

Counterfeiting Protection and Enforcement: Overview (India)

by **Gaurav Mukerjee**, Remfry & Sagar

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A Practice Note discussing the civil and criminal claims available against counterfeiters and grey market goods sellers, the border protection mechanisms in India that help identify and prevent the importation of counterfeit and grey market goods, and general anti-counterfeiting strategies intellectual property right (IPR) owners can employ in India.

This Note forms part of a suite that covers global jurisdictions and addresses the measures that IPR owners may take in India to combat the importation and sale of counterfeit and grey market goods.

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Counterfeiting has a destructive impact on international trade and is an enormous drain on the global economy. For intellectual property right (IPR) owners, the growing trade in counterfeit products and online piracy means reduced revenues through loss of business, devaluation of IP assets, and the expense of enforcing IPRs. It is therefore important for IPR owners to take prompt legal action against known counterfeiters and to implement proactive anti-counterfeiting strategies to protect the value of their IPRs.

This Note maps out the key legal frameworks for combating the importation and sale of counterfeit and grey market goods in India. It identifies:

- Civil claims an IPR owner may assert against counterfeiters and grey market goods sellers.
- Relevant crimes and the steps an IPR owner may take to seek prosecution of known counterfeiters.
- Border protection measures available in India to identify and prevent importation of counterfeit and grey market goods.
- Anti-counterfeiting strategies that brand owners should adopt in India.

Counterfeiting in India

The [Trade Marks Act, 1999](#) (Trade Marks Act) and the [Copyright Act, 1957](#) (Copyright Act) are the primary IP statutes that deal with the practices that global practitioners generally refer to as counterfeiting or piracy. However, these statutes do not specifically define the terms **counterfeiting** or **piracy**. Although the [Indian Penal Code, 1860](#) (Penal Code) uses the term counterfeiting, it does so in reference to non-IP crimes (like counterfeiting bank and currency notes).

In India, IPR owners enforce their rights against counterfeit goods under the general laws governing IPR infringement. As is true in other jurisdictions, in practice in India, especially in the domains of trade mark and copyright, counterfeiting differs from conventional infringement in that the counterfeits are presented as coming from the original right owner. Counterfeits have packaging, trade dress, colour schemes, layouts, or other proprietary features that are identical or nearly identical to the original products. The counterfeiter's objective is to deceive customers into believing that they are purchasing original products, leading to unjust monetary profit for the counterfeiter. Counterfeiters rarely claim any rights over the IP of the right holder. By contrast, more typical types of infringement involve the adoption or use of an identical or deceptively similar mark by an entity claiming ownership rights over the IP. Despite these practical differences between counterfeiting and ordinary infringement, as explained further below, there are no legal distinctions (for example, different claims, remedies, or burdens of proof) between the two scenarios.

As used in India, the term counterfeit includes a first or second copy of the original product. A **first copy** means a close copy of the original, while a **second copy** means a copy that is not as close and is more easily identifiable as fake.

According to the Authentication Solution Providers' Association (ASPA), India suffers losses of about USD14 billion per year because of counterfeiting ([Economic Times: Counterfeit products cause over Rs 1-lakh crore loss annually in India: ASPA](#)). Counterfeiting incidents in India reportedly increased by an average of 20% annually between the years 2018 and 2020. Like in the global counterfeiting trade, counterfeiting is prevalent in various industries in India, but the sectors that are most affected are pharmaceutical, tobacco, fast-moving consumer goods (FMCG), packaged goods, currency, and liquor. These sectors make up over 80% of all reported counterfeiting incidents ([ASPA: Press Release: World Anticounterfeiting Day: ASPA releases report – The State of Counterfeiting in India in 2021](#)).

Other values and statistics include:

- An article from 2019 reported that India's counterfeit auto parts industry is valued at USD2.8 billion ([Times of India: Fake spare parts' growth beats auto sales](#)).

- According to the National Crime Records Bureau (NCRB), the seizure of Fake Indian Currency Notes (FICN) rose 190.5% from 2019 to 2020 (*Times of India: 2020 saw 190% rise in seizure of fake currency notes: Nityanand Rai*).
- In April 2020, during the onset of the COVID-19 pandemic and lockdowns, 18,556 bottles of fake liquor were seized (*ASPA: The State of Counterfeiting in India 2021*).
- According to a World Health Organization (WHO) report from 2017, about 10% of medicines and pharmaceuticals sold in low and middle-income countries like India are substandard and falsified (*WHO: 1 in 10 medical products in developing countries is substandard or falsified*).

While counterfeits of many prominent brands are available in India, their market shares differ. In a logical pattern, counterfeiters favour the brands with the highest market share. Products that are simple to manufacture (for example, apparel, auto parts, and FMCGs) are produced and assembled in India, with manufacturing units often operating out of garage-sized premises in congested markets.

The advent of e-commerce has facilitated counterfeit trade. Counterfeit goods have an extensive presence on online platforms, which offer counterfeiters the comfort of anonymity. A survey of 7,000 consumers by a community-based social media platform found that 19% of respondents received a counterfeit product from an e-commerce site in a roughly six-month period. Counterfeiters often target well-known e-commerce websites in India, with reports of 37% of consumers receiving counterfeit products on Snapdeal, 22% on Flipkart, and 20% on Amazon. (*LocalCircles: Counterfeit or fake products on eCommerce sites is a much bigger problem than we thought.*)

Civil Actions Against Counterfeiters

Intellectual Property That May Be Infringed

Counterfeit products are grounds for civil IPR infringement claims. Depending on the nature of the counterfeit goods and the genuine brand owner's intellectual property rights, a counterfeiter may be subject to claims for:

- Trade mark infringement and passing off if the counterfeit products are labelled with registered trademarks. If the mark is unregistered, a claim of passing off is still available.
- Design infringement if the counterfeit goods are identical in design to a registered design.
- Copyright infringement if, for example:
 - the counterfeit product is an unauthorised copy, colourable imitation, or substantial reproduction of a copyrighted work; or
 - if the counterfeit packaging is similar or identical to the genuine product's packaging (where a passing off claim may also be viable).
- Patent infringement if the counterfeit goods incorporate patented technology without a licence.

