



Intellectual Property

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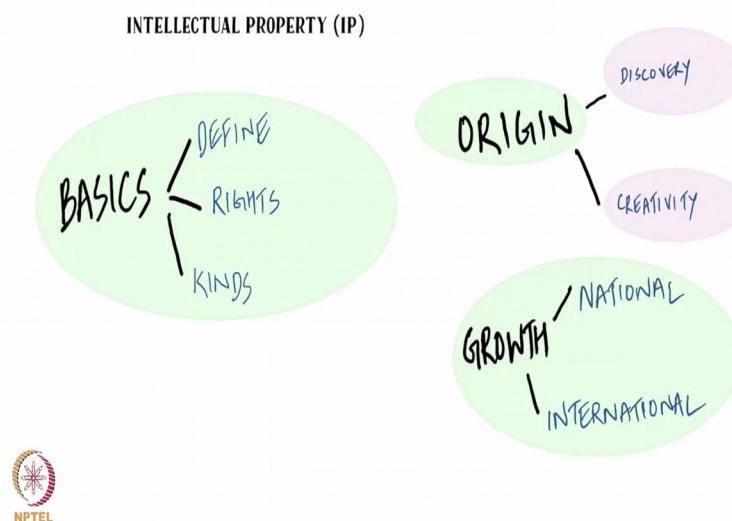
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Lecture - 01
Week 1 summary

An Introduction to Intellectual Property.

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In this series of lectures, we will first look at the basics of intellectual property rights. Is there a definition for intellectual property, then we look at the different types of rights that are conferred under intellectual property rights. We will also look at the different kinds; we have copyright, we have trademarks, we have patents and we have other new sets of rights as well.

Then we move on to the origin of intellectual property rights. Now, intellectual property rights is tied to human creativity. So, we look at human creativity, there was a point in human history where only discoveries were considered to be acts of human endeavor. Human beings were not attributed with creativity rather they were attributed with the ability to discover things that were already there.

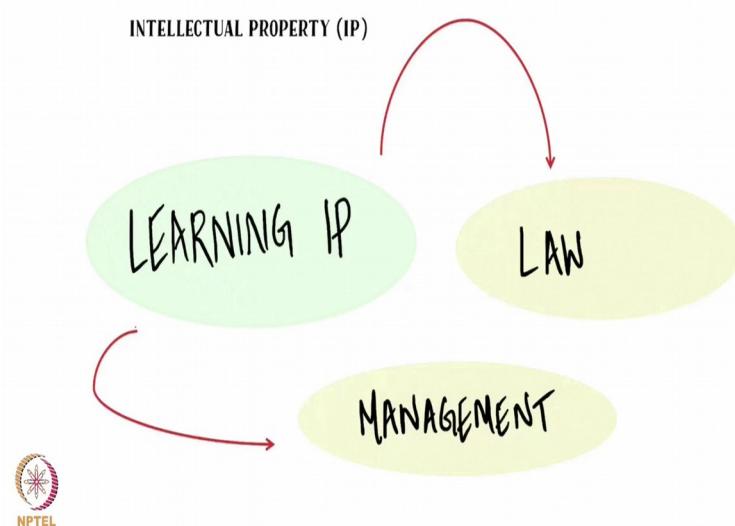
Later on in human history we found that there was a point in time where we started looking at human creativity as a product in itself. It was not something that was derived

or it was of divine origin, it was something which human beings made themselves capable of. So, at that point you will find that the need to protect the works of creativity also arose.

So, we find that creativity in itself had an impact on the growth and origin of intellectual property right. Then we move to the growth phase. Now when intellectual property rights came, they came at a point in history where there was rapid acceptance of the idea. So, you first find intellectual property rights being accepted by the countries at the national level, and then we also see movement at the international level. And we will see how this has now reached a state where there is quite a lot of international law making. That is happening around intellectual property rights, either in the form of multilateral treaties like the world trade organization, or in the form of bilateral treaties between countries.

So, the growth again you will see that the growth is a modern phenomenon. And it is tied to industrial revolution and various other creative endeavors of human beings. And you will find that the growth has been a steady growth. Intellectual property right as a term itself as of recent origin, but we find that the term has been accepted and used in recent times staggering pace. And finally, we look at learning intellectual property.

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Intellectual property is of interest in 2 broad domains of study. There is law, in which intellectual property rights are treated as a separate subject and it is taught in law schools. And we also find interest for intellectual property rights in the management

schools, where it figures as a part of an innovation course on innovation or entrepreneurship or even legal aspects of business.

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Lecture - 02
An Introduction to Intellectual Property

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What is intellectual property (IP)?

- IP may include original ideas; research results; critical business information
- IP emanates from human creative labour
- IP is different from 'real property'
- Real property is tangible, has defined boundaries



What is an intellectual property? Intellectual property relates to original ideas, results that emanate from research, and generally it covers some kind of critical business information. Intellectual property refers to that set of properties that emanates from human creative labour.

Now when we mention intellectual property we are specifically trying to define intellectual property as that is distinct from real property. For example, land or a laptop or a pen, these are instances of property that exist in the real world. You can touch and feel them, they are tangible, you can feel them, there are borders to it, there is no perceivable dispute with regard to where the contours of these properties are. A land is defined by its boundaries, a pen is an object that exists in time and space. So, we do not have problems in ascertaining the boundaries of this property; whereas, when we come to intellectual property we do have certain issues as to understanding the outer limits or the boundaries or the private space of intellectual property.

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What is intellectual property (IP)?

- There are different kinds of IPR, for e.g., inventions are protected by **patents**
- Literary works are protected by **copyright**
- IP is different from IPR



Now, intellectual property specifically refers to things that emanate from human creative labour. Intellectual property manifests itself in various forms. For instance, if you look at invention, and invention is an intellectual property which can be protected by a patent, which is an intellectual property right. A literary work a book or the work that is written or expressed in words could be an intellectual property which can be protected by an intellectual property rights that is copyright.

So, there is a distant distinction between intellectual property or the rights of property that manifest in certain creations made by human beings, and the right that protects these manifestations. Now for us to understand the concept of intellectual property better, we need to understand what these word stand for. Now intellectual property and intellectual property rights that is IP and IPR are in most places used interchangeably and there is nothing wrong with that, because many a times when we talk about intellectual property we also want to cover or encompass the corresponding rights.

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Meaning of 'right' in IPR

- What is a 'right':

"A legal entitlement which is recognized and can be protected and the violation of which is deemed as 'unlawful' and leaves the right-holder with a remedy.



But for the purpose of this lecture, we will try to explain the independent ingredients that constitute intellectual property rights. Now let us start with the right part of it.

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Lecture - 03
What are Rights

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Meaning of 'right' in IPR

- What is a 'right':

"A **legal entitlement** which is **recognized** and can be **protected** and the **violation** of which is deemed as '**unlawful**' and leaves the right-holder with a **remedy**.



What do we mean when we say we have a right? A right refers to a legal entitlement, something which you are entitled to get legally. It is something that can be justified, that can be recognized, and that can be protected. The violation of which is deemed as unlawful, and the violation of which leaves the person whose right is violated with a remedy.

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Meaning of 'right' in IPR

- Rights can be used in 2 ways:
 - as a liberty (gives the right-holder freedom to do certain acts)
 - as a licence (right to do something because someone has given you the consent)



Rights can be used in 2 broad senses. It could be used in the sense of a liberty, your ability or freedom to do something, it could also be used in the sense of a license, your right to do something because somebody has given a consent, or somebody has been allowed to do certain things.

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Meaning of 'right' in IPR

- Certain rights manifest are inherent in a human being (Eg: human rights, right to vote, right to privacy), while certain rights manifest themselves outside human beings (Eg: rights in property)
- A right must be recognized by law.
- Rights can be **general** i.e. claimed by every citizen (e.g. right to protection by the State) or **exclusive** i.e. the right-holder can stop others from doing certain acts without his consent (e.g. right to property)



Rights may express itself, inherently in a human being like what we say about human rights, your right to vote, your right to privacy these are things which are inherent in a human being.

There are also rights that manifest in things beyond the human being; for example, property. So, we have a set of rights that manifest in a human being because of his character of being a human being those who are what we call inherent rights. And we also have rights that express on things because human beings can possess, own, transfer things. In that sense rights are created by the law, in fact, you need a legal recognition for something to be regarded as a right.

Rights can be of a general nature which are shared by people; like, the right of protection a citizen expects from the government is a general right which every citizen can claim and every citizen will get. whereas there are certain rights that could be operated, or that could be exercised in an exclusive manner.

Now, when rights offer you exclusivity; it means that you have a right to stop people from doing certain acts. For instance, if you own a property, then you have a right to exclude people from getting into the property or enjoying that property. If you own a book, you have the right to exclude people from reading that book or from looking into that book, or from using that book in any way.

So, exclusive rights are rights which confer the ability on a person to stop others from doing things without his consent.

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Meaning of 'right' in IPR

- IPR refers to rights which emanate from IP which are capable of being protected (Eg: copyright, patent).
- Violation of IPR refers to 'infringement'.
- Patent law protects the right to use/make/sell/import the invention.



In that sense when we talk about rights, when in connection with intellectual property, we are talking about rights that emanate from the intellectual property which are capable of being protected. For instance, if there is an artistic work in the form of a book, then the creator of the book or the person who owns the book or who created the book could stop other people from using that book from making copies of that book from disseminating information from the book by different ways, because he has an exclusive right over it, in this case we call that right of copyright.

If the exclusive right vests in an invention, we would call that right a patent right, and the patent right gives a person the liberty to make or manufacture, to sell, to offer for sale, to import, and to use the right in that invention. And any person who does these things without the consent of the right owner we would say that that person has violated the right of the right owner.

A violation of a right of right owner is what is called an intellectual property law as infringement. Infringement technically means trespass; trespass is getting into the property of someone else. You would have read you would have seen these notices in front of some private property, trespassers will be prosecuted. It simply means that, if somebody intrudes into the property that is an violation of that person's right. You could have civil remedies to trespass, you could also have criminal remedies to trespass.

When trespass happens on an intellectual property then we call that by the word infringement. Infringement is nothing but trespass into the intellectual property owned by a person. Now this could relate to a set of rights that come out of the intellectual property.

As I said in the case of an invention, patent law, protects the right to make the right to use, the right to sell, the right to offer for sale, and the right to import the invention. So, if there is intrusion into any of these rights, vis a vis the invention, then we would say that there is an infringement of the intellectual property right.

Lecture - 04
What is Property in IPR?

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Meaning of 'property' in IPR

- Property is a form of **regulation**
- Property can be of 2 kinds: public and private
- Public property is property which is held in common (also known as 'the commons'), whereas, private property is owned by an individual.



Now, let us look at what we mean by the word property. And now we just had a short understanding of what we mean by right. Property is a form of regulation, and when it comes to intellectual property we are talking about a form of regulation of creations that come out of the mind. Property can be either public property or private property. These are two broad classifications of property.

For instance, public property is something which is held in common, what we call the commons. And private property is something which a person holds for himself individually.

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Meaning of 'property' in IPR

- Real property (land) has **physical boundaries** & can be distinguished from the property of another
- The owner of land & its boundaries can be ascertained from the property deed.



Now, to understand the concept of property, we need to take the analogy of land or landed property. Any landed property exists in time and space. You could go to a particular location and analyze or look at the land and see its boundaries, and you will get a fair understanding of the limits of that land; where is the land what are the boundaries of the land, where are the boundaries of the neighbors land, and where it is, where is the pathway that leads to the land, all these things can be ascertained in the physical world (Refer Time: 01:35)

So, property is something that we understand as specially private property, we understand it as something that can be differentiated from others property, and something which is capable of being distinguished from others property. And this hallmark of property that it is it can be distinguished from others property comes from the limits of the property.

In a land, in the case of the land we call them the boundaries of the land. The boundaries can be ascertained physically by going to the location and measuring it or looking at it. If the boundaries are protected and it gives a much clearer view of what is the extent of the land. Land can be measured, it can be ascertained in numbers, we can compute it, and we can say what is the extent of the land.

The title in a land also manifests itself in a piece of a document, what we call the deed or the sale deed, by which a land is conveyed from one person to another. In a sale deed

typically, you would find towards the end of the sale deed, a portion of the sale deed what we call the schedule. The schedule normally has the description of the land, the extent of it and also the boundaries of it.

As I said in the case of a land, you can doubly be sure you can be sure by looking at the document, where the boundaries of the land are, you could also go and look into the property deed or the title deed and see what are the boundaries of the land. So, two ways to check it; one, you could look physically and check the boundaries, or you could look at the title deed and look for the boundaries of the property.

Intellectual property does not exist in time and space like real property. As I said, because intellectual property deals with creations of the mind; like, an invention or an idea or an expression of an idea, we need to have some form by which we can ascertain the limits of property. When a person comes up with an invention, the invention could be improvement in an internal combustion engine that could be an invention.

The improvement rests inside the engine. It is not possible for a person who sees the engine from outside to ascertain where the invention is, or which part of the improvement actually makes the engine better. Unless it is described in detail, in writing, it will be very hard for a person to understand the improvement in the engine, unless he analyzes it, or he breaks it down, or a reverse engineers it, it will be very hard for that person to understand where the contribution is with regard to that particular invention.

So, though there is an improvement that the inventor has made with regard to the internal combustion engine, it will be very difficult for people to ascertain where that improvement is, unless the inventor himself tells the world as to what was the contribution that he made. In patent law every invention needs to be described in writing. The descriptive part of the invention is contained in a document is what we call the patent specification.

And the patent specification much like the land deed would convey the details about the property, and would end with something what we call the claims. The claims will demarcate the boundaries of the intellectual property when it comes to a patent right. So, you could look at a patent specification, and the last portion or the concluding portion of a patent specification is what we call a claim or many claims. It could be a multitude of claims or it could be a single claim. And these claims when you read will give you an

understanding of what are the boundaries of the property what are the limits of the property.

By property we understand as something that can be possessed, and something that can be transferred. We also understand property as something that has boundaries, which makes it possible for you to distinguish your property from another person's property. Take a pen for instance, the pen has a boundary in time and space. And the fact that pens are possessed by people, we do not have title disputes with regard to ownership of pens.

Assume a scenario, where you and your friend have a small tussle with an ownership of a pen. How are we going to settle this ownership dispute? Now, if your friend is smart enough, he could just pull up his pen just open it up and say you know I had written my name somewhere discreetly. He could show that and he could get away with it he could say that, it is one way to prove ownership you had even put in a secret mark.

The other way to prove ownership is, me opposition, you could say that I have been possessing this for a long time, this is my pen. So, it is hard to make a claim. Now if your friend wants to really make a claim, he would come up with something called a bill, showing that this pen is actually mine, because I purchased it for consideration he could produce a bill.

Now, that may put you in a back step, on the back foot. You may wonder whether he has a better title than you. Now you could further circumvent that by saying that no this bill is fabricated or the bill does not correspond to those pen. Now all these things are disputes with regard to title on the ownership of a pen.

Now, eventually let us assume that, you convinced your friend on the ownership of your pen. You could have complete possession and once you clear it off, then you could have complete possession on ownership of the pen. Now disputes with regard to property is normally settled in this way. You could either show position for a long period, uninterrupted period of time, or you could bring evidence of title to show that a bill or a received or something of a similar nature to show that or the fact that you received it as a gift from someone else. You could show evidences by which you can claim title to a particular piece of property.

Intellectual property because it is not readily discernible, because the rights do not manifest itself in time and space in a tangible or a tangible form we find it difficult to settle disputes on intellectual property rights. When it comes to patent that is why we have a requirement of every invention to be expressed in writing disclosed in great detail, differentiating itself with every other invention that went before it, which is close to it or proximate to it. And then explaining the contribution made by the invention inventor, with regard to what has gone before what has gone before is generally referred to by a term called the prior art. And then demonstrating what is the inventive contribution that he made.

All this is done in the patent specification, and after the inventor distinguishes his invention from what has gone before, he claims as something to be his own property, that is what is contained as I said in the concluding part of the patent specification what we call the claims. The claims are actually for what the protection is granted. The protection in a patent is confined to what is mentioned in the claims and not what is mentioned in the descriptive part of the patent specifications.

Now so, the proof of the existence of intellectual property if it is a patent if it is an invention, then we would look at the patent specification, the document that encompasses it. Now you may be wondering; so, is it easy to get an intellectual property right I just need to put everything in writing that is not the case. If you put everything in writing, there is a scrutiny that is done by the patent office. In India it is done by the Indian patent office. And only when you pass the tests that the Indian patent office will subject your written description to will you be granted a patent, which will give you a title and a protection for a limited period of time, provided you keep it alive by paying the required fees.

Lecture - 05
Meaning of Intellectual in IPR

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Meaning of 'intellectual' in IPR

- 'Intellectual' refers to 'products that come out of our intellect'
- Intellect is our ability to think and understand ideas
- An idea is a product of careful thinking



Now, let us take the intellectual part of intellectual property rights. When we mean intellectual, we refer to things that are coming out of our intellect. For instance, products that come out of our intellect. By being intellectual, we refer to our ability to think and understand things, sometimes these things are complicated.

So, it is the ability to think and understand ideas sometimes which some of those ideas could be complicated ideas. So, an idea is something that comes out of a mental effort. We could also say that an idea is a product of careful thinking.

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Meaning of 'intellectual' in IPR

- Inventions are products of creative human labour.
- Intellectual effort cannot be perceived by others.
- Intellectual effort is special to the inventor and cannot be attributed to machines.



Now, all these things creativeness, that is inherent in human beings, creativity that comes out of an intellectual effort, and idea that comes from constant thinking or careful thinking; these things is what we refer to as intellectual in the context of intellectual property rights.

Intellectual property rights are descriptive of the character of the things that it protects. For instance, when we say patents protect inventions. The intellectual property rights that are patents, they protect the intellectual property that is invention. We refer to the invention as something that comes out of creative human labour. And invention it could be as serendipitous invention, but nevertheless be attributed as a product of the intellect.

Now, if we need to understand intellectual property how it can manifest. We could have the example of a carpenter creating a chair. Now if you get just imagine a carpenter who is creating a chair out of the wood, he softs the wood, cuts them into pieces, then he aligns them, he could do the and he could construct an entire chair without even having any drawing, with him without even putting pen on paper, or even without even making others feel that there is some kind of an intellectual effort that is coming out of him.

What a person gets to see when a carpenter is actually making a chair, is the fact that he is involved in human labor, what we call physical labor. The mental labor is not discernable though it is there. But at the end of the product, when the product gets done, you will be able to see a beautiful crafted chair, where you may not be able to discern the

mental effort that went in, but you were while you were watching him, you were able to ascertain the physical effort that he as put in. Intellectual covers that mental element, it would also cover skills that come out of that mental labor. It is sometimes hard to segregate the physical and mental element, because when there is a particular move or a skill that comes out of the carpenters hand; there is a combination of certain physical skills and mental skills.

So, it is very hard for us to cut and say the physical part is different from the mental part, but for us to understand this concept better, though we saw the carpenter exercising physical effort and physical labor, we were not able to see the process that went in in conceiving the chair and in putting the chair together, which went in his mind. Similarly, when we see an author writing a book, what we see him do is putting the pen on paper, and you see him laboriously doing that days and days together till his book is done. This sight that we see could be the same for all authors regardless of who it is. It could be an author of a textbook, it could be an author of a letter being sent to someone else, it could be the author of a masterpiece.

But the mental effort differs from all these is different and it differs, and the quality that comes out while also differ. So, intellectual by intellectual we mean or we are looking at the mental effort or the creative effort, which could be a combination of physical and mental skills. We are looking at that part which is special to human beings, if you need to put it that way.

So, whenever we talk about the property that comes out and intellectual effort, it is this trait that we are talking about. For instance, we do not say an artist or a tailor uses colourful threads to create an embroidered piece of cloth. The same could be done today by a modern sewing machine. We do not say the work of the sewing machine as something intellectual property. Because the intellectual property went in much before in the creation of the sewing machines, which was capable of doing this intricate designs on cloth using colorful thread.

Whereas the tailor who did it, or the person who actually embroidered a piece of design on a cloth, we would say that that involved an intellectual effort. So, we distinguish intellectual as something that comes from human beings, and not something that comes

from machines. We also distinguish intellectual as something that is special to human beings and not to other beings.

Lecture - 06
Characteristics of IP

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Common Characteristics of IP

- Protectable by law i.e. enforceable right
- Intangible
- Capable of being described and registered (copyright does not require compulsory registration).



Now, that we have understanding of these 3 terms, what rights are, what property is, and what we mean by the term intellectual. We should be in a position to move forward and give a definition for intellectual property rights. Intellectual property rights generally protects applications of idea and information that are of commercial value.

Now, this branch intellectual property rights generally protects applications of ideas, they do not protect ideas per se this is something which we need to understand ideas by themselves are cannot be protected; but applications and expressions of ideas can be protected. Now the best instance would be or one illustration would be the genre in literary works crime fiction.

You would have seen that almost every novel in crime could either be a who done it or how somebody did something. So, this is the genre there is a plot there is an even that happens and there are a set of characters all looking suspicious and there is a person who would come to solve that thing and eventually there could be some twist in the tale, eventually the crime is

solved or at least the person who reads the novel is given an impression that he was a part of a process of solving something.

Now, this genre has been in existence for a long time, people of different calibers have written crime novels and they all follow the same plot. There is an event which has to be solved and somebody solves it, there is a suspicion on the most possible characters and somebody else turns out to be the person who actually did the crime. So, that is the who done it part . The how he did it part is the crime is there and then somebody explains or tells the readers how this crime was done.

So, these are the; I mean there could be other ways of this, but it is this genre this group of fiction is predictable by its nature because, the setting is always a crime and there is an explanation of why the crime happened or how the crime happened or who did the crime. But look at the number of books that has come out of this genre and look at the number of authors some authors like Agatha Christie, she has written most of her books on this genre and still each book is different.

It could be the same idea it could be the same main character who solves these plots, nevertheless each idea is expressed in a different form and because it is expressed in a different form each idea as it is expressed in a different form can have a separate right. So, copyright subsists in all the books of Agatha Christie and they cannot be an objection that they are all crime novels or they are all works of fiction. So they are all, the who done it model in some cases it is the same protagonists to solve these problems. So, that cannot be a reason to say that the idea is the same as long as the expression is different you can have different rights subsisting in those ideas.

Now, having said that now we can venture to look at the nature of intellectual property, right. Now we have analyzed these terms and these terms have actually thrown up certain traits which we can identify as traits that are common for intellectual property rights, if not common traits which actually characterize this group of rights.

The first thing is that they are protectable by law. That is the first thing, because there are there could be very valuable information and idea which the law does not protect. But when we talk about intellectual property rights we are talking about a specific right be it a patent, be it copyright, trademark, design there are a list of rights which are granted protection. So,

the first thing is that these are enforceable, so when we say right we mean enforceable. So, that is the first thing for something to qualify as an intellectual property right it should be enforceable, it should be in the nature of a right they should be an entitlement some somebody can claim something based on it, and if there is a violation of that right there should be a remedy.

So, patents offer protection if there is infringement or violation of a patent, there is a remedy you can stop the person from asking him not to do that thing or you can claim what we call monetary compensation or damages. So, the first thing is they are enforceable. The second trait is that they are different from normal property. We can use the word intangible. These rights are intangible. You cannot touch and feel them, but they manifest in the end product in some way and because they are intangible they need to be described by some means.

So, the description part has led to various forms of recognizing the descriptive part, in a patent it is described in writing by something called a patent specification. And this patent specification undergoes a process what we call patent prosecution within the patent office and it emanates as a patent right this entire process in a very simple language we can call it registration.

So, rights they are enforceable and they are capable of being registered. The same is for design, designs can be described and they can be registered; trademarks, trademarks can be described and they can be registered; copyrights, copyrights can be described and they can be registered. But because of an international arrangement called the Berne convention it is not necessary to get a registration of a copyright to enforce it. Mere publication you would have seen in many books there is a copyright notice in the initial pages where the copyright is held by the author or by the publisher. You might find in various websites in the footer there is a copyright notice, the fact that you have put a copyright notice and most likely with an entity is name and the year in which it was published and the fact that you are published is good enough for you to say that you are the owner of the right.

So, copyright is an exception where you need not register it for enforcing it, but registration this there is a possibility there is a way in which you can register it. So, that is the second part the first thing about intellectual property rights is that they are enforceable; the second thing they are capable of being described and concomitantly being registered so that is the second part. They can be registered which brings a whole lot of things. There is an office. There is an

authority which analyzes the right and gives and scrutinizes it, and then verifies it with other things and then grants you a title. So, the process of registration in patent law is called patent prosecution, it happens at the patent office only when the written part that is a patent specification goes through the process of prosecution there is a person get a grant right; when we mean by a grant you mean a title of patent.

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Common Characteristics of IP

- Protectable by law i.e. enforceable right
- Intangible
- Capable of being described and registered (copyright does not require compulsory registration).



The third thing about an intellectual property right is the fact that you can easily replicate it. Now I asked this question how much does it cost Microsoft to come up with a first copy of windows say windows 7, it will be a few million dollars because you look at their R and D their investment their staff salaries a whole lot of things would have gone into creating the first copy of windows 7. How much does it cost anyone to make another copy of windows 7? Next to nothing, you can just copy it whatever is there in a CD onto a hard drive or to a pen drive if it has the capacity to do it, so the cost of making the second copy is next to nothing.

So, this defines yet another trait of intellectual property right. It is difficult to get the first copy out, but once the first copy is out it is easily replicable. Now this is also true for books, books may take an author may take years to write the book it does not take much to scan the book and put the copy of the entire pirated book somewhere in the cloud.

Similarly, a movie may take months or years of effort to complete, but we hear constantly about pirated versions coming out within just a few days of screening of the movie in the

theaters; all these things tell us that though it is hard to create an intellectual property it is easy to replicate. Now this is another trait that it can be reproduced easily, yet another trait which is not common, but nevertheless it is a trait is the fact that it requires effort to create intellectual property. As we said there is intellectual effort involved in it. But in today's world in a modern world sometimes this effort comes from research and development sometimes and sometimes it requires many people coming together to create intellectual property right, especially when we are talking about inventions and today gone are the days where an inventor could be in his garage and come up with something new.

Today the sciences and technology has progressed to such a level that most of the inventions and this is also true about academic writing in science and technology; most of the time they are co authored. We would very rarely find papers written by a single person. So, this is true for patenting too many of the patents are group efforts done sometimes by teams that are spread across in different countries they put their efforts together and they come up with an invention, so they are group effort.

So, the fourth point is the fact that it requires an intellectual effort to create these rights. So, they are creations of the mind, but it requires an effort to create these rights. Another trait or something inherent in the nature of intellectual property right is that, these rights once they are created they are valuable. There is commercial value or the fact that these rights can be used in trade and in business makes them valuable. So, they are capable of being enforced, they can be registered, they can be duplicated reproduced in many numbers, it involves effort to create them a creative effort sometime by many people put together and it has commercial value.

Now, these are 5 points which we have tried to cull out which define the nature of the intellectual property. Economists have also used 2 more terms to understand intellectual property. They say intellectual property by its nature is non rivalrous and it is non excludable. Non rivalrous means the use of intellectual property by 1 person does not cause rivalry or does not take away the enjoyment of the same intellectual property by another person.

Now, to understand the non rivalrous nature of intellectual property, let us imagine empty room, an empty room which is in the size of a normal classroom, you just imagine an empty room and imagine that you own this empty room, you have complete power over this empty room. Now if there is an entrepreneurial spirit in you and you want to make some money with

this room, there are multiple ways in which you can use this room to make money. You could rent this room out for a couple of people to sleep you can have some bunker beds and you can make some money off of it. Now if you want to stretch it a bit further you can convert the room into a classroom by which you can make more people sit and then sleep and you can make some more money or you can change your enterprise into a different one.

Now, if you get more enterprising and if you want to get in more people into it you can remove all furniture and make it into a place where people come and generally socialize with each other, for whatever reason. They could eat they could talk to each other and if you really want to stretch this forward you could have some kind of a party where people do not mind being at close proximity with each other.

Now, these are things which you could do to use or maximize the use of your real property which is your room. Now at best and depending on the tolerance level of people you could cramp enclose to 100 people into that room yes it gets tough the air gets hot ventilation becomes a problem, but still if people tolerance limit this high you may be able to push in 100 people into a room of average size.

Now, if you try to put the 500 people into that room they could be police at your doorsteps because that is simply not possible. So, that tells us real property has limits on enjoyment, these limits are not there when it comes to intellectual property rights. Imagine a bestselling book how many people can read that book at one time; yes the person who is reading it the another person who is sitting next to the person who is also reading it yes.

There could be a group of people around that person say it is a new book which has been released for the first time somebody stood in the queue for 12 hours and got the book assume it is a very popular book, you could have a group of friends who do not mind being pushed around looking into the page and reading it. If you are more creative you could scan the page and put it on a computer screen or project it on a computer screen and a whole lot of people can read.

If you even stretch it further you could scan the page put it on cloud and anybody who has access to that document could see it and that could run into millions or as many devices you have you could see that. So, this is a trait of intellectual property which distinguishes it from real property, real property has limits in enjoyment there are no limits in enjoying an

intellectual property right. This is what we mean by non rivalrous used by one does not take away the enjoyment by another.

So, all the people who crowded around a person who bought a copy of a bestselling book equally enjoy the intellectual property right, they were able to use it without affecting the right or without affecting the enjoyment quotient of the other person to use it at the same time; which would have been different if people were crammed into a room. There are limits to which people can use a room, whereas there are no limits to how an intellectual property can be used, so this is what is referred to as the non rivalrous nature of intellectual property.

Intellectual property also becomes non excludable. This is another trait which they see is non excludable the fact that intellectual property can be used by some you cannot stop others from using it for instance; somebody scans a book and chooses to put it on a live telecast on YouTube. So, what he is doing is he is just holding a page and giving sufficient time for people to read the page, then he is moving to the next page and he is just holding it in front of a camera and he is life streaming this on YouTube.

So, the book is available for live viewing for any number of people, now the fact that he has already put it on YouTube there is no way you can exclude a person who has got access to YouTube from enjoying it. So, there is once it is put in a way in which others can see it there is no way you can stop others from or exclude others. So, this is again a trait which intellectual property enjoys, once a medicine say it is a lifesaving medicine is out in the market it is possible for the competitors of the manufacturer who manufactured this medicine

to take the medicine analyze it and even without going back to the manufacturer to create a copy of it. So, once it is out there is no way you can exclude people from taking effect of it or in understanding how that particular thing was done. These two traits non rivalrous and non excludable nature is something that is shared by what economists call public goods. Public goods by definition are non excludable and non rivalrous for instance national security, you cannot exclude people from national security everybody gets it and you cannot specifically say that national security is only for few people; because, if the countries boundaries are bordered everybody in inside gets to get the benefit of it.

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Definition of IPR

- Rights which protect application/ expression of ideas & information which are of commercial value
- Rights which protect products of human creative labour (E.g.: patents, copyright)
- Inclusive definition given by WIPO
- Patents protect technological inventions



Now definition of intellectual property rights there is no agreed definition of intellectual property right, we do not have an agreed definition. In fact, as I mentioned if you look a dictionary meaning intellectual property rights can be defined as rights that protect applications of ideas and information that are of commercial value.

So, one definition of the rights that protect the products of creative Labour that is another definition you will find multiple definitions around this and some definitions would actually give you a list of things it is more like a grocery list; a list of things and say that these are all intellectual property rights for instance. The WIPO, which stands for World Intellectual Property Organization, which is an international organization under the United Nations which deals with intellectual property rights.

The WIPO has a definition on it is an expansive definition or which is more like a grocery list, it includes many things under the ambit of intellectual property rights. It talks about the things on which the rights are manifested and it also talks about the actual rights. Now you will find in the WIPOs definition that they talk about patents they talk about copyrights they talk about trademarks designs and similar rights.

The problem with the WIPOs definition is the WIPOs definition does not take care of the new and emerging intellectual property rights, there are some intellectual property rights that are

emerging as we speak it does not take that into factor. Secondly, there is no yardstick by which you can understand intellectual property rights, it is simply not there.

So, we could come up with the definition of intellectual property right either as rights which belong to a particular nature which protects creative and intellectual products that come out of human labour or you could have a list of things on which an intellectual property right may manifest. so the WIPOs definition is the definition which is an inclusive list and they could be new things that come into the list, but there WIPO definition does not offer apart from referring to it as products of creative labour it does not give us anything more for us to have a uniform definition for defining intellectual property rights.

Types of intellectual property rights intellectual property rights, there are many different varieties of intellectual property rights and they are distinguished by the nature of the product on which they manifested or the end product that comes out of human creative effort. When we pick the definition of intellectual property right to human creative Labour that itself creates some problems because, we have today something called geographical indications where no human creative effort is technically involved.

So, so but nevertheless when we talk about when we put the emphasis on human creative labour we are referring to the origin of intellectual property, because intellectual property originated through copyrights and patents that was the two initial rights that emerged. So, there are different types and each type refers to a different category of products, patents are used for protecting inventions and when we talk about inventions we are referring to technological inventions.

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Definition of IPR

- Copyrights protect creative works (e.g. literary & artistic works)
- Designs protect visually appealing works & not their functional aspect
- Trademarks protect works/symbols which act as source indicator of goods/services
- Geographical indicators (GI) protect source of goods
- Trade secrets protect secret information related to trade.



Copyrights: copyrights are used to protect literary and creative works, literary, artistic works, soundtracks, videos, cinematography, computer programs and a whole lot of things. Designs, designs are used to protect what can be distinguished by the eye for instance, the law of designs different from the law of patents, because designs are not used to protect something that is functional.

Designs are used to protect something that appeals to the eye, something that is visually appealing to the eye, but does not have a function behind it.

Trademarks, trademarks are used to protect words symbols that can be attributed to trade.,

Geographical indications can be used to indicate the origin of certain goods.

Trade secrets can be used to protect information relating to trade which the owner of the information wants to keep as a secret. And there are other intellectual property rights which we will discuss in some detail as we go by.

Intellectual Property
Prof. Feroz Ali
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Lecture - 07
Defining IPR

Defining IPR.

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Defining IPR

- Subject matter
 - Invention – Protected by Patent
 - Expression – Copyright
 - Aesthetic Design – Registered Design
- Registration (Government)
- Exclusive Set of Rights
- Duration



We had seen that there are certain elements that together constitute the concept of intellectual property right, we saw the fact that the subject matter can be replicated it can be repeated; the fact that the right grants the right holder the option of enforcing it against others and we also saw other characteristics or traits of intellectual property right.

Now, one of the things in understanding or in defining intellectual property right, is to first understand the subject matter on which the intellectual property right will manifest itself on. Because, as I said earlier intellectual property rights are a group of rights which manifest on different expressions of ideas that is one definition of it. It also manifests itself on the new rights are not actually on ideas like a geographical indication is not actually on some idea, it is the fact that there are certain products that come out of a particular geography which are valuable and it is an attribution to the origin of from that place. That place may have certain special weather or it could have some climatic conditions which makes the product or

contributes the geography contributes to the product, so you identify the product with a particular place. Now, there is not much idea in what.

Student: Who will be the beneficiary of a geographical indication?

The beneficiary of a geographical indication does of the people are the community which uses it is right, the producers from that place the other they are the people who can use that Right for instance Darjeeling tea. The people who are having plantations in Darjeeling and who are actually in the manufacturing and production of the tea they can use that label to say that this tea is from Darjeeling, because the Darjeeling tea it has been found out that has certain properties which is not there for tree that is grown in core or in some part of Sri Lanka it is not there.

So, the people who are able to manufacture from that particular region can claim a GI a geographical indication. Now coming back to our definition, so we know an intellectual property by the subject matter on which it manifests itself. If an idea manifests itself in the form of an invention then that is protected by a patent, if the idea manifest itself in the form of an expression a literary work or an artistic work or a cinematographic work then that is protected by a copyright.

If the idea is an aesthetic design a design that pleases the eye with no functional component to it, it is just that it pleases the eye then we say that subject matter can be protected by a registered design. Now to understand a registered design I will give you this example, a shoe that is designed by a company like Nike or Adidas will have certain design elements which also contribute to the functionality, it makes it cut the air faster it grows it grip it gives certain support in certain parts of the foot, so those design elements have also a functional component.

So, we do not say such design should be the subject matter of a registered design because, they could be an aesthetic part to it, but if there is a functional part right holders will not go for a registered design. Whereas, if a shoe is designed to look like a bunny or a rabbit you know many children shoes are designed like a rabbit or like a character in a cartoon. In such cases we do not say that that design has a functional element we try to understand the scope of a registered design is for things that are aesthetically pleasing to the eye and the test is

what the eye can see. So, when functional elements are tied to the design Right holders normally do not go and get a registered design for it.

Student: (Refer time: 04:20).

They have multiple Rights first it is a trademark, then the thing can also be copyrighted the way it looks because, almost all Disney characters were at some point subject matters of copyright. So, you cannot create that image in any other form and that violates the copyright and copyright as you know is a life of the author plus 60 years in India. So, it is quite a substantial Right. In defining intellectual property we first look at the subject matter. Then we look at the form by which it is protected. Now we said that intellectual property rights are intangible rights and it is sometimes difficult for us to ascertain the contours of this right the boundaries of this right.

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Registration

- Form by which IP is protected
- What the right holder has claimed
- Process by which IPR is recognised
- Backed by law
- Done by the Government



Registration is a way in which we can understand what the right holder has claimed, registration could be a registration of a patent specification by which a patent is granted. Registration could be registration of a literary work literary works can be registered though it is not mandatory for enforcement purposes, software code gets registered by way of a copyright trademarks are registered. So, registration is the process by which these rights become quote unquote official, it is recognized people can verify it and it is also because, it is backed by a law the Trademarks Act of 1999 is what gives the trademark holder a right to

enforce it the Patents Act 1970 gives the patent holder a right to enforce a granted patent against others.

So, registration is done by the government by or by the state, so registration confers sanctity over the intellectual property right. So, subject matter can vary and depending on the subject matter you can have different rights, kind type of registration the details of registration also varies because if you are filing a design a registered design or a registered trademark; you are just filing forms and figures you know you are just filing some papers with some marks in it and the registry does a check and the registry if the check is cleared then you get your right.

It is more like matching what has gone before are there similar terms, then the registry may raise an objection if there are no similar terms you invented or you coined a word for the first time nobody else has done it before most likely you will get the mark. it is a straightforward process. Design again the design looks unique it is original and you are the first person to file that design it gets a registration.

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Patents Specification

- Has to explain the entire invention in detail including:
 - Working of the invention
 - Features
 - Advantages
 - Variations
 - What went before the invention
 - Illustration
 - Claims



But patents follow a different path the patent specification will have to explain in detail the entire invention and it is not just the invention the working of the invention the features of the inventions the advantages, the various variations in the invention and the right holder will also have to explain what went before the invention.

So, it is a narrative he explains his invention and he also before that he explains the background of the invention; what were the technologies before him and how it was not possible for a person skilled in the art which is his sphere to come up with this invention. But he with his inventive effort was able to come up with it, so it is a narrative which starts with the background art, then it goes towards describing the invention the purposes of the invention what are the problems the invention solves various other things and it also has embodiments illustration; how the invention works or what are the parts of an invention if the invention is a mechanical invention. And finally, it ends with the claims.

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Scrutiny by Patent Office

- Done in great detail
- First Examination Report
- Right holder is asked to justify his invention.
- Two types of Objections - Technical or Substantial
- E.g. of substantial objection:
 - Not patentable
 - Preceded in the art
 - Obvious for a person skilled in the art to do



So, this entire process of explaining the invention when it is captured in what we call a patent specification, the patent office does the job of not just registering it. It also scrutinizes the details in great depth now the scrutiny is done by giving a report to the right holder, in India, we call it the first examination report the first examination report is given where the right holder is asked how he can justify his invention in the light of if there are any objections. But most likely there are if there are any objections either it could be technical objections or it could be some substantial objection.

If the patent covers a subject matter which is not patentable under the Indian law there will be an objection, if the patent covers something which is already preceded it in the art it is preceded, it is already come or the patent covers something which is obvious for everybody to do. In all these cases the office is going to raise these substantial objections and these

substantial objections it takes time to get over them. And this process of the office raising objections over a patent application is what we called patent prosecution and patent prosecution is a very detail and sometimes complicated process.

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Patent Prosecution

- Process of raising an objection over a patent
- Different from other IP prosecution
- There is a lot of analysis involved



Patent prosecution actually is different from a trademark prosecution or design right prosecution. In the sense that there is quite a lot of details involved, there is quite a lot of analysis of what the person says which goes into it before the right is granted.

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Copyright

- Right to print, publish, perform or record the subject matter
- Expression of idea
- Forms of expression be captured in a medium
- Right to make copies
- Copyright regime requires the work to be recorded or copied to some medium



So, registration is one of the key elements by which we can define intellectual property rights and registration itself varies just how the subject matter varies when it comes to different types of intellectual property rights. The registration process also varies when it comes to different types of intellectual property rights.

Then these rights offer a set of Rights intellectual property Rights be it patents trademarks copyright designs, they offer a set of rights it is actually a bundle of rights to the right holder and these bundle of rights also varies in the case of a literary work, The right may involve the right to print, the right to publish, the right to perform film or record the subject matter because, here is an expression of an idea and the all the forms of expression most likely which can be captured in a medium this is critical when you understand copyright.

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Set of exclusive rights

- Making copies implies a medium being there
- E.g. print is recorded on paper, films on tape
- IP rights first came up in the industrial revolution
- IP rights are commercially valuable
- Tied to an idea that can be shared, expressed or have an application out of it
- Industrial revolution was tied to ideas and dissemination of ideas



Because copyright is the right to make copies and when you are talking about the right to make copies where are you making those copies there is always a medium right. So, before copyright came I mean this is just before the industrial revolution, the world followed a means of transmitting knowledge what we commonly called the oral formulaic tradition.

Now if your children are studying nursery rhymes which you studied and which probably your parents studied in school, that is because of the oral formulaic tradition they are the same ones which gets repeated over the years and this used to be a just before I mean the industrial revolution which is seen as a point in history where these rights came into being.

They were I would say remote instances of rights even existing before that some kings granting these rights, but the rights attained international recognition with the advent of the industrial revolution, there are reasons for that historical reasons we will get into it soon. So, before copyright actually came into existence or before copyright became a recognizable right, there was the oral formulaic tradition. The oral formulaic tradition was a tradition by which people just memorized things and passed it on to the next generation. Now if you do that technically are you violating a copyright because, now the medium is your mind you remember things in your mind and you pass it on to the next generation and the next generation or the person who (Refer Time: 12:45) from you he or she remembers in her mind memorizes it and passes it on.

So, the oral formulaic tradition unless the substance is captured in some medium can remain outside the purview of the copyright regime, because the copyright regime requires things to be recorded or expressed on some medium. So, print the medium is paper, if it is film it is recorded on tapes or now it is digital, so you will understand that whenever we are talking about making copies it implies a medium being there.

We do not say that if you hurt somebody reciting a poem to you and you if you memorized it you do not say that I made a copy of it, you do not use that even in common parlance we have different terms for that we would just say that I memorized it or I learned it by heart. So, this is a critical point that you need to understand and it has some history behind it.

In the sense that copyright when it evolved as a right if you look behind it or before it you will find that Europe especially had an oral formulaic tradition and there are enough number of studies which some of it say that one of the biggest beneficiaries of the oral formulaic tradition was Shakespeare. You know just before Shakespeare came in he actually inherited from a oral formulaic tradition and there are studies which say that some of the things that he wrote were already there in the oral formulaic tradition.

So, that was a point in history where the right became recognized and because of the industrial revolution it spread far and wide and the interesting revolution also contributed to it because, all the things that we were talking about intellectual property Rights or first emanated in the industrial revolution. We said these rights are duplicable you can make multiple you can reproduce them if you have the first copy you can make multiple copies of it.

Industrial revolution actually mechanized manufacturing; it made producing many copies of products easier. Industrial revolution gave value to things because, they were manufactured in large numbers and entire industry of marketing came with the industrial revolution, before that people were not marketing the way or the scale in which they were doing.

This again is similar to what we discussed about intellectual property Rights, we say that intellectual property Rights are valuable Rights they are commercially valuable and intellectual property Right is tied to an idea which can be shared to others or which can be expressed or which can or you can have an application out of it.

If you just see the advent of industrial revolution, there are certain things that contributed to the growth of industrial revolution itself; one of the things include the advancement in printing technology. Now this led to the quick spread of ideas because printing technology advanced and you could make copies of; what was disseminated big ideas great works could now be copied and it could be sent to other places and because of the invention of steel and our ability to cross the seas using ships which could withstand long voyages. We also found that people were meeting each other or crossing borders much at a much greater pace than they ever did in history and at a much bigger number and in Europe this actually led to the need to translate works.

So, when you found a new German philosopher coming up with his work or a German artist coming up with his work, you found quickly people translating them and that idea spreading in England. So, when people started moving that also contributed to them understanding each other and the entire the entire field of translation or interpreting other languages came up which also led to the quick spread of ideas. So, the reason why we take the industrial revolution as the point where in intellectual property rights, actually took off is it was tied to idea and it was tied to dissemination of ideas.

Intellectual Property
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Lecture - 08
Kinds of IPRs and their Duration

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Kind of IPRs

- Copyright gives the creator the right to make more copies in different forms
- Trademark – using a symbol or word legally registered or established by use
- Patent – right to make, sell, use, offer for sale or import an invention



Now, we were mentioning that the exclusive set of rights that an intellectual property right compasses would also vary depending on the kind of intellectual property right. And we were saying that if it is a copyright, then the copyright gives the creator fixed number of years to print, to publish, to perform, to film or to record literary artistic musical or other cinematographic works.

So, the set of exclusive right in copyright pertain to making more copies in different forms. The set of rights exclusive rights in trademark pertain to using a symbol or a word that is legally registered or established by used as representing a company or its products; could be products or even services.

So, in trademark the right is for you to ascribe a symbol or a set of words like the Nike mark or the Mercedes Benz logo or any of these things to a manufacturer or to a company which owns it; so this attribution gives you a set of rights that are different. Now you could use this right for all your products, you could use this right for if you enter new industries in

which you were not there before. You could stop people from using it; even if you do not have products because you are rights have good will.

Now, there was a case where someone used the Benz mark the Benz Tristar logo for selling undergarments in India, the quote came Benz had no idea as far as I know of entering into the garment business, but still they stopped it because that was the right holder has the right to use the mark in the way he or she wants. So, it need not be the businesses that in which you are very can stop others from using it you could also prevent people from using it, if the mark is well known if it is a reputed mark the exclusive set of rights when it comes to patent law, on a patent pertain to the right to make, the right to sell, the right to use, the right to offer for sale and the right to import an invention.

Now, now look at that. In patent law we are talking about rights relating to manufacture, marketing, sale and in some cases importation. So, the nature of the subject matter you know we are trying to define intellectual property right and we are trying to understand that the subject matter can be different for different rights. The registration process is different for different rights the exclusive set of rights that patents and trademarks and copyright encompasses they themselves can be different because of the subject matter being different.

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Duration

- Can be for a fixed term or renewed
- In trademarks a right that has not been renewed or used it cannot be enforced
- Right as long as right holder wants to keep it alive
 - Pay official fee
 - Needs to take action against people who are using it
- Trademark is an unlimited life IP



And the duration can also be different. Trademarks can be for a fixed term, but they can be renewed as long as the right holder places some of the trademarks that are in operation like the coca cola mark are very old close to 100 years or more.

Some of the Trademarks, Trademarks can be situations where if the right is not renewed or if the right is not used then that marks cannot be enforced. So, but if you look at a business that is survived for 100 years and you would actually see that the marks are being kept alive, they paid the charges official fees for keeping the marks alive and you will find that it can be the trademarks in business parlance we say these are kind of unlimited life intellectual property.

There is no limit to this category of intellectual property because, their life is as long as the right holder wants to keep them alive; he just needs to pay money to the government has official fee and he also needs to take action against people who may use is right. So, there are 2 things the right holder needs to do, one pay the official charges, two he needs to be vigilant and he needs to take action against people who are using the right without his consent, otherwise it could be assumed that he has given up his right.

Student: in case we see coca cola there are large number of design (Refer Time: 04:55) right from 1900 to 2000, it has changed its design for (Refer Time: 05:00) quite a period of time(Refer Time: 05:02) every 10 years or every 5 years it changed its design.Say for example (Refer Time: 05:07) in 1910if there is one design of coco cola, that has not been renewed the Trademark, can that be used by some other party.

See coco cola has designs on it is bottle, coco cola has copy right protection in the way in which it is products are displayed it is an artistic work the way coco cola has trademark on the word. The trademark without doubt is an unlimited life IP intellectual property it is unlimited there is no limit to it. The other rights come and go if they had assumed that they had registered a design and there was a limited life for it would come and go, but the mark can always; can only be used by the right holder.

So, it is a combination there are multiple rights we will see that they will be multiple rights, but the way in which they take it forward is to get an unlimited life IP. Trade secretes they are again they are a category of a intellectual property right which fall within the unlimited life IP, they are not limited by if you can keep the trade secret a confidential then you can enforce it as long as they are kept confidential. Duration is true for all the country could classify.

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Two types of IP

- Limited life IP - can go to public domain
 - Unlimited life IP - subject to renewal
-
- Duration of patent 20 years from the date of Application
 - By virtue of TRIPS Agreement
 - A Patent is not technology specific
 - Originally the patent term was 14 years
 - It was an exclusive privilege



The entire lot of IP into 2 categories from business perspective, you have the limited life IP where the duration is limited after which it falls into the public domain and people can use it and you have the unlimited life IP where subject to renewal it can be kept alive forever.

So, this is true across the globe now let us look at the duration just a few examples today across the globe duration of a patent is 20 years from the date of application and now we have this uniform system thanks to the trips agreement, the Trade Related Agreement on the trade related aspects of intellectual property rights; which is TRIPS are which is an agreement under the world trade organization WTO, WTO is an organization and it is also list of agreements. So, the TRIPS agreement is the agreement which covers intellectual property rights and every WTO member is bound to implement that agreement because, it was an international arrangement and most countries who are all members of the WTO have across the board 20 year term for patent this was not so before.

The duration of a patent was not 20 years in India it used to be 14 years and for pharmaceuticals in India the term used to be up to 7 years, it was a flexible term if it used to be different for pharmaceutical food and agricultural products the term used to be even lesser. Now you may ask why 20 years, I mean where did we get the 20 years from I mean they should be some logic behind 20 because, we know that 20 years is not only true or not only applicable for all countries it is applicable it is technology agnostic. Every technology is now

protectable by virtue of the TRIPS agreement every technology even if the technology has a life span of 3 years, it still gets a 20 year term.

So, patents or the patent term as we understand it today internationally is not technology specific, whether it is pharmaceuticals, aeronautics, biotechnology, software, for the countries which granted patents on software it is a 20 year period and you and I know that 20 year period does not make sense for all technology. Some technologies are so quick they are you know twenty years maybe many generations for all you know it could be many generations.

So, how do we understand this twenty year period 20 year period came in because of some international lobbying because, WTO before it came into being there were 8 years of negotiations what we call the Uruguay rounds you know countries participated in it and it was a long drawn process after which the world trade organization was formed. And in that time they were stakeholders putting up their interest and pushing things to it and somehow we have this agreement on 20 years.

Now, mind you the predominant time period before this twenty year across the globe used to be 14 and there is a small explanation historical explanation as to how it came to be 14 years. In England it is said that it took 7 years to train an apprentice; that for time of an apprentice under master or a person with whom he learnt was 7 years; initially the British kings when they started granting patents and they did not actually grant patents in the initial years they granted exclusive privileges.

Now, exclusive privileges were granted by the king or the queen to enable craftsman very talented craftsman to come from continental Europe and to setup the businesses here. Now imagine if these craftsman some of them made soap some of them made glassware some of them on perfumes playing cards n number of things, if the craftsman where asked to come without the protection of an exclusive privilege then they come in here and immediately they are trade gets copied, is'nt it.

So, these exclusive this is the historical part of patent law, these exclusive privileges actually came in a way in which some protection was granted to people with special skills. Now at that point we were not even talking about inventions we were not even talking about technologies some people have this exclusive privileges to import playing cards. And it was

the royal privilege the king or the queen could give a royal privilege for anything; sometimes the royal privileges could be given for explorations of minerals Privileges were given.

In fact, this country was ruled by the British for a long time because, one company the east India company came with a patentcharter they came with a charter and that was an exclusive privilege that the queen gave to that company to explore business opportunities here and they came and we know rest is historyand you know they colonized they came here and they colonized.

But the origin of their charter was an exclusive privilege the given by the ruler. So, exclusive privileges were there at all times, so the so the in the early days we find we do not find patent grants we find exclusive privileges. So, when a technician or a craftsman was given an exclusive privilege to manufacture soaps for instance, The king or the queen would ask the craftsman to train two British nationals, because if you train two British nationals eventually they will learn the trade they will set up shop. And this was a way in which technology transfer or rather villages call it skill transfer happened in those days.

So, the privilege would be given in return of training to apprentices. So, apprentice normally takes 7 years, 7 plus 7 is 14, that is how we came with the first term. This is one explanation given as to why we had a 14 year patent term before the TRIPS agreement. So, this is one explanation so patents have a 20 year term which is universally applicable across the board all the WTO member countries have to honor that commitment and grand patents for 20 years regardless of the field of technology it is twenty years from the date of application. Copyright in India has a term which is computed as life of the author plus 60 years.

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- Copyright – Life of author + 60 years
- If institution – from date of publication + 60 years
- Trademarks – granted for 10 years can be renewed thereafter



So, if the author writes a book very early in his life. And if he gets to live long, then the books get a longer right, in fact I think it was in 2009 all the works of Mohandas Karamchand Gandhi, Gandhiji they came into the public domain, because his life plus 60 years; I think it expired in 2009 I can check and tell you the date.

So, the duration of a copyright is the life of the author plus 60 years, if it is not an author if the author or the creator is an institution then the institution from the date of the publication or from the date is varies for another term I think it is 60 years. Trademarks as I said trademarks the duration is it is granted for 10 years it can be renewed every 5 years.

So, this makes intellectual property rights, it puts intellectual property rights into 2 broad categories one as I said is the limited life IP copyrights and patents the other will be the unlimited life IP trade secrets trademarks.

Intellectual Property
Prof. Feroz Ali
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Lecture - 09
Rights Granted by IP

(Refer Slide Time: 00:16)

- Copyright – Life of author + 60 years
- If institution – from date of publication + 60 years
- Trademarks – granted for 10 years can be renewed thereafter



Now, just a quick run through on what these rights are what they manifest.

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Patent

- Exclusive Right
- Conferred by government
- Ability to stop others
- Make, sell, use, offer for sale, import
- Duration – 20 years from date of application



Patents grant exclusive right, they are conferred by the government, as I said exclusivity means it gives the ability to stop others. And the right pertains to making, selling, using, offering for sale and importing. And the right exist for a time period which as I said is twenty years from the date of application, after which it falls into the public domain. So, whatever was covered by the subject matter of a patent, will then be free for everybody to use it.

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Copyright

- Exclusive Right
- Conferred by the Government/upon creation
- Print, Publish, Perform, film, record etc.
- Duration: Life of Author + 60 years
- No separate registration needed for enforcement



Copyright again it is an exclusive rights it is conferred by the government, in cases where you seek a registration, or upon creation I have mentioned this before, if you are publishing something, all you need to do is put the copyright notice, which is the c within a circle, your name and the year on which it was published.

You would see your copyright notice on most works. And that itself gives you are right and, that is done because of an arrangement, where you can just publish it and claim to be the creator. So, copyright comes into effect either upon registration by the government or upon creation, creation with the notice.

Student: I was told you even have to register.

No need, for enforcement it is not required. In fact, all the books that are there in our library, it just the copyright notice is sufficient there is no need to separately register that.

Student: (Refer Time: 01:55). Notice in the sense, it could be copyright?

Ya, See copyright, most websites today have it, if you go to the bottom privately held websites, company corporate websites, they will say copyright from this year to this year in the name of the company. So, which means everything that was put on the website is copyrighted and reproduction should be done only technically with permission.

But the point with the website is I need not copy or paste anything, I can give a hyperlink directly to that website. So, so in that sense it is irrelevant copyright is irrelevant on the internet, because I could give a hyperlink from my website and take to that person page.

Student: But still in that page that the other persons logo, or whatever.

Logo is protected by trademark, but the point is the copyright notices put so, that people do not enmass, copy things and put it and pass it off as somebody else as website. So, it is objective of, but if I need to refer to something say Mercedes Benz's website or Tata motor's website, I can just hyperlink and people can read from that page.

Student: (Refer Time: 03:01) what is the durations, or they cannot take another down that same name.

That does not come under copyright it is a separate registration like registering a company's name, does not come under the copyright law. The Companys Act has a norm for it, registering a domain name does not come under copyright law. There is a domain registration service, where you can go like private link, GoDaddy manages it you can get it as long as you keep renewing the name you can have it.

So, those things are it is not subject matter of copy right, they maybe some industry arrangement they may be some other statutes like the Companies Act, by which you can register company names. And now these rights pertain to multiple things, you can print as I said publish, perform, record and depending on what the subject matter is and the duration of life is life of the author and plus 60 years so, from the date of creation till the author dies and 60 years from there on.

Student: Is there some institute.

Institution the date of creation plus 60 years in some places in some countries it is 50 in some countries it is more than 60, in America its more than that. So, though universally you will

see that there is some levy as to what could be the copyright term can vary, if you create a copyrighted product and have copyrights in multiple jurisdiction, it can vary because the countries are we do not have something like a trips mandate that the copyright term has to be same across all the countries we do not have that.

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Trade Mark

- Exclusive Right
- Conferred by Government/Established by use
- Symbol, word, mark etc.
- Marks help to identify the company
- Duration: Unlimited; subject to renewal



For trademarks, trademarks are exclusive rights, they are confirmed by the government it is possible for you to register them, or it is established by use. Now, establishing by use is if there is a mark that is used in Europe like IKEA, IKEA they are slowly coming here, but IKEA has been used in Europe. And assume that IKEA did not sell anything in India.

If someone, an Indian manufacturers starts using IKEA, IKEA could still come and stop that person, because there a right to the mark is established by use international use. And they have a reputation and there is another branch of law, as I mentioned earlier a law of passing off can come to IKEA rescue to stop people from using it though, they may not have business here, and they may not have registered it in India so, it is possible.

So, so that is why we say that trademarks, when we say trademarks in that sense we also include the right to use which comes by way of you know, you can protect your right by way of the law of passing off.

Student: With the law of we applicable, if I do not register a trademark in India and still (Refer Time: 05:57) for if a long time for 20 years, or 30 years can I still use the law of passing off?.

Yes the law of passing off will still come to your help, because you have been using it in trade, though you have not registered it. And you have some kind of reputation that is come out of it. So, we know some cases where people involved in old businesses, they do not registered their mark for, whatever reason either the business was too small then or whatever. Then the next generation takes the business and they are able to broaden it and take it to all places.

At that point they go in for a registration, because the next generation at the new generation they are aware of these rights and they go in for a registration. But still as they enjoy the mark they would have been able to stop, any person who would have intervene even without registration that is the fact that, you have been using something and people know you by that and you can stop people from using it.

