

AMENDMENTS MADE TO IPR (IMPORTED GOODS) ENFORCEMENT RULES

BRIEF NOTE ON THE AMENDMENT OF NOTIFICATION NOS. 47/2007 – CUSTOMS NT AND 51/2010 – CUSTOMS NT BY THE DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVERNMENT OF INDIA

- A. The Department of Revenue, Ministry of Finance *vide* its Notification Nos. 56/2018 and 57/2018 Customs (NT) amended Notifications 47/2007¹ – Customs NT and 51/2010 – Customs NT ***to exclude Patent Rights from scrutiny of Customs border measures***. The amendments have been notified on June 22, 2018.

Specifically, the following amendments were made:

- a) omitted the word “patent as defined in the Patents Act, 1970” from definition of “Intellectual Property” under clause 2(b) of Notification 47/2007.

For immediate reference, the definition of “Intellectual Property” from unamended Notification 47/2007 is reproduced hereinbelow:

*Clause 2(b): "intellectual property" means a copyright as defined in the Copyright Act, 1957, trade mark as defined in the Trade Marks Act, 1999, **patent as defined in the Patents Act, 1970**, design as defined in the Designs Act, 2000 and geographical indications as defined in the Geographical Indications of Goods (Registration and Protection) Act, 1999;*

(portion in bold has now been deleted)

- b) omitted the words and figures "the Patents Act, 1970," under clause 2(c);

For immediate reference, the definition of “Intellectual Property Law” from unamended Notification 47/2007 is reproduced hereinbelow:

¹ Please note that Notification 47/2007 – Customs NT is also known as The Intellectual Property Rights (Imported Goods) Enforcement Rules 2007).

*Clause 2(c): "Intellectual property law" means the Copyright Act, 1957, the Trade Marks Act, 1999, **the Patents Act, 1970**, the Designs Act, 2000 or the Geographical Indications of Goods (Registration and Protection) Act, 1999;*

(portion in bold has now been deleted)

Please note that before the aforesaid amendments, Custom Authorities were empowered to withhold the release of goods at the borders, if suspected of patent infringement under clause 6 of the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 (hereinafter shall be referred to as the "**2007 IPE Rules**").² However, after the amendment of the 2007 IPE Rules, the Custom Authorities no longer have jurisdiction to scrutinize the import of any product/good on the ground that the products may be infringing one or more Indian patents. In view of the amendments, the Custom Authorities will not detain products/goods which infringe patents or initiate appropriate proceedings under the 2007 IPE Rules, even if a patent owner had already given a notice to Customs under clause 3 of the Rules as the definition of 'Right Holder' no longer includes a patent owner.³

B. Similarly, through another recent notification 57/2018, the government amended Notification 51/2010 which prohibited the import of patented product and process on the grounds of public interest.

² Clause 6 of the 2007 IPE rules states: "*Prohibition for import of goods infringing intellectual property rights.- After the grant of the registration of the notice by the Commissioner on due examination, the import of allegedly infringing goods into India shall be deemed as prohibited within the meaning of Section 11 of the Customs Act, 1962.*

³ A right holder may give notice in writing to the Commissioner of Customs or any Customs officer authorised in this behalf by the Commissioner, at the port of import of goods infringing intellectual property rights in accordance with the procedures and under the conditions as set out in 2007 IPE Rules. The import of infringing goods may be prohibited only after the notice under clause 3 is "registered" under the 2007 IPE Rules

A right holder is defined as follows under 2007 IPE Rules: "*right holder" means a natural person or a legal entity, which according to the laws in force is to be regarded as the owner of protected intellectual property right, its successors in title, or its duly authorized exclusive licensee as well as an individual, a corporation or an association authorized by any of the aforesaid persons to protect its rights.*

Specifically, the government omitted the following clauses from the notification 51/2010 vide Notification 57/2018:

- (i) clauses (iv) and (v) shall be omitted;
- (ii) in the Explanation, the words, figures and brackets "the Patents Act, 1970 (39 of 1970)," shall be omitted;

The relevant portion of Notification 51/2010 is produced herein below for immediate reference (the portion in bold has now been deleted)

In exercise of the powers conferred by section 11 of the Customs Act, 1962 (52 of 1962), and in supersession of the notification No. 49/2007-Customs (N.T.), of the Government of India, Ministry of Finance, Department of Revenue, Central Board of Excise and Customs, dated the 8th May, 2007 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 333(E), dated the 8th May, 2007, except as respects things done or omitted to be done before such supersession, the Central Government, being satisfied that it is necessary in the public interest so to do, for the purposes specified in clauses (n) and (u) of sub-section (2) of that section, hereby prohibits the import of the following goods intended for sale or use in India, subject to following conditions and procedures as specified in the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007, namely:-

.....

- iv. the product made or produced beyond the limits of India for which a patent is in force under the Patents Act,1970 (39 of 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(39 of 1970);***
- v. the product obtained directly by the process made or produced beyond the limits of India where patent for such process is in force under the Patents Act,1970 (39 of 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 (39 of 1970);

*Explanation- For the purposes of this notification, the terms and expressions used in various clauses of the notification shall have the meanings assigned to them in the respective Acts, namely, the Trade Marks Act, 1999(47 of 1999), the Designs Act, 2000(16 of 2000), **the Patents Act, 1970 (39 of 1970)**, the Geographical Indications of Goods (Registration and Protection) Act, 1999 (48 of 1999) and the Copyright Act, 1957 (14 of 1957).*

(portion in bold has now been deleted)

Please note that the Notification 51/2010 is subject to conditions and procedure mentioned in the 2007 IPE Rules (please see the underlined portion above) and therefore aforesaid two rules, i.e. 2007 IPE Rules and Notification 51/2010 supplements each other. With the recent amendments in both the aforesaid notifications, the Custom Authorities have been released of the duty to scrutinize patent infringement either on the ground of public interest or on notice from the right holder. The enforcement of patent rights at the border is now only possible through order of the Court whereby specific injunction to import infringing products is granted. Thus, even if the Custom Authorities have information of a product which may be infringing a patent, they have no procedure established to withhold the same from clearance on their own.

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