In the *Commercial Courts Act, 2015* (Commercial Courts Act), India established dedicated courts, benches (judges of a particular court), and appellate benches for adjudicating commercial disputes, a broadly defined term that includes IP disputes. The Commercial Court legislation introduces global practices like case management hearings and targets a six-month window from the first hearing to the close of arguments. Parties can also apply for summary judgment, meaning that the court can arrive at a decision based only on written pleadings. The Commercial Courts Act sets stringent timelines for filing pleadings, disclosure, discovery, interrogatories, and appeals. The Act also addresses legal costs, including penalties for parties who engage in frivolous litigation.

Elements of Possible Claims

Trade Mark Infringement

The owner of a registered trade mark can bring a claim for infringement under the Trade Marks Act. The trade mark owner can file an action for infringement in court to restrain use of a mark that is both:

- Identical or deceptively similar to a registered trade mark.
- Used in relation to goods or services in respect of which the trade mark is registered.

(Section 29(1), Trade Marks Act.)

The trade mark owner does not need to prove instances of actual confusion. The test under the Trade Marks Act is whether there is a likelihood of confusion. When the two marks and the covered goods or services are identical, the court presumes a likelihood of confusion (section 29(3), Trade Marks Act).

If the registered trade mark has a reputation in India, even if the covered goods and services differ, the owner can still bring an infringement claim under the Trade Marks Act if use of the infringing mark is detrimental to the distinctive character and reputation of the registered mark (section 29(4), Trade Marks Act). The Trade Marks Act does not identify a threshold for when a mark is considered to have a reputation. Sections 11(6), (7), (8), and (9) of the Trade Marks Act list factors for the Registrar to consider in determining whether a mark is well-known, and a court can apply those factors in determining whether a mark has a reputation. However, courts are not required to apply the statutory factors and can use their discretion to determine whether a mark is well-known by considering relevant facts.

A trade mark owner can also bring an infringement claim under the Trade Marks Act based on unauthorised use of the mark as part of a trade or corporate name for a business dealing in the same goods or services for which the mark is registered (section 29(5), Trade Marks Act). An infringement claim against a trade name is not possible if the covered goods or services are different.

To help prove a claim for infringement, the trade mark owner can introduce evidence including:

- Its domestic trade mark rights, including registration certificates. Though a trade mark registration is necessary for an infringement claim, the owner of an unregistered mark may assert a claim for passing off (see *Passing Off*).
- Its worldwide trade mark portfolio, supported by registration certificates from prominent jurisdictions. While technically a registration in India is enough for an infringement claim, in practice, a trade mark owner can offer its global portfolio as supporting evidence to show its exclusive claim over the mark. Also, evidence of a worldwide portfolio is relevant to a

common law claim for passing off because this claim is based on both the global and domestic goodwill and reputation of the asserted mark.

- Global and domestic sales figures and promotional or advertising expenses. This evidence is relevant to prove the strength of the owner's claim to the mark, goodwill, and reputation.
- Its websites and social media profiles. Similarly, this evidence is relevant to prove the strength of the owner's claim to the mark, goodwill, and reputation.
- Documentation establishing the infringing activities of the infringer or counterfeiter, for example, evidence of misuse collected through on-site investigations.
- Instances of confusion or deception, if available, among members of the trade and public.

Passing Off

India is a common law jurisdiction where prior use takes precedence over registration of a trade mark. The owner or registered user of a registered trade mark cannot prevent another person's use of an identical or similar trade mark when that person (or their predecessor in title) has continuously used its trade mark in relation to the relevant goods and services since before the use of the registered trade mark or its date of registration (section 34, Trade Marks Act). A **registered user** is a party registered to use the trade mark with the owner's consent under sections 48 and 49 of the Trade Marks Act.

The owner of a registered or unregistered trade mark can bring a common law claim of passing off against a later-used mark by showing three elements known in Indian practice as "the classical trinity":

- The trade mark has established goodwill or a reputation.
- The challenged trade mark is likely to cause deception or confusion.
- Use of the challenged trade mark is causing or has caused damage or loss to the trade mark owner.

An action for passing off is based on reputation and goodwill. Therefore, the plaintiff must have clear documentary evidence in support of the passing off claim. The relevant evidence is similar to the evidence useful in proving infringement (see [Trade Mark Infringement](#)).

If the trade mark owner is using the mark internationally but has not begun using it in India, the owner has a much higher burden of proof. The owner must establish a convincing case regarding international goodwill and reputation of the mark and that this reputation extends into India. In other words, the proprietor must be able to prove sufficient knowledge of its mark in India to show bad faith or possibly inspired adoption by the defendant. The owner can do this by offering, for example:

- Advertisements, articles, press releases, and other publicity from newspapers, magazines, or journals with circulation in India.
- Evidence of the number of hits from India to the right owner's profiles on social media platforms or websites.

- Orders or inquiries from India consumers for the right owner's products or services under the relevant trade mark.

An owner can bring claims for both infringement and passing off in a single lawsuit.

