

Fun IP – Fundamentals of Intellectual Property

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Smashwords Edition

Dedicated To
My Dear Uncle,
Dr. VCS. RAO

About the Author

Dr. Kalyan Kankanala manages the largest new age Intellectual Property Firm, BananalIP Counsels, headquartered at Bangalore, India. In addition to helping clients maximize business value from their intellectual

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Dr. Kalyan has numerous national and international publications to his credit. His books on patent law and IP strategy are extensively cited, and have received international acclaim and recognition among professionals in the field. With an objective of encouraging public debates on critical issues related to IP, Kalyan has embarked upon authoring works of fiction with the central theme of IP and its influence on socially relevant issues.

During the brief periods of time when not actively involved in work, Kalyan buries himself

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Dr. Kalyan's works of fiction

Road Humps and Sidewalks: The Path Less Travelled

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Acknowledgement

My passion to take intellectual property (IP) knowledge to the world is the primary driving force for this book. It is my privilege to acknowledge and thank my friends and colleagues, who have made this book possible. I would like to thank Dr. Vishnu, Vinita, Sandeep and Sharada for taking time out of their busy schedules to review and comment on various portions of my work. I would also like to thank Nishant and SiNApSE team for giving precious inputs and providing information on recent developments.

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[Preface](#)

Intellectual Property (IP) encourages and inspires inventors and creators to exercise their creative faculties for the good of mankind. Inventions such as bulb, wheel, telephone and penicillin have undoubtedly transformed human life in many ways. Until the evolution of modern IP regime, protection of such inventions and creations was not a common phenomenon. The status and power of inventors and creators changed with the evolution of IP systems and their harmonization across the world. Today's IP systems provide appropriate property protection to products of mind and such protection has triggered, as most believe, a new era of intellectual activity. As IP protection grants exclusivity and thereby business advantage and because most intellectual activity requires investment of money, time and effort, the marriage between businesses and intellectuals has assumed high importance.

With the integration of intellectual activity, business and public interest, IP not only became popular but also intricate. India has traditionally been slow to adopt IP systems and it was not until its membership to the World Trade Organisation that IP issues were brought to the forefront. During the last fifteen years, Indian IP Law has seen a sea of change in legislations, judicial interpretations and public perspectives. As it stands today, IP has become an important facet of businesses, research and educational institutions, governmental and non-governmental organisations and also the general public.

In the backdrop of changing intellectual property landscape in India, this book gives an insight into various facets of IP by converging the interests of creators, businesses, government and the common man. Starting with an introduction to the IP system the book deals with specific species of IP individually. After giving an overview of the basic concepts, it expounds various contemporary issues and debates around the concepts. Important IP principles have been explained in the book with simple examples and case studies. In summary, the book narrates the IP story of India by weaving together background information, concepts, cases, experiences and public perception. The story is told by an IP professional through the eyes of a common man.

Chapter 1: Nurturing Genius

A Genius transforms the world by expanding the frontiers of Intellect. Intellectual Property nurtures genius by protecting products of the mind and intellect for the benefit of society. It does so by granting exclusive rights over creative and inventive ideas for a limited period of time. Such exclusive rights are believed to foster creativity and inventive activity by providing social and financial rewards to creators and inventors. As the exclusivity granted by intellectual property lasts only for a limited period of time, the inventions and creations are thereafter freely available for the benefit of the public. Therefore, it can be said that intellectual property promotes creativity and inventive activity for the benefit of the society by nurturing genius.

Nature of Protection

The nature of protection granted by Intellectual Property is generally in the form of exclusive rights for a limited period of time. Exclusive rights mean rights that can be exercised by the holder of Intellectual Property to the exclusion of others. For example, if a person invents a Time Machine and acquires intellectual property protection, he will have the right to prevent others from using the Time Machine.

With the exception of a few forms of intellectual property, whose term is perpetual, the exclusive rights are generally granted for a limited term. Once the term expires, the public will have unrestricted access to the said intellectual property. The term of intellectual property generally varies based on the form of intellectual property and sometimes from country to country. Some forms of intellectual property may require payment of renewal fee at regular intervals to keep it alive during the term.

If any person exercises exclusive rights of the intellectual property owner during the term of protection without permission, he will be liable for IP infringement. The owner of intellectual property can, in such a case, enforce his rights and claim compensation from the infringer. For example, if any person uses the Time Machine without permission of the IP holder, he will be liable for infringement. The intellectual property holder can in such a case claim losses sustained by him or profits gained by the said person as compensation. The IP holder may grant permission to use his Time Machine to another person by giving a license.

Species of Intellectual Property

Intellectual Property is a genus that has many species under it. New species are being consistently recognized and added to the traditional forms of intellectual property. Each form of intellectual property protects a different kind of creation. The nature of protection granted by each form of intellectual property and their term varies from the others. Some of the common forms of intellectual property are patents, copyrights, trademarks, trade secrets and designs.

Some of the common species of intellectual property, the subject matter they protect and the term of protection afforded by them are provided hereunder.

Type of IP-Subject Matter-Term

Patents-Inventions-20 years

Copyrights-Works of Authorship-Life of the author+60 years

Trademarks-Representations in Trade/Business-Perpetual

Geographical Indications-Indications of Origin-Perpetual

Industrial Designs-Aesthetic designs-15 years

Trade Secrets-Any confidential information-Perpetual

Traditional Knowledge-Traditional Knowledge-Perpetual

Integrated Protection

Various species of intellectual property are generally integrated into a single product. Each of the species of intellectual property protects a different facet of creativity in the product. For example, a pen that is sold in the market can have at least five forms of intellectual property in it. The pen as an inventive article can be protected as a patent, the name under which the pen is sold can be protected as a trade mark, the look and feel of the pen can be protected as an industrial design, any literature that accompanies the pen can be protected as a copyright and the composition of the ink may be protected as a trade secret.

Protecting all facets of IP in the pen enables a person to build a strong IP layer around the product. Such an integrated IP strategy will make it difficult for competitors to make similar products and appropriate the IP holder's market share.

Minimum Standards

International agreements and conventions on different forms of intellectual property lay down basic minimum standards that must be followed by member countries. The TRIPS (Trade Related Aspects of Intellectual Property Rights) Agreement, which is one of the WTO (World Trade Organisation) Agreements, is to date the most comprehensive multilateral agreement on intellectual property. The Agreement provides the minimum standards of protection and enforcement for intellectual property to be provided by each member state of WTO. The TRIPs Agreement incorporates standards laid down under other comprehensive international instruments on various forms of intellectual property such as Berne Convention on Copyrights, Paris Convention on Industrial Property and so on.

As a result of the standards laid down by the international instruments, the intellectual property laws across many countries have certain common provisions with respect to protection, rights granted, term, enforcement and other aspects. For example, the rights granted to a patent holder, which include the right to make, use, sell, offer for sale and import and the minimum term of copyright protection, which is life plus fifty years are common across WTO member countries. WTO has about 153 members, which represent about 97 percent of the world population and all these countries follow the basic minimum standards under the TRIPs Agreement.

World Intellectual Property Organisation

The World Intellectual Property Organisation (WIPO) is a specialized agency of United Nations. Formed in 1967, WIPO is headquartered at Geneva. One of its primary objectives is to promote balanced intellectual property protection across the world. WIPO aims to enable

protection of inventions and creations for public benefit and economic development. As of date, WIPO has 185 member states. Initiatives of WIPO has not only harmonized IP activities across the world but also helped countries build capacity and develop workable models.

Value of Intellectual Property

Intellectual Property has assumed very high value in today's knowledge driven economy. The awareness of IP has increased dramatically among Indian people and businesses since 2005 and IP is today highly valued by them. Technology and knowledge driven companies consider IP as an integral part of their business operations and strategy. IP has become crucial for many industries ranging from entertainment to biotechnology. Considering the increasing consumer awareness of IP, it is fast becoming an integral part of product promotion and advertising activities of many companies. Moreover, Intellectual Property creators are today highly regarded and generation of IP is forming part of employee assessment criteria in various sectors.

Value of Intellectual Property is also well recognized by many people in India and IP professionals are today highly respected. Courses on intellectual property are fast becoming part of most graduate and post graduate programs and it is a matter of time before the subject is introduced into syllabus of school education. With the increase in public recognition of IP, the status of inventors and creators in the society has moved up the ladder. Realizing the impact of IP on daily life, the common public is generally involved in most debates and discussions on intellectual property.

Chapter 2: Inventive Step

Great minds invent new ways of life. Inventions such as automobile, telephone, computer and electric bulb have changed the way we live. Through their inventions, inventors make telling contributions towards making life easy and comfortable. Patents, Petty Patents, Plant Varieties and other similar forms of intellectual property encourage inventors to invent by granting exclusive rights over their inventions.

Image: FreeDigitalPhotos.net

Patents

Patents protect inventions by granting rights to inventors. The purpose of the patent system is to promote scientific research and technology for public good. It achieves this objective by granting exclusive rights to inventors over their inventions for a limited period of time. Through the grant of exclusive rights, the law encourages inventors to invent and investors to invest in research and development. The exclusive right enables the inventor to gain monetary benefits from the invention by commercializing or licensing his invention. As a result of the incentive offered by patent law, the inventor is encouraged to create new inventions, which in turn promotes the progress of science and technology. It is a 'Quid pro Quo' or 'give and take' relationship, where an inventor gives his invention to the society and takes exclusive rights over it for a limited period of time after which the invention becomes part of the public domain.

Brief History

Though the first patent law was passed in Venice in 1474, Patent like rights were believed to exist much earlier in Greece. It has been reported that winners of cooking competitions were granted one year exclusive rights over their dish way back in 500 BC. Letter patents were also known to be granted over inventions in England before the Venetian statute. In India, the first patent law was passed in British India in the year 1856. After much legislation in the intervening period, the patent law in force today was enacted in 1970. The 1970 Act has been amended in 1999, 2002 and 2005 to implement the provisions of the TRIPS Agreement and to make other important changes.

Patentism

Patents have today penetrated every walk of life. In fact, most people in India use the term 'patent' interchangeably with 'Intellectual Property'. Patents are used for many purposes ranging from recognition to gaining business advantage and show casing creativity. Patent protection is acquired on all kinds of inventions ranging from complicated technologies to simple techniques. No field has been spared from the clutches of patent protection. All fields such as biotechnology, agriculture, information technology, education and so on have many patents granted.

Many interesting and funny patents have been acquired by enthusiastic inventors. Some interesting patents include method of walking on water, technique of penetrating a wall with folded hands, broad cricket bat to score easily and device to transfer data into the brain. Funny as it gets, patents have been granted over anti-eating mouth cage, umbrella for beer to prevent sun (beerbrella), Smoker's hat to filter smoke, hands free towel carrying system and so on. Patents have today become a part of every walk of life and Patenting is now no longer an activity, it is a phenomenon.

Patentability Requirements

Patentability requirements verify the worthiness of an invention for grant of a patent. The standard patentability requirements are:

- A. Patentable Subject Matter;
- B. Industrial Applicability;
- C. Novelty;
- D. Inventive Step; and
- E. Specification

A patent will be granted only if an invention satisfies all the patentability requirements. The requirements are like filters arranged in succession. An invention must pass through all filters in order to be eligible for patent grant.

Diagram of Kalyan's Patent Filter Model

Grant of a patent is the cumulative effect of all the requirements and non-satisfaction of even one of the requirements will make an invention ineligible for a patent grant.

- A. Patentable Subject Matter

The Patentable Subject Matter requirement lays down the list of subjects that are eligible to get a patent (Eligible subjects) and the list of subjects that are not eligible for a patent (Non-patentable Inventions). In order to satisfy this requirement, an invention should fall within the list of Eligible subjects and outside the list of Non-patentable Inventions. In India, Eligible subjects include products and processes. In other words, an invention should either be a product or a process in order to fall within the list of Eligible subjects. However, the Patents Act provides a long list of Non-patentable Inventions. An invention would not be eligible for a patent, if it is among the list of entries provided in the Non-patentable Inventions.

The list of non-patentable inventions in India has many entries. Inventions that are frivolous or that are against natural laws are not patentable. Furthermore, inventions against public order or morality and prejudicial to life or environment are also not eligible for patent protection. Abstract theories, and scientific principles and discoveries are not patentable subject matter as well. Moreover, plants, animals and their parts are also not patentable in India.

Patent protection is not available for mere discovery of new 'form, property or use' of a known substance. However, if the new form of a known substance has enhanced efficacy, it would be patentable. In the Novartis case, which had drawn great public attention, the Intellectual Property Appellate Board held that Beta Crystalline form of imatinib Mesylate, (commonly called as "Glivec") was not patentable in the light of the fact that Imatinib was a known substance. Novartis, the patent applicant in this case, failed to show enhanced efficacy of Imatinib Mesylate for cancer treatment. After its plea was rejected by the Madras High Court, Novartis has now challenged the constitutional validity of prohibiting patents on new forms of known substances in the Indian Supreme Court.

Medical and Agricultural methods are not eligible for patent grant in India. Though methods of medical treatment such as surgical, therapeutic and diagnostic methods are not patentable, cosmetic methods are patentable. For example, a method of performing heart surgery is not patentable but a method of treating the skin to improve fairness is patentable.

Mathematical Algorithms and Computer Programs per se are not eligible for patent protection. For example, a method of calculating average speed of a train based on distance and time would not be patentable as it is a mathematical method. Computer program by itself is not patentable in India. However, if a computer program is embedded in hardware or produces a technical effect, it is patentable. For example, a computer program for word processing on a general purpose computer would not be patentable but a computer program for printing documents using the printer produces a technical effect and hence would be patentable. Similarly, a computer program to send messages from one cell phone to another cell phone is embedded software which would also be patentable.

Mental acts and methods of playing a Game are not patentable. For example, a method of playing chess would not be patentable. Patent protection is also not available for traditional knowledge, which is the knowledge that has been in existence among a community since a long time and was being passed from generation to generation. For example, the use of turmeric to heal wounds would not be patentable as it forms part of traditional knowledge. However, if an invention is developed based on traditional knowledge, such an invention might be patentable. For example, an ointment for curing muscle and bone injuries containing active ingredients from the leaf of a plant, whose paste is traditionally used for topical application in case of muscle injuries, would be patentable subject matter.

B. Industrial Application

An invention should be industrially applicable or capable of industrial application in order to be patentable in India. An invention is capable of Industrial application if it is capable of being made or used in an Industry. An invention would satisfy this requirement, if it can be made any number of times and can be used for at least one purpose in any industry.

C. Novelty

An invention will be patentable only if it is novel or new in the light of prior art or is not anticipated by the prior art. Prior art includes all information and knowledge relating to the invention that was available on the date of patent application. Novelty is always ascertained in the light of a single prior art reference and various prior art references cannot be combined. In order to negate novelty of an invention, all elements of an invention must be present in a single prior art reference. For example, if a publication provides details of a chair made of wood and if a person 'A' files for a patent over an invention comprising of a wooden chair with wheels, the invention would be novel in the light of the prior art reference because all elements of the invention are not present in the publication.

The following circumstances will negate novelty of an invention:

- Prior publication of the invention in any document;
- Public Knowledge and Public use of the invention before the date of patent application;
- Sale or offer for sale of the invention before the date of patent filing;
- Public Display of the invention before the filing date of the patent; and
- Public working of the invention before patent application date.

A grace period of twelve months is available in case of publication in the proceedings of a learned society, public display in a government recognized exhibition or public working for reasonable trial. For example, if a Road Roller is worked in the public for testing its functionality, such working will not negate novelty of the invention for twelve months from the date of public working.

D. Inventive step

Inventive step, also referred to as Non-obviousness, is the most toughest and ambiguous patentability requirement. Inventive Step is a feature of an invention that involves technical advance as compared to the existing knowledge or economic significance or both and that makes the invention not obvious to a person skilled in the art. Unlike in novelty, inventive step or non-obviousness is assessed based on combined prior art. Under the requirement, an invention must not be obvious to a skilled person in a field based on combined prior art. A person with ordinary skill in the art is a ghostly person, who is deemed to have experience or expertise in the field to which an invention belongs.

There are many subjective questions to be answered for determination of inventive step such as 'when technical advance is said to exist?', 'how to combine prior art?', 'who is a person with skill in the art?' and 'what is state of the art?'. General principles cannot be framed for these questions and decisions are made on a case by case basis. Considering the ambiguities inherent in the determination, this requirement is referred by scholars as meta-physics of meta-physics.

Example: The example hereunder provides an understanding of the application of novelty and inventive step requirements to an invention.

