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Fortifying Borders: The Role of Border Security Measures in Enforcing Intellectual Property Rights

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In modern times, international exchanges of pirated works and counterfeit goods have grown tremendously and are causing great loss to the rights of the owner and the state. Hence, conventional customs laws require strengthening. Likewise, intellectual property rights (IPR) concerning copyrights, patents, and trademarks need replacement or modification of existing rules or other rules. These measures would improve the effectiveness of the existing constitution to assist authorities in controlling illegal transactions across borders. This paper examines the enforcement of IPR and its circumvention under the customs regime and IPR laws. In this paper, the history of the remedies available to the corporate body in seeking relief under the IPR Laws and the remedy of the Customs Act and other jurisdictions, including the relevant provisions under TRIPS, which are the core of this study, are explored. Further, the remedies under IPR laws and IPR customs laws are examined. It would be relevant at this stage to make references to international provisions, particularly intelligent property provisions under TRIPS between the two parties, for signing the deal. There is also a discourse on the newly discussed IPR Customs Rules and the Copyright Bill, which was presented in the Parliament proposing changes on the subject of the provisions in the Copyright Act.

Keywords: *ipr, counterfeit goods, trips, border security.*

INTRODUCTION

Legal measures in any courtroom reinforce the strength of the holders of IPR, but where international trade, with the movement of goods across country borders, is concerned, an efficient means of addressing such issues would be the barring of such goods from the country or the seizure of such goods. In the recent past, the Government of India has made modifications to the Customs Act, 1962,¹ and has also made the IPR (Imported Goods) Enforcement Rules subordinate legislation 2007 to strengthen the existing legal provisions on IPR as well as customs laws. Apart from the remedies under the IPR laws, in the same breath, enforcement through customs authorities enhances the remedy. There is a debate on the recently gazetted Legal Protection of IPR Customs Rules and the Copyright Bill that was introduced in Parliament seeking to repeal parts of the provision under the Copyright Act.

ENFORCEMENT OF IPR

Looking at their privatisation and surveillance practices, two interrelated dimensions of enforcement can be distinguished: border systems and territorial systems.

Territorial Enforcement: The producers, distributors, wholesalers, retailers, and even the customers may be liable for the violation of copyright or trademark by instigating a civil or criminal action in a district or magistrate court with jurisdiction.

Enforcement at Border: Therefore, the borders arrive at what is to be used in the territory and what is in transit, possessing the goods intended for other countries. Customs clearance is permitted in both instances, and such legally required customs procedures incorporate the power of law enforcement to acquire or take such property or possessive items away from owners for potential reasons, such as piracy or counterfeiting Copyrighted and illegally acquired goods may be confiscated or taken back from the rightful owners, or come into possession of customs officials' initiation. International agreements, such as the Paris

¹ Sonia Baldia, 'The Transaction Cost Problem in International Intellectual Property Exchange and Innovation Markets' (2013) 34(1) *Northwestern Journal International Law and Business*
<<https://scholarlycommons.law.northwestern.edu/njilb/vol34/iss1/1/>> accessed 12 November 2024

Convention and the TRIPS Agreement, forbid the confiscation of transshipped goods. In such cases, Indian law empowers customs officers to take any required action.

Enforcement under the Customs Act:² The Government of India, acting under the enabling provision of Section 11 of the Customs Act, can impose restrictions on the importation and exportation of goods of certain specific descriptions if it finds such action necessary. The provision of inter-alia empowers the government to prohibit the import or export of goods for the protection of patents, trademarks, and copyrights.

Enforcement under the Copyright Act: Such powers referred to above are further supported under Section 53 of the Copyright Act³. Under this section, the Registrar of Copyright (ROC), after making such inquiries as he seems appropriate, shall give directions to the effect that copies imported into India of a work that, if made in India, would infringe copyright shall be prohibited from entry into India. The ROC or any other authorised person has, similar to a power under the Customs Act, the right to board any ship or enter any dock or premises where such copies may exist and inspect them. It is also provided that all copies of work in respect of which an order is made barring their import are classified as relevant goods whose import is banned under Section 11 of the Customs Act of 1962. In the case of trademarks, if the chief customs officer seizes the products dossier where ones are believed to present a fraudulent trademark, he may instruct the party willing to import goods or his/her proxy to provide him with any papers in his/her possession regarding the goods and the details regarding the person who submitted the product to the territory of India, as well.