Design Infringement

The *Designs Act, 2000* (Designs Act) provides statutory protection for industrial designs that pass the tests of novelty and originality. Under the Designs Act, registration is required for protection and enforcement of a design in India. Once the design is registered, the owner can bring a civil action for infringement against a misuser in a court of law.

For designs, **piracy** is the statutory term of art used to refer to the act of impermissible use of a party's registered design. Piracy of a registered design occurs when any person other than the registered owner uses or adopts a registered design or fraudulent or obvious imitation of the design for the purpose of sale without the owner's licence or written consent, regardless of whether the article was made in India or imported (section 22, Designs Act). In these cases, the owner usually sues the direct provider of the infringing product, but at times owners have also sued an entity using the infringing product as part of another product.

Regarding determining similarity of designs in an infringement case, the courts in India have held that:

"It is not every resemblance in respect of the same article which would be actionable at the instance of the registered proprietor of the design. The copy must be a fraudulent or obvious imitation. The word 'imitation' does not mean 'duplication' in the sense that the copy complained of need not be an exact replica. The word has been judicially considered but not defined with any degree of certainty."

(Castrol India Ltd. v. Tide Water Oil Co. (I) Ltd., 1996 PTC (16) 202.)

The test for similarity is whether, when judged by the eye, the essential features are the same and present in both products or designs.

In India, it is possible to file a lawsuit for both infringement of a design and passing off (see *Passing Off*). In other words, if any product with features that are a registered design has acquired goodwill and a reputation, the owner can bring a claim for passing off and a design infringement claim.

Copyright Infringement

The Copyright Act governs copyright in India. Copyright subsists in the following classes of works:

- Original literary, dramatic, musical, and artistic works.
- Cinematograph films.
- Sound recordings.

The list above sets out the broad categories of works established in section 13 of the Copyright Act. Section 2 of the Copyright Act further defines these categories. For example, software qualifies as a literary work (section 2(o), Copyright Act), and a photograph qualifies as an artistic work (section 2(c), Copyright Act).

To prove copyright infringement, a copyright owner must show:

- Ownership of the copyright.
- That the defendant committed an act that the Copyright Act makes an exclusive right of the copyright owner.
- That the defendant did the act without the owner's authorisation.

(Section 51, Copyright Act.)

Section 14 sets out the owner's exclusive rights regarding a copyrighted work. Section 52 of the Copyright Act lists acts that do not qualify as infringement, for example fair use and the lawful making of copies. Other sections of the Copyright Act set out moral rights and performer's rights.

A copyright infringement claim can be based on either a domestic or international copyright. A claimant can bring a claim based on their own work or work owned by the claimant originally authored by someone else.

For claims based on a **domestic copyright**, registration in India is not required, though registration serves as prima facie evidence of ownership. If the claim is based on a domestic unregistered copyright, a claimant can offer as evidence either:

- Proof that they published the work.
- A Deed of Assignment in favour of the owner from the work's author, along with supporting documents showing the name, nationality, and address of the original author.

For claims based on an **international copyright**, under provisions regarding international copyright in Chapter IX of the Copyright Act, the Indian Government has passed the *International Copyright Order, 1999*. The order makes the Copyright Act applicable to all works first made or published in a country belonging to the **Berne Convention for the Protection of Literary and Artistic Works (Berne Convention)** or *Universal Copyright Convention* as if they were first made or published in India. However, the term of protection is limited to the term in the country of origin.

Therefore, publication or registration of the work in a country belonging to the Berne Convention or Universal Copyright Convention, without registration in India, may be sufficient to enforce copyright in India. To support a claim for copyright infringement in India, the owner must have documentary evidence establishing authorship or ownership of the work in which the copyright is claimed, for example, a copyright registration in the owner's country.

The evidence to support a claim for copyright infringement is similar to the evidence to support a claim for trade mark infringement (see *Trade Mark Infringement*). Evidence can include:

- Evidence of the ownership of the work.

- International copyright registrations, if applicable, supported by registration certificates from as many countries as possible.
- Domestic copyright registrations, if applicable, supported by registration certificates.
- Worldwide and domestic sales figures and promotional or advertising expenses showing use of the work. This evidence can prove publication or distribution of the work.
- Documentation establishing the infringing activities.

Documentation highlighting the similarity in the works and products or services. Though similarity of products or services is not relevant for some types of works (for example, books or photographs), it is relevant for other types of works, especially when the copyright claim is brought alongside other IPR enforcement claims, for example trade mark and passing off. For example, showing that a counterfeiter has copied the artistic work on the label of a similar product can be helpful in establishing the infringer's intent.

Patent Infringement

The *Patents Act, 1970* (Patents Act) provides only for civil remedies against patent infringement. The scope of protection of rights under a granted patent is statutory, and therefore a patent registration is necessary to support an infringement claim. There is no common law right to enforce a patent application or any other unregistered technology.

The Patents Act does not define the term infringement per se. However, any act that violates the patentee's rights set out in section 48 of the Patents Act constitutes infringement. Under section 48 of the Patents Act, the patentee has an exclusive right to prevent third parties from making, using, offering for sale, selling, or importing for those purposes, the product for which patent is granted, without the patentee's consent. Similarly, where the subject matter of the patent is a process, the patentee has an exclusive right to prevent third parties from using that process, and from using, offering for sale, selling, or importing for those purposes the product obtained directly by that process in India, without the patentee's consent.

If counterfeit goods include patented technology, the patentee or licensee can initiate a patent infringement lawsuit against the entity making, using, offering for sale, selling, or importing the counterfeit product.

The first recommended step is to investigate and get conclusive evidence of the alleged infringement. The patentee should purchase the infringing product from a website or open market and get an invoice. Purchasing the product serves two purposes:

- The invoice or receipt establishes the jurisdiction for filing the proposed infringement suit.
- The patentee can analyse the infringing product and prepare a claim chart to establish that the infringing product falls within the scope of the patent claims.