X invents a door knob made of clay and porcelain, which could be used in very low or high temperatures without deformation and was cheaper than existing knobs. The prior art relating to the knob includes:

- a. Door knobs made of metal, which were being sold and used extensively; and
- b. Kitchen utensils made of clay and porcelain.

Brief Analysis

On comparing the invention, which is a door knob made of clay and porcelain, with prior art references independently, it can be noted that neither of the prior art references have all elements of the invention. Therefore, the invention will be considered to be novel.

With respect to inventive step, X's invention can be said to have economic significance because the door knobs are cheaper than the existing metallic ones. Furthermore, the invention can also be considered to have technical advance because the use of clay and porcelain instead of metal makes the utility of knobs more effective and efficient in adverse weather conditions (Very cold or very hot weather).

Coming to non-obviousness, the first prior art reference cites door knobs made of metal and the other prior art reference deals with utensils made of clay and porcelain. As utensils made of clay and porcelain were being extensively used, a person with ordinary skill in the art in the field would definitely think about clay and porcelain as substitutes for metal for countering distortion at high or low temperatures. Therefore, it can be said that combining elements in the prior art references to make door knobs of clay and porcelain does not require any exercise of inventive faculty. Thus, it can be concluded that the invention lacks inventive step.

E. Specification

To obtain a patent, the applicant must file a patent application containing a specification. The object of the specification is to provide complete information to the public about the invention and the mode of carrying it out and to define the boundaries of the invention that must not be trespassed by the public during the validity of the patent. The specification should contain a written description of the invention and of the manner and process of making and using it. The written description may contain drawings where and when required to clearly describe the invention. A model or sample may have to be submitted, if the patent office requires such a model or sample as an illustration of the invention. However, such a model or sample will not form part of the specification. If the invention involves biological materials, the biological materials may be deposited at a recognized depository in order to describe the invention and such materials would form part of the specification.

The specification should enable the invention, which means it must fully and particularly describe the invention and its operation or use and the method by which it is to be performed. It must describe the embodiment of the invention claimed in each of the claims. The description of the invention must be so clear that any person in the field can carry it out and no further experimentation must be required to practice the invention. The specification must also disclose the best method of performing the invention which is known to the applicant at the time of filing the patent application.

Furthermore, the specification must end with a claim or claims defining the scope of the invention for which protection is claimed. The function of the claims is to define the scope of the invention claimed in the patent application. Claims in a specification should relate to a single invention and should be clear and succinct. The claims must mark out with adequate distinctiveness, the boundary of the territory of the invention sought to be protected. The principle idea in the invention must be presented in the claims and must not be left for general review of the specification. All claims in the patent should be supported by the matter provided in the written description of the specification.

Patent Process

The process of acquiring a patent starts with patent filing. In order to acquire a patent grant, a patent application must be filed at the relevant patent office. In India, there are four patent offices located at Delhi, Mumbai, Kolkata and Chennai covering North, South, East and West regions. The application must be accompanied with a patent specification. The application may be accompanied by either a provisional or complete specification. While a complete specification has all details of the invention, a provisional specification generally has only generic details of the invention. Provisional specification is generally filed when an invention has been conceived but additional time is required to reduce it to practice or perfect it. A complete specification must be filed within twelve (12) months from the date of provisional specification filing.

On filing, an application number will be issued to the applicant. The applicant must thereafter file a request for examination within forty eight (48) months. Once the request for examination is filed, the patent office will examine the application for patent eligibility. A patent will be allowed to be granted if all requirements for patentability are satisfied. Else, the application will be refused. The applicant must convince the patent office about the value of the invention for patent grant within twelve (12) months from the date of first examination report from the patent office. On refusal of an application, the applicant may file an appeal to the Intellectual Property Appellate Board (IPAB).

A patent application will be published within eighteen (18) months of the date of filing of patent application. An applicant may also request for an early publication, if he so desires. The rights of a patent will begin from the date of publication but a suit can be filed only after it is granted. On publication of the patent application, any person can file an opposition to grant of the patent. Such an opposition may also be filed after the patent is granted and before the expiry of twelve (12) months from the date of patent grant. Opposition may be filed on grounds such as non-satisfaction of patentability requirements, wrongful obtainment, and submission of false information and so on. Once an opposition is filed, the patent office will hear the parties and make a decision based on merits of the opposition. An opposition filed before grant of a patent is called pre-grant opposition and that filed after patent grant is called post-grant opposition.

Patent Term

The term of a patent is twenty (20) years from the date of patent application. In order to keep the patent alive during the patent term, renewal fee must be paid every year after patent grant. The fee payable increases as the patent grows older. Non-payment of the fee will result in lapse of the patent.

Patent Infringement

Once a patent is granted, the patent holder gets the exclusive right to make, use, sell, offer

for sale and import the patented invention. Though the rights start from the date of publication of patent application, a suit for enforcement of the rights can be filed only after patent grant. District Court is the appropriate court for filing an infringement suit.

The rights of a patent holder are limited to the territory of patent grant. So, if a patent is granted in India, the patent rights are valid only in India.

Patent infringement exists if any person exercises the rights of the patent holder within the territory of patent grant without permission. One of the most important steps in assessing patent infringement is verifying if a product or process in question falls within the scope of a patented invention. The claims in a patent define the metes and bounds of the invention that has been patented. Therefore, in order to be infringing, a product or process in question must fall within the scope of at least one claim in the patent.

So, the first step for assessing infringement is to understand the scope of a claim, which is also referred to as claim construction. Once the Construction of a claim is done by identifying elements in a claim and understanding the meaning and scope of each element, the next step is to check if the elements are present in the product or process in question, literally or by equivalence. If all elements are present, the product or process is said to be infringing, else it is not infringing.

For example, if a claim reads as, "I claim a ceiling fan comprising of a base connected to a solid rod, which in turn is connected to a rotor with three wings." The elements of the claim are, base, solid rod, rotor and three wings. If a product in question has all the said elements, it would be literally infringing. However, if the product has a hollow rod instead of a solid rod, it would not be literally infringing but may be infringing by equivalence. The question now is whether hollow rod is equivalent to that of solid rod. Two common tests that are followed to make this assessment are function-way-result test and obviousness test. As per the first test, if the hollow rod performs substantially the same function, in the same way to produce the same result as the solid rod, it would be equivalent and therefore infringing. Under the obviousness test, the product would be infringing if it would be obvious to a person skilled in the field to replace a solid rod with a hollow rod.

Defences

Defences are actions that will enable a person to defend himself from patent infringement. Certain activities such as research, education and use of a patented invention for acquiring drug approval, are exempt from the scope of patent infringement. Government use is also a valid defence to patent infringement. Furthermore, once a patented invention is sold, the rights of the patent holder are exhausted with respect to the said product. This is referred to as patent exhaustion and is a valid defence to infringement.

Remedies

On proving patent infringement, a person will be eligible for remedies such as injunction, damages and costs. Injunction is an order given by the Court against a party in an infringement suit asking the party to act or to restrain from acting in a particular manner. Injunctions are generally granted by Courts based on equitable principles. The Court can grant either a temporary and/or a permanent injunction in an infringement suit.

The patent holder might choose any one among damages or account of profits after succeeding in an infringement suit. Damages are the loss sustained by the patent holder because

of infringer's activities and Account of profits includes the money made by the infringer through infringement activities. Furthermore, on succeeding in an infringement suit, the patent holder can also claim the costs incurred by him in the suit.

Patent Wars

The patent wars in and out of courts in India largely revolve around pharmaceutical patent issues. With innovator companies, which are primarily Multi-National Corporations (MNCs) on one side and Generic companies, mostly Indian companies, on the other side, the result is not a rosy picture for patent holders. In most cases, patent holding companies have tried or are trying to enforce their patents against generic drug makers and sellers in vain. Public interest, which is linked with affordability of drugs, has enabled generic companies ride the wave so far. MNCs like Novartis, Roche and Bayer have failed to get favourable orders from Indian courts in cases against generic companies like Cipla and Natco.

Amidst strong opinions of public interest groups fighting affordable treatment for AIDS, Cancer and so on, Novartis is fighting a case for broader interpretation of patentability for drugs and the Indian government is negotiating Free Trade Agreements with Europe and other countries, where the patent holders are stronger. The war can be summarized as the classic conflict between public interest through patents versus public interest through access.

The silver lining in the story of wars is the litigation between Bajaj and TVS. The patent holder in the case, Bajaj, managed to get an injunction for a while with respect to its twin spark plug patent. This is of course not pharmaceuticals and therefore, patent public interest prevailed. The story may probably have a different end for non-pharma inventions. The trend will only be known after a few cases are concluded.

Petty Patents

Petty patents protect incremental inventions or improvements. They are also referred to as Utility Models, Minor Patents or Innovation Patents in different countries. Petty patents protect small inventions by applying standards much lower than that of patents. Petty patent protection is generally granted if an invention is novel. Non obviousness is normally not used as a criterion for assessing petty patent grant. For example, an improvement to the pattern on the grip of a cricket bat is an improvement that would be subject of a petty patent. Such an invention would not be able to qualify for patent grant as it may not satisfy the non-obviousness requirement.

More than eighty countries have petty patent or utility model protection. The term of such protection generally varies between five to fifteen years. The rights granted are similar to those under patents. As of date, India does not have petty patent or utility model protection but the government is now contemplating about introducing such a protection.

Plant Varieties

Plant Variety law affords protection to inventions relating to new varieties of plants. The objective of the plant variety protection law is to promote development of new plant varieties. It provides protection in the form of exclusive rights over new plant varieties for a limited period of time to plant breeders in order to encourage them to develop new varieties through research. The law also protects farmers for conserving, improving and making the plant genetic resources available for development of new varieties of plants.

A plant variety will be eligible for protection if it is novel, distinct, uniform and stable. In

addition, the plant variety must also be given a denomination, which identifies the variety and is not scandalous.

The term of protection for plant varieties is 18 years from the date of registration for trees and vines and fifteen years for other varieties. The initial protection after registration lasts for 9 years for trees and vines and 6 years for other varieties. To maintain registration for the full period, the owner of the plant variety has to file for renewal of registration.

Chapter 3: Modicum of Creativity

Creative thought and expression is the essence of life and culture. Every work of creative expression enriches our culture and adds flavour to life. The creations of great men like Leonardo Da Vinci, Shakespeare, Raja Ravi Verma, Vishnu Sharma and so on not only influence human behaviour but are also rich sources of knowledge and culture. The value of creativity to mankind is boundless and creators have always found a special place in the society.

Image: nicubunu

Copyrights

A copyright protects creative works of authors, such as writers, artists, photographers, directors and music composers. It affords protection by granting exclusive rights over their works for a limited term. For example, if a person writes a drama on freedom struggle, he will get copyright protection over his work for his life time and sixty years after his death. Once the term of copyright expires, the work falls into the public domain and will be free for use and enjoyment of the public. The objective of copyright law is to promote creativity through grant of exclusive rights. It is believed that exclusive rights provide social and economic incentives for authors to create original works for the benefit of society.

Copyrights form an important facet of many contemporary businesses. They are the core of businesses in many fields such as publishing, entertainment, television, software and animation. Apart from their value for businesses, copyrights are also an integral part of every person's life. Creation and use of content is a daily affair for many people. Availability of advanced gadgets and tools such as cameras, softwares, recorders and so on has enabled easy creation of copyrightable content by an individual. The emergence of digital media and internet has made copyrighted content easily accessible and distributable and created new challenges for its protection.

In response to evolution in technology, Copyright laws are being consistently modified in many ways to meet the challenges posed by technology development. Businesses have been developing innovative models to safeguard their interests in the light of fast changing technology landscape. Open source and creative commons movements, which believe in free access to works of authorship and are opposed to restrictions on access to such works, have come into existence in response to stringent copyright laws and limitative business practices. Proponents of these philosophies use copyright protection as a tool to further their interests of making copyrighted content freely available.

Idea-Expression

Copyright protects ideas expressed on a tangible form. Ideas by themselves do not get any protection; only expressions of ideas are protected. In order to get copyright protection, an expression must be on a tangible form such as a paper, canvas or tape. Expression in electronic form is also considered to be a tangible form of expression. So, a poem written or drawing made on the computer is considered as a tangible form of expression.

Multiple expressions of a single idea are copyrightable. For example: If three people draw the picture of Mother Teresa standing amongst slum dwellers in three different ways, all of them can get copyright protection over their specific expression. And no one person can claim copyright over the idea of a painting of Mother Teresa among slum dwellers.

Idea/Expression Spectrum

A copyright protects only the expression and not the idea underlying such expression. It is difficult to draw the line between an idea and its expression. Courts have been struggling to determine where an idea ends and where its expression begins. In the spectrum of ideas and expressions, the expression domain is generally larger in case of a work requiring more creativity. In other words, as the extent of creativity required for a work increases, the domain of ideas decreases. For example, a musical work is said to require more creativity than a literary work and therefore, its spectrum of expression would be larger than that of a literary work. Having said that, the extent of creativity required for a work is subjective and a hotly contested issue.

Facts and Processes

Facts fall within the realm of ideas and are therefore, not protectable under the copyright law. However, expression of facts in a particular manner is protectable. For example, a news report on a cricket match is copyrightable but the protection does not extend to the facts of the match such as scores or proceedings.

Processes and methods also fall within the scope of ideas and are not protectable. For example, the copyright protection over an article explaining the process of making laddus does not extend to the process and is limited to the expression of the process. In other words, the copyright holder cannot stop others from using the process to make laddus. Moreover, an article on a machine does not extend protection to the machine. Products and processes are subject matter of patent protection and are not protectable under copyright law.

Works in Public Domain

Once the term of copyright expires, a work enters the public domain. All works in the public domain are free for public use and are considered to be within the realm of ideas. For example, the epic 'Ramayana' is in the public domain and any person can express the story in his own way and get copyright protection over his expression.

Merger

Copyright protection is not available when an idea merges with its expression. An idea is said to merge with its expression if the idea can be expressed in only one way. For example, different locations on a map can be represented only where they are physically present in reality and no one can claim copyright protection over representation of where they are present on the map. In such a case, the idea of locations on a map merges with their expression. However, the way in which the said locations are presented may be subject of a copyright. For example, the

colour and shape in which each location is shown may be protected as a copyright.

Subject Matter

Copyright protects expressions in the form of literary, dramatic, artistic, musical or cinematographic works and sound recordings. Computer programs are considered as literary works and paintings, engravings, sculptures, drawings and so on fall within the scope of artistic works. Cinematographic works and sound recordings put together different types of works and are given independent copyright protection. The protection granted to such works are independent of the works that constitute them and copyright protection in the constituent works is not diluted.

For instance, a sound recording of a song includes lyrics, which is a literary work and musical composition, which is a musical work. A person making the sound recording gets protection over the sound recording and the lyricist and music composer continue to hold copyright protection in their works that form part of the sound recording. Copyright protection also extends to a compilation for the selection and arrangement of data in the compilation.

Originality

Copyright protection extends to works that are original. A work is said to be original, if it is independently created. So, as long as a person creates a work all by himself without copying from any other work, the work is said to be original.

Modicum of Creativity

A work must have modicum of creativity in order to be eligible for copyright protection. Modicum of creativity means a minimal amount of creativity. The standards for creativity are very low and most works easily satisfy this criterion. To elucidate the extent of creativity required, making a telephone directory in alphabetical order is not said to be creative but grouping people based on their interests and hobbies is considered to be creative. As it can be seen, the extent of creativity required under copyright law is minimal.

Rights of Copyright Holder

Copyright grants a bundle of rights to the copyright owner. All rights granted by a copyright are exclusive rights, which mean that no person can exercise such rights without copyright owner's permission. The rights granted may vary based on the kind of work. The basic rights granted by a copyright include the right to reproduce, adapt, translate, distribute, public communication and public performance.

Right to Reproduce

The right to reproduce enables the copyright owner to prevent others from making copies of his work. For example, if Vishnu writes and publishes a book on gastro enterology, no one can make copies of that book without permission from Vishnu. Photocopying is considered as reproducing the book. Furthermore, copying a file by electronic means such as from the internet or a compact disc to the computer is considered as reproduction.

Right to Distribute

A copyright owner gets the exclusive right to give, transfer or convey copies of his work to another person. For example, If Vini writes a storybook for children, no one can make copies and give them to children without Vini's permission. Sending a file over the internet or from a cell

phone is considered as distribution.

Right to Adapt and translate

Adaptation means converting a work into a different form or using the work on a different platform. The right of adaptation is the exclusive right of the copyright owner and no one can adapt his work without permission. For example, If Sandeep wants to make a movie based on a detective novel written by Nishant, Sandeep has to take Nishant's permission for such an adaptation. Modification of a software made for an operating system to work on another operating system is considered as adaptation.

