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GOVERNMENT OF PAKISTAN
(REVENUE DIVISION)
FEDERAL BOARD OF REVENUE

Islamabad, the 16th March, 2017.

NOTIFICATION
(CUSTOMS)

S.R.O. 170 (I)/2017.- In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Customs Rules, 2001, namely:-

In the aforesaid Rules, after Chapter XXVII, the following new chapter shall be added, namely:-

“CHAPTER XXVIII

Enforcement of Intellectual Property Rights

678. **Application.**— This chapter shall apply to imported goods only and shall not apply to parallel or grey market imports and de-minimis imports.

679. **Definitions.**— (1) In this Chapter, unless there is anything repugnant in the subject or context,—

- (i) "Act" means the "Customs Act, 1969 (IV of 1969);
- (ii) "applicant" means a person, including his duly authorized representative making an application on the form prescribed under these rules;
- (iii) "de-minimis" imports" means and refer to small quantities of goods of non-commercial nature contained in the travelers personal baggage or sent through post or any other means of transmission;
- (iv) "infringing goods" means any goods that are brought into the country in violation of the Copyright Ordinance, 1962 (XXXIV of 1962), the Trade Marks Ordinance, 2001 (XIX of 2001), the Patents Ordinance, 2000 (LXI of 2000), Registered Designs Ordinance, 2000 (XLV of 2000), Registered Layout-Designs of Integrated Circuits Ordinance, 2000 (XLIX of 2000) and section 15 of the Act;
- (v) "intellectual property rights" means the rights protected under the Copyright Ordinance, 1962 (XXXIV of 1962), the Trade Marks Ordinance, 2001 (XIX of 2001), the Patents Ordinance, 2000 (LXI of 2000), Registered Designs Ordinance, 2000 (XLV of 2000), Registered Layout-Designs of Integrated Circuits Ordinance, 2000 (XLIX of 2000) and section 15 of the Act;
- (vi) "intellectual property laws" means the laws specified in the schedule to the intellectual property organization of Pakistan Act, 2012 (XXII of 2012);

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- (vi) "Intellectual property organization of Pakistan" (IPO-Pakistan) means the intellectual property organization of Pakistan established under section 3 of the intellectual property organization of Pakistan Act, 2012 (XXII of 2012);
- (vii) "owner of goods" means an importer, including consignee or his duly authorized representative, who has imported infringing goods;
- (vii) "parallel or grey market imports" are non-counterfeit goods which carry genuine trademarks and are imported into the country without the permission and consent of the right holder or outside his specified distribution system, provided that all other conditions for importation have been complied with under the Act and other relevant laws;
- (viii) "person" means any natural or legal person and includes any association or body of individuals, whether incorporated or not;
- (ix) "recordation database" means the database maintained by the IPO-Pakistan, in respect of the right holders registered with them and is shared with the Directorate General of IPR (Enforcement) in real time; and
- (x) "right holder" means a natural or a legal person, including his successor in title, or duly authorized exclusive licensee as well as an individual, a corporation or an association authorized by any of the said persons to protect their Intellectual property rights.

(2) All other words and expressions used but not defined herein shall have the same meaning as defined in the Act and the intellectual property laws.

680. Application by the right holder for enforcement action.— (1) A right holder who has valid grounds for suspicion that imported goods are infringing his intellectual property rights protected under the Copyright Ordinance, 1962 (XIV of 1962) and the Trade Marks Ordinance, 200 (XIX of 2001), may, at the time of arrival of suspected goods at the notified customs station, make an application on the format set out in Annexure-A to these rules, to the Director, IPR (Enforcement) having jurisdiction, requesting for initiating enforcement action against such goods.

(2) For goods infringing the provisions of the Patents Ordinance, 2000 (LXI of 2000), Registered Designs Ordinance, 2000 (XLV of 2000) and the registered layout-designs of Integrated Circuits Ordinance, 2000 (XLIX of 2000), the right holder or the Collector of Customs, as the case may be, shall follow the same course of action as prescribed under these laws.

