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## IP Friends Connections

This Magazine is published as part of the Intellectual Property Cooperation in Human Resource Development Program of the Japan Patent Office.

The aim of this Magazine is to follow up on training programs through the dissemination of information to IP Friends, those who have completed training courses of the above program.

We very much hope that the information in this publication related to intellectual property, and the comments from either IP Friends or lectures, will prove beneficial to you in your work.

# Laws to Control the Import and Export of Counterfeit Goods: India and Japan

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India and Japan both are signatory to various WTO<sup>1</sup> agreements, including TRIPS (Treaty on the Trade-Related aspects of Intellectual Property Rights). TRIPS plays a pivotal role in developing a legal framework for member countries to control counterfeits, and TRIPS members are required to take measures to protect against the cross-border movement of IP- infringing goods.

TRIPS requires its members to adopt procedures for enabling a right holder who has valid grounds for suspecting the possible importation of counterfeit trademarks or pirated copyright goods to lodge an application in writing with competent administrative or judicial authorities—thereby enabling customs authorities to suspend the release of such goods into free circulation. Members may also provide for corresponding procedures by customs authorities concerning the suspension of release with regard to the infringing goods destined for exportation from their territories.<sup>2</sup>

## **Punishment for importing / exporting counterfeit goods in / from Japan and India**

The exportation, importation, and transit of goods infringing Intellectual Property Rights (IPRs) are prohibited in Japan under the Customs Act, 1954.<sup>3</sup> The customs law specifically states that export and import of any goods which violate the trademark rights of any party is prohibited.<sup>4</sup>

Any person who has transported or attempted to transport such goods into/from Japan shall be punished under the Customs Act,<sup>5</sup> and customs authorities are also entitled to seize IP-infringing products.<sup>6</sup>

1 World Trade Organization

2 Article 51 TRIPS Agreement [https://www.wto.org/english/tratop\\_e/trips\\_e/ta\\_docs\\_e/1\\_tripsandconventions\\_e.pdf](https://www.wto.org/english/tratop_e/trips_e/ta_docs_e/1_tripsandconventions_e.pdf)

3 Articles 69-2, 69-11, 30, or 65-3 Customs Act, 1954

4 Article 69-2 (iii) and 69-11 (ix) Customs Act, 1954

5 Article 109, Customs Act, 1954

6 Article 108-4 (4), 109-2(3), Customs Act, 1954

Any person who exports or intends to export, or imports or intends to import, goods that infringe Intellectual Property Rights (IPR) shall be sentenced to imprisonment for not more than 10 years, or a fine of not more than ten million yen (approx. USD 71,263), or both.<sup>7</sup>

The Indian Customs Act, 1962 also prohibits the import or export of goods that infringe the IPRs of any person or entity.<sup>8</sup> The Act also empowers customs authorities to confiscate improperly imported and exported goods, including counterfeits.<sup>9</sup> The maximum imprisonment in India for dealing in counterfeit goods is not as high as Japan. The Indian Trademark Act<sup>10</sup> prescribes imprisonment of six months to three years, and a fine from Rs 50,000 to 200,000 (USD 605 to 2,420) for offences relating to counterfeit goods and trademark infringement.<sup>11</sup>

## Can customs authorities seize counterfeit goods being imported in Japan and India?

The answer is yes both in Japan and India. As stated above, customs authorities can seize suspected infringing goods and inform the IP owners/rights holders. The IP owners can then participate in proceedings upon receiving such notification.

The importation and exportation of counterfeit goods is punishable in Japan under the said law, with an imprisonment for not more than 10 years or a fine of not more than 10 million yen (approx.USD 71,263), or both.