Moreover, the copyright owner also has the right to prevent others from translating his work without permission. For example, if Supriya wishes to translate Sandeep's novel into a different language, she has to take Sandeep's approval. Converting a software from one programming language to another language is considered as translation.

Right to Modify

A copyright owner gets the right to make improvements or modify his work. For example, If Nitin makes a black and white painting of Krishna, no one else can paint colours on it without Nitin's permission. Once permission is given, the person making the improvement can get copyright over such improvement.

Right of Public Communication and Public Performance

Making a work available to the public to see or hear or displaying a work in the public is included in the right of communication to the public. For example, if Sarthak sculpts a statue, it can be displayed at a public place only with his permission. Moreover, a copyright owner also has the right to publicly perform his work and no one can exercise such a right without his permission. For example, if Som wants to sing a song written by Vikram, he has to take Vikram's permission.

Related Rights

Related rights or Neighbouring Rights are rights granted to broadcasters, performers and so on and are similar to rights granted to an author under the copyright law. The nature of these rights is similar to the rights granted to authors and is therefore referred to as related rights.

Performer's Rights

Performer's rights are rights granted to performers such as actors, singers, musicians, dancers and so on. A performer gets exclusive rights, which include the right to broadcast the performance, record the performance and communicate the performance to public. No one can make an audio or visual recording of a performance without the permission of the performer. Furthermore, the performance of the performer cannot be broadcast live by any one unless it is permitted by the performer. For example, if a recording company wants to make a sound recording of a song, it has to take the permission of the singer and the musician in addition to lyricist and music composer. Furthermore, if a television channel wishes to broadcast a live telecast of a dance, the dancer's permission is required. However, if a performance is incorporated in a movie, the performer will have no control over such performance with respect to the movie.

Broadcaster's rights

The rights given to a person, who broadcasts a program, are referred to as broadcaster's rights. A broadcaster gets the rights to rebroadcast and record the broadcast. No person can make a visual or audio recording of a broadcast without the permission of the broadcaster. Furthermore, no one can rebroadcast a program for viewing the broadcast. For example, if a TV channel wishes to rebroadcast a cricket match, they have to take the permission of the TV channel that delivered the live broadcast. No person can make a video recording of a live cricket match unless it is for private purposes.

Permitted uses

A performance or a broadcast can be used for private purposes or for research or education. Furthermore, news reporting, review or any other fair use of a performance or a broadcast is permitted. For example, if a person records a performance of Rock star Madhav for private viewing, it would not amount to violation of Madhav's performer rights. Similarly, re-broadcasting parts of a cricket match for news reporting is also permitted.

Moral Rights

Moral rights are special rights granted to the author of a work, which continue to vest with the author even after transfer of copyrights. The moral rights of the author are the right of paternity and the right of integrity. Under the right of paternity, an author has the right to claim authorship of his work even after the copyright is transferred. The author's right however, does not extend to the manner of attribution of authorship. For example, an author of a painting cannot claim that his name must be written on a specific location on the painting. Having said that, manner of giving credits forms a part of most copyright contracts with authors.

The right to integrity enables the author to prevent distortion, mutilation or modification of his work in a manner that affects his honour or reputation. For example, if a statue made by a sculptor is sold to a company, which breaks the head and puts the company's logo in its place, it would amount to violation of the right of integrity of the sculptor. This right can be exercised by the legal representatives of the author as well.

Term

The term of copyright varies from work to work. Copyright term for different works is provided in the table below:

Term of Copyright

Nature of workTerm

LiteraryLife time of the author + 60 years

DramaticLife time of the author + 60 years

MusicalLife time of the author + 60 years

ArtisticLife time of the author + 60 years

Photographs60 years from the date of publication

Cinematographic films60 years from the date of publication

Sound recordings60 years from the date of publication

Government work60 years from the date of publication

Work by International organisations 60 years from the date of publication

Anonymous/pseudonymous works 60 years from the date of publication

Performer's rights 50 years

Broadcaster's rights 25 years

In the case of a work of joint authorship, the term will be calculated from the date of death of the last author.

Registration

Copyright protection does not require registration. It commences from the time the work is created. However, registration of a copyright provides certain advantages. One of the most important advantages is that it gives rise to presumption of ownership of the copyright. In other words, if a copyright is registered, the registrant will be presumed to be the owner by a court. Some countries like USA require registration as a pre-requisite for filing a law suit. In India, the copyright office, which is responsible for registering copyrights, is located at Delhi. An appeal against the decision of the copyright office can be filed before the Copyright Board.

Copyright Infringement and Piracy

Use of a copyrighted work without permission is referred to as copyright infringement or piracy. A person would be liable for copyright infringement if he exercises any of the exclusive rights of the copyright owner with respect to a work without permission. For example, if Vinod makes copies of photographs taken by Anjali without taking her permission, he would be liable for copyright infringement. Copyright infringement will give rise to both civil and criminal liability. The appropriate forum for filing an infringement suit is the District Court. Criminal proceedings can be initiated in any court presided by a judge not inferior to a Metropolitan Magistrate or a Judicial Magistrate of the first class.

A work will infringe a copyright, if it is identical or substantially similar to the copyrighted work. Substantial similarity is assessed based on similarity between copyrightable elements. Courts employ various tests to assess substantial similarity, the most popular among them are, look and feel test and abstraction-filtration-comparison test. The first test verifies if the look and feel of both works is substantially similar and the second test assesses if the copyrightable elements in a work have been substantially copied. For example, while assessing if a painting of Christ made by Chaitanya has been copied, the look and feel approach will verify if the painting in question is similar to that of Chaitanya's painting and the abstraction-filtration-comparison test will filter the copyrightable elements of the painting and check if they have been copied.

Fair Use

The use of a copyrighted work in a manner that amounts to fair dealing is exempted from copyright infringement. Many uses have been recognized under the law as fair dealing. Research and educational use of a work is considered as fair use. Furthermore, using a work for review and criticism is also considered as fair dealing. Parody is viewed as criticism and therefore, a valid defence for infringement. For example, making a spoof of the movie, 'Sholay', would be a parody free from copyright violation.

Likewise, using a work for news reporting is also a valid exemption. To avail of the said exemption, the work must be the subject of the news and logically fit into the news report. For example, if a news channel shows many Aamir Khan's movie clips while discussing about his charitable activities, such a usage would not be considered as fair use as the clips do not form the subject matter of the news report. Copyrighted works may also be used for purposes of private use without any liability. For example, singing a song at home and recording the same on a cell phone would be considered as fair use.

Moreover, use of a work in college competitions or functions also falls within the scope of fair use. Using short excerpts or passages from articles or books for educational purposes is also permitted. In addition, making copies of software for back up purposes after legally purchasing the software is considered as fair use. By providing exemptions to copyright infringement, the law balances the rights of copyright holders to prevent others from using their works and the right of public to enjoy works in a fair manner.

Remedies

A successful copyright holder in an infringement case can avail of both civil and criminal remedies. Civil remedies available to the copyright holder include injunction, damages, account of profits and costs. Imprisonment, fine and seizure are criminal actions that may be taken against an infringer or potential infringer. Considering the nature of copyright infringement and the extent of piracy, which can cause irreparable loss, other remedies such as John Doe order and Anton Piller order are also available.

John Doe order is an order issued by a court against unknown infringers or potential infringers. Acquiring John Doe orders has off late become a common phenomenon in the Indian film industry. Such orders were acquired against prospective pirates of Bollywood films such as Mere Brother Ki Dulhan, Singham and Bodyguard. The said John Doe orders have allowed producers to send advance notices to movie pirates, which are reported to have reduced piracy substantially.

Another remedy that is commonly sought in copyright cases is Anton Piller order. This is an order given by a court to search and seize important evidence in a case. The search and seizure is generally conducted without warning. Such orders are granted only in special circumstances if prima facie case is very strong in favour of the copyright holder. Anton Piller orders ensure that evidence critical for a case is not lost or destroyed by the infringer. Such orders have been granted in favour of many software companies, such as Microsoft, to conduct raids on potential infringers to collect evidence.

Copyrights and Internet

The evolution of digital media and internet has transformed the world of copyrights in many ways. In addition to making the cost of reproduction virtually zero, the digital environment has made it very easy to distribute content. While the ease of reproduction and distribution of content provides tremendous cost benefits to copyright holders, it also poses unmanageable threats from pirates. The evolution of various modes of communication and sharing content over the internet such as torrents, peer-to-peer file sharing systems and so on have enabled infringers to easily share copyrighted content and has virtually destroyed the rights of the copyright holders on the internet.

Digital rights management systems evolved with the objective of controlling and managing

reproduction and distribution of content on the internet. Security systems of various kinds such as encryption, water marking, finger printing and other advanced technologies are being used to prevent illegal copying and transfer of content. Anti-circumvention laws have evolved to protect circumvention of the security systems that protect copyrighted content. Furthermore, other special laws are being continuously passed and proposed to stop piracy on the internet. These laws provide stringent civil and criminal remedies for online copyright infringement.

With the increase in severity of copyright laws, the contours of the right of fair use, free expression and other basic rights that form the basis of copyright law are continuously changing. Scholars are arguing that narrowing of the scope of fair use, restrictions on free expression and impediments to free access under the new copyright laws are not good for society and progress of creativity sought to be achieved by copyright law. The copyright debates have now gone to a totally different level as competing interests of big corporates and the general public come face to face in virtual environments over the internet. As law makers struggle to balance interests of all parties, the copyright wars seem to never end because technology is always ahead of the law.

Copyright Societies

Copyright Societies are collective administrative societies formed to manage works on behalf of copyright owners. Each of such societies generally manages specific kinds of works and will have the right to license works, collect royalties, file infringement suits and so on. A copyright society will generally collect license royalties on behalf of its members and distribute the royalties to the said members based on the proportion of the usage of their works after deducting an administrative fee. For example, the Indian Performing Rights Society (IPRS) collects public performance royalties on behalf of music composers, lyricists and music publishers and distributes the same to them after deducting administrative expenses. Any person interested in publicly performing a work has to take a license from the society. For example, a radio channel must take a license from IPRS to broadcast songs of members of IPRS.

A copyright society must be registered for specific activities under the copyright law. Generally, only one copyright society is registered for a specific kind of work. For example, IPRS Limited has been registered for musical works, and Phonographic Performance Limited (PPL) for sound recordings. These societies act as the interface and single point of contact between copyright owners and users. They have pre-defined tariff schemes for persons interested in taking a license and a distribution scheme for distributing royalties among members.

Chapter 4: Secret of Success

The secret to success is in the Undisclosed. Many companies rely on non-disclosure to gain business and competitive advantage. While companies strive to maintain secrecy of information that has business value, competitors endeavour to get their hands on such information. Considering the value of secrecy for a business and pressure from competitors, companies adopt more than reasonable measures to keep secrets. The law of trade secrets provides the legal backing for companies to protect secrets and prevent their misappropriation.

Image: Microsoft clipart

Trade Secrets

Trade Secrets form an important part of intellectual property owned by most knowledge driven companies. In fact, patents and other forms of IP is just the tip of the intellectual property iceberg of a company, the rest being trade secrets. Most countries including India do not have legislations protecting trade secrets and the law with respect to their protection emanates from court decisions and a combination of laws. Different terms such as confidential information, proprietary information, undisclosed information and so on are commonly used to refer to trade secrets. Though each of those terms had a specific meaning initially, the differences, as it stands today, have been largely obliterated.

The most known example of a well-guarded trade secret is the formula for Coco Cola. By maintaining the formula as a trade secret, Coco Cola has been able to not only dominate but retain its dominant position in the beverage market for more than hundred years. Like Coca Cola, many companies in food, chemical, manufacturing, electronics, software, textiles and other industries depend on trade secrets for gaining competitive advantage.

Elements of a Trade Secret

A trade secret is any information, that has independent economic value because of not being known to others and for which reasonable measures have been taken to protect its secrecy. Any information such as business information, scientific information, technical information, customer information and financial information can qualify as a trade secret if it has the following attributes:

- a. Independent economic value;
- b. Not generally known;
- c. Not readily ascertainable; and
- d. Reasonable measures have been taken to maintain secrecy.

Independent economic value

To qualify as a trade secret, the information should have independent economic value. That means the information should have commercial or economic value on its own. The information is generally said to have independent economic value if a competitor has to put effort and money to develop the same. For example, the source code of a software for predicting the future will be considered to have independent economic value as a competitor will have to exercise efforts and spend money to develop a similar software. Likewise, a list of prospective clients of a company will have economic value as efforts are required to compile the same and such a list can be sold for a price.

Not generally known

Information will be protected as a trade secret only if it is not generally known. If the information forms a part of the common knowledge and is accessible to any person, such information will not be protectable as a trade secret. For example, the recipe to make masala omelette is very well known and therefore, cannot be a trade secret. On the other hand, the seasoning used for making Kentucky Fried Chicken is not generally known and is eligible for trade secret protection.

Not readily ascertainable

Any information that can be easily ascertained based on known information cannot qualify for trade secret protection. In other words, though the information is not freely available but can be easily understood by reviewing available resources, such information will not be eligible for trade secret protection. For example, a method of making a drug, which can be easily understood by combining information from three books on pharmaceutical processes, is not eligible for trade secret protection.

Reasonable Measures for Secrecy

Reasonable measures to maintain secrecy is the most important element for trade secret protection. Despite its value, information would not be considered to be a trade secret unless reasonable measures are taken to protect its secrecy. A measure is considered to be reasonable if it gives notice of the existence of a secret and mandates or imposes its non-disclosure. While the stringency of a measure would provide a strong basis to prove existence of a trade secret, measures need not be very stringent or unbreakable.

Some measures that have been accepted by courts as reasonable are agreements, notices and security measures.

Agreements

Agreements having confidentiality or non-disclosure clauses have been deemed by courts as reasonable measures. Existence of such an agreement to safe-guard secrecy of information has been accepted by courts as proof of existence of trade secrets. Signing of non-disclosure agreements before information disclosure is a standard business practice and is considered to be a valid step.

Confidentiality Notices

Express notices of confidentiality in combination with other measures and sometimes independently has been accepted as a reasonable measure. Incorporation of a notice stating that the information being accessed is confidential and imposing conditions for its use is a legally valid step to show existence of trade secrets. Such notices complemented by business norms and practices would go a long way in protecting trade secrets. In one instance, even a short confidentiality notice in an email has been held by the court to be a reasonable measure to safeguard the content of the email.

Physical Security

Physical security measures such as access controls, scanners, security cameras, guards to check flow of information and so on are considered as valid measures to show existence of a trade secret. Today, many companies employ policies such as clean desk policy, restricted photocopying, printing on authorization and so on to prevent loss of information. If a physical measure is implemented in a company, it would more often than not be sufficient to show notice and mandate of secrecy. While simple measures are generally sufficient under the law, companies sometimes adopt very stringent measures based on the value of information.

Information security

Today, information security is a very important facet of trade secret protection. Incorporating controls to access information by user name and password, fire walls, encryption

and so on have been recognized by courts as valid reasonable measures. Providing electronic notices, warning messages and so on would also be considered as valid steps.

Despite any conscious measures, courts have sometimes provided relief to trade secret holders based on industry practices and norms. In other words, even if no measure is taken, trade secret protection can be obtained if it can be shown that information would be considered confidential in the context of a specific industry or business norms. Having said that, reliance on practices is a very tricky proposition and may not be considered valid in all circumstances.

Non-compete Agreements

Agreements that restrain an employee from working with a competitor or carrying out a competing business are called Non-compete agreements. Such agreements, when reasonable, are considered to be valid in some countries. However, under the Indian law, Non-compete agreements are valid to a very limited extent because agreements in restraint of trade or employment are considered void under the Indian Contract law.

Non-compete provisions in an employment agreement are generally of two types:

- a. Covenant against competition during the term of the agreement; and
- b. Covenant against competition after the termination of the employment agreement.

Covenants that fall within the term of an employment agreement are considered by courts to be valid. But the non-compete provisions that survive the termination of the employment have been held by courts to be invalid. The reasonableness of the non-compete clause will not make a difference for determining their validity.

In other words, a non-compete clause will not be valid even if there are reasonable restrictions such as term limitation, payment of salary after termination and so on. For example, an agreement prohibiting a software employee from working in another software company or starting a software business is valid during the employment term but not valid after termination of employment. Limiting the non-competition to a specific sector in software will also not make any difference for the validity of such an agreement.

