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Bharucha & Co.
Intellectual Property Attorneys

Series of brief newsletters released by Bharucha & Co. on latest development of IP predominantly in Pakistan.

CUSTOMS – DETENTION OF INFRINGING GOODS — CHAPTER ON IP RIGHTS ENFORCEMENT – CUSTOMS RULES 2001

Earlier this year the Government of Pakistan with a view to further strengthen border measures amended the Customs Rules, 2001 to incorporate a new Chapter XXVIII titled Enforcement of Intellectual Property Rights (**the Chapter**). The Chapter provides a mechanism for action against import of infringing goods which are brought into Pakistan in violation of the existing IP laws viz. the Copyright Ordinance 1962, the Trade Marks Ordinance 2001, the Patents Ordinance 2000, Registered Designs Ordinance 2000 and Registered Layout-Designs of Integrated Circuits Ordinance 2000 as well as in violation of Section 15 of the Customs Act 1969.

According to copyright law unauthorized reproduction of a work is deemed an infringing copy whereas under the trademarks law the goods or their packaging bearing a mark identical or deceptively similar to the registered mark would constitute infringement. With regards to the patents law, using a patented invention without license or counterfeiting, or imitating it, is construed as infringement. As for the designs law unauthorized copying of a registered design or a part thereof causes infringement and for the law relating to integrated circuits any unauthorized reproduction of the registered layout-design in its entirety or any part thereof, whether by incorporation in an integrated circuit or otherwise would generally constitute infringement. Lastly, as per s.15 of the customs law no goods involving infringement of copyright, layout-design of integrated circuits, designs, patents or trademark, within the meaning of the relevant IP law can be brought into or taken out of Pakistan.

The Chapter is intended to regulate imports only; parallel or grey market imports and *de minimis* imports i.e. small quantities of goods of non-commercial nature contained in the travelers' personal baggage or sent through post or any other means of transmission have been specifically excluded.

According to the procedure, right holders with valid grounds for suspicion that goods being imported into Pakistan are infringing his rights under the copyright or trade marks laws, may make an application at the time of arrival of suspected goods at the notified customs station on the prescribed format to the Director of IPR Enforcement having jurisdiction, requesting for initiating enforcement action against such goods likewise when such goods infringe the provision of patents, designs and integrated circuit layout design laws, the right holder or the collector of customs, as the case may be, shall follow the same course of action as well. The applicant along with the application, is required to submit all prescribed documents such as, certified copy of the registration certificate; copies of national identity card (of individual), national tax certificate, passport and a notarized undertaking on prescribed format indemnifying the custom authorities against all liabilities. The Applicant shall also submit a bank guarantee on prescribed format from a schedule bank (for an amount of Pakistani Rupees five hundred thousand or twenty-five percent of the value of suspected infringing goods whichever is higher for compensation of the losses likely to be suffered by the owner of imported goods due to false application and payment of various expenses during the process such charges incurred on account of investigating, demurrage, detention, warehousing, etc.). The Director, IPR (Enforcement) shall refuse to entertain an incomplete application and inform in writing to the applicant of the reasons for such refusal.



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On receipt of an application, after consulting recordation database maintained by the Intellectual Property Office of Pakistan the Directorate General of IPR Enforcement shall order detention of the suspected goods and notify the applicant and owner of said goods about the same. Thereafter, in the presence of the both parties the detained goods shall be examined jointly by an officer of customs appointed by the Collector having jurisdiction and an officer of the Directorate General of IPR (Enforcement) and if goods are found to be infringing or spurious, the same will be seized by the Directorate General of IPR (Enforcement) and case will be referred to the Collectorate of Customs having jurisdiction for adjudication in accordance with procedure under the Act unless the owner of the infringing goods prior to the seizure gives consent to the Director IPR (Enforcement) that the goods be forfeited in favour of the Federal Government in which case he shall order forfeiture of the infringing goods.

The Chapter also provides mechanism whereby if an officer of the Customs believes that the goods being imported violate the provisions of copyright law, trademarks law or s.15 of the customs law after due process a notice may be issued to the registered proprietor who can initiate enforcement action but if he fails to do so the goods will be released.

Where bank guarantee submitted by the applicant right holder is ordered to be en-cashed it shall be used to pay the expenses incurred by the Customs on account of enforcement action and of demurrage, detention, warehousing, etc. and the remaining balance shall be refunded to the right holder and in case of insufficient bank guarantee, it will be construed as a liability on the applicant.

The infringing goods upon confiscation or forfeiture shall be destroyed however, the Director IPR (Enforcement) or Collector of Customs having jurisdictions shall retain samples of counterfeit and pirated goods prior to their destruction or disposal, for a period of one year or during pendency of litigation or to display the same for informative or training purpose.