So, without even without registration so, the right is express itself in the form of a symbols, words and marks. So, the trademark is something it is a mark by which your products and services are identified by the world. So, when we see the Tata mark on a packet of common salt, we know who created it. When we see the same mark on an automobile we know who created, it we see the same mark on it company TCS you know that Tata mark, what I mean was the Tata mark we know that it belongs to a conglomerate.

So marks helps us to identify the producer, or to know more about the origin of goods and services. In a world where marks are not respected, they will be rampant piracy and counterfeit happening all over the place, because people would now pass off cars as Tata's cars or they will pass of products as Tata's products. So, they will be issues with regard to reliability of those products. And also the company's reputation can get affected, because if you see businesses are run on reputation. And a reputation is built over years, sometimes it takes many years for somebody to build a reputation. And the marks become some kind of an ambassador for a business.

So, when they see the mark there is so much of reputation that is attributed to the mark, because this mark is how the company identifies itself. So, when others use the mark and they

are not able to give the quality, even if they give the qualities still the mark holder can come and stop others from using it. Now, branding it also has certain issues sometimes mark that is well known and well established may go for a rebranding they may decide to change the way they look.

And that has whole lot of Trademark issues, because the existing mark is still held by the company, because they do not want others when a mark like that is discontinued, it will not be opened for others to use that mark. Unlike a patent which expires and comes into the public domain, because still this company would want others not use the mark. They will still keep it alive for instance if I do not know whether you noticed Airtel used to be known by a different logo, few years back Airtel used to be written.

Now, they have a symbol yeah, now they have a symbol now they made this transition; obviously, it was an transition done for business reasons, but just because Airtel made the transition, Airtel will not allow people to use its old mark. And Airtel can stop others from using its old mark, this is not the case with a patent if the patent is expired or revoke for whatever reason, when everybody can use thattechnology.

Student: The Airtel pay for the review of the own mark.

Yes if it is keeping it alive and I would guess that they are keeping it alive, I would guess that, because it if they do not keep it alive, then there could be a reason for others to use it for whatever, but it is difficult because Airtel not just the mark the word itself is a subject matter of Trademark. So, anybody who uses Airtel in any font can still be caught by their Trademark, but the symbol you know it underwent a transformation.

Student: Then the medical therapy and all process of procedures can be protected by Intellectual Property?

There is an medical methods of treatment are exempted from protection under the Indian act. Section 3 does not allow methods of treatment to be protected and there are some sound reasons for that, when we come across when we come to the issue of patents in detail we can discuss that.

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Design

- Exclusive Right
- Conferred by Government
- Shape, configuration, pattern etc. (aesthetic)
- No functional element
- Not protected by Copyright
- Duration: 15 years



Design again it is an exclusive rights it is conferred by the government, which means it involves registration. This right pertains to shape, configuration, pattern, etc., which are esthetic in nature, which are pleasing to the eye, which does not involve functional limit, because if there is a functional element, then it goes to the domain of another right patents. And these rights or not rights which can be protected by copyright, because if something can be protected by copyright, then that is a subject matter of copyright nobody will go for a lesser term look at the duration of this.

So, if you have a design and if by some means you can be protected by a copyright, then you can stop people from using that design through your copyright, because it is an artistic work you can say that there is infringement of your artistic work. Then the protection is your life plus 60 years.

Student: Why is it there is a separate industrial design?

This is for another purpose, industrial designs, we are now talking about artistic works industrial like interlocking tiles ok or TMT steel bars they have some novel designs over then.

Student: Engineering designs.

A engineering again esthetic, but not shape of a bottle for instance ok, you may argue that the shape of the bottle has a functional element, but we are looking at all bottles have function in that sense, but we are looking at some kind of a design which makes a bottle look unique.

So, this is largely mass produced goods which come under this category. And again this is the weakest of intellectual property rights, because there are restrictions on enforcing it, you cannot stop people from doing things and your damages are also limited we will get to that.

Student: Dresses.

Mass produced dresses anything that is aesthetically appealing, anything can be done jewellery.

Student: (Refer Time: 12:43).

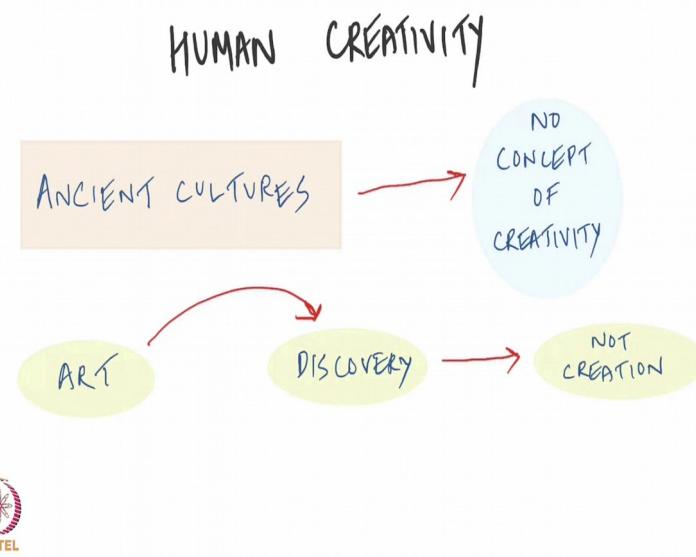
Yes jewellery, mass produced anything that is mass produced in a particular thing can come under this.

Intellectual Property
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Lecture - 10
The Origin of Intellectual Property – Part 1

If you look at the origin of intellectual property we will find that intellectual property can be attributed to human creativity itself.

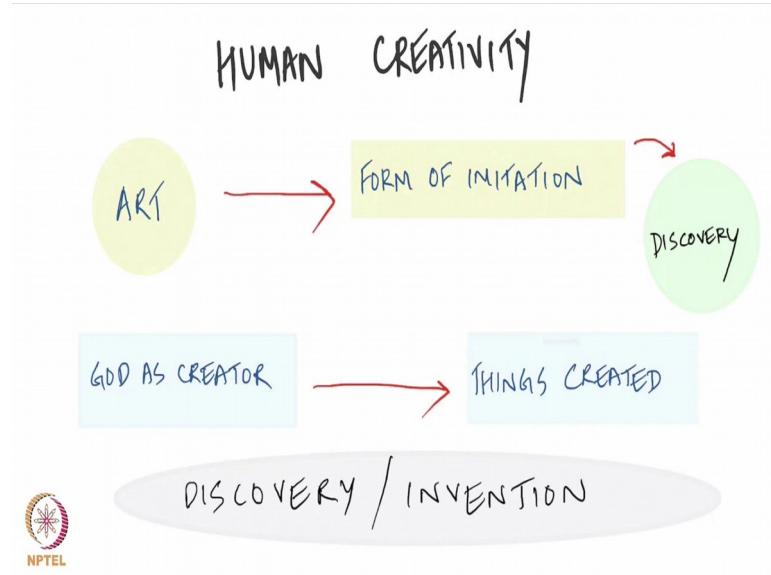
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Human creativity as we know from certain ancient cultures, There was no concept of creativity that existed in ancient cultures it just the fact that they did not respect or identify it as a concept is an important thing for us to note.

In fact, creativity was attributed only to divine origin. In fact, at one point in the ancient cultures art was regarded as a discovery that you make and not something which you create on your own. So, art was a discovery and discovery is not something that was created. So, the concept that existed in ancient cultures was the fact that human beings did not create anything on their own rather they discovered or converted one form of thing to another.

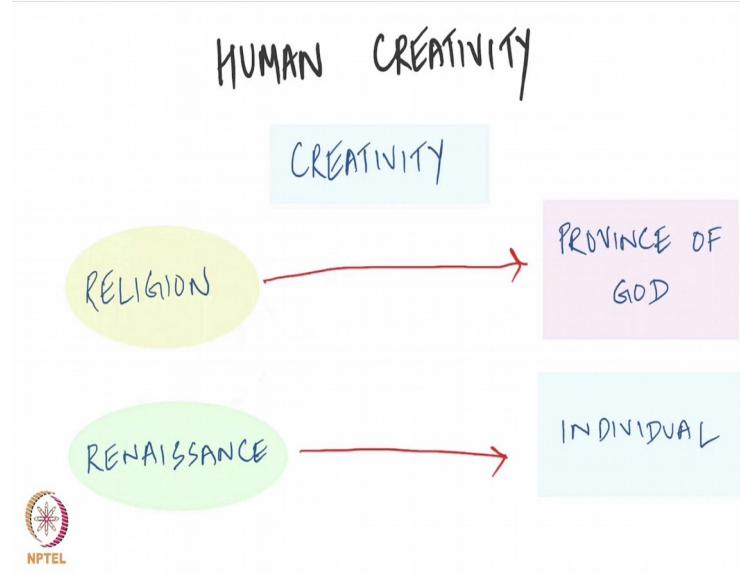
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So, art was regarded as a form of imitation and imitation as you already saw came through the process of discovery. Now this philosophy regarded that god was the creator and all the other things were the created things, so you had the created things and you had a creator. now human creativity did not seem to fit into this very well, because creativity was understood as a form of imitation.

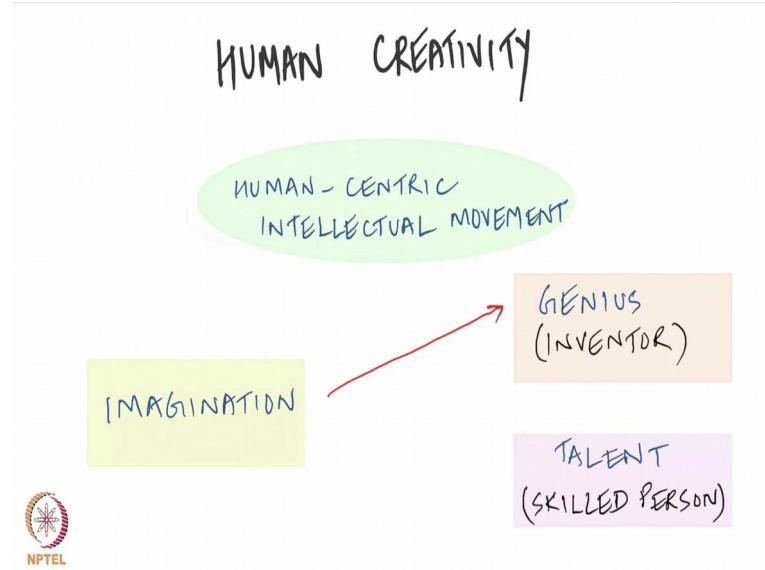
We find this tangle even in modern intellectual property law, where especially when it comes to patent law there is a conundrum between discovery and invention. Discoveries are not regarded as inventions because discoveries do not lead to inventing or coming up with something new. something existed and you merely revealed it. So, this issue that existed between the people in the ancient cultures you see that it also the same debate also requires in the modern times.

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So, when we look at creativity we can look at two broad classes of thinking: one we had religion which initially told us creativity was the province of god and then we had the renaissance where the individual was given more importance. So, we came to a individual centric model where we moved forward and said that it is not just creation that is of divine origin that matters, even the creations by the individual itself could be a thing to be considered.

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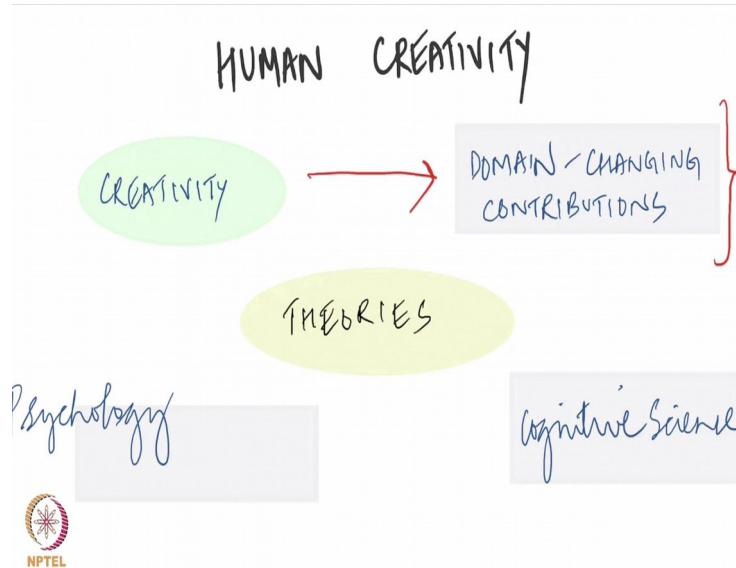


The human centric intellectual moment had imagination at its centre, it was regarded that a genius is a person who was imaginative and who had vibrant imagination; whereas a person skilled in the art is just a talented person. So, how does patent law decide or how does patent law determine that there is a difference between normal talent and that of a genius they nearly look at the fact whether a skilled person who is an ordinary person in that field could have come up with the invention.

So, you could have talent to do ordinary tasks, but to do the extraordinary you had to be a genius. Again this is something which we will find in modern intellectual property debates, in an inventor is somebody who has the spark of a genius, whereas a skilled person or a person skilled in the art is just a talented person. So, how does patent law decide or how does patent law determine that there is a difference between normal talent and that of a genius they nearly look at the fact whether a skilled person who is an ordinary person in that field could have come up with the invention.

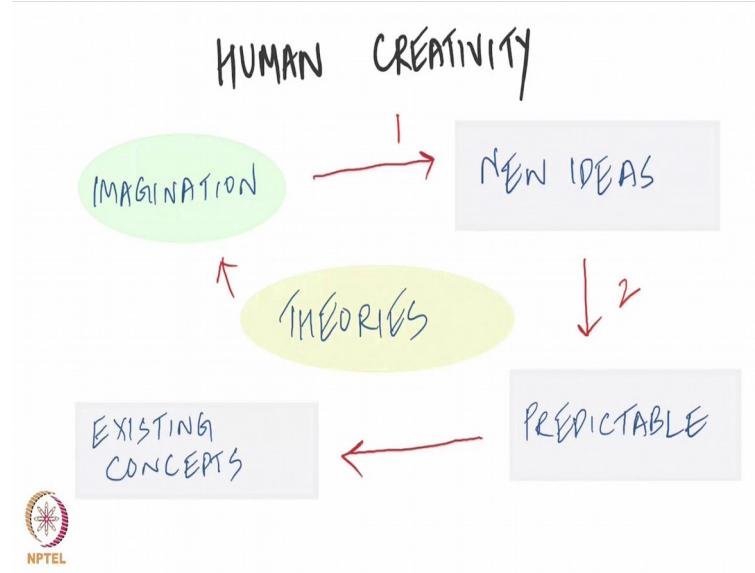
If the skilled person could not have come up with the invention, then patent law regards that as a work of invention or rather the patent law regards that there is an inventive step, which is similar to the contribution of a genius. So, human creativity revolved around human imagination and human imagination was something that was attributed to the work of a genius.

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So, creativity came to be equated with domain changing contributions, so you could look at some similar contribution that led to creation of a domain or changing the knowledge and that domain. They were various theories on creativity you had psychology theories in psychology and theories in cognitive science as well.

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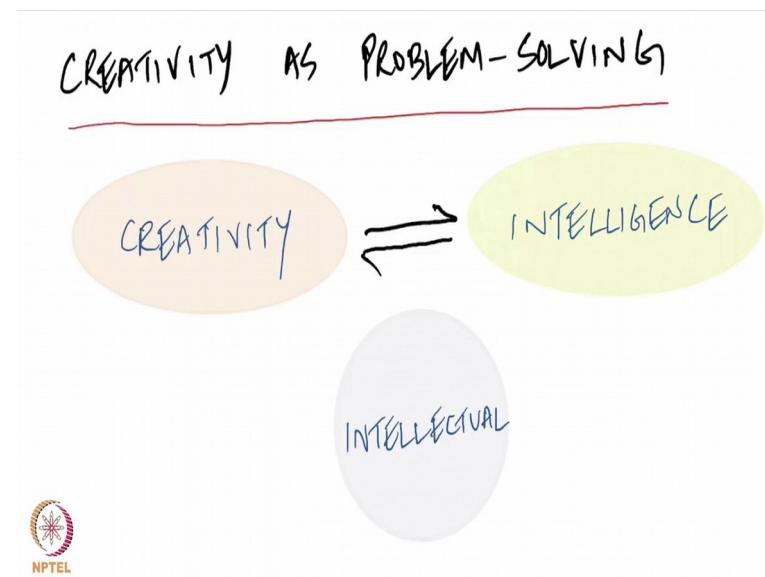


Now, imagination it was believed that imagination led to new ideas and the new ideas came up because of operating in predictable ways and these predictable ways mapped or had relevance to existing concepts. So, in a way imagination had to do something with what was already there. In fact, we had statements from scientist who have said that if I could look far it is because, I stood on the shoulders of giants.

Now, this is a quote that is attributed to Isaac Newton.

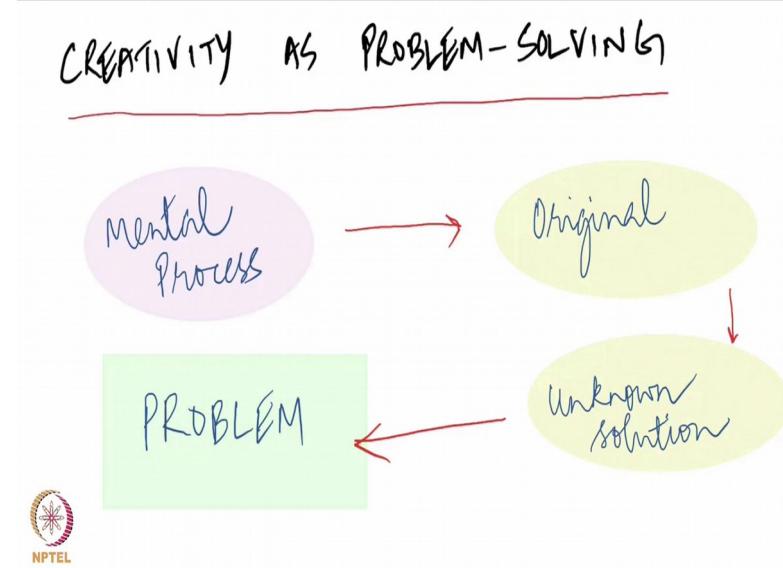
So, all of knowledge or all of creativity can be regarded as building on existing knowledge. So, when you look at creativity from the perspective of intellectual property rights, intellectual property rights are creative endeavors or rather the rights that come out of creative endeavors. And if you look at human creativity itself human creativity can be attributed to how we build on existing knowledge. So, just how creativity comprises of building on existing knowledge, so also intellectual property is something which is built on what is already known.

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Now, creativity also has a bearing on problem solving. Now creativity is something that overlaps with what we called intelligence and that is why where we get the term intellectual from.

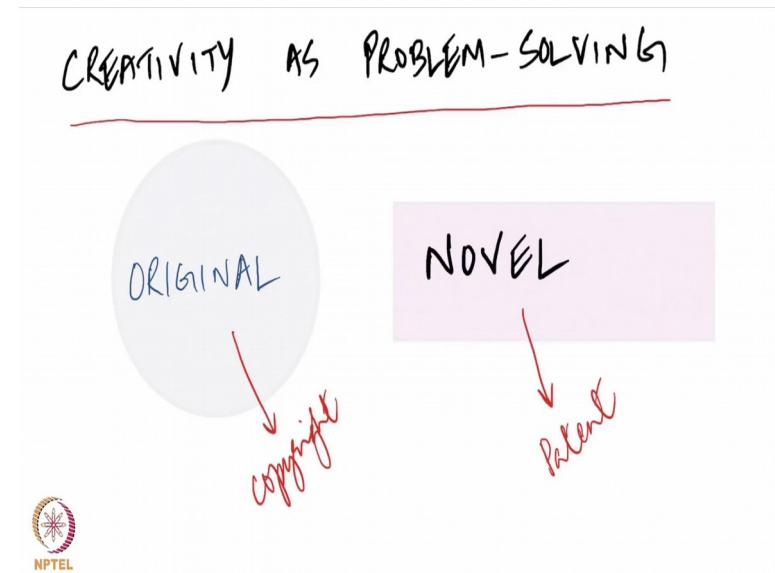
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So, the mental process when it comes up with an original idea and the original idea results in an unknown solution to an existing unsolved problem. We say that it results in creativity in solving a problem.

Now, creativity in solving a problem is again what we call creativity as problem solving has its relevance to intellectual property rights, because when it comes to an invention one of the ways in which we attribute a invention as unique is by looking at whether it is solved a preexisting problem or an unsolved problem.

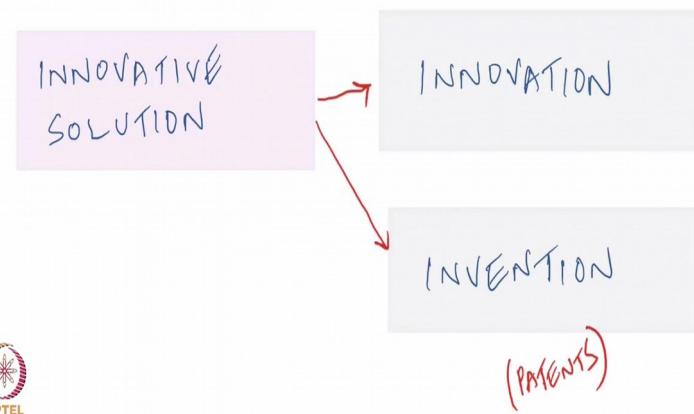
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So, this is how creativity came to be attributed to originality or the thing being original or the thing being novel. Now originality is a requirement under the copyright regime, the copyright regime requires copyrighted works to be original and novel or novelty is something that is relevant to the patent regime. So, patent law requires inventions to be novel and copyright requires works to be original. Copyright and patent are two branches of law under intellectual property rights.

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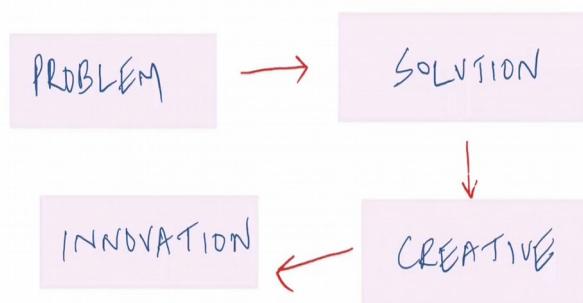
CREATIVITY AS PROBLEM-SOLVING



So, an innovative solution could either result in an innovation or it could result in an invention, innovation is a very broad term intellectual property is more concerned about invention, because patents would protect inventions. We do not say that all innovations can be protected we only say that inventions can be protected by way of patents and invention is the subject matter of patent law.

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CREATIVITY AS PROBLEM-SOLVING



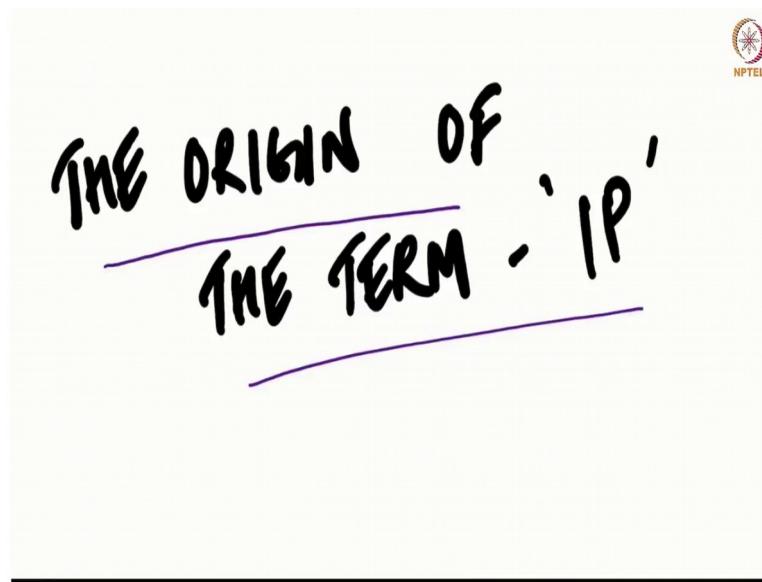
So, when we look at the problem solution approach or when we look at creativity as a process of problem solving, you have a problem for which we find the solution and if the solution is

creative then we call that as innovation there is an innovation When there is a problem that is solved using a creative process this entire process is called Process of Innovation.

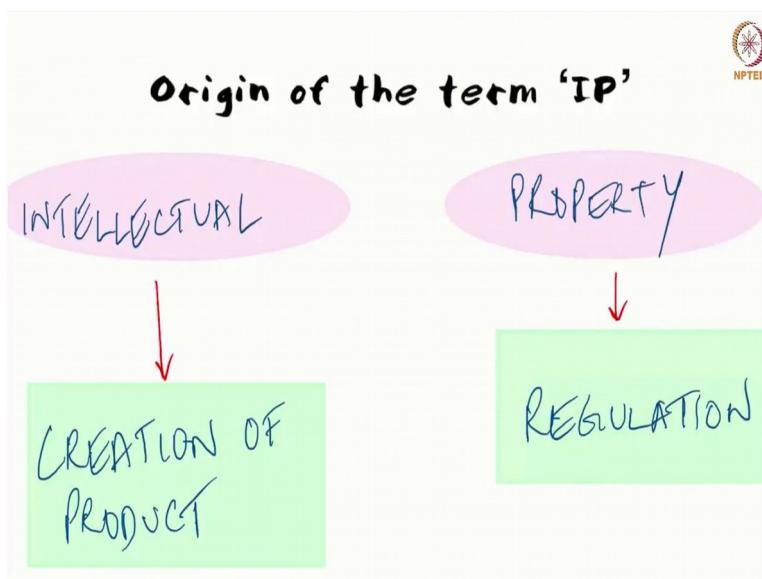
Intellectual Property
Prof. Feroz Ali
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Lecture - 11
The Origin of Intellectual Property - Part 2

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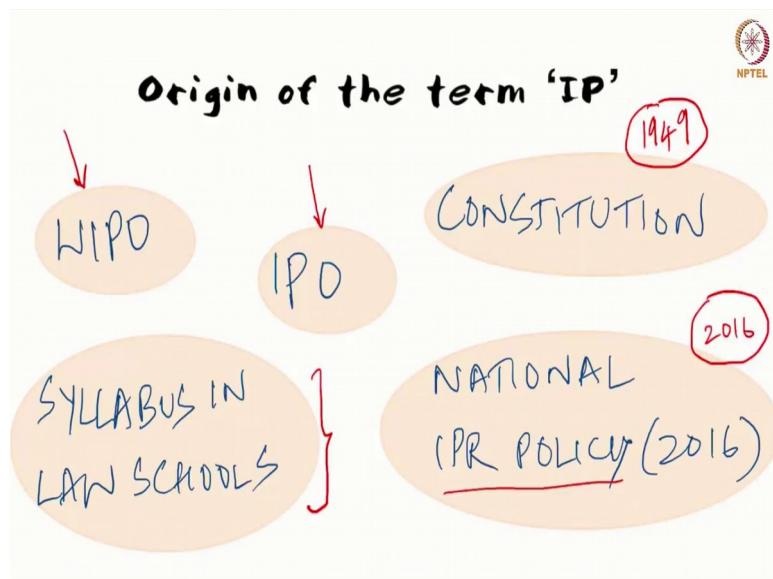
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Origin of the term IP or intellectual property; Intellectual property comprises of two words intellectual and property. The intellectual part refers to the creation of the product, the way in

which the product the resultant product was created which was through an intellectual or a creative effort. The property part of the phrase tells us about regulation that it is treated like property in the sense that you can have rights associated with property, you can have rights to alienate it, you can have rights to enjoy it, you can have rights to exclusivity over it. So, the term intellectual property has been of a recent origin.

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Now if we look at the term itself in 1949, we had the Constitution of India. And the Constitution of India does mention about the different types of intellectual property rights without using the phrase intellectual property itself. It talks about patents; it talks about copyright; it talks about trademarks, but the Constitution of India does not talk about intellectual property as a phrase itself.

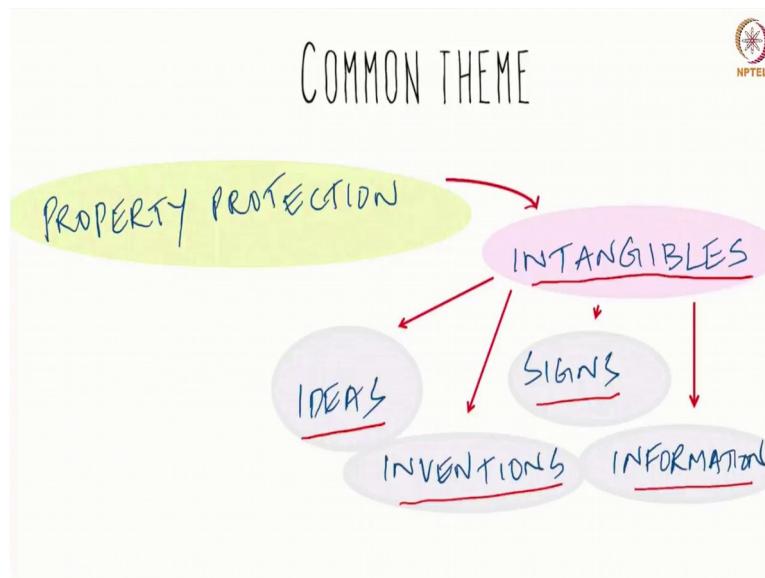
So, we know that around 1949 the time when the constitution was came into effect; the term was not in popular usage. The term came to popular usage because of the creation of the World Intellectual Property Organization or the WIPO. Now, WIPO when it came WIPO had a definition of intellectual property; it defined intellectual property as a collection of things or rights that manifest over different types of things. When we started off, we created a patent office and the patent office also acted as the trademark office.

So, we it used to be called the patent and trademark office. But recently the patent office was rebranded into the intellectual property office, now so that is one official instance where we

found the term intellectual property getting into current usage. Intellectual property also was introduced as a syllabus in law schools that happened in the 1990s. And recently in 2016, we had the National IPR policy, we had for the first time we had a policy on intellectual property rights.

So, you can see starting from 1949 onwards how till 2016 how the term has been used in India, and how it has now been accepted as one of the terms with common use. Now, what is it that covers all the different types of intellectual property we had already talked about patents, copyrights, trademarks, geographical indications, designs. Is there a common theme over it?

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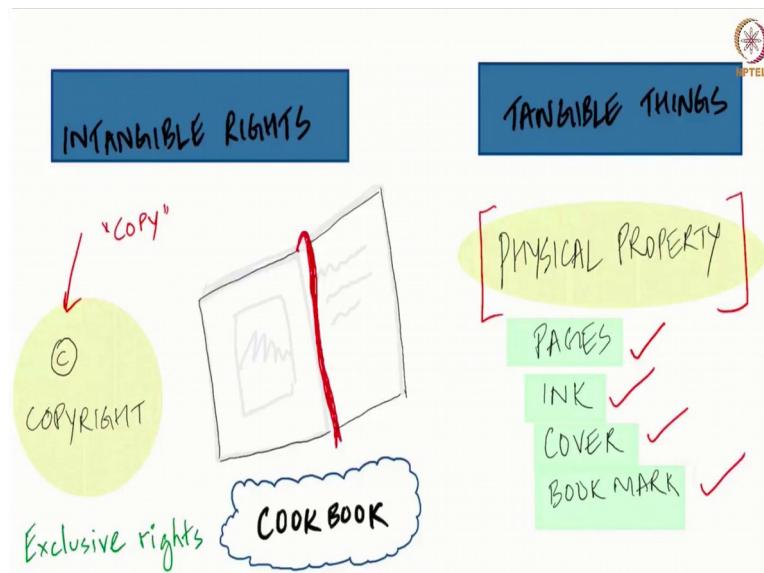


Now, scholars are in agreement that the property protection, when we talk about the property part of intellectual property, the property protection manifests on intangibles. Now, because it manifests on intangibles this they say is the common theme. You have intangibles and you have some kind of a property protection over this intangibles, that is the common theme as some scholars say of intellectual property.

Now, intangibles itself could mean it could amount to ideas, it could mean signs as in the case of trademarks, it could be inventions the subject matter of protection when it comes to patent law or it could be information, literary artistic works or any form of communication of information which is protected by the copyright regime. So, the common theme if you

have to find a common theme for intellectual property is the fact that it confers property protection on intangibles.

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Now, intangibles have to be understood in the context of tangible things. Now, intangible rights and tangible things are connected. For instance, if you look at a book that has been authored by a writer, a person, then the right of the author is what we call a set of intangible rights which exist in the matter that he created which is the intellectual content. The book also manifests as a physical object, a collection of printed pages which is bounded in a particular fashion. So, the book in itself is the tangible thing and the rights of the author the fact that he created an intellectual work that would be the intangible part of the book. So, in many cases that tangible and the intangible parts are connected.

For instance a carpenter who is assigned to make a chair; Now, the carpenter is mandated to make a chair. So, he exercises his physical labor in creating the chair, but at some point there is also a creative labor that goes in designing the chair and it constituting the parts, bringing them together and making it into an aesthetically pleasing and a functional chair. So, all that goes into you may not be able to see it, but nevertheless you can say that there are intangible things that have gone into the creation of the tangible output which is the chair.

So, coming back to the book example a book the written part of the book or the creative endeavor that goes into writing a book is protected by copyright. Whereas, the physical

property in the book itself says the pages, the ink used in printing, the cover and the bookmark are all physical goods which are not protected by the copyright regime. The copyright regime protects the intangible right in the literary work or artistic work or creative work.

So, what does this regime do? This regime acts along with the intangible things and only then intellectual property rights make sense. So, to understand into intellectual property rights, we will have to look at intellectual property rights as a set of intangible rights which manifest on real world physical tangible goods. Now, intangible, by the phrase intangible rights we refer to rights that cannot be touched and felt in the fact that things that we cannot feel.

So, for instance if I tell you that there is a medicine - a tablet, then you can see the tablet perceive the tablet probably crush it, powder it, and it is something that can be felt. If I tell you that the tablet is covered by a patent the product that is in the tablet is covered by a patent that is something which you cannot analyze unless you go and look at the patent number and I direct you to something else where you get an information about the kind of right that is covered. So, we always understand as intangible things and the tangible things together in such a way that the intangible rights manifest over tangible things.

So, a copyright would confer an exclusive right to do certain set of things. For instance, if you have a copyright then you simply have the right to make further copies now that is a simple explanation of what a copyright is. So, if you have the right to make further copies, any other person who does this, making further copies of your book without your approval or your consent is said to be infringing your right that person is violating a right that you have.

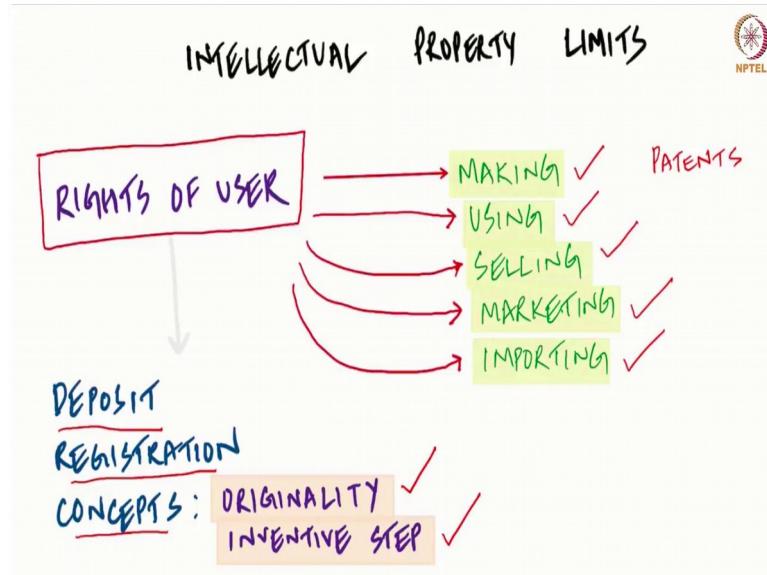
So, let us come back to the book analogy. If there is a book which is copyrighted book, the physical property in the book as I said manifests in the pages, in the ink, in the cover, in the gum or the glue adhesive that is used to bind it and in the bookmark of the book has one. The physical property is completely transferred to the person who acquires it at the point of sale. There is a complete transfer. So, you pay money for the book. You purchased the book the physical property fully vests with you. Now, you can do whatever you want with the book you can. If you do not like the book, you can keep it away. If you want to show it as a way of demonstration you can burn it, you can tear it apart, you can shred it, you could do anything that is possibly you can do when it comes to the physical aspects of the book. You can even keep the book under your pillow and not read it at all perfectly fine.

But when it comes to the intellectual part of the book, for instance, content that is in chapter one there are limitations put upon you by the intellectual property rights regime as to what you can do with that content. You cannot take a photograph of the chapter and post it on the internet. You cannot make multiple copies of the chapter and sell it for a price. You cannot have a live streaming of the book in such a way that somebody who has access to your live streaming say on YouTube is watching the book and you are just letting them read the book through your computer and flipping pages for them to read the complete book. All these are restrictions that the owner of the copyright can impose on a person who has purchased the book.

So, the intangible part of the work which is the book allows the owner of the intellectual property right, in this case the copyright owner to impose restrictions on further use. And we do not find those restrictions on further use when it comes to the physical property itself. So, we understand intellectual property rights as exclusive rights in the creative content, then manifests in a physical product.

Now, we can look at an instance of a written work for instance a cookbook. Now, some people find it counterintuitive that in a cookbook what is prevented by way of a copyright is making multiple copies of the recipe you cannot make copies of the recipe and you cannot share it with people. But nothing stops a person from understanding the import of the recipe and creating the end product which is the food itself the recipe itself on their own. So, some people have found this to be counterintuitive in the sense that though intellectual property only stops people from making copies of the work, it does not actually stop them from doing the real work which is making the recipe of a food item.

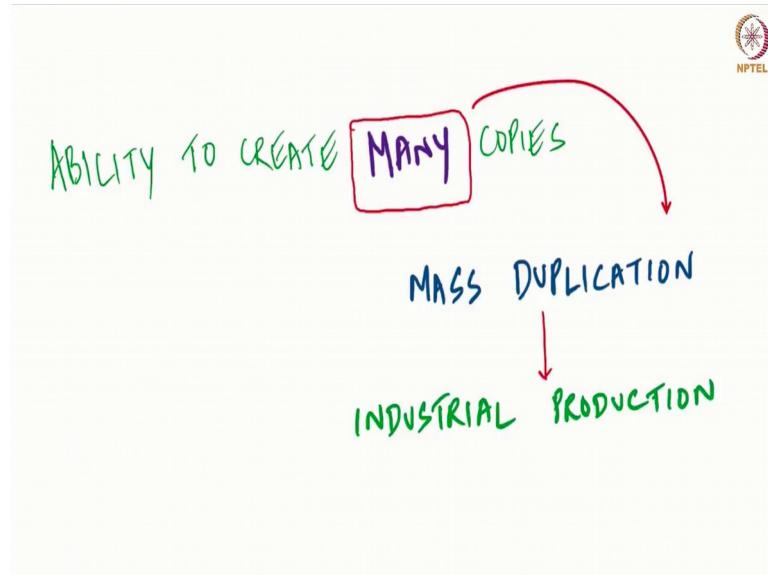
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Now, there are certain limits that are posed by intellectual property rights. As we said these are rights of the user and there are certain restrictions on those rights. Now, normally an intellectual property right will confer the right with regard to making, using, selling, marketing, importing the product or in case the processes involved it will cover that as well. Anything beyond this is not the subject purview of an intellectual property right. Now, this we are referring to these rights especially in the context of patents.

Now, patents offer all these sets of rights. Now, the right itself is created in different ways it could be by deposit, it could be by registration, it could be by certain concepts which the law requires you to prove. For instance, in the case of copyright you need to prove originality; in the case of patents you need to show inventive step. So, these are some of the restrictions on the rights that have been conferred by intellectual property; rights we will be looking at this in greater detail in these specific lectures

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Now, we found that the distinguishing feature of intellectual property is that it offers property protection over intangibles. And intangibles by themselves offer us a way to create multiple copies of the created product. For instance, if it is a book written by an author the fact that the author wrote the book allows the author to make multiple copies of it. If it is a pharmaceutical drug the fact that the company came up with the first version of the drug allows it to make or mass produce or duplicate multiple copies. If it is a copyrighted software program say Windows 10, it allows Microsoft to make multiple copies of it.

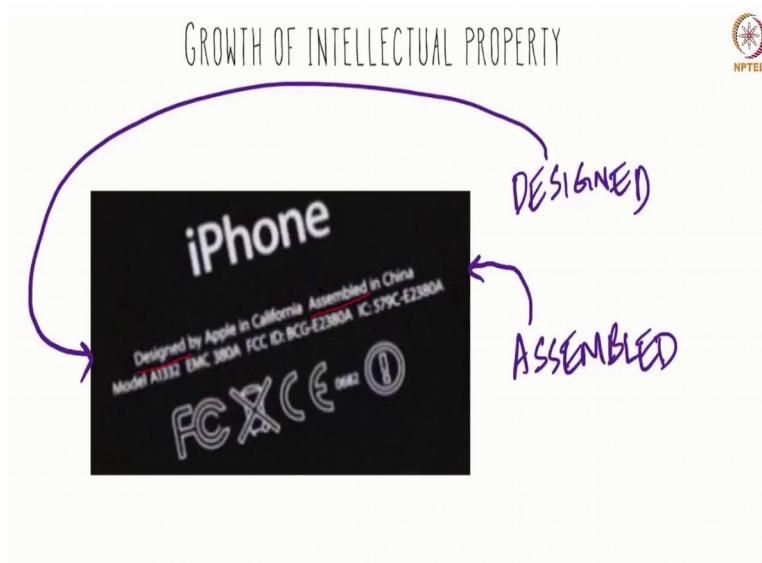
So, the ability to create multiple copies allows the intellectual property right owner to commercialize and to exploit the subject matter covered by intellectual property. And this also is it looks like a boon, but it is also something which is disadvantageous to the owner. The fact that his property can be copied and duplicated in mass can be copied and duplicated in mass numbers is itself a potential threat for infringement. The fact that others who do not have as consent can make copies of the book or an invention would itself result to what we call infringement.

So, there is in intellectual property rights, an enforcement regime which protects others from using a person's intellectual property rights. So, intellectual property rights we understand them as intangibles property rights in intangibles; and intangibles that are capable of mass duplication or industrial production if you want to use that word.

Intellectual Property
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Lecture - 12
Growth of Intellectual Property

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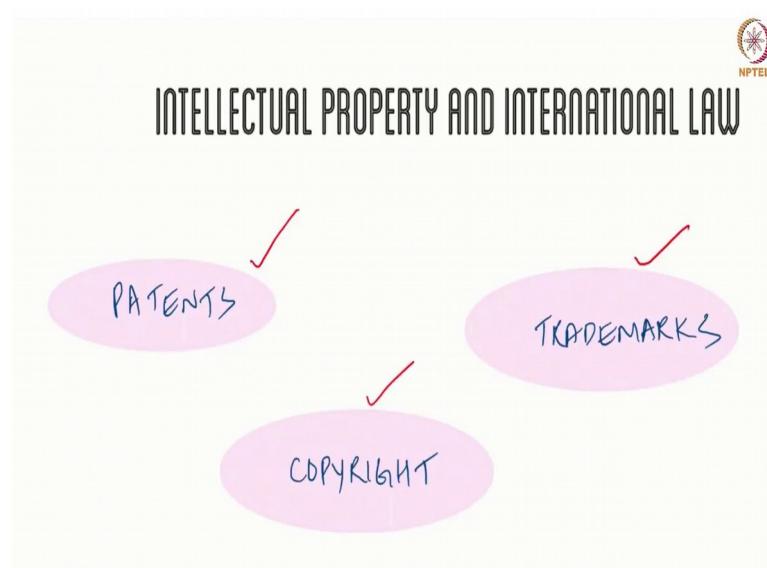


Growth of intellectual property, intellectual property rights has witnessed some phenomenal growth in the recent years. Now, part of this is due to the fact that today we have a connected world where things manufactured from one country can easily be sold in another country. Not just manufactured and sold the fact that we live in a world where things that are created or conceived in a country as now manufactured in another country and sold across the globe. The best example is the iPhone.

Now, if you look at the writing at the back of the iPhone, you will find that the phrase designed by Apple in California and assembled in China is almost common for all Apple products and more particularly for iPhones. You will find that it is the intellectual property rights regime that allows a company like Apple to design its products in one country and assemble it in another country, and sell it throughout the world; in such a way that the royalty or the money for the sale comes back to Apple in the United States.

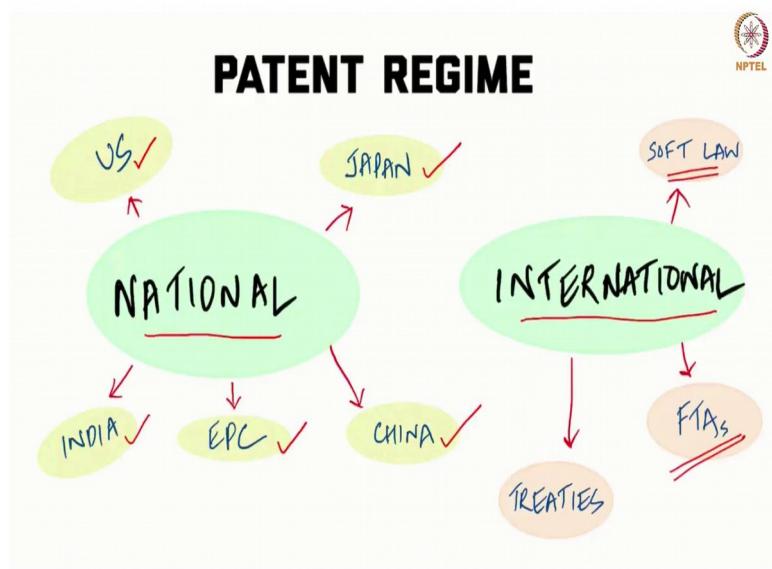
Now, this is possible because of the intellectual property right regime. The regime where Apple creates these works that is the design for the iPhone and the engineering of the iPhone, the regime protects all of Apples intellectual property rights; in such a way that the international regime recognizes these rights in different countries. So, Apple is able to design the product in US; assemble it in China; sell it in India and across the world. So, this phenomenal growth of intellectual property came through an international and a national arrangement.

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Now, let us look at that. So, when we look at intellectual property and international law, we can look at patents, trademarks and copyrights. These are the three major branches of intellectual property law there are others as well, but to understand the history and the evolution and the international acceptance of these rights it is sufficient that we look at patents, trademarks and copyrights.

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So, the patent regime comprises of two broad classifications; one you have the national regime and then you have the international regime. The national regime is nothing, but the domestic patent regime. See in the United States, in Japan, China, the European Patent Convention which is the European Union, India and different countries have their own national regimes. Patents are granted by the national regimes and protected within the boundaries of the national regime.

So, you have a patent which is granted in India cannot be enforced or protected in the United States. Patents granted in Japan cannot be enforced or protected in China. A Chinese patent cannot be enforced in any other place beyond the boundaries of China. So, patent regimes are largely national regimes, but there are few international arrangements. So, we still do not have something like a global patent or a world patent that concept is still not there, though people are working towards it. But all that we have today is local rights granted by the local patent office, Domestic or National Patent Offices granting the rights; and some kind of an international arrangement to facilitate rights moving from one country to another.

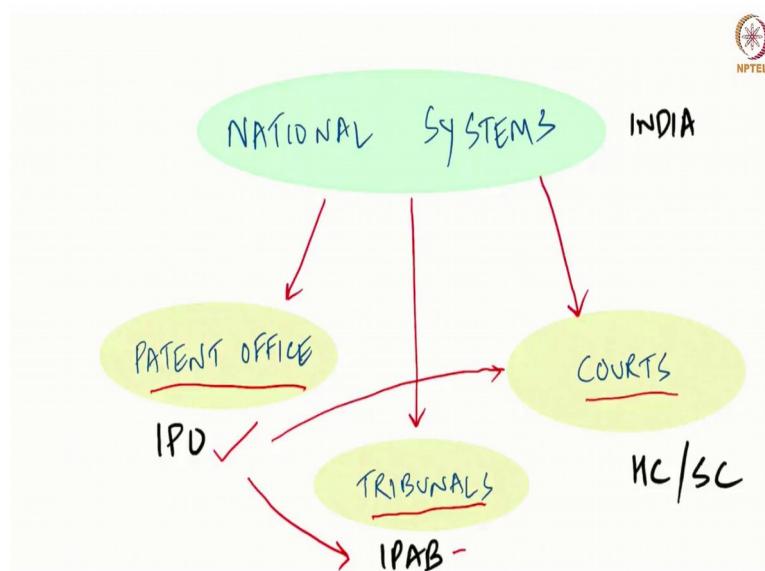
Now, in the case of the patent regime, the international facilitation is only to the point of enabling applicants to file multiple applications in different countries. But in the case of copyright we have a much more evolved global convention where copyright created in one country is protected across the globe. Now, when you switch over on your Microsoft PC, you will find the Microsoft trademark and the notice is coming that it is protected by copyright

and other laws all over the world. Now, that is the power of the copyright regime you can have a right created in one country and enforced and protected in multiple countries because of certain mechanisms that evolved in the course of history.

Now, coming back to the pattern regime so, you have the national regime by which we mean the National Patent Offices, which grants the patents. And an international regime where in you have treaties which like the World Trade Organization has a agreement on trade related aspects of intellectual property rights, what we call the TRIPS agreement which gives which tells the countries what should be the standard of protection they should have, how long the terms should be, what are the criteria for patentability, enforcement mechanisms and many other things. So, once you have an international agreement, and you have various countries who have signed to that agreement, you can harmonize the laws, laws in one country and the other country can look similar or the same.

Now, apart from the treaties, we also have free trade agreements which countries enter into free trade agreements or bilateral investment treaties, can be bilateral arrangement between countries or a group of countries. Now, this could also allow for recognition of intellectual property rights of one country in another country. And you have something called the soft law. soft law is nothing but an international arrangement where if something has to be accepted as a treaty, you first release it in the form of a soft law. It is a guideline for countries to follow; eventually it may take the shape of a treaty if there is consensus across countries.

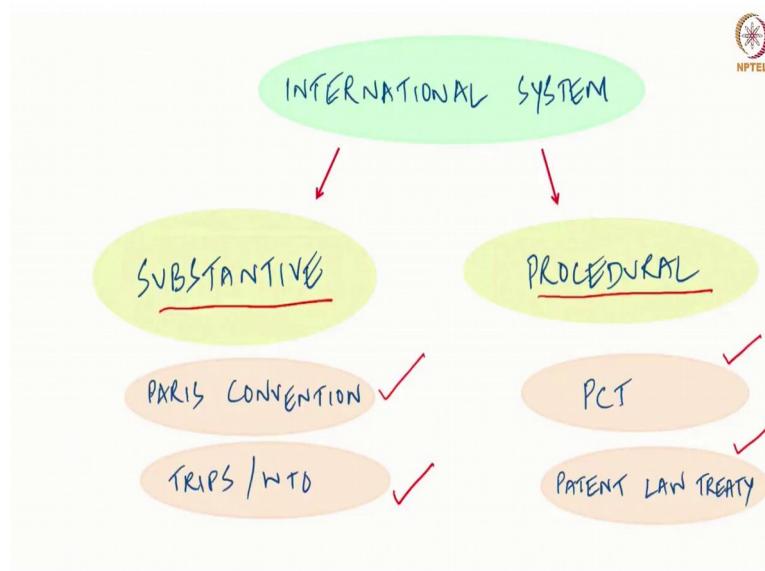
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So, a national system, for instance, if you take the India's patent system comprises of the patent office what we call the IPO. And any appeal from the patent office goes to the tribunals; we have the Intellectual Property Appellate Board or the IPAB. And any enforcement mechanism, the patent is granted somebody is infringing the patent goes to the courts. And in India we have the High Court and the Supreme Courts. So, this is the national patent regime.

You have an office, the Intellectual Property Office which grants the patents. If there are appeals over it, it goes to the tribunal which is the IPAB. And if a granted patent is questioned before a court or if there is an action with regard to enforcement say infringement, it goes to the High Courts. And eventually if there is an appeal from the High Court, it can go to the Supreme Court as well.

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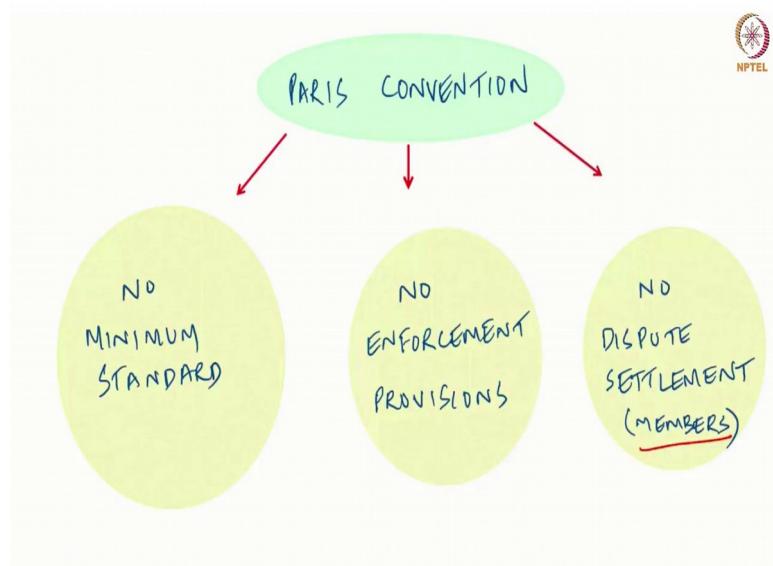


The international system on patents can be divided into two; one you have the substantive regime and you have the procedural regime. The substantive regime is nothing but efforts in substantive in international law which were moved towards changing the substantive provisions of the law. Whereas, the efforts on procedural aspects, there were certain treaties concluded and which only had an effect on the procedural aspect of patent law. This is an important distinction to understand because patent law comprises of stuff substantive provisions for instance what can be patented is a substantive provision. And it also comprises of procedural aspects.

Now, who can file a patent, what should be the criteria for an applicant, what should be the fees that should be paid, what are the administrative methods by which you can intervene in the patent office, these are all procedural aspects of the patent system.

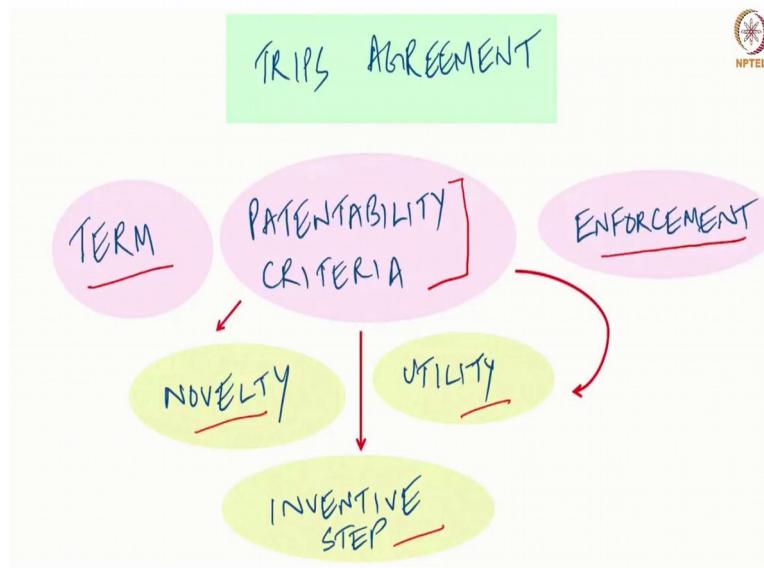
Now, the most important agreement is what we call the PARIS convention. The PARIS convention created certain substantive changes in the patent regime. Then we had the WTO and what we call the TRIPS agreement. Now, on the procedural side, we have an agreement called the or the treaty called the patent cooperation treaty which allows applicants from one country to file applications in another country. And we also had something called the patent law treaty, which tried to make some changes, but it was not widely accepted.

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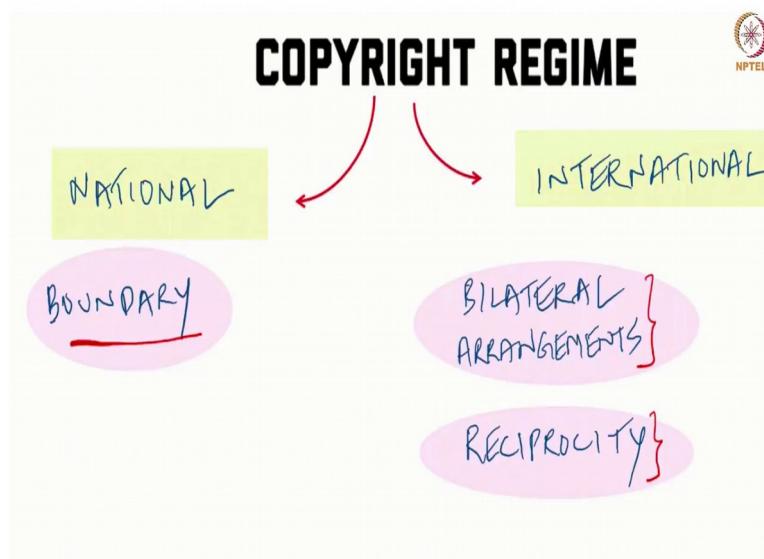
So, the PARIS convention did not set any minimum standard for patents. It did not have enforcement mechanism; and it also did not have dispute settlement mechanism between the members. So, but what the patent PARIS convention did was it brought together the need for having a harmonized patent regime.

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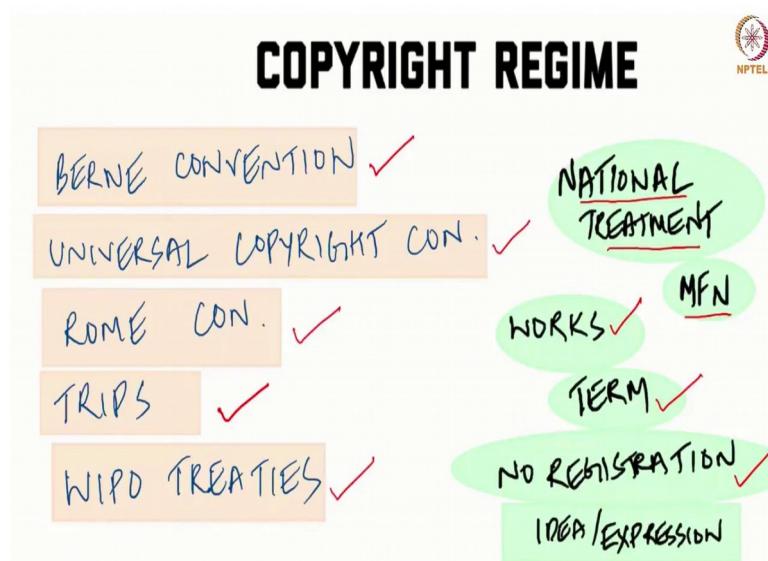
So, when the TRIPS agreement which is a much evolved agreement came after the PARIS convention, we had provisions on the term of the patent the 20 year term for all patents across technology was agreed upon. We had for the first time, the patentability criteria that was laid forth that the patent should be granted if it involves novelty, inventive step and utility the three criteria was evolved in the TRIPS agreement. And you also have an enforcement mechanism, what happens if the patent is infringed, how can patent applicants who have a grievance at the patent office agitated in appeal.