The patentee can submit expert testimony when appropriate. With the lawsuit, the patentee can also submit screenshots from websites and social media posts advertising the goods.

Consumer Protection and Food and Drug Safety

A consumer can invoke the *Consumer Protection Act, 2019* (Consumer Protection Act) regarding counterfeit goods by filing a complaint in the appropriate consumer court. Only a consumer, not the manufacturer of the goods that were counterfeited, can invoke this law.

Any aggrieved person, including consumer associations, can file a complaint under:

- Sections 17 to 17E of the *Drugs and Cosmetics Act, 1940*, which makes the sale of misbranded and spurious drugs and cosmetics a criminal offence. Because of the dramatic growth in counterfeit drugs, the government has also introduced a whistleblower program with rewards for those providing information on counterfeit products.
- The *Prevention of Food Adulteration Act, 1954*, which regulates food safety and provides harsh penalties for misbranded food products, including life imprisonment for cases of counterfeit products resulting in death.

Potential Defendants

India has a robust IPR enforcement mechanism for actions against infringement and counterfeiting. A right owner can proceed not only against the sellers of the infringing or counterfeit goods but also the manufacturer, packager, and all entities that contribute to the objectionable activity either directly or indirectly.

A plaintiff can claim contributory infringement for all types of IPRs, which imposes liability on a person who is contributing directly to another person's infringement. To date, Indian courts have had only limited discussion of contributory infringement. However, in *Christian Louboutin SAS vs. Nakul Bajaj and Ors., CS (COMM) 344/2018 (2 November 2018)*, the Delhi High Court relied on decisions of the US Supreme Court and other US federal courts.

The High Court clarified the doctrine of contributory trade mark infringement in India by adopting the test set out in *Inwood Laboratories, Inc. vs. Ives Laboratories, Inc.*, 456 U.S. 844 (1982). Under this test, a party is liable for contributory infringement if the party:

- Intentionally induces another to infringe a trade mark.
- Continues to supply its product to a party it knows or has reason to know is engaging in trade mark infringement.

As the above elements show, contributory infringement requires the defendant to know or have reason to know of the primary infringer's wrongful actions. In *Christian Louboutin*, the High Court elaborated on the knowledge requirement by relying on the ruling of the US Federal Court of Appeals in *Tiffany (NJ) Inc. vs. eBay Inc.*, 600 F.3d 93 (2d Cir. 2010). In *Tiffany*, the US Court of Appeals held that eBay was not liable because it did not have more than a general knowledge that infringers were using its services to sell counterfeit goods. Relying on *Tiffany*, the Delhi High Court held in *Christian Louboutin* that a party has sufficient knowledge to be liable for contributory infringement only when:

- The party is aware of the infringing activities.
- The party actively ignores the infringing activities.

Jurisdiction

A party can file infringement proceedings in any District Court and in certain High Courts. Proceedings for infringement cannot be instituted in any court inferior to a District Court. Five High Courts have original jurisdiction and can hear actions regarding IP. Four of these courts, the High Courts of Delhi, Bombay, Calcutta, and Madras, hear the most IP suits, and the High Court of Himachal Pradesh also has original jurisdiction.

A lawsuit, including a suit raising a common law claim, can be filed in the jurisdiction where either:

- The defendant:
 - actually and voluntarily resides;
 - carries on business; or
 - personally works for gain.

- The cause of action, in whole or in part, arises.

(Section 20, *Code of Civil Procedure, 1908* (Code of Civil Procedure).)

Statutory claims for trade mark and copyright infringement (per se) are governed by special jurisdictional provisions in the relevant statutes. These provisions are based on the plaintiff's location rather than the defendant's location as under the Code of Civil Procedure. For these claims, the plaintiff can file a suit where the **plaintiff**:

- Actually and voluntarily resides.
- Carries on business.
- Personally works for gain.

(Section 134, Trade Marks Act; section 62, Copyright Act.)

These provisions give the IPR owner an additional forum to avoid having to sue in a remote location where the infringement took place. However, a court cannot gain jurisdiction over a passing off claim for which it would not otherwise have jurisdiction just because the passing off claim is combined with a trade mark or copyright infringement claim. A suit combining claims for infringement and passing off must be filed in compliance with section 20 of the Code of Civil Procedure.

Available Remedies

The relief available in trade mark infringement, passing off, copyright infringement, and patent infringement suits is similar.

In trade mark infringement, patent infringement, and passing-off suits, available relief includes:

- An injunction, either interim, permanent, or both.
- Either:
 - damages; or
 - an account of profits.
- Delivery up of the infringing goods (or destruction in patent cases).
- Costs.

(Section 135, Trade Marks Act; section 108, Patents Act.)

Similar relief is available in copyright infringement suits (section 55, Copyright Act).

A suit for infringement and passing off involves filing a Statement of Claim (referred to as a *Plaint*) to restrain the defendant from using the relevant protected goods. Along with the *Plaint*, plaintiffs usually file interlocutory applications, for example for an interim injunction or the appointment of Local Commissioners (see [Preliminary Relief](#)).

Available damages are:

- Compensatory damages.
- Punitive damages.
- Exemplary damages.

Courts award damages when finally resolving the proceedings, that is, at final adjudication. Whether a plaintiff is awarded damages and what amount depends largely on the facts and circumstances of each case. Courts primarily consider the actual injury caused to the plaintiff in terms of loss of business and goodwill, which is often difficult to prove. An account of profits is an available remedy, but plaintiffs in India generally do not pursue this remedy because counterfeiters rarely maintain formal accounts of profits.

