customs officials at the time of seizure or interception.

ANA Law Group is a full-service law firm based in Mumbai, India.

ANA Law Group has a distinguished intellectual property practice and represents a niche clientele. The Firm's IP clients include top multinational corporations including a large number of pharmaceutical companies, universities and educational institutions, etc.

The Firm's IP team comprises of Indian and internationally qualified and experienced attorneys and former senior officials of Indian IP Offices who have vast statutory and practical knowledge and exposure in all areas of IP laws. The solution-driven pragmatic IP advice coupled with speed, consistency, quality and ability to deliver under pressure are the unique attributes of the Firm's IP practice. Our team has significant experience in franchising/licensing matters as well.

The Firm manages the trade mark portfolios for prestigious brands across India and in the neighbouring countries such as Pakistan, Afghanistan, Bangladesh, Nepal, Sri Lanka, Maldives, Bhutan, Myanmar, etc., through our local associates.

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