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Now, the copyright regime similarly had two parts; there was a national evolution of the copyright regime and also the international evolution. The national evolution largely pertained to the limits of copyright; copyright like patent was enforced only within the boundaries of a particular country. Whereas, the international part was with regard to arrangements with countries Act like a bilateral arrangement; and the bilateral arrangement normally came with the, with a provision for reciprocity. Reciprocity is if one country would respect the copyrighted works of another country, the country which is the beneficiary will also extend the same protection to the other country. So, it worked on the principle of reciprocity.

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Now, copyright regime in itself comprises of various conventions. First you have the BERNE convention. The BERNE convention made it easy for copyrighted works to be enforced across the globe. It did not make, it did not make registration a mandatory condition for enforcement, so that ensured that copyrights you could get a copy you could have a copyrighted work created in one country, and it could be enforced in another country even without registration. Then we had the universal copyright convention we also have the ROME convention, we had the TRIPS agreement, and a host of WIPO treaties. Now, what did all these arrangements or conventions do.

One they brought in a principle of national treatment; they also brought in the principle of most favored nation treatment. Now, these are two principles in international law, which says

that the protection that you offer to your nationals, your citizens should be offered to foreigners as well. So, you treat foreigners as equals when they are within your territory. The most favored nation treatment is another equality principle, wherein if you offer a particular concession or a treatment to one country, you treat that as a most favored country, you should offer similar treatment to all other countries as well. So, this is equality at the global level, whereas national treatment is equality within your country.

Now, the copyright regime described the kind of works that can be subject matter of copyright, the treaties also covered the term of copyright. The term has been an increasing term and it is been constantly evolving and increasing in different jurisdictions. It also said that there is no need for registration to enforce a copyright. More importantly the TRIPS regime brought the idea expression dichotomy in copyright law which means copyright will not protect ideas; it will only offer protection on expression of ideas.

So, you could if copyright regime were to grant protection on ideas, then all crime thrillers where say a detective solves a crime would technically fall within the category of covered by the same idea. Whereas, expression of an idea, if the expression alone is protected, it gives different authors to come up with using the same theme, it allows different authors to come up with different works, that is why you find that the regime protects only the expression of the idea and not the idea itself.

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Now, trademark again has different international conventions. We have the PARIS convention which is common for patents as well. And you have the MADRID treaties; you have the trademark law treaty; you have the NICE agreement on classification and again you have the TRIPS and the WTO. Now, what the trademark regime did at the international event it brought in harmonization, because more than anything else brands are constantly traveling from one country to another, even before we had say the company the Mercedes Benz as a company or an enterprise set its foot in India, they already had their products being sold and serviced here.

So, harmonization was the pre requirement for brands especially brands which had international reputation. These treaties also decided on the term what the term should be. trademark unlike copyright and patents which have a limited term, trademarks have an renewable term. So, at every end of every term, you can renew their trademark and keep it alive. For instance coca cola is a trademark which has been kept alive for close to 100 years.

Again you have the national treatment and the MFN treatment, so that foreign nationals are not discriminated within the country; and also foreign countries are not discriminated between each other. And the TRIPS also saw the introduction of service marks. And more importantly when you compare copyright regime and the patent regime, those two regimes allow for the issuance of a compulsory license.

If the right holder refuses to license his work or his invention to another person, both the copyright regime and the patent regime allow you to seek a compulsory license, which is a license granted by the government. The trademark regime does not have a compulsory licensing mechanism meaning which if somebody else has a mark it is his absolute private property, you get no right to use the mark.

Intellectual Property
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Lecture - 13
Learning Intellectual Property

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Learning intellectual property. Intellectual property is not a subject that is traditionally taught in universities. Intellectual property law was introduced as a legal subject in the law schools in India, it is of recent origin in somewhere in the 1990's, we saw that it was introduced as a legal subject. And this coincides with the rapid development of intellectual property law, and its a recognition in the international sphere.

Now, you will find that intellectual property rights deals with largely three things. One it talks about the rights, it talks about the creation of those rights, and it also talks about enforcement. Rights creation and enforcement is the domain of intellectual property law. And being a legal subject it is something that is taught to lawyers and law students.

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There is another branch of knowledge, which also shows some interest on intellectual property right which is the management. Managing intellectual property though it is not thought as a separate subject in management schools. You find intellectual property rights coming as a part of the innovation and entrepreneurship course. Or you will find it as a part of the legal aspects of business course.

So, you will find IPR being taught in management schools in one of these courses or in courses which are similar to this. The key difference between a legal approach or what is being taught in law school. A legal approach and a approach by the management school is that the focus here is on managing IP. So, we do not get into the nitty-gritty's of enforcement rights, and how it can get violated, and how the rights are created; here, the entire focus is on managing. And if you look at some of the scholarship, there is an interesting analysis of how to convert limited life intellectual property into unlimited life intellectual property.

Now, this is a key thing which manager should be acquainted with because rights like patents, copyright, and designs, what we call limited life IP and designs. Whereas, trademarks and what we call trade secrets are unlimited life. In the sense that there is no expiry date attached to it. so, managers are constantly looking at how they can convert a limited life IP into an unlimited life IP. So, in the class where we deal with management of intellectual property right, we will look at this in greater detail.

Intellectual Property
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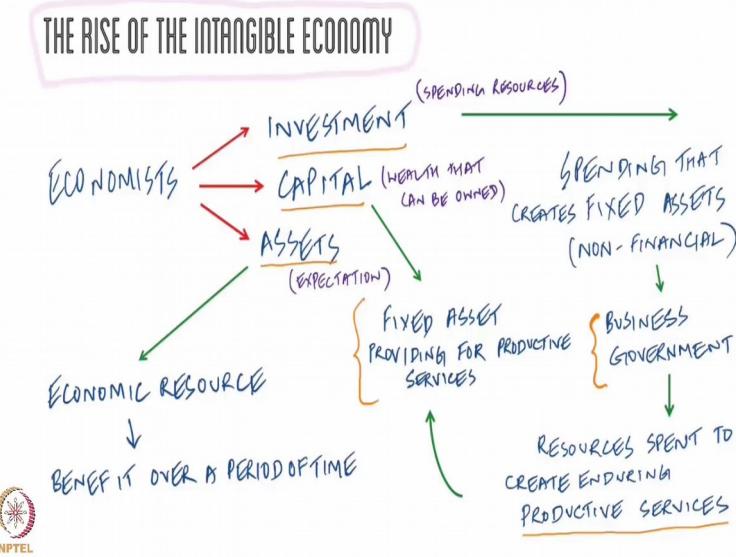
Lecture – 14
Intangible Economy

We had seen that intellectual property rights manifest on tangible things and that fact that they are regarded as intangible rights over tangible things or physical things. Now, let us look at another aspect which has recently come up. This is the Intangible Economy. Now, scholars are in agreement that there is something called the intangible economy that has come up and we need to see because when we are talking about intellectual property rights, we are essentially talking about intangible rights.

So, how do these intangible rights work in an intangible economy? For instance, if you book a car using Uber, then there is quite a lot of intangible stuffs that come into play for you to hail a cab and reach to your destination. Now, Uber through its app helps you to find the car that is most proximate to you, a driver who is free with the car and connects you and saves quite a lot of cost for the driver as well as for you to take you to your destination and the entire process is kept and there is monitoring of the entire process and then, you get your receipt at the end of the drive as well.

Now, this is facilitated by a whole lot of intangible things working together. One, there is software through the app, two there is this intangible network that Uber has created of customers and drivers which is one of Uber's USP. The fact that Uber has a network of people who are willing to hail cabs and willing to drive cabs has ensured that we can have a drive at a cost which is much lesser than what it used to be before and now to understand the intangible economy we need to get into some details about this.

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Now, there has been rise in the intangible economy especially in the last few decades. Now, economists tell us that there are things that can be critical in understanding the intangible economy. For instance, investment, capital and assets are the things that drive an economy. Now, when we are talking about investments, we are looking at the spending resources, the resources that are being spent. Investment is an important thing to understand because if we understand investment in intangible assets, then we can come up with an argument as to whether we have an intangible economy at all in the first place.

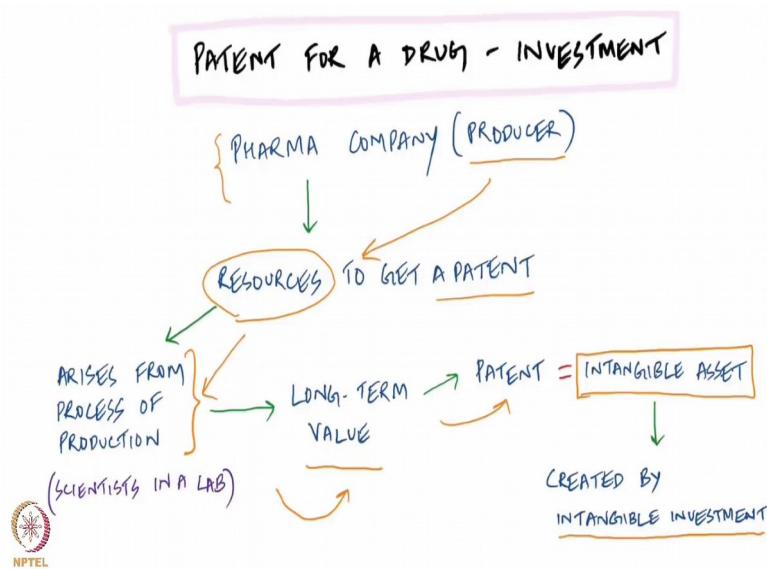
If we come to a conclusion that yes there is investment that goes into the creation of intangible assets and intangible assets can itself be regarded as an investment, then we will be able to look at this argument in greater detail and see how intellectual property rights can operate in an intangible economy, but first let us look at investment in through the eyes of the economists.

Now, investment refers to the spending that creates fixed assets. Now, we are talking about non-financial assets. We are not talking about shares or bonds; we are just talking about the fixed assets that are non-financial. Now, this spending could also come from businesses and governments. Now, they could also make this come up with the spending and the resources spent are towards creating enduring productive services. Now, production as you all know has an important thing that the economy considers. In fact, GDP is nothing, but a measure of productivity of the country.

Now, investment again is regarded or is accounted by spending resources. Now, we will look at the investment in the light of how do you measure or how do you know that there has been an investment when it comes to an intangible asset. Now, that is what we are trying to see here, but let us get these concepts right first. So, we understand investment as a resource spent to create enduring productive services. Capital is something we all know as wealth that can be owned by people. Capital can be considered as a fixed asset providing for productive services.

So, investment into the productive services can be by way of capital. So, capital can be the fixed asset that actually creates these productive services. Now, capital in the traditional understanding we can understand capital as wealth. So, the fixed assets providing for productive services is what can be is what we can call as capital. Now, assets by themselves assets are and what we call an economic resource that for which we expect a benefit over a period of time. So, something that sits for a period of time and there is an expectation of a benefit, we call that an asset. Now, let us look at how these words or these concepts interplay when it comes to an intangible asset.

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Now, to understand this let us look at the patent for a drug. Now, a patent for a drug requires investment, so let us just run this through to understand how an intangible asset is created and what is the investment that goes into it. First to create a pharmaceutical drug or a drug that can be patented, you need a producer. The producer in most cases is a pharmaceutical

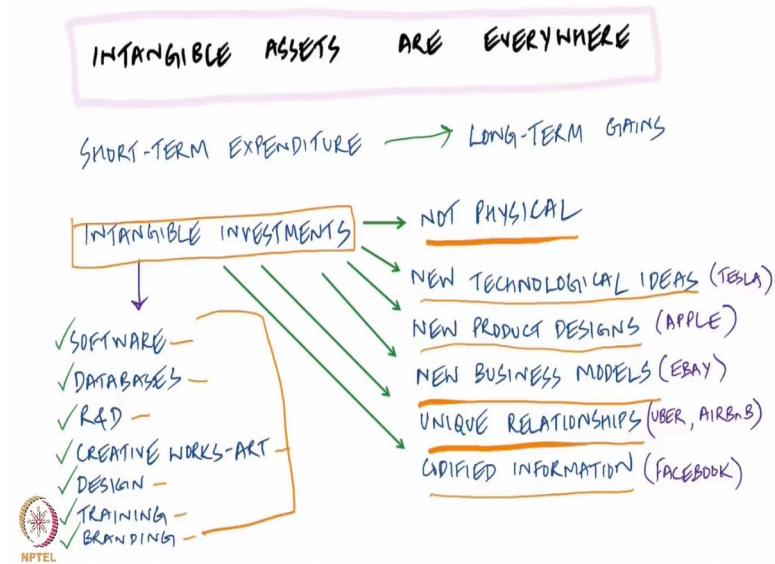
company. A pharmaceutical company is in the business of creating drugs. Now, the pharmaceutical company needs to employ resources for getting a patent. Now, the resources for getting a patent is different from the resources that are spent in creating the drug.

Now, these are two different things. Now, creation of the drug arises from the process of production, scientists working in a lab R&D, this creates the product itself, but to protect the product or to protect the intangible part of the product, you need other resources like you need patent attorneys, you need lawyers, you need a whole lot of people who can protect the other resources to protect the resources that are involved in getting a patent.

Now, the long term value is something which we had already seen that the value has to be there for something to be considered as an asset. We saw that there is an expectation of value, only then we consider something to be an asset. So, in the case of a patent, there is certainly long term value because if a patent is granted regardless of which country grants that patent, the patent tends to live for 20 years from the date of application. So, the patent has a value so, we consider this process, the producer investing resources on something that arises from a process of production which has got long term value in the creation of a patent.

A patent is an intangible asset. We know the patent as an intangible asset and this example tells it that it is created by an intangible investment. Now, if I ask you what actually went into the creation of the patent, you may not be able to point out. It could be the people behind it, it could be the effort that has gone into it, it could be the money, capital, the fees, the consultation fees, the official fees that went into it. So, the intangible investment that has gone into this asset is what we call an investment made by the producer.

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Now, intangible assets are everywhere. For instance, if you look at an intangible asset, a typical way to explain that is where a person, a producer makes a short term expenditure in the expectation of long term gains. Now, this again qualifies or this defines what an intangible asset could be. Intangible investments are different from tangible investments because tangible investments which are made in a manufacturing unit, you can look at the factory, the machinery, the tools. These are all physical things which you can perceive. So, you can equate a tangible investment with a physical investment, but intangible investments stand in a different footing because intangible investments one they are not physical.

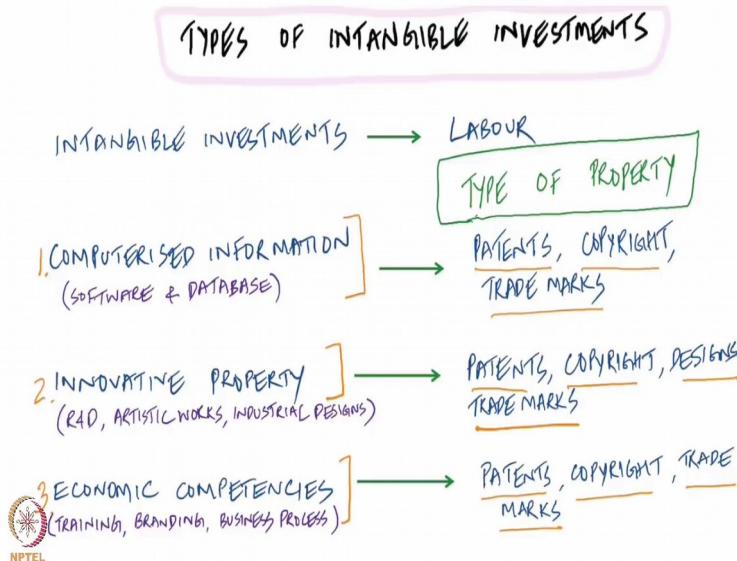
So, first thing intangible investments are not physical and we saw in the example covering the pharmaceutical product that you may not be actually be able to pinpoint what was the investment that went into the creation of the intangible asset. Now, intangible investment can come from new technological ideas like Tesla's idea to have electric cars.

It could come from new product designs which Apple is famous for in combining and coming up with new product designs. It could come from new business models like for instance in the case of Ebay where we for the first time saw that auctions could be conducted online it could come from unique relationships. Uber has a unique relationship with its drivers, Airbnb has unique relationship with the hosts who are willing to share their accommodation with strangers and intangible investments can also come from codified information, information

that is coded in some form or the other for example, all the social media which collects information and quotes it.

So, when you look at how these intangible investments result in, you can see that they can result as software, they can result in the creation of databases, intangible investments and can get into R and D; Research and Development, they can get into creative works like artistic works or works of entertainment, it can get into design. Intangible investments can get into training and also branding. Now, these are the different segments which can attract intangible investments.

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Now, intangible investments involve labor. Now, that is one way to define it because if you look at tangible investment, for instance the work that goes into creation of a car. For instance, there is quite a lot of material that goes into it, but what distinguishes an intangible investment from a tangible investment is that there are investments in material and physical things.

Nevertheless what distinguishes it is the labor that goes into it and when the labor is creative or when creative labor is involved as we saw in our earlier lectures, when creative labor is involved, we would see that there is a possibility to protect the creative labor by way of an intellectual property right, so when we look at the type of property that manifests in intangible investments.

Now, we had looked at three broad categories like one is computerized information, two is innovative property and three you have economic competencies. Now, computerized information could include all of software and database investments made in by all the tech companies could technically come under computerized information. Innovative property would include R&D artistic works, industrial designs and economic competencies would include training, branding and business processes. Now, this is just a classification of what you just saw in the earlier page. What we saw here this is just a classification of this list.

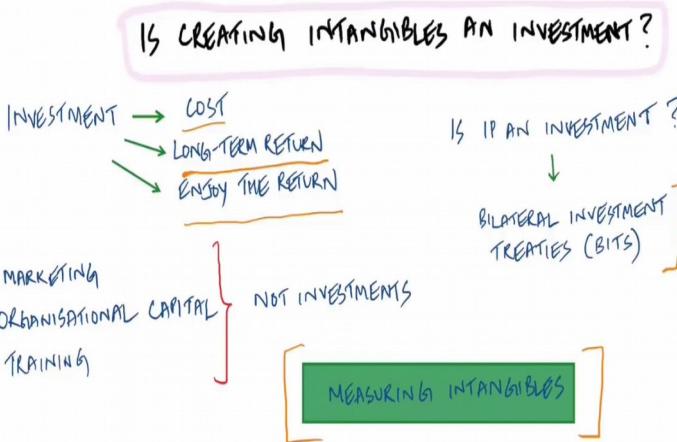
So, for computerized information, you could have patents though there are jurisdictions that do not grant patents for computer related inventions. You could have copyright and you could have trademarks. Now, these are the three types of intellectual property that protects intangible investments and intangible investment in this case manifests in the form of a computerized information.

Two in the case of innovative property, you could again have patents protecting it results of R&D, copyright, designs and trademarks, three in the case of economic competencies like training, branding and business processes, you could again have patents, though patents for business processes what we call business method patents are not granted in many countries. You could have copyright you could have trademarks protecting them.

So, now we understand that there are different types of products that manifest out of intangible investments and intangible investments are labor intensive. Now, you can see in creating software and database, there is labor involved in R&D; research and development, at creation of artistic works, creation of designs. You will again find there is there is a labor involved in it and in training, branding and creating business processes.

So, what distinguishes an intangible investment from investment in physical assets is the fact that there is a role played by human labor and labor is important especially when it is creative and creative labor as we have already said it can be protected by the various types of property patents, copyrights, trademarks and designs.

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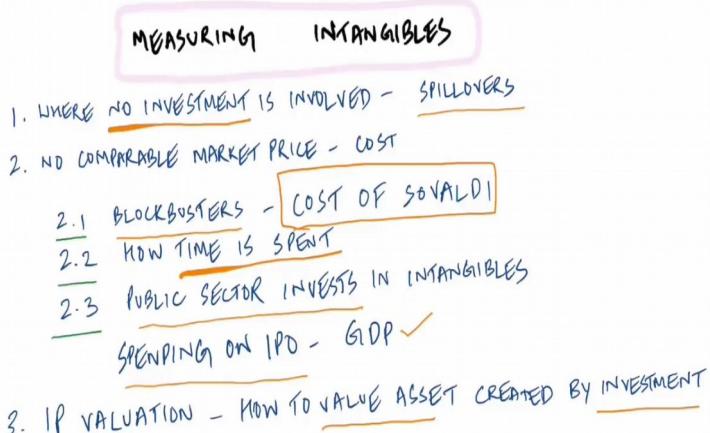
This creating intangibles and investment now an investment we had seen that involves cost. It has a long term return and the person who makes the investment is able to enjoy the return, the producer. Now, there is some differences as to whether investment, whether creating intangibles can be regarded as an investment. Now, economists have raised some issues saying that marketing, organizational capital and training cannot be regarded as investments because of the way it is being done it is different from the traditional understanding.

Now, when it comes to IP as an investment, we again have certain issues with regarding intellectual property as an investment because this issue has come up repeatedly in some of the bilateral investment treaties which countries have signed with each other. Now, bilateral investment treaty is a treaty which two countries may sign to promote investment between the two countries.

Some of the treaties regard intellectual property as an investment and again the arguments that can be raised against regarding intangibles as an investment can again come forth in regarding IP as an investment, Intellectual property as an investment. At the heart of the issue is how can we measure intangibles, how can intangibles be measured. Now, if you are able to measure intangibles which would also tell us that you are able to measure the value of intellectual property because intellectual property is a type of an intangible.

Now, if we are able to measure the value of intellectual property, then we can attribute value to intellectual property itself though intellectual property valuation is a branch that is growing.

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Measuring intangibles; so, how do we measure intangibles? Now, there are some difficulties in measuring intangibles because they could be an intangible asset that comes out without an investment. So, in cases where there are no investment made still you could have intangible assets coming out, for instance spillovers you did not consciously make an effort to create something, but there is a spillover effect which could lead to an intangible asset. So, it will be hard to measure the investment in those cases.

Now, normally measuring is done by comparing with a market price. If the market price is not there, if there is no comparable market price, then you look at the cost, you look at the cost that went into creating the intangible. Again the cost may not be a proper yardstick for measuring the intangible in few cases. For instance, if the intangible results in the blockbuster for instance the blockbuster is a drug which has a turnover of more than a billion dollars annually and some blockbusters have even crossed 20 billion dollar threshold per annum.

So, the revenue far exceeds the cost of development. So, we will be looking at this example. The cost of Sovaldi, which is a drug which is one of the best selling drugs, we will look at that and for us to understand that many a times measuring intangibles cannot be done by factoring costs and if there is no market price because Sovaldi was the first drug to treat

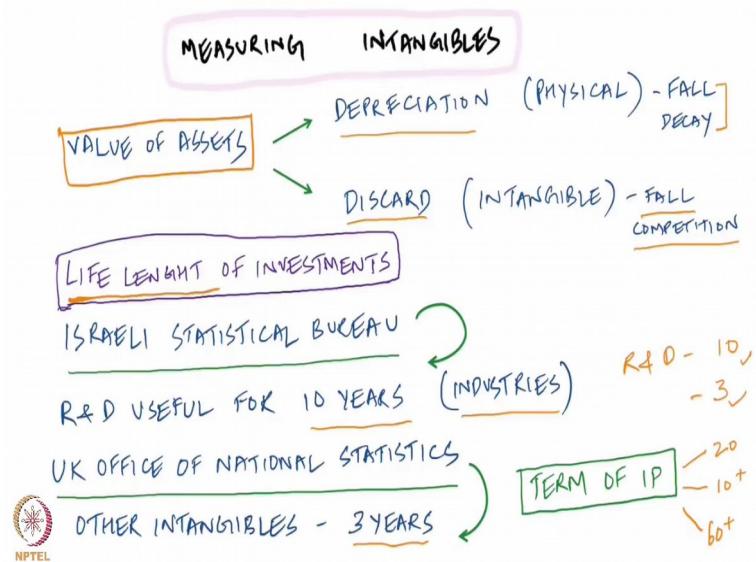
Hepatitis C. You do not even have a market equivalent or an alternative or an example in the market for which you can compare the price.

So, you have this issue of measuring intangibles either there is no market price, comparable market price or the cost itself may not be the right reflection in the case of blockbusters. It will be hard for us to get an estimate on the time that is spent when we are looking at measuring intangibles and three, when the public sector itself makes investments, it will be hard for us to look at that as well. In for many drugs, the basic research is actually done by a government funded project.

So, when we factor the cost of a pharmaceutical drug that is patented many a times, it may not be able to factor the cost of public sector investment that has gone into it, the laboratories that had worked on it, the scientists who had researched on it, the amount of government funding that came for developing that drug and public sector investment would also in some cases. In some countries, the spending that happens at the intellectual property office which is a metric for measuring GDP has also been considered by some economists.

Now, in measuring intangibles as we said IP valuation is a hot topic that gets discussed as to how you can value intellectual property. Now, one way to look at it is that how to value the asset that was created by the investment. So, valuation of asset created by the investment can give us some leads on how to value intellectual property itself.

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When we look at the value of assets, the value of assets can go down over time. Now, for physical assets we call it depreciation, where the value falls over time. For intangible assets, scholars use the word discard. Now, discard is actually fallen value just like depreciation, but the fallen value is not contributed by passage of time. It is rather contributed by the entry of competition.

So, in intangibles the value of assets can go down over time when competition sets in. For instance, a patent gives you exclusive monopoly for 20 years and at the end of the 20 years, discard sets in the sense that the value of the asset goes down because once the patent expires, every general company who is interested in manufacturing that drug can actually make the drug. So, you will find that when the generic companies enter into the market, the price falls down for the drug which means the value of IP assets have gone down drastically. Now, this is also called the patent cliff, the point beyond which patents will not bring revenue or an monopolistic revenue to a drug manufacturer.

Now, when we look at measuring intangibles, the life length is a concept that is important. What is the life length of the investments? Now, we have an Israeli Statistical Bureau study which tells that R&D is useful for around 10 years, but this is different across different industries and the UK office of national statistics tells us that for other intangibles, the life length could just be 3 years. So, bear in mind when we talk about the life length of R&D as 10 years and life lengths of other intangibles to be 3 years. We are talking about what could be the value of the intangibles that are developed over a period of time, these two studies tell us that it is 10 and 3 years.

If you look at intellectual property, the value or the life of the intellectual property is much greater than this. Other term of IP for patents is 20 years, for trademarks is renewable forever if the mark is kept alive. So, every 10 year or so, you can renew it and for every 10 year you can keep renewing it and for copyrights it is a life of the author plus 60 years so, life plus 60.

So, this just tells you that though some studies tell us that the life length of an investment is between 3 and 10 years, we find that the products that come out of these investments are able to enjoy much longer protection, that is what we call the term of intellectual property, the time during which intellectual property rights offer an exclusivity to the creator.

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BOOK
CAPITALISM WITHOUT CAPITAL (2018)

THE RISE OF THE The Intangible Economy

By

JONATHAN HASKEL & STIAN WESTLAKE



Now, all this is taken from the capitalism without capital which is a recent book, The Rise of the Intangible Economy.

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THE COST OF GILEAD'S SOVALDI (Hep-C)

www.sovaldi.com/about-sovaldi/what-is-sovaldi



IMPORTANT SAFETY INFORMATION | IMPORTANT FACTS | FOR HEALTHCARE PROFESSIONALS

[ABOUT SOVALDI](#) / [SAFETY INFORMATION](#) / [SAVINGS](#)

[Learn about another treatment for genotypes 1 and 4](#)

[Learn about another treatment for genotypes 2 and 3](#)

What is SOVALDI?

SOVALDI is a prescription medicine used with other antiviral medicines to treat adults with chronic (lasting a long time) hepatitis C (Hep C) with or without cirrhosis (compensated). In those with Hep C genotype (GT) 1 or 4 infection, SOVALDI is used in combination with peginterferon alfa and ribavirin. In those with GT 2 or 3 infection, SOVALDI is used in combination with ribavirin. It is not known if SOVALDI is safe and effective in adults who have had a liver transplant.

With SOVALDI, there's hope that you can take the next step and put Hep C behind you.

SOVALDI is a prescription medicine used with other antiviral medicines to treat adults with chronic (lasting a long time) hepatitis C (Hep C) with or without cirrhosis (compensated). In those with Hep C genotype (GT) 1 or 4 infection, SOVALDI is used in combination with peginterferon alfa and ribavirin. In those with GT 2 or 3 infection, SOVALDI is used in combination with ribavirin. It is not known if SOVALDI is safe and effective in adults who have had a liver transplant.



Now, let us look at the cost of Gilead. Gilead is a pharmaceutical company which with the first drug for Hepatitis C, Hep C and the drugs name is Sovaldi. Now, let us just look at what Sovaldi does. Sovaldi is a prescription medicine for treating chronic Hepatitis C. Now, this is one of the wonder drugs in recent times and the success rate of Sovaldi in treating Hepatitis C

patients is quite high. It is that their success rate is more than 95 percent. It is no wonder that Sovaldi has figured as the top and the best selling drug over the last few years.

Now, Gilead which create which own Sovaldi is a biotech company, but Gilead did not create Sovaldi, that is a story.

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The screenshot shows a news article from the Wall Street Journal. At the top, there are navigation links for Home, World, U.S., Politics, Economy, Business, Tech, Markets, Opinion, Life & Arts, Real Estate, WSJ Magazine, and a search icon. Below the header, there are several small thumbnail images with headlines: 'Tesla Doubles Loss, but Burns Less Cash Than Expected', 'Diverging Fortunes: High Prices Propel Apple, Sink Samsung', and 'Google Considering Censored Search Engine for Return to China'. The main headline, 'Gilead's \$11 Billion Gambit', is prominently displayed in a large, bold, orange-bordered box. Below the headline, it says 'Hefty Premium Paid for Tiny Pharmasset Reflects Potential of Hepatitis C Market'. The author is listed as 'By Ron Winslow And Peter Loftus' on November 22, 2011. The article text discusses Gilead's acquisition of Pharmasset for \$11 billion. To the right, there is a sidebar for 'Recommended Videos' with three items: 'Musk Apology, Model 3 Sales: Tesla Q2 Earnings Call Highlights', 'Amazon HQ2: Which City Will Win Jeff Bezos' Heart?', and 'Wildfires Rage Across California'. The NPTEL logo is visible at the bottom left of the page.

Now, if we look at this journal, this article by the wall street journal, it is called Gilead purchase of the company which actually made Sovaldi or when the drug was under development, Gilead acquired Pharmasset for close to 11 billion dollars. Now, this was the price that Gilead paid for the acquisition. Now, 11 billion dollars included the entire company, but it also included the drug that was in the pipeline which was the drug or the promise for a treatment for Hepatitis C. So, when Gilead acquired in 2011, Wall Street journal called it a gambit because why was Gilead a pharmaceutical company putting in so much of money into a company which did not have any commercial product at that time Pharmasset.

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Press Releases

Gilead Sciences Announces Fourth Quarter and Full Year 2017 Financial Results

Fourth Quarter Product Sales of \$5.8 billion

Full Year 2017 Product Sales of \$25.7 billion

Full Year 2017 Diluted EPS of \$3.51 per share

Full Year 2017 Non-GAAP Diluted EPS of \$8.84 per share

FOSTER CITY, Calif. (BUSINESS WIRE) - Feb. 6, 2018 - Gilead Sciences, Inc. (Nasdaq: GILD) announced today its results of operations for the fourth quarter and full year 2017. Total revenues for the fourth quarter of 2017 were \$5.9 billion compared to \$7.3 billion for the same period in 2016. Net loss for the fourth quarter of 2017 was \$3.9 billion, or \$2.96 loss per share, compared to net income of \$3.1 billion, or \$2.34 per diluted share for the same period in 2016. The net loss for the fourth quarter includes an estimated \$5.5 billion charge related to the enactment of the Tax Cuts and Jobs Act (Tax Reform). Non-GAAP net income for the fourth quarter of 2017 was \$0.1 billion, or \$1.78 non-diluted share, equivalent to \$3.6 billion, or \$3.70 non-diluted.

So, the answer to it can be found whether it was a gambit or not can be found in the Gilead press release for the year 2017 that the product sales was over 25 billion. Now, this product also in wool includes Sovaldi. Sovaldi is a drug that is sold across the globe for more than 20 billion dollars in the year 2017.

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IPad 12:03 PM 100%

Forbes

Gilead-Kite: A Breakthrough. A \$12 Billion Deal. Another Expensive Drug

Matthew Herper Forbes Staff

Gilead Sciences, the leading maker of drugs for HIV and hepatitis C, made an expensive and gutsy move into the cutting edge of cancer treatment this morning, spending \$11.9 billion in cash to buy Kite Pharma, the developer of a treatment that attacks tumors by genetically modifying patients' own white blood cells.

The deal recasts both Gilead, a company focused on viruses and tumors, and the field of cell therapy for cancer, which now will be guided not by start-ups but by larger, established pharmaceutical firms. (Kite's closest competitor: Novartis.) It also sets the stage for a dramatic few months during which both the Kite product and the Novartis one are expected to reach the U.S. market at an extraordinary price. The treatments are expected to cost hundreds of thousands of dollars per patient, and to conform to the unavoidable narrative of pharmaceutical innovation: medical breakthroughs at sky-high prices.

Now, if you look at the amount of money, Gilead actually invested which was 11 billion and the amount that was recouped which is like more than 20 billion in a year and it used to be lesser initially, but over the year it has now reached a point where Gilead gets 20 billion

dollars for the drug. It is hard for us to compute a value on the intellectual property assets covering Sovaldi.

If you take the market route, it will be a different value. If you look at the cost route, the cost of acquisition was only 11 billion. So, this illustrates the issue with valuation of intellectual property. It is hard to measure intellectual assets by different routes and you can see that you may not get to a perfect answer and Gilead is again back into another 12 billion dollar deal and this time it is investing in a company for developing cutting edge cancer drugs. Kite Pharma is a company which Gilead acquired paying close to 12 billion dollars.

Now, this again brings out another issue that is a recurring theme in intellectual property, right that medical breakthroughs happen at sky high prices.

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The screenshot shows a Seeking Alpha article with the title 'THE COST OF GILEAD'S SOVALDI (HEP-C)' in large, stylized letters. Below the title, there is a navigation bar with links for 'Seeking Alpha', 'Portfolio', 'People', 'News', and 'Analysis'. A search bar and a 'Sign in / Join Now' button are also present. The main content of the article discusses Gilead Sciences' financial operations, mentioning low capital expenditures, dividend growth, and a wide moat due to patent protection. The article is presented in a clean, modern layout with a white background and black text.

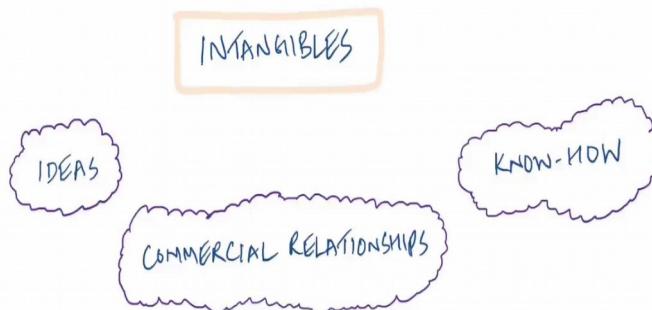
Now, if you look at the way in which Gilead sciences operates, it operates with very low capital expenditure. Now, over the last few years, it has spent somewhere around 550 to 750 million US dollars every year for investments in property, plant and equipment. Now, that is that amount to 5 percent of net cash provided by operating activities. Now, this would show that you know the way in which Gilead's operations are arranged, it will be again hard to look at the investment that goes into the intellectual property.

Intellectual Property
Prof. Feroz Ali
Department of Humanities and Social Sciences
Indian Institute of Technology, Madras

Lecture - 15
The Traits of Intangibility

Intangibility has certain traits. To understand an intangible asset we need to look at the trades of intangibility. What makes an asset and intangible asset? Economists have given certain traits, but when we come to the legal aspects of it, these traits will be important for us to understand, so that we can give the character of intangibility to intellectual property assets, because intellectual property assets are the products that can be covered by an intellectual property right which exhibit with these traits.

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Intangibles: when we talk about intangibles, we are talking about ideas, commercial relationships and know-how ideas can be protected. The expression of ideas can be protected by the copyright regime, know-how: when it is translated onto a product which involves a technology that can be protected by patents. Commercial relationships are largely protected by the law with regard to confidential information or what we also call trade secrets. That is largely the contractual regime. You can have a contract with a person with whom you are disclosing relationships, Commercial relationships or commercially sensitive information and

bind that person through a non-disclosure agreement in such a way that a trade secret is protected.

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FOUR TRAITS OF INTANGIBILITY

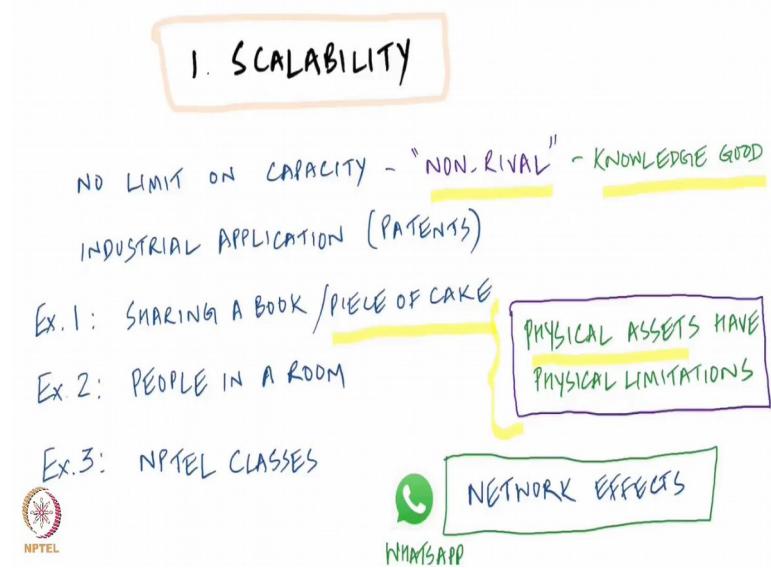
1. SCALABILITY
2. SUNKENNESS
3. SPILLOVERS
4. SYNERGIES



Now, let us look at the four traits of intangibility. The first trait as economists tell us is scalability. The intangible asset is scalable. The second, trait is sunkeness. The intangible asset is created by cost that is sunk in the sense that you will be hard to recover those costs. The third, trait is spillover: spillover in the sense that when an intangible asset is created apart from the person who created the asset, others get benefit too. And fourth, trait of intangibility is that it can cause synergies having one intangible asset and another asset together can cause synergy which would normally not be the case if the assets are used separately.

Now, let us look at these four traits in detail. Though this is an account by economists, we will find that this holds good. This analysis of the four traits of intangibility holds good for legal analysis as well.

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So, first we look at the scalability aspect. We say something is scalable when there is no limit on the capacity to make those things. For instance, intangible assets have a trait of mass duplication. You can make multiple copies of an intangible asset. For instance, if it is a book, the intangible asset being the creative work of the author; then that book you can make multiple copies of it without there being any decrease in the output of the book itself. In the sense that any person who gets to read the book, gets an understanding of the book, the ideas covered in the book without diminishing the asset.

Now, economists call this as non-rival goods or earlier it also used to be called as knowledge goods. Now, knowledge goods and non-rival goods tell us that there are certain goods that are non-rival in nature especially for this is true for intangible goods. Rival goods are goods which can be used by only one person or a group of people. When a group of people, consume a good, it is simply not made available for others. For instance, a piece of a cake. A piece of a cake can be shared by a finite number of people.

There are limitations to what you can do with a piece of a cake. A book on the other hand can also be read by only one, by one person, but the idea that conveyed in the book if the book is relayed say on YouTube. Assume that the book is shown the pages are flipped on the YouTube. Every person who can have access to YouTube can read the book as the book is being flipped and get the complete understanding of the book, as a person would get while reading the hard copy of the book.

So, when the book, when a video is made out of the book in the sense that the reading of the book, a book is held in front of a camera and it is shot and it is relayed to hundreds and thousands of people. Every person who reads the book gets the same enjoyment or benefit out of the book, out of the idea that is communicated in the book as it would be in the case of a person who physically reads one copy of the book. Now, this talks about the scalability. Intangible assets can be scaled to any number. Now, if you regard Microsoft's software windows as an intangible asset, then you can see that any number of copies of a windows program can be made without affecting the enjoyment of others.

So, this tells us that there are certain goods that are non-rival in nature. Rival goods are goods only few or finite number of people can consume. Non-rival or non-rivalrous goods are goods without physical limitations. There is no limit to the number of people who can consume that book. So, sharing a book and we are talking about not physically sharing even the physical sharing if you look at a book, if assume that a group of students sit next to each other and share and read from a common book.

Now, all the students who look into the book and read from the book can actually derive the enjoyment from the book as it would be the case. If they read the book separately and this enjoyment each one of them gets does not affect the enjoyment of the other. In the sense that they get a complete understanding of the concepts mentioned in the book without affecting the enjoyment or the benefit that others get while reading the book, whereas in the cake example you simply cannot enjoy a cake without affecting others who are sharing that with you.

Now, this example can be magnified or we can take this example to a different level, when we compare the number of people whom we can accommodate in a room. Now, normally in a classroom you could have a teacher and a few students depending on the size of the classroom. Now, if you want to increase the number of people in that room, what you could do is, you could remove all the furniture's and then, you could put people there. Then, though it may look crowded, you can have say host a tea party or a lunch and you can have more people standing there and utilizing the room.

Now, if you want to use the room or rent the room for purposes of accommodating people, then you can put some beds and bunker beds if necessary. And you can slightly increase the number of people who can actually use the room for say as an accommodation. Now, you can

extend this idea, but at the end there will be a limit to the number of people who can actually enjoy the room. So, that is a rival good. A room which has constraints of space and which has physical limitations like a physical asset, a room has certain limitations as to how many people can actually use it. So, if you stuff the room with more people, then it can actually handle. Then, there could be some consequences which will go beyond what a person can handle. So, a room is a typical example of a rival product.

Now, let us look at a room in the online space. For instance, a chat room: a room which people can use for chatting, there is absolutely no limitation as to how many people can chat in a chat room. Absolutely no limitation, because what we have done here is that in a chat room, because it is created by an intangible asset, a software. And because it exists in the internet or somewhere in the cloud, you can ensure that the number of people who are in the room can be boundless, it can be limitless. So, physical assets have limitations, whereas there cannot be any limitation on intellectual assets.

So, another example that we can understand are NPTEL classes themselves much different from a normal class. In NPTEL class, we would allow any number of students who have access to the internet and to YouTube to have access to these classes. So, what in effect happens in NPTEL class is that the intangible nature of the delivery which is by using software, the voice and the video of a professor who has recorded the lecture is now delivered to limitless number of people. There is absolutely no limit to the number of people who can enjoy or who can use NPTEL class.

So, this talks about the scalability aspect of intangible assets. Intangible assets by definition are scalable. For instance, somebody writes a book and the book can be protected by copyright. Now, the number of copies you can make of the book is infinite, especially if you convert the book into some kind of an e-form and say an e-format or an e-copy or a kindle copy of a book. So, there is absolutely no limit to how you can scale an intangible asset.

Now, in intangible assets the scalability is also affected by what we call the networks effect. The networks effect is simply that if more people have telephone connections, the network effect makes it easy to scale up and it brings more benefit to people. Now, we see that in WhatsApp the more people who have WhatsApp, the more it becomes easier to communicate with those people. So, scalability is enhanced by the networks effect.

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2. SUNKENNESS

COST OF CREATION OF THE FIRST COPY - IRRECOVERABLE COST

- MICROSOFT WINDOWS / VISTA - LAND, BUILDING, FACTORY
- GILEAD'S SOVALDI - \$11 BILLION

R&D
TEAMS
TOOLS

HARD TO RECOVER

Bloomberg

Pursuits

Kingfisher Air Pledges Brand, Furniture for \$1.2 Billion Loans

Karthikeyan Sundaram
December 10, 2011, 12:03 AM GMT+5:30



KINGFISHER
AIRLINES
Fly the good times

Now, two Sunkenness; sunkenness refers to the cost of creation that went into the creation of the intangible asset what we call the investment that went into creation of the intangible asset.

Now, sunkenness is there almost in every asset; both intangible that is physical as well as intangible assets, but the probability or the possibility of recovering the cost is much difficult when it comes to an intangible asset. Now, this is also referred to as the cost of creating the first copy. For instance, Microsoft windows would have expended enormous amount of resources in coming up with the first copy of windows or few years back, we had something called the Vista.

Now, vista is now a discontinued product. What happens to the cost that has gone into the creation of vista? Vista being an intangible asset, now the cost that went into creating the software is simply cannot be recovered now. So, in that sense it is much harder to recover the cost that goes into intangible asset than it is in the case of a tangible asset. For instance, land, building and factory which belong to a company can at any time be sold if the business does not move forward, whereas intangible assets like lists of customers, for instance or operation procedures in a showroom, there is a company which runs a showroom and they have an operation procedure which only suits that showroom. So, if they had spent enormous amount of time in creating that intangible asset, thus the manual of operations, it will be very hard for them to use that manual in another surrounding or in another situation.

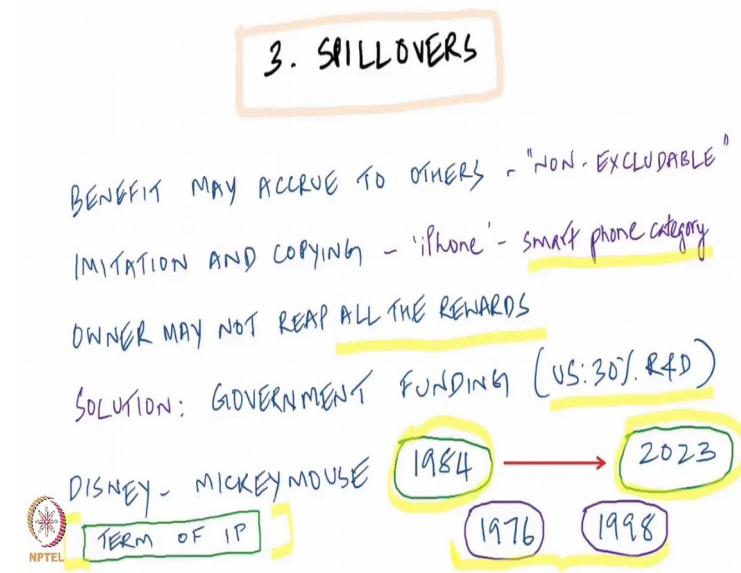
Now, again the sunkenness cost can be understood in what we saw in Gilead Sovaldi. Sovaldi as we saw was a drug which Gilead acquired when it took over the company Pharmasset and Pharmasset that was valued at 11 billion dollars at the time of its purchase, but we know that Pharmasset was absorbed into Gileads company and the drug later on became a blockbuster drug getting revenues in excess of 20 million in the year 2017. Now, all the money that went into creating Pharmasset and the drug, the potential drug which was later on acquired by Gilead and which later on got approved as Sovaldi, it will not be possible to recover those costs, the R&D teams and all the equipments that went into creation of the drug. The creation of the drug may get monetized when the drug becomes a best seller.

For instance, let us look at another drug which say- hypothetically developed by the same company for which there was no recovery of cost, a drug that eventually led to a failure for probably the drug did not reach the market. Now, this tells us that when we are dealing with intangibles, intangible assets have an cost that is sunk into it which may be harder to recover than in the case of a physical asset. Physical asset as we all know like land, building, and factory. Even if there is no need to continue with the particular business, you should be able to sell the land, building and equipment in a factory and get some cost recovered by say lumpsum sale or a piecemeal sale. So, unlike a physical asset, intellectual property assets or intangible assets become hard for people to recover the cost that has gone into it.

Now, a good example is Kingfisher Airlines. Kingfisher Airlines we know that had pledged its brand furniture and various other things for 1.2 billion dollars for the loans that the company had taken. Now, a substantial part of this pledge relied on the brand of Kingfisher and brand as we know is an intangible asset and we know what happened later on. Kingfisher was not able to pay the debts and it led to the closure of the company and it also led to other complications for the promoter.

Now, here is a case where the sunken cost into building, the brand whatever Kingfisher did to build the brand is something which cannot be recovered which the banks realized when they pledged a loan predominantly based on the brand. When loans are given based on a brand which is an intangible asset, then it could lead to a situation like what we saw in the case of Kingfisher Airlines. This largely is due to the fact that the cost that goes into an intangible asset into the creation of an intangible is a sunk cost and it becomes hard to recover that cost.

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Three Spillovers: now, spillover refers to the fact that the benefit of an intangible asset may accrue on others. The economists also called this as non-excludable nature of an intangible asset. An asset of intangible nature when it is released or when it is used, it could lead to others getting benefited by it.

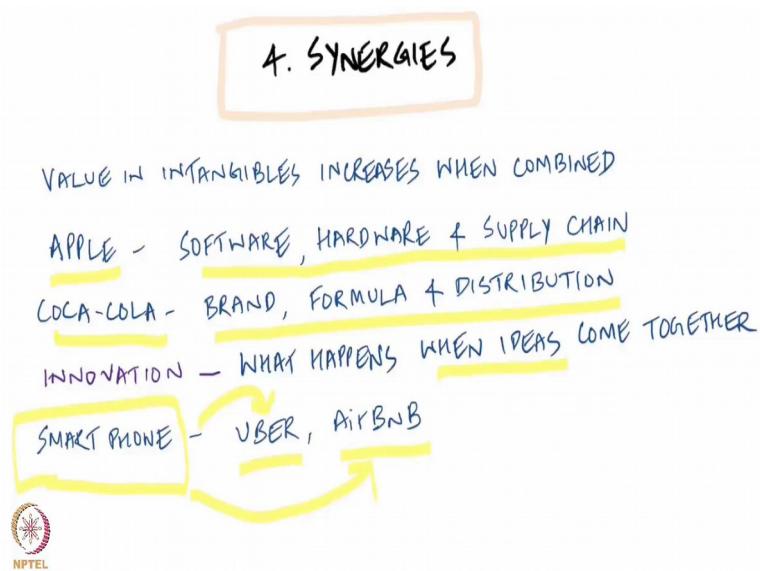
For instance, when iPhone released the first phone in 2007, it created the Smartphone category. The Smartphone category was created by iPhone. Now, when apple created this category, they were the market leaders. They were the ones who brought out a phone with a full touch screen without any dial pad. iPhone thought was the pioneer in this field had to live with the fact that others would be creating Smartphones as well.

So, though iPhone created the category, Samsung, LG, Motorola and others got the benefit of the spillover. So, in creating an intangible asset, there is a spill over which you may not be able to stop others from enjoying it. So, the owner in effect may not reap all the rewards of the product. So, one of the solutions that have been suggested to get over the problem of spillovers is to have government funding. So, all the basic work or research that is being done, if it is funded, but by the government; the follow on work alone needs to be done by the market and that would lead to a situation where the market develops something which has already been funded by the government. Now, for instance the United States government funds 30 percent of R&D that happens in that country.

Now, the spillover is also something which could be potentially protected by intellectual property right. Now, the term of IP refers to the timeline during which IP cannot be used by others. An intellectual property cannot be used by others during the term of IP. For instance, if there is a trademark protection over a brand, then the brand cannot be used by others. If there is a copyright protection over artistic work, the copyrighted work cannot be used by others. So, we have this instance of how the term of IP can be extended to protect the spillover effect. Disney the creators of Mickey Mouse had a life term for the copyright which would have expired in 1984, but Disney was able to successfully lobby and extend the life till 2023.

Now, this happened by bringing in two amendments to the copyright term which Disney had lobbied for in 1976 and 1998. So, one way to get over the spillover effect is to have strong intellectual property rights and one way to extend the intellectual property life itself is to have a longer term on IP.

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Four Synergies: the value of intangible increase when they are combined with other intangibles. For instance Apple is a company which has combined software, hardware and a supplychain to come up with elegant and user friendly products which can reach any part of the world with a very short time.

You would know that all the iPhone releases, they were close to global launches and the copies were available or the models were available as soon as they were globally launched to

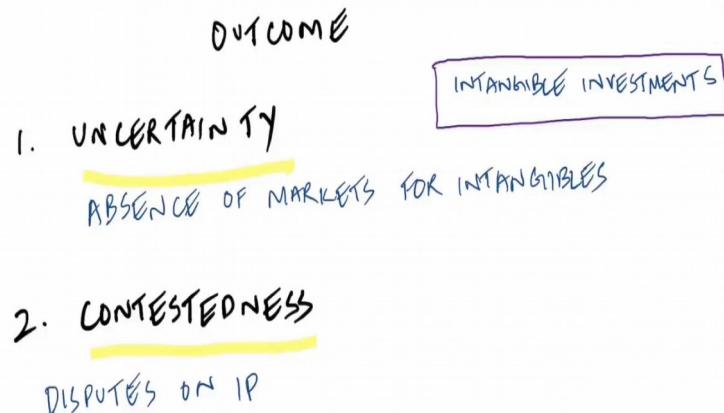
other parts of the world as well. Coca Cola is another company which combines the synergies of a brand which is an intangible formula. There is the secret formula which Coke is supposed to have developed and it protects it and a distribution network. So, these things make a synergy or create a synergy which gives Coca Cola a lead over other competitors.

Now, innovation itself has been defined as something that happens when ideas come together. So, you know synergy is something which promotes the creation of an intangible asset and many a times the synergy itself gives an advantage to the producer. The producer because of the synergy, he has in the company or in the enterprise that is run by the producer because the producer has certain synergies. It is possible for the producer to come up with new intangible assets by way of combining existing assets.

Now, two of the business models that we know today, Uber and Airbnb are models that existed before hiring a cab was something which people knew and renting out premises say for the use of a paying guest was something which we already knew, but the synergy caused by the availability of Smartphone and the connectivity of Smartphone actually allowed these models to flourish. So, you can see that Uber is a model that could only work if people have Smartphone and Uber developed apps for it Airbnb similarly is a model that will only work if people are connected over the internet and they are able to show their property and engage with others who are interested in staying in those properties.

So, synergy is another aspect or another trait of an intellectual. Synergy is another trait of an intangible asset.

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Now, what is the outcome of these four things? So, the outcome of these four traits of intangibility is that one, it causes uncertainty and two, it causes contestedness, uncertainty because there is intangibles by the nature. We saw that because of the sunkenness and because of the spillover that intangibles create it is hard to ascertain and derive the value of an intangible.

Now, Coca Cola may be able to value its brand at a very high price. They simply may not be anybody to buy the brand because of its valuation, because of the uncertainty that goes into the valuation of the brand. We saw in the case of Kingfisher Airlines. The brand and some properties were together, the pledge for 1.2 billion you know when it turned out. The banks were not able to recover this value though they had pledged money equivalent based on the brand predominantly.

So, there is uncertainty that comes out of an intangible asset and intangible assets by definition are investments that are of an uncertain nature. So, there is uncertainty and second thing is that we need to understand about these four traits contribute to contestedness. There are disputes with regard to intellectual property rights that constantly arise, because the nature of the intellectual property right leads it to be contested, when a patent is granted by the patent office, when the patentee enforces the patent. It allows the patentee to stop others from doing things in that particular area.

And if it is something that ought not to have been granted a patent to say a technology which was already there or a technology which was obvious to people in that art to come up with or a technology which was in the public domain, but only few people knew about it. For various reasons, an intellectual property right may get contested. So, contestedness is another outcome of intangible assets.

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Lecture - 16
Policy Challenges in an Intangible Economy

Let us look at the Policy Challenges in an Intangible Economy.

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5 PRIORITIES GOVERNMENTS NEED TO ADDRESS

POLICYMAKERS NEED TO UNDERSTAND:

1. CONTESTED - IP RULES & NORMS (LAW)
2. SYNERGIES - IDEAS TO COME TOGETHER
3. SUNKENNESS - INVESTMENT IN INTANGIBLES
4. SPILLOVERS - PUBLIC INVESTMENT IN INTANGIBLES LIKE
BASIC RESEARCH
5. INEQUALITIES - ACCESS TO PATENTED MEDICINES

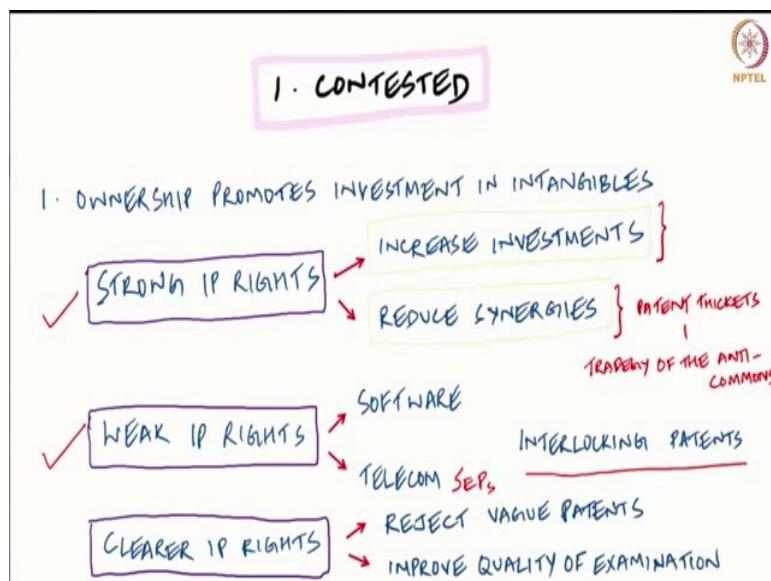
Any government would have 5 priorities that they need to address. Policymakers should understand that intangible assets are contested meaning which the intellectual property rules and norms have to be structured in such a way that the contested nature of intangible assets do not lead to lesser investments in intangible assets. Secondly, policy makers need to factor in to synergies; the fact that for new ideas to come, intangible assets have to be structured in such a way that they come together.

So, ideas to come together they should be a policy to make ideas come together. The third thing they need to factor is the sunkenness aspect of intellectual property assets that investments in intangibles happen far that investment in intangibles happens is much lesser than the investment in tangibles and physical assets.

Fourth, they need to look at spillovers. This is something which had already covered that there has to be some kind of a public investment in intangible like basic research and

scientific research. Finally, they need to factor into the inequalities that intangible assets can create. Now, we have this problem in India when it comes to access to patented medicines. Two of the biggest issues related to pharmaceutical patents on life saving drugs; one is the Novartis case and the other one is the Nexavarlicense which became the subject matter of a compulsory license, the first compulsory license that was granted by the Indian patent office.

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So, now let us look at the contested nature of an intellectual property asset, one contested. Let us look at the contested nature of an intangible asset. We already covered this and we need to ensure that there has to be some kind of an ownership of these intangibles. So that over ownership or private rights in intangibles is expected to promote investment in intangibles.

Now, there are two broad groups; one which advocates for strong intellectual property rights and the other which advocates for weak intellectual property rights. Now, the strong intellectual property rights, it is expected that once you have a strong regime, it would increase investments. And it would also as a consequence increase in investment would also mean it would reduce synergies in the sense that too much of private rights would lead to a situation, where the entity is that whole private rights do not cooperate.