Indian courts historically have been reluctant to award damages. However, judicial trends are changing. There are increasing instances of courts granting damages in cases involving brazen misconduct by defendants. For instance, in a landmark judgment, the High Court of Bombay in *Nippon Steel & Sumitomo Metal Corporation v. Kishor D Jain & Anr. (COMIP (L) No 383 of 2019)* imposed unprecedented damages equal to about USD670,000 on the defendants, who were found to be counterfeiting the plaintiff's trade mark and goods. Of note, the plaintiff had claimed damages of only about USD67,000. However, considering the defendants' conduct, the court awarded punitive damages in excess of the amounts claimed.

The award of legal costs of proceedings is discretionary and is not common in counterfeiting cases. When courts award costs, they ordinarily are not reflective of the actual costs incurred by the plaintiff.

Given Indian practice regarding damages and costs as discussed above, the main objective of litigation in India should be to restrain the misuse of the IPR. Recovery of damages or costs, if any, is usually incidental.

For design infringement, a plaintiff can obtain an injunction and an award of damages. The court can order the infringer to pay to the design owner INR25,000 per infringement recoverable as a contract debt, though the maximum recoverable sum regarding one design is INR50,000 if the suit is filed in court. Though section 22(2) of the Designs Act by its terms makes the payment of damages mandatory, courts have discretion whether to actually order damages.

The design owner cannot recover damages unless it can show one of the following:

- The owner caused the genuine articles to be properly marked with "REGISTERED," "REGD.," or "RD" and the registration number under section 15(1)(b) of the Designs Act and rule 26 of the *Designs Rules, 2001*.
- The owner shows that they took all proper measures to ensure the marking of the articles.
- The owner shows that the infringement took place after the defendant knew or had received notice of the existence of the design registration.

(Section 22(1), Designs Act.)

Preliminary Relief

Preliminary or interim relief is available to a plaintiff to preserve its position and prevent further infringement of its intellectual property during legal proceedings.

Parties can file with the complaint interlocutory applications for interim relief, for example temporary injunctions and appointment of Local Commissioners (similar to **Anton Piller orders** in Australia or **search orders** in the UK), which allow for the search of premises and seizure of goods without warning.

An interim injunction is a discretionary form of relief. To get an injunction, a plaintiff must:

- Establish a prima facie case.
- Show that the balance of convenience is in its favour.
- Show that it would suffer irreparable injury if the defendant is not restrained.

If the circumstances are compelling, within a few days of filing the lawsuit, the court may grant an ex parte injunction.

The primary objective of an interim injunction is to safeguard the plaintiff against an injury for which it may not be adequately compensated in damages. Courts in India have been proactive in granting ex parte relief in deserving cases. However, in deciding whether to grant an injunction, courts also consider the plaintiff's conduct, for example delay, laches, acquiescence, and whether the dispute is frivolous.

If the plaintiff files an application for appointment of Local Commissioners, the court usually grants the application if it also is granting an ex parte injunction. The court appoints Local Commissioners to visit the defendant's premises to seize objectionable goods or materials. Local Commissioners are officers of the court who, under the court's order, visit the defendant's premises with the plaintiff's representatives. The Commissioners undertake a thorough search of the premises and seize objectionable goods. After inventory, the Commissioners seal the goods seized and give them to the defendant for safe keeping until further court orders of the court.

Because the goods are sealed, the defendant cannot market them, which usually creates the necessary pressure to cause the defendant to abandon the objectionable use. Violation of the sealing order without leave of court is punishable by contempt. If the court enters judgment against the defendant, it usually orders destruction or disposal of the sealed goods in the presence of the plaintiff's representatives. The court can also order other specific disposition of the goods depending on the nature of the goods.

IP cases often conclude if the plaintiff succeeds in the interim stage of the proceedings. Success in the interim proceedings ensures that the defendant at least temporarily stops the use to which the plaintiff objects, which usually compels the defendant to approach the plaintiff to settle and end the proceedings.

Other Administrative Complaints

An updated version of the Consumer Protection Act came into effect in July 2020, revising legislation from 1986. Under the Consumer Protection Act, a consumer can file a complaint regarding counterfeit goods (see [Consumer Protection and Food and Drug Safety](#)). The new statute also created new bodies, including [Consumer Disputes Redressal Commissions](#) at the district, state, and national levels, to provide a full-fledged consumer complaints and disputes redressal organisation.

On 23 July 2020, the government issued the [Consumer Protection \(E-Commerce\) Rules, 2020](#), which complement the Consumer Protection Act by making online retailers more accountable and their businesses more transparent. These rules also complement existing statutes including the [Companies Act, 2013](#), the [Sale of Goods Act, 1930](#), the [Legal Metrology Act, 2009](#), the [Information Technology Act, 2000](#), and the [Information Technology \(Intermediaries Guidelines\) Rules, 2011](#). The last two of these laws are particularly significant to liability for IP violations in e-commerce.

India is currently considering a draft national e-commerce policy, but the policy is not yet in force. On 24 February 2019, the Department for Promotion of Industry and Internal Trade released the draft policy for stakeholder comments. The draft policy provisions, which as currently written apply to both direct sellers and third-party marketplaces, state that:

- All seller details must be available on the marketplace website for all products.
- Sellers must give an undertaking to the platform about genuineness of their products, and the undertaking must be accessible to consumers.
- Trade mark owners can register on the e-commerce platform and are notified each time a trademarked product is uploaded for sale on the platform. If the owner chooses, the e-commerce platform does not offer the owner's products for sale without previous agreement. As currently written, the policy applies to both new and used goods.
- The owner is notified of all complaints of counterfeiting within 12 hours. If the owner confirms the counterfeiting, the marketplace notifies the seller and takes the listing down unless the seller defends the genuineness of the product. The marketplace must ban sellers who sell counterfeit products for a specified period.