Inevitable Disclosure

Information that becomes part of a person's knowledge or skill, which is necessary for the person's livelihood, can be used by him without liability. This is also called as the doctrine of inevitable disclosure and is well recognized by Indian courts. As per the doctrine, a person will be allowed to disclose or use his knowledge or skill for his livelihood even if it results in disclosure of trade secrets. Trade secrecy cannot trump a person's right to livelihood. For example, if an employee learns techniques of operating a machine that are considered by a company as trade secrets, he cannot be prevented from using such techniques while working with another company that uses the machines.

Misappropriation

Use of a trade secret without the owner's permission, or in a manner not permitted by the owner, amounts to misappropriation. In other words, a person will be liable for misappropriation if he acquires trade secrets of another person by improper means or uses trade secrets in an unauthorized manner.

Acquisition by improper means

Trade secrets are said to be misappropriated if they are acquired by improper means. A means is said to be improper if such means is illegal such as criminal act, breach of contract or trust. Some examples of improper means are theft, bribery, breach of contract, breach of trust, misrepresentation and espionage. For example, if a scientist steals some information from the lab and sells the same to a competitor, he will be liable for misappropriation. Likewise, if a company sends one of its employees to spy on another company's activities and acquires some confidential information, it would be liable for misappropriation.

Use without Consent

A trade secret can be used only with consent of the owner and such usage will be allowed only for the purpose for which use is permitted by the owner. For example, publication of an article with confidential information by a scientist bound by confidentiality agreement without prior permission of the company would amount to misappropriation. Likewise, use of a trade secret for a purpose not permitted would also amount to misappropriation. For example, disclosure of employee information by a human resource manager to credit card agencies would amount to misappropriation.

Derived Information

Information must always be acquired from reliable and legal sources. Acquiring trade secrets from a person, who had acquired them through improper means, with knowledge, amounts to misappropriation. For example, acquiring trade secrets from a clerk, who steals such information from his company, would amount to misappropriation.

Duty of Secrecy

Many relationships are based on trust and faith. Some of such relationships are that of master and servant, principal and agent and husband and wife. Persons in such relationships are under a fiduciary duty to maintain confidentiality of information disclosed or accessible to them. If any such person discloses confidential information or uses it for his benefit, he would be liable for misappropriation. For example, if a servant discloses information about his master's clients to a competitor, he would be liable for misappropriation.

Access by Accident

People stumble upon trade secrets in many circumstances. Such access may be accident, mistake, inadvertent disclosure or any other similar reason. Under such circumstances, if the person acquiring the trade secret discloses the same to another person with knowledge, he would be liable for misappropriation. For example, if a personal assistant over hears the CEO's conversation about a confidential matter and informs the same to a competitor, he would be liable for misappropriation.

Circumstances of Secrecy

Traditionally, many businesses do not have legal instruments in place but maintenance of confidentiality under certain circumstances is well understood by people in the industry. Under such circumstances, if any person appropriates or discloses information that is meant to be confidential, he would be liable for misappropriation. For example, if a lawyer working in a law firm discloses the client list to another firm, he would be liable for misappropriation as it is understood that such information is confidential.

Defences

Independent creation and reverse engineering are two of the basic defences to trade secret misappropriation. A person will not be liable for misappropriation if he independently creates information that is being protected as trade secret. For example, if a company is maintaining a process of hedging investment risks as a trade secret and another company develops the same process based on experience of its financial experts, it cannot be held liable for misappropriation.

Furthermore, identifying a trade secret through reverse engineering is a valid defence to trade secret misappropriation. In other words, if a person identifies the trade secret after thoroughly studying a product and breaking it into its components, he would not be liable for misappropriation. For example, if the locking mechanism in a lock is being maintained as a trade secret, a person would not be liable for misappropriation, if he identifies the mechanism by opening the lock and reverse engineering.

Remedies

Just like in other forms of intellectual property, the civil remedies for trade secret misappropriation include injunction, damages, lost profits and costs. However, injunction as a remedy assumes very high importance for trade secrets because preventing disclosure is the key for maintaining a secret. Once the trade secret is disclosed, it will no longer be a secret and its value is lost. Therefore, companies put very high emphasis on preventing disclosure through injunctions, protective orders and other similar processes.

Because of various challenges in calculating losses sustained or profits gained, courts have not been granting huge amounts of compensation for trade secret misappropriation. However, as the emphasis on value of trade secrets is increasing, so are the volumes of damages. Exemplary damages are also being granted against intentional and repeat misappropriators.

In addition to civil remedies, criminal action is a commonly used remedy against trade secret misappropriation. Criminal breach of trust under the Indian Penal Code is generally asserted against misappropriators. In addition, information technology law, contract law and other laws provide specific remedies against trade secret violations at various levels.

Secret Wars

Most cases of trade secret misappropriation are between companies and their employees. By filing suits, companies have been trying to prevent employees from misusing business secrets for personal benefit, disclosing to competitors and starting a competing business. While companies succeeded in some instances, it was the employees, who emerged victorious in most cases. Though courts have been protecting primary confidentiality interests of businesses, they have been very circumspect about expanding the scope of protection beyond employment term.

With a few exceptions, the standard of evidence required for a company to prove misappropriation is very high and without appropriate documentary evidence, proving misappropriation is an uphill task. Such evidence is very difficult to acquire because most confidential information is used internally and access is restricted. Considering the challenges, companies today adopt a combination of civil and criminal actions to put pressure on misappropriators.

With the expansion of activities on the internet and mobile phones, lot of trade secrets are exchanged through these means. Trade Secret holders put tremendous efforts to safeguard such exchanges through a variety of technology and legal measures. The increase in online and mobile trade secret activity has brought to courts a host of legal issues relating to meaning and scope of

trade secrets, extent of reasonable measures and liability for misappropriation. LinkedIn and Facebook contacts, Mailing lists, online browsing history, transaction details are being claimed as trade secrets and suits are being filed for their misappropriation. With the evolution of second life and other virtual worlds, virtual secrecy wars are round the corner.

Integrating Patents and Trade Secrets

Patents protect inventions by granting exclusive rights for a period of twenty years and trade secrets protect any information having business value as long as the information can be maintained secret. Unlike patents, trade secrets need not be registered and will remain valid based on measures taken by the trade secret holder. The subject matter of trade secrets is very broad and a very small portion of that subject matter relating to inventions overlaps with that of patents. Inventions may be classified into three categories for making a decision on what protection a company must opt. They are patentable inventions, non-patentable inventions and doubtfully patentable inventions.

As far as non-patentable inventions are concerned, the protection strategy is straight forward. They can be protected only as trade secrets. For example, in India, animals, plants, essential biological processes, business methods, computer programs per se and so on are not patentable and can be protected as trade secrets only. So, doubtfully patentable and patentable inventions will only be left for analysis and decision on strategy.

In case of doubtfully patentable inventions, trade secret protection is generally preferred as there is no certainty with respect to patent grant and once patent application is filed, disclosure by publication will result in loss of secrecy. However, when it comes to patentable inventions, there is a direct conflict and one of the options may have to be chosen by a company based on certain business considerations. Some of the factors considered for making the decision on the kind of protection are independent creatibility, work being done in the field, shelf life of the invention and reverse engineerability.

Independent creatability

Independent creation is an exception to trade secret misappropriation and if the probability of an invention being independently created is higher, patent would be a better option else trade secret protection may be favoured. For example, if two scientists are working on the same target and same set of compounds for diabetes, it is likely that they will come up with identical or similar compounds. Under such a scenario, patent protection would be a better option.

Reverse engineerability

Reverse engineering is another exception to trade secret misappropriation. If an invention can be easily reverse engineered, patents would be a better option else trade secret protection may be favoured. For example, if a person has come up with cricket balls that are durable because of ingredients used in them, patent protection may be a better option because any person can buy a ball in the market and understand the ingredients through reverse engineering.

Number of competitors

Number of competitors working in a field gives an idea of inventive activity in the field. If many companies are working on an invention, it may be advisable to go for patent protection because the possibilities of independent creation are higher. For example, many companies are today working on wireless communication technologies and it would be advisable to protect such

inventions in the field as patents rather than as trade secrets.

Shelf Life

The life of an invention on the shelf must be considered for determining the nature of protection. If the invention has a very short life of five years or a long life of more than thirty years, then trade secret protection may be favoured over patent protection. On the other hand, patent protection may be a better option if the life of the invention is around ten to twenty years. The cost and effort of acquiring a patent may not be worthwhile if the invention has a very short life and in case of it having a very long life, patent protection may reduce the value that may be derived from the invention because the patented invention after twenty years enters the public domain. For example, if a person comes up with an anti-virus software, it may be advisable to go for trade secret protection because its shelf life may not be more than one year.

Patent Thicket

Number of patents in a field gives an understanding of the extent of activity in the field. If the number of patents relating to an invention is very high, it means that many people are working in the field and therefore, patent protection may be favoured. On the other hand, one more patent to an already crowded field may not give any business advantage and trade secret protection may be preferred.

Standards

Any invention that forms part of a standard becomes part of public knowledge. Therefore, if an invention relates to a technology that may form part of standards, patent protection may be advisable over trade secret protection. For example, if a person comes up with an invention with respect to wireless technology that can be part of a standard, it is better to file for a patent. Once it is accepted in the standards, the company can acquire steady royalty on adoption of the standards by various companies.

The afore-mentioned and other relevant factors must be considered as a whole for making the decision with respect to patent or trade secret protection. If desirable, different facets of an invention may be protected as patents and trade secrets. Acquiring a patent requires disclosure of details of an invention as mandated under the patent law and other information with respect to the invention may be protected as a trade secret. For example, a patent specification must have an enabling description of an invention and negative data, best mode after patent filing and other details need not be provided. Such information may be protected as trade secrets. If the subject matter of a patent is a chemical composition, the best way of making the composition and substitutes to ingredients of the composition may be protected as trade secrets. Under certain circumstances, the best strategy may be to patent and padlock rather than choosing one of the options.

Chapter 5: On Your Marks

You need a mark to Make a Mark. Marks represent the reputation and good will of a business. Quality and value of a business are presented to consumers through trademarks. By marking business offerings, trademarks act as indicators of source or origin. They differentiate products or services of one company from those of others and thereby provide business

advantage.

Trade Marks today occupy a large percentage of the financial value of a company and their value is often much more than a company's tangible asset value. Interbrand valuation results show that Coca Cola is the most valuable trade mark in 2010 with a value of 70,452 million dollars. In a survey carried out by money mint in 2010, Amul was reported to be the most valuable Indian trade mark. Kingfisher, ICICI, SBI and TATA have been ranked among the top five. Considering the business and financial value a trade mark can provide, companies endeavour to protect and build a strong trade mark portfolio.

Image: FreeDigitalPhotos.net

Trade Marks

Trade Mark is a representation used in trade or business. The representation may be a word, logo, symbol, picture, sound or any other sign. It distinguishes one source of goods or services from the others. If a trade mark is applied to services, it is referred to as a service mark.

While words and logos are the most commonly used trademarks, many businesses also use colours, 3D images, sounds and other unconventional forms as well. Starting with Yahoo's yodel, quite a few sound trademarks have been protected in India. Domain names of online businesses have also been afforded trade mark protection. As long as the trade mark can be represented in some form and is used with trade or business, it can be protected as a trade mark irrespective of the manner of representation.

Distinctiveness

Distinctiveness is the basic requirement for trade mark protection. A trade mark will be protectable only if it is inherently distinctive or capable of being distinguished from those used by other persons. Distinctiveness is primarily assessed based on the nature of the mark. A mark can be classified as fanciful, arbitrary, suggestive, descriptive or generic based on its nature.

Fanciful and Arbitrary marks are considered to be inherently distinctive and would easily pass the trade mark protection threshold. Fanciful mark is a coined word or representation, which does not have any meaning in the dictionary or among the general public. Such representations are invented or coined by the trade mark owner. Amul for dairy products is a coined mark and is therefore fanciful and distinctive.

Arbitrary marks are words or representations that have a meaning attributed to them but are used for totally unrelated products or services. Kingfisher for beer is an example of an arbitrary mark. The mark does not have any connection with beer and is therefore considered to be inherently distinctive.

Suggestive marks are also considered to be distinctive as they do not directly indicate the business to which they relate. Suggestive marks suggest the nature, quality, or characteristic of the products or services in relation to which they are used. Such marks do not describe the product directly and require the consumer to use his imagination to link the mark to the product or service. Infosys for software services is an example of a suggestive mark.

Descriptive and Generic marks lack distinctiveness and do not qualify for trade mark protection.

A mark that describes the product or service it identifies is a descriptive trade mark. The description may be with respect to the quality, purpose, origin, characteristic or any other element of the product or service. Coffee House for a coffee shop is an example of a descriptive trade mark.

Generic marks are marks, which have become customary to the goods or services in relation to which they are used. Though they may start off as distinctive marks, they lose their distinctive character due to extensive use and popularity. The consumers use these marks as synonyms of products or services and do not associate them to a business. Xerox for photocopying and Fridge for refrigerator are examples of generic trade marks. Due to lack of consumer recognition, these marks are not considered distinctive.

Acquired Distinctiveness

Though a mark is not inherently distinctive, it may acquire consumer recognition or association by acquiring distinctiveness. Marks that are initially suggestive or descriptive can acquire distinctiveness through wide and long term usage, advertising and promotion, consumer association, exclusivity of usage and other measures. Cafe Coffee Day is an example of a mark that was initially descriptive but has now acquired distinctiveness through wide spread business use.

Confusingly Similar Marks

Trade Mark protection will not be granted for marks that are confusingly similar to pre-existing marks. In other words, if a mark is likely to cause confusion among consumers about the origin of products or services, that mark will not be susceptible for trade mark protection. Identity or similarity of marks and businesses will be considered for assessing confusing similarity. A mark similar to an already existing trade mark for similar goods or services will not be granted protection if there is possibility of confusion. For example, the mark Data for foot wear would be confusingly similar to the mark 'Bata' and would not be eligible for trade mark protection. Deceptively similar marks will also not be given trade mark protection as they can cause confusion among consumers.

One important factor that will be considered for assessing similarity is the education level of relevant consumers. Higher the level of education of the relevant consumers, lower will be chances of confusion. As the education level depends on the field of the product, the extent of confusion based on similarity will vary from field to field. Courts have consistently held that consumers in the field of pharmaceuticals, alcoholic beverages and automobiles are well educated and therefore the standards for confusion to exist are higher. For example, 'SCOT' and 'SCOTCH' alcohols have been held to be dissimilar as the consumers of alcohol are well educated and can differentiate between the two products. Likewise, similar names for prescription drugs would be allowed to co-exist, as they are prescribed by doctors, who are well educated about drugs.

Famous Marks

A mark that is very well known among the consumers is considered as a famous mark. Famous marks are given high importance under the trade mark law because of their strong association in the minds of consumers. Any mark that is similar to a famous mark will not be considered to be distinctive even if it relates to totally different products or services from that of the famous mark. This is because famous marks have a strong association with the company and

also consumers, which cannot be broken by applying it to different products or services. For example, the mark Kingfisher for soaps would not be distinctive because Kingfisher for beer and airlines is a famous trade mark and has a strong association in the minds of consumers.

Social Order and Emblems

Marks that are against social order are not protectable as trademarks. Any mark that hurts religious sentiments is not eligible for protection. For Example, the mark Jesus for Cigarettes will hurt religious sentiments and is not protectable. In the same way, a mark that is scandalous or obscene is not eligible for protection. For example, the mark Sex for textiles would not be protectable.

Certain emblems and names are not permitted for use as a trade mark. India's national emblem and name of Mahatma Gandhi are examples of prohibited trademarks. A mark, which consists of shape of goods or is related to the technology or technical process of the product, is also not protectable. For example, the shape of an electric shaver which is the outcome of the technology involved will not be registrable as trade mark.

Registration

A mark need not be registered in order to get trade mark protection. Trade Mark rights will vest in a mark based on its use in trade or commerce. However, registration of a trade mark provides certain benefits. In addition to presumption of ownership of the trade mark, registration gives the right to initiate infringement proceedings, claim priority for foreign protection and give notice of use. The burden of proving violation of unregistered trademarks is much higher when compared to that of registered trademarks.

Process of Registration

The trade mark registration process includes various steps such as filing, acceptance, publication and opposition. Filing of trade mark application is the first step in the process. The application must specify the trade mark and indicate the class of goods or services for which the trade mark is applied. There are forty five classes of goods and services and one of the said classes must be chosen. In a multi-class application, many classes can be chosen for a single trade mark. In addition, the application must also have a description of goods or services for which the mark is applied.