(3) The applicant, along with the application, shall submit all prescribed documents as well as a notarized undertaking on the format as set out in Annexure-B to these rules, indemnifying the Customs authorities against all liabilities.

(4) The applicant, at the time of filing an application, shall also submit a bank guarantee on the format as set out in Annexure-C, from a scheduled bank for an amount of Pak Rupees five hundred thousand or twenty-five per cent of the value of suspected infringing goods, whichever is higher, to cover possible compensation for the losses suffered by the owner of goods due to false application, and payment of expenses on account of investigation, warehousing, maintenance, disposal of goods, etc. incurred after detention by Customs.

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(5) The Director, IPR (Enforcement) shall refuse to entertain an incomplete application and inform in writing the applicant of the reasons for such refusal.

681. Action to be taken by the Directorate of IPR (Enforcement).—(1) The Director, IPR (Enforcement), upon receipt of an application from the right holder, shall consult the recordation database, so as to verify particulars of the right holder.

(2) When the right holder has applied for enforcement action in accordance with the provisions of these rules, the Director, IPR (Enforcement), shall order for detention of the goods suspected to be infringing goods and notify the same in writing to the applicant as well as to the owner of the goods, asking them to join the proceedings.

(3) Upon joining the proceedings by both the owner of the goods and the right holder, 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), in presence of both parties.

(4) Upon determination of the fact that the detained goods infringe the Intellectual Property Rights of the Right Holder, such goods shall be seized by the Directorate General of IPR (Enforcement), and the case shall then be forwarded to the concerned Collectorate of Customs having jurisdiction for adjudication, as per the procedure laid down under the Act or judicial authority, as the case may be:

Provided that the owner of the infringing goods may, at any time prior to the seizure thereof, voluntarily give consent in writing to the Director IPR (Enforcement) for the goods being forfeited, in favor of the Federal Government, and upon receipt of such consent, the Director IPR (Enforcement) shall order forfeiture of the infringing goods.

(5) The Director, IPR (Enforcement) to whom an application is made, shall ensure confidentiality of the information contained in the application, unless there is need of disclosure pursuant to any law of the country.

(6) In case a party to a proceeding willfully and without good reason refuses access to or otherwise does not provide necessary information within a reasonable period or significantly impedes a procedure relating to an enforcement action, the officer conducting enforcement action shall have the power to make preliminary and final determinations, affirmative or negative, on the basis of information presented to him including the complaint or the allegation presented by the party adversely affected by the denial of access to information, subject to providing the parties an opportunity to be heard on the allegations or evidence.

682. Action on receipt of information from Customs.—(1) An officer of Customs, having reasonable grounds to believe that the goods infringing the provisions of the Copyright Ordinance, 1962 (XIV of 1962), the Trade Marks Ordinance, 2001 (XIX of 2001) or section 15 of the Act have arrived at the Customs station of his jurisdiction, shall, with the prior approval of the concerned Additional Collector, inform in writing the concerned Directorate of IPR (Enforcement) for taking cognizance in accordance with these rules.

(2) Upon receipt of notice from the officer of Customs intimating about arrival of infringing goods at the Customs station, the Directorate of IPR (Enforcement) shall immediately consult the recordation database to determine as to whether or not, any right holder of infringing goods is registered with IPO-Pakistan.

(3) If the right holder of infringing goods is registered with IPO-Pakistan, the Director, IPR (Enforcement), shall issue him a notice intimating about arrival of infringing

goods at a Customs station and seeking right holder's consent to initiate enforcement action against the infringing goods.

(4) In case the right holder is desirous of initiating enforcement action against infringing goods brought at a Customs station, he shall submit an application along with notarized undertaking and bank guarantee, as prescribed under rule 680.

(5) Upon receipt of notice under sub-rule (4), the Directorate of IPR (Enforcement) shall proceed in accordance with rule 681.