Criminal Actions Against Counterfeiters

In India, the civil and criminal law systems in India are separate. It is unlikely that a criminal conviction for a counterfeiting or piracy offence would affect a civil proceeding initiated by the IP owner, for example by automatically entitling the owner to enhanced damages. However, a conviction in criminal proceedings would have persuasive value as evidence of infringement in civil proceedings.

Criminal Causes of Action

A counterfeiter can be criminally liable for trademark and copyright infringement. However, patent infringement only gives rise to civil liability.

Criminal offences under the Trade Marks Act are:

- Falsification of trade marks, which means making a trade mark without the assent of the mark's owner. **Making** a trade mark is a statutory term of art that includes using the mark in any of the manners described in section 102.
- Falsely applying trade marks, which means applying a trade mark to goods or packaging of goods, without the assent of the mark's owner. Even if the applied mark is deceptively similar to the proper owner's mark, it is still an offence.
- Selling or possessing goods with falsely applied marks.

(Section 102, Trade Marks Act.)

These offences are punishable by imprisonment for a term between six months and three years and a fine of INR50,000 to INR200,000. Penalties are enhanced for repeat offences.

Criminal offences for copyright are:

- Infringing or abetting infringement of a copyright in a work.
- Infringing or abetting infringement of any other right conferred under the Copyright Act.

(Section 63, Copyright Act.)

These offences are punishable by imprisonment for a term between six months and three years and a fine of INR50,000 to INR200,000. Penalties are enhanced for repeat offences. A court can also order delivery of infringing copies to the copyright owner.

Although any trade mark or copyright infringement is a criminal offence, practically speaking, law enforcement agencies do not pursue cases involving non-counterfeit goods (that is, goods bearing not identical but deceptively similar marks). These cases are more commonly addressed by civil action.

Other more general offences under Indian law that may apply to counterfeiting are, for example:

- Cheating, which is the act of deceiving any person, fraudulently or dishonestly (section 415, Penal Code). Cheating is punishable by a term of imprisonment up to seven years and a fine (section 420, Penal Code).
- Violation of the *Intellectual Property Rights (Imported Goods) Enforcement Rules*, adopted in 2007, which give the Customs Authorities authority to deal with the import of counterfeit and pirated goods into India (see *Border Protection Measures*).

Requesting Criminal Prosecution

When assessing whether to pursue criminal action against a counterfeiter in India, the IPR owner should consider:

- The counterfeiter's scale of operations.
- The reach of the counterfeit products.
- The counterfeiter's modes of distribution, that is, whether the counterfeiter is involved in retail or wholesale trade, conducts business online, and so on.
- Whether the counterfeiter is a part of the organised sector, that is, licensed organisations that are registered and pay taxes, or part of India's large unorganised sector, which includes unlicensed or unregistered businesses.
- Whether the counterfeiter has applied for or secured any registration of the IPR at issue.

These factors often work together. For example, a criminal action may prove effective against a licensed business that operates within a limited territory where a single law enforcement authority has jurisdiction. However, for larger counterfeiting actions that are spread across different geographical regions, the police authorities in one region may not have jurisdiction over the entire operation. In these cases, civil actions may provide broader, permanent relief and therefore be preferable to criminal proceedings.

Making decisions regarding a potential criminal enforcement strategy is largely guided by the information available to the IPR owner, including information learned from market surveys, in-depth investigations, search and seizure operations, and civil suits. Owners undertake surveys of suspected markets, areas, and regions to ascertain the availability of the counterfeit goods and identify key players. In practice, ascertaining the source of counterfeits from mere surveys is difficult. Instead, the IPR owner must conduct in-depth investigation of select entities identified during the surveys. Investigations include surveillance and may also require making contacts with distributors or retailers to get information about their counterfeiting sources. Entities that emerge as significantly contributing to counterfeiting activities are selected as targets for criminal enforcement actions.

An IPR owner seeking to initiate criminal proceedings may file a complaint either:

- In the Court of a Magistrate. The owner usually files the complaint against unknown persons, with the objective of the court directing the police to register a case and investigate the activity complained of, including conducting a search and seizure operation.

- With the local police directly. If the police are satisfied that the entity is committing any of the offences, they can carry out a search and seizure operation without a court order. However, in trade mark cases, the local police may require an opinion from the Registrar of Trade Marks that the trade mark is validly registered before proceeding.

The choice to approach a court or the police directly is mainly guided by the jurisdiction where the search and seizure operation is to be conducted. In some jurisdictions, law enforcement agencies are reluctant to conduct operations on their own without a court order. It is often difficult to persuade the police to conduct raids if the IPR owner and counterfeiter have previously exchanged correspondence or if the counterfeiter has applied for registration or secured a registration for the mark or artwork in question.

After the search and seizure operation, the case typically proceeds to a trial against the accused. A trial includes the framing of charges (that is, a finalisation of the offences the prosecutor charges and tries against the accused), examination of witnesses, and arguments. The IPR owner should participate in the trial proceedings, which increases the chance of conviction and deters counterfeiting. However, because the government prosecutes criminal cases, the speed of the prosecution depends on the Public Prosecutor's preparedness and initiative and on the ability of the court to hear the case. The court may have a backlog of pending cases, and cases involving serious crimes get priority.