The trade mark application must be filed at one of the appropriate trade mark offices at Mumbai, Chennai, New Delhi, Kolkata and Ahmedabad. Each of the said trade mark offices covers a specific region for processing trade mark applications. Once an application is filed, it will be examined by the trade mark office to assess its distinctiveness and compliance with other trade mark requirements. For the said purpose a trade mark search will be conducted to check if any similar trade marks have been filed or registered earlier. On completion of the examination, the application will be accepted for advertisement if the mark satisfies all requirements under the law. The trade mark office will communicate with the applicant through examination reports and may also call for a hearing during the process of examination.

On acceptance by the trade mark office, the mark will be advertised in the Trade Marks Journal. On advertisement, any person can oppose the registration of the mark within three

months, which term is extendable by one month. The opposition can be filed on grounds such as lack of distinctiveness, against religious sentiments or non-compliance of other requirements under the law. The opposition will be decided by the trade mark office after hearing both parties. After the opposition period expires or on overcoming any opposition filed, the trade mark office will allow the mark for registration. On registration, a certificate of registration will be issued by the trade mark office. An appeal from the decision of the trade mark office can be filed to the Intellectual Property Appellate Board (IPAB).

Parts of a Mark

Registration of a trade mark grants rights over the mark as a whole and not over its parts individually. For example, registration of the mark, Brain League, does not grant rights over the term 'Brain' or 'League' independently. Any term in a trade mark that forms part of common usage in an industry will not get protection. For example, the term services in the trade mark, SiNApSE Services for educational services will not get protection independently.

Trade Mark Rights

Trade Mark protection grants to its owner the right to exclusively use the trade mark with respect to its products or services. In other words, no person can use a person's trade mark without his permission or authorization. The right to get relief for unauthorized use is much wider for a registered trade mark when compared to an unregistered mark. The rights associated with famous marks are even broader as such rights transcend the products and services to which such marks are applied.

Term

A trade mark can exist as long as the trade or business survives. The term of a trade mark can last perpetually. However, the initial protection on registration is granted for ten years, which can be renewed for further periods of ten years.

Trade Mark Infringement

Infringement action is an option available to only registered trade mark owners. Use of a trade mark by any person, without permission of the owner, amounts to trade mark infringement. A trade mark will be considered to be infringed if a person uses a similar mark for similar products or services and such usage is likely to cause confusion among the general public. For example, if a person uses the trade mark 'MEDIMIX' for Body lotion, he would be liable for infringement because the identical trade mark, MEDIMIX, has been registered for ayurvedic soaps, which are similar products. Such a usage is likely to cause confusion among the general public about the origin of MEDIMIX body lotion.

Various factors are considered for assessing trade mark infringement. Such factors include nature of use, similarity of trade marks, similarity of goods or services, likelihood of confusion, nature of consumers and so on. Use of a trade mark in any manner in association with products or services will give rise to infringement. Trade mark use on packaging, presentation of the mark on products, advertising and promotion activities with the mark, official communications such as letters containing the mark and using of the mark on a website can amount to infringement. Use of the trade mark as a part of a business or trade name will also amount to trade mark infringement.

The nature of relevant consumers is an important factor for assessing infringement. As with distinctiveness, higher the level of education of relevant consumers, lower is the probability of infringement because the likelihood of confusion reduces with increase in education levels. For example, the trade marks Amplox and Ampiclox for antibiotics may not cause confusion as the persons prescribing these drugs are doctors, who are well educated. The forum for initiating a trade mark infringement suit is the District Court.

Trade Mark Dilution

Famous trade marks have the right to prevent their dilution by use of the mark with any products or services. Use of a famous mark by a person for any goods or services will result in trade mark infringement if such a usage takes advantage of the repute of the famous mark. Any usage that amounts to unfair advantage or is detrimental to, the distinctive character or repute of a famous mark gives rise to infringement. For example, the use of the trade mark, Amul for inner garments will amount to infringement because such usage is detrimental to the reputation and distinctiveness of the mark.

Dilution of trade marks may be of two types, Blurring or Tarnishment. Use of a famous mark for different goods or services amounts to blurring and the usage in a manner that causes damage to the reputation of the trade mark amounts to tarnishment. For example, use of the trade mark, Sony for drugs amounts to blurring and its use for adult toys would amount to tarnishment. While Blurring has an impact on distinctiveness of a famous mark, tarnishment will affect its reputation.

Passing Off

Passing off protects the good will associated with an unregistered trade mark. A person will be liable for passing off, if he misrepresents his mark to consumers in the course of trade and such misrepresentation results in damage to good will associated with the trade mark. For example, Horlicks for frozen food would give rise to an action of passing off because by using the said trade mark, the person is misrepresenting the source of the products as originating from the company that sells energy boosting products under the mark, Horlicks. And such misrepresentation is being made to consumers, who will be confused about the source of origin and such confusion will cause damage to good will of the original Horlicks mark holder. An action for passing off can be initiated only if good will is associated with a trade mark. There cannot be damage to good will if there is no good will associated with a trade mark. For example, a mark used for only one day will not have any good will associated and therefore, cannot succeed in a case of passing off.

Defences

Use of a trade mark in a fair manner that does not take advantage of the good will associated with the trade mark is permitted. Using a trade mark to identify the owner of the mark in relation to goods or services does not amount to infringement. Furthermore, use of a mark in a descriptive manner to describe the goods or services or the company from which they originate is permitted. For example, using the trade mark 'Fiat' to describe the performance of the company based on sales of its cars would not amount to infringement. A prior user or honest concurrent user of a trade mark would also not be liable for infringement.

Honest Use

Any person using a trade mark in an honest manner can continue to use the trade mark and

also register the same even if a conflicting trade mark has already been registered. By usage of a trade mark for a period of time without any objection from the registered trade mark owner, the user of the mark acquires good will and common law rights over the mark. In order to claim honest and concurrent use, a person must use the mark in a public and visible manner that such usage is known to the registered trade mark owner. Five years of use is generally considered reasonable for assessing honest use. For example, if a person uses the trade mark, MTR for Food Products for six years and the registered trade mark owner of MTR Foods does not object to such usage, it would be a fit case for honest use. Honest use is also a valid defence for trade mark infringement.

Remedies

On succeeding in a trade mark infringement suit, a person will be eligible for injunction, damages, account of profits and costs. Punitive damages may also be granted in case of intentional infringement. Also, the trade mark owner will have the right to acquire delivery of the infringing goods. While Indian courts grant injunctions easily, they are circumspect about granting high damages. The higher among damages or account of profits is generally granted to trade mark owners and they cannot benefit from both remedies.

Courts in India also grant Anton Piller and Mareva orders in appropriate cases. While Anton Piller orders enable surprise visits and seizure of infringing goods, Mareva orders ensure that the assets of an infringer are not moved beyond the court's jurisdiction. Considering the increased litigation by large companies and their mala fide behaviour to squeeze small companies, Courts are also imposing large deposits before taking up an infringement case or issuing an injunction.

Domain Names

Rights granted to a trade mark holder extend to domain names or URLs as well. A person cannot block a domain name and sit on it with a mala fide intent of selling it for a higher price. In other words, cyber squatting is prohibited. Likewise, a domain name similar to that of another person's trade mark cannot be used for similar business. Companies like Yahoo, Google, Sony and Adobe have been able to stop and acquire domain names being used by others for similar businesses.

There is no mechanism to monitor and restrict registration of domain names that violate rights of a trade mark owner but there are international and national forums, which have been set up to resolve domain name disputes. These forums are governed by the domain name dispute resolution policies such as Uniform Domain Name Dispute Resolution Policy (UDRP). The WIPO Domain Name Dispute Resolution Forum and other similar forums ensure that domain names, which have been registered or are being used with malafide intent, are transferred to the trade mark owner. If a person has legitimate trade mark rights and another person registers a domain name similar to the trade mark in bad faith and uses it in an illegitimate manner, the domain name can be acquired by the trade mark owner through dispute resolution forums. Many domain names have been acquired in this manner by companies such as Microsoft, Sony and Apple.

Land Marks

Indian trade mark regime has taken huge leaps and bounds in the last few years. The trade mark office has been modernized with institution of online filing, trade mark tracking system and online trade mark search facilities. Applicants can now file trade marks online and track the

status of their trade marks with ease. The online search facility permits applicants to verify existence of similar trade marks on the register by performing a simple search. All trade mark documents such as examination reports, opposition documents and forms can now be accessed online.

International trade mark applications can soon be filed by residents and citizens with India's access to the Madrid Protocol. The trade mark law has been modified to give effect to the protocol and the administrative mechanism is being put in place to implement the same. The trade mark protection and enforcement has been increasing steadily and the response from courts to cases has improved substantially. Various important decisions have been delivered by courts with respect to rights of trade mark owners, prior user rights, transborder reputation, passing off and dilution.

The increase in online business and social activity and the expanding opportunities of value creation over the internet has given rise to various rights. Trade mark rights from domain names, online gaming and virtual worlds are some examples. Trade Mark registrations have been granted in countries like USA on trade marks for businesses run in the virtual worlds such as second life. Any possibility to generate revenue in real money has been construed as an opportunity for acquiring trade mark rights. Many celebrities such as Daler Mehndi, Kajol and Shah Rukh Khan have registered trade marks on their names and are today very vigilant about misuse of their names for business.

Trade Mark/Copyright Interface

A mark being used or registered as a trade mark may also be protectable as a copyright. In such a case, the work will get trade mark protection in association with the products or services and copyright protection with respect to the work by itself. For example, if a painting is used as a trade mark for furniture, it will get trade mark protection in association with furniture and can also be registered as an artistic work under the copyright law. For getting copyright registration over a work that is capable of being used as a trade mark, a certificate from trade mark office stating that no third party is using the work as a trade mark must be submitted.

Geographical Indications

Geographical Indications (GI) of goods are indications of quality, reputation or characteristics of the goods connected with the region from which the goods originate.

Image: FreeDigitalPhotos.Net

They are names, signs or other representations used for goods having certain qualities as they originate from a specific place, city or geographical territory. The name, Mysore Silk, is an example of a GI because it refers to silk originating from Mysore and has certain qualities and reputation associated with it.

The goods associated with GIs may be agricultural, natural or manufactured goods. In case of manufactured goods, production, processing or preparation must take place in that geographical region. The name associated with the goods might not be the name of the geographical area or region. It is sufficient if the name is associated and recognized with the geographical area. Pashmina Shawls is an example of a geographical indication that does not refer to the name of the place from which they originate, which is Kashmir.

Products, whose quality and characteristics are dependent on the natural or environmental factors in a geographical region, are referred to as Appellations of Origin. Darjeeling Tea is an example of Appellation of Origin because its characteristics are attributable to the climate, geographical terrain and soil conditions in Darjeeling. The Indian Law does not differentiate between Geographical Indications and Appellations of Origin.

A Geographical Indication must be registered in order to get protection. Protection will be afforded if the GI identifies goods coming from a place and has an association with quality of the goods. It will not be registered if it is likely to cause confusion or deceive the public. Furthermore, GIs that are contrary to law, scandalous and hurt religious sentiments will not be protectable. The grant of GI over 'Tirupati Laddu' with respect to laddus made at the shrine of Lord Balaji at Tirumala gave rise to multiple debates, some of which revolve around religious sentiments.

A GI application may be filed by any association of persons or producers or any organization or authority representing the interest of the producers of the concerned goods. Once the application is filed, it will be examined and accepted or rejected. On acceptance, application will then be advertised and laid open for opposition. On completion of the opposition period or after successfully overcoming the opposition the application will be registered and a certificate of registration will be issued. The initial term of registration is for ten years, which may be extended by filing for renewal. The rights granted by GI are similar to those of trade marks and action for infringement and passing off may be initiated by registered owner.

Indicators

India is a country filled with many traditional products, which are well recognized in their geographical regions. In other words, India has numerous products that are being made for centuries, which can be protected as GIs. Considering the potential for GI protection, the GI registry and government have taken up numerous initiatives to encourage registration. The GI registry is actively organizing awareness programmes across India to encourage filings. And many state governments have provided funding for acquiring GI protection to safeguard the interests of artisans, producers and manufacturers.

As a result of the initiatives, many geographical indication applications have been filed. GI Registrations have been acquired for popular natural products such as mangoes, oranges and flowers, manufactured products such as wines, sarees and jewellery and food products such as speciality sweets. Considering the encouragement, it seems that it is only a matter of time before most GIs in India are registered.

While the government believes that geographical indications safeguard the interests of traditional art and crafts, many scholars are circumspect about their value. Despite their role in preventing misuse of an indication by companies and individuals for profit, it is being argued that GI protection may only be on paper and may in fact hurt the interests of artisans and craftsman due to intervention of commercial interests. Extension of GIs to religious offerings is being termed as commercialization of religion by many. In spite of reservations being put forth, GIs have definitely opened the doors for traditional products to create business value and thereby enable benefits to traditional artists and craftsman. Preservation and development of traditional arts and crafts would be an additional benefit.

Trade Marks vs. Geographical Indications

Though trade marks and geographical indications afford similar type of protection, the nature of their protection varies in many ways. While trade marks protect representations used in trade or commerce, geographical indications protect the association of a representation with quality and place of origin of goods. Trade Marks differentiate products or services of one company from those of others and geographical indications differentiate the goods originating from a place from those originating from another place. Geographical indications are generally registered by a group of persons and have certain quality requirements, which are similar to certification trade marks that are associated with standards and quality requirements.

Geographical indications are protected after quality and reputation of goods is established in association with place of origin and trade marks may be protected even if the representation is proposed to be used. In other words, recognition among the general public is a pre-requisite for protection of GI but is not required for trade mark protection. Representations used for services is protected by trade marks but is not protected by geographical indications.

Chapter 6: Distinct Designs

Designs integrate art with function. The artistic appearance of a product is as important as its utility. A product's success in the market depends on its aesthetics as much as on function. Many aesthetic products have superseded their counterparts with higher functional value in the market because of their appearance. The role of appearance is much higher for consumer products, where aesthetics is an important factor in a buyer's decision making process.

Image: FreeDigitalPhotos.net

Industrial Designs

The law relating to industrial Designs or Design Patents protects aesthetic designs that are applied to articles. A design may include shape, configuration, pattern, ornament or any other artistic aspect applied to an article, which appeals to the eye. For example, the artistic shape of a car can be protected as an industrial design. However, if the shape of the car has been designed to improve fuel efficiency of the car, it would not be protectable as an industrial design. In other words, designs that have functional or utility value to a product are not protectable as industrial designs. Both two dimensional and three dimensional designs of an article are eligible for design protection.

An article that is subject of design protection must be made or capable of being made by industrial means. Design protection extends to an article as a whole and parts of the article that are not sold independently will not be protectable as designs. For example, design of the arm of a chair may not be protectable as it is part of the chair and is not sold independently. On the other hand, a chair with artistic arms would be eligible for protection.

Design protection will only be afforded to articles that have a function other than just carrying the design. For example, a coupon with a unique design is not protectable because the article, which is the paper in this case, has the function of only carrying the design. On the other hand, a packaging paper with an artistic pattern would be protectable because it has a function other than just carrying the design, which is packing an article.

Design Requirements

Only novel designs that are original and distinct are protectable as industrial designs. Any design that is already known or copied from another design is not eligible for protection.

Novel

A design must be new or novel in the light of prior existing designs. For example, if a soap case in the shape of a car already exists, a similar design is not protectable. All designs published, disclosed and protected before the date of design application are considered for assessing novelty of a design. A search in the database of applied and registered designs is generally performed to assess novelty.

Newness of a design is assessed through the eye of an ordinary person and slight modifications cannot give novelty to a design. For example, making a rear view mirror curved at the corners in the light of existing rectangular rear view mirror will not impart newness. The design of an article must be new as a whole and inclusion of a new element or re-arrangement of old elements can give rise to novelty. For example, a 'water can' design with a dispenser on the side of the can rather than on the top may give rise to novelty.

A design cannot be registered if the design has been published in a tangible form anywhere in the world. Moreover, a design that has been disclosed to public or that forms part of public use is also not eligible for protection. For example, if everyone in the general public is using belts having turtle shaped buckles, such a design would not be eligible for registration due to prior use. In the same way, if a pillow in the shape of a teddy bear is being sold in the market, the company cannot register the design as it forms part of public disclosure. In order to negate novelty, the design must have been published in the same form with the same article.

Disclosure to another person in confidence or good faith will not amount to publication. If a person, to whom the design has been disclosed in good faith, discloses the design to the public, such disclosure would not negate novelty of the design. Also, disclosure in a government recognized exhibition will not amount to publication. However, in order to acquire registration, a design application must be filed within six months of disclosure in a government exhibition.