Now, this is a problem what is called in literature as the problem of the patent tickets. Now, this is also described in literature as the tragedy of the anti-commons. The tragedy of the anti-commons tells us that too much of private ownership may lead to a situation where the private owners will not cooperate with each other. Now, tragedy of the anti-commons is

different from the tragedy of the commons. The tragedy of a commons which is another scholarly work which preceded it told us that too much of public ownership of things will lead to a point where, there will be abuse of public ownership or there will be abuse of things that are held in them, there will be abuse of things that are held by the public.

So, the tragedy of the commons for instance something like air and water, we find that these are the things that are commonly polluted or abused because air is held in common and there is no incentive for people to keep air for themselves or privately own air. We may soon reach that in some of the polluted cities, but right now there is no incentive for people to do that and because air is a commonly held good, a public good. It tends to be abused or the abuse of commonly held good may be different from the way in which a privately held good may be treated. The reason why the roads or the public places are not as clean and kept well as the private places say the insides of our houses and homes is another illustration of this problem that when people hold things in public. They tend to abuse it whereas, private ownership would lead to a situation where they would respect private rights and safeguard property.

So, the tragedy of the commons was in fact a push towards private ownership of property and the underlying principle was that if people had private property, they will take care of it. Too much of private ownership led to non-cooperation between the owners of the property. For instance, we have cases where a biotechnology, we have cases where drug development did not happen or drug development got stalled, because to release the drug into the market. The owner of the drug had to license many patents from different patent owners and the cost of licensing was so high. There are drug manufacturer refused to bring the drug to the market, because it was not feasible for the drug manufacturer to pay royalty licenses to all the people who were holding patents which were required for manufacturing this particular drug.

So, the tragedy of the anti-commons is where we see an instance where too much of private ownership could lead to a situation, where the people who own the property will not cooperate with each other. So, those strong IP rights have been recommended as a thing that can increase investments. It is also true that strong IP rights could reduce synergies and we had already discussed that synergies is one of the things that would result in the creation of an intellectual asset.

The other group which advocates for weak intellectual property rights largely look at the software industry and the telecom industry where there are quite a lot of interlocking patterns,

and say that in these technologies for the technology to grow. There has to be a weaker standard of intellectual property right. That is the reason why some countries do not offer patent protection for software. And similarly for telecoms. Telecoms lastly are set by standards and in the telecom sector you have standard essential patents what we call SEP's. Now, SEP's by definition because the patterns cover a particular standard, there is no way a manufacturer or a standard implementer can come up with the technology without using the patent that fall within the standard.

So, the SEP regime has developed what we call a FRAND license, a license that has to be on fair and reasonable terms and which is non-discriminatory. It should not discriminate people who take the license. So, the FRAND licensing is a way in which you can use a technology by paying a license fee to the owner of the technology, the standard essential patent owner. So, telecom as well as software has evolved a standard of IP protection which is much lesser than what it is traditionally in fields like pharmaceuticals. And this is largely due to the interlocking patterns or the need to have interoperability which is true in software as well as telecom.

Now, whether we advocate for a stronger IP rights or for a weaker IP rights, what is manifest in this debate is that there is a need to have clearer IP rights. IP rights have to be clear, so that the contestation on IP rights do not happen see only when you have vague IP rights or ambiguous IP rights. Intellectual property rights whose borders are not clear or intangible assets whose boundaries are not clear would it lead to dispute with regard to where the boundaries are. So, intellectual property disputes arise largely because of the fact that the boundaries are not clear. They could also arise, because of the granting organization say the patent office did not do a good job while examining those applications. That is another reason why you can have intellectual property disputes. One, inherently the patent was not capable of defining the borders of the intellectual property right or when the patent got granted, the examination that went into it was not rigorous.

Now, we will look at a study towards the end of this of this week's course which pertains to the Novartis standard. We will look at the Novartis case, then we will look at what the standard that was set by the Supreme Court. And we will also look at whether how the standard was implemented by the Indian patent office which led to various patents which ought not to have been granted resulting in grants.

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The slide has a pink header box containing the title "2. SYNERGIES". To the right is the NPTEL logo. Below the title are four numbered points:

1. CO-CREATING IP
2. CONDITIONS FOR KNOWLEDGE TO SPREAD & MIX
3. EASE OF BUSINESS - START & RUN
4. LET PEOPLE CONGREGATE ↗ NEW YORK
↘ LONDON

To the right of the fourth point is a small image of the Periscope app icon, which is a red flame inside a blue circle. Above the icon, the text "(PERISCOPE APP)" is written in a red bracket. Below the icon, the text "Proudly made in America by immigrants." is visible.

Two, synergies: and this is another aspect which you have already covered. Now, there has to be some kind of policy that allows parties to co-create intellectual property. So, co-creation of intellectual property is where entities, different entities come together to create the intellectual property. The understanding is that when different entity is creat it, there is some kinds of a cooperation between them to bring in this energy. That is essential for an intellectual property or an intangible asset.

So, there has to be the policy also has to look at conditions for knowledge to spread and mix. And it also has to obviously create standards that are easy for businesses to start and operate. And finally, it should also look at how people can congregate and come together because if businesses have to cooperate and run successfully, there has to be a policy for people to come together and work. So, that ideas, new ideas are created and it leads to synergy between intangible assets.

Now, the periscope app I just found this quite amusing that when you start the periscope app, it just says proudly made in America by immigrants. So, it tells you that for ideas to come into effect you have to have people either cross-barriers or cross-borders to come together. It could be people moving from rural areas and settling down in cities or it could be cases where people move from other countries to places where innovation happens.

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3. SUNKENNESS

NPTEL

1. DESIGN OF FINANCIAL MARKETS
2. TAX BREAKS
3. BORROWING ON IP - BETTER IP VALUATION
INTANGIBLE BACKED LOANS
4. EQUITY INVESTMENTS

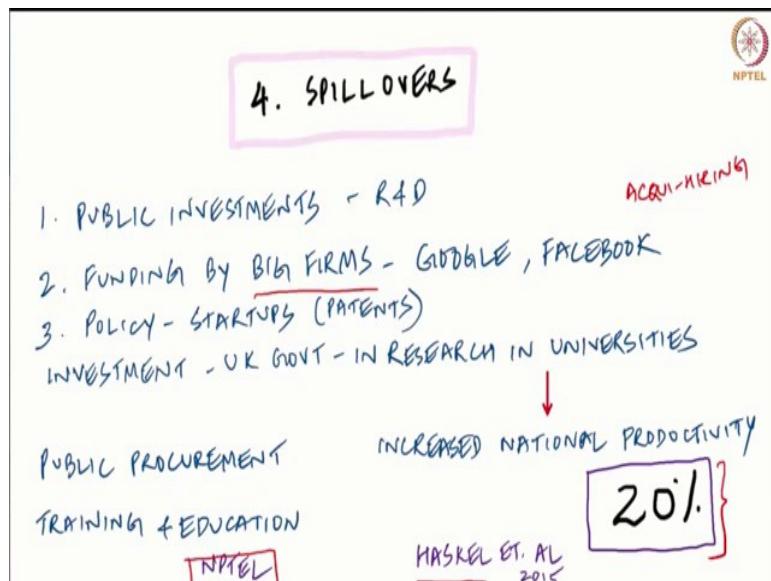
Third thing is about Sunkenness. We had already seen this as well now what the government can do to address the issue of sunkenness. The fact that intangible assets have or involve sunk cost which are hard to recover, they can look at the design of the financial markets. Financial markets today are designed in a way to facilitate funding for tangible assets.

So, the entire securitization law which allows you to take a loan based on a security that is given say mostly land, it is based on the premise that an tangible asset is easy to liquidate. Now, you do have issues with regard to non-performing assets, but when you compare an tangible and an intangible asset, the financial markets are designed more to have funding for the tangible assets. So, one of the things that policymakers can look at is how the financial markets are designed. They could be tax breaks given for investments into intangible assets. They could be policy which facilitates borrowing based on intellectual property or intangible assets. For that we need better intellectual property valuation and it is this is a theme that we have already discussed and we also already saw how a loan that was offered based on the Kingfisher Airline brand led to the collapse of the company and eventually led to some default in the payment of loans.

So, intellectual property backed loans or intangible loans that are backed by intangibles is something that has been operated in some put into is something that has been put into force in some countries. And another way to fund intangible assets or to ensure that the sunken cost,

the effect of the sunken cost is reduced is to look at equity investments in intangibles which is largely how intangibles in the silicon valley are funded.

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The 4th point is on Spill-overs. Spillovers can be avoided by public investment in research and development. So, public investment in research and R and D is something that can ensure the creation of intangible assets where the private investors may fear us below.

Now, we have seen instances of funding by big firms like Google and Facebook. They largely do it to ensure that a new startup, they either fund a startup or they acquire a start up. Now, there is a word for this, there is a concept called ACQUI-HIRING. Now, ACQUI-HIRING is a concept where a bigger firm acquires a smaller firm with the objective of incorporating, incorporating the form of firms and business into the bigger firms business. So, it is acquisition with the objective of hiring. So, Google may hire or we have seen instances where Facebook may hire a smaller company with 300 odd people and what Facebook would do is dismantle the entire company and take the people and incorporate those people into its rules.

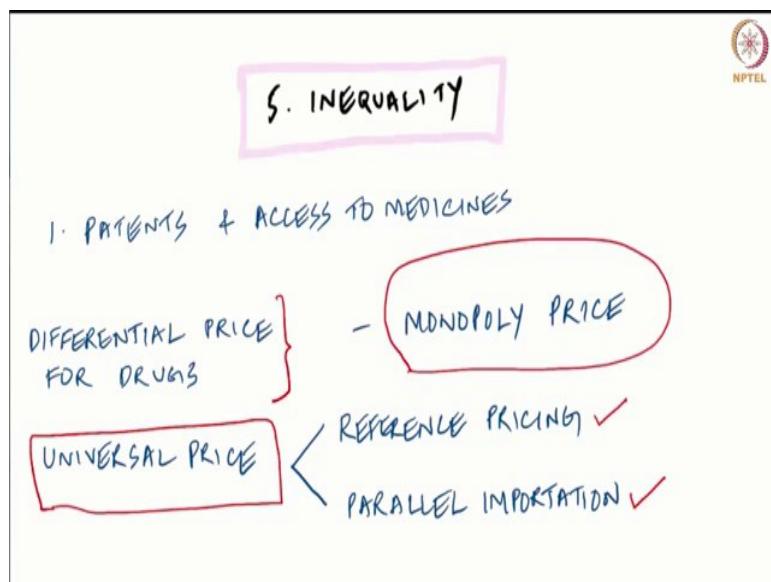
Now, ACQUI-HIRING has its own issues, but lastly you can see that funding by big firms into the technology in which they normally invest is a way in which you can ensure that there is some protection against below us. Now, the government can also come up with a policy for startups or startups in countries like India have various incentives for facilitating, filing of

patents and we will have a small discussion on how the startups have evolved over the last 2 years.

For this week among we will have a short discussion on how startups have evolved over the last 2 years. So, investment is something which is expected to be done by the government and we have an instance where UK government which had invested in research in universities, it found that it increased the national productivity by 20 percent. Just by investing in the research in universities, the national productivity shot up by 20 percent and this is by a study by Haskel et al in 2015.

So, public procurement can ensure the spill overs are taken care of and similarly, training and education. Now, we know that NPTEL model itself is based on the fact that training and education has to be taken to a larger audience by way of a mass open online course.

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Now, what the 5th thing, the policymakers need to worry about is inequality that intangible assets can create. Now, we have seen this in the context in India specially in the context of patents and access to medicines. We had two cases as we said one pertaining to the pharmaceutical company Novartis for its anti-cancer drug Gleevec and the other was with regard to a German company Bayer whose patent was licensed to an Indian company Narco which again pertain to a life saving drug.

Now, what this tells us is that patents allow a pharmaceutical company to charge a monopoly price. A monopoly price is a price that is charged because there is only one product in the market. And in the case of a life saving drug, it could mean that bulk of people in the market may not be able to afford it, especially in the absence of insurance coverage; in the absence of government procurement and in the absence of a high GDP or per capita income in the country, so that the people can afford it out of pocket.

Now pharmaceutical companies do not involve in differential pricing of drugs for a particular reason. They in fact have a universal price which they use for all the countries. Now, the reason for pharmaceutical companies involving in setting a universal price is that they fear that they could be a reference pricing. Reference pricing pertains to price that is set by one government could be used as a reference by another government to bargain with the pharmaceutical companies.

So, they do not want different prices to be used as a point for bargaining and bringing down the prices. So, they cite reference pricing as one of the reasons why they follow a universal price, a price across all the countries. The second fear that promotes pharmaceutical companies towards a universal price is the fear of parallel importation. Pharmaceutical companies fear that if the drugs are priced differently across borders, the drugs may move from the market where it is cheaply priced into the market, where it is priced at a higher rate

Now, this could have some element of truth, but the fact is that differential pricing has now become a reality. There are instances where the prices of drugs in India are differently priced, especially after Novartis especially after the compulsory license was granted for Bayers drug. We saw instances where companies were willing to offer the drug in India at a different price than from the global price or compared to the price in the western markets. So, inequality is something that comes when you grant intangible assets to private entities and private entities, because there are businesses with the object of maximizing profits. They may result in an issue where bulk of the population in a particular country especially a developing country may not be able to afford the medicine which could be a matter of life and death.

So, the inequality aspect is another thing that policymakers need to worry. They could either have stronger standards set at the patent office, so that the intangible assets are granted. Only once the merit, a grant are granted. That is one way to check it or even if patents are granted, they could have mechanisms like a compulsory license by which if there is a need, the

compulsory license can be issued, so that the drug is available at an affordable price in the market.

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Lecture - 17
Novartis Case

The Novartis case: the Novartis case is an important case in patent law.

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The screenshot shows the Supreme Court of India's judgments portal. At the top, the URL is https://www.supremecourtofindia.nic.in/judgments. The header includes the Indian National Emblem, the text "SUPREME COURT OF INDIA", and the NPTEL logo. Below the header is a navigation bar with links: HOME, COLLEGIUM RESOLUTIONS, CASE STATUS, JUDGMENTS (which is highlighted in red), CAUSELIST, DAILY ORDERS, OFFICE REPORT, COPYING, CAVEAT, E-FILING, and LAWYER'S CHAMBER ALLOTMENT. A search bar contains the text "|| योगी धर्मसतते जयः ||". On the right side of the header are "Login" and "FAQ" links. The main content area displays a table for a specific case. The table has columns for Case Type, Number, Year, and Reportable. The data shown is: Case Type: SPECIAL LEAVE PETITI ▾; Number: 20539; Year: 2009 ▾; Reportable: All ▾. Below this table is another table with detailed information: Diary Number: 23752-2009, Case Number: C.A. No.-002706-002716 - 2013, Petitioner Name: NOVARTIS AG, Respondent Name: UNION OF INDIA, Petitioner's Advocate: S. HARIHARAN, Respondent's Advocate: AFTAB ALAM, RANJANA PRAKASH DESAI, Bench: 01-04-2013, Judgment By: [empty]. There is also a "Submit" button next to the reportable dropdown.

If you want to understand the case what you would do is; you go to the Supreme Court website and you will find that document like this, what you can see here.

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REPORTABLE	JUDGMENT
<p>IN THE SUPREME COURT OF INDIA CIVIL APPELLATE JURISDICTION CIVIL APPEAL No. 2706-2716 OF 2013 (ARISING OUT OF SLP(C) No. 20539-20540 OF 2009)</p> <p>NOVARTIS AG ... APPELLANT VERSUS UNION OF INDIA & OTHERS ... RESPONDENTS WITH CIVIL APPEAL No. 2728 OF 2013 (ARISING OUT OF SLP(C) No. 32706 OF 2009)</p> <p>NATCO PHARMA LTD. ... APPELLANT VERSUS UNION OF INDIA & OTHERS ... RESPONDENTS AND CIVIL APPEAL No. 2717-2727 OF 2013 (ARISING OUT OF SLP(C) No. 12984-12994 OF 2013) SLP(C).....2011 CC Nos.6667-6677</p> <p>M/S CANCER PATIENTS AID ASSOCIATION ... APPELLANT Versus UNION OF INDIA & OTHERS ... RESPONDENTS</p>	<p>Attaf Alam, J.</p> <ol style="list-style-type: none"> 1. Delay condoned. 2. Leave granted in all the special leave petitions. 3. What is the true import of section 3(d) of the Patents Act, 1970? How does it interplay with clauses (j) and (ja) of section 2(1)? Does the product for which the appellant claims patent qualify as a "new product" which comes by through an invention that has a feature that involves technical advance over the existing knowledge and that makes the invention "obvious" to a person skilled in the art? In case the appellant's product satisfies the tests and thus qualifies as "invention" within the meaning of clauses (j) and (ja) of section 2(1), can its patentability still be questioned and denied on the ground that section 3(d) puts it out of the category of "invention"? On the answer to these questions depends whether the appellant is entitled to get the patent for the beta crystalline form of a chemical compound called Imatinib Mesylate which is a therapeutic drug for chronic myeloid leukaemia and certain kinds of tumours and is marketed under the names "Glivec" or "Gleevec". <p>JUDGMENT</p> <ol style="list-style-type: none"> 4. These questions were debated at the bar intensely and at great length. The debate took place within a very broad framework. The Court was urged to strike a balance between the need to promote research and development in science and technology and to keep private monopoly (called an 'abortion' under our Constitutional scheme) at the minimum. Arguments were made about India's obligation to faithfully comply with its commitments under international treaties and counter arguments were made to protect India's status as "the pharmacy of the world". The Court was reminded of its duty to

Page 1

Page 2

It runs into 112 pages the entire judgment. Novartis case also has a history. If you want something quicker, if you do not have the time to read the 112-page judgment, you would go where we have summarized the entire case for you in a few sentences.

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Novartis AG v. Union of India
THE SUPREME COURT OF INDIA, NEW DELHI
(Justice Aftab Alam, Justice Ranjana Prakash Desai): Decision dated 01 April 2013



Civil Appeal Nos. 2706-2716 of 2013

the IPAB order directly before the Supreme Court side-stepping the High Court needs to be strongly discouraged and this case cannot be treated as a precedent (para 22)—Distinction between “invention” and “patentability” as two distinctly separate concepts (para 91)—Appellant argued that section 3(d) is not meant to be an exception to clauses (j) and (ja) of section 2(1)—It has no application to the case of the subject product—The product having been classified the test of invention under section 2(1)(j) and (ja) cannot be denied patent for failing to satisfy section 3(d)—Held, there is no force in the submission that section 3(d) is a provision ex majore cautela—This submission misses the vital distinction between the concepts of invention and patentability (para 102)—Section 3(d) sets up a second tier of qualifying standards for chemical and pharmaceutical substances in order to leave the door open for true the

Now, let us have a quick look at this case. This case pertain to a patent over the beta crystalline form of Imatinib Mesylate.

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Novartis AG v. Union of India
THE SUPREME COURT OF INDIA, NEW DELHI
(Justice Aftab Alam, Justice Ranjana Prakash Desai): Decision dated 01 April 2013



Civil Appeal Nos. 2706-2716 of 2013

Patents—Claim for patent for beta crystalline form of Imatinib Mesylate—The beta form gave some beneficial properties like more beneficial flow properties, better thermodynamic stability and lower hygroscopicity than alpha form—Novartis made application for EMR (Exclusive Marketing Rights) on March 27, 2002 and was granted in Nov 10, 2003—Five pre-grant oppositions filed before the application was taken up for prosecution—Patent rejected on four grounds: anticipation, non-obviousness, not an invention under section 3(d) and wrongful priority—IPAB dismissed the appeal on June 26, 2009 and reversed all the findings of the Controller except the one on section 3(d)—Novartis did not appeal to the Supreme Court for the writ petitions challenging the constitutional vires of section 3(d)—Only the appeal over the substantive merit of the case from the IPAB was continued—Held, any attempt to challenge

Now, this was a new form of Imatinib Mesylate, which existed before and Novartis patent did, but due to the regime change in India they could not have an earlier patent which was prior to 1995. So, they filed for a patent in 1998.

Novartis had an exclusive marketing right granted to it is patent in 2002 and this was preliminary right it was not actually a right granted on complete scrutiny of the patent application. Soon 5 pre grant oppositions were filed by competitors and some NGOs, because drug involved an anti cancer drug in which some public health groups where interested. Now the opposition proceeded and the patent was eventually rejected by the patent office.

Now it was rejected on 4 grounds, you can see the 4 grounds here, anticipation non obviousness, not an invention under section 3D, and wrongful priority. This or was appeal by Novartis to the intellectual property appellate board, the intellectual property appellate board also dismissed the appeal and finally, the matter ended up in the Supreme Court.

Now, there is a small detail here Novartis initially filed writ petitions before the Madras high court challenging the constitutionality or section 3D of the Patents Act. They had also appealed to the high court, because when the order of rejection team from the patent office the IPAB the intellectual property appellate board was not in force, it has not being constituted the yet. So, there were 2 writ petitions, 2 batches filed: one questioning

the constitutionality and the other raising the substantial merits of the decision of the Indian patent office.

The high court decided the constitutionality up holding the constitutionality of section 3D, but it transferred the case soon to the intellectual property appellate board, when the appellate board was constituted this was constituted when writ petitions were pending before the Madras high court. Now so that decision of the Madras high court up holding the constitutional was not questioned by Novartis before the Supreme Court. What eventually came to the Supreme Court was the decision of the IPAB on merits over the decision of the controller.

Now when this came up the Supreme Court very clearly mentioned that; it is not the right way to challenge decision of the IPAB directly in the Supreme Court they said that side-stepping the high court needs to be strongly discouraged and they will not allow this to be treated as a precedence. So, if you need to agitate any order of intellectual property appellate board both the case has to go to the high court first.

Now the Novartis case did discuss various other things the distinction between invention and patentability, it also had a look at what are the major qualifying standards for pharmaceutical and chemical substances.

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Novartis AG v. Union of India
THE SUPREME COURT OF INDIA, NEW DELHI
(Justice Aftab Alam, Justice Ranjana Prakash Desai): Decision dated 01 April 2013



Civil Appeal Nos. 2706-2716 of 2013

and genuine inventions but, at the same time, to check any attempt at repetitive patenting or extension of the patent term on spurious grounds (para 103)—Section 3(d) as representing patentability—But section 3(d) can also be seen as an extension of the definition of invention and thus links section 3(d) with section 2(1)(j) and (ja) (para 104)—Reading them, it would appear that the Act sets different standards for qualifying as “inventions” things belonging to different classes and for medicines and drugs and chemical substances, the Act sets the invention threshold further higher—Held, the Court was unable to see how Imatinib Mesylate can be said to be a new product (paras 131 & 132 & 133)—It is a known substance from the Zimmermann patent—Distinction between coverage and disclosure (paras 134 & 135)—Held, the Court rejected the claim that Imatinib Mesylate is a new product and the

And the case eventually was decided by the court by holding that the court was unable to see that Imatinib Mesylate is a new product. Now that is paragraph 131, 132 and 133. Now the court also held that it rejected the claim that Imatinib Mesylate is a new product and outcome of an invention.

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Novartis AG v. Union of India
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Civil Appeal Nos. 2706-2716 of 2013

outcome of an invention beyond the Zimmermann patent (para 157)—
Held, Imatinib Mesylate is a known substance form the Zimmermann patent, its pharmacological properties are also known—Held, Imatinib Mesylate does not qualify the test of invention under section 2(l)(j)(ja)—Beta crystalline form of Imatinib Mesylate is a new form of a known substance—The efficacy of Imatinib Mesylate is known—It attracts section 3(d)(para 161)—In whatever way therapeutic efficacy may be interpreted, this much is clear: that the physic-chemical properties of Beta crystalline form of Imatinib Mesylate, namely more beneficial flow properties, better thermodynamic stability and lower hygroscopicity, may be otherwise beneficial, but these properties cannot even be taken into account for the purpose of the test of section 3(d), since these properties have nothing to do with therapeutic efficacy (para 187)—

That is in paragraph 157 the efficacy of Imatinib Mesylate, efficacy is something the applicants needs to prove if he comes with a pattern for a new form of a know substance under section 3D.

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Novartis AG v. Union of India
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Civil Appeal Nos. 2706-2716 of 2013

Issue of increased bioavailability (para 188)—Just increased bio-availability alone may not necessary lead to an enhancement of therapeutic efficacy—It fails the test of section 3(d) whether for setting up the standards of 'patentability' or for extending the definition of 'invention' (para 190)—Held, beta crystalline form of Imatinib Mesylate does not qualify the test of section 3 (d)—But that is not to say that section 3(d) bars patent protection for all incremental inventions of chemical and pharmaceutical substance—It will be a grave mistake to read that section 3(d) was amended with the intent to undo the fundamental change brought in the patent regime by deletion of section 5—For patents for new forms of a known substance with known efficacy, then the subject product must pass, in addition to the clauses (j) and (ja) of section 2 (l), the test of enhanced efficacy as provided in section 3(d) read with its

The court held that the efficacy criteria that Novartis had put forward was not sufficient to demonstrate enhanced efficacy.

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THE SUPREME COURT OF INDIA, NEW DELHI
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Civil Appeal Nos. 2706-2716 of 2013

explanation (para 192)—Beta crystalline form of Imatinib Mesylate fails in both the tests of invention and patentability as provided in section 2(1)(j) and (ja) and section 3(d) respectively—Appeal by Novartis fails, dismissed with cost.

And ultimately the patent was rejected. Beta crystalline form of Imatinib Mesylate fails in both the tests of invention and patentability as provided in section 2(1)j and 2(1)ja, and section 3D respectively. The appeal failed dismissed with cost.

Intellectual Property
Prof. Feroz Ali
Intellectual Property Rights
Indian Institute of Technology, Madras

Lecture - 18
The Novartis Standard

The Novartis case which was decided by the Supreme Court set what is called the Novartis Standard. In cases involving interpretation of section 3(d) of the Patent Act; which was a subject matter which was decided by the Supreme Court in that case; the court evolved a standard for applying section 3(d)

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The Supreme Court has laid down certain principles to overcome the objections under section 3(d). These principles were established by the Court while upholding the IPO's decision rejecting Novartis' patent application for the cancer drug Imatinib Mesylate.³³

These principles can be listed out from the Supreme Court decision as follows:

1. Identifying the new form of the known substance and its pharmacological properties such as efficacy (Paras. 157; 160; 161);

2. Comparing the pharmacological properties of the known substance with the new form of the known substance (Para. 163);

3. Providing comparative material on enhanced efficacy in the patent application or by affidavits (Para. 171);

4. Excluding physico-chemical properties like "more beneficial flow properties", better thermodynamic stability", and "lower hygroscopicity" for considering therapeutic efficacy (Paras. 173, 187);

5. In the case of medicines, the test of efficacy can only be therapeutic efficacy which should be judged strictly and narrowly (Para. 180);

6. The applicant has to specifically claim and establish by research data correlating bioavailability to enhanced therapeutic efficacy (Para. 189);

7. For patents involving new forms of known substances in chemicals and pharmaceuticals, the test of enhanced efficacy should be proved in addition to the fact that the patent application is an "invention" and involves an "inventive step" (Para. 192)

} 3(d) –
Patentability

THE NOVARTIS STANDARD

Now, let us look at the standard. Section 3(d) is a provision of the Indian Patents Act, which prevents patents for new forms of known substances. The only instance where a new form of a known substance will be granted a patent is where it demonstrates enhanced efficacy.

Now the principles that were laid, now the Supreme Court upheld the decision of the patent office rejecting the patent application for Novartis which went to the Intellectual Property Appellate Board. The Intellectual Property Appellate Board also upheld the decision of the patent office rejecting the patent for Novartis. So, this was the final culmination of the case before the Supreme Court. The principles that the court evolved pertained to; we can classify them in 7 broad steps.

So, the Novartis standard pertains to identifying the new form of the known substance. So, you have to first identify the new form of known substance. We have given the paragraphs from the judgment in brackets; then, comparing the pharmacological properties of the known substance with the new form of the known substance. So, the first step is to identify the known substance, the new form of the known substance and comparing the properties of the known substance with the new form of the known substance.

3, providing comparative material on enhanced efficacy, comparative material to show and this is an obligation on the patent applicant. The applicant has to show comparative material on enhanced efficacy. So, it is the applicant claims that the new forms has an enhanced efficacy, the applicant has to demonstrate that by producing material. Now, the fourth step would involve excluding physico-chemical properties like beneficial flow, better thermodynamic stability, lower hygroscopicity from the consideration of therapeutic efficacy. Now, the Madras high court earlier had interpreted efficacy as therapeutic efficacy which was also followed by the Supreme Court.

In cases of medicine, the test of efficacy can only be therapeutic. Now this is reiteration of a decision of the Madras high court which happened some time ago and it should be judged strictly and narrowly. 6th, the applicant has to specifically claim and establish by research data correlating bioavailability to therapeutic efficacy. Now one of the arguments in this case was that demonstration of bioavailability amounts to enhanced therapeutic efficacy. So, the court said that mere demonstration is not enough, you have to establish by research data that the bioavailability correlates to enhanced therapeutic efficacy.

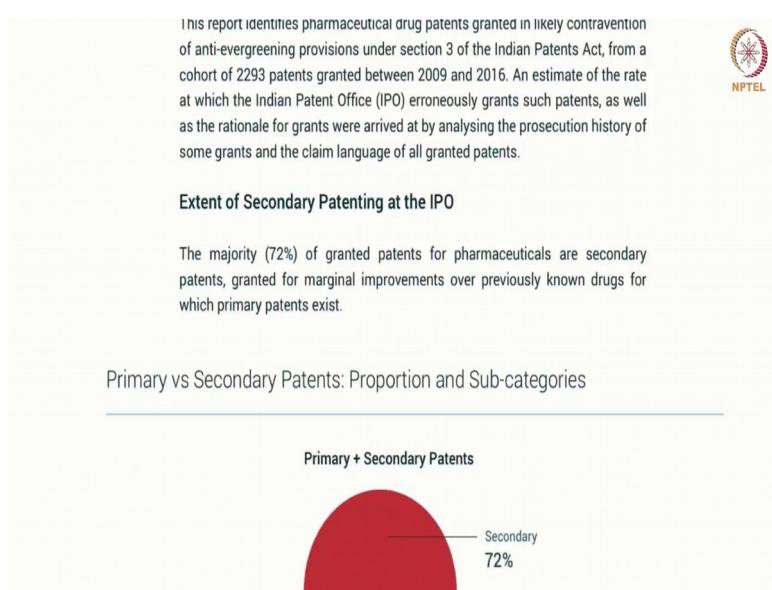
And the 7th point is that for patents involving new forms of known substances, the test of enhanced efficacy should be proved in addition to the fact that the patent application is an invention and involves an inventive step. Now, this reiterates that section 3(d) is an additional layer over the tests of patentability. So, this was the standard that was developed by the Supreme Court. Now, this was critical because in 2013, Novartis case has been pending for quite some time and the Supreme Court came up with this announcement. But what we notice in a research that I and some of my colleagues conducted was that post 2013 patent office has not been adhering to the 7 principles laid down in the Novartis case.

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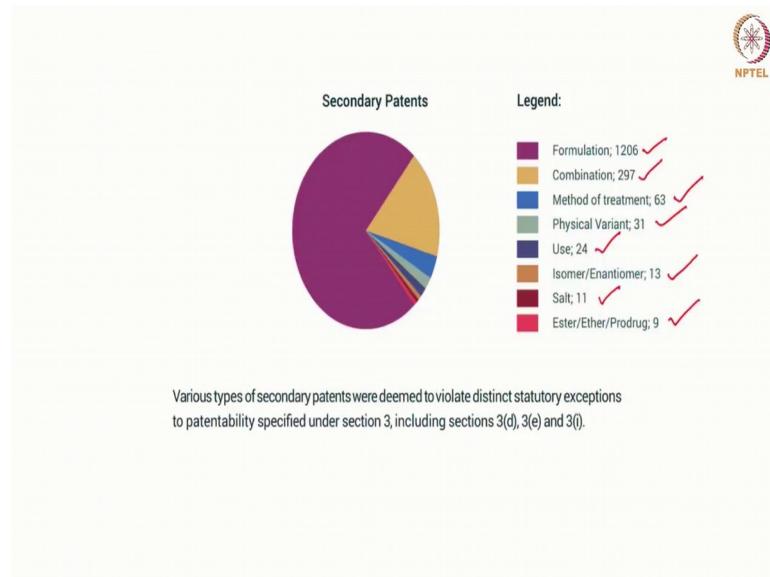
Now, this is the report. The report is titled “Pharmaceutical patent grants in India, how our safeguard against evergreening have failed, and why the system must be reformed”.

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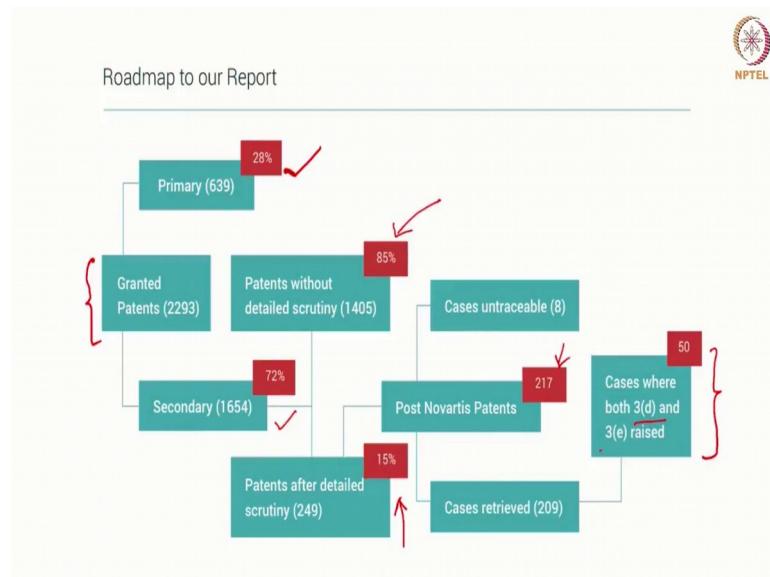
Now, here we show that extent of secondary patenting at the IPO is much higher than what was anticipated. 72 percent of the granted patents pertain to secondary patent. Secondary patents presume that there is a primary patent before it and only a small improvement or a modification is now being covered what we call marginal improvements are covered by secondary patents.

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Now, we also give the splitter for the secondary patenting in pharmaceuticals. It could be Formulation, it could be for Combination, it could be for Method of Treatment, Physical Variant, New Uses, Isomers Salt, Ether and Prodrug.

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And this is the roadmap of our report. We found that 28 percent pertain to primary of the number that we analyze that is 2293 and 1654 that is 72 percent pertain to secondary patents of which 85 percent which is substantial was granted without detail scrutiny. Only 15 percent went through a detail scrutiny. The detail scrutiny is an order by the IPO, a written order

which a third person can scrutinize, a detail written order. Now and then, we looked at post Novartis they were 217 patents and we were able to retrieve out of that 209 and of the 209, 50 were the cases where 3(d)and 3(e)objections were raised initially, but the applicants got over it. So, of the 50, we found that all of them did not follow this standard laid down by the Supreme Court. The Novartis standard was not followed; either one of those 7 steps were not followed in granting these patents.

Intellectual Property
Prof. Feroz Ali
Intellectual Property Rights
Indian Institute of Technology, Madras

Lecture - 19
Definition of Startup

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Definition of Startup



Rule 2(f)(b). Definition of a Startup.

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“Startup”

New Definition under the Patents (Amendment) Rules, 2017



There is a new definition of startup under the Patents Amendment Rules, 2017. Before the rules 2017 came into force, there was an existing definition of startup. So, we will just see how the existing definition which was there before the 2017 rules came into force has now evolved into a new definition.

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- (ii) after clause (fa), the following clause shall be inserted, namely:-
(fb) "Startup" means an entity, where-
- (i) more than five years have not lapsed from the date of its incorporation or registration;
 - (ii) the turnover for any of the financial years, out of the aforementioned five years, did not exceed rupees twenty-five crores; and
 - (iii) it is working towards innovation, development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property;

Provided that any such entity formed by splitting up or reconstruction of a business already in existence shall not be considered as a startup.

Provided further that the mere act of developing-

- a. products or services or processes which do not have potential for commercialisation, or
 - b. undifferentiated products or services or processes, or
 - c. products or services or processes with no or limited incremental value for customers or workflow,
- would not be covered under this definition.

Explanation 1.- An entity shall cease to be a startup on completion of five years from the date of its incorporation/ or registration or if its turnover for any previous year exceeds rupees twenty-five crores.

Explanation 2.- Entity means a private limited company (as defined in the Companies Act, 2013), or a registered partnership firm registered under section 59 of the Partnership Act, 1932 or a limited liability partnership under the Limited Liability Partnership Act, 2002.

Explanation 3.- The term "Turnover" shall have the same meaning as defined in the Companies Act, 2013 (18 of 2013).

Explanation 4.- An entity is considered to be working towards innovation, development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property if it aims to develop and commercialise a new product or service or process, or a significantly improved existing product or service or process that will create or add value for customers or workflow.

Explanation 5.- The reference rates of foreign currency of the Reserve Bank of India shall prevail.'



Earlier, startup was defined through three criteria. The first one was the date of incorporation or registration. Now, this had to be 5 years from the date of incorporation. So, any entity which is 5 years from the date of incorporation or registration qualified as a startup. Secondly, it was defined in terms of its turnover.

Now, if the turnover in the said 5 years did not exceed 25 crores again, that was yet another criterion for deciding whether an entity is a startup. The third criteria, was with regard to the working of the startup. If the working of the startup, pertain to things like innovation, development, deployment or commercialization of new products or services processes included and that should have been driven by technology or by intellectual property.

Now, you will find that this third definition had couple of things. One, it talked about the working and the working had to be with regard to these things, it had to be with regard to innovation, development, deployment or commercialization and it had to pertain to these three things either, it could be a product, a process or a service. And it should have been driven by technology or by intellectual property itself.

Now, this has undergone a change, but there in mind that this was how a startup was defined. These were the positive conditions for a startup; 5 years it had to be new, it had to be registered within 5 years, you can claim a startup status, or the turnover was less than within 5 years it did not exceed 25 crores, again it is a financial restraint. If you went beyond 25 crores, then you lose the status of a startup and you had to be working in a particular field.

Now, the earlier definition also said that you cannot create a startup by splitting or by reconstruction. So, you have an existing business, you just cannot turn around split it, demerge it or and make a startup, it had to be a fresh start. And also the fact that you are involved in the mere act of developing products and services which do not have a potential for commercialization or undifferentiated products, and services or products or services or processes with no or limited incremental value for customers or workflow. Now, these are the negative conditions, if these conditions are there, then it may not qualify for a startup.

And there were a couple of explanations. The first explanation said that the entity cease to be a startup, if it exceeds 25 crores ok. So, it crosses the threshold of 25 crores in 5 years, it ceases to be a startup. Then the entity had to be what an entity is, entity had to be either a private limited company registered under the companies act, so it has to be an entity in corporate and under the company act or a partnership under the partnership act or LLP - limited liability partnership under the limited liability partnership act 2002. Again these are three enactments under which some form of registration can be done with regard to startups. So, if you are not under the purview of these three acts, then you cannot be called an entity, so that gives a legal framework of who can qualify as a startup.

Then turnover takes the meaning of the word same word in the companies act. And you will find that again, you had what the working of the startup should be, it should aim towards developing and commercializing new products and or significantly improve existing product or process, and services, or create or add value, now to customers or workflow. And finally, the explanation number 5 tells us that the reference rate of foreign currency shall prevail. Now, this is with regard to a turnover of startups which has activity or income in foreign currency. So, the RBI guidelines shall prevail there. Now, this underwent a cease change in 2017.

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MINISTRY OF COMMERCE AND INDUSTRY
(Department of Industrial Policy and Promotion)
NOTIFICATION

New Delhi, the 1st December, 2017

G.S.R. 1472(E).—In exercise of the powers conferred by section 159 of the Patents Act, 1970 (39 of 1970), the Central Government hereby makes the following rules further to amend the Patents Rules, 2003, namely:—

1. (1) These rules may be called the **Patents (Amendment) Rules, 2017.**
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In Sub rule (b) under rule 2 of the Patents Rules, 2003 (hereinafter referred to as the principal rules) the definition of Startup is substituted as:—
 - (i) "Startup" means
 - (a) **an entity in India** recognised as a startup by the competent authority under **Startup India initiative.**
 - (b) In case of a foreign entity, an entity fulfilling the criteria for turnover and period of incorporation/ registration as per **Startup India Initiative** and submitting declaration to that effect.

Explanation: In calculating the turnover, reference rates of foreign currency of Reserve Bank of India shall prevail.

[F. No. 14(03)/2014-IPR-III-Vol.II]
RAJIV AGGARWAL, Jt. Secy.

Note: The Principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (ii) *vide* S.O. 493(E), dated the 2nd May, 2003 and subsequently amended *vide* notification number:—

- (i) S.O. 1418(E), dated the 28th December, 2004;
- (ii) S.O. 637(E), dated the 5th May, 2006;
- (iii) S.O. 2296(E), dated the 25th September, 2012;
- (iv) S.O. 1029(E), dated the 23rd April, 2013;



In 2017, we have this notification come up which amended the rules the Patent Amendment Rules. Now, we have a much simpler definition. Now, it just says a startup means an entity in India recognized as a startup by the competent authority under the Startup India Initiative. So, it makes room for quite a lot of startups to come in, because there is no straight line definition. And, if you look at the corresponding definition given under the startup initiative, you will find that that is something which can change over a period of time. There is no need to amend the rule anymore to incorporate the nitty-gritty's often startup or evolving starters. So, all that you will find in the startup initiative. So, this definition now refers back the definition of a startup to the startup initiative.

And again in the case of a foreign entity, the entity fulfilling the criteria for turnover and period of incorporation registration as per the startup initiative and submitting the declaration to that effect. Turn over again is calculated as by the RBI regulations. This is a notification that changed the Patents Amendment Rules in 2017. Now, this essentially refers you back to another guideline. To understand the definition of startup, we need to go and see the definition of startup given by the DIPP.

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MINISTRY OF COMMERCE AND INDUSTRY
(Department of Industrial Policy and Promotion)
NOTIFICATION
New Delhi, the 11th April, 2018

G.S.R. 364(E).—This notification is being issued in supersession of Gazette Notification No. G.S.R. 501(E) dated May 23, 2017.

Definitions

1. In this notification,—

(a) An entity shall be considered as a Startup:

- Upto a period of seven years from the date of incorporation/registration, if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India. In the case of Startups in the biotechnology sector, the period shall be upto ten years from the date of its incorporation/ registration.
- Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded Rs. 25 crore
- Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Startup'.

Explanation-

An entity shall cease to be a Startup on completion of seven years from the date of its incorporation/ registration or if its turnover for any previous year exceeds Rupees 25 crore. In respect of Startups in the biotechnology sector, an entity shall cease to be a Startup on completion of ten years from the date of its incorporation/ registration or if its turnover for any previous year exceeds Rupees 25 crore.

The department of industrial policy and promotion gives this definition by this notification, which came out in on 11th April 2018. We have a very elaborate definition.

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New Delhi, the 11th April, 2018

G.S.R. 364(E).—This notification is being issued in supersession of Gazette Notification No. G.S.R. 501(E) dated May 23, 2017.

Definitions

1. In this notification,—

(a) An entity shall be considered as a Startup:

- Upto a period of seven years from the date of incorporation/registration, if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India. In the case of Startups in the biotechnology sector, the period shall be upto ten years from the date of its incorporation/ registration.
- Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded Rs. 25 crore
- Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Startup'.

Explanation-

An entity shall cease to be a Startup on completion of seven years from the date of its incorporation/ registration or if its turnover for any previous year exceeds Rupees 25 crore. In respect of Startups in the biotechnology sector, an entity shall cease to be a Startup on completion of ten years from the date of its incorporation/ registration or if its turnover for any previous year exceeds Rs. 25 crore.

Here the advantage of having a definition in a notification is that every time you notify, you come up with a new notification, there is no need to amend the patent rules. Here you will find that an entity again, they stick to the word entity. An entity shall be considered a startup, if the time for it being considered a startup since incorporation is up to a period of 7 years. Now, it used to be 5 years in the earlier definition. Now, it is up to a period of 7 years. And

again the three acts remain private limited company under the companies act, partnership firm under the partnership act or LLP, a Limited Liability Partnership under the LLP act.

And it also adds a new sector it says that in the case of startups in the biotechnology sector the period shall be 10 years. So, what this did was, now we have an extended period for being recognized as a startup. Now, you have 7 years which was not there; earlier it was 5. And they created a new exception for the biotechnology sector there it is now 10 years. Now, you find that you have two terms. Now, if you are in the biotechnology sector, then up to 10 years you will be considered as a startup; if you are in any other field other than biotech, then you could be considered as startup, up to 7 years.

The turnover part of the definition remains the same not exceed 25 crores within the 7 year period or the 10 year period. Then the working of the entity which we also saw in the earlier definition remains innovation, development or improvement of products and services though, you would see that they have removed technology and intellectual property. If you compare with the definition, you will find that they will take a quick look to see how this has changed. You had seen here that there was a focus on technology and intellectual property that has now been removed or if it has a scalable business model, so one requirement is it the startup needs to have a scalable business model with high potential of employment generation or wealth creation.

Now, these are two new things which you did not find in the earlier definition. So, what is required here is that the model has to be scalable. And there should be potential for employment generation or wealth creation. And there is a proviso saying that again this was reformed this in the earlier definition as well splitting up and reconstruction of existing businesses will not entitle, you to get the startup status. Now, this is the definition. There is an explanation to the definition.

The explanation tells us the point at which a startup shall cease to be a startup. Now, you will find that the 25 Crore limit is still there. And again in the case of a startup in the biotechnology sector the entity shall cease to be a startup. If the turn over turns exceeds 25 Crores, but the difference here is that in the case of a normal startup, it is 7 years; and in the case of a biotech startup it is 10 years. So, the notification introduces two timelines for the status of a startup and the point at which startup shall cease to be a startup.

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- (i) Additional Secretary, Department of Industrial Policy and Promotion, Convener
 - (ii) Representative of Ministry of Corporate Affairs, Member
 - (iii) Representative of Ministry of Electronics and Information Technology, Member
 - (iv) Representative of Department of Biotechnology, Member
 - (v) Representative of Department of Science & Technology, Member
 - (vi) Representative of Central Board of Direct Taxes, Member
 - (vii) Representative of Reserve Bank of India, Member
 - (viii) Representative of Securities and Exchange Board of India, Member
- (d) "limited liability partnership" shall have the meaning as assigned to it in clause (n) of sub-section(1) of Section 2 of the Limited Liability Partnership Act, 2008;
- (e) "merchant banker" means category I merchant banker registered with Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (f) "partnership firm" means a firm registered under section 59 of the Partnership Act, 1932;
- (g) "private limited company" shall have the meaning as assigned to it in clause (68) Section 2 of the Companies Act, 2013;
- (i) "turnover" shall have the meaning as assigned to it in clause (91) Section 2 of the Companies Act, 2013;
- (j) All references to "Forms" in this notification shall be construed as references to the forms set out in Appendix-I hereto.

Recognition

2. The process of recognition of an eligible entity as startup shall be as under: —
- (i) A Startup shall make an online application over the mobile app or portal set up by the Department of Industrial Policy and Promotion.
- (ii) The application shall be accompanied by—



Act is referred to as the Income Tax Act. There is a board which refers to the Inter Ministerial Board of Certification, which means the Inter Ministerial Board of Certification. And the members, who comprise the board are listed here limited liability partnership is defined; merchant banker is also defined. Partnership firm there are other definitions.

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- (a) limited liability partnership shall have the meaning as assigned to it in clause (n) of sub-section(1) of Section 2 of the Limited Liability Partnership Act, 2008;
- (c) "merchant banker" means category I merchant banker registered with Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (f) "partnership firm" means a firm registered under section 59 of the Partnership Act, 1932;
- (g) "private limited company" shall have the meaning as assigned to it in clause (68) Section 2 of the Companies Act, 2013;
- (i) "turnover" shall have the meaning as assigned to it in clause (91) Section 2 of the Companies Act, 2013;
- (j) All references to "Forms" in this notification shall be construed as references to the forms set out in Appendix-I hereto.

Recognition

2. The process of recognition of an eligible entity as startup shall be as under: —
- (i) A Startup shall make an online application over the mobile app or portal set up by the Department of Industrial Policy and Promotion.
- (ii) The application shall be accompanied by—
- (a) a copy of Certificate of Incorporation or Registration, as the case may be, and
 - (b) a write-up about the nature of business highlighting how it is working towards innovation, development or improvement of products or processes or services, or its scalability in terms of employment generation or wealth creation.
- (iii) The Department of Industrial Policy and Promotion may, after calling for such documents or information and making such enquiries, as it may deem fit, —
- (a) recognise the eligible entity as Startup; or
 - (b) reject the application by providing reasons.

Certification for the purposes of section 80-IAC of the Act

3. A Startup being a private limited company or a limited liability partnership incorporated on or after 1st day of April



Recognition of startups, now, there is a process for getting recognized as a startup that is also defined here.

(Refer Slide Time: 10:58)

- (ii) The application shall be accompanied by—
 - (a) a copy of Certificate of Incorporation or Registration, as the case may be, and
 - (b) a write-up about the nature of business highlighting how it is working towards innovation, development or improvement of products or processes or services, or its scalability in terms of employment generation or wealth creation.
- (iii) The Department of Industrial Policy and Promotion may, after calling for such documents or information and making such enquiries, as it may deem fit, —
 - (a) recognise the eligible entity as Startup;
 - (b) reject the application by providing reasons.

Certification for the purposes of section 80-IAC of the Act

3. A Startup being a private limited company or a limited liability partnership incorporated on or after 1st day of April 2016 but before 1st day of April 2021 may, for obtaining a certificate for the purposes of section 80-IAC of the Act, make an application in Form-1 along with documents specified therein to the Board and the Board may, after calling for such documents or information and making such enquiries, as it may deem fit, —

- (i) grant the certificate referred to in sub-clause (c) of clause (ii) of the Explanation below sub-section (4) of section 80-IAC of the Act; or
- (ii) reject the application by providing reasons

Approval for the purposes of clause (vib) of sub-section (2) of section 56 of the Act

4. (1) A Startup being a private limited company and in conformity with the definition as per definition stipulated at Para 1(a) shall be eligible to apply for approval for the purposes of clause (vib) of sub-section (2) of section 56 of the Act, if the following conditions are fulfilled: —

- (i) the aggregate amount of paid up share capital and share premium of the startup after the proposed issue of shares does not exceed ten crore rupees,



Then the tax provisions under the Income Tax Act is also mentioned in the notification. And finally, you have provisions on how a startup can be revoked or when it would cease to be a startup.

(Refer Slide Time: 11:11)

8 THE GAZETTE OF INDIA : EXTRAORDINARY [PART II—SEC. 3(i)]

- (ii) the investor/ proposed investor, who proposed to subscribe to the issue of shares of the startup (hereinafter in this notification referred to as "investor") has, —
 - (a) the average returned income of twenty five lakh rupees or more for the preceding three financial years; or
 - (b) the net worth of two crore rupees or more as on the last date of the preceding financial year, and
- (iii) the startup has obtained a report from a merchant banker specifying the fair market value of shares in accordance with Rule 11UA of the Income-tax Rules, 1962.

(2) the application for approval under this para shall be made in Form-2 to the Board and shall be accompanied by the documents specified therein.

(3) The Board may, after calling for such documents or information and making such enquiries, as it may deem fit, —

- (i) grant approval for the purposes of clause (vib) of sub-section (2) of section 56 of the Act, specifying the relevant details, including details of investor, amount of premium on which shares are to be issued, and the latest date by which the shares are to be issued; or
- (ii) decline to grant the said approval after providing reasons.

Revocation

5.(1) In case it is found that any certificate or approval referred to para 3 or para 4 have been obtained on the basis of false information, the Board reserves the right to revoke such certificate or approval.

(2) Where the certificate or approval has been revoked under sub-para(1), such certificate or approval shall be deemed never to have been issued or granted by the Board.

Effect

6. This notification shall come into effect on the date of its publication in the Official Gazette. The Government will undertake independent evaluation of the benefits of this Notification and carry out a review before 31.03.2019.

[F. No. 5(4)/2018-SI]

ANIL AGRAWAL, Jt. Secy.



So, you will find more details about the startup definition in the website of Startup India.

(Refer Slide Time: 11:18)

THE GAZETTE OF INDIA : EXTRAORDINARY

8

STARTUP RECOGNITION

STARTUP INDIA HUB

Announcing the winners of Indo-Israel Innovation Briefcase

Startup Definition (As defined by DIPP)

Startup means an entity, incorporated or registered in India :

- Upto a period of seven years from the date of incorporation/registration or upto ten years in case of Startups in Biotechnology sector
- As a private limited company or registered as a partnership firm or a limited liability partnership
- With an annual turnover not exceeding Rs. 25 crore for any of the financial years since incorporation/registration
- Working towards innovation, development or improvement of products or processes or services, or

Revocation

5.(1) In case it is found that any certificate or approval referred to para 3 or para 4 has false information, the Board reserves the right to revoke such certificate or approval.

(2) Where the certificate or approval has been revoked under sub-para(1), such certificate never to have been issued or granted by the Board.

Effect

6. This notification shall come into effect on the date of its publication in the Gazette of India Extraordinary and shall remain in force until further notice. The Board may, at any time, by notification in the Gazette of India Extraordinary, amend or revoke this notification.

Latest Tweets

Now, you will find that the same definition is given here. You can see that the 7 year period, the types of entities, turnover and what they should be working towards, when the startup shall cease to be a startup.

(Refer Slide Time: 11:31)

THE GAZETTE OF INDIA : EXTRAORDINARY

8

STARTUP RECOGNITION

STARTUP INDIA HUB

Discover the Journey of Startup India

Startup Definition (As defined by DIPP)

Startup means an entity, incorporated or registered in India :

- Upto a period of seven years from the date of incorporation/registration or upto ten years in case of Startups in Biotechnology sector
- As a private limited company or registered as a partnership firm or a limited liability partnership
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Latest Tweets

And you will also find that there are some numbers around statistics around startups.

(Refer Slide Time: 11:38)

The screenshot shows the "Registration" section of the Startup India website. It includes a "Latest Tweets" button, a "Learning and Development Module" section with a red circle containing the number 182,129, and a "Startup India Hub" section with a red circle containing the number 18,449.

THE GAZETTE OF INDIA : EXTRAORDINARY

8

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(b) the net worth of two crore rupees or more as on the last date of the pre
(iii) the startup has obtained a report from a merchant banker specifying the accordance with Rule 11UA of the Income-tax Rules, 1962.

(2) the application for approval under this para shall be made in Form-2 to the Board documents specified therein.

(3) The Board may, after calling for such documents or information and making such en
(i) grant approval for the purposes of clause (viii) of sub-section (2) of secti relevant details, including details of investor, amount of premium on which latest date by which the shares are to be issued; or
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NPTEL

(Refer Slide Time: 11:39)

The screenshot shows the "Start up Recognition" section of the Startup India website. It includes a "Latest Tweets" button, a "Till Date" section with a red circle containing the number 30,080, and a "Last Month" and "This Month" section with red circles containing the numbers 5989 and 522 respectively, and a green box containing the number 81.

THE GAZETTE OF INDIA : EXTRAORDINARY

8

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NPTEL

The fact that how many startups have been recognized to date funding and support.

(Refer Slide Time: 11:45)

8 THE GAZETTE OF INDIA : EXTRAORDINARY

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Funding Support

Startups Funded

Latest Tweets

98

Featured Startups

Advertise not available.

 मेरी सरकार

And, and this got a lot of details.

(Refer Slide Time: 11:53)

पर्यावरण मंत्री [Government of India]
परिवर्तन और उत्पादन [Ministry of Commerce and Industry]

THE GAZETTE OF INDIA : EXTRAORDINARY

(ii) the investor/ proposed investor, who proposed to subscribe to the issue of in this notification referred to as "investor" has,—
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#startupindia 

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 INFORMATION

 EVENTS & NEWS

 STATES RANKING

 STARTUP INDIA HUB

 LEARNING & DEVELOPMENT



You could also come up and find that the site gives you various information with regard to Startup India hub, events and news and state ranking, action, plan and other things.

Intellectual Property
Prof. Feroz Ali
Department of Higher Education
Indian Institute of Technology, Madras

Lecture – 20
Patents in India

(Refer Slide Time: 00:13)

Introduction to IPR

- IPR as a group of rights
 - Creative labour
 - Confer exclusivity to right holder
 - Exclusive rights to make, sell, etc.
- Real Property v. Intellectual Property



In the case of Patent Rights, you need to go through a process of registration.

(Refer Slide Time: 00:15)

Patent Rights

- Patent Prosecution
 - File patent application
 - Scrutinize application
 - Patent Grant
- Patent Enforcement
 - Prevent infringement
 - Courts



Now, the process of registration starts with a person filing a patent application before the patent office and the patent office scrutinizing the application for certain checks and later on, the patent office granting this application into a granted patent. This process the application goes from formal application and it materializes into a grant is what we call patent prosecution. Once the patent is granted, then the enforcement of a patent which refers to steps taken by the patent holder to ensure that the patent is not violated, the right in the patent is not violated by others which is what we refer to as infringement.

The enforcement part happens before the courts. So, the patent office or the intellectual property office, the task of the intellectual property office is to scrutinize the patent application and grant a patent, whereas, the courts or a judicial system is entrusted with the task of enforcing them. So, if there is an infringement of a patent, the patent holder will have to file an infringement suit before the courts.

(Refer Slide Time: 01:31)

Fundamentals of Patents

- Exclusive monopoly right conferred by the Government
- Exclusive right to make, sell, use, offer for sale, import
- Territorial right



Fundamentals of Patents; patents offer an exclusive monopoly right. This right is conferred by the government and it is for a period of 20 years from the date of application. The exclusive right pertains to the right to make sell, use, offer for sale or import the invention. The exclusive right is actually a right to exclude others.

So, there you have a right to exclude others from making, selling, using, offering for sale or for importing the invention that is covered by the patent. Patents are territorial, in the sense that if the Indian patent office grants a patent, it is not enforceable in Sri Lanka or

Bangladesh or Pakistan or any of the neighboring countries. So, patents are granted by the local patent offices and because they are granted by the local patent offices, the territory of their operation are also limited to the jurisdiction of those offices. So, an Indian patent can only be enforced within the boundaries of India.

(Refer Slide Time: 02:37)

Fundamentals of Patents

- Granted for a period of 20 years
- Purpose of Patents
- International conventions: Paris Convention, PCT, TRIPs



They are granted for a period of 20 years. Patent serve different purposes. Now, the object of a patent or the grant of a patent could be to identify area and technology and to do further work.

So, filing a patent gives the patentee or the patent owner, the right to work in a particular sphere to the exclusion of others. So, whatever products that can come out of that technological area can now be carved as a right by the patent holder. Patents are also seen as instruments that can incentivize innovation by offering a limited monopoly for the inventor. The patent system actually incentivizes people to take risky tasks like spending time, effort and money in developing inventions.

In a world without patents, it would be very difficult for people to invest time and resources in coming up with new inventions. In a world where there are no patents if a person comes out with an invention, there is all likelihood that a competitor could steal it or copy it and enter the market.