In India, some criminal prosecutions can be settled through a procedure similar to private prosecution. The procedure, set out in the *Code of Criminal Procedure, 1973*, is called Plea Bargaining. In this procedure, the right owner and the accused can work out a mutually satisfactory disposition, which may include the accused paying compensation to the right owner. If they reach a mutually satisfactory disposition, the court records the disposition and hears argument from the right owner and the accused regarding the punishment, which can include imprisonment (including release on probation), a fine, or both. These sentences are usually significantly lesser than the maximum prescribed punishment and are generally limited to monetary fines in IP matters. If the parties do not reach agreement, the criminal proceedings resume from the stage at which the Plea Bargaining had begun.

Grey Market Goods

The scope of permissible parallel imports has been a subject of debate.

For **trade marks**, India has traditionally followed the principle of international exhaustion of rights and has allowed parallel imports, subject to exceptions, for example when:

- The seller makes an affirmative misrepresentation, for example a misrepresentation regarding the origin of the goods or warranty coverage.
- The condition of the goods has been impaired or altered, for example when:
 - the goods have been defaced by scratching off batch codes or serial numbers through which place of origin can be tracked;
 - the products' appearance has been degraded; or
 - the goods have been materially modified or changed.

- There are physical or material differences between the goods authorised for sale in India and the parallel imports regarding quality, composition, performance or operational characteristics, shelf life, or other factors that are likely to result in consumer confusion or deception or damage to the reputation of the brands and goods.
- The imported goods do not comply with local legal or regulatory requirements or certifications.

In 2012, a single judge of the High Court of Delhi held that India applies the principle of national exhaustion of rights, so the import of genuine products without the IPR owner's consent would be an infringement of the registered mark (*Samsung Electronics Company v. Kapil Wadhwa & Ors.*, C.S. (OS). No. 1155/2011 (7 February 2012)). On appeal, the Division Bench (consisting of two judges) of the High Court of Delhi held that India follows the principle of international exhaustion of rights and the import of products into India that were lawfully acquired after the trade mark owner put them in any market would not constitute infringement (194 (2012) DLT 23). The Division Bench directed the defendants to prominently display in their showrooms a statement that the products were imported from abroad, that the plaintiffs do not give any warranty regarding the goods and do not provide any after-sales service, and that the warranty and after-sales service is provided by the defendants. This case has been appealed to the Supreme Court, where it has remained pending for ten years. For **patents**, the Patents Act expressly recognises the principle of international exhaustion. The import of a patented product into India by any person authorised under the law to produce and sell or distribute the product is not infringement (section 107A(b), Patents Act).

Border Protection Measures

IPR owners can register trade marks, copyrights, and designs on the [website of the Customs Department in India](#) for possible import enforcement.

The *Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007* (IPRER) came into effect on 8 May 2007. The IPRER allow an IPR owner or their representative to file a general or specific customs watch notice to prevent the import of goods infringing intellectual property. The IPR owner must file a separate notice for each IPR, and the IPR must be registered with the appropriate intellectual property office in India.

Recording a Customs watch notice in India is simple. The owner or representative must e-file certain documents (listed below) with the appropriate Customs office and physically file the originals. The IPR owner can file the watch notice in any Customs office, and a watch notice can cover all Customs offices. The filing fee is INR2,000. The maximum term of a Customs watch notice is five years, but the owner can then file a new application.

The required information to record a Customs watch notice is:

- The Indian registration number of the IPR.
- The right owner's Import & Export Code (IEC).
- The relevant countries of origin and destination, including:
 - the countries where the genuine goods are manufactured or produced;
 - the countries of origin of genuine goods;

- the countries of origin from which the counterfeit goods are suspected to be imported, if available; and
- the countries of destination to which the counterfeit goods are suspected to be further exported, if available.

- The names of and details regarding the suspected importers or exporters dealing with the infringing, counterfeit, contraband, or pirated goods, if available.

- The names and IEC of the persons or firms authorised to import and export genuine goods, with Deed of Authorisation to import or export.

- A notarised power of attorney, along with a document proving the authorisation in favour of the person executing the power of attorney.

- Images or physical samples of:
 - genuine goods; and
 - the infringing, counterfeit, contraband, or pirated goods, if available.

- A list of identifiers to distinguish between genuine and infringing or counterfeit goods, if applicable. The IPR owner can conduct in-person training sessions for Customs to inform them about how to distinguish counterfeit from genuine products.

- Bonds, including:
 - an Indemnity Bond, which is a bond that a right holder must file one time to protect Customs against all liabilities and expenses it may incur because of detaining the goods (the right holder must bear these liabilities and expenses); and
 - either a General or Centralised Bond, which provides security regarding seized goods.

A **General Bond** is effectively a commitment to submit bonds in the future to cover specific interdicted goods. The right holder agrees to furnish and execute a proper consignment-specific bond of 110% of the value of the interdicted goods plus an additional 25% security in the form of a bank guarantee or fixed deposit valid until the case is final. These include a self-renewal clause for when Customs determines the estimated value of interdicted goods. In contrast, a **Centralised Bond** is a form of ongoing security in an amount sufficient to cover multiple goods that may be seized over time.

To expedite border enforcement, the IPR owner should engage local counsel to provide on-the-ground assistance to the Customs authorities in interdiction cases to meet the tight timeframes required. There is no bar against the right holder participating in the inspection process. However, because the timelines are strict and short, IPR owners should direct a representative, authorised by a letter of authority or power of attorney, to participate in the examination of interdicted goods and proceedings.

Post-Interdiction Procedure

This chart sets out a brief outline of the post-interdiction procedure.