Original

Originality is one of the basic requirements of design protection. A design is said to be original if it is independently created by the person claiming protection. A design copied or stolen from another person would not be considered to be original. For example, if a designer creates toy designs similar to those of an upcoming artist, who shows his designs to him in confidence, his designs will not be original and therefore, not protectable. Application of an old design to a new article will be considered to be original. For example, a cup in the shape of Mickey Mouse will be considered to be original design though the artistic work by itself is old.

Distinct

To be protectable, a design should be significantly distinguishable or different from known designs that have already been registered. For example, if a design of a lamp in the shape of a girl is already registered, creation of a lamp design in the shape of a girl similar or identical as that of the registered design would not be eligible for design protection. A mere combination of existing designs to make another design will not be considered to be distinctive if such combination is from articles in the same industry.

Scandalous or Immoral

To get protection, a design should not be scandalous or obscene. For example, a door having artistic pictures of naked men and women cannot get design protection as it is obscene. Likewise, any design that is against morality or public order is also not protectable.

National Security

Any design that is against the national security of India will not be granted protection and will be maintained confidential. Designs relating to military equipment, war and so on will be considered to be concerned with national security. The decision with respect to national security will be made in association with Defence Research Development Organisation (DRDO).

Registration

A design may be registered by filing an application along with the fee at the appropriate patent office. However, the application will be processed and granted protection only by the Kolkata Office. On filing, the application will be examined and on satisfaction of all the aforementioned requirements, the designs office will register the design. Once the design is registered, the applicant will get a copyright in the design. Any objection in relation to the decision of the designs office can be appealed to the High Court.

Term

The initial term of protection for a design is 10 years from the date of registration. The term may be extended for 5 years by paying the prescribed fee before the expiry of 10 years. If the renewal fee is not paid, the copyright in the design lapses. Such a lapsed copyright can be restored by filing an application within twelve months from the lapse date.

Rights

The owner of a copyright in a design gets the right to sell, publish and import the design into India. The right to sell includes the exclusive right to apply the design to an article in order to sell the article having the same or similar design to any person. The right to publish covers the exclusive right to publish or expose an article to which the design has been applied for purposes of attracting customers to sell the article. In addition, the rights of a design owner also include the right to exclusively import the article to which design is applied into India.

Piracy

The violation of rights of the owner of a copyright in a design is referred to as piracy. If any person sells, imports, publishes or exposes for sale any article to which a registered design has been applied without the permission of the owner of the design, the person would be liable for piracy. A person will be liable for piracy if he sells, imports or publishes a design that is identical or similar to that of a registered design. It is sufficient if the design in question is substantially similar. A design of a horse having features similar to that of a registered design, will be considered to be liable for piracy even if the colour and size of the horse are different.

Design piracy is judged from the point of view of an unaware customer. The judgment is made solely by the eye. Deceptively similar designs will also be liable for piracy. However, a design applied to a different article will not give rise to piracy. For example, if a person holds a registered design over a bag in the shape of a cat, application of the same cat design to a watch will not give rise to liability. A suit for design piracy may be initiated in a district court.

Defences

Use of a design by the government or by authorization of the government is exempted from piracy. For example, use of a design of a slate by the government for a programme to educate children will not give rise to liability. An owner, who misuses the rights granted by the design, will not be able to enforce his design. Restrictive terms in contracts that restrict sale or purchase of products are considered as misuse. For example, if owner of an elephant lamp design imposes a condition in a contract with a retailer prohibiting the retailer from selling any lighting systems to which the animal design is applied, such a term is restrictive and can amount to design misuse.

Remedies

An act of piracy of a design gives rise to civil and criminal liability. Remedies such as injunction and damages are available to a successful design owner in a piracy suit. The damages recoverable however cannot exceed fifty thousand rupees for a single design.

Design Dynamics

Law of Industrial Designs is one of the less harmonized IP laws. Though designs form part of the Agreement on TRIPs, member states have not been able to agree on a common approach for protection. The protection mechanism varies from country to country. The patent based approach of United States, and design registration similar to copyright protection in Europe are examples of diversity in protection mechanisms. Despite diversity, protection of aesthetic designs is considered to be of high strategic importance.

The look and feel of a product plays an important role in its success and companies invest substantial time and money in product designing. The success of Apple's devices, Ferrari's cars and fast track watches can be attributed to their artistic designs as much as their functionality. Considering their value, companies take aggressive measures to prevent violation of their designs and retain business advantage provided by them. The landmark design cases involving Louis Vuitton, Apple, BMW and other leading companies are just a few instances of such aggressive court actions.

Many Indian companies ranging from small and medium enterprises to large companies have now started acquiring design protection to gain business benefits. Companies such as Eureka Forbes, Reva, Mahindra and PEPS are examples of aggressive design protectors. Numerous design piracy cases have also been filed in Indian courts to enforce designs of toys, kitchen utensils, health care products and other products. Though the growth is not as fast as patents, the number of design filings is also increasing at a steady pace. The evolution of new technologies such as 3D printing, online designing and product morphing are changing the face of design creation and opening the door to novel protection models.

Designs vs. Copyrights

The subject matter of copyright and design protection converge with respect to artistic works that are applied to articles. For example, an artistic pen stand can be protected as a copyright as well as a design. Once an artistic work is applied to an article and registered as a design, the copyright protection over the said article ceases to exist. With respect to works that are capable of copyright and design protection, the copyright on the work ceases as soon as the number of articles made exceeds fifty. Once an article is produced on a commercial scale, copyright

protection, whose primary objective is to protect artists comes to an end and design protection, whose object is to protect artistic articles in commerce prevails.

Designs vs. Marks

A representation being used as a trade mark cannot be protected as a design. Design protection is limited to the artistic elements of an article and does not extend to trade marks applied or used in connection with an article. For example, if an artistic logo is used on a product, the logo will be excluded from the scope of design protection. The dress of a product such as packaging will be subject of design protection and not trade mark protection.

Designs vs. Patents

While an industrial design protects the aesthetic features of a product, the functional elements are protected as patents. Any feature that has functional value cannot be protected as a design unless it can be shown that the feature can be differentiated from its function. In other words, if an artistic element can be separated from its function, it will be capable of design protection, else, it will be the subject of patent protection. Having said that, both patent and design protection can co-exist with respect to a product if the functional and design elements are severable. For example, an ornate comb with a handle and mechanized teeth can have both patent and design protection. The apparatus with handle and mechanized teeth, which has functional value, can be protected as a patent and the artistic elements of the handle and teeth such as its curve, pattern, colour, shape and so on can be protected as a design. Likewise, ridges on a bottle, whose function is to enable a person to hold the bottle can be protected as a design if there is a wave pattern to the ridges that are not necessarily attributable to the function. In this case, the wave pattern is severable from the function of the ridges.

Layout Designs

A special law has been passed in India to protect layout designs of semiconductor integrated circuits. The objective of the law is to promote the progress of innovation in integrated circuits. The said law was passed because most layout designs would not be able to satisfy the stringent requirements under the patent law. Also, because acquiring a patent over an integrated circuit would be very cumbersome and highly complex due to thousands of integrated circuits in one invention, an alternative system was required. As they are primarily inventions with functional value, other forms of IP could not be effectively used to protect layout designs of integrated circuits.

The difficulties in protecting integrated circuits under existing IP laws and the need for their protection to safeguard huge investments and efforts of companies led to the evolution of a sui generis protection system. The system lowered the requirements for protection when compared with that of patent law and granted a shorter term of protection. This approach was well suited for promoting inventive activity of layout designs because of their short shelf life and investment intensive nature.

Image: FreeDigitalPhotos.net

Requirements

A layout design has to be original, distinct and not commercialized in order to be eligible for protection. The requirements for layout design protection have been borrowed from trade mark and copyright laws and are much easier to satisfy when compared with patentability requirements.

Original

Originality means originating from the creator. A layout-design is considered to be original if it is the result of its creator's own intellectual efforts and is not commonly known to the creators of layout-designs and manufacturers of semiconductor integrated circuits at the time of its creation. In other words, to be original, a layout design should be independently created and not generally known. For example, if a layout design has been copied from a design in a device being used in India, it would not be considered original.

Distinctive

Distinct means different from what already exists. A layout design has to be inherently distinctive or capable of being distinguished in order to be eligible for protection. It means that the design should be different from the existing designs.

Not commercialized

To be eligible for registration, a layout design should not have been commercialized within India or in a convention country before the date of application for registration. The law provides for a grace period of twenty four months within which period from first commercialization, a person can file an application for registration and his application will not be rejected. For example, if a person makes a layout design of an integrated circuit used in cell phones and the cell phones are sold in USA for more than two years, the design will not be eligible for protection.

Process of Registration

To register a layout design, an application has to be filed before the Registrar at New Delhi. The Registrar will then examine the application and either reject or accept it with or without amendments or modifications. After acceptance, the application will be advertised and kept open for opposition. In case of an opposition, the Registrar will give the applicant an opportunity to respond and will grant a hearing if required. On successfully passing the opposition, the application will be registered and a certificate of registration will be issued.

Registered User

Any person, who wishes to use a registered layout design, may file an application to be registered as a registered user. The application must be submitted jointly by the proposed user and the registered owner of the layout design. The agreement between the registered owner of the layout design and the user permitting the use of the design must be submitted along with the application. The registered user will not have the right to assign or transfer his rights to any other person.

Term and Rights

The term of a registered layout design is ten years from the date of first commercialization or from the date of registration. The registration of a layout design gives the owner the exclusive right to use, reproduce, sell and import the layout design into India. The rights subsist whether

the layout design is incorporated into an article or not. Protection of layout designs accrues only by registration and in no other manner.

Infringement

A person is liable for infringement of a layout design if he exercises any of the rights of the owner of the layout design without authorization or permission. Use of the layout design for analysis, scientific evaluation, teaching or research is not considered to be infringement. Infringement would give rise to civil and criminal liability.

Promoting Integrated Inventions

The law of layout designs seems to have no effect on promoting invention of integrated circuits. The review of available journals of the registry indicates that no applications for protection of layout designs have been filed till date in India. It is not possible that no integrated circuits are being invented and therefore, it seems that companies do not see value in protecting layout designs under the law. In the light of lack of response from integrated circuit innovators, scholars are today questioning the wisdom of enacting such a law and the value of objectives it seeks to achieve.

Chapter 7: Customary Wisdom

Information is Knowledge and Knowledge is Wisdom. Wisdom is the difference between human beings and other life forms on earth. The capability of humans to accumulate and process knowledge into wisdom enabled man to adapt to change and survive adverse conditions. Development and transfer of knowledge from generation to generation, exchange of knowledge between different races and application of knowledge for adaptation has contributed in a large way to the welfare of mankind.

The knowledge developed is generally preserved by a generation of humans and transferred to the next generation. As it passes from generation to generation, more knowledge is added to the existing repository of knowledge by each generation before it is passed to the next generation. This knowledge may be related to the environment, culture, medical treatment, biological resources or any other subject. Due to restriction of access between communities, the knowledge transfer and preservation is generally limited to generations in a community. Such knowledge inherent in communities and transferred from generation to generation is referred to as 'Traditional Knowledge'.

Image: AZRainman

Traditional Knowledge

Traditional Knowledge is the knowledge, wisdom and information in possession of indigenous communities that has been passed to them from their ancestors. It is also called as 'Indigenous Knowledge' or 'Local Knowledge'. The knowledge could be related to surroundings, traditions, medicine, music, culture, biological resources or any other matter. Depending on the nature of knowledge, it may be called as Traditional Environmental Knowledge, Traditional Medicinal Knowledge, Traditional Cultural Knowledge or by any other name. Whatever the nature, such knowledge is an integral part of every indigenous community and forms a part of

their life and culture.

The significance of traditional knowledge is not limited to information about customs and traditions of a community. It reflects the culture of a community and has great historical, medicinal, social and economic value. Traditional Knowledge has today become an important resource for scholars, artisans, craftsman, pharmaceutical companies, entertainment industry and many other organisations. Many companies have been established with the sole purpose of commercializing and profiting from traditional knowledge.

Despite its value, the protection afforded to traditional knowledge is very weak and limited. As a result, indigenous communities do not have any control and their knowledge is often used in a manner that is contrary to their beliefs, customs and norms. Furthermore, due to lack of protection, usage of traditional knowledge does not provide any benefits to the community holding it. To address the said issues, efforts to establish a well-defined traditional knowledge protection system have been initiated in India and across the world.

Purpose

The primary purpose of protecting traditional knowledge is to reward an indigenous community for preserving such knowledge and to encourage development and utilization of such knowledge for public good. Another objective is to safeguard the social interests, customs and beliefs of the communities and to prevent misuse of the knowledge. International recognition and protection of traditional knowledge will also enable countries like India to take advantage of the huge repository of knowledge for economic growth and development. As the knowledge is generally ancient the traditional types of IP protection such as patents, copyrights, trade secrets and other forms of IP do not cater to the needs of its protection. Therefore, a separate system of protection tailored to address the specific requirements of traditional knowledge was felt and efforts have been initiated in India towards that end.

Limits of IP Systems

The existing forms of intellectual property are not adequate to protect traditional knowledge because it does not satisfy the protectability requirements under most forms. Traditional Knowledge cannot be protected under the patent regime because the knowledge in most instances has been in existence for a long period of time and forms part of public knowledge and use. As it forms part of prior art, traditional knowledge does not satisfy the novelty and inventive step requirements under the patent law. Copyright law does not afford adequate protection because most traditional arts have been in existence for a long period of time, which supersedes the term of protection afforded by a copyright. Most works of traditional knowledge are in the public domain and free for use by everyone.

Trade Secrets are not effective in most cases because traditional knowledge forms part of public disclosure and knowledge and may not have been maintained secret. Furthermore, certain forms of traditional knowledge do not have economic significance as well. There are certain kinds of traditional knowledge such as medicinal knowledge, which is being maintained among small groups or families, who have been keeping it confidential. Such knowledge can be protected under the trade secret regime if it is confidential, reasonable steps are generally taken for secrecy and the knowledge in most cases has economic value.

Geographical Indications and Trade Marks afford reasonable protection to traditional knowledge. They enable communities to prevent use of a name, sign or symbol used by them with respect to their traditional products or services from being used by another person. Many representations used with traditional products are being registered as geographical indications, which will prevent misuse of the representation. Some examples of Geographical Indications registered in India for traditional knowledge are Channapatna Toys, Kanchipuram Sarees and Hyderabad Haleem. However, the protection afforded by these forms extends to only representations and not the products themselves.

Existing Protection Regime

The Biodiversity Law in India affords protection for knowledge related to biological resources with the objective of safeguarding biodiversity in the country. The law lays down a benefit sharing mechanism for utilization of traditional knowledge relating to biological resources. It provides that benefits acquired from intellectual property developed based on traditional knowledge relating to biological resources must be shared with the communities possessing the knowledge. In other words, if any person develops intellectual assets from biological resources, he will be able to acquire intellectual property protection over it only if he agrees to share benefits with communities, who provided him the knowledge with respect to the resources. For example, if a pharma company isolates active ingredients from a plant that is being used by an indigenous community in Kerala for treatment of diabetes, it can file and acquire patent protection only if it agrees to share benefits with the community that holds knowledge about the plant.

Biodiversity authorities have been set up at the national and state levels to monitor the use of biological resources and ensure that the benefits from such biological resources are shared with indigenous communities. The authorities also play an important role in negotiating and implementing benefit sharing agreements. They also play a role in collecting and disbursing financial returns from intellectual property based on traditional knowledge. By providing for benefit sharing, the law encourages indigenous communities to preserve traditional knowledge and to co-operate in development of traditional knowledge.

Jeevani Case

The benefit sharing mechanism was very effectively implemented in the Jeevani case, which is cited as an example of the success of the system across the world. Jeevani is the name of a herbal drug to enhance immunity levels in humans. The product was developed based on knowledge of Kani tribe, who lived in the Agasthyamalai hills of the Western Ghats. It all started when a group of scientists from the Tropical Botanical Gardens Research Institute (TBGRI) went on a scientific expedition to the hills. During the expedition they observed that the Kani tribals, who were guiding them, were eating some leaves and fruits to avoid fatigue.

The scientists identified the plant, which is commonly called as 'Arogyapaacha' and discovered that its leaves contained active molecules that had energy and immunity enhancing properties. They developed a herbal drug based on their discovery and commercialized it through Arya Vaidya Pharmacy under the name 'Jeevani'. TBGRI agreed to share fifty percent of the profits achieved from such commercialization with the Kani tribes.

The Kani tribe receives benefits from commercialization of the product even today.