So, patents grant a protection for people who would invest time and effort in creating new things. As we mentioned, we derived this regime through certain international conventions like the Paris convention, the TRIPS agreement which stands for trade related aspects of intellectual property rights which is a part of the WTO, the world trade organization and also we have some arrangements between countries to facilitate patent filing internationally like the Patent Cooperation Treaty, the PCT.

(Refer Slide Time: 04:35)

Patent Law in India

- Emergence of Patents in India
 - Early patent statutes; the 1911 Act
 - Tek Chand and Ayyangar Committees
 - Patents Act, 1970
 - Patent Amendment Acts, 1999; 2002; 2005
 - Patent Rules, 2003; amended in 2005, 2006, 2013, 2014 and 2016
- Both for product and process patents



As we mentioned before, the patents act in India came as a British import. The Britishers when they were ruling the country, they had brought in the Patents Act of 1911 which was largely the British Act itself, but soon after independence, it was felt that because patents are tied closely to the development of a nation, it was felt that India required its own patent law.

So, post-Independence, there were two committees led by experts the Tek Chand Committee and the Ayyangar Committee which were established to study whether the existing patent regime which was the 1911 Act suited the national interest and more particularly at the stage in which India was, a newly independent country and trying to make it stand firm in the global economy and it was found by both the committees that the Patent Act as it existed does not favor, local and national development. So, there was a proposal by the Tek Chand Committee followed by the Ayyangar Committee to revise

the patent laws. And the 1970 Act which is the present act that we have came as an exercise that was suggested by taking all the measures the committees had suggested.

So, the 1970 Act for the first time, it removed product protection for medicines. Earlier the 1911 Act had offered product protection for product patents what we called product patents for pharmaceutical and drugs, pharmaceuticals and drugs. Now, this was removed by the 1970 Act. The 1970 Act also made some substantial changes in on the term of the patent. The term of a patent was 14 years and the term of a patent for a food, medicine or drug was a shorter period. It would vary between five to seven years and they were also host of provisions on compulsory licensing which was introduced by the 1970 Act. The 1970 Act was after India became member of the World Trade Organization in 1995, the Act came to be amended three times, in 1999, in 2002 and in 2005. These were all amendments that brought the act in compliance with the TRIPS agreement of the WTO.

The TRIPS agreement being an international agreement, it brought a common standard on various things; for instance that TRIPS agreement brought in and the TRIPS agreement was actually a product of close to 8 years of negotiations between the member countries. It brought a common standard that the term of a patent shall be 20 years from the date of application. India earlier had a 14 year period for inventions in general and a shorter period for patents inventions pertaining to food, drug and medicine.

Now this had to be changed. So, apart from this, the fact that the Indian patent regime did not grant product patents for drugs and pharmaceuticals was also to be done away with. So, the Indian patent system went through a series of amendments to the Patents Act in 1999, followed in 2002 and later on in 2005. These three sets of amendment brought the Indian law in complete compliance with the TRIPS obligations.

Soon after amending the Act, the rules were also amended. Now, the rules are subsidiary to the Act, they perform they are what we call delegated legislation, the Central Government has the power to make the rules, whereas, the acts have to be acts that are passed and both the houses of the Parliament.

So, we had a substantial turnover in 2003, where new rules were framed. These rules were amended in 2005, 2006, in 2013, 2014 and lately in 2016. So, with the amendment of the Patents Act in 2005, we now offer product and process patents irrespective of the

technology. Earlier, there was a distinction that product patents need not be granted for drugs and pharmaceuticals, now that is gone. So, the two kinds of patents broadly that can be granted under the Indian Patents Act are either for a product or for a process.

(Refer Slide Time: 09:07)

What Constitutes a Patent Specification

Patent specification = **Description + Claims**

- Description
- Title
 - Background
 - Summary of Invention
 - Detailed description of invention
 - Abstract



So, the patent specification includes the description and the claims. So, the descriptive part along with the claims is what we call or refer to as the patent specification. Now, the description itself has many parts; it has a title, it has a background, summary, detailed description, abstract and drawings also become a part of the detailed description.

So, this tells us that the description comprises of various parts. The title there is a statutory requirement up on the title, background and summary are requirements which are regarded as a part of the descriptive part to which we will now turn our attention.

(Refer Slide Time: 09:57)

To Whom is the Patent Addressed to

- “Patent specifications are curious documents in that they are written by a group of experts (**patent agents**), embody the rights of a group of creative people (**inventors**), are addressed to a hypothetical group of skilled persons (**persons skilled in the art**), and may, if the case so demands, be interpreted and construed by a legally trained group of persons (**examiners and judges**).”

— The Law of Patents, LexisNexis, 2007

- Person skilled in the art—hypothetical construct
- Section 10(1) “..shall describe the invention..”



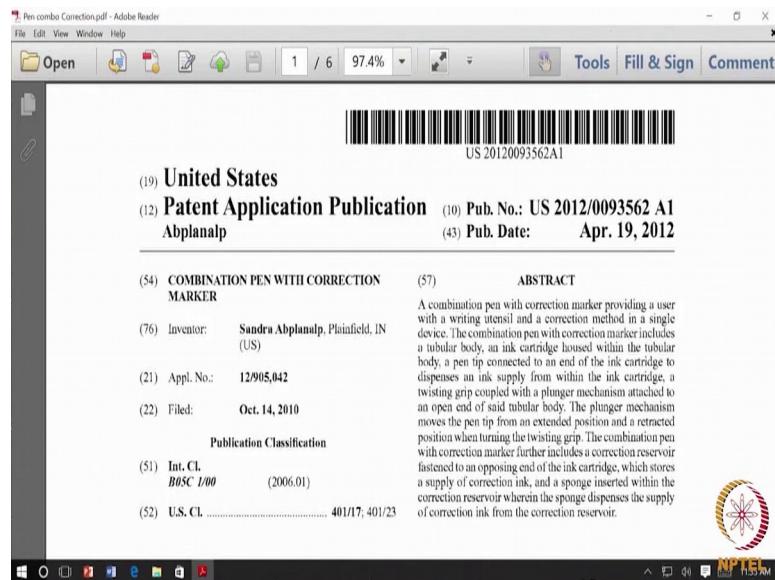
To whom is the patent addressed to? The patent is addressed to a variety of people. Now, I had mentioned this when I wrote my first book in 2007. Patent specifications are curious documents in that they are written by a group of experts (patent agents), embody the rights of a group of creative people (inventors), are addressed to a hypothetical group of skill persons whom we call the (person skilled in the art), and may if the case so demands be interpreted and construed by a legally trained group of persons (examiners and judges).

Now, you can see that patent specifications are not addressed to one set of people and you could add many more to this group, you can have angel investors who are interested in looking at a startup which has a patent, you could add consultants who would value intellectual property intellectual property valuers, you could have financial people who want to gauge a particular intellectual property before advancing a loan or before giving making some kind of an investment into the company.

So, you could have a whole lot of people who could be interested in a patent specification but technically, the patent specification is addressed to a person skilled in the art whose which is a hypothetical construct because a person skilled in the art at times could be a group of people, it could also be a group of people working in different parts, it could be a group of people who have different skills which are brought together only for the purposes of interpreting a patent specification.

So, it is a hypothetical construct because if the invention combines technology from three fields, then you will have to assemble hypothetically that is you do not actually do that assemble a group of people who will have taken a skills from all the three fields of technology. So, it is from that perspective that the patent is constructed.

(Refer Slide Time: 12:15)



Now, what you have here is patent that is filed before the United States Patent Office. We are using this as an example because these are the published patent applications and for the sake of illustration, the patents published by the United States Patent Office are much more descriptive and it is easier to understand the various parts of the specification, following this we will also be showing you an Indian application so that you can understand it is by and large the same, but the formatting in which the patent specification is done by the US Patent Office is much more easier to understand and it has all the details in one place.

So, you will find these numbers next to United States (19) (12), then there is (10) (43) all in brackets (54), (76). Now, these are universal codes which are used by patent officers regardless of the office in which the patent is granted. So, code 76 will be for the inventor's name, code 22 will be for the date on which it is filed, then, code 57 will be for the abstract. The advantage of these codes is that regardless of in what language the patent is written. Now a Japanese patent will be written in Japanese language. So, for the

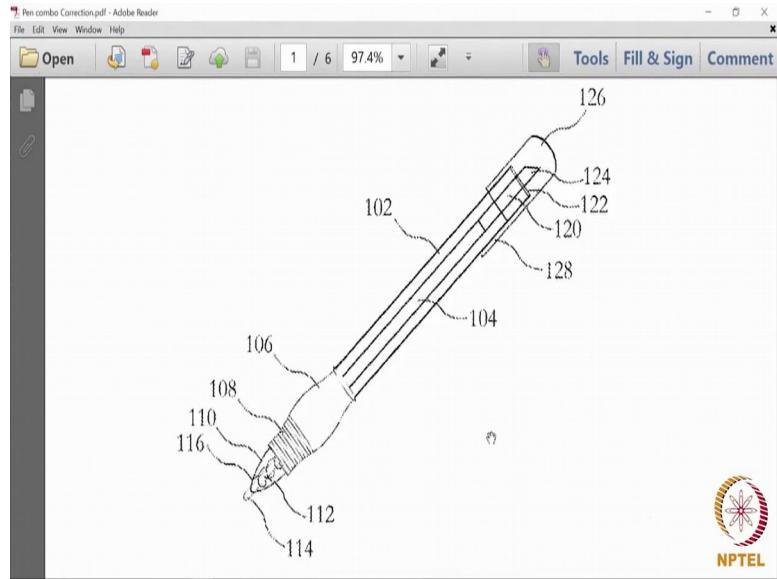
Chinese patent in the Chinese language, European patents could be in French, it could be in English.

So, you find that because there are patents are written in different languages, these universal quotes helps us to navigate these documents even if it is in a foreign language for us at least to understand what is where, I mean if with regard to numbers publication date 43, you quickly see the code and you will know that that is the publication date. So, the universal codes are used in different specifications by different patent officers but the code the numbers tend to remain the same. Now, and this is what is known as bibliographical detail. Bibliographical detail will give you the details about what are the bibliographical details about the patent; the inventors name, application number, the date on which it was filed, the classification, the title, patent office in which it is filed, you will also see a barcode which is for administrative purposes, the US office has also given a barcode.

Now, you find the abstract also. The abstract as we had just seen in Form 2 comes after the signature and date in the Indian Form 2, it comes after, but here it is presented in a different way. The abstract is presented up front. Now, the abstract describes a combination pen with correction markup providing a user with a writing utensil and a correction method in a single device and it further describes what the abstract is. Now, the abstract we had seen has a particular function.

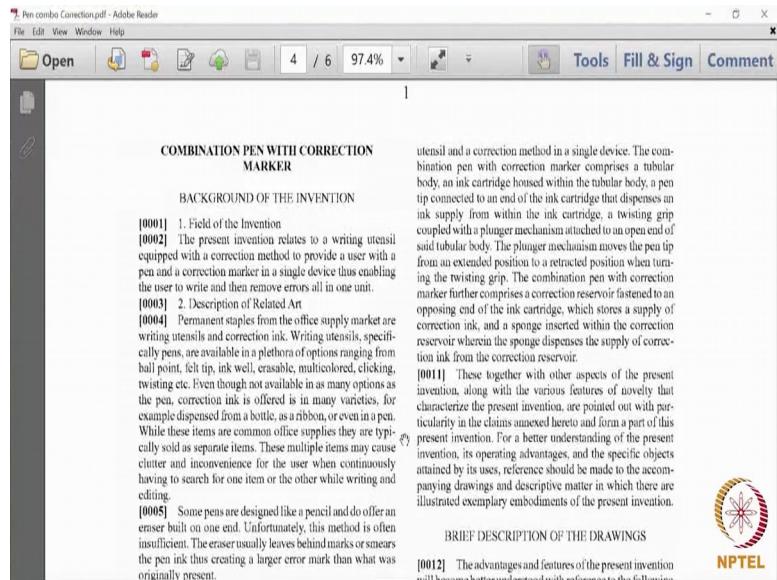
We saw that in Rule 13, we had seen Rule 13(7)(a) and 13(7)(b) what are the functions of the abstract? Now, abstract the world over performs similar function. They describe the invention and it is a concise summary and they indicate the technical field to which the invention belongs, it describes the technical advancement, principal use of the invention and if it is a chemical substance, it also may contain a chemical formula. So, this is the abstract. Now, let us see what else is contained in the patent specification.

(Refer Slide Time: 15:47)



For most mechanical devices, you will find drawings. Now here is a drawing. Now, the drawing will figure first, this is a further drawing, Figure 1 and you find that there is a Figure 2 and all the drawings will be cross referenced.

(Refer Slide Time: 16:06)



Now, we come to the patent itself. Now, the written part, you will find that there is a title combination pen width correction marker. Now you can note this number US 20120093562A1 and you can search it on Google, www.google.com/patents which is the patents database search for provided by Google or you could go to the US Patent Office

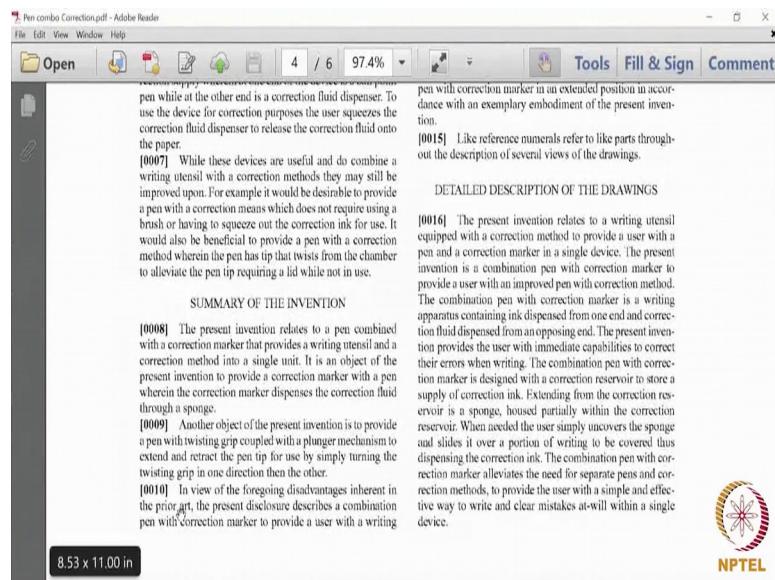
website and you can search for these numbers and the numbers will throw up these documents. So, if you want to search any other patent, you could go to www.google.com/patents and you could write the title of the invention or the if you have the claim, then you can write the claim, there is an advanced search feature. So, it will throw it will give you these documents. So, now, here you will find that there is a title combination pen with correction marker. Now, the first section of the specification will be a descriptive section.

So, if you have to classify the specification into two parts; you will just say the specification comprises of two parts; the descriptive part and the claim. So, the descriptive part has various subheadings. So, the descriptive part and we had already seen that the patent specification shall start with the title there shall be an abstract, there shall be a descriptive part, then they say there shall be claims and then there shall be the signature I mean we saw that in the Form, Form 2.

Now, the background of the invention may start with the field of the invention, the field of the invention will tell you to what field of technology does the invention belong to. Then, it may also have a heading called description of related art because inventions are never created in abstract. There is always a prior knowledge or a prior art or a relevant art for the invention, they could be description of prior art. The description of prior art could be general statements as you can find here or it could be specific statements like referring to an earlier patent or referring to a patent number or to a scientific article or a research publication.

So, description of the related art could be through reference or it could also be through a general way as it is described here.

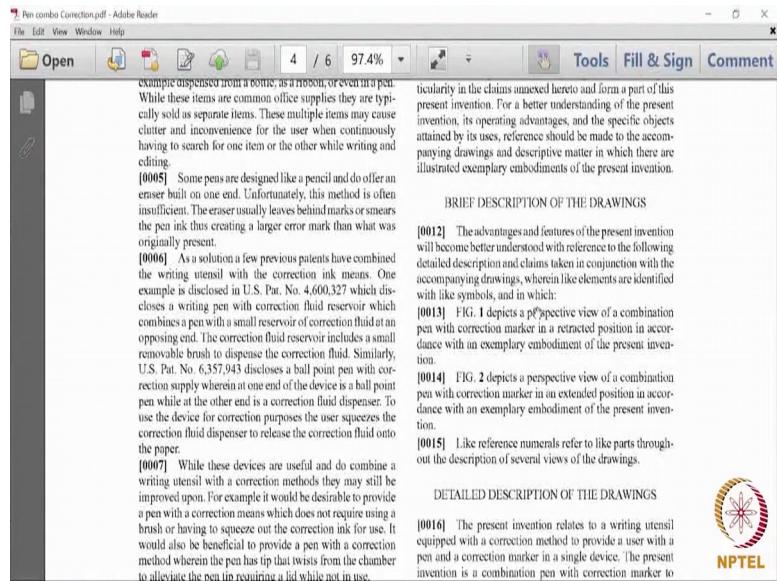
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So, you find some background given then, you have the summary of the invention. So, till Para 7, what was described was and you can see here US Patent Number 635943. So, that is a description to an earlier existing invention, what we call a prior art. So, prior art references can be, you find another description to a Patent Number here 4600327, again an existing invention which is related to this. So, you could have a broad description of the prior art without specific references or you could also have specific references of prior art which have already been patented as you can see here.

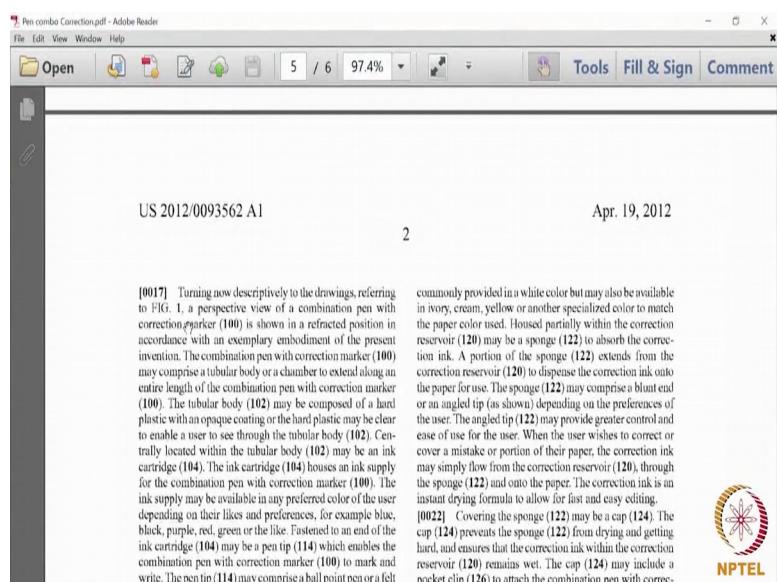
Now, Para 7 ends with the state of the prior art, what is that existed before this invention came into being. Now, summary of the invention we will talk about the invention the present invention relates to a pen so and so. Now, it will describe various objects, now you can see that it is an object of the present invention another object and in view of the foregoing this advantages inherent in the prior art. So, the prior art we understand the prior art to have certain disadvantages and we can understand that this invention overcame those disadvantages. So, the summary of the invention will have the objectives and the problem that was solved, problem as in the problem in the prior art that was solved. Now, following the summary of the invention, there is a brief description of the drawings.

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Now, you saw Figure 1 and 2, now Figure 1 is explained here Figure 2 is explained here. This is a description of the drawing in words. They are all perspective view. So, perspective view drawing, there are cross section view drawing, split view drawing, blow up. There are different kinds of drawings that can be that can accompany a patent. Here, you have the perspective view drawing. Now, following the description of drawing, the next heading will be detailed description of the drawing. Now, in the detailed description, you will actually tell how the device is constructed, what are the parts, how the parts work with each other. This is the detailed description.

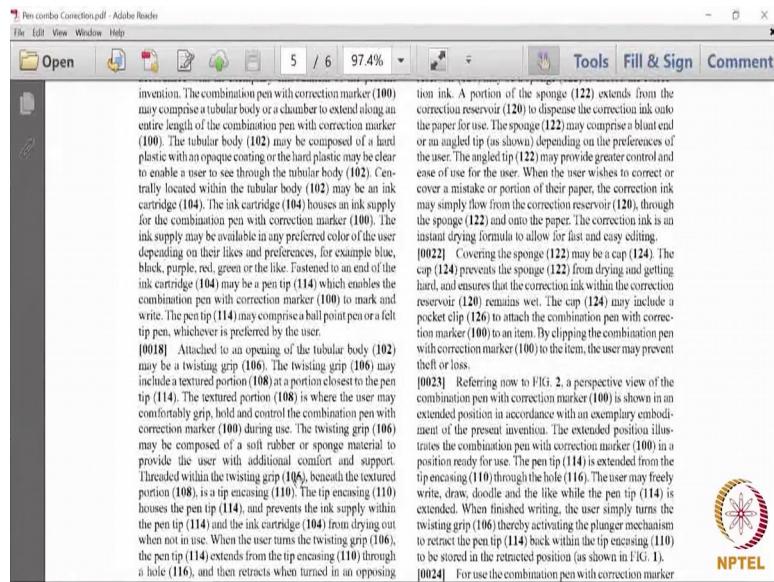
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Now, in the detail description, you are going to find these numbers correction marker in (100), correction mark and 100, tubular body (102). Now, if you go back to the drawing, all these parts were marked in the drawing 100, the correction mark and 100. Now, the in the drawing they are not described, I mean they are not explained in the drawing that is a requirement in patent law. You cannot have written statements or written descriptions in the drawing. The drawing can only be number unless it is a flow diagram. If it is a flow diagram and we saw that in Rule 13, the only place where you can have words within a drawing is in the case of a flow diagram; other than that, the drawings will only bear numbers.

So, because these numbers are there, then you have a detailed description of the drawings, the drawings will actually cross refer those numbers what we just saw here. So, these are all the cross references; tubular body is (102). Wherever tubular body is repeated, you repeat the number, in cartridge is (104), pen tip is (114) and so on.

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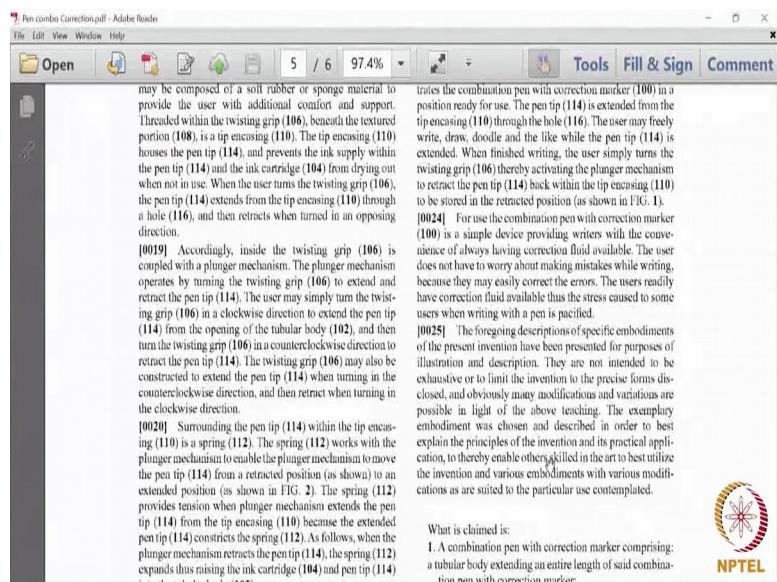


So, it is just how so, you when you see these numbers you know you can look back into the drawing and understand which part of the marked drawing is the part that is described here.

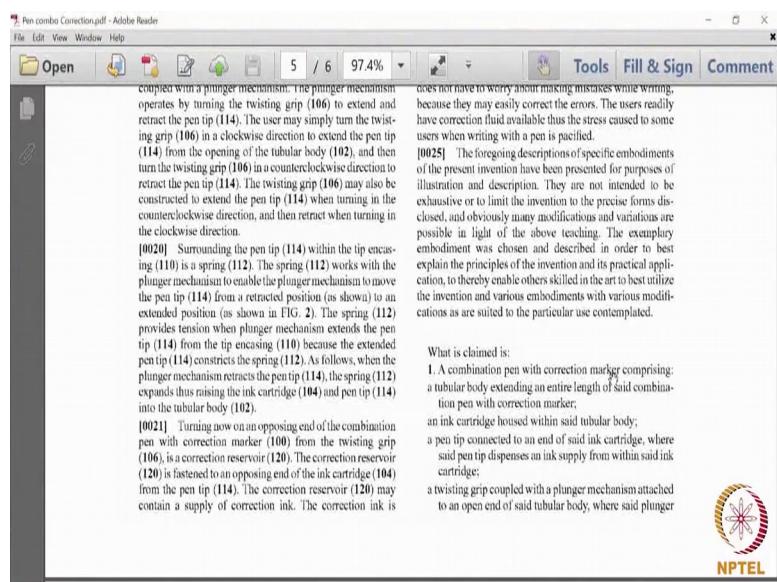
So, tubular body is (102), so on and so forth, you will understand that. Now, this description of the drawing because it is a mechanical invention, there is no illustration required because the description of the drawing itself describes it. Whereas, for a

preparation of a chemical substance, you will find examples or example 1, 2, how this is prepared, the different methods by which it can be prepared and if there is an advantage in a particular method that advantage is described. So, illustrations and examples are normally there where there is a method involved in preparing something, say a chemical substance. In this case, you do not find that because this is only a mechanical invention and the descriptive part has described it.

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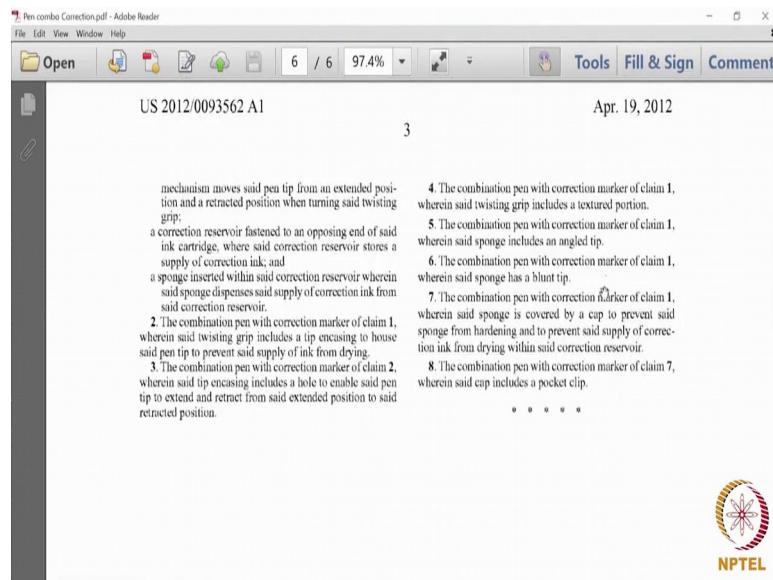


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And finally, you have the claim. The claim in a US Patent begins with the statement what is claimed is. In India, it is I claim or we claim; what is claimed a combination pen with correction marker comprising. Now, comprising colon (:) if you can see that now comprising colon allows you to split a sentence into various components, you can see that there are various clauses here ha ending with semicolon (;) and finally, you have and (&) you have the clause ending with a full stop.

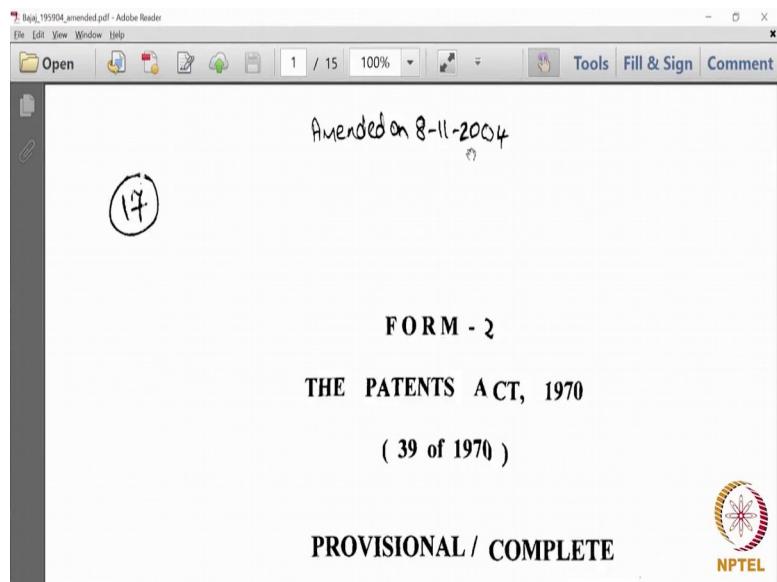
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So, by convention, no matter how complicated the invention is, claims are written in one sentence. It is a convention; it is followed over the world all over the world. So, by convention claims are written in one sentence. Sometimes, if the invention has multiple parts and if the parts interact with each other in a particular way, it takes time for people to understand that. So, that is why you will find that colons and semicolons are used to show that there are different clauses.

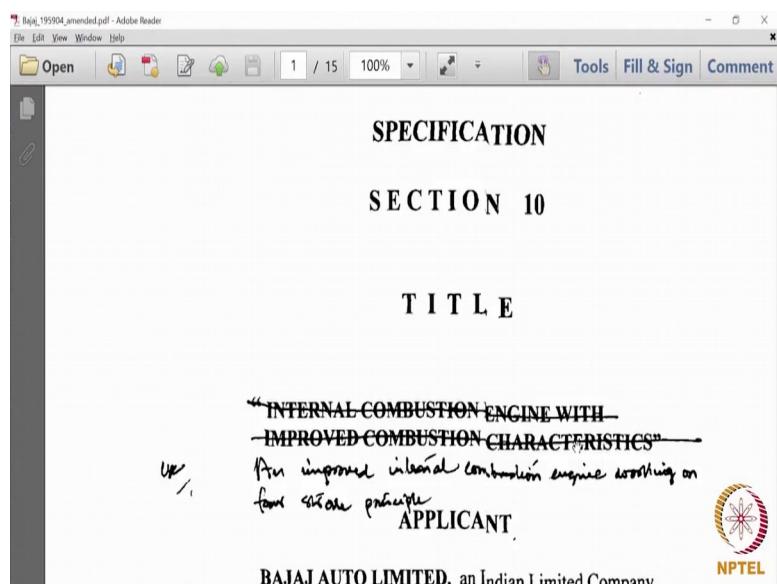
Now, let us look at this is a US application and you saw the structure of the US application. Now, let us look at an Indian application.

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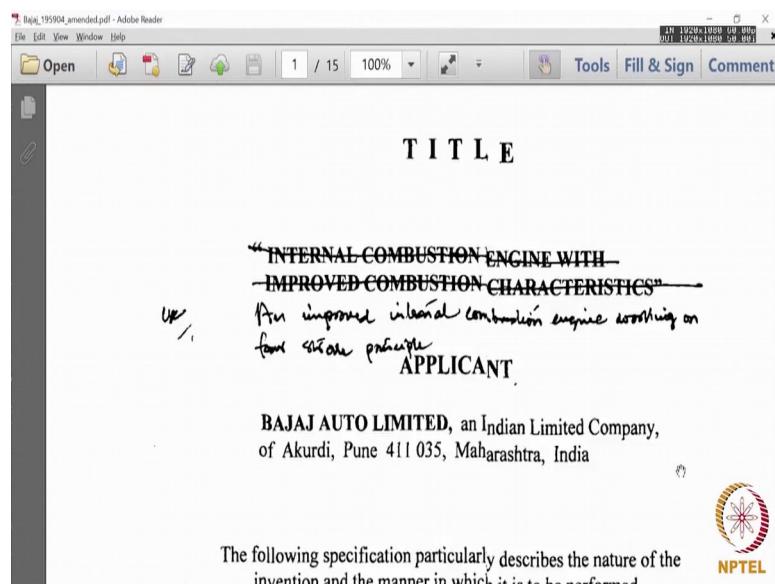
Now, this is how Form 2 looks. Now this is an application which was amended in a particular date, the Form 2 there is provisional/complete depending on which who you use, you will strike off the other.

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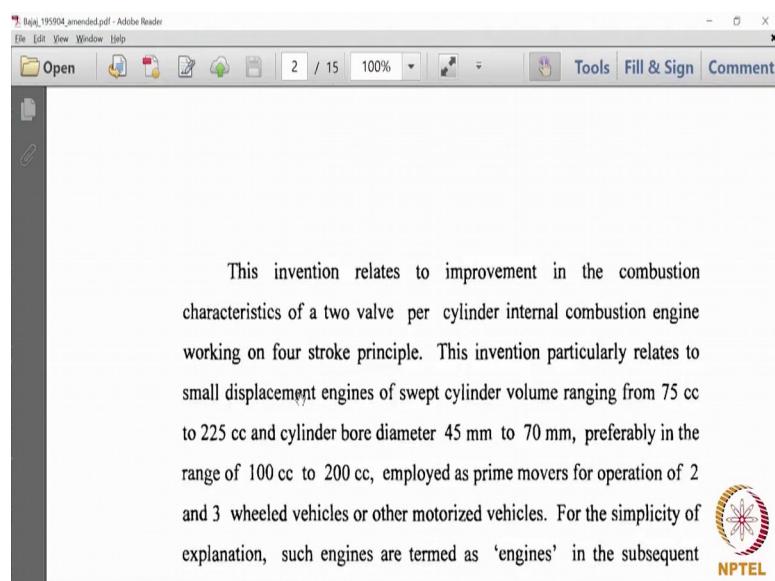
And there is a title, the title was amended. So, you can see that it was struck off and it was written back again and the applicants name is here.

(Refer Slide Time: 24:57)



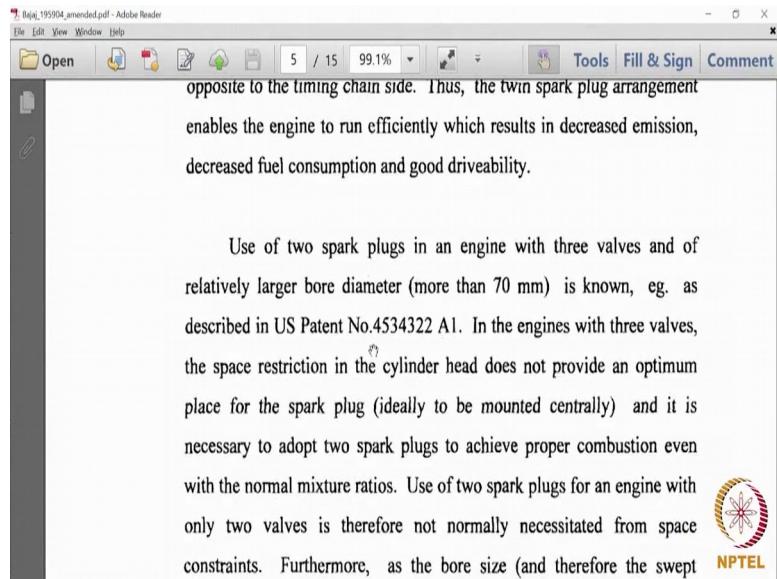
Now, we are using this as an example because this patent resulted in the Bajaj-TVS dispute which is now pending before the High Court at Madras.

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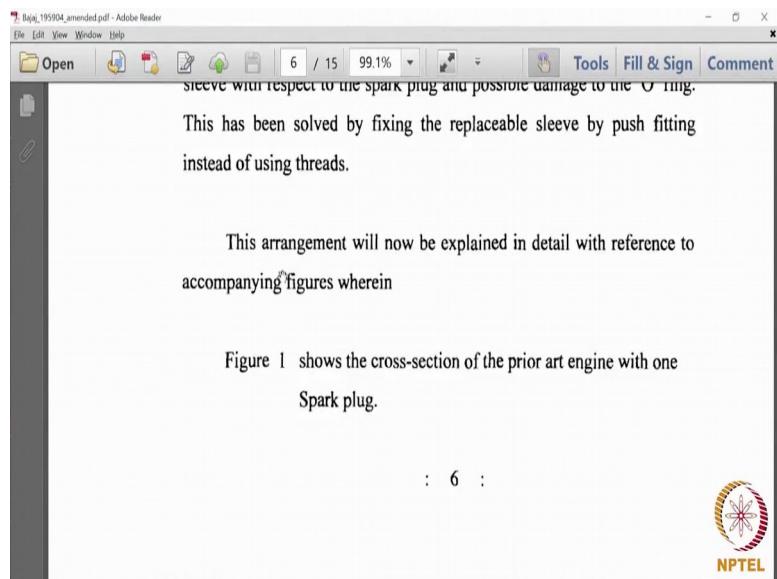
So, it starts with the description, you do not find the headings which you found in the US patent application. It just starts the invention relates to, but we understand the field of invention it, we can understand this to be in a order in a particular order though the subheadings are not here.

(Refer Slide Time: 25:27)



Now it just starts it describes the invention how it works, there is a cross reference to a US Patent, you can see that 4534322 and you have figures here.

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What we saw the brief description of the drawings Figure 1 shows Figure 2 and there is a detailed description of the drawings. So, what you find in parentheses, in brackets are the parts that are, we do not have the drawing here drawing is in a separate document.

(Refer Slide Time: 25:45)

The screenshot shows a page from a patent application titled "The invented two valve per cylinder engine with improved combustion characteristics for efficient air fuel mixture burning, essentially comprises of a pair of spark plugs (21 & 22), sleeve (23), O rings (24 and 24a), cylinder head (25), circlip (26) and sleeve cap (27)." The text describes the engine's components and their arrangement. The page is numbered 7 of 15 and is 99.1% viewed. The NPTEL logo is visible in the bottom right corner.

Figure 2 shows the cross-section of the improved engine with two spark plugs.

The invented two valve per cylinder engine with improved combustion characteristics for efficient air fuel mixture burning, essentially comprises of a pair of spark plugs (21 & 22), sleeve (23), O rings (24 and 24a), cylinder head (25), circlip (26) and sleeve cap (27).

With reference to figure 1, the spark plug (1) is located in the cylinder head (2) opposite to the timing chain (7) side. The spark plug (1) is fixed to the cylinder head (2) to reach in combustion chamber (3). The inlet (4) and exhaust (5) valves also open in the combustion chamber (3).

So, the parts that are spark plugs are number (21) and (22), sleeve is number (23), the similar. So, I am just now you will get a picture. What you saw in the US Application which had particular subheadings though the Indian application do not have those subheadings, nevertheless they still follow the same scheme. So, reference to Figure 1.

(Refer Slide Time: 26:14)

The screenshot shows a page from a patent application titled "The invented two valve per cylinder engine with improved combustion characteristics for efficient air fuel mixture burning, essentially comprises of a pair of spark plugs (21 & 22), sleeve (23), O rings (24 and 24a), cylinder head (25), circlip (26) and sleeve cap (27)." The text describes the engine's components and their arrangement. The page is numbered 7 of 15 and is 99.1% viewed. The NPTEL logo is visible in the bottom right corner.

The invented two valve per cylinder engine with improved combustion characteristics for efficient air fuel mixture burning, essentially comprises of a pair of spark plugs (21 & 22), sleeve (23), O rings (24 and 24a), cylinder head (25), circlip (26) and sleeve cap (27).

With reference to figure 1, the spark plug (1) is located in the cylinder head (2) opposite to the timing chain (7) side. The spark plug (1) is fixed to the cylinder head (2) to reach in combustion chamber (3). The inlet (4) and exhaust (5) valves also open in the combustion chamber (3). The cylinder head (2) is having a cavity (6) through which the timing chain (7) drives the driven sprocket (8). The driven sprocket (8) further drives the cam shaft (9) which actuate the valves (4) and (5) through rocker arms (not shown). When the engine runs, the timing chain carries

So, this is the detailed description of the drawings and it is done in a similar manner, similar fashion. This is a public document. So, you can go to the Patent Office website and you could download it if you are interested in reading it.

(Refer Slide Time: 26:35)

The screenshot shows a PDF document in Adobe Reader. The title bar reads "Bajaj_195904_amended.pdf - Adobe Reader". The menu bar includes File, Edit, View, Window, Help. The toolbar has icons for Open, Save, Print, etc. The page number is 13 / 15, and the zoom level is 99.1%. The right side of the toolbar has Tools, Fill & Sign, and Comment. The main content area starts with "WE CLAIM:". Below it is Claim 1, which describes an improved Internal Combustion Engine working on four stroke principle, having two valves per cylinder, for efficient burning of lean air fuel mixture used in engines wherein the diameter of cylinder bore ranges between 45 mm and 70 mm. The engine comprises a pair of spark plugs, namely a first spark plug (21) and a second spark plug (22), a cylinder head (25), a sleeve (23), a pair of sealing means (24, 24a), fixing means (26) and a sleeve cap (27); said first and second spark plugs (21 and 22) being fitted to said cylinder head (25) and capable of igniting air fuel mixture at predetermined instant. The NPTEL logo is visible in the bottom right corner.

WE CLAIM:

1. An improved Internal Combustion Engine working on four stroke principle, having two valves per cylinder, for efficient burning of lean air fuel mixture used in engines wherein the diameter of cylinder bore ranges between 45 mm and 70 mm characterized in that said Internal Combustion Engine comprises a pair of spark plugs, namely a first spark plug (21) and a second spark plug (22), a cylinder head (25), a sleeve (23), a pair of sealing means (24, 24a), fixing means (26) and a sleeve cap (27); said first and second spark plugs (21 and 22) being fitted to said cylinder head (25) and capable of igniting air fuel mixture at predetermined instant;

And then, you have some results, test results which they have tabulated, you have the claims finally, we claim. This is the Indian way of doing it we claim and the claim number 1. In India, you will have to mention the numbers of the parts within the claim also. So, the spark plug the number has to be referred.

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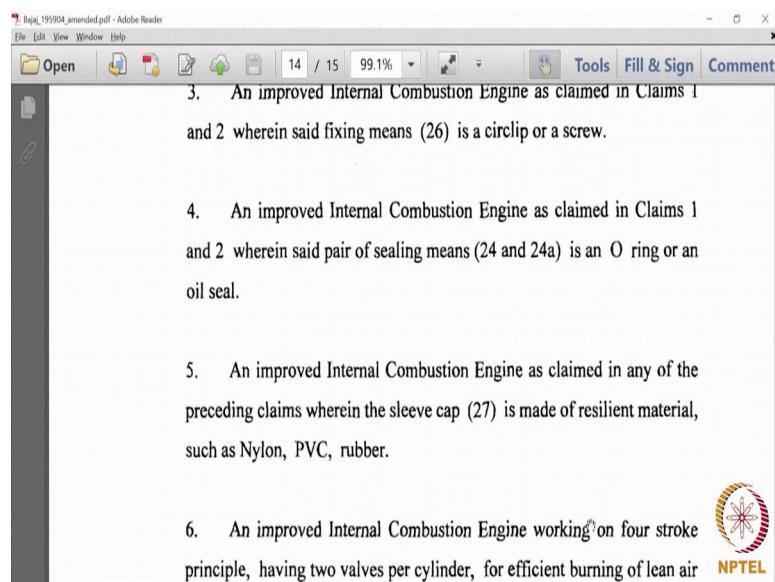
The screenshot shows a PDF document in Adobe Reader, continuing from the previous slide. The main content area continues Claim 1, describing the engine's components and their arrangement. Below it is Claim 2, which states: "2. An improved Internal Combustion Engine as claimed in Claim 1 wherein the said pair of spark plugs (21 and 22) are fitted subsequently diametrically opposite to each other." The NPTEL logo is visible in the bottom right corner.

cap (27); said first and second spark plugs (21 and 22) being fitted to said cylinder head (25) and capable of igniting air fuel mixture at predetermined instant; said second spark plug (22) being housed within said sleeve (23) located within timing chain cavity; said sleeve (23) being detachably push fitted to said cylinder head (25) and held in position by said fixing means (26), said sealing means (24, 24a) being adapted between said cylinder head (25) and the outer periphery of said sleeve (23) and said sleeve cap (27) being fitted on said cylinder head (25).

2. An improved Internal Combustion Engine as claimed in Claim 1 wherein the said pair of spark plugs (21 and 22) are fitted subsequently diametrically opposite to each other.

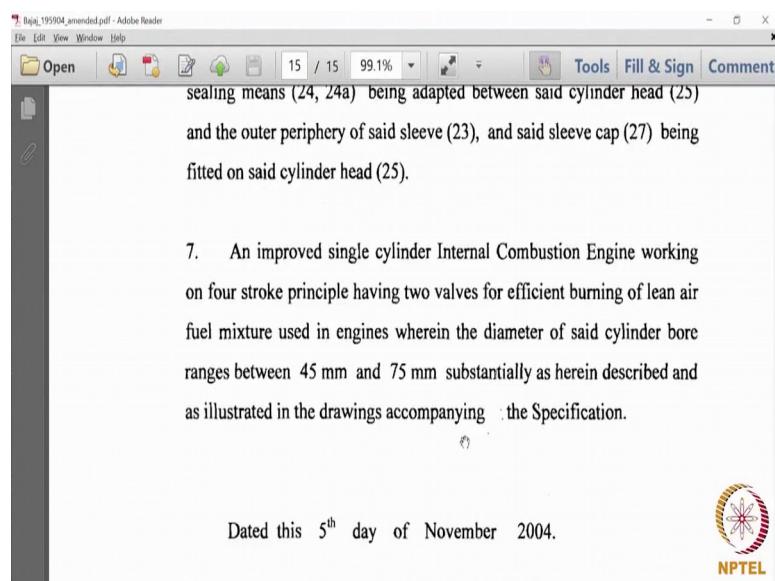
So, that is claim 1, now claim 2 is a dependent claim as claimed in claim 1. So, it refers it back to claim 1, claim 3 is again dependent, claim 4 is again dependent.

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Claim 5 is again dependent because it says an improved internal combustion engine as claimed in any of the preceding claims. So, 1 to 5, it is again dependent; claim 6 is an independent claim, claim 7 is an what we call an Omnibus claim.

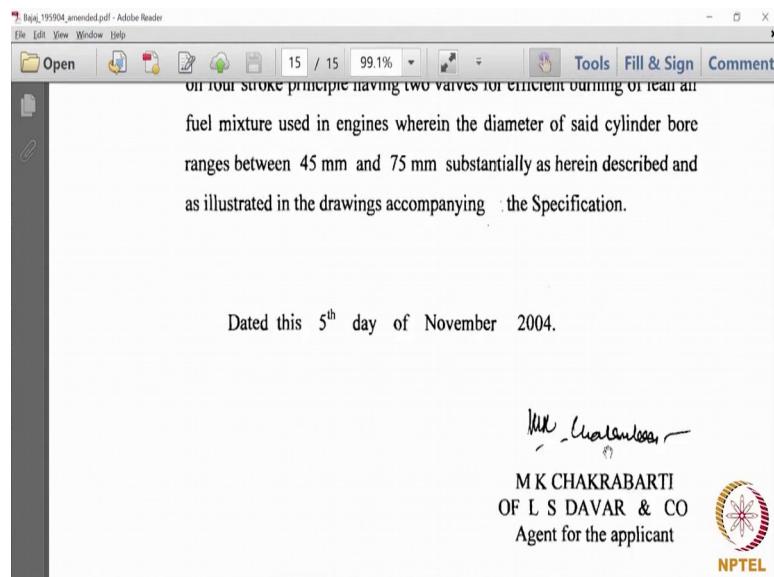
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It used to be a prop that Omnibus claims were granted before but now it is not granted the Patent Office has a manual the Patent Office Manual, the Manual clearly says Omnibus claims are no longer granted where they say substantially as herein described

and as illustrator then, the drawings are complying the specification it is an omnibus. It is just reiterating what is already covered in the specification.

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So, you have the signature of the agent if the inventor is filing on in his own name, then it will be the inventors name. So, and signature and date which again Form 2 had mentioned that it shall end with the date and the signature.

Intellectual Property
Prof. Feroz Ali
Department of Higher Education
Indian Institute of Technology, Madras

Lecture – 21
Subject Matter

Patentability of Inventions. In this lecture we will look at what can be patented, and the Acts tells us that for anything to be patented it has to qualify under the definition of an invention under the Act that is Section 2(1)(j). We will also see what are the inventions that are not patentable or the excluded subject matter the subject matter that has been excluded from patentability.

We will also look at that. Then we will look at the definition of invention. An invention includes three things. The invention has to be new; the fact that it has to be new or novel it should involve an inventive step and it should be capable of industrial application. So, we will individually look at the three components of what constitutes a patentable invention, novelty, inventive step and utility or industrial application.

So, looking at the definition of invention first, we can see that the definition has three components and the definition itself qualifies an invention that is patentable. Now this is understood. If you read the Act, nowhere does the Act says that what is a patentable invention rather when the Act refers to an invention, it is understood that the Act's concern is with regard to patentable inventions.

So, inventions that are patentable or patentable inventions to use an alternative phrase, refers to the fact that there are certain inventions, which are patentable under the Act. Which also means that they could be inventions which are beyond the scope of a patent under the Act. Now this we refer to as the patentability of inventions or in to use the phrase in our syllabus patentability of inventions or simply patentability.

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What can be patented?

- Inventions [S. 2(1)(j)]
 - New product or process
 - Inventive step
 - Capable of industrial application
- Improvements as inventions



What can be patented? Patents can be granted only for an invention that pertains to a field of technology.

So, the field of technology is very important because, if there is no field of technology then a patent cannot be granted. Patents are technology specific in the sense that patents can only be granted for technological inventions. Though the patents I do not describe inventions as technological inventions, it is understood that technology inventions are inventions that are made in a particular field of technology.

In fact, the Patent Office is designed in a way in which they have group of examiners, who have skills in a particular technology analyzing and examining patent applications that come from different fields. The international patent classification, which is a code that is used for classifying patents is again a technology based classification. So, if you file an patent application in biotechnology, then it will be examined by a group of examiners whereas, if you file a patent application for a pharmaceutical drug it would be examined by a different set of examiners.

So, patent law is technology specific and you have you have not only experts within the Patent Office, but also the attorneys who draft these patents would also have some amount of domain knowledge, in pertaining to their particular field. So, inventions under the Act can be granted for a new product or a process. The invention should involve an inventive step. And it should also be capable of industrial application. Now this is the

definition of invention which is mentioned in Section 2(1)(j) of the Patents Act. So, from this we can understand three things. For anything to be an invention, the fact that something has to be new is referred to in patent law as the novelty requirement something has to be novel or the novelty requirement. The invention should also involve an inventive step.

Now, we will explain inventive step in some detail soon. And the invention should be capable of industrial application. This is largely called the utility requirement. Inventive step is also called the non-obviousness requirement. The fact that the invention should not be obvious to a person skilled in the art. We will be looking at these definitions in some detail soon. Now what is important here is that, invention has three requirements novelty, inventive step, and utility, but for something to be an invention and for something to be captured as a patent, the product or the invention should manifest itself in the form of a product or a process. So, that is why you have the new product or a process mentioned together.

So, if the invention cannot be envisaged as a product or a process then a patent cannot be granted. For instance, somebody envisages an invention as an idea, an abstract idea no product comes out of it, no process of manufacturing or working it is described. It just is an idea. For instance, somebody comes up with a bright idea of making a cycle that you could pedal to the moon. Now that remains an abstract concept. It is not something that can be worked out it is not something that there can be a product on it, but it is just an idea that you could cycle your way to the moon. So, abstract ideas cannot be patented. Patent should manifest itself on either a product or a process. Invention can also cover improvements to existing inventions.

So, you have inventions which are new, involved an inventive step and are capable of commercial industrial application. The same yardstick can also be applied to improvements to existing inventions provided, those improvements on you they involve an inventive step and they are capable of industrial application.

Patentability

- Statutory exceptions [SS. 3 & 4]
- Novelty/ New Invention
- Inventive step/ Non-Obvious
- Capable of Industrial Application/ Utility



Patentability refers to the ability of an invention to be granted a patent. If an invention is not capable of being granted a patent, then we would not call it a patentable invention. They are normal inventions. For an invention to be patentable it has to satisfy the requirements of an invention under the act what you saw under the earlier Section, Section 2(1)(j). Not only should it satisfy the requirements of an invention under Section 2(1)(j), it should also get over the statutory exceptions.

So, we call this as the positive and the negative thing. The positive thing is that it has to show that the invention is new or it involves novelty. It involves an inventive step and it is capable of industrial application or utility these are the positive things. So, when you file an application for a patent you have to show that these three things do exist. Apart from satisfying this requirement, you should also ensure that your patent or your application does not fall within the statutory exceptions.

The statutory exceptions are detailed in Section 3 and 4 of the Patents Act. And the statutory exceptions are applied first. Some of the exceptions in Section 3 and 4 are policy based, some of them are domain based, some of them are but exceptions which you can get over, some of them are some of them are absolute exceptions. We will come to them in detail. For instance, Section 4 is a bar on granting patents for anything that pertains to atomic energy. So, the Indian law does not grant patents on things pertaining to atomic energy.

So, that is a blanket ban. So, the statutory exceptions are applied first and once you get over the statutory, the filter of the statutory exceptions, then you would be required to prove the positive requirements. For instance, novelty or whether the invention is new then you will have to demonstrate that your invention has an inventive step, in US they call it the non-obviousness. And the fact that the invention is capable of industrial application it involves utility. So, the test of patentability involves getting over the statutory exceptions and proving the ingredients of inventions that is novelty, inventive step and utility.

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Inventions not Patentable

- SS 3&4 provides for exceptions to patentability, statutory exceptions
- S. 3 provides for an exhaustive list of items that cannot be classified as inventions



Inventions not Patentable. The Patents Act gives a list of inventions or rather it gives a list of things that will not amount to an invention. Now these are seen as at one level these are seen as exceptions to patentability. These are statutory exceptions we call them statutory, because they are being introduced by the Patents Act. And they are exceptions because the Act says that the following are not inventions within the meaning of the Act. And when we say inventions we are referring to inventions that cannot be patented.

What are not Patentable?

- Frivolous Inventions and Inventions Contrary to Natural Laws: Section 3(a)
 - Perpetual motion machine
- Inventions Contrary to Public Order or Morality: S. 3(b)
 - Case: Harvard Onco-mouse
 - Prejudice to life, health or environment



Now, 3(a) talks about an invention, which is frivolous or which claims anything; obviously, contrary to well established natural laws. So, if there is an invention that is contrary to the laws of thermodynamics, for instance perpetual motion mission would be contrary to the laws of thermodynamics. Those inventions will be regarded as contrary to the well-established natural laws and will not be granted a patent. So, anything that contravenes and well established natural law will not be deemed to be an invention under the meaning of the Act. 3(b) talks about an invention the primary or intended use or commercial exploitation of which could be contrary to public order or morality or which caused a serious prejudice to human animal or plant life or health to the environment.

Now, this exception includes things that the use of which could be contrary to public order or morality. The public order or morality is defined in a very broad way. In some jurisdictions, it could include even genetically modified animals. For instance, the Harvard onco mouse was granted a patent in the United States. The United States patent office granted a patent on the Harvard onco mouse, which is a mouse which has a gene that is susceptible to cancer. This mouse could be used for various testing various cancer drugs.

So, they developed mice or a mouse with this particular gene. Though the US Patent Office granted patent for the Harvard onco mouse, the European Patent Office rejected the patent. So, you find that jurisdictions and in fact, the rejection from the European

Patent Office was based on similar ground, which prohibited granting of inventions that are contrary to public order or morality.

Similarly, inventions that cause serious prejudice to human, animal, or plant life or health or to the environment would also come under this. So, if there is an invention, that can cause mass destruction, it could be captured under this because that can be regarded as something that could seriously prejudice human, animal, plant life, or health or to the environment. Also the classic example that you will find in various patent treatises is the one of the guillotine. The guillotine was used in Europe for executing human beings.

So, this was something which was regarded as prejudicial to human life and instruments like the guillotine will not be granted a patent.

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What are not Patentable?

- Discovery not an Invention: S. 3(c)
 - Scientific principle;
 - Artificially synthesized substances—could be subject matter
- S. 3(d)
 - Mere discovery of new form of known substance—no enhanced efficacy



3(c) talks about the mere discovery of a scientific principle or the formulation of an abstract theory or discovery of any living thing or nonliving substance occurring in nature. All discoveries are not patentable. Now the discovery if it pertains to a scientific principle or the formulation of an abstract theory, say the theory of relativity or the principle in science which is well established the mere discovery of that principle or formulation of a theory will not constitute an invention.

We had seen earlier that for something to be an invention, it should manifest itself in the form of a product or a process. These are the two categories of things for which patents

can be granted. Scientific principle and a theory remains articulation of a way in which something works. It does not necessarily encompass a product or a process for the purposes of the patents act.

In addition to the discovery of a scientific theory principle or an abstract theory, the discovery of any living or nonliving substance occurring in nature cannot be the subject matter of a patent. So, anything that exists in nature, be it living or materials substances cannot be the subject matter of a patent. Artificially synthesized substances could be a subject matter of a patent. Section 3(d) talks about certain kinds of substances and processes which will not be granted a patent.

Now, Section 3(d) comprises of three parts. The first part says that the mere discovery of a new form of a known substance, which does not result in the enhancement of the known efficacy of that substance will not be regarded as an invention. Now what is not an invention was the statement with which Section 3 begins. This means if there is an existing substance, and a new form of that substance is subsequently discovered the fact that the new form is discovered which relates to the known substance will not be granted a fresh lease of life in the form of a fresh patent. Unless the patent applicant is able to demonstrate an enhancement of the known efficacy of the exceptions, which means the new substance or the new form of their own substance should now have an efficacy, effectiveness, whatever be it. Because in the case of drugs, now the courts have held that it has to be therapeutic efficacy, in the case of pesticides it could be the efficacy in terms of its effect on pests, if it is a weedicide it could be the efficacy in terms of killing the weeds.

So, we understand efficacy of substances as how effective they are for the purpose for which they are used. So, the new form of the known substance has to have a better efficacy. Now the better efficacy should be what the Act says, it should be an enhancement of what is already known. So, this tells us that when a new form of a known substance is filed in a patent application, the patent applicant will have to demonstrate what was the known efficacy of that substance and to what extent the new form shows an enhancement of the efficacy.

Now this has to be done and this has to be demonstrated in the patent application. Largely by way of some experimental tests and there has to be some kind of data we

have seen the Patent Office decisions where they insist on some kind of data to demonstrate this enhancement of known efficacy.

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What are not Patentable?

- S. 3(d)

- Explanation: For the purposes of this clause, salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance shall be considered to be the same substance, unless they differ significantly in properties with regard to efficacy.



Now, what are the new forms of known substance? The Explanation gives us a much better understanding of that. The Explanation says for the “purposes of this clause salts esters, ethers, polymorphs, metabolites pure form particle size isomers, mixture of isomers complexes combinations and other derivatives of known substances shall be considered to be the same substance”.

So, the salt of a substance will be considered to be the same such substance. The ester form of a substance will be regarded as the same. Ether form, polymorph, metabolite, particle size they will all be regarded as the same substance unless they differ significantly in properties with regard to efficacy.

Now you can only claim a patent for a salt or an ester or an ether of something which is already known, if you are able to demonstrate that the efficacy of the new form is significantly different. Now the language used in the Explanation is they differ significantly in properties with regard to efficacy. So, the significant difference has to be demonstrated by comparing the known efficacy, by known efficacy we are referring to the efficacy of the known substance. And mind you this Explanation pertains to specifically to the new form of the known substance.