(6) If the right holder does not opt for initiating enforcement action against the infringing goods, the Directorate of IPR (Enforcement) shall allow release of infringing goods and notify the same to the concerned Collectorate of Customs.

683. **Encashment of bank guarantee.**—Where bank guarantee submitted by an applicant under sub-rule (4) of rule 680 has been ordered to be en-cashed, the proceeds thereof shall be used as follows:-

- (a) first to pay the expenses incurred by the Customs on account of enforcement action;
- (b) then to pay the charges incurred on account of demurrage, detention, warehousing, etc.; and
- (c) the balance, if any, shall be refunded to the right holder.

684. **Insufficient security.**—If the bank guarantee submitted by the applicant right holder is not sufficient to meet expenses incurred as a result of the enforcement action taken by Customs under these rules and to cover the expenses as aforesaid, the differential amount shall be construed as a liability on the applicant, which shall be recovered from him under the provisions of section 202 of the Act.

685. **Disposal of infringing goods.**—(1) The infringing goods, upon confiscation or forfeiture shall be destroyed in accordance with the provisions of the Act.

(2) Re-exportation and local sale of counterfeit and pirated goods in any state, whether altered or unaltered or by subjecting them to a different customs procedure shall not be allowed.

(3) The Director IPR (Enforcement) or Collector of Customs having jurisdiction shall retain samples of counterfeit or 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 purposes.

686. **Miscellaneous.**— Notwithstanding anything contained in these rules, the Director, IPR (Enforcement) or the Collector of Customs having jurisdiction may, in exercise of the powers conferred under section 15 of the Act, detain any goods for IPR infringement of health and safety standards.

APPLICATION

Part 1 – Details of person making application: -

Ibearing CNIC No:
 (Full name of signatory in BLOCK LETTERS)
 NTN No
 Right Holder Holding Power of Attorney
 Declare that

 (Full individual /company/business name and address in BLOCK LETTERS).....
 Is/are the Right Holder or authorized attorney or legal representative of the Right Holder.

Part 2a – Details of registered intellectual property right in question: -

<u>IPR Presentation 1</u>	<u>IPR Presentation 2</u>	<u>IPR Presentation 3</u>

IPR (Word/Logo/design) (attach presentation / photo):
 IPR Registration No Date: Class of Goods/services: H.S. Code: Description of Goods /services:

Recordation No: **Date:**(if already recorded)

Part 2b- Past history of recordation: -

1. Do you have any valid Recordation of a Registered IPR other than the current Application?
 Yes: No:
 If yes, then give details of the following: -
 Recordation No. and date (i)
 (ii)
 (iii)

2. Do you have any pending Recordation Application (s)? Yes No
 If yes then, then give details of the following:
 Application No. and date (i)
 (ii)
 (iii)

Part 3 – Description of goods to be covered: -

I request Customs to detain the following type(s) of goods that I have reason to believe is /are counterfeit / pirated /infringing. (Also specify any component parts of Counterfeit / infringing Goods, e.g., buttons, labels, packaging materials etc.)

S. No.	Description of goods	H.S. Code	Import	Origin
1.				
2.				
3.				

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Part 4 – Details of expected movements of suspected counterfeit / pirated / infringing Goods described in part 3 above (where known):

Place of Customs declaration
IGM No
Index No
Goods Declaration (GD) No
Container # :
Date of expected arrival of goods
Means of transport
Importer's details
Value of goods in the container Rs
CIF Value of Counterfeit or Pirated Goods in the container Rs

Part 5 – Details of authorized traders in legitimate goods: -

(i) I/we have authorized anyone to trade in this right. 1. YES 2. NO

If yes, then:

(ii) Only the following companies have my/our authorization to trade in the legitimate produce within or outside Pakistan. (These details are required to avoid unnecessary disruption of legitimate trade).

Sr. No	Name	Address
1		
2		
3		

Part 6-- Details of Importer (if known) of suspected/counterfeit/pirated/infringing goods

I have reasons to believe that the following persons or companies are involved in the importation of counterfeit or pirated or infringing goods.