Cultivation of the plant for making the product has become a source of livelihood for many members of the tribe. They have been able to build infrastructure and improve their standard of living by using benefits received from utilization of their traditional knowledge.

Traditional Knowledge Misuse

Traditional Knowledge in India and across the world has been the subject of misuse or wrongful use in many instances. One common phenomenon that was observed with respect to misuse is appropriation of such knowledge for personal benefit. Many individuals, companies, organisations and even nations have attempted to take advantage of traditional knowledge in numerous ways. Acquiring patent protection over traditional knowledge is one such way. Foreign nationals have tried to acquire patent protection over turmeric, neem and other traditional extracts used for medical treatment and other purposes.

The Turmeric Saga

Turmeric is a well-known home remedy for treatment of wounds. It is referred to as the grandmother's medicine by many. In the year 1995, the University of Mississippi Medical Center was granted a patent for the use of turmeric in wound healing. After a hue and cry about the appropriation of traditional knowledge by the University, the Council for Scientific and Industrial Research (CSIR) filed for invalidation of the patent. CSIR produced an ancient publication, which spoke about use of turmeric in healing open wounds. After reviewing the publication submitted by CSIR, the patent was invalidated.

The Neem Story

Neem is well known as a fungicide in India and has been used for long to protect crops. A patent application was filed by W.R. Grace Company and US Department of Agriculture at European Patent Office (EPO) with respect to using neem oil for controlling fungi on plants. On the grant of patent in 1994, an opposition was filed against the patent by Non-Governmental Organisations and Indian farmer groups. After reviewing the evidence submitted by the opponents with respect to use of neem oil in India for many years, the EPO revoked the patent based on lack of inventive step.

Traditional Knowledge Digital Library (TKDL)

Instances of traditional knowledge misappropriation by foreign nationals and organisations prompted the Indian government to take steps towards preventing such actions. Towards the said end, CSIR took up the task of documenting and publishing traditional knowledge in the form of a digital library also called as 'TKDL'. The TKDL contains details relating to traditional scientific knowledge arranged in an organized manner in consonance with the international patent classification. The TKDL includes over 2,00,000 traditional medicine formulations on Ayurveda, Unani and Siddha and has about 30 million pages. It has text-searchable English-language translations of these sources. The TKDL also contains French, German, Japanese and Spanish translations.

The database has been made available to many patent offices with the objective of preventing patent grants on inventions relating to information in the library. The Patent offices perform a search on the database whenever they come across an invention relating to traditional

knowledge and use information in the library to raise objections based on novelty and inventive step. The US and EU patent offices have been using the TKDL effectively during examination of patents.

In addition to medicine, the TKDL has put together valuable information on various subjects such as yoga, biology and other traditional materials. The library is today a valuable resource for traditional information, which will be very valuable for scientific research and treatment of diseases. Despite its value, the library has not been made available for access to public or scientists in India. The fear of misuse and appropriation of the knowledge by foreign companies to the detriment of the indigenous communities and Indian national wealth is the primary reason for the confidential approach. Many scholars are today arguing for an open source approach to traditional knowledge in order to enable its efficient use for public good. CSIR's approach of making such information available to foreign patent offices but not Indian scientists is being criticized by many people. Despite the criticism, the information in TKDL has been successful in preventing various patent grants by US and European Patent Offices.

The Melon Patent Rejection

Rejection of patent application for treatment of vitiligo using melon extracts is an example of the success of TKDL. The Patent application was filed by a Spanish enterprise by the name PERDIX EUROGROUP and deals with a natural product based on vegetal ingredients with anti-vitiligo therapeutic properties. The patent claims a composition, which includes ingredients such as extracts of *Pimienta racemosa* (West Indian Bay tree), *Citrus aurantifolia* (Lime) and *Cucumis melo* (melon) among others. On 8th July, 2009 a third party observation was sent by CSIR for consideration by the EPO, stating that the use of *Cucumis melo* (melon extract) for treatment of leucoderma or vitiligo through local application was traditionally known in India and that the invention lacks novelty and inventive step.

The details of the prior art was entered in the Traditional Knowledge Digital Library, which was accessible to the EPO. Relevant prior art with regard to the same from printed books of Ayurveda, Unani and Siddha were also submitted. After reviewing the prior art in TKDL and other prior art, the EPO rejected the patent application.

The Ashwagandha Withdrawal

Ashwagandha is also referred to as the Indian Wonder Plant. The knowledge of the use of Ashwagandha, also called Indian ginseng, is well known for the treatment of diabetes, insomnia, stress, anxiety and many other purposes. A patent application entitled, 'Method of treatment and management of stress, was filed by Americans at the European Patent Office. The application claimed priority from a US application.

On noticing the application, a protest letter was sent to the EPO by the head of TKDL stating that use of Ashwagandha for the treatment of stress is already known in India. EPO was provided with documents supporting the use of the material for treatment of stress dating back to the 12th century. Excerpts from texts of Ayurveda, Unani and Siddha mentioning the use of formulations containing Ashwagandha were also submitted.

After reviewing the data submitted, the EPO issued an examination report questioning the novelty and inventive step of the invention in the patent application. The applicants did not respond to the application and the application was deemed withdrawn. This is another instance, where TKDL was successful in preventing a patent grant over an application that formed part of

traditional knowledge.

Patentability of Traditional Knowledge

Provisions relating to traditional knowledge have been integrated into Indian Patent Law to prevent grant of patents over traditional knowledge and to facilitate benefit sharing. Traditional Knowledge has been expressly excluded from the scope of patentability by including it among the list of Non-Patentable Inventions. Furthermore, non-disclosure of the source of origin of a biological material has been made a ground for revocation of a patent. In other words, biological source must be disclosed in a patent application. Once the source is disclosed, it will allow the Biodiversity Authority and other persons to check if such biological resources are connected to traditional knowledge and enforce benefit sharing.

Though traditional knowledge by itself is not patentable, any inventions that are based on such knowledge are patentable. For example, a traditional mixture for treating pain is not patentable but an active ingredient isolated from the mixture, which is responsible for pain relief would be patentable. Many patents have been granted in India and across the world with respect to inventions relating to traditional knowledge. Such inventions include herbal mixtures, yoga postures, methods of massage, toys and many more. Today, there are numerous organisations, which have been formed to study and develop inventions from traditional knowledge and acquire patent protection over them.

Future of Traditional Knowledge

Many countries are rich in traditional knowledge and have realized the importance of protecting the same. Countries like Peru, Phillipines, Thailand and so on have enacted laws to protect such knowledge. World Intellectual Property Organisation (WIPO) has formed an inter-governmental committee to bring about an agreement between various countries on an international instrument to protect traditional knowledge. It has also formulated guidelines for countries interested in passing legislation on traditional knowledge by providing model laws and provisions.

Being a traditional knowledge rich country, India is today debating on the mechanism for protecting the knowledge and preventing its misuse. A preliminary draft of the proposed law has been prepared and is being discussed. The law seeks to protect all forms of traditional knowledge including cultural, medicinal, environmental and other knowledge under one statute. It provides for identification and protection of traditional knowledge and communities safeguarding the knowledge. As per the law, use of traditional knowledge requires prior consent from the holders and agreement on benefit sharing. The law provides for civil and criminal remedies for misuse or abuse of traditional knowledge. Furthermore, a traditional knowledge authority with regulatory powers is also proposed under the law.

Traditional Knowledge has always been highly valued and respected by people in India. Discovery of the utility of traditional knowledge for treatment of deadly diseases like cancer, AIDS and so on is proof of its worthiness. Research on traditional medicine has revealed the extra-ordinary impact of simple home remedies like turmeric, cow's urine, pepper and others for treating chronic diseases. The enactment of laws relating to traditional knowledge, increase in research investment and potential of traditional knowledge to find cures for chronic diseases

makes the future of traditional knowledge very bright and can make its holders rich.

Chapter 8: Business Value

The value of an asset is measured by its business worthiness. Intellectual Property enables companies build business and competitive value through exclusivity. The IP asset value of a company is generally much higher than its tangible asset value. Though all forms of IP are important, the value associated to a form of IP varies based on the field to which the company belongs. In other words, various species of IP have different business value in different industries. For example, copyrights have very high business value in entertainment industry as opposed to automobile industry, where patents and trade secrets are valued more than other forms of IP.

The business value afforded by intellectual property to a company depends on its IP practices. A company that has a well-established IP culture and system will be able to gain better value from IP than one that does not have such practices. With the objective of maximizing returns from IP, many Indian companies are today setting up and implementing best practices and mechanisms for IP protection, management and utilization. The recent increase in IP activities brings forth many risks to companies and management of such risks has become an important element of a company's IP activities.

Image: FreeDigitalPhotos.net

Culture and Hygiene

A company's IP behaviour depends on the culture and hygiene among its personnel. Employees in various departments of the company play an important role in IP generation, identification, protection, management and utilization. Therefore, building IP culture among employees assumes very high importance for enabling a company derive business value from IP. Activities such as training, events, promotion and recognition are generally undertaken by companies to build IP culture.

Training helps in spreading IP knowledge and awareness among employees. This knowledge enables personnel to identify IP when it is created, take necessary steps for protection and manage it efficiently. While basic awareness is required for all personnel in a company, specialized skills are imparted to employees from specific departments. For example, every employee in a company needs to know what is IP and how it is relevant for their work but the skill of patent searching and freedom to operate is taught to only personnel in R and D or Engineering department.

Promotional activities such as email alerts, newsletters and banners on IP achievements of the company can play a very important role in spreading IP culture and hygiene. In addition to promotion of IP at various levels, companies also organize events revolving around IP. Events such as quizzes, plays, and special programs on IP are effectively used to spread IP knowledge. Recognition of inventors, monetary incentives and other mechanisms are also adopted by some companies to build IP culture.

Incentives to Invent

The objective of the IP regime is to encourage inventors and creators to invent and create by granting exclusive rights, which provide recognition and financial benefits. Though financial benefits are considered under the IP regime as a primary driver of invention and creation, a study carried out by SiNApSE Blog on inventor incentives in India indicates that very few inventors are encouraged to invent by financial benefits. Most inventors have cited love of invention, desire to improve and recognition as primary drivers of invention. Therefore, companies endeavour to provide incentives aimed at recognition and creative behaviour in addition to financial rewards.

Many types of inventor and creator recognition programs are instituted by companies to promote creative activity. Some of such programs include issuance of merit certificates or plaques, programs to felicitate inventors, publication of creator achievements and special facilities. In addition to recognition, amicable work environment and facilities for carrying out inventive and creative activity have been proved to play a critical role in encouraging inventors and creators. Companies such as Google are known to focus on providing environment and facilities that allow inventors to think laterally and thereby generate path breaking inventions. The emphasis on such work environment is higher in creative industries such as entertainment, animation and designing when compared to other fields.

Favourable personnel treatment is generally given by companies to individuals, who are inventive and creative. In addition to giving flexibility with respect to mode of working, timings and access to resources, creativity forms part of employment assessment metrics for promotion, salary appraisal and related matters in many companies. Such incentives play a very important role in not only retaining a creator but also in encouraging him to create intellectual assets.

Though financial gain is not considered as a primary incentive for encouraging inventors and creators, it has been playing a very important role in getting inventor co-operation in protection and enforcement of IP. Financial incentives have also been proved to help in excavation of inventions and creations in a company. Therefore, most companies have financial incentives as part of their inventor incentive mechanism. These incentives are generally spread across various steps ranging from filing to licensing.

Policy and Process

An Intellectual Property Policy setting out the IP goals of a company in consonance with its business goals plays a very important role in enabling the company acquire business value from its IP. Such a policy lays down the framework and approach in the light of a company's business strategy. Most IP policies cover aspects such as generation, protection, ownership, utilization, management and commercialization of IP. They also include the company's policy with respect to use of third party IP, interaction with third parties and IP risk management. While the broad policy of a company is provided in the IP policy, specific process guidelines are drafted to implement the policy at the ground level. The guidelines and templates ensure that the IP Policy is implemented in the desired manner.

Despite the value of an IP Policy, most knowledge driven companies in India do not have one in place. IP activities in these companies are generally carried out in an ad hoc manner without a well laid out approach or plan. As a result, the business value realized from IP is not very high and expenditure on IP is viewed as dead investment. However, many organisations such as Indian Institutes of Technology, public sector enterprises such as Bharat Heavy Electricals Limited and other technology driven companies have instituted IP policies after

realizing their business value.

Value of IP

The value of IP to a company depends on the extent of business advantage it can provide. The manner of protection plays an important role in defining IP value. Intellectual property that is strategically well protected always has high business value than unplanned IP. The strength of protection depends on various factors ranging from the nature of IP to the quality of attorney. For example, a fanciful trade mark such as Kodak has more value than a descriptive mark such as House of Coffee and therefore, a company that protects a fanciful mark will have higher business advantage than the one using a descriptive mark.

Likewise, a patent claim that is well drafted with a thorough understanding of the technology and foresight will provide greater business value than a narrowly drafted claim. Let us consider a claim for a table to elucidate this. The claim reads as follows: "What I claim is a Table comprising of a flat plank of wood connected to legs at the corners."

This claim is very narrowly drafted and provides very less protection. It can be easily circumvented by making a circular table, replacing legs with flat support and by many other means. If the same claim is drafted broadly, it would have greater protection and greater business value. An example of such a broad claim is as follows: "What I claim is a Table comprising of a flat plank connected to support structures. Such a claim will prevent easy circumvention and the business advantage is much higher. Bearing in mind the limitations of prior art, requirements under the law and other relevant factors, a claim that is drafted with foresight, craftsmanship and understanding of technology will provide high business value.

In addition to the manner of protection, strength of protection depends on number of patents in the field. If the field is crowded and has many patents relating to tables, the value of the patent will be much lower as opposed to there being very few patents or inventions in the field. Most companies perform patent mapping and technology landscaping exercises to understand the layout of patent domain before initiating their research efforts. These activities enable companies to identify white spaces in a domain and thereby, help companies orient their research towards gaps that can result in strong and valuable IP. Competitor activities are consistently monitored by companies to understand their IP direction and frame invention/creation development approach. Inventions, that fall into the white space, where the field is not crowded and which are devoid of competitor activity are considered to provide greater business value.

Protection Strategy

Protecting all forms of IP in a product enables a company to safeguard different facets of the product. Therefore, companies integrate different types of IP protection with the objective of creating an IP fence around the product. For example, a company selling novel spring mattresses will protect the name of the mattress as trade mark, the composition of the mattress as patent, the look and feel of the mattress as design and the user booklet as copyright. The layer provided by integration of various forms of IP acts as an entry barrier for competitors and provides business advantage.

While protecting all intellectual aspects of a product is important, such protection is not always possible due to resource constraints. The protection strategy is therefore driven by available financial and other resources. Companies strategize protection approach to maximize business value within the available resources. IP is generally prioritized based on its business

importance and financial resources are utilized for protecting IP that has higher business value. For example, a technology driven company will spend money on getting patent protection as opposed to designs or copyrights because patents provide much higher business value than other forms.

Likewise, the mechanism of protection is also defined by resources. A technology based start up will most probably start with provisional filings instead of complete filings, which are much expensive. That will allow the company to block its intellectual assets with less expenditure to start with and gain time for arranging funds for complete filing. The protection strategy of a company will also depend on its target markets. Most forms of IP provide multiple approaches to national and international protection and appropriate strategy and planning is required for deciding on the best approach based on resources and business plans of an organisation for different countries.

Risk Management

Risks from intellectual property of third parties are an inevitable reality in today's business environment. Therefore, avoiding IP risks assumes as much importance as protection of intellectual assets of a company. To avoid risks, every company endeavours to ensure that its products or activities do not encroach on another company's IP. Recent IP litigation involving companies like Bajaj, Cipla, Novartis and so on has shown that violation of intellectual property can result in huge losses to a company in the form of damages, injunction against product sales and so on. To avoid business losses, companies spend time and effort on IP risk assessment and management before launching products. They take steps such as patent mapping, freedom to operate analysis, risk clearance opinion and compliance audits to mitigate risks.

Patent mapping enables a company understand the patent landscape of the field and helps the company work around patented inventions and thereby, avoid infringement. Freedom to operate analysis, which is generally performed before a product launch or product development provides an understanding of whether the product or activity is free from infringement. Products that are not free from infringement are not launched into the market as that would be very risky. Risk clearance opinions with respect to patents, trade marks and other forms of IP help companies mitigate risks by avoiding use of risk prone IP.