So, there is an existing form of their own substance. And the existing forms has an efficacy let us call it x. The new form of the known substance should have a different efficacy let us say it is y. Now y minus x should be something that is significantly different, the difference has to be significant. In some cases, there has been proof of efficacy comes with quite a lot of intricate details.

In some cases, the patent applicants have tried to show that bioavailability or increase in bioavailability could be one of the characteristics for proving enhancement of efficacy. In other cases, patent applicants have tried to show a stability of the substance, better flow properties and ease of use as properties that could demonstrate enhancement of efficacy.

So, we have quite a lot of Patent Office practice on this, there are decisions of the Patent Office, which gives the details of how it regards enhancement of efficacy. How efficacy has to be proved and what kind of data the Patent Office expects for proving efficacy.

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What are not Patentable?

- S. 3(d)
 - Mere discovery of any new property or new use for a known substance
 - Mere use of a known process, machine or apparatus unless—results in a new product or employs at least one new reactant



Now, the second part of 3(d) states that, the mere discovery of any new property or new use of a known substance shall not be an invention. This is a blanket ban. In the earlier part of the first part we saw that the new form of a known substance will not normally be considered for a patent, but if you demonstrate efficacy enhanced efficacy it would qualify for a patent. So, there was a threshold which could be crossed and we can call that there was a hurdle which was capable of being crossed.

So, that was a conditional exception, a new form will not be regarded as patentable, but upon demonstration of enhanced efficacy it would become patentable. The second part does not have any such way to get a patent. In other words, it is a kind of a blanket ban. A discovery of a new property or new use of a known substance will not be treated as an invention.

So, there is no way you can get over and claim a patent if you have come up with a new use or a new property. Now what could be the justification for this? One justification for this blanket ban can be found in Section 48 which describes the rights of a patentee. When a patent is granted under Section 48, there are a set of rights that accrues on the patentee. One of the rights is the right to use.

So, if the right to use is already granted for the known substance, a new use of the known substance should not be granted based on that logic, for the mere fact that a new use was discovered, but the substance still remains the same. So it pertains to an existing substance what the patentee had only discovered was a new use of that substance. So, there was no technological contribution by the invention. It was just a discovery of what the invention could already do by the patent applicant. So, the new use was already there it just came to the knowledge of the applicant by some experimentation or by testing.

So, since use is one of the rights that is granted along with the patent at the first instance. New use will not be granted a fresh lease of patent life. Similarly, new property also pertains to something which was inherent in the known substance. It was only discovered by the applicant.

So, the discovery of something which is inherent like a new use or a new property, which does not contribute anything new to the substance itself will not be regarded as a invention. The third part of Section 3(d) states that the mere use of a known process, machine, or apparatus, unless such known process results in a new product or employs at least one new reactant, it will not be regarded as an invention.

So, the use of a known process in the earlier part pertains to use of a known substance, in this case it is use of a known process, machine or apparatus. Now using a known process machine or apparatus will not qualify for the grant of a fresh patent. Because the use of the process is already known or the mission or the apparatus is already known, but if the known process results in a new product, then that particular case could qualify for a fresh

patent or if employs at least one new reactant again in that case the use of a known process could be regarded as being the subject matter of a separate patent.

Now, we do not have a very clear articulation of how this clause can be instrumental in getting a patent. And we have not come across any detailed discussion either by the Patent Office or guidelines issued by the Patent Office showing how this provision shall be put into operation.

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What are not Patentable?

- Admixture: S 3(e)
 - Aggregation of properties of the component
 - Process of producing such substance
- Inventions Pertaining to Arrangement: S 3(f)
 - Workshop improvements
 - Combination of known integers
- Method of Testing: S. 3 (g)
 - Omitted



Then we have Section 3(e). Now we are still on the exceptions we are on what are not inventions. A substance obtained by the mere admixture resulting only in the aggregation of properties of the components thereof or a process for producing such substance.

Now, if you mix two or three known substances, and the aggregation of the properties are just it is a combination of their existing properties, then that substance which results from the mixture of two or three other substances will not be granted a patent. Now the logic is quite simple if you look at pharmaceuticals, pharmaceutical compositions constantly combine existing or known drugs. Now lactobacillus could be combined with an antibiotic and antipyretic could be combined with an anti-inflammatory drug. You have various combinations coming out all the time.

Now, this provision allows combinations to be made, but not to be monopolized. So, you could have combinations, you could have admixtures and if the admixture is just result in

the aggregation of their individual properties, then there is no need for a fresh grant of a patent life. However, there could be cases where the admixture results not only in the aggregation of properties, but it also results in something additional to the aggregation of properties. What we call it could result in an synergy. It could result in a synergistic effect synergistic effect in common parlance is where two plus two makes five.

Now, in those cases where the synergistic effect is unexpected, and the effect is not expected as a mere aggregation of the individual properties. In such cases you could claim the synergistic effect and that could be the subject matter of a patent. So, the Patent Office manual does not describe that mere add mixtures are not normally granted a patent, but in cases way they result in a synergistic effect that could be the subject matter of a patent. Section 3(f) states that the mere arrangement or rearrangement or duplication of known devices, each functioning independently of one another, in a known way cannot be an invention.

Now this is on expected lines because the fact that few devices mechanical or even other devices that could be arranged or rearranged in such a way that they all function independently of one another in a known way cannot be the subject matter of an invention. If they function interdependently not independently then that could be the subject matter of a patent in a way which is not expected. Now we all have gadgets we all have smartphones which does the job of a music player, which does the job of a camera and a small computer screen or a television it does not multiple jobs for us.

The fact that known devices are combined together in way in which they function independently of each other in a known way will not grant a patent for that combination.

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What are not Patentable?

- Method of Agriculture or Horticulture: S. 3(h)
- Methods of Medical Treatment of Human and Animals: S. 3(i)
 - process for the medicinal, surgical, curative, prophylactic, diagnostic, therapeutic or other treatment of human beings or animals



3(h) states that a method of agriculture or horticulture will not be regarded as an invention. So, what is protected here is that a method or a process of agriculture or horticulture will not be regarded as an invention under the Act. 3(i) states that any process for the medicinal, surgical, curative, prophylactic, diagnostic, therapeutic or other treatment of human beings or any process for a similar treatment of animals to render them free of disease or to increase their economic value or that of their products will not be regarded as an invention.

So, this covers a whole lot of processes which could be for the benefit of human beings and animals and treatment of human beings and animals to render them free from disease or to increase the economic value of or that of their products.

What are not Patentable?

- Plant and Animal Varieties: S. 3(j)
 - Micro-organism excluded
- Business Method, Computer Program: S.3(k)
 - Software patents; 'per-se' not patentable



3(j) states that plants and animals in whole or any part thereof other than microorganisms, but including seeds varieties in species in essentially biological processes for production or propagation of plants and animals shall not be regarded as an invention.

Now, here plants an animal in whole or in part cannot be the subject matter of a patent. Seeds varieties and species essentially biological process for production and propagation of all these also cannot be regarded as a subject matter of a patent; however, microorganisms are excluded. Now this is where we get that from. So, plants and animals in whole or any part thereof are excluded other than microorganisms which means microorganisms can be granted patents.

And there is a decision of the Calcutta High Court in Dimminaco case, which says that microorganisms can be subject matter of a patent application. 3(k) states at a mathematical method or a business method or a computer program per se or algorithms cannot be regarded as inventions under the Act. A mathematical method is outside the purview and for the same reason algorithms are also outside the purview of a patent protection. Computer program per se and this is with reference to software a computer program per se is not patentable.

There is some discussion on that. In fact, the Patent Office had released guidelines on computer related inventions which is available at the Patent Office website which gives a

clear commentary on what kind of computer programs are excluded. Business methods are again excluded from the ambit of patent protection.

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What are not Patentable?

- Literary, Dramatic, Musical or Artistic Work etc: Section 3(l)
 - Subject matter of copyright
- Scheme or Rule: Section 3(m)
- Presentation of Information: S. 3 (n)
 - Topography of Integrated Circuits: Section 3(o) Subject matter of copyright



3(l) states that a literary dramatic musical or artistic work or any other aesthetic creation whatsoever including cinematography works and television productions cannot be subject matter of an invention. The reason for this is quite straightforward this class covers copyrighted works.

So, whatever a subject-matter of a copyright cannot be granted a patent protection in addition to what has already covered by another kind of intellectual property right. Ah 3(m) states a mere scheme or rule or method of performing mental act or method of playing a game. So, an arrangement of things, what we call a scheme or a rule or doing a mental act like adding or computing or a method of playing a game all these things are excluded from the subject matter of a patent. 3(n) a presentation of information the way in which information is presented is again not patentable. Topography of integrated circuits again is not patentable. We have a separate Act for that for Semiconductor Chips Layout Act.

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What are not Patentable?

- Traditional Knowledge: Section 3(p)
- Inventions Relating to Atomic Energy: S.4
 - If granted can be revoked under S. 65



And 3(p) an invention which in effect is traditional knowledge or which is an aggregation or duplication of known properties of traditionally known components cannot be the subject matter of an invention.

Now this clause excludes what is already known in the traditional knowledge or which is in aggregation or duplication of known properties of traditionally known component or components. So, what is already known as a part of the common knowledge, what we call traditional knowledge cannot be the subject matter of a patent. For instance, some food products may be regarded as having medicinal value. And some communities may have discovered this before. So, in those cases they cannot be a patent for that component or that substance. You would have heard the dispute with regard to turmeric and neem are they largely come under this provision what is already known in traditional knowledge cannot be patented.

Now if you look at all these exceptions in Section 3, there a host of them you can see some pattern there. Now some of these exceptions are policy exceptions that the Indian Government does not want patents to be granted on the method of agriculture or horticulture. That it is clear to see that there is a policy behind it some other exceptions here are exceptions because they have been protected by another enactment.

We saw that in 3(l) a literary, dramatic, musical and artistic works are excluded from the ambit of a patent protection, because they are covered under the Copyright Act. Again

the same can be said for typography of integrated circuits. You have a separate Act to cover it. Some of them are exceptions which are recognized in the patent law, but they have been expressly mentioned here, to take care of certain concerns. For instance, traditional knowledge can always be used as a ground in challenging the novelty of an invention. Traditional knowledge in most cases we can assume that there is some form of codification of this traditional knowledge.

So, that traditional knowledge say a text in an ancient work or text which you could find in a local language could always be used as a prior art material to question the novelty of an invention which tries to patent it. So, though traditional knowledge is available as a mechanism or rather though traditional knowledge could be used for challenging novelty, by questioning the novelty of that invention Section 3(p) provides a special category for the Patent Office to look at instances, where traditional knowledge is covered even without having to look into the requirements of patentability. The requirement of patentability are novelty, the invention involves novelty or it is new, that the invention involves an inventive step and that the invention is capable of industrial application.

Now, even before applying these three steps Section 3 the exceptions in Section 3 are applied first. Now this gives the Patent Office the advantage of not having to look into whether there is novelty and looking at the prior art materials that can question the novelty or that can kill the novelty. Even without doing that Section 3(p) gives the patent office a quick way to look into an invention if traditional knowledge is involved.

So, if traditional knowledge is involved using 3(p) the Patent Office can raise an objection saying that there is traditional knowledge in this case we will not grant a patent; obviously, when the Patent Office communicates its decision, it is normally done by way of a document called the First Examination Report or the First Statement of Objections. Now in the First Statement of Objections the Patent Office will not only raise arguments under or challenge or raise objections under Section 3(p), it would also raise objections on lack of novelty.

So, but this we understand this as traditional ground that could be used for questioning lack of novelty, but because traditional knowledge is involved it has been captured as an additional ground of exception. There are also some exceptions in this list which were

introduced to address certain issues that are particular to India. Section 3(d) has a history behind it. Section 3(d) was introduced in 2005.

And before that India went through a transition period between 1995 to 2005 India had taken time as a part of enforcing its WTO obligations. Now during this time, they were quite a lot of applications that came into India which pertain to product patents for pharmaceuticals before 1995 India did not grant product patents on pharmaceuticals. Post 1995 till 2005 India started accepting more particularly, from 1999 onwards India started accepting applications for pharmaceutical products.

Now there was a fear that earlier substances that were invented before 1995 could now come in some form or the other with the request for a 20-year term for a fresh patent. Now this concern is in some cases you will find discussions on evergreening of pharmaceuticals. Evergreening is a term that is used which denotes that the monopoly over the drugs could be kept for a longer time, just by ensuring that series of patents are filed cumulatively one after the other. So, that the total protection offered by the series of patents are much longer than the normal 20-year period given to the invention had there been only one patent. Now evergreening is something what the pharmaceutical companies call lifecycle management which is normally done in cases where products are involved and where products that the life of a product can be extended to maximize profits. 3(d) addresses this issue because 3(d) is a tool for the patent office to see that if there is a known substance involved and only a new form is now being claimed.

Now, the 3(d) gives the Patent Office the liberty to check that invention. If the invention actually demonstrate a better efficacy, if the better efficacy or the enhanced efficacy is not demonstrated, then by this fiction the Patent Office can regard the new form as something being similar to the known form. So, in effect the Patent Office is not doing anything, but just recognizing a new form without any new benefits or without any enhancement of (Refer Time: 39:56). So, that is the objective behind the 3(d) because 3(d) came and makes sense in a country which went through this transition in its law, where at one point it did not grant patents for pharmaceuticals. And after a period of time it started granting product patents for pharmaceuticals.

So, there was this inherent danger substances that were discovered before could now be passed on as new substances by just tweaking their form. So, that is the reason why the

3(d) came into being. Certain other objections or exceptions in Section 3 like mere discovery of a scientific principle, formulation of an abstract theory. These are known even other jurisdictions have similar exceptions.

This is to ensure that ideas or concepts are not patented. What should be patented should be a workable or an idea in working which results in a product or in a process or method of manufacturing or method of doing something. Apart from Section 3, Section 4 also includes some exceptions that cannot be patented. Section 4 states inventions relating to atomic energy cannot be patented.

Now, Section 4 clearly mentions that no patent shall be granted in respect of an invention relating to atomic energy falling within subsection one of Section 20 of the Atomic Energy Act, 1962.

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Novelty

- New Invention
 - [S. 2(1)(l)]
 - New invention or technology
 - Newness not defined under the Patents Act
- Anticipation
 - Publication, Use
 - Global Standard

Under Section 2(1)(l) new invention means any invention or technology. Now the definition is important is the fact that though novelty or the fact that newness is not defined under the Act. There is a definition of new invention under the Act.

So, we understand this definition new invention as defining the new part in Section 2(1)(j). So, this new is defined by this phrase, new invention and this we understand. Because what is contained in this definition is the requirement of novelty, novelty is conveyed in

this definition. Now let us take a look at this. Means, any invention or technology which has not been anticipated.

Now invention has to pertain to a technology. Or it could also be an invention per se. Now we understand invention to pertaining only to technology because in practice patent law has evolved only by granting patents for technology. There is no other field for which patents can be granted. So, if there is no technology or if there is no technical effect, produced by an invention we do not regard that as patentable. So, any invention or technology which has not been anticipated.

Now this is phrase that you need to understand it is a word that you need to understand anticipation is discussed in detail in Chapter 6 of the Patents Act Section 29 to 34. The anticipation contains all the exceptions to anticipation, what are the instances that do not amount to anticipation. So, here we understand this statement as something if an invention or technology has not been anticipated. Then it is regarded as new. Now anticipation can happen in multiple ways anticipation can happen by publication in any document or by use in a country or elsewhere before the date of in a country or elsewhere no.

So, that gives us the standard of anticipation is a global standard ah. Regardless of whether the invention was anticipated in a particular country as long as it is anticipated in any part of the world, it could still affect the novelty of an invention. Meaning which, if you file a patent application in India there could be a disclosure by publication in scientific journal in the United States and even if you assume for a moment that particular journal is not available in India, still the standard of novelty which is an absolute standard which takes the novelty requirement is determined by looking at the prior art all over the world. Still the invention would stand anticipated.

Now, in a moment we will come to what we understand by anticipation. Now here from the statement we can conclude that anticipation can be broadly by two ways. It can be by publication in a document or use in any country. So, these are the two ways in which an invention can be anticipated.

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Anticipation

- Disclosure
- Publication
 - Discloses the invention to the world
 - Verifiable
- Use
 - To be shown by evidence

Publication is easy to understand because publication of the invention discloses the invention to the world at large; in a verifiable manner that is the advantage of a publication. Publication would record the invention and it is verifiable. Say if it is published in an earlier patent application, then it is there as a record which can be verified. And that earlier patent application could become what we call a prior art for the present application the application for which a novelty determination is being done.

So, publication by a document any document means, that it is published which means it is disclosed to the public or in patent law we use the word made available to the public. And it is in such a way that the publication is in a verifiable manner. So, if someone is filing an application for a particular invention, that application as it discloses an invention can be checked for novelty or for lack of it. In a published document which has been published before the date of application.

So, the prior art has always the date before which the priority for that particular application accrues. So, publication by any document is an easier way of ascertaining anticipation. Because published documents allows you to verify, whether a document that has a disclosure of an invention, actually anticipates a patent application. The second type of anticipation is a bit more difficult to ascertain, because use in a country could be use that is unrecorded could be use that is not documented.

So, when the use itself is there, but it is not recorded or documented, then it becomes difficult though not impossible to prove anticipation. For instance, under Section 13 which is cross referenced here, the examiner has to file a report on novelty. That is whether the invention has been anticipated. So, when the examiner does a report on anticipation, he is essentially looking at databases, which means he is looking at documents that have been published before. If there is a use, in the same country in way where the examiner is examining the patent.

And for a moment let us assume that that use has not been documented. It becomes difficult to prove. Which means if the issue of novelty is to be raised, then the issue of novelty will be raised before either a court of law or an appellate body or the patent office in such a manner that, the use will now be shown by evidence adduced by a person. Because whatever is not recorded or whatever is not documented can still be adduced as evidence provided there is a testimony.

So, for instance if there was use of an invention then the way in which we will understand that use, is by people who have witness they use, filing an affidavit and swearing a statement, that they actually witness they used. Now it is difficult to prove use by an affidavit filed by a person because, that would obviously involve examination of the person. And if somebody is disputing that as a piece of evidence that person also has to be cross examined. Now examination, cross examination are legal procedures involved when a person deposes as a witness ah. So, use which is not documented though it is relevant for understanding anticipation it is more difficult or harder to prove than the other aspect of anticipation which can be proved by publication of any document.

So, world over largely anticipation or the lack of novelty, the fact that an invention does not have novelty is proved predominantly by publication of documents. And if you see the report of any of the patent office on anticipation, they would largely rely on documents to show that there is no anticipation. If you look at the report by the PCT Preliminary Report the x category which says that the invention is not novel, again they would rely on published documents to say that there is no novelty of for the invention.

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Novelty

- New Invention
 - Subject Matter
 - Manner of Disclosure
 - Disclosure: Date of filing of patent application with complete specification
 - Anticipation

So, and when we talk about the fact that the disclosure has happened, there are two kinds of disclosure. So, the first key thing in understanding novelty is that it should pertain to an invention or a technology. That is a subject matter. Second that it should be disclosed either by a document published in any document or by use, that is the manner of disclosure. The first one was subject matter in anticipation the second element was the manner of disclosure. It could either be in a document or in a use and use has to be proved by evidence adduced to demonstrate that use.

The third important element of novelty or the fact that the invention is new is that it should be the disclosure or the thing that anticipates should have happened before the date of filing the patent application with complete specification ok. So, this is the date by which we determine the novelty of an invention. If the disclosure or if the anticipating material happened before the date of filing the patent application with complete specification, then it is at that point we are going to look at the prior art. The prior art for determining novelty will be the prior art before the date of filing the patent application with the complete specification.

Now, anticipation is defined here. What do we mean by anticipation? By anticipation we mean that the subject matter has not fallen in the public domain or it has does not form a part of the state of the art. Now if it is fallen into the public domain and if it is not protected by secrecy and secrecy is something which you will see that there are certain

measures even if it falls within the public domain, it will still be a protected disclosure because there was a breach of certain contractual obligations.

So, if it is not protected by secrecy and if it falls into the public domain, we would say that the matter is anticipated or it does not form a part of the state of the art. Now if something does not form a part of the state of the art then it is new, if the subject matter has not fallen into the public domain then again it is new or it satisfies novelty.

So, when we phrase it in the negative if something has fallen into the public domain then it lacks novelty. Or if something forms a part of the state of the art it again lacks novelty. So, anticipation is the key ingredient for determining novelty. An anticipation is done the method by which it is done is either by looking at published documents or by looking at use in a particular country or the world at large. Now we look at the second aspect or the second element of patentability that an invention should involve an inventive step. Inventive step has been defined in Section 2(1)(ja).

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Inventive Step

- Requirements of Inventive Step
 - Technical advance to existing knowledge
 - Economic significance
 - Both
- Not obvious to person skilled in the art



So, the requirements of inventive step would be two fold. First the patent applicant will have to show that there is technical advance over existing knowledge or economic significance or both. So, that is the first component, you either demonstrate technical advancement over the prior art or you show economic significance. Either of things or you show both. That is the first component. And that makes the invention the feature in

an invention that makes the invention not obvious to a person skilled in the art. This was the earlier definition that the invention is not obvious to a person skilled in the art.

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Inventive Step

- Inventive Step v. Novelty
 - Novelty—comparison of technical features
 - Person skilled in the art
 - Inventive leap—step from the prior art to invention—non-obvious



So, how different is the inventive step from the novelty requirement? The novelty requirement we had seen involves a comparison of a document that has been published or a use with the claim of a patent application.

So, it is a comparison. If the comparison matches in all the technical features, then the invention is said to have been anticipated. Provided there are no secrecy provisions and the prior art document predates the date of filing of an application with the complete specification. We saw that in the definition. The definition of new invention did not mention anything about the person skilled in the art. There was no person or the entity who would be instrumental in the analysis was not there.

Whereas the construction for a novelty analysis, would be in from the perspective of a person skilled in the art because all patents are addressed to a person skilled in the art. It is a hypothetical construct, but the person skilled in the art himself is not instrumental in determining novelty because the definition of new invention simply does not mention anything about the person skilled in the art whereas, in an inventive step analysis the key ingredient is to see whether the invention was not obvious to a person skilled in the art.

So, the person skilled in the art comes into the picture for an inventive step analysis. And the person skilled in the art is attributed various traits. For instance, a person skilled in the art is attributed to know every knowledge in that particular domain that has been published or that forms a part of the common general knowledge. He is attributed to it because he is in a hypothetical construct.

The person skilled in the art is attributed some cases have attributed a capacity of not getting bored, which means if there are thousands of documents, which form the knowledge of or the common general knowledge of a particular art, then the person skilled in the art would be attributed the knowledge of all those thousand documents which meaning which it would be assumed that he has read all those documents.

So, he has a capacity to understand things in the particular art and that capacity is almost infinite in the sense that he will not be expected to get bored in the process of understanding the scope of the prior art. Now what cuts the person skilled in the art and inventor who has come up with a patentable invention is that the person skilled in the art though he had the entire knowledge pertaining to the art, he was not able to make that inventive leap or that inventive step.

Now the inventor step there are various analysis which tells us what the inventive step is. We just understand an inventive step as a step from the prior art to the invention, which is a non-obvious step. A person in the art would not; obviously, take that step it is non-obvious which means not every person in the art who has the knowledge of the art would take that particular step. Now there are yardsticks for determining that step. One yardstick, which is now a part of the definition is technical advancement.

So, the art advance to a particular point and the entire art that is the field of technology was at a particular point of development. The invention which claims to have an inventive step or which involves an inventive step made an advancement from that point, what is contained in the phrase technical advance as compared to the existing knowledge.

So, there was a technical advancement and that was a substantial advancement not something which a person skilled in the art could have foreseen. So, that was a substantial advancement and the substantial advancement is something which is not an obvious extension of what the work that is normally done or the courts have also used

the word workshop improvement or workshop variation. By workshop improvement or workshop variation, we understand the various things a person skilled in the art would do if he is encountered with a problem.

So, there is a problem and to solve the problem, you can attribute the person skilled in the art in a particular field of technology to do various courses or take recourse to various steps and all those steps if it results in something what could be claimed as an invention will still not amount who have satisfied the requirement of an inventive step because those steps the person skilled in the art would have anyway taken if he was faced with a problem.

So, anything that would be done ordinarily by a person skilled in the art will not be regarded as constituting or contributing to the inventive step.

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Inventive Step

- Determine person skilled in the art
 - Who is the invention addressed to?
 - Created for obviousness analysis
- Mosaiquing allowed for determining inventive step



So, the first step in understanding an inventive step is to determine the person skilled in the art. Who is the person skilled in the art? To whom is the invention addressed to? The person skilled in the art is actually the addressee of an invention. The invention is addressed to him though an invention can be read by anyone and understood by anyone the invention is phrased in a manner in which it can be understood by a person skilled in the art.

So, the person skilled in the art is a hypothetical construct, which is created for an obviousness analysis. And the courts in many cases the first step the court will do is to identify the field of technology, to which because in some inventions the inventive part or the inventor step may come from different fields of technology. So, the court would identify the field of technology and then identify who is the relevant person skilled in the art for that technology.

And from that person once they identify that person it need not be a person in the modern world, it could be a team of people from the perspective of that person, the court will now try to analyze whether the invention involved an inventive step. Mosaiquing, which we had said is not permissible for a novelty analysis. This allowed in determining invented step. Because the person skilled in the art is capable of reading multiple documents, taking things from multiple documents putting them together and seeing whether particular problem can be solved.

So, the approach of a person skilled in the artist when he is faced with a problem, when he has faced with a technical problem he would normally do everything his peer would do. If everything that his peer would do, then that would not make the invention to have an inventive step. Because the problem got solved by a person skilled in the art doing what anybody else would have done if faced with that problem.

So, mosaiquing is allowed for determining an inventive step, whereas, it is not allowed for determining a novelty step. For determining a novelty analysis for the rim simple reason novelty analysis have to be a perfect match of the disclosure in the complete specification and in the prior art. It has to be a perfect match it has to be complete the match has to be complete all the technical features has to be disclosed in one document in one place whereas, because the inventive step involves the person skilled in the art, the person skilled in the art will be attributed the skill of combining and reading together documents.

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Inventive Step

- Determining inventive step
 - Problem and solution approach
 - Identify closest prior art
 - What was the technical problem?
 - Obvious to person skilled in the art



Now, there are different approaches in determining the inventive step. One is the problem and solution approach. The problem and solution approach is to look at the invention as a solution to an existing problem. There was an existing problem and that problem could not be solved by the person skilled in the art in that particular field. And the problem existed either it existed for a long time or the fact that people were repeatedly trying to prove that problem and solve the problem and they were unsuccessful.

The problem if it got addressed by an invention, then we would say that the invention solved an existing problem. So, this is called the problem solution approach. There is a problem that existed in the prior art and the documentation in the prior art shows that there is a problem and the invention actually solved that problem. So, the problem solution approach is an important tool in patent drafting because once you envisage the invention as a solution to a particular problem then it becomes easier to demonstrate inventive step, because the invention is now presented in the claims as a solution to an existing problem.

Now there are three stages in the problem solution approach. The first stage what are we doing in a problem solution approach, in the problem solution approach, we are trying to determine whether an invention involves an inventive step. So, there is an invention which is disclosed in a patent application which is filed along with a complete

specification. So, we have a claim which discloses an invention. Now we want to ascertain whether this claim stands clear of an inventive step analysis. So, one of the approach and this is predominantly followed by the European Patent Office, is the problem solution approach.

And in the problem solution approach the first step would be to determine the closest prior art. Because as we mentioned if we understand the inventive step as a step taken from the prior art, which a person skilled in the art could not take then it means the step was taken from the closest prior art. So, the closest prior art they could be multiple prior arts in a particular domain, what was the prior art that was closest to this invention?

So, the first step will be in determining the closest prior art. So, if there is a mistake or an error in identifying the closest prior art then your problem solution approach for determining inventive step will be faulty. Because you did not identify the closest prior art. So, the closest prior art will tell you whether the leap from the closest prior art or to use the step from the closest prior art was something which was not obvious to a person skilled in the art.

So, the first step in the problem solution approach is to determine the closest prior art. Second step is to establish the objective technical problem to be solved. Now we identify the closest prior art, and the second step is to establish the objective technical problem. Now these are phrases which has come from the European codes. We may simply phrase it as what was the technical problem? Because the closest prior art would have enumerated the problem, but it would not have solved it.

So, first we identify the closest prior art. Then we establish the objective technical problem to be solved. So, we define the problem or we identify the problem to be solved. And the third step is considering whether or not the claimed invention starting from the closest prior art and the objective technical problem would have been obvious to a skilled person. That is the obviousness analysis.

So, we start from the closest prior art and keep the technical problem in mind. And see whether the invention would have been obvious to a person. So, it is still an analysis of weather from the closest prior art keeping in mind the problem to be solved a person could have done this. Let us take the example of a paper clip. The paper clip when it was first invented, it did the job of holding papers together without damaging them. Let us

assume that the prior art before the paper clip was a wire which has to be pierced through the document. Or it was some fine some kind of a clip, which had to bind the document which could damage the document.

So, the paper clip solved the problem of holding papers together without damaging them. Now the paper clips is quite a simple invention because it is a steel wire which is bent appropriately in places to hold paper in between the wire. Now what would be the closest prior art for a paper clip? The closest prior art could be a clip, the closest prior art could be a steel wire, it could be a thread, it could be punching machine and which could punch holes onto the document and tie it up. It could be. So, off the list of prior arts that are there the first step will be to determine the closest prior art. Let us assume it is a steel wire which can be pierced through the document and tied together let us assume for the sake of understanding this better.

Now once we identify a steel wire or a bit of a wire as prior art closest prior art, and by this we understand that it is either disclosed it is manufactured or it is disclosed in some document. Now we understand what is the technical problem that had to be solved. Objective technical problem to be solved the objective technical problem to be solved is managing paper or grouping paper together without damaging them.

So, to keep holding paper together if you stick the paper together when you remove them apart it damages them. If you stitch them together it damages them. If you put a hole and tie it up with a string or with a thread it again damages them. So, if we understand the issue of the problem to be solved by the paper clip as holding paper together without damaging them. Then we will say that the technical problem or the objective technical problem to be solved is to manage papers together without damaging them.

Now we have the closest prior art which is a steel wire and we have the problem of managing paper together without damaging them. Now with these two things will it be obvious to a person to come up with the paper clip? Now if the answer is yes it would be obvious then paper clip would not solve or would not involve an inventive step. And it would not be granted a patent, but history tells us that, but there are multiple patents over paper clips over a period of time, especially from the US Patent Office and history also

tells us that paper clip was a hugely successful product which had got which had multiple patents on order over a long period of time.

So, the problem the first paper clip solved was managing paper without damaging them. And if you look at the prior art which was just a steel wire, it would have been difficult for a person at that point to envisage a steel wire in such a way that it could be used to hold paper without damaging them. So, this was the problem that was solved by the paper clip. So, the starting point of the closest prior art will assume that it is a steel wire plain steel wire and the objective technical problem which we will assume that managing people holding paper together without damaging them in any way. So, that you could remove the papers and use them as they were in its original condition.

If a person who knew the closest prior art and the technical problem, could have solved it by coming up with a paper clip by bending a steel wire in particular places to hold the paper. If the analysis would allow that to happen, then we would say that the invention would not involve an inventive step. If on the other hand if it can be ascertained that it would not have been obvious to a person, who had a steel wire and papers to manage and this problem of damaging paper then the invention would be non-obvious or the invention would involve an inventive step. The third requirement for determining patentability is that the invention should be capable of industrial application.

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Capable of Industrial Application

- S. 2(1)(ac): “Capable of industrial application”, in relation to an invention, means that the invention is capable of being made or used in an industry
- Invention is useful



Capable of industrial application is defined under 2(1)(ac). It states that in relation to an invention, means that the invention is capable of being made or used in an industry.

So, if it is capable of being made or used in an industry. It is understood that it is capable of industrial application. Now the alternative word for capable of industrial application is utility, that the invention is useful. Usefulness is tied to industrial application. There is a reason for this because the industry as we understand it is a place where things are mass produced.

There you can replicate things in a large number and duplication of things in an industrial scale means there is an assembly line of production and things can be duplicated in great number. Intellectual property rights especially when we talk about patents, patents are granted for things that you can repeat in big numbers. So, if an invention is patented and a patent is granted, it is granted with the promise that you have disclosed something which will be useful.

So, the usefulness can be demonstrated when a person is able to create large numbers of it in an industrial setup. Or he is able to use it in an industry again for mass production. So, the mass production is something which is tied to intellectual property rights in general and most specifically to patent law. Patents were granted with the promise that what was patented could be repeated in the same manner by creating multiple copies of it.

So, the utility requirement which is also regarded as the invention should be capable of industrial application requires the invention to be useful in producing mass copies of the same. Now the capable of industrial application could also bring in an element that an invention when it is patented need not be immediately capable of industrial application. It could also be that a person who has filed a patent could make a working model or could make a working version of his invention sometime in the future.

So, patents are also filed for there is a prospect theory, which says that patents can also cover prospects, even before the prospect actually ends up in a working version.

Person skilled in the art. We had seen that in the definition of inventive step we had seen that the invention to involve an inventive step, it should not be obvious to a person skilled in the art.

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Person Skilled in the Art

- Notional person
- Standard by which inventiveness is ascertained
- Common general knowledge to his field



A person skilled in the art is a notional person or a hypothetical construct, who is construed or who is created to construe the invention to see whether the invention would be obvious or not.

So, the it is the standard by which the inventiveness of an invention is ascertained. It is a notional construct. It is created by the court. In cases where there are multiple technologies interfacing together, then the person skilled in the art will be a person who is attributed with all the knowledge in that particular domains. A person skilled in the art need not be a person it could be a group of persons, and in modern times we understand a person skilled in the art as a person who is attributable with the knowledge of the invention and all the fields of technology that converged to form an invention. As we had mentioned art refers to technology and art can change from invention to invention.

So, if an invention has three different types of technology coming together say technology on organic chemistry, technology on biotechnology and technology pertaining to nanotechnology. Then the person skilled in the art will be attributed knowledge of all these three technologies. A person skilled in the art will be attributed of all the knowledge in the public domain and all the knowledge that he is entitled to know. In patent law we used the phrase common general knowledge.

So, the person skilled in the art will not only know every published material that is there in this domain, but he will also have common general knowledge, knowledge that is

general to his field. For in some cases tacit knowledge will be a knowledge a skilled person has which is not codified or we need not be codified or documented. A person skilled in the art will also be attributed this knowledge which need not necessarily be in a documented manner.

So, an inventive step analysis, because it brings in a person skilled in the art it is different from a novelty analysis. Because the person skilled in the art brings the mental component, he is able to read documents together. So, mosaiquing is permitted because the person skilled in the art is the person from whose view point inventive step is determined whereas, in novelty analysis it is not permissible to do mosaiquing.

A person skilled in the art is attributed then common general knowledge which could be knowledge beyond what is in published document. So, to that extent an analysis of inventive step will have the mental element what is attributable to a person skilled in the art.

Intellectual Property
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Lecture – 22
To File or Not To File a Patent

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Patent Applications

Some intellectual property rights like the patent right require an application to be filed before the patent office. This is a formal process of registration. We regard this as a registration, because the process involves filing an application followed by scrutiny by the patent office, and eventually the grant of the intellectual property right itself. Not all intellectual property rights need to be registered. For instance, the rights you have in a trade secret can be kept as a secret through contracts. You can have a series of contracts with conditions that restrain people to whom you disclose the trade secret from disclosing it to others.

And this itself can form a regime of protection. So, trade secrets or what we also regard as confidential information can be protected by a regime which does not require for any registration. So, you could have any number of trade secrets without going through a formal registration process.

Similarly for copyrights as well: if you write a book, all you need to do is put a notice of copyright which is usually a c within a circle followed by the author's name if the author

holds the copyright followed by the year of publication. So, this is what we call a copyright notice. A copyright notice does not require registration. In the sense that there is no need for you to register the copyright before you can put the copyright notice. Law recognizes the fact that you put a notice; it will give you the right to enforce the copyright.

Registration of copyright is optional. In the sense that if you want to register something say for instance you have software code and you want that to be registered before you disclose it to a client. You can have a registration for it which requires you to supply the copy of the code to the copyright office and the copyright office will grant you a registration a number and formalities which follow it. But to enforce a copyright: enforce in the sense that you have a copyright, you have established as the original owner of a copyright and there is somebody who has infringed it without your consent, used the copyright without your consent, then to enforce the legal mechanism for stopping that person what we call a copyright infringement suit does not require formal registration.

So, like trade secrets or confidential information, copyright is another kind of intellectual property right which can be enforced without registration. Just how there are intellectual property rights that do not need registration. Some of them can only be enjoyed and enforced through a process of formal registration. Trademarks require registration. Though you can use a trademark without registration but there is a process of registration of trademarks. And patents also can only be enforced by the process of registration.

So, the registration of patents is formally started by filing patent applications. So, a patent application is an application that is filed before the patent office with a request of a grant of a patent. Now, we will look at how these applications are filed, what is the process that goes through at the patent office and how does do these applications eventually materialize into a grant.

We will look at all the processes and we will see also what is required before you file an application because many a times, filing a patent may not be the best thing to do. In terms of strategy, sometimes you may find that not filing a patent will be more suitable given a particular circumstance and a particular technology. Patents grant a 20 year exclusivity for the technology that is covered in the invention. There are technologies which do not have a 20 year lifespan. There are technologies which do not formally

require a patent protection at all. And there are also inventions which could be more easily commercialized by a licensing regime, even without any formal protection tied to it.

So, we will look at the patent application process and we will see; what are the stages that the patent application goes through before it materializes into a grant.

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Introduction

- **Whether:** Determine whether to file a patent application
 - Cost-intensive, business plan, investment, prospect theory

DEFENSIVE PATENTS

keep it a secret

public domain (stop others)
(Research journal)

publish

release the product

So, the first thing a applicant who has an invention and we have already covered that the invention in the context of the Patents Act is a patentable invention; an invention that satisfies the criteria of patentability that it should be novel, it should involve an inventive step and it should be capable of industrial application. And apart from satisfying the criteria of patentability, it should also not fall within the exceptions to patentability. There are a host of exceptions which we saw in the context of Section 3 and 4. The exceptions in the Patent Act are broadly in these two sections and we also saw that if invention satisfies the criteria of patentability and does not fall within the exceptions only then the invention becomes patentable.

So, let us assume for the purpose of this lecture that you have a patentable invention. In other words, the invention that you possess satisfies novelty. In the sense that the prior art does not anticipate your invention. There is no disclosure in the prior art with regard to your invention, your invention involves an inventive step which is the second criteria for patentability. The fact that it is not obvious to a person skilled in the art appear in

your field, it is not obvious to that person and thirdly, your invention has some utility in the Indian context we regard to utility as capable of industrial applications. So, your invention is capable of being applied in an industry.

So, let us assume that your invention satisfies the patentability criteria and it does not fall within the exceptions to patentability. Now, you will have to determine whether to file a patent. So, what the prospective applicant will do is to determine whether to file a patent application at all. Now, we have already assumed that there is a patentable invention which does not fall within the exceptions, still a decision has to be made whether to file a patent because filing a patent is a cost intensive process. It involves quite a lot of cost and the cost is front loaded in the sense that you will have to expend the cost upfront even before you get the patent.

In other words, you will have to spend on professional fees for creating the patent that is the patent specification which is drafted by a patent attorney. You will have to prosecute the application by filing the official fees and you will have to wait for up to 3 to 5 years before the patent can be granted. So, the cost involved is accrues at the beginning itself and after the patent is granted, you have to pay renewal fees every year till the 20 year term of the patent expires.

So, apart from the creation cost which is what you will pay professional who helps you to draft the patent to a patent attorney, apart from the official cost for filing the patent application, you also have renewal costs. Now apart from these three costs, there could also be cost if somebody infringes your patent. Now, that is an uncertain cost because if someone infringes a patent your technology, the only way you can stop that person is by going to the courts. You need to file an infringement suit in a court and get an action against the person who is infringing and reliefs to ensure that the infringement is stopped. And in case it is an infringement that has caused any harm to you or to your business, then you can also insist on damages. So, this entire process again involves cost and it is not a fixed cost the cost can vary depending on wsy you litigate, depending on the legal team that supports you, and depending on various other factors.

So, the cost of patenting as we said could involve professional fees, it could involve official fees, it could involve a renewal fees to keep the patent alive and it could also involve litigation fees. Now, given the fact that a patent has a 20 year life period and the

fact that procuring a patent in one country itself is cost intensive, if you have ambitions to move to other countries and file patents in different jurisdictions to cover your invention in multiple jurisdictions, then the cost multiplies based on the jurisdictions you have to enter. So, if you have to give an estimate, the entire process of getting a patent sustaining it by payment of renewal fees throughout the 20 year life period will itself be an investment in a few lakhs. Now, we are just giving you a ballpark figure, so that you can understand that patenting is a cost intensive process. Now, if you have to do this for one country that is India, it is going to cost you a few lakhs. Now, if you need to do this in multiple countries you want to file a patent in US, cover it in China, all of Europe and Japan and South Korea, then you could be expending a huge amount of money as you would do in India to cover all these territories and to keep the patent alive for the next 20 years.

This is without factoring infringement and the cost that will come in defending, engaging lawyers and fighting infringement suits. Without factoring the cost, still it will be a few lakhs of rupees that you will have to expend or it could even be crores if depending on the number of jurisdictions you need you have to enter. So, this tells us that patenting involves upfront cost and unless you have a way to recover this cost, you are certain that your invention will be a success in the market and it will recover this cost, you will have to be wary of patenting.

Now, we say this with element of caution because normally the tendency is that when you have come up with an invention, you would go ahead and file the patent because you are worried about preserving the priority, you are worried about your competitors moving and getting a patent granted, you are also worried about the fact that somebody else can have a patent and stop you from doing what you are pursuing. But the analysis from a cost perspective is important because many a times, patents are filed and later on the inventors down the line realized that they do not have the funds to play the patent game. So, an analysis of costs and an analysis of how you are going to recoup the cost is critical before you can determine whether to file a patent. Now this is what we call a business plan.

So, you need to have the business plan before you can file a patent and what is the business plan about? It is a simple business plan as to what are the inputs in terms of cost and how you are going to recoup or get back the investment that you make. So, if you

look at patenting as an investment, then you will be able to come up with some way to justify the cost of patenting. And this is a cost that small businesses and MSME's need to factor, because it should not be that the cost of patenting exceeds the cost of your R&D or the cost of your production itself which can be in some cases where you are interested in entering multiple jurisdictions, different countries and protecting your technology in all these countries.

So, a business plan would typically tell entrepreneur as to whether the amount of money he needs to put in patenting is a viable one. For instance, let us take an entrepreneur x who has a turnover of 10 lakhs a year. He is a small business he is an you can it can also be a sole proprietor. Now, entrepreneur x comes across a technology which in his own estimate, the life value of the technology is say 15 or 20 lakhs and the entrepreneur does not see any prospect beyond this.

So, what the entrepreneur needs to do is before filing a patent he needs to draw a business plan, what is the existing state of his business, what are the amount of profits that he is expecting, what are the inputs that go into it apart from the patenting cost he needs to make the product, sell it, market it and what is the profit margin that he is going to get. So, like any other business plan, you need to draw a business plan for your patenting; how many patents are you going to file in the process of covering the invention, in what countries you want to file it.

So, any patent agent or a registered patent attorney will be able to give you an estimate of cost. The estimate of course with regard to the official fees are fixed so that it does not take much for a person to determine how much the official fees are going to be. The fees with regard to the professional fees that attorneys charge may vary and some jurisdictions may charge higher rates for the attorneys, the baseline for the attorney fee itself could be higher in some advanced jurisdictions. But getting a quote will be an important thing an inventor would do before he ventures to file a patent. So, whether to file a patent is an investment call which an inventor has to take and this is also supported by some theory developed by economists. There is a theory called the prospect theory which says that patents are filed to cover a prospect. A prospect as we understand is something which makes something which may crystallize in the future into a promising product.

So, because broad patents are treated as prospects, there is always an uncertainty of whether the prospect will actually be commercially viable. There is always an uncertainty tied to a patent as to whether it will make money and the amount of return that will be brought that the patents will bring. So, as an inventor or an entrepreneur who has to take a call on patenting, it is essential that they go through this process of understanding the costs involved in patenting, devising a business plan, treating the patent as an investment in the light of the fact that while filing a patent, you are actually covering a prospect.

The prospect may become successful; There are chances that the prospect may also not be commercially successful. For knowledge intensive companies like say for instance pharmaceutical companies which develop new products, it is an easier call to make because their existing revenue generating products are all covered by patents and the business model for a pharmaceutical company will be to file patents covering a molecule and then commercialize the molecule over the period of years.

So, any given drug company, an originator drug company will have few bestselling products which will kind of subsidize the cost of patenting for it is not so successful products. So, in a company where you have a portfolio of pro products where some of them are successful and some of them are not, your patenting cost is subsidized by the revenue that is generated by the successful products. So, that is the reason why you find electronic giants like Samsung filing thousands of patent a year, automotive companies like Toyota and Honda again filing hundreds and thousands of patents and pharmaceutical companies filing multiple patents covering their drugs. Now, this tells us that if there is a way in which the cost of patenting can be subsidized, then companies will adopt that way.

So, you have instances where the company's R&D budget covers the cost of patenting. There are instances where the company's marketing budget covers the cost of patenting and there are instances as I have just mentioned where the cost or the profits made by a successful product can cover the cost of patenting of the entire group of products generated by the company. It becomes a hard call, the call of whether to file a patent application if you are an individual inventor, or if you are a small entity, a startup or if you are a MSME by design your turnover is not enough to cover patenting the way in which big entities do patenting or you are a researcher or a scientist working in a

research organization, because research organizations again have limited funds, because they do not have revenue coming in through commercializing their projects, through commercializing their products.

So, the first call an inventor needs to take is to determine whether to file a patent application. Now, what are the options for a person who does not want to file a patent, assuming there is an invention and there is a opportunity for an inventor to file a patent. Now, the most important aspect of this issue is that if you take a call not to file a patent for whatever reason, then you have broadly two options; you can see whether the invention can be kept as a secret or you can see or you can determine whether it is better to publish it. Now, this is a personal call that the inventor needs to take. The choice between keeping an invention a secret or publishing the information about the invention is a call that the inventor has to take. Now, there are technologies where it is impossible to keep an invention a secret especially when you have to release the invention as a product in the market.

Reverse engineering will ensure that people can find out how you came up with the invention. So, if that is not an option, if the technology does not allow you to keep the invention a secret, then the other option that you can explore if you are not taking a call on patenting is to publish the invention. Now publishing has its advantages. Now one by publishing an invention, you put it into the public domain. Now, once something comes or becomes a part of the public domain, it would stop others from patenting which is very important because if others patent they will have an opportunity to come and stop you from doing any further work.

Say, you are a researcher in a leading technical institute in India and you are doing cutting edge research with your students and the research scholars and you find that there is a particular area in which you have done substantial amount of work and you find there could be patents that you can have in that particular area. You also find that it is not viable for you from a cost perspective though the invention merits a patent. It is a patentable invention, it satisfies all the criteria for getting a patent; still from a courts perspective, you take a call that this should not be patented. Now, if you remain without publishing this information and if you do not put this information into the public domain, there is a possibility that another entity, there is a possibility that another entity which could be your competitor, a fellow researcher or even a company which is involved in

the same line of work can patent this technology that you have and stop you from doing any further work.

Now so, this can be avoided by publishing the information in the public domain. There is also an aspect to this, now in case you do not take the publish route and you have some interest in filing a patent though, you are not really sure about how to commercialize it or you have as I said how big companies work the cost of patenting is subsidized by other products. Companies may also involve in what we call defensive patenting. So, these are patents which are procured with the sole objective of ensuring that others do not stop your activity.

Now, there are various automotive companies which have which file patents that are overlapping. Some technologies in cars, almost all the luxury car manufacturers will claim to have that piece of technology, but you will find that many a time these are overlapping technologies and you also find that these car manufacturers do not sue each other, they do not file cases against each other and why do they then file patents. For instance as a commercial by Mercedes Benz which shows that Mercedes Benz has 80000 patents.

The reason why these companies file patents in great number and not enforce them against their competitors is the fact that the patents are one, it is a marketing tool for them because otherwise, why would you make a commercial saying that you have 80000 patents. It is a marketing tool because a person who pays a premium in buying a luxury car knows that it is protected by technology. And one way to tell the world that something is protected by technology is by telling them that there are patents covering it. So, apart from the marketing angle, companies also file patents for defensive purposes; because of the nature of the activity, they do not want others to be stopping them.

So, defensive patents are filed by companies whose cost of patenting is taken care of. If that is not an option, if filing a defensive patent is not an option or the cost of patenting will not allow you to file difference of patents, then it is a better put it in the public domain by publishing it. So, you could publish it and put it in the public domain; that is one way of doing it or you could release the product itself; that is another way of publishing the information. So, you could either look at a public domain publishing, so, the options of publishing are either you publish the information about the invention

through a research journal, an article in a research journal or you release the product itself.

Now in patent law these two have two different connotations. If you release the information in the form of a publication, then you are putting the information on above the invention into the public domain in such a way that it becomes a prior art; what we call you are you have now made this information public and it becomes a part of the prior art; prior art as a term that refers to the knowledge in that particular field. So, your literature, your research journal now becomes a part of prior art. So, that nobody else can file a patent over it because if they file a patent after you have published your journal article, your journal article will now become a prior art for questioning that patent; that patent will not be granted in the light of your disclosure. So, disclosing information by publication is a great way to ensure that others do not get a patent and this is done as a defensive method.

Now, in case you are not inclined or your situation does not allow you to publish the information through a research article, then the other option is to release the product itself. Releasing the product again becomes a part of the prior art, because when you release the product, the product becomes a part of the prior art, because it is now available for people to use it in the public domain. Releasing the product or using the product or exhibiting the product, all have the same effect as a publication.

So, these are the two ways in which you can publish the information about the invention; one is by a research journal, publishing it in a research journal like what more scientists and academics do the other is to release the product itself. In both the cases, it forms a part of the prior art and any future patent that is filed covering this technology will be hit by your disclosure. Your disclosure maybe in the research journal or your disclosure maybe by prior use; you used it before or you exhibited it before.

So, these are two ways in which you can take a call on publishing the information about your invention that is if you decide not to file a patent.

Intellectual Property
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Lecture - 23
When and How To File a Patent

(Refer Slide Time: 00:14)



Introduction

- **Whether:** Determine whether to file a patent application
 - Cost-intensive, business plan, investment, prospect theory
- **When:** File an application according to patent strategy of inventor
 - Indian Application or Foreign Application

FIRST-TO-FILE PRINCIPLE

If you want to go forward, then you would look at when to file the patent application. Now, the patent application, the timing of filing the patent application is critical. Because, all countries like India now follow the first to file principle. The United States till recently had the first to invent principle; in the sense, that a person who invents first gets the patent, even if he is late in filing a patent before the patent office.

Now, globally we have one standard which is the first to file principle. In the sense that, regardless of who invented a patent or who came up with the invention, regardless of who came up with the invention for the first time, it is the person who approaches the patent office first by filing an application who will get the patent.

So, what the law has set? It has set a raise to the patent office. It does not matter whether you invent first. So, what matters is the person who filed the patent application first. Now, there is quite lot of history as to why we settled on this type of determining who came first. Because, inventorship disputes are tricky, it is very hard to establish. We will have to get in to lab records, we will have to get back to how people kept logs on the

works they did, there is quite a lot of effort that goes in to determining who had actually invented it. And there are cases where two people or two teams of people may come up and say that we invented the invention around the same time.

So, it becomes very hard to determine who actually was the first inventor because, the patent is again where who there can be only one winner. If there is an invention; even if ten teams work on the same invention, they can be only one winner, the person who completes it first. And the way in which the patent system determines who completes the invention first is by ensuring who approaches the patent office first. So, this is called the first to file principle.

The first to file principle tells us that, regardless of who invents the invention first, it is the person who first files the patent application in the patent office who will get the grant in his or her name. Now, this also explains the way in which patents are now dealt with. There is an urgency to file a patent, because now the world moves on the first to file principle. So, you cannot be happy or rest assured thinking that who are the first inventor and you can prove it in the court of law ; those days are now gone. The only way you can prove that you are the true and first inventor that is a place which the patent act uses is to show you approach the patent office first.

So, the urgency that we normally find in filing patents largely is tied to this principle, the first to file principle. Secondly, the urgency in filing patterns is also contributed by the fact that if you do not file, somebody else will file and claim priority. Now, priority simply means who approached the patent office first by filing a document.

So, priority is important for us to understand whether your patent merits, to understand whether your invention merits a patent. The day on which you file an application for a patent, if there is a prior invention disclosed in the prior of, then you do not claim the priority, because, somebody else is preceded you to it and also filed an invention or as claimed it. So, if somebody else has already claimed the invention, then you will not get it.

So, priority is important when you follow a first to file principle because you have people approaching the patent office and filing applications all the time. Now, if there is a dispute with regard to who filed an invention or who claims a invention and we will

have to look at the principle of priority. Priority simply says the point at which you name a full disclosure of your invention.

Now, there are inventions which can be disclosed and parts assumed that there is the invention with three critical components. You make a disclosure of the component number one in say, in March of a particular year, component number two is disclosed in April of the same year and component number three is disclosed in May of the same year. So, March, April, May, you make three disclosures.

Only when you disclose the component number three in May, did you make a full disclosure of your invention. Till such time, it was just a partial disclosure. So, the law will treat the point at which you make the full disclosure which was in May as the date of your priority. We have quite lot of principles that govern how priority is done, but, you need to bear this in mind, priority is tied with the disclosure. The day on you make a disclosure of your invention, your priority will start.

So, first we have the reason why people rush to the patent of this to file patents is because, we follow a first to file principle which is tied to priority to the danger of others filing a patent and stopping you. So, this is a legitimate reason why people file patents because, they do not want to be stopped from involving or engaging in activities that they pursue. Because, somebody else preceded them in filing a patent and if they get a patent granted, then they will be able to stop the activities.

Now, look at the investment analogy; if you are the head of an R&D department which has to invest quite lot of money in a production line. Now, you have to ensure that the line in which you are investing money remains a clear line for years to come. It cannot be that you invest money at a particular assembly line for producing something and find that down the line, there is somebody who has patented that product and they have filed a case to stop you. So, one of the things that you ensure is to clear the way for your products to come out in the future.

So, in that sense, patenting is an investment because, though you file the patent, the benefits that the patents happen at the point later in time. So, to coming back to the when principle, now when you file is largely determined by the laws of the place that you operate and it is also call an inventor has to take. Normally, if the inventor has not come up with the full formed invention, there is a prospect, there is a promise, but the inventor

has not really, but the inventor has not really thrashed out the detail of his invention, the law allows such an inventor to file what we call a provisional application.

A provisional application can be filed. What we call a provisional specification can be filed and later on, within a period of one year, when the details of the invention, when the inventor has more details about the invention, say he has done more experiments or he has done more work and improved it. Then, he can follow it with what we call a complete specification.

So, the time of filing can be determined by the rate at which progressing in your work. Sometimes, it could be bright development or promising development that you notice in your lab and you may have to quickly work to ensure that you reach a point where you can make a disclosure. Again, the provisional has to have a disclosure which can cover the entire invention that you have come up with.

Because, if the provision only makes a partial disclosure and later on, after a year, when you have to file the complete, you make the remainder of the disclosure. There will always be a doubt as to when your invention was fully disclosed because of the partial nature of the disclosure.

So, one advice or a rule to follow is that, when you are confident that the entire disclosure can be captured in writing. That is, the time to go for a provisional. You will have still one year to come up with claims, to clear out certain aspects of your invention, and to explain the invention in detail. So, the call of when to file is something that based on the preparedness of the inventor, to what extent the inventor has done work and whether they can make a full disclosure.

Now, apart from this, the inventor also has to decide whether to file an Indian application or foreign application. Now, in India, the inventor resides in India, then, the default option is to file an Indian application even if the inventor plans to take the invention to foreign countries.

So, there is a mechanism by which, it is there are two mechanisms, in fact, by which after filing an Indian application, you can follow it up within a period; usually, 12 months by filing; what we call a Convention Application. This is an international treaty called the Paris Convention which we have already covered in our earlier lectures. So,

the Paris Convention allows you to follow up an Indian application with the foreign application in any of the countries which are signatory to the Paris Convention.

So, this is one route. If you do not want to take the Paris Convention route or rather if you want to enter multiple countries not just one country, then you would follow the PCT route which is the which stands for Patent Cooperation Treaty. Now, Patent Cooperation Treaty is a mechanism by which you can file an application in India and follow it up with a PCT application, because India is an office that receives PCT application and then enter different jurisdiction based on your need with an 13 months from the date of filing the application or your priority. So, you have a 13-month period to enter different countries.

So, the when call when to file an explanation will depend on when it has to be an Indian application alone or whether the inventor plans to file application around the world what we call foreign application and whether being a resident there is also an option of being a resident in India and filing a application in a foreign country or this option can be exercised by getting what is called a foreign filing license.

So, this is something which inventors need to bear note. This is something which inventors need to take of. Many a times if you are collaborating with a foreign partner and you have a joint venture agreement into or a memorandum of understanding to collaborate and even to file patents jointly. If your collaborator say in the United States files a patent there and shows you as an inventor and as a co applicant, then you may be violating a provision of the Indian Act which requires the Indian resident, a person who is resident in India to either file the applications first in India or to seek permission to file foreign applications. So, the permission to files foreign applications is a requirement under the Indian law, and it has to be specified especially in cases where you have joint venture partnerships with foreign entities. Because, the foreign entities will proceed and file a patent in their country showing you as a co applicant without seeking the necessary application, without seeking the necessary permission from the Indian Patent Office and you cannot blame your foreign partner for all this because, this is a requirement in Indian law. So, if you have to file an application either you by yourself or through your foreign partner, ensure that if you are a resident in India and the invention was made in India or part of it was developed in India, then, you need to get a permission before you file a foreign application.

You can always file an Indian application first and follow it up with the foreign application, then the permission is not required. But, if you are not going to file an application first in India, you have to ensure that the required permission is obtained from the Indian Patent Office even if the entire filing is done on your behalf by your foreign partner.

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Introduction

- **Where:** Taking a call on where to file
 - PCT Application: If invention to be sold in more than 2 countries
- Do not publish inventions before filing application
- **How:** Complete Specification, Forms, Fees

Now, where to file the application? Now, the where to file the application is not a problem that is difficult to solve because, in most countries require a residency requirement have a most countries have a residency requirement.

If you are a resident of a country, then and if you have come up with an invention, the law will require you to file it in that country first; and if you want to file it in as the country, as we just mentioned, you may have to go through a process of getting an approval from your local patent office. So, the call on where to file is kind of addressed by the Indian Act which says that, if you are in a resident and if you have invented something, you have to file it in India. It is a default option. But, an option is given for you for whatever reason you want to file an application in a foreign country to seek permission, if you want to file in a foreign country first.

Now, there could be some inventions developed by inventors in India which may not have a market in India at all, say the United States may be the primary and probably the only market. In such cases it does not make any sense to file a application in India,

prosecuted, getting granted, and keeping it alive by paying fees. In such cases, you can get a foreign filing license from Indian Patent Office and based on the license, you can file an application in a foreign country.

