

**Circular No. 13/2012-Customs**

**F. No. 528/21039/08-Cus/ICD**  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

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New Delhi, dated the 8<sup>th</sup> May, 2012

To

All Chief Commissioners of Customs/ Customs (P),  
All Chief Commissioners of Customs & Central Excise,  
All Director Generals/Chief Departmental Representatives (CESTAT),  
All Commissioners of Customs / Customs (P), and  
All Commissioners of Customs & Central Excise.

Sir/Madam,

**Subject: Enforcement of Intellectual Property Rights on imported goods - Clarification on the issue of parallel imports – regarding.**

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I am directed to invite your attention to the Notification No.51/2010-Customs (N.T.) dated 30.6.2010 and Board's Circular No. 41/2007-Customs dated 29.10.2007 prescribing certain conditions and procedures in implementation of Intellectual Property Rights (IPR) such as trade mark, design, patent, geographical indication and copyright under the IPR (Imported Goods) Enforcement Rules, 2007. In this regard, certain representations have been received in the Board from the trade as well as the field formations seeking clarification on the matter of import of original/genuine products (not counterfeit or pirated) which are sold/ acquired legally abroad and imported into the country, by persons other than the intellectual property right holder without permission/authorisation of the IPR holder, which in trade parlance is known as 'parallel imports'.

2.1. It may be recalled that the notification No.51/2010-Customs (N.T.) dated 30.6.2010 prohibits import of goods for sale or use in India, which are covered under specified legal provisions of the following statutes that regulate products with false trade mark, fraudulent or obvious imitation of design, patent obtained without consent, false Geographical indication or product which infringe registered copyright etc.

- (i) Trade Marks Act, 1999
- (ii) Designs Act, 2000
- (iii) Patents Act, 1970
- (iv) Geographical Indications of Goods (Registration and Protection) Act, 1999 and
- (v) Copyright Act, 1957.

2.2. In terms of the legal provisions under the IPR (Imported Goods) Enforcement Rules, 2007 read with notifications and circulars issued in this regard, the determination of the fact that whether particular consignment of imported goods infringes the rights of the IPR holder would be done by the Customs authorities taking into account the provisions of the aforesaid parent Acts.

2.3. It may also be noted that all infringements and consequential offences stated in the aforesaid parent Acts is not limited to import of goods, as the scope of these Acts are wide, *inter alia*, covering enforcement of the legal provisions of these Acts in the country. Hence, it may be noted that the prohibition of imported goods for the purpose of protecting intellectual property rights as specified under Notification No.51/2010-Customs (N.T.), does not relate to all infringements under the parent Acts but only to those imports that infringe the specific provisions of various parent Acts governing IPR, mentioned in the notification No.51/2010-Customs (N.T.).

2.4. To illustrate, in case of the Trade Marks Act, 1999, prohibitions against infringement of trade marks on import of goods intended for sale or use in India, that attract the provisions IPR (Imported Goods) Enforcement Rules, 2007, have been given in para (i) and (ii) of aforesaid notification, viz.:

<!--[if !supportLists]-->(i) <!--[endif]-->imported goods having applied thereto a false trade mark, as specified in section 102 of the Trade Marks Act, 1999 [for para (i)]

<!--[if !supportLists]-->(ii) <!--[endif]-->imported goods having applied thereto any 'false trade description' within the meaning of definition provided in clause (i), in relation to any of the matters connected to description, statement or other indication direct or indirect of the product but not including those specified sub- clauses (ii) and (iii) of clause (za), of sub-section (1) of section 2 of the Trade Marks Act, 1999[for para (ii)].

Thus, the prohibition under the para (i) and (ii) of aforesaid Notification No.51/2010-Customs (NT) would be applicable only when the imported goods fall within the purview of the above referred provisions of Trade Marks Act, 1999.

3. In this context, the issue of permitting import of original/genuine products (not counterfeit or pirated) which are sold/ acquired legally abroad and imported into the country, by persons other than the intellectual property right holder without permission/ authorisation of the IPR holder, known in the trade as 'parallel imports' was referred to the administrative Ministry i.e., Department of Industrial Policy and Promotion (DIP&P), Ministry of Commerce & Industries, seeking their clarification.

4. In this regard, the Department of Industrial Policy and Promotion which is nodal authority for all matters relating to (i) Trade Marks Act, 1999 (ii) Patents Act, 1970 and (iii) Designs Act, 2000 has, *inter alia*, stated that:

(i) Section 107A (b) of the Patents Act, 1970 provides that importation of patented products by any person from a person who is duly authorised under the law to produce and sell or distribute the product shall not be considered as an infringement of patent rights. Hence, in so far as Patents are concerned, Section 107A (b) provides for parallel imports.

(ii) Section 30(3)(b) of the Trade Marks Act, 1999 provides that where the goods bearing a registered Trade Mark are lawfully acquired, further sale or other dealing in such goods by purchaser or by a person claiming to represent him is not considered an infringement by reason only of the goods having been put on the market under the registered Trade Mark by the proprietor or with his consent. However, such goods should not have been materially altered or impaired after they were put in the market.

(iii) In so far as designs are concerned, it is clarified that parallel imports are not allowed as indicated by Section 22 (1)(b) of the Designs Act, 2000.

(iv) As regards geographical indications, it is stated that there are no identical or similar provisions as in Section 107A(b) of Patents Act, 1970 on parallel imports under the Geographical Indications of Goods (Registration and Protection) Act, 1999. The said Act does not address the issue of parallel import at all. Hence, parallel imports are not covered under this Act.

(v) As regards 'copyright' since the clarification is awaited from the nodal authority i.e., Department of Higher Education, the field formations may follow the extant provisions of the Copyright Act, 1957 until further instructions are issued in this regard.

5.1. In view of the above, the field formations are directed to decide cases of import of 'parallel imports' on the basis of aforesaid legal provisions of parent Acts, the provisions of Notification No. 51/2010-Customs(N.T.) dated 30.6.2010 and the clarification given by the administrative Ministry as detailed in para 4 above.

6. The above instructions may be brought to the notice of all concerned immediately and

wide publicity of this circular may given through appropriate Public Notice.

7. Receipt of this Circular may kindly be acknowledged.

(M. Satish Kumar Reddy)  
Director (ICD)

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