IP Valuation

The value of property lies in the money it can fetch. Determining the value of intellectual property in terms of money is called IP Valuation. Unlike real property, IP is intangible and filled with many ambiguities that its valuation is not easy and straight forward. Despite a few drawbacks, traditional valuation methods such as cost, income, market and Discounted Cash Flow are being used for valuing IP. Valuation of IP has been a subject of research and new methods are being consistently developed and tried.

Valuation of IP is performed under many circumstances. Some of the common transactions for which valuation is done include assignment, licensing, merger or acquisition, litigation and investment. Each of the said transactions is unique and an appropriate method is chosen based on the purpose. After aggressively investing in IP protection, Indian companies are today attempting to determine the financial value of their portfolios. Despite the need, valuation efforts of many companies have not gone too far due to lack of such expertise in India.

Portfolio Management

Building an IP portfolio enables a company gain business value provided the portfolio is kept alive and effectively used. Portfolio management allows a company to maintain its IP and maximize returns from it. It involves docketing of IP, tracking and complying with deadlines, paying renewal fee and other related activities. Strategic decisions on maintenance, abandonment, licensing, grouping and so on are made by a company to use its IP assets effectively. Companies having huge IP portfolios generally appoint specialized teams to analyze and manage their IP portfolios.

Marking

Marking and notices play an important role in giving public notice of IP ownership. As a standard practice, companies incorporate patent, copyright, trademark and confidentiality notices on products and materials. Such notices are incorporated on components, articles, machines, catalogues, brochures, documentation, manuals, drawings and other IP materials. The notices will enable a company to not only claim protection but also acquire punitive damages from willful infringers. Existence of such notices also deter competitors from copying or replicating products or materials by giving notice of IP and sending a message that the company is serious about its IP protection and enforcement.

Licensing

Authorization of an IP holder to exercise rights exclusively owned by him is referred to as licensing. Companies use licensing as a key mechanism for generating value from IP. Though IP does not form part of the business of a company, it can generate large revenues from licensing. Many dedicated research companies today focus on IP development and licensing as their core business model. They develop IP and make money out of its sale or licensing. One of the key revenue sources for companies in entertainment, publishing and pharmaceutical and biotechnology industries is licensing.

Many Indian companies and universities such as CSIR, Indian Institutes of Technology, YashRaj Films, Balaji Telefilms and others generate substantial amounts of revenue from licensing their IP. Though the IP being protected is growing at a very rapid pace, licensing efforts of many companies have not been so successful due to lack of licensing expertise. The government under the aegis of various Ministries is now putting efforts to build licensing capacity and facilitate licensing efforts of companies and individuals. National Innovation Foundation, Technology Information Forecasting and Assessment Council, National Research Development Corporation, CSIR and other organisations have been reasonably successful in licensing patents and generating revenues.

A typical licensing transaction includes the following steps:

- a) Identifying patents that are capable of being licensed;
- b) Validating the patents for strength;
- c) Forming a portfolio of patents for licensing;
- d) Carrying out a patent valuation;
- e) Identifying and contacting potential licensees;
- f) Negotiating a deal with interested licensees; and
- g) Drafting and executing a license agreement.

The licensability of a patent may fail at any of the steps. Lack of patent strength, Low monetary value or lack of interest in licensees may foil licensing efforts. Today, specialized businesses focussing on assessing IP strengths, identifying licensees and facilitating license transactions have come into existence. Platforms such as Invenomics and Idea Buyer provide an online forum for licensing and enable companies to identify potential licensees and strike license deals. They also offer expertise for negotiating and drafting license transactions. With the development of new business models and capacity building efforts of the government, licensing activities in India are predicted to increase inorganically in the next few years.

IP Audits

With the increase in emphasis on IP in various business transactions ranging from selling products to providing services, Companies in India are now focussing on building IP portfolios that provide direct business advantage. The emphasis today is moving from protecting any kind of IP to acquiring IP having business value. There is no doubt in the minds of most business leaders that IP provides great business and competitive advantage. However, deriving value from their IP creations and investments has for most companies been an unsolved puzzle.

One option to put the pieces together for business benefit has been IP Audit. Unlike in regulated markets, an IP Audit in India has assumed a different meaning. In addition to ensuring IP compliance and uncovering IP, which is the primary object of an audit in regulated markets, IP Audits have helped many companies in India achieve a variety of business goals. Such goals range from identification of intellectual property in the company and setting up IP processes to Using IP to beat competition, raising investments and exploring licensing opportunities. As companies grapple with the transition from an aggressive protection strategy to a business driven IP strategy, IP Audit has been able to provide a business solution for many companies.

Image: FreeDigitalImages.net

Considering the unique nature of Indian organisations, bottom to top approach has proved to be very useful for Performing IP Audits in India. Generally, an audit starts with understanding a company's business and technology processes and ends with a report on IP status, inventory, policy and strategy of the company. It involves activities such as business document review, interviews with personnel at different levels in the organisation, visits to company's facilities, due diligence on public and private databases and other IP activities. Depending on the nature of a company's business, audits are generally performed by a team of experts having technology, law and management expertise. Considering the results they can provide, many companies looking to gain business value from IP are using audits as the first step.

Dispute Resolution

Intellectual Property enforcement has taken a step forward in India since 2008. Companies have started filing cases aggressively against IP infringers to retain their business advantage. Appreciating the need for quick resolution of disputes in IP, some courts in India have been responding at a quick pace to law suits against infringers. Realizing the value of time in IP cases, Supreme Court of India has emphasized the need for speedy dispute resolution and has directed courts to resolve IP disputes without undue delays. A Bill seeking to set stringent timelines for IP cases among others is also pending before the parliament.

While litigation is used as a strategy to prevent competition, cases are often filed with the

objective of forcing parties into settlements. Alternative dispute resolution has off late assumed very high importance and many IP disputes are being settled out of courts. Many courts infact encourage such settlements to avoid long drawn disputes and unnecessary expenses. In the recent past, the number of cases being filed has noticeably increased in the entertainment and pharma sectors. While IP owners have been quite successful in the entertainment industry, innovator companies have not been so successful in pharmaceutical IP cases.

Pieces of the Puzzle

The integration of various activities ranging from building culture to effective portfolio management enables a company maximize business benefits from IP. Business advantage from IP is the outcome of putting together various pieces of the IP puzzle rather than taking independent IP actions. Every step in the IP life cycle is closely related to the other and any gap in the process can result in loss of business value. Therefore, IP departments in companies endeavour to blend various measures to yield optimum business value. They use policies and systems to put pieces of IP puzzle together.

Chapter 9: Strategy of Commons

Free and open access is the underpinning of Open source and creative commons movements.

The open and commons philosophy evolved out of the restrictive practices of intellectual property owners and overly stringent legal provisions. The objective of open source and creative commons is to make inventions and creations available to the public without undue limitations and restrictions. Such access is believed to promote creativity and enrich the public domain for good of society. Proponents of these philosophies strongly believe that freedom to access, use and distribute content is an inherent tenet of basic freedom and liberty of every individual's life. They also believe that such freedoms promote creativity and inventive activity through an enriched public domain.

Open Source Software

The concept of 'Free Software' and 'Open Source Software' evolved in response to proprietary software and restrictions under copyright protection. Owners of proprietary software exercised exclusivity under the copyright law until the advent of patent protection. They released only object code or executable and used their rights under the copyright laws to prevent users from accessing, distributing and modifying the source code.

Aggrieved by this behaviour, Richard Stallman, a programmer at MIT, started the Free Software Foundation in early 1980s with the primary objective of creating free software. The objective of Stallman was to make the source code of software available for free distribution and modification. The words 'free software' was understood by the general public to mean that such software was free and cannot be commercialized. To avoid this confusion, the term 'Open Source Software' (OSS) was coined by a group of software developers.

Open Source Definition

The Open Source Definition was drafted to design requirements for software to qualify as an Open Source Software. As per the definition, software would qualify as Open Source Software if

it complies with the principles provided in the definition. The open source principles include freedom to copy, modify and distribute code, making of source code available during distribution and transfer of software under a license. The definition provides that open source software must be free from any discrimination based on field, technology or person. It must also be capable of being used alongside proprietary software.

Licenses

The open source community uses the copyright law to further its goals of making the source code available through open source licenses. Author of an open source software claims copyright protection over his software but grants a license over his copyright with certain conditions that ensure that the source code is made available to every one who receives the software. By giving a license over certain rights and making the source code available, the author of the software provides the freedom to use, distribute and modify software. There are numerous open source softwares and numerous licenses governing their use and distribution. While every license has to satisfy the basic open source principles in order for the software governed by it to qualify as an open source software, the licenses differ from each other in a variety of ways.

Based on the restrictions imposed, licenses may be classified into viral, restrictive and flexible. A viral license is one that spreads to software when it comes in contact. In other words, if any software is combined with OSS that is governed by a viral license, such software will also be governed by the license. GNU General Public License (GPL) and Affero General Public License (AGPL) are popular examples of viral licenses. If OSS governed by any such license is distributed along with proprietary software, more often than not the source code of the proprietary software also must be made available and the proprietary software will also become open source.

Restrictive licenses generally have all provisions of a viral license but do not spread to software combined with OSS. These licenses generally provide flexibility with respect to distributing OSS combined with proprietary software. In such a case, the source code of the proprietary software need not be made available and it may be distributed under a license of choice. Examples of such licenses are Mozilla Public License (MPL) and Common Development and Distribution License (CDDL).

Flexible OSS licenses are licenses that permit use and distribution of the software in any manner with only restrictions regarding attribution and publicity. OSS available under these licenses may be distributed without source code and under a proprietary license. These licenses permit unrestricted modification and distribution of the software as long as notices are kept intact. BSD style license and, Apache License are examples of such licenses.

Using an OSS available under a flexible license gives broader rights and flexibilities when compared to a viral license. As all kinds of licenses require attribution and do not come with any kind of warranty and liability, decisions with respect to use of OSS are made after carrying out appropriate risk analysis and due diligence. Most companies use OSS only after conducting a patent search, analyzing the contributor's background and other aspects of the software.

In addition to evaluating risks, companies also endeavour to ensure that all OSS license provisions are complied. Each license comes with a set of conditions that must be followed during distribution of the software. Such conditions must be met by companies to avoid any kind of litigation. Recent settlements between Free Software Foundation and SISCO and Busy Box

and Monsoon have shown that non-compliance of a OSS license may result in payment of huge settlement amounts and bad will to companies among the public.

Open Source and Business

Open Source Software has now become inevitable for every company. In the light of its value in and for business, OSS has been adopted in companies at different levels. A recent study has shown that ninety percent of all companies use open source software for at least one purpose. Today, the discussion about whether OSS can be used in business has become redundant and focus is on how use of open source software may be strategized to gain optimum business advantage.

Open source licenses provide enough flexibility to do business with open source software. As per OSS licenses, a company may charge a fee for physically transferring the software. While the source code to most softwares is easily available, companies pay for reliable, updated and virus free versions of the software. Most open source licenses do not give any warranty for the software distributed under them and companies accept contractual warranty and charge for such warranty. In the same manner, companies also charge for providing training, support or maintenance to an Open Source Software. Furthermore, business is also done by providing customization and/or implementation services relating to the Open Source Software.

Companies have been using open source software extensively in business and its use has become a necessity in today's software development environment. OSS has certain advantages when compared to proprietary software. It is free and comes with source code, which allows modifications. Most open source software is built by a community, which makes development very fast. Furthermore, support and maintenance services are generally available for OSS from multiple sources.

Considering the advantages of using OSS, many companies have adopted OSS for various purposes. In addition to using OSS for internal purposes, companies today integrate OSS with proprietary software in commercial products. Strategizing such integration and related license compliance is given very high importance by companies. Furthermore, companies have developed various business models around open source software. Dual licensing is one such model that allows a company to popularize their software by making it available as open source and giving the same software under a proprietary license for a fee with additional flexibilities. With the increase in use of OSS, many models such as Open Source Maturity Model and Business Readiness Rating model have evolved to assess the suitability of open source software for specific business purposes.

Patent Risks

There are numerous Open Source Softwares and numerous licenses governing their use and distribution. As patent protection for software is a recent phenomenon, most Open Source Licenses were based only on copyright law and did not have patent provisions thereby giving rise to scope for patent risks. Patent Risks to Open Source Software developers and users can broadly be categorized into risks from the license and risks from third parties.

Risks from License

A number of Open Source Softwares are governed by licenses, which do not have patent provisions. Such provisions generally include grant of patent license and clauses against patent assertion. These provisions protect developers and users of Open Source Software governed by

the license from patent infringement actions. However, if such provisions are not present in a license, the developer or user of software governed by such a license would be under risk of patent infringement action by any person. Examples of licenses that do not have patent provisions are BSD license, Assurance Attribution license and Boost Software license.

Risks from Third Parties

Open Source developers and users often assume that they are free from any risk from third parties while dealing with OSS. However, the increase in number of patent infringement actions against Open Source developers and users indicates that OSS is not free from liability to third parties. Any patent holder can file a patent infringement suit against an OSS developer or user if the OSS violates patent rights of the holder.

Though there are only few instances of patent infringement actions against OSS developers and users, the fact that such risks exist is a cause of serious concern. One case that elucidates the risks is the case of Microsoft against TomTom. In the case, Microsoft filed a patent infringement suit against TomTom alleging that TomTom's implementation of Linux violates eight (8) patents held by Microsoft. In response, TomTom counter-sued Microsoft for violation of some of its patents. The parties settled the suit with a settlement agreement for five years. As per the agreement, Microsoft agreed to not initiate infringement action against TomTom or its customers for the next five years. TomTom's obligations under GPL may be met and it agreed to pay Microsoft an undisclosed royalty.

Another patent infringement action was filed by Firestar against RedHat, which was also settled. The initiation of patent suits exposed patent risks in open source software usage and prompted the OSS community to take various steps in order to address the risks. Such steps include formation of open source patent depositories or pools, software patent revocations and incorporation of patent covenants in licenses.

Creative Commons

Creative Commons is a non-profit organisation formed with the vision of enabling universal access to research, education, participation in culture, and driving a new era of development. The efforts of creative commons are primarily aimed at using the benefits provided by internet to achieve its goals. It achieves its goals of universal access to research, education and culture by providing creative commons licenses and other tools for enabling copyright owners to make content available for copying, use, modification and so on. Creative commons creates a framework based on 'some rights reserved' as opposed to 'all rights reserved' promoted by copyright law.

Wikimedia commons

By using the Creative Commons framework, copyright owners can make their works available for users with rights to copy, modify and distribute. Such rights enable sharing of copyrighted content without fear of liability, which will in turn promote distribution of content for enabling access to research, education and other purposes. The creative commons licenses are very widely used and there are millions of works available under the creative commons model. Users of creative commons range from news channels to businesses and governments. Some of the users of creative commons include Al Jazeera, Google, Flickr and US/Indian governments.

There are six types of creative commons licenses. Each license gives varying rights with respect to works governed by them. The most stringent one prohibiting commercializing use and modification and the least stringent permitting use in any way with modification and for commercial purposes. Donors to Creative Commons include organisations such as Google, RedHat, Yahoo and Microsoft. SiNApSE is one of the major contributors of Creative Commons content on IP in India through its initiatives, which include SiNApSE Blog, Radio SiNApSE and Intellecture/SiNApSE open online IP courses. Many companies, educational institutes and individuals are contributing to creative commons content regularly and the volume of such content is increasing inorganically.

Open Source Drug Discovery

Considering the great success of open source in software, the concept has been extended to life sciences and pharmaceutical research. The human genome project is one example of open source collaborative research that was successful. However, open source movement did not catch up very well in pharmaceutical research because it requires high investment and infrastructure, which makes it difficult or impossible for scientists to take up research independently. The few open source initiatives in the life sciences field were either driven by public funds or large multinational companies.

One example of open source model in life sciences is the project initiated by Glaxo SmithKline (GSK) for promoting research on drugs for malaria. As a part of the endeavour, GSK has made laboratory facilities available for individual scientists and has also contributed a seed fund to initiate research activities. In addition, GSK is providing funding to universities and making many of its compounds freely available for research. Another example of open source project in life sciences is the Tuberculosis (TB) research program, which was successful in decoding the gene of *Mycobacterium tuberculosis*. The proponents of open source drug discovery believe that the success of the tuberculosis program will go a long way in finding new treatment for TB and many other diseases.

Integrated Models

With the success of the open source and creative commons movements, the IP landscape has assumed a new face. In addition to open innovation and open standards, many open source like activities have taken shape. Companies have realized the importance of integrating open source strategy into their business plans and are developing models that amalgamate IP with open source. The approach today is not either open source or proprietary model but how to blend the two for gaining business value.

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