We are already mentioned this, you can file if you are interested in protecting your invention in more than one country, say two or more countries, then you can file a Convention Application under the Paris Convention or a PCT application, a Patent Cooperation Treaty application which is managed by another international organization called the WIPO: WIPO which stands for World Intellectual Property Organization. Now, if you are making multiple filings across the globe, one thing you will ensure is that you do not publish the invention before filing the first application.

Once you file a first application, you preserve the priority. That application you file first preserves the priority for you and based on that, you can disclose the invention in multiple applications. The law allows you to disclose your invention after you have published your application. So, law allows you to disclose your invention after you have filed an application.

So, filing a patent application is important for you to preserve the priority. So, what happens if you first publish and then file patent applications? Now, your publication could be used by the patent office to state that your invention lacks novelty. Now, you may be wondering the publication is mine and the application is also mine, why should my own publication be used to kill the novelty of an invention. Because, I make the publication, then I file the application, the law is same here across the globe that a person who seeks patent should maintain secrecy about his inventions till the invention is filed in the form of a patent application.

This secrecy has to be maintained by the applicant himself and if the applicants files or publishes the information before filing the patent, then it is assumed that the inventor has allowed the information with regard to the invention to come into the public domain. What is in the public domain can be used to kill the novelty of any patent application.

So, care has to be taken in not publishing the information about the invention before filing the patent application. Now, how do you file a patent application? Now, patent application has the series of Forms. There are fees that a company, each of those Forms you normally file a patent application by drafting a complete specification, a complete

specification, there are parts to a complete specification. It is a techno legal document in the sense that, it captures the technology and history of the technology and the development of the technology above the invention, but then is worded like a legal document.

Because, unlike a scientific journal article where you make claim or where you make a discovery and inform the world about a working of an working of technology or a product, unlike a review article in a scientific journal, a patent makes a claim. The patent specification ends with the claim. A claim is worded as I claim or we claim where the inventors claim something that they have invented as their own private property.

So, this part of making a claim with the objective of enforcing a legal right against third parties; when the patent is granted, is not there in a journal article published in a scientific journal because, you do not publish an article with the objective of stopping others from doing what you have done.

Whereas, patents are documents which are filed with the objective of stopping others who are not willing to pay you a royalty or who do not enjoy your consent. Now, because these documents perform the function of stopping others, the documents have to clearly show; what are the boundaries of your property. Patent is an intellectual property. So, you need to demarcate the boundaries of your invention very clearly.

So, that you achieve two things; one you make it very clear that your property is not does not belong to the public domain, it is not a part of the public domain, because if it belongs to the public domain, then you are not entitled to a patent in a first place. Two, you make the boundaries so clear that others know where the limits are. So, that people do not infringe it and people respect your right. So, the way in which we achieve this is by drafting a claim.

Now, patent law is an art of capturing technology in words in such a way that it performs notice functions to the world at large with regard to what you have invented and telling the world at large that this is a private property. So, this is done through a document what we call the complete specification. And once the complete specification is ready it is filed using particular Forms and by payment of particular the appropriate fees. We are already mentioned if the complete specification is not ready or you need to make a disclosure, but, a full disclosure of your invention, you can also file a provisional

specification. The difference between a provisional specification and a complete specification is that the complete specification must have claims.

The last part of the document where you make a claim with regard to your invention, what we call the claims have to be there in a complete specification, in a provisional specification you can file even without having claims.

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Lecture – 24
Who Can Apply for a Patent

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Who can apply for patents?



- True and first inventor of the invention
 - Natural person
 - Other persons can be assignee or joint applicant
- Assignee of true and first invention
 - Applicant is in possession of the invention
 - No lawful ground of objection to the grant of the patent to the applicant

Who can apply for patents? As we mentioned, the inventor is the person who creates the invention and he is the person who is entitled to apply for a patent. The Act uses the word true and first inventor of the invention. Now, this can be natural person, either an individual or a group of people, or it could also be a team of people who together come and create, but, working in different locations. So, we are looking at a true and first inventor could be a team of people working from different locations and they are all shown together as the inventor. So, their names figure in filing in a patent application as the inventors. Now, a true and first inventor can apply for a patent; a patent can also be applied by an assignee or of the true and first inventor. Now, the true and first inventor may invent the invention. He may assign it to another person.

Now, you will understand assignee, as a person who takes the invention and files it and prosecutes it at the patent office. In most cases, employees who work for an organization, say a company or a research organization, do not own the invention. The terms of their

employment will say that the invention shall be owned by the organization which employs them.

So, when an employee comes with an invention, the employee's name figures as the inventor's name, whereas, the applicant will be the company itself; company or the organization to where the employee works. So, you can see two different possessions, which people employee with regard to patents. One, you are shown as a inventor, which could be the employee and there is a status of as the applicant itself who, the person who owns the patent, who files the patent, takes care of all the expenses for the patent to get granted, and who eventually renews the patent and keeps it alive. Now, this is the applicant.

In a case where the inventor himself or herself is the applicant, then, there is no assignment involved because, the inventor also became the applicant. In cases where the inventor is not the applicant, there is a need for assignment. Now, assignment is the way by which you can legally pass on an invention from one person to another; the ownership of an invention is passed on to another entity or another person. Employees normally, their terms of employment will says, will, would state that any invention that they come up with during the course of employment which involves a part of their work, will be assigned to the employer.

So, an assignment can be by way of an employment contract or they can be a specific document of assignment. So, this in law be referred to as the proof of right. If you need to be an applicant, you need to demonstrate by what proof you are claiming the status of an applicant. If you are inventor, there is no need for a proof of right, because, the inventor itself came up with the invention. If you are not the inventor, then, you require a proof of right. The proof of right can be an assignment deed, wherein, the inventor assigns the invention to the assignee.

So, an applicant can be the true or first inventor, or it can be an assignee, or it could also be a legal representative of the true or true and first inventor or the assignee. So, first you have the true and first inventor; can apply for a patent. In case the true and first inventor is not the applicant, then the person to whom the invention is assigned becomes the applicant.



Who can apply for patents?

- Legal representative of any deceased person
 - Represents the estate of the deceased person
- Patent Agent - Authorisation
- Mention of Inventor
 - Person making application-possession of invention

And then you have the third category, the legal representative of any deceased person; any deceased person, who was the true and first inventor or who was an assignee. Now, these three categories only say who can apply; in what capacity a person can apply? For filing and prosecuting patents, you need a specialist called the patent agent. The patent agent are people who have a background degree in science and technology and who have cleared the patent agent examination conducted by the Central Government. Now, the patent agent examination, tests proficiency in patent law, and it also ensures that the people who clear the exam can draft and file patents before the patent office.

So, to draft and file patents and to answer objections raised by the patent office with regard to an applicant, application, you need to be a patent agent; a registered patent agent. There are patent office keeps a role of the patent agent; people who have cleared the exam and who renew their registration; the role is kept at by the patent office. So, it is not that an inventor cannot directly deal with the patent office. As an applicant, you can directly deal with the patent office. But, the preferred route is through a patent agent. To engage a patent agent, you will have to file an authorization; there is a particular Form by which you can authorize a patent agent, to represent you. Just how, if you need to file a case before a court of law, you need to engage an advocate, you do that by filing a vakalat.

Similarly, here you do that by, you could either give her a, give a power of attorney or you have Form 26, which you use to engage a patent agent. So, the patent agent will be the point

of contact between the inventor or the applicant and the patent office. Now, you also have a provision, where you need to mention the inventor, regardless of who owns the invention. So, this provision brings out the distinction between the capacity of an inventor and the capacity of an applicant.

As an inventor, you have a right to be denoted; you have a right to be mentioned as an inventor, regardless of whether you own the invention. Say, an employee in an organization comes out with an invention. So, but the invention is assigned to the company, the employer. And the employer becomes the applicant and files the patent and gets a grant. Now, every commercial gain that comes out of the invention is enjoyed by the employer.

The employee is not given a share, because the employee was already paid for the work that the employee had done. The terms of employment has already covered the remuneration for coming up this invention. Now, regardless of the gains that an employer will make out of this invention, and the fact that every benefit that flows out of the invention will solely be enjoyed by the employer, the employer will still have to show the employee as the inventor. So, the right to be mentioned as an inventor is a right that the person who came up with the invention enjoys. So, nobody can disentitle a person from a person's right to be mentioned as an inventor. But, just because you have a right to be mentioned as an inventor, it does not mean that you own the invention.

So, wherever an inventor assigns the right in an invention, wherever an inventor assigns the right in an invention, the inventor will still have the right to be mentioned as the inventor. So, this is similar to the moral right of an author. The author may have assigned the book, the work of copyright to a publisher and the publisher may own the book, have the right to make multiple copies of it, and the copyright would also be in the name of the publisher, if there is an assignment. But, regardless of the ownership, the author has a right to be mentioned as the author of the work; so, this is called the moral right of the author. So, similarly, with regard to inventions, you have a provision where the inventor can mention himself or herself as the inventor.

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Lecture – 25
Requirements of a Patent Application

Now, we will look at the Requirements of an Application.

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Requirements of Application



- 1. Provisional or complete specification [F.2]
 - Provisional specification provides for priority
 - File complete specification within 12 months
- 2. Drawings
- 3. Foreign filing details of the said invention
 - Statement and undertaking: Form 3

First, there the patent application has to be accompanied by a provisional or a complete, and we had mentioned the difference between a provisional and a complete. If you follow the option of filing a provisional first, then within a period of 12 months you have to follow it up with by filing a complete specification. So, the provisional specification will get you the priority, but provided you follow it up by filing a complete specification within 12 months.

Now, the second requirement while filing an application is the requirement of drawings. You need to have drawings if your invention can be described through drawings. For instance, most mechanical inventions, inventions involving mechanical and moving parts, may require drawings. Even if you do not file the drawings, the patent controller can ask for drawings, when the patent officer is prosecuting your patent application.

Third thing that you need to provide to the patent office while filing an application is, details with regard to foreign filing. If you had filed an application in India and followed it up with applications around the world, foreign applications, then you need to keep the Indian Patent Office informed, as to, the position of those applications. Now this is more like, the patent office would like to know how other patent officers are dealing with the same application. So, there is a statement of undertaking under Form 3 which an applicant has to file.

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Requirements of Application



4. Priority document in case of convention application

- Copies of specifications, documents
- Or a request to retrieve the same from Digital Access Service

5. Declaration as to inventor ship

- F.5, name, nationality, address of the inventor

The fourth thing the applicant has to file along with this application is the priority document. In some cases, there could be a priority document which is a document filed in a foreign patent office. Now when you follow the Convention Application route or the PCT route, you file a priority document. Based on the priority document, you get a priority and then you enter different countries.

So, whatever priority document that you used in the case of a Convention Application, copies of that has to be provided to the Indian Patent Office. Then, there has to be a declaration, with regard to inventorship, as to who the inventor is; the name, nationality, and address of the inventor.

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Requirements of Application



6. Power of attorney application made by patent agents
 - Form 26 or power of attorney
7. Fees
8. Proof of right if application made by assignee (Removed)

Then a power of attorney has to be filed or Form 26, instead of the power of attorney, authorizing the patent agent to deal on your behalf. Then, the required fees has to be paid; and the proof of right, the right to make an application has to be given. Now, this earlier, it had to be done along with filing the application. Now that provision has been removed, you have been given time to file a proof of right, even after you make the applications. A proof of right can now be filed even after you make the application. Now, proof of right, we had already discussed this. When an inventor assigns his invention to another person, say the employer or the company where he works, then the company, when it files in patent application, it has to show the proof of right. How did the applicant get the invention? And that has to be demonstrated with documents.

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Lecture – 26
Types of Patent Application

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Types of Applications



- Ordinary application: S.7
- Convention application: S.135
- PCT international application under PCT

Types of applications; under the Patents Act, you can make an ordinary application. The ordinary application is an application which you would make, before the Indian Patent Office, expecting a grant of a patent, which will have operation only in India. It is more like a domestic or local application. So, if you file an ordinary application, then you would get a grant, that is enforceable in or within the territory of India. So, this is the default application; it is an ordinary application. By getting an ordinary application, you can only enforce the patent within the boundaries of India.

In India, you can also file, a Convention Application. A Convention Application is the second type of application and the provisions are given under the Indian Patents Act. The Convention Application is, because India is a party to the Paris Convention, you can file an application in a foreign country and then you can file a Convention Application in India, seeking the priority from that foreign application, provided the foreign country is also a signatory to the Paris Convention.

So, this is an arrangement, where you can file an application in any country, which is a member of the Paris Convention and follow it up with an application in India for the same invention, within a period of 12 months. So, this gives a time period, for following up or covering applications in different jurisdictions for the same invention. So, the second type of application that you can file in India is a Convention Application, which is nothing, but a follow application filed in India, based on an earlier application that was filed in a convention country. It could be England, it could be Germany, it could be Japan, it could be any other country which is a signatory to the Paris Convention.

The third type of application you can file in India is the PCT international application under the Patent Cooperation Treaty. Works very similar to the Convention Application because, India is now PCT has its PCT office set up in India. India can receive international PCT applications. The cost of filing an international PCT application is substantially different; when you compare it to the cost of filing a PCT application, say in the United States or in the European Union.

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Types of Applications



- PCT national phase application under S.7(1A)
- Application for patent of addition under S.54
- Divisional application under S.16

You can also file a PCT national phase application in India. Now, the PCT international application which you just saw, is an entry point in India, where the PCT international application will now have the potential to go to various countries; wherever you choose and you can choose different countries; the only thing that you will need to do is, you will have to individually prosecute these applications in the respective countries.

So, the PCT international application gives you an entry point into different countries, which are all signatories to the Patent Cooperation Treaty; whereas, the PCT national phase is filed, when you want to enter India through the PCT route. Assume that you have to file an application in the United States, and within 12 months you file a PCT application choosing United States patent office as the PCT office.

So, your international application under the PCT begins in the United States. Now within the time period allowed, you can enter India. How do you enter India? Using the PCT international application citing the priority in United States; so, the follow up happens in India through the PCT route. When the follow up happens in India using the PCT route, we call it a PCT national phase application. It is a national phase, or the follow up of a PCT application, where you enter India within 30 months from the date of priority, so that, this national phase application will now become an Indian grant. So, that is the fourth type of application you can file in India.

The fifth type of application is an application for a patent of addition. You already have an invention, granted or filed in India, and now you have made some improvements and modification to an existing invention. You can cover the improvements and modification by the way of a patent of addition. There is no need to file a fresh new application because, it is just a modification or an improvement over an existing invention.

So, the patent of addition, allows you to cover improvements in modifications. The patent of addition will run along with the earlier invention, what we call the main invention, and it will expire along with the main invention; which goes to tell you that a patent of addition is nothing but, something which runs along with a main invention. Because you came up with improvements and modifications in at a later point in time, law allows you to club them and have them together with the main invention. So, that's the fifth type of application you can file. And the sixth type is a divisional application.

A divisional application is normally filed to divide an invention. The law requires that every application should have only one invention. So, you file an application with more than one invention, then you can voluntarily divide it into the respective applications, covering each application covering an invention, or you may be directed by the patent controller. The patent office may say that your application has more than one invention; this is called the unity of invention, that you can file only one application per invention. The point, the patent office

may point out that you have, your application has more than one invention and ask you to divide it. So, the process of dividing an application, wherein, you separate the invention, is done by filing a divisional application.

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Lecture – 27
Mercedes Benz TV Commercial Patents

To hold a patent that has changed the modern world, would define you as an innovator.

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To hold more than one patent of this caliber, would define you as a true leader. To hold over 80000, well that would make you the creators of the 2013 Mercedes Benz E class, quite possibly the most advanced luxury sedan ever. See authorized Mercedes Benz dealer for exceptional offers through Mercedes Benz financial services.

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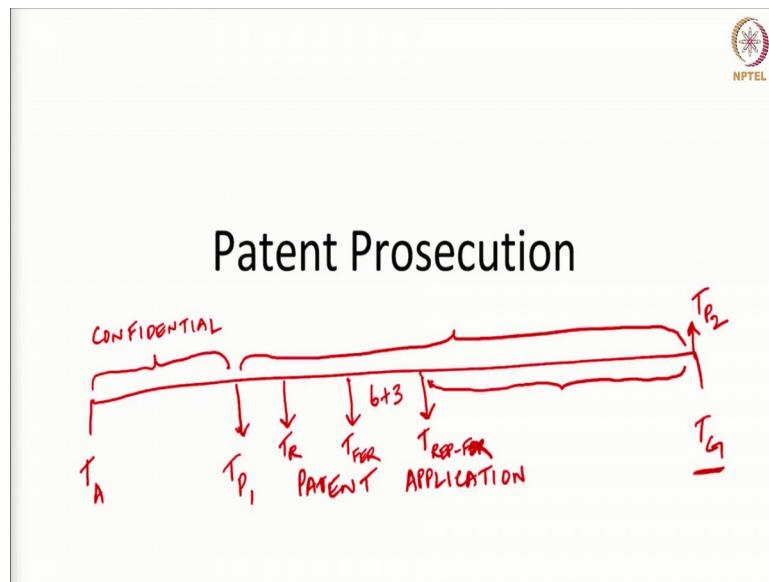
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Lecture – 28
Patent Prosecution: Publication, Examination, Grant - Part 1

(Refer Slide Time: 00:16)



Patent prosecution; when we refer to the term prosecution, we refer to the continuation of a course of action with the view of its completion. Prosecution means the continuation of a course of action, which results in something. When we talk about patent prosecution, we are referring to what happens to an patent application that is filed before the Patent Office; and its continuation within the Patent Office up until it results in a grant.

So, we traditionally understand prosecution as things that happen between two timelines. The first time line is the time for application and resulting in the time for grant. Now, this timeline the time between time of application and the time of grant is what we refer to as patent prosecution. Now, this is true for a patent application. Any application we will have these two timelines and whatever happens within this timeline is what we refer to as patent prosecution. There are many things that happen between these timelines.

Now, within the time for the grant, you will find that there are publications that happen. First there is a time for publication one what we call the pre grant publication; and there is also a publication that happens at this point itself. Along with the time for the grant

there is another publication that is T P 2, there is a second publication, upon grant the application gets published. Now, this time period is the time within which the patent application remains dormant what we call this is the patent application has a confidential status.

The patent application is kept confidential, it is not published. So, this time period nothing happens at the Patent Office. Soon after publication during this time there are couple of events that can happen. They can be after publication, they can be a request for examination, there is a time for request for examination. Then after the time for request for examination, they can be time for filing the FER - the first examination report. Within 6 plus 3 months you can get an extension of up to 3 months, there has to be a time for reply to the FER. Now, reply to FER.

Now, after this there will be a period during which the Patent Office will look into it. And this can continue the Patent Office actions requiring certain things to be set right, and then the patent eventually results in a grant. Now, let us look at the stages the application goes through in the process of a prosecution.

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Publication of Application



- Open to public after 18 months from date of application
- **Form 9: Request for publication for early publication**
- No publication:
 - Secrecy direction imposed
 - Patent abandoned
 - Withdrawn 3 months prior to 18 month period

Now, first as we said there is an application, the patent application is published. Now, it is not published normally for a period of 18 months; from the date filing till 18 months the application is not published, this is because there is a period of dormancy, the period where the application is kept confidential. The reason it is kept confidential is because of

certain international arrangements where the applicant we will get 18 months to decide which jurisdictions the applicant needs to enter.

Again the confidential status is required because of the design of patent law patent law has a concept called novelty which we have already discussed. And novelty means they should not be any disclosure of your invention before filing the patent application. So, an application which you file say in India, if it is published soon after you file it say within a month, if you were to if you choose to file an application in China say after 2 months, your own publication in India of your application can act as a prior art can anticipate your Chinese application.

So, because the world follows a global novelty standard; anything that is disclosed and published in any part of the world can be used to anticipate a potential invention, there is a requirement to keep things confidential. So, the 18-month period is a confidential period during which no publication happens which gives the applicant the time to move to other jurisdictions and put an application in place. Now, the 18-month period which is standard period across the globe tells us that the application will be open to public only after this 18-month period. And the 18-month period as I mentioned starts from the date of application.

Now, there is a particular form by which in case you do not want to wait for the 18-month period. There is a form which you can use under the patterns rules which is called the Form 9. And you can request for an early publication. Now, the publication can be before the 18 months. Now, why would somebody do this? Now, somebody would do this if the applicant needs an expeditious grant. So, rather than waiting for the 18 months period, you can take a request for early publication. So, the application may get published to say in a few weeks or in a month's time. And then you have cut down the timeline by say of 18 months and you are now moved to the next phase.

Now, once the application is published, then it follows up by the applicant taking a request for examination. Once the application takes the request for examination, the Patent Office examines it and grants the patent. So, in cases where an applicant needs an expeditious grant, then there is a provision by which the applicant can take an application under form 9 requesting an early publication. Now, there are certain exceptions to this 18-month rule.

Now, 18 month is the rule where in a normal case and an application is filed; it is not published it is kept dormant or it enjoys confidential status for 18 months. The exceptions to that rule are where cases where an application is not published even after the 18 month is one where a secrecy direction is imposed. The government imposes a secrecy direction because the invention could be something that affects national security or as relevant from a defense perspective. So, the government imposes a secrecy direction. So, as long as the secrecy direction continues the application will not be published.

To the patent application is abandoned. Now, this arises in the situation where a provisional is filed and the provisional is not continued through a complete. So, when the patent application is abandoned at the provisional stage, there is no need for a publication. And the third instance is where the patent application is withdrawn prior to the 18 month period. Now, 3 months prior to the 18 month period, the applicant has the right to withdraw his application. So, if the application is withdrawn by the applicant, then again there is no need to publish it.

Intellectual Property
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Lecture – 29
Patent Prosecution: Publication, Examination, Grant - Part 2

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Publication of Application: Rights of Applicant

- Like rights from date of publication as if patent granted
- Not entitled to start infringement proceedings

When the application is published, there are certain rights that accrue on the applicant. From the date of publication, there are rights that the applicant can claim as though he had a patent granted in his name. Now, the patent applicant is not entitled to sue for infringement from the date of publication, but he is entitled to claim certain privileges. Now, let us look at those privileges.

Now, this is the time of application and you have the time of grant. Now, the time for publication happens let us say after 18 months. From the date of publication, the from the date of publication the applicant can assume that notice about his patent is given to the world at large. So, an applicant can claim damages for actions. So, this is damages is a relief that an applicant can claim, compensation

If somebody uses his invention during this time, the time between T P and the time between T G time of grant, but a case can only be filed at this point. Litigation can only be started at the time after the grant; till such time no litigation can take place, but when a case is filed at the point of T G, the applicant can go back in time and ask for damages

that happened during this time period. The time period between T P and T G is something which the applicant can consider for damages. So, if there is any act, infringing act between this time T P and T G, the applicant can claim compensation or damages for those acts, but the applicant can only file a case at this point at T G the applicant can only file a case at T G, because the applicant will not be allowed to file a case before a grant. The reason is quite simple.

If you have to file a case before the court of law say the High Court or the District Court, the law allows you to file a patent infringement case before the High Court or the District Court, the first thing the court is going to ask is that what has been infringed. And the applicant will have to say that I have a patent I had filed an application for a patent and the patent has been infringed. An application which materializes into a grant has clear boundaries the claims have been verified by the Patent Office. If there was a challenge say in the pre grant stage by a third party, the patent has now overcome the challenge; and the claims as granted clearly stipulate the boundaries of the patent is right. Now, that it is been granted, the applicant will be now called a patentee.

Whereas, application that is still pending, it is very uncertain or it cannot be said what are the boundaries of that invention, because they could be changes that is made during prosecution, the applicant himself may withdraw certain claims, there is quite a lot of possibilities there. And we say that for an application the claim or the status of the application is uncertain until the application is granted into a patent.

So, because of this requirement, law requires a suit to be instituted only at this point the time for grant T G; till the time for the grant it is not clear as to what an applicant can enforce. So, after grant the patent is granted; it is again published and the claims are clear and the claims form notice to the world at large. So, when you have the claims, which are now being crystallized by the grant process, then an infringement suit can be filed. And again in an infringement suit, the relief that you claim you could ask the infringer to stop this acts you could ask for damages as we have just seen or compensation.

Your claim for damages is going to be based on the fact that the infringer infringed your invention; and your invention is as you have described in your claims. So, the claims will be interpreted; and the act of the infringer will be analyzed. And if the act of the infringer falls within the scope of the claims, the court will hold that there is infringement. So,

these are the rights that accrue upon publication. The time for publication is the time at which there is notice to the world because this time period that time for application and that time till it has published is confidential. So, all rights naturally starts accruing from this point from T P and the right can only be claimed at T G.

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Publication of Application: Rights of Applicant



- Like rights from date of publication as if patent granted
- Not entitled to start infringement proceedings
- Reasonable royalty

The patent applicant can also claim for royalty in some cases where they were some acts of infringement that were committed during the pendency of his application. Before the application got granted, there were some manufacturers who were involved in manufacturing what the patent applicant had covered in its application. This is a provision that came into being during a time when the Indian patent laws were in a transitional phase.

Between 1995 to 2005, the laws in India went through a transition. Indian law did not grant patent protection for pharmaceutical products in 1995. In 1999, we came up with an amendment saying that we will start granting protection for pharmaceutical products in 2005. So, during this time, if there was an application pending and if some manufacturers local manufacturers were already using the invention, then the only remedy for the applicant would be upon grant to claim reasonable royalty and not to stop the manufacturers. Now, this was an arrangement which was which does not have any relevance anymore because the time period for this arrangement to certain was between 1995 and 2005.

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Request for Examination

- **Form 18:** Request after publication of application
- Within 48 months from date of application
- If no request made-application deemed to be withdrawn

Now, once the application is published, the applicant has to make a request for examination. Now, it is the duty of the applicant to request that his application be examined. In case the applicant does not take the request for examination, the Patent Office will treat that the application has been withdrawn; it will be treated as withdrawn. Now, the request itself can be done by Form 18 can be used to request the application to be examined.

Now, the time period within which this has to be done is 48 months from the date of application which means from the date of filing the application or the priority the application has to be examined. So, a request for examination has to be taken within the first two years of filing the application. As we mentioned if no request is made then the application will be treated as withdrawn.

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Examination of Application

- Application referred to an examiner: First Examination Report (**FER**)
 - Within 1 month from publication or after request for examination
- FER contents
 - Application and specification as per Act and Rules
 - Lawful grounds of objections
 - Result of investigation

Now, once the applicant takes the request for examination that is the point at which the Patent Office will be looking into the application. So, till this time, till a request for application till this time, till a request for examination is taken by the applicant, the Patent Office does not do anything on the application. Now, this is a strict this is a structure that has been evolved to ensure that the Patent Office only looks into the applications which the applicant wants to pursue. There could be instances where the applicant files certain applications and later on they are not interested in pursuing them. So, there is a way in which they are automatically abandoned or they are deemed to be abandoned because of the inaction of the applicant.

So, once a request for examination is taken, then the application is referred to the Examiner. The Controller who is in charge will refer to an Examiner and the Examiner we will give his report. Now, based on the Examiner's report, the Controller will issue a first examination report what is also called the FER; FER or the first examination report. Now, this is done within 1 month from the publication or the request for the examination is made. Now, as for the contents of the FER, the FER will ensure that the application satisfy as per the act and the rules, there are requirements that the application has to satisfy by application we are referring to form 1 and specification is usually filed in form 2. These are special forms which the Patent Office use uses.

Now, the FER will also see whether there are any lawful grounds for objections if the patent cannot be granted if there are issues with regard to regarding the invention as a patentable invention under section 3 and 4. There are various other lawful objections that can be raised against an invention if those lawful objections are not there then the patent can be granted. So, FER the first examination report is the opportunity for the Patent Office to look into whether the invention is something which can be granted legally. And the result of investigation the Examiner conducts investigations they are also covered in the FER.

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Examination of Application



- Submission of report by Examiner: 1-3 months
 - Submitted to Controller
 - Confidential
- Examination of application
 - Adjudicatory process
 - SS.12 & 13: Code of examination for examiners

Now, the Examiner is expected to file the report within 1 to 3 months, there are some timelines within the patent rules. And the report is submitted to the Controller. Now, this report is a confidential report. The Examiner sending a report to the Controller is confidential. Based on the Examiner's report the Controller issues the FER, the first examination report. The examination of the application itself is a process by which decisions are made, so it is adjudicatory in nature. Section 12 and 13 together forms a code for examination. The Examiners will have to look into aspects of novelty; they will have to look into lawful objections under the act and the rules. And so it is a kind of a code which tells the Examiner what needs to be done for a patent application.

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What is FER?

- First statement of objections
- Issued by the controller [R. 24B(3)]
- Pursuant to examination under SS. 12 & 13
 - Examination of Application [S. 12] ✓
 - Search for Anticipation [S. 13] ✓



What is the FER? FER earlier used to be referred to as the first examination report. The first examination report is the report that is filed upon the examination of the application. It used to be called the first examination report, but now the state the Act and the rules refer to it as the first statement of objections. Now, this is understandable. When an application is filed the Patent Office examines it; and sends its first statement of objections. In the sense that if there are things that are objectionable there are procedural irregularities, there are laws, provisions, which the applicant does not comply with or the patent itself has certain lawful grounds for rejection. Now, these objections are raised in the first statement of objection. Now, this is issued by the Controller; and this is issued pursuant to the examination.

So, there are two parties involved here. One is the Controller; and the other one is the Examiner. Now, Examiners report to the Controller. Now, the Controller is the higher authority in the Patent Office; and Examiners work under the Controller, and they make their reports to the Controller. Now, the Controller issues the FER or what is now called the first statement of objection based on the report submitted by the Examiner. And we have already seen that the Examiner's report is confidential.

Now, the examination is done as per the requirement of section 12. And a search for anticipation whether the invention is anticipated by an earlier publication or by an earlier application. This is also done. So, there are two things that the Examiner searches for; he

examines the application for certain requirements whether there is a lawful ground for objection, whether it satisfies the acts and the rules; and he also searches for anticipation. So, these are the two things that the Examiner would do and pass on a report to the Controller.

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Replying to FER



- 6 months + 3 months
- Address all objections
- Failure to reply to objections – rejection of patent

Now, once the FER is issued, the applicant has to reply to the FER. Earlier it used to be 12 months, now the time has been brought down to 6 months, which can be extended by a maximum of 3 months. Now, in replying to the FER the applicant has to address all the objections that have been raised by the Patent Office. So, if the applicant partially addresses it that could result even in the rejection of the patent, but the applicant has to address all the objections.

And the objections have to be done based on what has been required by the Patent Office. If the Patent Office requires amendment, then the applicant has to amend if the Patent Office requires certain procedural irregularities to be corrected then that has to be done. Now, failure to reply to the objections as I mentioned could lead to the rejection of the application itself.

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Rights on Grant



- Grant of patent confers exclusive rights on the patentee - S.48
- Right to prevent third parties from making, using, offering for sale, selling or importing, for those purposes, that product in India
- Done without consent, infringement

↑

Rights on grant; what happens when a patent is granted? The grant of a patent confers exclusive rights on the patentee; now these rights are contained in section 48 of the patents act. Now, these rights include the right to prevent third parties from making that is manufacture using that is use, offering for sale say marketing, sale itself and importing. So, if a patentee has a right over an invention, then he has exclusive right to import that invention into India. So, these are the five rights, making or manufacture, use or using, offering for sale, marketing, four – selling, and five-importing. Now, there are no rights beyond this. So, when you are granted a patent by the Patent Office, these are the sets of rights that you have pertaining to your invention.

Now, infringement is the term that is used when people do any of these actions, they make, they use, the offer for sale, they are selling or they are importing without your consent. So, this is what sets infringement. So, if they are doing it with your consent, they are your licensees, you have licensed it to them, and probably you have an arrangement where you make some revenue out of it; but if they are doing it without your consent we refer to it as infringement. So, patent infringement is doing any of these five acts which the law protects under section 48 without the consent, then we would say the person who does those act without the consent pertaining to an invention, we would say that that person infringes the patent.

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Grant of Patents: When? [S.43]

- Patent shall be granted expeditiously
 - Found to be in order for grant
 - Application not been refused by Controller; or
 - Application not in contravention of the Act

When the application is ready, then the patent has to be granted expeditiously. We saw that the timeline for granting a patent is between T A time for application and time for grant. So, when all the objections are met at this point, the patent has to be granted expeditiously. So, this is what we called when a patent is made or found to be in order for a grant. So, at this point, the Patent Office has raised objections, but all those objections have been answered successfully by the applicant, and there are no pending issues, for instance there is no pre ground opposition pending, no third party has opposed the patent and there is no other issue why the patent should not be granted at that point the application has to be granted expeditiously.

So, the application will be granted, if the application has not been refused by the Controller, the Controller did not find any reasons pursuant to the FER to refuse it, and the application is not in contravention of the act there are no provisions of the act that the application violates. So, it results in a grant.

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Grant of Patents: When? [S.43]

The diagram shows a horizontal timeline with two main stages: 'PRE-GRANT PUBLICATION' and 'POST-GRANT PUBLICATION'. A bracket labeled 'PROSECUTION' spans the period between the first publication and the grant. The first publication is at time T_A , followed by a downward arrow to T_{P_1} . The second publication is at time T_G , followed by a downward arrow to T_{P_2} .

- Patent shall be granted expeditiously
 - Found to be in order for grant
 - Application not been refused by Controller; or
 - Application not in contravention of the Act
- Upon Grant: Published

Upon grant, again the patent is published. So, this is the second publication. So, we had mentioned, there are two publications. The time for application soon after that there is the first publication which is called the time for publication before grant this is the pre grant publication. The object of the pre grant publication is to put notice about the application to the world at large. So, now, the pre grant publication happens before the examination. Now, so this entire period is where the examination happens; and there is T G the time for grant. So, the time for grant is the post grant publication.

So, here we can also call it T P 2, which is the second publication. So, the first publication is a pre grant publication which happens before the grant. Before the Patent Office looks into the application to put the world at large to notice that there is an application filed at the Patent Office which is requiring a patent to be granted, so that is the first publication. Then we have what we call the prosecution. The Patent Office raises the objection and the patent applicant overcomes it. So, when it is ready for a grant at this point T G, the second publication happens T P 2. So, this is the second publication the post grant publication. So, there are two kinds of publication pre grant publication and post grant publication.

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Grant of Patents: When? [S.43]



- Patent shall be granted expeditiously
 - Found to be in order for grant
 - Application not been refused by Controller; or
 - Application not in contravention of the Act
- Upon Grant: Published
- Application, specification and other documents open for public inspection

The application specification and other documents upon publication will now be open for public inspection. Now, on publication, people can pay the required fee and get copies of the application, specification and all the documents that accompany a patent application.

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Amendment of Patent Granted [S.44]



- Person died or body corporate ceased to exist
- Controller may amend the patent
- Substitute to the name of the person to whom the patent ought to have been granted

Now, there are instances where a patent can be amended after the grant. For instance, a person dies or a body corporate a company or a registered firm ceases to exist. In those cases the Controller may amend the patent and substitute the name of the person to

whom the patent or to have been granted, the legal heirs or the legal representatives who succeed them assignees their name can be granted. And this is done by section 44.

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Conditions of Grant [S.47]

- ✓ Government use
- ✓ Experiment and research
- ✓ Import of medicine or drug



Every grant comes with certain conditions. Now, the Indian Patents Act lays certain conditions under section 47 as to the grant, is subject to the following conditions. The grant is subject to the condition that the government if it requires it can use the invention that the grant the subject to experiment and research the invention can be put for experimental use and for research for imparting instruction to students.

And if necessary the grant is subject to the condition that in case the government requires it, it will be allowed to import a patent covering a medicine or a drug. So, these are the three conditions which every grant is subject to. So, the government can use it if required; the grant does not affect experimentation and research; and the grant does not affect import of a drug or a medicine in case of a need.

Intellectual Property
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Lecture – 30
Rights of Patentee

Rights of Patentee.

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 NPTEL

Rights [S.48]

- Rights conferred by grant: Infringement
- Exclusive right to prevent third parties
 - making, using, offering for sale, selling or importing (product or process)

When a patent is granted, there are certain rights that accrue on the holder of the patent, the patentee. The rights conferred have to be understood in the context of an infringement, because what patent essentially offers to a person is the fact that the person can now stop others from using his invention. There is an invention which has been patented. And any intrusion into the invention is regarded as an infringement.

So, the exclusive right is a right to prevent third parties. Now, third parties can be prevented from making, using, offering for sale, selling or importing. Now, the patent right can manifest either in a product what we call a product patent or in a process a method or a way of preparing or manufacturing something. So, a product patent will have the same term as a process patent, but a product patent is a more comprehensive right than a process patent. A process patent for instance if there is a process of making liquid solution, comprising of steps a, b and c. The liquid solution is protected only if it is manufactured or made using that method where step a is followed by step b, and step b

is followed by step c. Assume that a competitor now comes up with a process of making the liquid solution, same liquid solution in just two steps. He uses d and e to come up with the liquid solution.

Now, this use of two steps in d and e which are much different from a, b and c are regarded in law as non infringing steps; d and e are not covered by the patent which comprises of three steps a, b and c. So, the d and e process patent is regarded as a non infringing process, because the process that is protected by the patent comprises of three different steps a, b and c though the end product is the same. So, in a process patent, the protection is limited to what has been claimed as a method of protection.

So, a process patent will allow other processes to also exist if the processes are non infringing, if the processes do not intrude into the right that has been granted, whereas a product patent is a more comprehensive protection.

Let us again come to the example of a liquid solution. Say there is a product patent over the liquid solution which says the liquid solution itself is claimed. When the liquid solution itself is claimed, any process of making it say by using steps a, b and c, or say by using steps d and e, or any other combination, we will also be covered because now the product itself is covered. Now, this distinction is critical for us because India did not offer product protection for pharmaceutical products before 2005, because we did not offer patent protection for pharmaceutical products.

They were only process patents in India. And because process patents allowed you to come up with alternative non-infringing processes, they were enough players in the market and this has been attributed as one of the reasons for the growth of the Indian generic pharmaceutical industry. From 1970 till 2005 Indian law did not grant product protection for pharmaceutical products. And, because of that it allowed room for generic pharmaceutical companies to come up with different versions and different alternatives which we are non-infringing. Now, some scholars regard this as policy move which led to the growth of there were other things that also contributed to the growth of the Indian pharmaceutical industry, but this is seen as one of the important contributors.

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Assignments

- Assignment, share, mortgage, license [S.68]
 - valid only when in writing
 - Reduced to form of document
 - Contains terms and conditions governing their rights and obligations
- Assignment needs to be registered-Controller [S.69, F.16]

Assignments: when a patent is granted a patent can be assigned to another person. Now, assignments can be you can assign the patent wherein you can sell the patent to another entity or you can assign a share in the patent or you can mortgage the patent or you can license the patent. We have a provision which covers all kinds of assignments. Now, an assignment where you either give the entire patent by way of a sale or you only share an interest in the pattern say like license it has to be in writing law requires assignments to be in writing. And it should be reduced in the form of a document.

Now, the terms and conditions should be clearly stipulated, and also the rights and obligations of the parties have to be mentioned. Now, the assignment deed the deed that captures the assignment as also there is a requirement that it needs to be registered. And the Controller has to be informed about the assignment. Now, these are the provisions that govern, F.16 is the form that is used for assignment form 16.

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Patent Licensing

Patent licensing: like any other right, a patent can be licensed, it can be licensed to multiple people. Or, it can be licensed solely to one person. Sole licenses are usually called exclusive licenses. An exclusive licensee becomes a person who can exercise the rights of the owner. He the exclusive licensee will have rights very close to that of an owner.

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Restrictive Conditions [S.140]

- Unlawful and void conditions in a contract/license
 - Sale or lease of a patented product/process
 - Manufacture or use a patented article
 - Work any process protected by patent

Now, there are some restrictive covenants or restrictive conditions mentioned in the act which should not be a part of the license. Now, there are certain unlawful and void conditions which a contract or a license covering a patent should avoid.

Lecture – 31
Rights, Assignment and Licenses - Part 2

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NPTEL

Restrictive Conditions [S.140]

- Unlawful and void conditions in a contract/license
 - Sale or lease of a patented product/process
 - Manufacture or use a patented article
 - Work any process protected by patent

1. TIE IN - NON-PATENTED PRODUCT

2. RESTRICTION OF USE - PRODUCT

3. RESTRICTION OF USE - PROCESS

4. EXCLUSIVE GRANT BACK, NO CHALLENGE, COERCIVE PACKAGE LICENSING

There are certain restrictive conditions that have to be avoided in any contract or agreement pertaining to patents. These conditions are referred to in section 140 of the patents act. Now, it says that it is unlawful and void to have conditions in a contract or a license. And the contract or the license may pertain to sale or lease of a patented product or process, it may pertain to manufacture, or use or it may pertain to work any process protected by patent.

Now, in these transactions or in these agreements it is not appropriate to have the following restrictive covenants. Now, let us look at them. One is a tie in. Tie in is where a patented product is tied along with a non-patented product. And there is a restrictive covenant saying that you have to acquire the patented product and the non-patented product from the same vendor. So, in effect through a tie in the vendor who sells the product who is entitled to sell the patented product also ensures that the non-patented products are tied along with it. Now, this is a restrictive condition which should not which will be treated as void.

Second is restriction of use for a product. The second is restriction of use of a product, the terms, restrain a person from using certain products. The third is restriction of use with pertain to processes other than the patented process. So, there is a non-patented process. And there is a restriction on the non-patented process which a person cannot make.

Fourth pertains to exclusive grant back requiring the licensee to exclusively grant back or a clause saying that there will not be any challenge to the patent or coercive package licensing where licenses are clubbed together, and packaged together in such a way that you can only take the entire package even if you need only one or two patents. Now, all these four types of restrictions are treated as unlawful and void.

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Restrictive Conditions [S.140]



- Unlawful and void conditions in a contract/license
 - Sale or lease of a patented product/process
 - Manufacture or use a patented article
 - Work any process protected by patent
- In an infringement suit, defence to prove there was a void contract in force

So, in an infringement suit, it shall be a defense to show that there was a void contract in force. So, if there is an infringement suit filed by the patentee, the person who is defending can show that he was a licensee, and there was a restrictive condition. And it will be a defense to show that he was under a restrictive condition against infringement. So, infringement cannot be proved against a person who operates under a restrictive condition.

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Restrictive Conditions [S.140]

- Valid Contracts
 - Exclusive licensee → ~~SALE~~ - ~~FRANCHISEE~~
 - Exclusive supplier of new parts of patented article

Now, the act also mentioned certain contracts to be valid. Now, they can be contract where there is a restriction imposed on the exclusive licensee not to sell products. This is an restriction on sale other than that of the patentee. Now, this is typically in a franchisee agreement, where the licensor would ask the franchisee to not to sell any other product.

So, such a condition is valid, because you are restraining the person from selling any other product than your own product to it will be valid to have clause which allows the exclusive supplier to supply new parts of the patented article. Now, the right to supply new parts of a patented article or the right to repair a patented article can be reserved. And if such a right is reserved, it will be valid and it will not be treated as a restrictive condition.

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Determination of Contracts [S.141]



- After a patent ceased to be in force, a contract or license relating to such patent shall be determined by the purchaser, lessee or licensee
- Give 3 months' notice to the other party

Now, there is also a provision for determination of certain contracts determination as in terminating certain contracts. After a patent has ceased to be in force, a contract or license relating to such patent shall be determined by the purchaser, lessee or the licensee.

Now, normally a patent runs only up until the term of the patent the 20-year term. So, if there is a contract that extends beyond the term of the patent then that can be revoked or determined by the purchaser, lessee or the licensee this provision section 141 provides for that. The party who has to determine it shall give 3 months notice to the other party.

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Lecture – 32
Opposition to Patents

Opposition, opposition refers to a process by which a patent application or a granted patent can be opposed on specified grounds and the consequence of an opposition is if successful, it would lead to the rejection of the application or it would lead to the revocation of the granted patent. Now these consequences are different, in the case of an application because the application is still under consideration and no rights have crystallized with regard to that application.

If an application is opposed successfully, it results in the rejection of the application, the application is rejected, whereas, when a patent that is granted is opposed there are already rights that a person can exercise with regard to a granted patent. We saw that the rights under section 48, which gives a patentee, the right holder the right to stop others from making, selling, offering for sale, importing and using can be exercised with regard to a granted patent.

So, when a granted patent is successfully opposed we would say that the patent was revoked based on an opposition. So, this distinction is something which we need to bear in mind. An application that is opposed successfully would lead to the rejection of the application and a patent that is opposed successfully would result in the revocation of the patent, the patent will now be revoked from the records.

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Introduction

- **Opposition:** Patent/Application challenged
- Importance of opposition proceedings
- Two kinds of oppositions
 - Opposition before grant [S.25(1)] - *Pre-grant*
 - Opposition after grant [S.25(2)] - *Post*

So, opposition can happen either with regard to a granted patent or an application patent application, in both cases the patent or the application is challenged, and the opposition happens only before the Patent Office. There are other procedures like a revocation which can happen before the Intellectual Property Appellate Board, a body which takes appeals from the Patent Office or there are invalidity proceedings say in the form of a counter claim which can be raised before the High Court in an infringement suit. So, that would again result in the revocation of a granted patent.

So, the opposition procedure is different because the opposition procedure happens at the Patent Office. There are some distinct advantages here, because the opposition happens at the Patent Office and because the Patent Office is the body that grants patent rights, it is easier to take technical arguments and to prove technical grounds for opposing a patent or for challenging a patent.

Whereas, the Intellectual Property Appellate Board or the High Court though they may have the assistance of a technical member or they may be able to get scientific advices to advise them, it is not the same as the granting body. The Patent Office being the granting body, the ability to appreciate technical arguments and to look into records pertaining to the patent are more comprehensive than the appellate bodies like the Intellectual Property Appellate Board or the High Court.

Opposition proceedings are important because they offer the first chance to raise a challenge for a patent because it happens at the Patent Office, a pre-grant opposition or an opposition before the grant can be instituted effectively in such a way that the opposition can stall the grant of the patent itself. Now, this is critical when an unjustified patent is about to be granted in instances, where a person needs to quickly challenge a pending application the Patent Office offers opposition proceedings for doing that.

Countries normally have post grant opposition, but India is an exception which has both post grant as well as pre-grant opposition. So, we have a mechanism by which an application can be opposed as we have mentioned there are 2 types of oppositions and the oppositions are under different provisions, the opposition before the grant is also referred to as pre-grant opposition and the opposition after the grant is also referred to as post grant opposition. Now let us look at pre-grant opposition or opposition before the grant.

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Opposition Before Grant



- Nature of pre-grant opposition
 - Summary in nature
 - Not inter-partes proceedings
- Status of opponent
 - Any person can make a representation
- Procedure of pre-grant opposition [R.55(1)]
 - Written representation [F. 7A]
 - Time bound procedure

Now, the nature of the pre-grant opposition is distinct and different from a post grant opposition, we will find that the proceeding proceedings are summary in nature summary as an very brief compared to a post grant procedure and pre-grant opposition is not recorded as in inter - partes proceeding. Now inter- partes is a legal terminology which is used when 2 parties are fighting or pitted against each other. Opposition is not a proceeding which is inter- partes though a third party intervenes into the Patent Office.

An opposition is triggered by a third party the access any person can file an opposition though it is triggered by a third party.

The third party merely supplies information as to why a patent should not be granted and the third party or whom we call a pre-grant opponent raises objections with the evidence showing why a patent should not be granted. Now the proceeding is largely between the applicant and the Patent Office the third party does the job of a friend of the court amicus curiae he assists the Patent Office. So, he is a friend of the Patent Office he assesses the Patent Office or the courts have used the language he aids the examination so, he helps the examination of the patent.

So, in that sense a pre-grant opponent is not regarded as a party and hence pre-grant opposition or opposition before the grant is not regarded as inter- partes proceedings. That also brings some detail on the status of the opponent. An opponent is a person who can make a representation, but he does not have rights of a party. For instance, the opponent if he fails in the pre-grant opposition does not have a right to appeal.

An opponent who fails in the pre-grant opposition after the patent is granted may file a post grant opposition that is possible but an opponent does not have the right to appeal. Now the right to appeal is normally given to a party. If you litigate in the District Court and you are the defendant in a suit and you are not successful in the suit you have a right to appeal to the High Court. Now this is an inherent way by which we understand whether somebody is a party to the proceeding, the pre-grant opponent does not have this right to appeal, so, we do not consider the pre-grant opponent has a party to the proceeding.

The procedure for pre-grant position is stipulated in Rule 55; a written representation has to be submitted. There is a particular form for it now and the procedure is a time bound procedure. The procedure largely moves in this pattern the pre-grant opponent files his objections along with the evidence the copy of the opposition along with the evidence is sent to the applicant, the applicant gives his response on the opposition and then there is a hearing. The hearing occurs before the Controller.

The Controller can call the applicant, the Controller can also call the opponent, if the opponent insists on a hearing the law states that hearing is not automatic a person has to request for a hearing. So, if the opponent has requested for a hearing and the Controller

would hear the person and then follow it up with a written order. So, there is a written procedure so, there is a written representation followed by a response by the applicant and both the written representation and the response will have its evidence, there is a hearing and the hearing is followed by a written order. Now all these things happen in a time bound fashion and for this reason we regard pre-grant opposition has a time bound proceeding.

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Opposition After Grant



- Nature of post-grant opposition
 - Proceedings: Between patentee and opponent
- Status of opponent
 - Person interested [S.2(1)(t)] *'Any person'*
 - Technical competence in the same field
- Procedure of post-grant opposition
 - Notice of opposition [F.7]
 - Opposition Board [R.56]

When we compare opposition after the grant, we find that the post grant opposition is between 2 parties, what we can call and inter- partes proceeding party one being the patentee against whose patent the opponent files and opposition. Now they have party status because regardless of who succeeds the other party can take up the matter in appeal that is one way for us to understand whether they have party status.

Now one distinguishing feature between the pre-grant and the post grant is that the post grant opposition has to be by a person interested and a person interested is defined under the Act has a person who has a research interest it includes a person with a research interest.

Now, pre-grant opposition on the other hand can be filed by any person. So, this is a difference between pre-grant and post grant opposition. Now this would require a person to have some technical competence in the field so that is why a person interested is defined as a person having your research interest in the Act. The procedure is also

different from pre-grant opposition, the opponent has to file a notice of opposition there is a form for that and after the notice of opposition is filed and the reply is received from the patentee an Opposition Board is constituted. Now there is no Opposition Board in pre-grant opposition. Now the Opposition Board comprises of 3 examiners who have not dealt with the patent before.

So, this is more like an additional review by a different set of examiners. The Opposition Board submits its report and the report is not binding on the Controller. The Controller is the person who sits and adjudicates the opposition, the Controller has the Controller listens to the parties they can. There will be a hearing and there will be prior notice of the hearing and upon the hearing the Controller will decide whether to revoke the patent, if there are grounds for revocation or whether to amend the patent, if the objections are of such a nature that they can be amended or whether to allow the patent to continue which means whether to reject the opposition.

So, the consequences of a pre-grant opposition are either the patent gets granted or the patent application gets rejected. Whereas a post grant opposition they could be 3 consequences, the patent may get revoked, the patent may get amended or the patent may be allowed to continue. So, let us look at the grounds of opposition, the grounds of opposition are common for both pre-grant and post grant opposition.

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Grounds of Opposition

- Same grounds for pre-grant and post-grant opposition
- **Difference:** Stage of introduction of grounds
- 11 grounds of opposition
- Exhaustive grounds
 - Can't be opposed on lack of unity

The only difference is that the stage in which the grounds are introduced. In a pre-grant as the word stands the opposition grounds are introduced before the grant of the patent and in a post grant they are introduced after the patent is granted though these proceedings happen in different points in time the grounds remain the same.

The post grant opposition can be filed one year after the patent is granted. So, there is a timeline for filing the post grant where as a pre-grant opposition can be filed anytime after the patent is published, but before the grant of the patent. There are 11 grounds and the grounds are meant to be exhaustive meaning which you cannot add new grounds of opposition which are not covered in the 11 grounds.

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Grounds of Opposition

- Invention wrongfully obtained
 - SS. 25(1)(a) & 25(2)(a)
 - Focus on identity of the invention
 - Relief: S. 26 Amend patent in the name of opponent

For instance, a patent cannot be opposed for lack of unity, unity is a feature that each application should only cover one invention if there are more than one invention it is not a ground for opposition.

When an invention is wrongfully obtained that can be a ground for revocation, now the ground for revocation in pre-grant is mentioned in section 25(1) and the same ground is mentioned in section 25(2). Now, this ground has the focus on the identity of the invention, if an invention is claimed by a person, but it was a wrongfully obtained by that person and a application was filed. The person from whom it was wrongfully obtained can file an action an opposition to oppose the patent and as a relief the patent can also be changed to the name of the opponent. So, because the claim here is that the patent was

wrongfully obtained the person who was the rightful owner can also request the patent to be amended in that person's name, now the relief may vary if the person is not interested in having a patent in their name.

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Grounds of Opposition



- Prior Publication
 - SS. 25(1)(b) & 25(2)(b)
 - Two Kinds
 - Published in India after 1 Jan, 1912 (*patent*)
 - Published in India or elsewhere, in any other document (*non-patent*)
 - Statutory exceptions
 - Matter published earlier published without consent of applicant
 - Invention claimed in complete specification

In which case they will ask for a revocation. Prior publication is another ground on which a patent can be opposed. There are 2 kinds of prior publication one is published in India before first Jan 1912 that is with regard to a patent application or published in India or elsewhere in any other document. So, this covers 2 kinds of publications, it covers patents and it covers non patent document. Prior publication is an objection of a lack of novelty if the information that is covered in a patent is published before the date of filing the application then it can be a ground for revocation.

If the published information is in a patent there is a provision for that. If the published information is covered in a non patent literature then that could also be a ground for opposition. Now, there are certain statutory exceptions matter published earlier, but published without the consent will be excluded.

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Grounds of Opposition

- Prior Claiming
 - SS. 25(1)(c) & 25(2)(c)
 - Anticipation by application
 - Published in India with earlier priority date
 - Recourse: Controller may require amendment or insertion of a reference of earlier claim

The next ground of opposition is prior claiming, again this is a ground which pertains to lack of novelty. This is a ground where the anticipation happens by another application, where the application is published in India within earlier priority date. Now one of the things you could ask in this ground is for the Controller to require an amendment or an insertion of the reference of the earlier claim. So, reference could be one of the recourse that a person asks. Again a patent cannot be granted if there is an if that invention is claimed earlier, prior claiming refers to a claim made earlier in another patent application.

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Grounds of Opposition

- Prior knowledge or publicly used
 - SS. 25(1)(d) & 25(2)(d)
- Lack of Inventive step
 - SS. 25(1)(e) & 25(2)(e)
 - “Clearly” doesn’t involve any inventive step
- Subject of claim not an invention or not patentable
 - SS. 25(1)(f) & 25(2)(f)

↓
S.3

↓
S.4

Prior knowledge or public used is another ground; this is again the ground which comes under lack of novelty. So, if there is prior knowledge or public use of an invention then that could be a ground for challenging an application. The patent application can be challenged on the ground that there was prior knowledge or the invention was used publicly.

Lack of inventive step is one of the strongest grounds on which any patent can be opposed. So, this again can be used either before grant or after grant and the provisions are different. Now, inventive step pertains to what is not obvious to a person skilled in the art the invention should involve in inventive step and inventive step is defined as an aspect of the invention which is not obvious to a person skilled in the art.

Another ground for opposition is the fact that the subject matter of the claim is not an invention or it is not patentable now these are exceptions to patentability covered under section 3 and section 4 of the patents act. Now exceptions of patentability we have covered this it is a long list of things that cannot be granted a patent, atomic energy inventions cannot be granted a patent under section 4. So, if you need to oppose a pending application or a granted patent citing one of those provisions under section 3 or under section 4 then these are the grounds that you will use section 25(1)(f) or section 25(2)(f)

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Grounds of Opposition

- Insufficiency
 - SS. 25(1)(g) & 25(2)(g)
 - Sufficiently and clearly describe the invention
 - Method of performing
- Non-disclosure of information
 - SS. 25(1)(h) & 25(2)(h)
 - Failure to disclose information under S.8

Insufficiency is also a ground for opposition, now there is a requirement under the law that the patent specification shall sufficiently and clearly describe the invention. Description of the invention is a requirement for the grant of a patent if the patent does not clearly describe the invention then the patentee has not performed his part of the bargain, but the grant of patent is a bargain where in lieu of the disclosure that the patentee makes the long efforts in a 20 year exclusive right over his invention. So, if the description is not clear or it is not sufficient to enable a person skilled in the art to make the invention that can be a ground for revocation.

So, this is an internal ground the description of the invention in the complete specification has to be of such a nature that it can allow others skilled in the art to come up with the invention so, the method of performing should be clear and distinct. Another ground for revocation is non-disclosure of information.

There are certain information that the Patent Office requires from the applicant. If the applicant does not disclose that information or does not keep the Patent Office informed with regard to that information that can be a ground for opposition, now section 8 of the Patents Act requires an applicant to inform to keep the Patent Office informed of applications that the person is filed in other Patent Offices which are similar to the application filed in the Indian Patent Office.

This requirement is more of a nature to keep the Patent Office informed of what is happening in other Patent Offices. For instance if an application is filed in India and similar applications for the same invention are filed in Japan, China and the United States and if Japan and the United States rejects the application for whatever reason, then the Indian Patent Office would like to know that those applications were rejected and it casts a duty on the applicant to inform the Patent Office about those objections. So, here is an obligation casted on the applicant to keep the Indian Patent Office informed as to what is happening in other Patent Offices pertaining to the same invention.

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Grounds of Opposition

- False claim to convention priority
 - SS. 25(1)(i) & 25(2)(i)
 - Two grounds
 - Time barred convention application
 - Basic application not a convention application
- Non disclosure of biological material
 - SS. 25(1)(i) & 25(2)(i)

So, non-disclosure of information is a ground for challenging a patent never ground for challenging a patent under opposition is when a person claims or a falsely claims convention priority. Now convention priority is the 12 month period within which after you file basic application in a convention country you can enter any convention country within 12 months.

So, there is a timeline wherein you can claim the convention priority, now if the convention priority is falsely claimed meaning which one you file an application in a convention country, but you do not enter within the 12 months in the other convention country. So, you have not kept the 12 month period you have not entered within the 12 month period or you seek priority from a country which is not a convention country.

So, this refers to a false claim to convention priority. So, it covers time-barred convention applications and it also cover situation where the basic application is not a convention application. Non disclosure of biological material is again a ground for opposition, the an applicant who uses a biological material is duty bound to disclose the biological material if that is not done it can be a ground for opposing a patent.

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Grounds of Opposition

- Anticipation by traditional knowledge
 - SS. 25(1)(k) & 25(2)(k)
 - Knowledge within local or indigenous community
 - Proved by oral or documentary evidence

And finally, anticipation by traditional knowledge, if something is within the knowledge of a local or indigenous community and it can be proved by oral or documentary evidence then there can be a ground for objecting a patent. A patent can be opposed if the invention is known or anticipated by traditional knowledge.

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Lecture – 33
Infringement of Suits

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Infringement Suits

Infringement suits.