The difference between the ordinary Custom Act, where the customs authorities have the power to take a suo-motu action, is that under the Copyright Act, the action is not commenced unless an application along with the prescribed fee is made to the ROC for an order prohibiting the

² Linjun Cai, 'A Cross-Border E-Commerce Intellectual Property Rights' (2020) 4(1) Journal of Finance Research <https://www.researchgate.net/publication/341743145_A_Cross-Border_E-Commerce_Intellectual_Property_Rights/fulltext/5ed1caf1299bf1c67d27578e/A-Cross-Border-E-Commerce-Intellectual-Property-Rights.pdf> accessed 12 November 2024

³ Copyright Act 1957, s 53

importation of infringing copies of the copyrighted work by the owner or any duly authorised agent.

According to Section 140⁴, the proprietor or a registered licensee of a registered trademark is authorised to retrieve the address concerning the Customs Collector and send notice thereof advising the Customs Collector in a written format that the importation of a specified type of goods should be avoided if their importation contravenes this particular law. In the case of either of the two above situations, the goods would be seized by Section 111(d) of the customs enforcement.

As stated in Section 72⁵, any person who initiates any appeal against the Final Decision of ROC has the right to file an appeal to the Copyright Board within three months of the order or decision made. However, the decision of the Board itself can be appealed to the High Court within three months from the date of the meeting of the DRM Copyright Board.

Filing a suit or taking criminal action about copyright infringement by the owner against a party infringing copyright does not conflict with the authority provided under Section 53⁶.

JUDICIAL INTERPRETATION

Gramophone Company of India v Virendra Bahadur Panday:⁷ There have been a few documented instances of copyright cases reaching an apex court, but this has been the landmark season for all cases arising under section 53 of all the cases. Only the reported case by the Apex Court is related to this. It focused on the definition of the term 'import' in the Copyright Act. The Court also examined pertinent international treaties on copyright and twinning mechanisms in India and Nepal as conclusions of a positive and effective nature. A plaintiff company had the copyright of some recording sounds the plaintiff has information that some consignment of pre-recorded cassettes from Singapore has been shipped to Calcutta port for delivery to Nepal, which is a country that is surrounded by land. The consignment in question

⁴ Trade Marks Act 1999, s 140

⁵ Copyright Act 1957, s 72

⁶ Copyright Act 1957, s 53

⁷ *Gramophone Company of India v Birendar Bahadur Panday* (1984) SC 667

included pirated substances of phonorecords in which the copyright belonged to the Appellant. With the assistance of the information, the Appellant applied for the assistance of the ROC in Section 53 of the Copyright Act of 1957. The Appellant felt that the action was not pressing due to the Registrar's failure to act swiftly. The Appellant seized the belief that by the time action would be taken, the pirated materials would have found their way across the border. They sought for divorce in the Calcutta High Court. The Order instructed the Registrar to comply with this order immediately by Section 53 of the Copyright Act, following the investigation and hearings of the parties. The Supreme Court elaborated the meaning of the term 'import' and placed the blame on respondents for violating the rights of the appellant. It held the term 'import' in Sections 51⁸ and 53⁹ of the Copyright Act, which means bringing into India from outside India anyway and in all practices here, the term does not only mean the bringing of things for commercial purposes only. The Court further observed that such a theory approaches rather than departures from any tenet of international law and is quite in line with all international treaties and those which are in force between Nepal and India.

GLOBAL PERSPECTIVES OF THE REMEDY

International views on the remedy Protection under the Paris Convention Article of the Paris Convention requires member countries to confiscate products that bear an illegal trademark or trade name, provided that the mark or trade name is protected.¹⁰ As far as the direct or indirect use of misleading indications of origin for goods or the identity of the manufacturer, producer, or merchant is concerned, these measures are equally applicable. It has thus been clarified that 'goods in transit' are not to be seized by the appropriate authorities. A seizure may be ordered by the public prosecutor, other competent bodies, or interested parties.

⁸ Copyright Act 1957, s 51

⁹ Copyright Act 1957, s 53

¹⁰ Mercedes Campi and Marco Dueñas, 'Intellectual property rights, trade agreements, and international trade' (2019) 48(3) Research Policy <<https://www.sciencedirect.com/science/article/abs/pii/S0048733318302294>> accessed 12 November 2024

PROTECTION UNDER WTO/TRIPS

The industries of developed countries, particularly the US, England, and Japan, had to introduce the concept of intellectual property rights IPR in the GATT framework because of inadequate provisions for enforcement of IPR under the Berne and Paris Conventions, weak or non-existent protection in many developing countries, and unusual growth in occurrences of piracy as well as trade in goods bearing counterfeit trademarks. All member countries have to enforce various kinds of civil, criminal, and administrative procedures so that IPR would be protected both within their territories and at the borders where imported goods pass through for trade. Contracting nations must provide comprehensive provisions regarding the stopping of the distribution of products at the entry point to ensure that such products do not enter through special measures called 'Border Measures'.¹¹

Article 51 of the TRIPS Agreement Requires that member countries put into place laws based on border measures that would enable a right holder with reasonable grounds to believe that goods possessing counterfeit trademarks or copyrighted works are about to be imported to be permitted to seek suspension of the free circulation of such goods by customs authorities.