Sr. No	Name	Address (including contact number and email)
1		
2		
3		

Part 7 Details of suppliers (if known) of suspected/counterfeit/pirated/infringing goods

Sr. No	Name	Address (including contact number and email)
1		
2		
3		

Part 8 Statement of grounds for detention of goods

A statement of grounds for the detention of goods of the counterfeit or pirated or infringing goods with prima facie evidence (attach extra sheet). 1. YES 2. NO

Part 9- Details of mandatory bond/surety for detention of goods:

1 Indemnity Bond (Annex-B) 1. YES 2. NO

Amount: _____ Date: _____

2. Bank Guarantee (Annex-C) 1. YES 2. NO

BG No. _____ Dated _____ Drawn on _____

for the amount of Rs. _____ valid till _____ or later.

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I _____ DECLARE THAT:-

- (a) all the details in this application are true and accurate to the best of my knowledge and belief.
- (b) I have read and understood chapter XXVI of Customs Rules, 2001 and indemnify officers/staff of Directorate General Intellectual Property Rights Enforcement and functionaries of Customs department from any liability arising out of this application.
- (c) I will abide by the provisions of all the legal instruments and application conditions mentioned in the aforesaid rules.
- (d) I have attached the following documents/information:-
 - (i) IPR Registration Certificate (certified copy)
 - (ii) Copy of CNIC
 - (iii) Copy of NTN
 - (iv) Copy of Passport
 - (v) Indemnity Bond (Annex-B) and Bank Guarantee (Annex-C)
 - (vi) Certified copy of Power of Attorney (in case of authorized representative)
 - (vii) Samples/Photos/media (if available)
 - (viii) A statement of the grounds for detention of goods of the counterfeit goods/pirated goods with *prima facie* evidence.

Name (in block letters) _____ **Signatures:** _____

Contact details of the person authorized to interact on this application/right with Customs:

Name: _____

CNIC: _____

Designation(if any): _____

Tel.off: _____

Tel.Mobile: _____

E-Mail: _____

Postal Address: _____

ANY OTHER INSTRUCTIONS OR INFORMATION: _____

ANNEXURE-B
[see rule 680 (3)]

FORM OF INDEMNITY (SURETY) BOND FOR ENFORCEMENT ACTION

(On non-judicial stamp paper of appropriate value)

INDEMNITY BOND No:- _____

DATED: _____

AMOUNT: PKR: _____

VALIDITY: _____

1. THIS DEED OF INDEMNITY MADE AT _____ this _____ day of _____
between _____ having its registered office at _____

(hereinafter called "the Right Holder" which expression shall mean and include the said _____ and its successors and assigns) of the one part AND COLLECTOR OF CUSTOMS, _____, GOVERNMENT OF PAKISTAN.

2. WHEREAS the Right Holders have made an Application to the Collector of Customs/Director (hereinafter referred collectively and severally as Collector of Customs) to pass Detention Order (hereinafter called the Order) in respect of Counterfeit/Pirated Goods and the Collector has required that an indemnity bond for the amount equal to 25% of the Customs value of the goods determined by Customs (hereinafter referred as the indemnity sum) or Pak Rupees 500,000/-, whichever is higher, as well as security in the form of Bank Guarantee as specified in chapter XXVI of Customs Rules, 2001.

3. AND WHEREAS the right holder has executed this indemnity bond agreeing to bind himself/themselves/itself firmly, fully and un-conditionally to the Collector of Customs to pay immediately on demand, the indemnity sum as determined by the Collector of Customs in the event of a decision adverse to the right holder being given by the Customs department an event or vacation of any stay etc. which necessitates said payment to be made, whichever is later.

4. AND WHEREAS the right holders have asked for the Customs assistance in enforcement of their right, the Right Holders indemnify Federal Board of Revenue, Pakistan Customs and its officers from any liability arising out of the Enforcement Action or any inadvertent release of such Counterfeit Goods/Pirated Goods or any other action taken in good faith in respect of such Counterfeit Goods/Pirated Goods.