Stage	Procedure	Approximate Timing
I. Customs notification of interdiction.	Once Customs detains the suspected infringing goods, Customs Officials inform the importer and the right owner (or their authorised representatives) by Speed Post or email of the suspension of customs clearance for the goods and the reasons for the suspension.	Generally, notification by email or speed post is completed within one to five days from the interdiction of goods. Though there is no statutory requirement, IPRER Rule 7(2) states that notification must occur "immediately."
II. Pre-examination of goods. Customs may not allow this every time.	Customs allow the right owner's counsel or authorised representative to inspect the confiscated goods, take photographs, and send them to the right owner.	This pre-examination is conducted before the IPR owner files the bond and security amount, that is, within three days of the date of notification.
III. Joining of proceedings.	To join the proceedings, the right owner must furnish both a consignment-specific bond and a security amount (see the discussion of General and Centralised Bonds in the bulleted list above). The bond depends on whether the owner selected a Centralised or General bond when filing the watch notice.	The consignment-specific bond and security amount must be filed within three days of the notification.
IV. Examination of goods.	Customs and the importer conduct a joint inspection to examine the interdicted goods for genuineness. Customs may provide the IPR owner with samples for examination, testing, and analysis.	The examination must be completed within ten days, which can be extended by another ten days.
V. Post-examination procedure.	If Customs concludes after the examination that the interdicted goods are not genuine, Customs serves a notice to respond (known as a reply) on the importer. After the importer's reply, the IPR owner can request to file a rejoinder to the reply, which Customs has discretion to allow.	Ordinarily, the importer must reply to the notice within 30 days. The adjudicating authority issues its order in four to eight weeks, but this period may be extended depending on the facts and circumstances of the case.
VI. Disposal of infringing goods.	If Customs determines that the interdicted goods infringe the intellectual property rights of the right	The IPR owner has 20 days to communicate their position on the

	owner, the customs official seeks the position of the IPR owner or authorised representative on disposal of the goods. If the IPR owner has no objection, Customs destroys or disposes of the goods. The IPR owner bears the cost of destruction.	proposed mode of disposal, which can be extended.
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Regarding exports of counterfeit goods, there is no provision for centralised surveillance by the Customs authorities to prevent export of infringing or counterfeit goods. The *Customs Act, 1962* does not expressly prohibit these exports, but Customs authorities can seize and confiscate goods being exported contrary to any prohibition under any valid law, so Customs authorities can seize goods that are infringing under the Trade Marks Act, Copyright Act, and other IP laws. Because there is no centralised surveillance law, IPR owners must file specific complaints regarding exports of counterfeit goods with the Customs authority at the relevant ports with all required documents and information.

There is no specific provision in Indian IP laws providing for suspension of goods in transit. Some cases have interpreted goods imported to India for transit through as falling under the category of goods being imported. This reasoning can be extended to all IP categories, so the prohibition on export and import of goods in violation of any law (and any IP law) applies equally to goods in transit. In fact, courts have directed Customs authorities to interdict export consignments containing infringing or counterfeit goods in the few relevant cases.

IPR owners should also note:

- The IPR owner must inform the Customs authority when an IPR's validity expires. The Indian government recently added a requirement that, when filing a watch notice, the right owner must identify any amendment, cancellation, suspension, or revocation of the IPR by any authority, court, or tribunal. After filing the watch notice, the IPR owner must notify Customs of the amendment, cancellation, suspension, or revocation of the IPR by any authority, court, or tribunal within one month.
- When the infringing goods are perishable, the IPR owner must use special care because the suspension of the clearance period lasts only three working days, extendable by four days.
- Non-commercial goods contained in personal baggage or sent in small consignments intended for the importer's personal use are exempt from the IPRER.
- The IPR owner can request that Customs retain samples of infringing goods before destroying them.

Anti-Counterfeiting Strategies

To maintain an effective anti-counterfeiting strategy, IPR owners should, as applicable:

- Identify and prioritise the goods and brands susceptible to counterfeiting.
- Register all available IPRs.

- Use IPR ownership notices and symbols like ®, ™, and © when appropriate.
- Monitor the IPR owner's own supply and distribution chain, ensuring products are only available from authorised shops, and investigating any potential product leaks.
- Use overt features like shape, style, and size to teach customers how to distinguish genuine goods from counterfeit goods, and to make it difficult for counterfeits to be made.
- Use hidden features to enable the IPR owner and regulatory authorities to detect counterfeits. These might include labels printed with invisible ink, holograms, watermarking, RFID tags, and other features that are difficult to detect or copy without specialist knowledge or equipment.
- Retain local counsel experienced in managing anti-counterfeiting campaigns.
- Impose infringement monitoring and reporting requirements on licensees.
- Monitor and audit licensee activities to ensure compliance with licence terms.
- Monitor government agencies responsible for seizures to ensure that counterfeit products are destroyed and not returned to the marketplace.
- Encourage their field or marketing staff to look out for counterfeits. The IPR owner can employ professional investigators to explore leads generated by the field or marketing staff. IPR owners should undertake online monitoring regularly.
- Act timely on leads from investigations of counterfeits. Most counterfeiters are small, low-profile, and unregistered operations that can disappear quickly.
- Have law enforcement authorities conduct regular search and seizure operations as deterrence in the markets. This is especially true for markets popular for counterfeits of the brand in question.
- Lodge Customs watch notices to ensure that counterfeit goods are timely interdicted and do not enter the domestic markets.
- Undertake close, prompt, and transparent monitoring of original equipment manufacturers and other contract manufacturers.
- Set up methods for consumers to report counterfeiting activities.
- Conduct regular consumer awareness programs through advertising campaigns, caution notices, social media, and so on.
- Diligently prosecute violators, as this can go a long way in making the brand unpopular among counterfeiters. **MONITOR, ACT, REPEAT** is an effective mantra.