The Indian Customs Act, 1962 empowers the central government to prohibit the import or export of goods for the protection of trademarks.<sup>12</sup> Further, in order to comply with the TRIPs obligations and pursuant to the representations received from trade regarding the border protection measures, India issued notification No 49/2007-Customs, which specifically prohibits inter alia the import of counterfeit goods.<sup>13</sup>

Notification No. 51/2010 - Customs (N. T.), dated 30 June 2010, prohibits the import of goods intended for sale or use in India that are in violation of trademark rights.<sup>14</sup> Under the 1962 Act, customs authorities have the power, on their own initiative, to seize goods or suspend the clearance for imported goods at the border if they suspect that the goods are counterfeit. While Customs Authorities in India may act suo moto, they intervene in most cases only at the request or complaint of the IP rights holders. The Customs notification of the year 2010 prohibits the import of counterfeit goods intended for sale or use in India.<sup>15</sup>

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7 Article 108-4 Customs Act, [https://www.kanzei.or.jp/kanzei\\_law/329AC0000000061.en.html#c10a108\\_4](https://www.kanzei.or.jp/kanzei_law/329AC0000000061.en.html#c10a108_4)  
[https://www.customs.go.jp/mizugiwa/chiteki/pages/d\\_007.htm](https://www.customs.go.jp/mizugiwa/chiteki/pages/d_007.htm)

8 Section 11 of the Indian Customs Act, 1962 empowers the Central Government to prohibit import or export of goods infringing IPR by issuing a notification.

9 Section 111 and 113 of the Indian Customs Act, 1962

10 Section 103 to 108 Trade Marks Act, 1999

11 Under this Act, police officers not below the rank of Deputy Superintendent of Police (DSP) have the power suo moto to take cognizance of offence involving counterfeit goods, and to search and seize without warrant the goods, die, block, machine, plate and other instruments or things, provided that they are required to first obtain the opinion of the Registrar on facts involved in the offence relating to the trademark. The said opinion is mandatorily required to be followed by the DSP. Section 115 of the Trade Marks Act, 1999

12 Section 11 of the Customs Act, 1962 [https://www.indiacode.nic.in/bitstream/123456789/15359/1/the\\_customs\\_act%2C\\_1962.pdf](https://www.indiacode.nic.in/bitstream/123456789/15359/1/the_customs_act%2C_1962.pdf)

13 <http://www.ieport.com/customs/2007/non-tariff/not49.htm>

14 [http://www.ieport.com/2010/customs\\_not\\_nt/not-51.htm](http://www.ieport.com/2010/customs_not_nt/not-51.htm)

15 Notification No.51/2010-Customs (N.T.) dated 30.6.2010

## Can customs authorities seize IP-infringing goods for export to other countries?

The definition of use under the Japanese Trademark Act, 1959 includes both the export and import of goods.<sup>16</sup> Thus, the export of counterfeit goods is punishable in Japan, as detailed above.

While policy lobbying, many rights holders argue that laws in India do not provide for the suspension or seizure of counterfeit goods for export. The Customs Act in India, however, clearly prohibits the export of counterfeit products. Although customs authorities may not have passed detailed notifications regarding the export of counterfeit goods from India, rights holders can apply to customs authorities to suspend the export of counterfeit goods.<sup>17</sup>

It is also pertinent to state that the definition of trademark infringement under the Trade Marks Act, 1999 is such that the “use” of a registered trademark includes both import and export, like in Japan.<sup>18</sup> Thus, counterfeit goods being exported from India are included under the definition of counterfeits.

## Do rights holders or customs authorities require a court decision in order to prevent counterfeiters from importing fakes?

India and Japanese Customs<sup>19</sup> Authorities do not need a court order to prevent the import or export of counterfeit products, and they can act on their own motion. They inform the rights holders about the seizure of the products that are suspected to be counterfeit.

Japanese Customs Authorities notify the IP rights holders and the addressee about the suspected counterfeit items. If the addressee does not respond within the specified time limit, the goods are deemed to be forfeited, and may be destroyed by Japanese Customs.<sup>20</sup>

In India, on the other hand, if the rights holder does not take part in the proceedings despite receiving notice, customs authorities generally release the suspected counterfeit products.

## Is the registration of trademarks at the Trade Marks office mandatory in both countries before recording the Trade Marks at the customs office?