5. The Right Holders further agree and bind themselves that the amount covered by this bond shall be recovered under section 202 of the Customs Act, 1969.

6. We, the Right Holders, do hereby agree and undertake to make the payment of the indemnity sum of Rs. _____ (Rupees _____) to the Collector of Customs, within the seven days of the issuance of a demand by the said Collector of Customs any other officer authorized by him, without any condition, qualification, reservation, demur or objection or let or hindrance.

7. This indemnity bond is valid up to _____ or the date of full payments to the Collector of Customs, _____ of the amount payable under this bond, and will automatically renew till it is discharged by the Collector.

8. Now the condition of the above written bond is such that if the Right Holder shall immediately, on demand or in the event the decision adverse to the Right Holder being given by the Customs department, or dismissal of writ petition/special leave application or any further order of a competent court of law, whichever is later, pay to the Collector of Customs on demand immediately the full aforesaid indemnity sum of PKR (Rupees _____ Only), then the above written bond shall be discharged, otherwise the same shall remain in full force and virtue and shall automatically renew if such event does not take place within the stipulated period of the bond.

9. That this bond shall remain effective notwithstanding the dissolution of change in the constitution of the Right Holder firm or association of persons or the winding up of the Right Holder's company, or death of the Right Holder, as the case may be.

10. That this guarantee shall remain effective notwithstanding any forbearance of the Collector not to sue or take any other measures for the recovery of the amount of this guarantee or the indemnity sum, or the amount of partial/installment recovery made from the Right Holder and not withstanding that the Collector allows time or permits some other

arrangement for payment to the Right Holder or if the Collector takes any measures to recover the amount payable by the Right Holder.

11. A demand in writing by the Collector shall be deemed to have been duly given to us (the Right Holder) by informing us and sending the same at our given address above and shall be effective notwithstanding any change in the said address and notwithstanding notice of such change to the Collector.

12. We, M/S _____ undertake to make the payment of Rs. _____ (Rupees _____ only) on receipt of demand from the Collector of Customs in this regard, or by an officer authorized by the Collector in this regard, without objection or reservation or any reference to the Right Holder within seven 7 (seven) days of the receipt of demand and in case of delay in payment on any account, with the compensation at the rate of 20% (Bank rate) per annum for the period from the date of expiry of 7 (seven) days to the date when the actual payment is made to the Collector of Customs, _____ account.

13. The bond contained in this Deed is irrevocable, unconditional and unqualified and shall remain in force until the said sum of Rs. _____ (Rupees _____ only) is paid in full irrespective of anything or on any grounds whatsoever.

For and on behalf of:

Accepted for and on behalf of the Collector of Customs,
(Signature of Authorized Officer)

In presence of 1. _____
2. _____

ANNEXURE-C
[see rule 680 (4)]

FORM OF BANK GUARANTEE (SECURITY) FOR ENFORCEMENT ACTION
(On non-judicial stamp paper of appropriate value)

Bank Guarantee No. _____
Dated: _____
Amount: PKR _____
Validity: _____

THIS DEED OF GUARANTEE MADE AT _____ this _____ day of _____ between _____ having its registered office at _____ and one of its branches at _____ (hereinafter called the Bank which expression shall mean and include the said _____ and its successors and assigns) of the one part and COLLECTOR OF CUSTOMS, _____, GOVERNMENT OF PAKISTAN.

2. WHEREAS M/S _____, having resident/registered office _____ (hereinafter called the "Right Holder") which expression shall mean and include the said _____ and its successors and assigns) have made an application to the Collector of Customs/Director (hereinafter referred to as Collector) to pass a Detention Order (hereinafter called the Order) in respect of Counterfeit/Pirated goods and the Collector has required that

an indemnity bond for the amount equal to 25% of the Customs value of the goods determined by Customs (hereinafter referred to as Indemnity sum) OR Pak Rupees 500,000/-, whichever is higher, as well as security in the form of Bank Guarantee, amounting to Rs. _____ (Rupees _____) (henceforth referred to as the Bank Guarantee sum) as specified in chapter XXVI of Customs Rules, 2001.