In essence, the other provisions required in TRIPS Articles 57 to 60 are as follows:

- (i) Sufficient proof and product identification According to Article 52
- (ii) Protection or guarantee against misuse Article 53 empowers the customs authorities to demand that an applicant provide a security or similar assurance sufficient to hold the defendant and the proper authorities harmless.
- iii) Suspension duration Article 55 holds that suspended goods would be released if no applicant who has been served the notice informs the customs department within ten working days of the service that a proceeding seeking consideration of the case has been instituted, especially if it has to be instituted in a court and not before the same customs authorities.

¹¹ Lei Yang and Keith E Maskus, 'Intellectual property rights, technology transfer and exports in developing countries' (2009) 90(2) Journal of Development Economics
<<https://ideas.repec.org/a/eee/deveco/v90y2009i2p231-236.html>> accessed 12 November 2024

- iv) Compensation for unlawful non-liability Article 56 states that the customs authority shall have the right to require payment by an applicant to the importer's consignee and owner of the goods for any damage that may have been incurred due to an unlawful detention for the said items.
- v) Scrutinizing the products Article 57 provides that the right holder shall be provided such period as may be reasonable to examine the goods in respect of which the customs officials have attached a lien to be able to substantiate his claim.
- vi) 'Suo motu' projects Article 58 has permitted all the member countries to provide in their national legislation some optional clauses which would permit the customs officers to stop the clearance of the goods for which there is prima facie evidence of infringement of intellectual property rights without an application by the right holder.
- vii) Remediation Action Plan in virtue of Article 59¹² Unless there are special conditions, authorities will not allow the re-export of articles bearing counterfeit trademarks that have not been modified.

INDIA'S RESPONSE TO WTO/TRIPS

In July 2008, the Customs Department used the new Intellectual Property Rights (Imported Goods) Enforcement Rules 2007 to officially seize fake goods for the first time. Two importers, M/s Women World Jewels Pvt Ltd and M/s Impact Enterprises, had brought in a shipment with registered trademarks like Nivea, Dove, Sunsilk and L'Oreal. They weren't allowed to import these items. The Commissioner of Customs found that bringing these goods into India and trying to sell them there without permission from the real manufacturers was a clear violation of intellectual property rights. So, he stopped the importers from bringing in the goods and commanded that the whole shipment be permanently seized. These Enforcement Rules also let

¹² Copyright Act 1957, s 59

the Customs Department impose a fine on the importers for violating rules that protect the real trademark owners.¹³

Recently, India has notified the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007. As per Rule 2(b) of the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007¹⁴, the scope of intellectual property to include patents, designs, and geographical indications together with trademarks and copyrights has expanded. The rights holder, irrespective of whether it is a patent, trademark, copyright, or geographical indication, has to give a notice in writing to the Commissioner of Customs or any officer in a prescribed form along with a fee of Rs 2,000. The registration of notice, if accepted within thirty days. The notice is valid for only one year (Rule 4). A TRIPS compliance, i.e. indemnification of the importer, consignee, and owner of goods by way of executing a bond, is also required. Following these rules, M/s P.S. Grover & Sons lost a shipment with 'L'Oreal' and 'Garnier' products in July 2008 and were fined.

CONCLUSION

Shielding corporate innovations and creative work at the border is very challenging due to the complexities of many national laws, court interpretations, and methods of enforcement. Such complexities, therefore, have to be handled while countries remain by the set laws and international regulations. Eliminating compliance hurdles and significantly reducing the time taken to process patents and trademarks could go a long way in improving the efficiency of the system, and entering into bilateral relationships with countries that already have a good IPR regime can induce the transfer of knowledge. In this way, these steps might help India to build up a suitable IPR environment, bringing it nearer to the world norms. In light of this, it is recommended that the Imported Goods Licensing (Amending and Incorporating) Rules, 2007 be undertaken or a provision of enforcement under the Patria Policies be made. In addition to custom rules and regulations and IPR laws, certain other measures are needed to be undertaken.

¹³ Jake Dubbert et al., 'Using Intellectual Property Data to Measure Cross-border Knowledge Flows' (2019) USPTO Economic Working Paper No 2019-02 <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3386326> accessed 12 November 2024

¹⁴ Intellectual Property Rights (Imported Goods) Enforcement Rules 2007, r 2(b)

A further suggestion in this regard is the constitution of IPR may I add that the IPR would need to ensure piracy is properly tackled as the IPR offices in Customs Houses will directly work under the Ministry and this would make IPR management more effective as IPR Cell would allow for steps to tackle illegal trade swiftly.