The trademark must be registered with the Japan Patent Office first, and an application made with the customs authorities thereafter.<sup>21</sup>

The procedure in India is the same. In addition to registering trademark rights with the Indian Intellectual Property Office, the rights holders must also register them with the customs office. The Indian Customs IPR Recordation Portal (IPR ICeR) facilitates the process of registering trademarks for IP right holders. In addition, Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 provide for registration procedures regarding notice with the customs authorities by rights holders, the conditions for such registration, etc.<sup>22</sup>

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16 Article 2 (3) of the Japanese Trade Marks Act, 1959

17 Also see <https://pib.gov.in/newsite/PrintRelease.aspx?relid=148266>

18 Section 29 of the Indian Trade Marks Act, 1999

19 <http://www.ariga.co.jp/en/files/html/html-110/index.html?2147483647>

20 <http://www.ariga.co.jp/en/files/html/html-110/index.html?2147483647>

21 [https://www.customs.go.jp/mizugiwa/chiteki/pages/b\\_002\\_e.htm](https://www.customs.go.jp/mizugiwa/chiteki/pages/b_002_e.htm)

22 The said rules are included in the 47/2007-Customs (NT) dated 8 May, 2007.

## Is the import of counterfeit goods for personal use punishable under Indian and Japanese laws?

Counterfeit products cannot be imported into Japan even if they are for personal use only. Any such infringing products are liable to be confiscated by customs authorities. By contrast, Indian law states that no action can be taken against goods of a non-commercial nature contained in personal baggage or sent in small consignments if they are intended for the personal use of the importer.<sup>23</sup>

### Tactics of Bad Actors

Multiple inventive and deceptive techniques are used by counterfeiters to circumvent customs inspections and smuggle counterfeit goods. Customs officials face the ongoing challenge of staying vigilant, and implementing robust inspection methods to detect and seize such illicit products.

Despite various laws and measures taken by the Indian and Japanese governments in their territories, the counterfeiters have found new means and ways to import and export counterfeit goods. Some of the tactics used by bad actors to evade detection by Customs Authorities when attempting to smuggle counterfeit goods are as follows:

- **Covering markings:** Counterfeiters may conceal the fake trademark or logo on the product by using stickers or hidden cases. This masking technique aims to prevent customs from identifying the infringing goods.
- **Hidden goods:** Counterfeiters may fill cases or packages with unrelated items, such as clothes, to hide the actual counterfeit goods that infringe upon a trademark right. By disguising the illicit goods within a legitimate-looking package, they aim to bypass customs inspections.
- **Concealment within packaging:** Counterfeiters may conceal drugs or pharmaceutical items within the outer packaging of another unrelated article. This tactic is employed to deceive customs officers and avoid detection of the illegal substances.
- **Reversing or hiding marks:** Counterfeiters may go as far as turning the outer material of a product, such as trousers, inside out to hide trademarks or other marks that indicate the counterfeit nature of the goods. This tactic aims to make it difficult for Customs Authorities to detect the infringement.<sup>24</sup>

The author would like to sum up by stating that India and Japan have strong laws to prevent and punish counterfeiting. Despite the strong legal framework in India against counterfeiting, however, the quantum of counterfeit goods being exported or imported from/to India is enormous. In the author's opinion, India needs innovative solutions to address the said menace.

Better implementation of existing laws, coordinating actions by customs and police officials, stopping the counterfeit goods at the source, controlling the supply chain, a zero-tolerance policy against counterfeiting, simplifying the legal procedures to counter the ever-increasing impact of counterfeiting, and new technological solutions can help India decrease this evil.<sup>25</sup>

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23 Customs Circular No-41/2007-CUS. Dated 29.10.2007 <http://www.ieport.com/customs/2007/circulars/cir41.htm>

24 [https://www.mof.go.jp/policy/customs\\_tariff/trade/safe\\_society/chiteki/cy2022/ka20230303.pdf](https://www.mof.go.jp/policy/customs_tariff/trade/safe_society/chiteki/cy2022/ka20230303.pdf); [https://www.mof.go.jp/policy/customs\\_tariff/trade/safe\\_society/chiteki/cy2020/ka20210305.pdf](https://www.mof.go.jp/policy/customs_tariff/trade/safe_society/chiteki/cy2020/ka20210305.pdf)

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