3. AND WHEREAS the Right Holder has executed an indemnity bond agreeing to bind himself/themselves/itself firmly, fully and un-conditionally to the Collector of Customs to pay immediately on demand, the indemnity sum as determined by the Customs department in the event of a decision adverse to the Right Holder being given by the Customs department or an event or vacation of any stay, etc, that necessitates said payment to be made, whichever is later.

4. AND WHEREAS the Right Holders have requested us to furnish a Bank Guarantee to the sum of Rs. _____ (Rupees _____) in favor of Collector of Customs, _____.

5. We, _____ Bank Ltd, having offices at _____ do hereby agree and undertake to make the payment of the Bank Guarantee sum of Rs. _____ (Rupees) to the Collector of Customs, _____ within seven days of the issuance of a demand by the said Collector of Customs or any officer authorized by him, without any condition, qualification, reservation, demur or objection, or without any reference to the Right Holder. This guarantee is valid up to _____ or the date of full payment to the Collector of Customs, _____ of the amount payable under this guarantee, and will automatically renew till it is discharged by the Collector.

6. NOW THE CONDITION of the above written bond is such that if the Right Holder shall immediately, on demand or in the event the decision adverse to the Right Holder being given by the Customs department, or dismissal of writ petition/special leave application or any further order of a court of law, whichever is earlier, pay to the Collector of Customs on demand immediately the full aforesaid indemnity sum of Rs. _____ (Rupees _____ only) then the above written bond shall be discharged, otherwise the same shall remain in full force and virtue and shall automatically renew if such event does not take place within the stipulated period of the bond.

7. That this guarantee shall be enforceable notwithstanding any change in the name of the bank and its restructuring, amalgamation or merger with any other bank or concern.

8. That this guarantee shall remain effective notwithstanding the dissolution of change in the constitution of the Right Holder firm or association of persons or the winding up of the Right Holder's company, or death of the Right Holder, as the case may be.

9. That this guarantee shall remain effective notwithstanding any forbearance of the Collector not to sue or take any other measures for the recovery of the amount of this guarantee or the indemnity sum, or the amount of partial/installment recovery made from the Right Holder and not withstanding that the Collector allows time or permits some other arrangement for payment to the Right Holder or if the Collector takes any measures to recover the amount payable by the Right Holder.

10. A demand in writing by the Collector shall be deemed to have been duly given to us (the Guarantor) by informing us and sending the same at our given address above and shall be effective notwithstanding any change in the said address and notwithstanding notice of such change to the Collector.

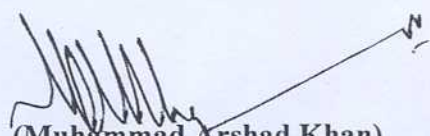
11. _____ Bank Ltd _____ undertake to make the payment of Rs. _____ (Rupees _____ only) on receipt of demand from the Collector of Customs in this regard, or by an officer authorized by the Collector in this regard, without objection or reservation or any reference to the Right Holder within seven 7 (seven) days of the receipt of demand and in case of delay in payment on any account, with the compensation at the rate of 20% (Bank rate) per annum for the period from the date of expiry of 7 (seven) days to the date when the actual payment is made to the Collector of Customs, _____ account.

12. The guarantee contained in this Deed is irrevocable, unconditional and unqualified and shall remain in force until the said sum of Rs. _____ (Rupees _____ only) is paid in full irrespective of any instruction by the importer to the guarantor to withhold payment thereof or on any grounds whatsoever.

Accepted for and on behalf of the Collector of Customs,
(Signature of authorized officer)

In the presence of 1. _____
2. _____”

[C.No.1(15)STO/2016-Vol-I]


(Muhammad Arshad Khan)
Secretary (Law & Procedure)