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Introduction

- Infringement not defined under the Act
- Intrusion, scope of invention for which protection claimed
- Scope of monopoly rights: SS. 10(4)(c) & 48



The term infringement is not defined under the Act, the Patents Act and the Patents Rules do not define infringement. We understand infringement through case laws. Case laws developed by the courts where patent cases were litigated and the decisions bring out some principles on what could amount to infringement. Apart from the case laws developed in India, because the Indian Patents Act has a British origin, we also use some cases from the United Kingdom in understanding the principles of infringement.

Infringement can be understood as an intrusion into the scope of the invention for which protection is claimed. We understand that a patent specification, the document that encompasses the patent right is a techno-legal document, which comprises technical information which also demarcates the limits of the right in a legal fashion. So, this part where the rights are demarcated is what we call the claims of a specification. The claims are the concluding part of the patent specification and the patent specification shall end with the claims as per the act.

The claims contain the limits of the patent. The claims contain what are claimed by the inventor in fact, the preamble of the claim will read I claim or we claim. So, the claim is the boundary of the right that the patent claims, any intrusion into this boundary is regarded as infringement. An infringement is something that has to be proved before a court of law; an infringement analysis can only be done before the court of law.

So, when a patentee, the owner of a patent suspects infringement he has to file a case before the court of law. In India, it could be a case that can be filed in a District Court or at the High Court having appropriate jurisdiction. You have to determine which court has the jurisdiction, and then you can file a case in the appropriate court. Now, this intrusion is understood as something that intrudes into the right of a person. Earlier in law they used to call this as trespass. Trespass in a normal case with regard to property would happen when somebody enters upon private property without prior consent.

When someone enters into a private property without permission, it is regarded as trespass. Intellectual property is also capable of being trespassed, but not in the sense in which a physical property is, but not in the way in which a physical property is trespassed. In determining infringement there are various steps that we need to undertake. Before we can make an analysis of whether an invention covered in a patent

has been infringed. So, first step will be to identify the act which is the infringing act and see whether the infringing act falls within the scope of the protection claimed in a patent.

So, this involves principles of claim interpretation, the claim has to be interpreted, the claim has to be understood and it has to be determined whether the act falls within the scope of the claim. Infringement can only be with regard to rights that are guaranteed to the patentee. A person can only infringe the rights that are protected. The Patents Act though it does not define entrainment. It does mention the rights of the patentee in section 48. In section 10(4)(c), it mentions that the scope of what is claimed shall be mentioned in the claim itself. So, the patent specification shall end with the claims describing the scope of the invention.

So, the scope of the invention is something which you will find in the claim. So, the rights that are protected are enumerated in section 48. The right to manufacture and the right to sale, the right to manufacture the right to sell, the right to offer for sale, the right to use and the right to import. Any intrusion into these rights or when a patentee rights with regard to manufacturers sale, offer for sale, import and use is affected, then we can say there is infringement of the patent.

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Determining Infringement

- Within scope of invention as per claims?
- Violation of any right of the patentee?
- Who is liable for the act?
- Whether the act comes under any exception?

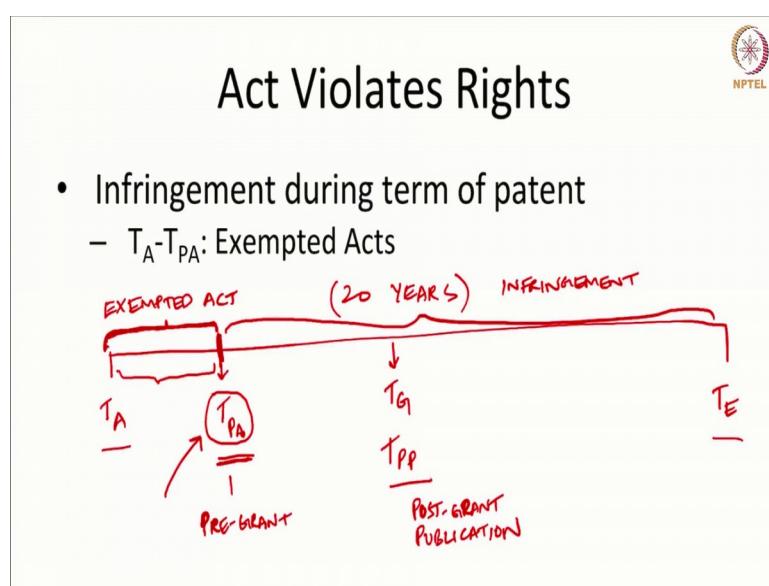
How do we determine infringement? The first thing is to see whether the act the for which is alleged to be an infringement, the act that is complained of falls within the scope of the invention as per the claims. So, we have to determine the scope of the

claims first. Two, we will have to see whether there is a violation of any right of the patentee. So, it is not just sufficient that the scope of the invention is determined, but a violation should also be established. There could be instances where an act may fall within the scope of the claim, but it may not violate any right of the patentee.

Then you we have to determine who is liable for the act. So, we have an act we determine the act say it is a sale of the infringing product in the market. The infringing product is analyzed. And it is found to be falling within the scope of the claims; it is determined whether right of a patentee with regard to the rights guaranteed under section 48 are violated. If the answer to that is again yes, then we determine who is liable for the act.

We identify the person who caused the infringing act. And then we see whether the act comes under any of the exceptions. We saw the exceptions to the grant of a patent what would be an exempted act, if it is correct, if it is committed. So, the act should not be an exempted act, it should be something which falls within the scope of the invention as claimed, it should violate a right of the patentee and the person who committed the act has to be identified. So, these are the four steps that needs to be undertaken in determining infringement.

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Now, the acts that violate the rights of a patentee are the acts that are committed during the term of a patent. Now, we had seen that the term of a patent is a 20 year period that

extends from the time of the application T A till time of expiry T E. Now, this is the period for which patent protection is granted from the time of application till the time of expiry. It is a 20 year period in normal course.

Now, we are also mentioned there is a time of publication of the application. The application is published we have also mentioned, there is a time for grant, and the time of grant coincides with a second publication time for publication of the patent. This is the second publication. Now, the time for the publication of the application is what we call the pre grant publication. We had mentioned this as the pre grant publication; and this is the post grant publication, post grant publication.

The pre grant publication is important because it is at this point that the world gets to know about a patent, because till such time the, it comes under the it enjoys confidential status. Now, this timeline between TA and TPA that is the time of application and the time of publication of the application. Any act done is exempted any act of infringement cannot be an act for which any liability can be imposed. The reason being a person who commits an act between this timeline can be regarded as an innocent infringer, because he did not have knowledge about the patent. The knowledge of about the patent reaches out to the world only at this point where the patent application has published.

So, any act within T A to T PA would it would be presumed that the person did not have knowledge unless there is proof to the contrary and such acts are exempted. So, any act committed within T A and T PA cannot give a cause of action for filing a case against a person. Whereas, any act from T PA up until the time of expiry will constitute infringement. So, we determine infringement as notice served by the patentee. And this is the point at which the patent application serves notice to the world.

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Act Violates Rights

- Infringement during term of patent
 - $T_A - T_{PA}$: Exempted Acts
- Rights of patentee protected
 - S.48 rights are protected *product* *process*
- Infringement of product and process

We had already mentioned that section 48 meant section 48 categorizes section 48 mentions the rights of the patentee. And an infringement can affect either a product or a process because in section 48 the two types of rights that are protected are rights with regard to a product and rights with regard to a process. All the rights of making, using, offering for sale, selling and importing has to pertain to a product or it has to pertain to a process. Now, this is also true for the definition of invention as well. Invention is defined and then the Act as a product or a process. So, infringement can only happen with regard to a protected product or a protected process.

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Jurisdiction [S.104]

- Courts having jurisdiction
 - District Court ✓ – *COUNTER- CLAIM OF INVALIDITY*
 - High Court ✓
 - Ordinary original civil jurisdiction –
 - Value of the relief claimed –
- Power to transfer
 - Counter claim of revocation is claimed – *DISTRICT*

Now, where do you file the case? Section 104 tells us that the courts that have jurisdiction for filing an infringement case will be the District Court or in the High Court within the territory where the defendant resides, or defendant carries his business. So, in patent law, the case has to be instituted at the place where the infringement occurs either the infringing activity occurs say if sale or manufacturing, the infringing activity has to occur and the courts in that jurisdiction will have the power to look into it.

So, you can file a case before the District Court which is the lowest court or in the High Court. But if you file a case in the District Court and the defendant the person who is infringing rises a counterclaim now the counterclaim is an opposing claim. So, you say there is infringement the defendant says your patent is invalid. So, when a defendant raises a counterclaim of invalidity, so the defendant raises a counterclaim in an infringement suit stating that the patent is invalid. So, how can you infringe an invalid patent, so that is a claim of the defendant, then the case is transferred to the High Court. So, if a case is filed in the District Court, it has to be transferred to the High Court.

So, wherever the law requires the detailed examination of the counterclaim, the case has to be transferred to the High Court. So, as a strategy it would be better to move to the High Court so that you can protect the case from being transferred if you move to the District Court because in most cases it is possible for the defendant to raise a counterclaim of invalidity.

So, when a case is filed, the first reaction for the defendant will be to say that, no, he is not infringing; and also, to state that the patent which is being enforced against him is invalid. The courts having jurisdiction are again determined by the ordinary original civil jurisdiction which is how we determine the civil courts that have jurisdiction. And the courts again have the value of the relief can also determine the court which can have jurisdiction in taking up a matter. The courts have the power to transfer the case. So, a District Court can transfer the case in case a counterclaim of revocation or a counterclaim of invalidity. Invalidity is a ground for revocation is claimed. When a counterclaim is raised, the District Court has the power to transfer of the case.

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Parties



- Who can institute a suit?
 - Patentee ✓
 - Exclusive Licensees ✓
 - Co-owners ✓
- Who may be sued?
 - Any person infringing, or his agents
 - Joint tortfeasors (distributor, retailer)

Now, who are the parties in an infringement suit? Now, the patentee is a party the patentee is the owner of the patent who files the suit. In cases where the patent has been given on an exclusive license then the exclusive licensee will be the party. The exclusive licensee will have the same rights as that of the patentee, in fact, once an exclusive licensee is licensed is given the exclusive licensee can even stop the patentee from doing the act. So, it is exclusive in every sense. Co-owners owning the patent can also have the right to institute a infringement suit.

Now, who may be sued? Now, we just saw the parties who can initiate the action. Now, any person who commits the infringement or his agents people working with him or working under him even they could be the distributors and detailers of retailers of the product could also be joined as tortfeasors. Tortfeasors refers to us term people who have committed a civil wrong an infringement is regarded as a civil wrong.

Intellectual Property
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Lecture – 34
Defences to Patent Infringement

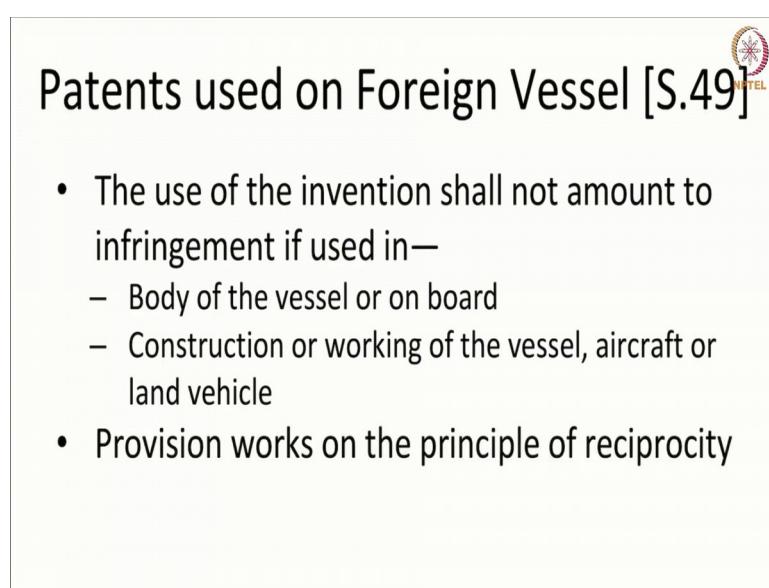
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Defences

What are the defenses that can be taken in an infringement suit?

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Patents used on Foreign Vessel [S.49]



- The use of the invention shall not amount to infringement if used in—
 - Body of the vessel or on board
 - Construction or working of the vessel, aircraft or land vehicle
- Provision works on the principle of reciprocity

There are provisions in the patents act, which tells us that certain acts do not amount to infringement, for instance patents used on a foreign vessel. The use of an invention will not amount to infringement if a patent is used in the body of a vessel or on board or on the construction or working of the vessel aircraft or land vehicle and that land vehicle enters the Indian Territory for a brief period of time.

So, these acts the fact that a vessel or an aircraft or a land vehicle that came into India as a part of a transit, the fact that the vessel or the aircraft or the land vehicle had a patented part it coming into the territory of India will not be deemed as infringement this works under the principle of reciprocity.

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NPTEL

Bolar Exemption [S.107A(a)]

- Submission of sample to regulating authority
 - Without intention to market until patent expires,
amounts to use of invention
 - All pharma research covered under S.107A(a)

Another act or set of acts which do not amount to infringement are what is popularly called the Bolar Exemption. Now, submission of a sample for regulatory purposes, a manufacturer submits a sample of a patented product for getting approvals. So, that when the patent expires the manufacturer can involve or engage in large scale production.

All those acts with go with the intent of seeking regulatory approval will not amount to infringement. So, if there is a drug which will expire in 2019 and the drug is patented by a company. Another company which wants to enter the market after the expiry of the drug may approach the drug regulatory authority in India, for it seeking approval regulatory approval so, that when the patent expires it can launch the product.

Now, such acts of submitting samples for getting regulatory approval, even if that be for a patented product will not amount to infringement. Pharmaceutical research is largely covered by this provision.

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Parallel Importation [S.107A(b)]

- International exhaustion of patent rights
 - Patented goods sold by patentee, he shall have no further control over it
 - Importation allowed
- No infringement

Another provision which says that certain acts will not amount to infringement is the provision of parallel importation. In India, we follow the principle of International exhaustion of patent rights, patented good sold by the patentee then the patentee will not have any further control over it.

So, if the good is sold in China and the goods are patented there and a person buys the patented product from China for by paying lawful consideration and he imports that product into India. Even if there is a patent in India it will not amount to infringement because, the consideration for that product has already been paid in another jurisdiction.

So, a patentee normally will not have control post sale, once he sells the product then resale is not something which is within the control of the patentee. So, India allows international exhaustion meaning which if the first sale happens in a foreign jurisdiction it cannot be stopped from entering India, because the consideration has already been paid. Like Bolar exemption parallel importation will not amount to infringement.

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Lecture – 35
Intellectual Property Appellate Board

The Intellectual Property Appellate Board is the appellate body that can receive appeals from the Patent Office; that is the appellate function of the intellectual property appellate board. Apart from the appellate function the Intellectual Property Board can also take cases directly what we call original jurisdiction.

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NPTEL

Appellate Board [S.116]

- Appellate board established under S.83 of Trade Marks Act, 1999
- Appeals, rectification, invalidity — original

The Intellectual Property Board has both appellate jurisdictions, that is its ability to take appeals from a lower body like the Patent Office, it also has the right to take cases directly what we call original jurisdiction. The appellate board was established for the patent side around the year 2007.

Now, this was done by the Patents Act when it introduced the appellate board, the appellate board itself was constituted under the Trade Marks Act in 1999. So, there was a delay for constituting the patent side of the appellate board. The Intellectual Property Appellate Board can deal with matters concerning intellectual property right like trademarks, patents, designs and now there is also a provision for dealing with copyright set.

So, the powers pertain to appeals which is appealed from the Patent Office or sometimes even from the central government, they have the power to rectify the register which is called rectification proceedings and they also have the power to decide revocation or invalidity proceedings. Now, rectification and invalidity pertain to the original powers of the appellate board.

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Appellate Board [S.116]

- Appellate board established under S.83 of Trade Marks Act, 1999
- Appeals, rectification, invalidity
- Bar of jurisdiction of courts

There is a bar on the jurisdiction of courts, before the constitution of the appellate board patent cases were filed before the High Court and revocation of patents were also filed before the High Court. When the Intellectual Property Appellate Board was constituted and when the patent site was created, the law created a barring provision which prevented any other courts from taking action on matters pertaining to patents.

An appeal from the Patent Office could only lie before the Intellectual Property Appellate Board and similarly proceedings pertaining to rectification of register, revocation of patents would only lie before the Intellectual Property Appellate Board. So, the bar on jurisdiction of other courts would mean that you cannot file a case pertaining to patents in any other court. Now, the only exception is infringement suits and suits pertaining to declaratory suits on patents.

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Lecture – 36
Declaration of Non Infringement

There are 2 types of declaratory suits that can be filed with regard to patents, infringement suit is something which a patentee would file a patentee would file an infringement suit to enforce the patent against potential infringers. Potential infringers also have certain tools which they can use against the patentee, now these are called declaratory suits. The first declaratory suit which the Patent Act mentions is the declaration of non infringement.

Now, we understand the declaration of non infringement as a pre emptive suit, a person who apprehends that the patentee may file an infringement suit against him can approach the court proactively and get a declaration stating that his action, the action that he is currently doing does not amount to infringement of the patentees patent. So, he essentially gets a declaration that his actions do not constitute infringement or his actions are non infringing. So, this is a mechanism by which competition is allowed and an injunction in an infringement suit is not used to restrain the acts of a legitimate business.

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Introduction



- Suit for declaration of non infringement [S.105]
- Anticipatory action against patentee or licensee
 - Potential infringement action
- Risk assessment before venturing into commercial production

So, a declaration as suit for declaration is filed under Section 105, as I mentioned it is an anticipatory action against the patentee or the licensee. Now this action is done because there is a threat of an infringement action, the person who approaches the court with a declaratory suit apprehends an infringement action and hence does this. It amounts to risk assessment before venturing into commercial production; say entity wants to know whether they can enter into commercial production. And there are patents which belong to others they could get a declaratory relief before investing into commercial production by knowing where they stand with regard to a patent.

So, if they get a declaration saying that their process is non infringing, then it would mean that tomorrow there cannot be a suit filed by the patentee stopping their activities.

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Declaration under S.105



- Parties to the suit
 - **By who:** Any person having an anticipation of infringement action
 - **Against whom:** Patentee or the holder of the exclusive licensee of the patent
- Jurisdiction: High Court or District Court
 - Acts under S.105 were done

So, the parties to the suit are any person having and who anticipates or who expects an infringement action can file the suit and it can be filed against the patentee or the holder of the exclusive license of the patent. Now the jurisdiction is same as the infringement suit it can be filed before the High Court or the District Court and it is filed where the section 105 acts were done.

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Declaration under S.105

- Conditions to be met before filing suit
 - Seeking a written acknowledgement from patentee/licensee
 - Patentee/licensee refused to give acknowledgement
- Effect of Declaration
 - Plaintiff has not infringed patent

Now, there are certain conditions that have to be met before filing the suit, the person who files the suit should seek a written acknowledgement from the patentee or the licensee and the licensee or the patentee should refuse an acknowledgement to give such an acknowledgement.

Now, when the court passes an declaration it means that the patentee has not infringed the said patent. The second type of declaratory suit which persons who apprehend infringement action can file proactively are called the declaration of groundless threat.

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Relief for Groundless Threats

- Suit for relief [S.106]
- **By who:** An aggrieved person
- **Against whom:** Any person
 - Entitled to a patent/application
 - Interested in a patent/application
 - Anyone whether interested or not

Now, relief in a groundless threat suit a suit is filed under 106 of the Patent Act, it is filed by an aggrieved person an aggrieved person is a who is subject to threats of infringement by the patentee and it can be filed against any person who was entitled to a patent or an application, who was interested in a patent or an application or anyone whether interested or not.

Now, the reference here to is to a patent or a pending application because, they could be threats made by potential patentees. A patent applicant who has a patent can make a threat to a competitor and stop his legitimate business or bring uncertainty over his legitimate business, stating that I will soon get a patent and if I get a patent I will be initiating an infringement action against you. Now, you may wonder is it wrong to mention or is it wrong to state, that you would initiate infringement action against a potential infringer. The law is not against infringement actions, but it is against groundless threats of infringement action.

So, if you make a statement that you will follow your threat with an infringement action, then the law expects you to carry out your threat. So, the logic behind this provision is that legitimate business law, the logic behind this provision is that legitimate businesses should not be or should not operate under uncertainty because, somebody else is threatening to stop and there stop there somebody else is threatening to stop their business.

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Relief for Groundless Threats

- Aggrieved person can claim following reliefs:
 - Declaration, threats are unjustifiable
 - Injunction against continuance of threats
 - Damages
- Defense for the defendants
 - Acts for proceedings threatened, shall constitute infringement
- Notice of existence of patent, not threatening

So, a person who is aggrieved, a person who is subject to these groundless threats of infringement suit can claim the following relief. The person can ask for a declaration that the threats are unjustifiable he can ask for an injunction to restrain the person from continuing the threats, he can also ask for damages or compensation.

Now, the defense in these cases if a person files a case of declaring a threat to be a groundless threat, then the patentee can state that the acts for proceedings threaten actually constitute infringement. So, in a way the patentee can mention or state that these are not groundless threats they are actual real threats and there are grounds for initiating infringement suit.

Now, the mere fact that the patentee points to the existence of a patent we will not amount to a groundless threat, the threat has to be explicit and it has to be groundless in the sense that it is being done without any objective of filing an infringement suit.

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Kinds of Threats

- Threats during contractual relationship
- Legal notice by patentee
- Oral threat
- Written threat
- Threat of future infringements
- Threats in without prejudice communications

Now, there could be threats during contractual relationship between a patentee and the licensee, there could be threats that come by way of a legal notice issued by the patentee. There could be oral threats which can happen during discussions they could be a written threat; there could be a written threat and there could be a threat of future infringements. Threat could also manifest in without prejudice communications.

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Lecture – 37
Limitations of Patent Rights - Compulsory License

Compulsory licenses are granted when there are situations which warrant a grant of a compulsory license.

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Types of CL



- Third Party Initiated CL
- Special CL
- CL of Related Patents
- CL for Export of Pharmaceuticals

Under the Indian Patents Act there are 4 types of compulsory licenses that can be granted, the first one is a third party initiated compulsory license of what we also refer to as a market initiated compulsory license. Then we have a special compulsory license which is issued in special circumstances, then we have the compulsory license of related patterns and we have a compulsory license for export of pharmaceuticals. These are the 4 types of compulsory licenses that can be granted under the act.

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Application for CL [S.84]

- Establish a *prima facie* case for S.84
- **Who can apply:** Any person interested after the expiration of 3 years from grant of patent
- **Conditions:**
 - Reasonable requirements of public not satisfied
 - Not available at reasonably affordable price
 - Not worked in India
- Other applications under SS. 91, 92 92A

Now, let us look at the first type which is the general type, it is an application for a compulsory license which can be done under Section 84; now this is a market initiated compulsory license. Now to warrant the issuance of a compulsory license the person who makes an application has to establish a *prima facie* case, he has to show that there is a case for the grant of a compulsory license. Now, who can apply? Any person interested can apply a person interested is defined as a person who has a research interest among other things and this can be done after 3 years of expiration of the grant of the patent.

It is should have been 3 years since the patent has been granted only then a compulsory license can be applied for. Now, what are the conditions for the grant of a compulsory license under Section 84 which deals with the general company license or the market initiated compulsory license. One of the conditions for the grant is that the reasonable requirements of the public are not satisfied. So, if the reasonable requirements of the public are not satisfied with regard to a particular invention covered by a patent; then you can ask for a compulsory license for that patent.

Secondly, the invention which is covered by a patent is not available at reasonably affordable price. So, it is not available as an affordable price again you can file a compulsory license and the third reason why you can ask for a compulsory license under Section 84 is that the invention is not worked in India. The patent, the invention covered by the patent is not worked in India. Now as mentioned apart from these, this type there could be applications under 91, 92 and 92 A; the 3 other types of compulsory licenses.

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Third Party Initiated [S.84]



- Procedure
 - Adjournment of applications, if time not enough to work the patent
 - Opposition of application
- Factors considered before grant [S.84(6)]
 - Nature of invention, steps taken to use invention
 - Ability to work invention for public advantage
 - Capacity of applicant to undertake risk
 - Failed in obtaining license

Now, the procedure is that the application has to be disposed of in a timely fashion, there can be opposition to the application somebody files an application for a compulsory license that can be opposed, there is a procedure for opposition and there are factors that the controller has to consider before the grant of a compulsory license.

The nature of the invention and steps taken to use the invention, the ability to work the invention for public advantage, capacity of the applicant to undertake the risk because the risk will involve manufacturing and supplying it in India and the fact that the applicant failed to obtain a license. Now these are the factors which will be considered before granting a compulsory license.

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Incidental Orders: Controller

- Granting Licences to Customers of the Applicant
- Cancelling or Amending Existing Licences
- Granting Licences for Other Patents
- Revision of Terms and Conditions

The controller can also make certain incidental orders, granting licenses to customers of the applicant and also the Controller has the power to cancel and amend existing licenses. They can also be licenses can also be granted for other patents, which are necessary for implementing the compulsory license. The Controller also has the power to revise the terms and conditions of a grant of a compulsory license.

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Licensing of Related Patents [S.91]

- **Who:** Any person, right to work any other invention as a patentee or licensee
- **When:** Prevented without such licence from working the other invention efficiently
- **Conditions:**
 - Willing to grant/procure, license of other invention
 - Substantial contribution, industrial activities

The second type of a compulsory license is a compulsory license which pertains to related patents; this is granted under Section 91. Who can apply? Any person who has a right to work any invention as a patentee or licensee; so, a person has a right to work an invention as a patentee or a licensee can apply for a grant.

Now, a reason why such an application should be made is that the person is prevented without such license from working the other invention effectively. So, when 2 patents are related the person has 1 patent, he owns the patent or has license, the patent he is not able to work his patent because of another patent which he needs to license. If he does not license that patent then it could amount to infringement, so when there are related patents in a way in which you cannot operate or use one without infringing the other then you can seek a license for a related patent. The conditions are that the person who seeks the patent should be willing to grant or procure license of the other invention.

Then they are asked the invention itself should make a substantial contribution to industrial activities. So, the technology should be something which is important for a license to be granted.

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Special Compulsory License [S.92]



- Compulsory licenses to work the invention
 - circumstances of national emergency
 - circumstances of extreme urgency
 - cases of public non-commercial use
- Includes public health crisis
- Notification by Central Govt.

The third type of license is the special compulsory license under section 92, now these are licenses granted to work the invention in circumstances of national emergency, in circumstances of extreme urgency or in cases of public non commercial use. Now, this includes public health crisis like HIV AIDS and other health crises, so in case where there is a need to issue a compulsory license in need in the case of a national emergency or extreme urgency then section 92 can be employed section 92 has not been employed so far.

Because there have been no instances requiring the issue of one such license. The procedure for granting special compulsory license is that the government, the central government has to issue a notification first, upon the notification the controller can grant a compulsory license.

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Compulsory License for Export [S.92A]



- Manufacture and export of pharma products
- To a country having insufficient manufacturing capacity
 - Address public health problems
 - Such country allows importation from India

The fourth type of compulsory license is the compulsory license for export of pharmaceutical products this is covered under section 92A. Now this is an exclusive license for manufacturing within India and export of pharmaceutical products outside India.

So, the object of this license is to manufacture in India and to export outside India to a country having insufficient manufacturing capacity. Now, this is a special provision to address the needs of other countries, there could be countries which do not have adequate manufacturing capacities and which need the drug or pharmaceutical product to be imported into their country and this mechanism is to facilitate that need and it can be done by employing the local manufacturing capacity within India. It is to address public health problems and such countries allow importation from India their law should allow importation from India.

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Revocation [S.85]

- Revocation in cases of not working
- **Who:** Person interested, Central Govt
- **When:** 2 years after date of grant of CL
- **Conditions:**
 - Invention not been worked
 - Reasonable requirements of public not satisfied
 - Not available at affordable price

There is also a provision where a patent can be revoked after the grant of a compulsory license. Now these are revocation in cases of not working, the person any person interested, or the central government can also move for a revocation. Now the application for revocation can be moved only after 2 years of grant of the compulsory license.

So, we have already seen a compulsory license can only be granted after 3 years of the patent being granted and a compulsory license has been granted and it is been 2 years after the grant of the compulsory license, nothing has been done the patent has not been worked. So, the invention has not been worked reasonable requirements of the public not are, not being satisfied and the invention is not available at an affordable.

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Termination [S.94]

- Termination of application made under S.84
- Application made to the Controller by the patentee or interested person
- License holder has the right to object such termination
- Application to be made on F.21

Compulsory licenses granted can also be terminated an application that is been granted a compulsory license under section 84 can be terminated. The procedure is mentioned in section 94, application shall be made to the Controller by the patentee or the interested person, because the patentee is the person who is affected by a compulsory license. So, it can be made by the patentee license holder has the right to object to such termination. The person who is currently enjoying the benefit of a compulsory license can object to the termination and the form to be used is Form 21for making an application for termination.

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Lecture – 38
Government Use and Acquisition

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**Government Use and
Acquisition**

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Use of Invention

- For the purposes of Government [S.99]
 - Central Govt, State Govt, Govt undertaking
- Meaning of use
 - Made, used, exercised or vended for the purposes of Govt.
 - Use of medicine and drugs under S.47

Government Use and Acquisition, the government has the power to use certain inventions that are covered in a patent. This could be done for the purposes of the

government the Central Government, the State Government or a government undertaking can initiate these proceedings. The meaning of government use has been defined as something that is made used exercised or vended for the purpose of the government. So, if there is an invention that is being made, used, exercised or vended for the purposes of the government. And that invention is covered by a patent then the government can seek, the pattern for government use or it can also acquire the invention.

Just how the government has the power to acquire land in certain circumstances the government also has the power to acquire patent which is an intellectual property. Now use of a medicine or drugs under section 47 is regarded as one such instance of a use.

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Use of Invention

- Payment of royalty to the patentee [S.100]
 - No royalty: tested on behalf of government before priority date
 - Royalty: if not tested on behalf of Govt, use after grant of patent
- Authorization by Govt
 - Before or after grant, to any person
 - Notify the patentee

The procedure for the government to acquire requires the payment of royalty to the patentee. So, if the government is going to use or acquire an invention then royalty has to be paid. Now however, no royalty is required to be paid if it is tested on behalf of the government before the priority date.

Now, the priority date is the date on which the patent application is filed or the priority document is lodged. If the government tested the invention before the priority date, then there is no liability on the government to pay royalty. This is because the government tested it before the patent crystallized or before a application for a patent was even filed. Now if the; if it is not tested on behalf of the government then for all the use after the grant of the pattern , the government is liable to pay royalty to the patentee.

Now, this requires authorization by the government. The government can authorize before or after the grant any person to use the invention and the government shall also notify the patentee about such use.

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Use of Invention

- Right of third parties [S.101]
 - Third party agreement shall not restrict the use of the invention by Govt
 - Provide for making of payments
- No copyright infringement on Govt use
- Compensation for Govt use

Now third party rights are also factored in when the government uses the invention. A third party agreement shall not restrict the use of the invention by the government, for instance; the patentee has an agreement with a licensee, that the patentee will not give this to anybody else, but the licensee you know such a third party arrangement we will not affect or restrict the use of the, but if the third party is a beneficiary who would was entitled to receiving the payment, then such arrangements can be made for making payments to the third party.

There can be no copyright infringement on government use and compensation for government use is something that will be given.

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Acquisition of Invention

- Acquire invention for public purpose [S.102]
 - Publish a notification in Official Gazette
 - Notice to be given to person having interest
- Compensation to such person to be paid
 - In case of default, to be decided by HC

Acquisition of an invention, the government can acquire invention for public purposes. It shall publish a notification in the Official Gazette and notice shall be given to people having interest in the application. Compensation shall also be paid in case of default of payment of compensation the issue shall be decided by the High Court.

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Lecture - 39
Trade Marks

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Trade Marks

Trade Marks refer to marks that are used in trade. These marks are used to identify or distinguish goods and services that are used in business. By trade we refer to a business. So, to understand trade marks, we need to understand what businesses are.

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NPTEL

Business

An organization or economic system where goods and services are exchanged for one another or for money. Every business requires some form of investment and enough customers to whom its output can be sold on a consistent basis in order to make a profit.

Act
Parties
buyer, seller
GST

1. INTERACTION → dealing, exchange
2. THING → good, service
3. VALUE → money, valuable

A business can be defined as, an organization or an economic system, where goods and services are exchanged for one another or money. So, we understand it as an exchange, of goods and services for money or consideration.

Now, this brings couple of things into play. We understand the business as an interaction and this interaction pertains to a thing, there is a thing involved and this thing has value. So, there is an interaction, interaction can have multiple connotations, it can be a dealing, it can be exchange and it also means; it just not means that there is an act, it also means that there are parties who perform the act, so we have parties as well. So, an act requires at least two people to deal with each other. So, the parties here could be, the buyer or the seller or the lessee or lesser. So, you have an act, which is done by parties, which is what we refer to as interaction.

Now, the thing here in business refers to a good or a service. Now, you could also say products, you could say a merchandise, but largely this comprises and that is the reason we have the GST tax; that is Goods and Services Tax because, the goods and services is understood to encompass everything, that can be a part of trade. The third thing that to fall within the definition of a business, this exchange or this interaction of the thing the interaction of the thing, has to be for a value which means money passes hands or the exchange is itself of valuable goods. Now, if it is not for value, then we do not call it a business.

For instance, father gives allowance to his son or to his daughter, we do not call that as a business transaction, it can be a familial transaction. Or a friend gives money to his friend in a time of need that is again friendly transaction. Or person gives a donation to assist people in distress that is again a charitable transaction. So, if the value pertains to the exchange of goods and service then, we call that a business transaction. So, there is an interaction, by which we mean it could be an act or it could involve parties and that act involves the thing. And the thing, by which we mean it refers to a good; it refers to by which we mean it refers to goods or services, which are exchanged or which are dealt with for a value and the value here is money, for something that can be computed in terms of its value, by value we mean money.

This definition is important because, every business also requires some form of investment and we saw that investment in intangible leads to intangible assets. So, we had already seen that, businesses do invest money and it need not be just money; it could be efforts, it could be people, R&D, we saw a whole lot of things, that can fall within the ambit of investment. And it is the investment that actually produces these goods and services. So, every business requires some form of investment and enough customers because you need people to buy your stuff to whom its output can be sold on a consistent basis, in order to make profit.

So, there is an investment, there are people who would buy it from your customers, and there is an output from you, which is your goods or services and you are in for making a profit, so you are not a charitable business. So, businesses are the ones, which use trade marks and the word trade itself refers to business. Now, we try to understand the use or how trade marks came into being, because when you understand trade mark as something that is tried to business and a business is an interaction in exchange or a dealing, which involves a thing, a thing could be a good or a service and which comprises of some value; which can be computed in money, then, we know that it is a business transaction or a business activity.

Trade marks are used solely in business activities or the use or the evolution of trade marks came around in business activities; which is also true to the other intellectual property rights that we have covered so far. Patterns also they try to industrial activity and they had to be a commercial purpose or what we call usefulness or utility tied to

patterns. So, intellectual property rights share this common theme that, they are relevant for commercial activity or they are used for the purpose of businesses.

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Preface

- Promotion and selling of goods and services
 - Brands
 - Get-up, business names, etc.
 - Consumers distinguish competitive products
- What is a trade mark?
 - Any word, name, symbol, or device
 - Used to identify and distinguish goods and services

So, trade marks came up as a means to promote and sell goods and services. And goods and services earlier it was just goods, but later on we added services because, when trade marks evolved initially the focus was only on goods. Now, we will see when the services part came into being. So, traders usually used brands as a means to identify their goods. And this came up by not only identifying the goods and services they were selling, but also to identify the business names. So, a trade mark can be something that identifies a business name, the entity that does the business a corporation or a organization, it could also mean a the product that is sold or the services that are offered.

So, this came about because, in a marketplace where there are multiple people offering the same good or the same service, there is a need to distinguish these services or goods. And the need to distinguish competitive services and competitive product, led to the businesses, who are offering these competitive products and services to distinguish their products and services by way of marks. You may say that, the best way to distinguish a product or a service is by making the product unique or the service unique. Yes, that is certainly a way in which you can distinguish your goods, but certain goods it is very hard for you to distinguish or to make them unique from what they actually are.

For instance a safety pin, there is not much uniqueness you can bring into a safety pin without actually changing its function or if you make bring too much uniqueness people may not even identify the product. So, you could have trade names which will bring this uniqueness. For instance; paperclips were also known as gem clips. Gem refers to a trade name and sometimes products are the generic name of the products may be attributed to certain trade names because of the common use. Now, gem clips refer referring to paper clips is one thing, thermos again a trade name referring to flasks is another instance. Xerox referring to the product that comes out of their machines that is a photostat or a photocopy is again an instance of a trade name being commonly used in identifying the product. Velcro again a trade name and we understand the product by the trade name itself.

So, trade names are used to distinguish and to identify competing products. A trade mark refers to any word, name, symbol or device which are used to identify and distinguish goods and services. Now, this is the definition of the trade mark. A trade mark in simple terms is a mark and when we say a mark, we refer to something that can be graphically symbolized or something which can be shown graphically, which is attributed to a trade or a business.

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History and Origin



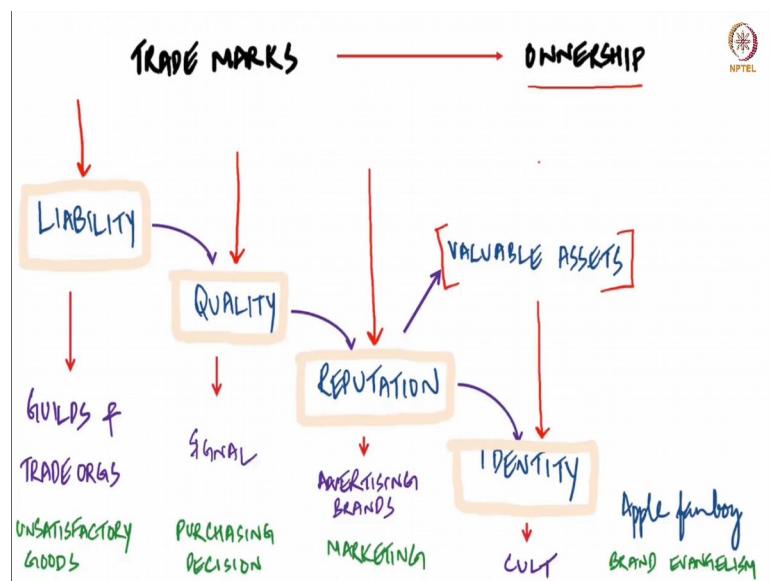
- Existed from time immemorial
 - Craftsmen sold their goods with signature, marks
 - Increasing trade in middle ages lead to increasing use of signs to distinguish goods
- Role in Industrialization
 - Growth of market oriented economy
 - Same products and services by different competitors
 - Difference in quality, need to distinguish

Marks have existed since time immemorial and the usage in business has also been there for a long time. Now, craftsman who sold goods used marks to identify their goods. Even

now, if you look at an work of art, there is a tendency for the artist to sign his or her name in the piece of art. Now, again this was meant not as a trade mark, but it was meant as a means for a craftsman to tell the world that a product belongs to him or he was the creator of the product. The use of marks for businesses to identify goods increased around the middle ages, which was a time when productivity increased and competition also increased. And this saw the need to distinguish, goods and services amongst people who were selling these goods and services.

And industrialization also played a role. The growth of markets, especially which allowed for competing products to be sold require that, these products can be distinguished in some way. And as I mentioned the distinguishing feature need not be just in the quality because, the quality can be a distinguishing feature, but it also had to be in a way in which customers could identify it. You will see that, marks over a period of time gained reputation and goodwill and it become a symbol and it became a symbol of quality.

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So, trade marks were tied to ownership. By ownership we mean the ability to identify that, certain goods and services came from a particular entity. Historically we know that people used to be concerned about identifying the products and the services they were selling. For instance, people who dealt with cattle had a way by which they could earmark the cattle so that if the cattle got lost they could identify that as the owners and

claim it back. People who were selling goods which had to be shipped across the seas had a way to mark their goods so that if the ship got wrecked there was a way in which, the person who shipped the items could identify the goods based on the mark. So, this was an initial way by which when a trader or a seller of a goods when he had to have some kind of control over his goods he would put a mark on it, so that marks could identify the owner.

Marks initially used to be tied to liability. By liability we mean, when goods were sold in a particular market and that market they if the quality of the goods was unsatisfactory then, the people who ran the market would identify the goods by the person who had sold it. And a way to identify unsatisfactory goods or goods which did not meet the required standards was by identifying them with the marks. Now, guilds and trade organizations in the earliest times identified goods by marks as a means of liability. So if someone sold unsatisfactory goods then, it was easy for these trade organizations to identify the owner of those goods and cause some kind of liability on the owner, either the owner had to replace the goods or he had to give back the consideration the money, he received for the goods. So, initially trade marks evolved as a source of attributing liability for bad goods.

Over a period of time, they came to be attributed to quality. Now, quality is a signal which tells the customer that the customer can go ahead and buy the product. So, quality leads to a purchasing decision. So, the quality part came as a means of attributing a certain amount of trust on the products that were sold bearing a particular mark. So, the mark over the period of time became symbols of quality. So, earlier they were symbols of liability and slowly they moved to take a new function that of quality.

And as business is flourished and as businesses became to be marketed on a large scale, and as branding and marketing an advertising led to the spread of brands using trade marks there was another quality that came in for trade marks, that trade marks were type two reputation. So, now you could buy a Nike shoe or purchase Coca-Cola because, the brands had a reputation which conveyed quite a lot of information to the buyer. So, a person who brought a Coca-Cola product would know that the reputation of a company that is more than 100 years old would stand by its product. Or when a person purchased a Nike shoe or an athletic apparel then, he would know that, the company's R&D department and the design department would stand by the product and there is a reputation of the company, that has transferred through the brand. This essentially made

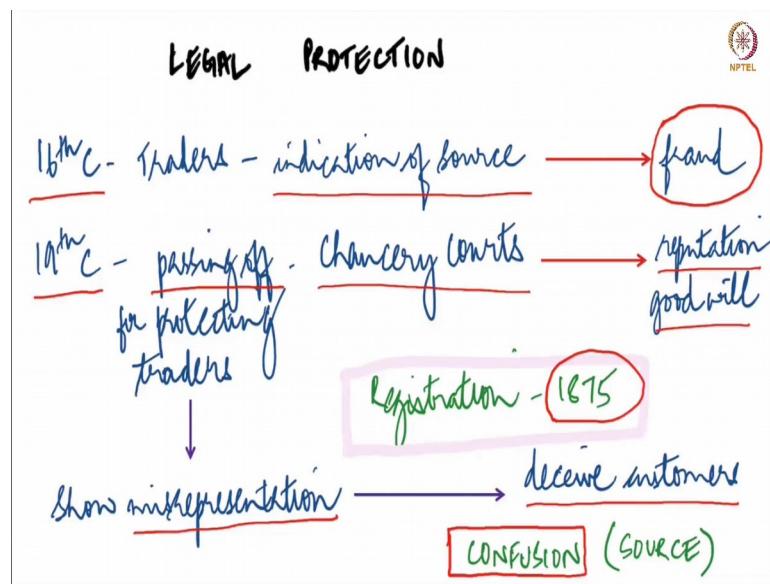
the brands a valuable asset in itself. Now, we saw that intangible assets are created by an investment into that goes into it and brands are intangible assets and the investment that goes into creation of brands or trade marks happen over a long period of time.

So, reputation, marks, trade marks, were type two reputation. Now, this probably is the stage at which most brands are because, every brand is trying to create a reputation and trade marks do play a big role in creating reputation. But we also have another stage where, customers identify themselves with a brand. So, the brand, the trade mark becomes a source of identity for the customer. For instance, when we refer to a person as an Apple fan boy or a person who uses only Apple products then, the person wants himself to be identified as a person who uses a particular product. So, when people start identifying themselves with trade marks, some people have referred to this as a kind of a cult that gets created because of the trade marks themselves. We are referring to a phase where trade marks no longer perform the traditional function of liability quality or reputation. Now they perform an additional function of people being able to identify themselves through a mark.

For instance, a person who uses a Mont Blanc pen, he wants a particular image to be conveyed about him, he wants the pen to be a part of his identity. Or when we refer to a Ferrari driver: again the fact that a person purchases the car and uses it becomes a part of a person's identity. So, this is also what most companies are trying to get to because, once you are able to become a part of your customers identity then, the customers would do the job of advertising. And this is referred to as brand evangelism, where the customers go forward and become brand ambassadors.

So, we have seen trade marks go through; so, you have seen trade marks go from liability. So, we have seen trade marks go from attributing liability to unsatisfactory goods to becoming signals of quality then becoming symbols of reputation. And now especially for certain marks becoming a part of the customers or the users identity itself.

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Legal protection for trade marks started around the 16th Century, when traders used it to signify the source. Now, the main concern was to ensure that, people do not get defrauded. Now, a trader when he uses a mark, the trader signifies that the goods are from his enterprise. And because customers know the source of origin through the mark it was possible for the trader to identify others who would try to pass off their goods as the trader's goods.

So, it became a way in which, misconceptions about the product or misrepresentations of the product was prevented because, now the trader had a mark and the trader would tell that my goods come with a particular quality and this mark identifies the goods that I am selling. Around the 19th century the relief by which a trader could stop another person, who was trying to sell similar goods using a similar mark like that of the trader was through a relief called, the relief of passing off. Passing off simply means somebody else is passing off their product as yours, so, you have a remedy. This remedy was given by the British courts by the Chancery courts in United Kingdom.

Now, passing off was the first relief that came to protect trade marks and passing off still exists, when it comes to protecting unregistered trade marks. Now, the relief of passing off was tied to the reputation that the trader had and to the goodwill that, the trader had evolved over a period of time. So, again the focus was on preventing misrepresentation and the relief offered was to stop the person, who was misrepresenting his goods as the

goods of the trader, because trader had a reputation and goodwill in the market. So, till the 19th century there was no registration for trade marks. Marks attained reputation and goodwill by usage. The fact that the trader used it in the market over a period of time and gained reputation was enough to stop others from using similar marks. And the relief was the relief of passing off.

Registration came around the year 1875 in England because, the history that we are looking at for the trade marks act is the history of the evolution of trade mark law in England. Because the first act that came around in India was a act that was of a British import. So, we will see just as we had in the case of Patent Law, the origin of Indian Trade Mark Law is also from British Statutes. So, registration came around 1875, till such time there was no registration every mark was essentially an unregistered trade mark. And the way in which you could protect an unregistered trade mark was by the relief of passing off, which was nothing but approaching the court saying that somebody else is passing off their products, as your product and asking the court to inject them or to stop them from doing that. Now, the relief that a person would claim was saying that, the competitor was misrepresenting and was deceiving the customers.

So, deception or deceptive similarity or something that could deceive people still remains at the centre or still remains the focal point of trade mark law. So, if there is a deception or confusion with regard to the source or with regard to the origin trade mark law will step in. So, these are two things, that we need to bear in mind when we understand trade marks, that when goods and services deceives customers or it causes confusion or there is a likelihood to cause confusion. Then the trade mark law will allow the trade mark holder to stop the goods or services that are causing the deception or the confusion. So, deceptive similarity and confusion are things that trade mark law will factor in while granting a relief to a trader.

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Introduction

- Why protect trade marks?
 - Trade mark functions
 - Origin function
 - Quality or guarantee function
 - Investment or advertising function →
 - Information v. promotion

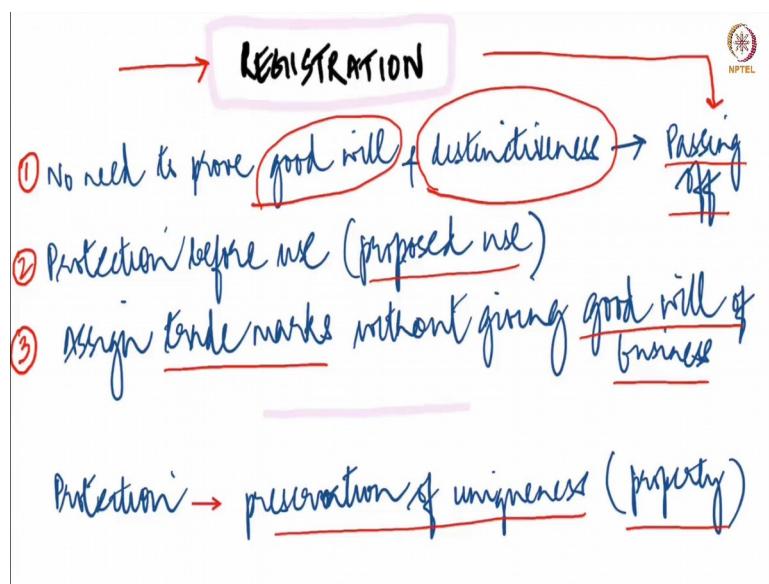
Now, why should we protect trade marks? Now, trade marks perform various functions we had seen that, over a period of time they were used to attribute liability, then they were used to as a signal of quality, then they became a symbol of reputation and now there is also cult following of trade marks as we have seen. So, the origin was to identify the goods with a particular seller, so that still remains the function of a trade mark is to identify the origin. Now, we also saw that later on the fact that, the trader would use the mark repeatedly and it gained a quality and a guarantee function. Because now, because the trader had a reputation he would also want people to repeatedly buy his product and which we saw as one of the reasons by which we understand the business. A business is something, which continues over a period of time selling goods and services to customers so the quality was required or some kind of a guarantee was expected for a business to continue.

And always there is also an investment or an advertising function. The fact that, all the money that is pooled in for marketing can now be attributed as something that goes towards building the reputation. Now one instance is, if you look at any trade mark dispute; dispute between two parties where, trade mark holder alleges that his mark has been infringed by another person. Now when the trade mark holder files a case before the court of law asking the court, to stop the person from using his mark and there are various other reliefs that the trade mark holder can claim. You will find that the trade mark holder will, in most cases mention the amount of time, money and resources, the

trade mark holder has spent in marketing and advertising. Now, this is because trade marks are understood to have developed some kind of reputation by advertising and by marketing.

So, if your marketing revenue or advertising revenue is substantial, that is a way for you to demonstrate though they would not be the only way to demonstrate that, your mark has attained a reputation and goodwill by the fact that, you have advertised it and people know about it So, trade marks have not only an information function, wherein they give information about the product, but they also have a function of promoting the product. Because many advertisements go beyond supplying information about the product, they also go to promote the product. They sometimes encourage users, they sometimes encourage users to take up and to buy the product and to use the product.

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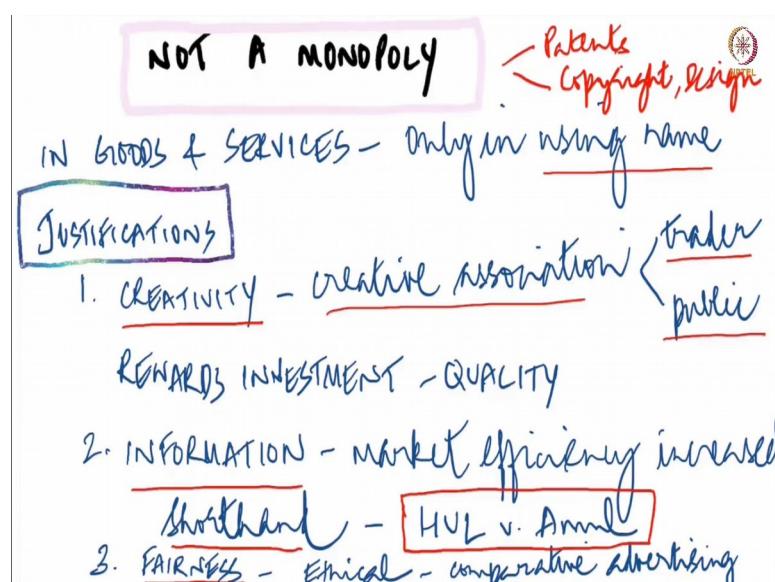
Now, registration as we saw started off only after the relief of passing off existed for traders. Now, registration did something which passing off could not do. Now, to get a relief of passing off, you had to prove goodwill and you had to show distinctiveness. By registering a trade mark, there was no need for you to do these two things, you could just register the trade mark and the fact that, the trade mark is registered; you could get a relief against injunction, whereas passing off required you to show goodwill and distinctiveness. And that was the first thing that, registration did registration removed the need to prove goodwill in an infringement suit.

The second thing that registration brought about was, you could also register for a proposed use, which means you could get the protection first and then start using the trade mark, which was not possible for unregistered marks because, unregistered marks could only be enforced, if they were used.

The third benefit that registration brought about was the fact that, you could assign trade marks without giving away the goodwill of the business. So, assignment of marks without assigning the business or the goodwill in the business was possible, when trade marks were registered, because your assignment was only for the use of the mark without actually giving away the goodwill along with it. So, the protection that registration brought was the preservation of the uniqueness. So, your mark had to be unique, in fact marks which are overlapping with other marks or marks which are generic in nature, or marks which are common to trade cannot be registered. So, there are absolute grounds on which, registration can be refused and there are also relative grounds; so we will see them in detail.

So, protection came to be something that was attributed to the uniqueness and uniqueness is a function that, we understand that property normally has; this private property especially, is something that is unique and identifiable from property that belongs to others.

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When we look at trade marks, we also need to understand that trade marks are not a monopoly, in the sense that patents or copyright or designs are. Now, there is a reason for this because, if a patent is granted, it stops a person from using manufacturing, selling, importing the product that is covered by the patent. If a copyright is granted for a book, it stops a person from making copies of that book. Whereas, if a trade mark is granted it does not stop another person from dealing with those goods, it only stops the person from using that trade name; that is it. So, if you are in the business of selling mobile phones, you cannot use Apple on your phone that is it; the only restriction is using registered trade marks, which are held by others say Motorola or LG or Samsung.

The restriction is only confined to using marks that are owned by others. So, you can still enter the mobile phone business because, as long as you use your own unique mark and come up with a product, nobody can have any grievance against you. But if a product is patented, say a cure for leukaemia and there is a drug that is patented which can cure leukaemia. The fact that the drug is patented will not allow any other entity to manufacture or to sell that drug. So, patents in that sense offer a monopoly in such a way that, others cannot use or enter the trade whereas, trade marks do not offer a monopoly on the goods or services rather, it only gives an exclusivity in using a particular name.

Now, there are some justifications as to why we should have trade marks. Now, the first justification is that, there is creativity involved in trade marks and the creativity refers to the creative association of what a trader is selling with what the public would attribute to that product. For instance, when the public or a buyer looks at the Apple logo, the buyer is able to perceive that the goods have come from Apple Inc then, it will satisfy certain requirements of quality, that it will satisfy certain requirements with regard to functionality and various other things the buyer would have known with regard to products created by Apple. Now, all this comes by just looking at the apple logo. When a person looks at a product and sees that Apple has created or designed that product then, the buyer would attribute so many things because, it has come from that entity.

Similarly, for Nike: Nike does not anymore write Nike on its products, it just shows or describes its product through the symbol, just like the way in which Apple does. Now, this creative association is something, which Apple achieved over a period of time. The fact that people look at the Apple logo and attribute quality reputation, goodwill and many other things to the product was created by the trader or by the business entity itself.

Now, there are some objections to this by saying that, it is just not the creative association done by the trader, but the public also plays a part because, every time a person looks at the Apple logo, there is something that the person perceives to be attributed to the company Apple.

So, there is a contribution that comes from the public as well. So, it is just not creativity by the trader, but it is also creativity that is perceived by the users. So, the first justification is that, trade marks create creative association between the manufacturer of the product or services and with the goods that come out of the enterprise. Now, because marks can have this creative association, there was an incentive to invest in quality. Because now, a person can look at a mark and attribute quality to the product companies started to invest in quality. So, that is the first justification that, creative association marks so, that is the first justification. Marks came as a way to creatively associate the goods to its origin.

The second justification was that, marks provided information. And in a market where, there are multiple players selling goods and services, there is a need for us to understand information about the product more efficiently. So, marks became a shorthand for supplying information with regard to a product. So, you could see the logo of say Tata or Suzuki or Honda and you can immediately attribute certain things about the product by just looking at the logo. So, it improved the way, in which information was supplied to the customers. And we will later on look at the dispute between Hindustan Unilever Limited and Amul where, the fact that information supplied through the mark led to dispute between these two entities.

The third justification is one of fairness. The fact that, the trader came up with the association, the trader should be allowed to reap the benefits of such association and link to this is the fact that if someone else exploited the association then, the law should intervene to stop that person. And this also had was tied to the fact that, that because a trader has used the mark over a period of time and has generated goodwill and reputation, it should be in the interest of the market as well that, people are not misled into believing that, someone else's product is that of the traders product.

So, the fairness part of the marks pertain to letting the person, who came up with the mark or a association between goods and services and his business enterprise to get the

benefits out of that association. So, we have seen that, trade marks can be protected by two means, by a registration you can protect trade marks and a registered trade mark can be enforced before a court of law.

You can also protect trade marks by, what we call the remedy that is offered in common law that is the remedy of passing off. So, passing off as a way by which, you can protect unregistered trade marks, but then you need to show goodwill and reputation for those marks.

Intellectual Property
Prof. Feroz Ali
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Lecture - 40
Case Study - Frozen Desserts

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The slide features a white background with a thin black border. In the top right corner, there is a circular logo with the text 'NPTEL' below it. The main title 'Frozen Desserts' is centered in a large, bold, black font. Below it, the subtitle 'Kwality Walls and Amul' is also centered in a smaller, regular black font. To the left of the center, there is a red square containing the Kwality Walls logo (a white heart shape) and the brand name 'KWALITY WALL'S' in white capital letters. To the right of the center, there is another red square containing the Amul logo (the word 'Amul' in white with a red underline) and the tagline 'The Taste of India' in a smaller green font. The word 'Case Study' is positioned between the two red squares in a gray font.

We have seen that brands communicate information with regard to a product. In this case study, we will look at how the frozen dessert market, which has various players in it has led to litigation and cases with regard to advertisements. And for us, the focus will be on how information that brands portray can lead to situations, where the customers get enormous amount of information about the product.

And also to situations which can be counterproductive for the customers, where because of an established image or an established reputation, the customers may not be fully informed, when the company decides to change its product. Now, the frozen desserts case, which involves Kwality Walls and Amul as a interesting example for us to look at.

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The screenshot shows a news article from The Hindu Business Line. The title is "Is it ice-cream or frozen dessert?". The author is Divya Trivedi, and the date is May 21, 2011. The article discusses the legal definition of ice-cream under the Prevention of Food Adulteration Rules, 1955, which requires at least 10% milk fat. It notes that companies like Amul, Mother Dairy, and Hamvor serve frozen desserts, while others like Kwality Walls and Haagen Dazs offer ice-creams. The article also mentions that Baskin Robbins plans to introduce an emblem to convey the use of cow milk fats in its products.

Around the year 2011, this news report came up questioning whether certain products fell within the definition of an ice-cream or a frozen dessert. Now, the reason why this came about was largely because of the way in which companies branded their products. Traditionally, products were branded as ice creams; later on some products were classified as frozen desserts, now there were multiple reasons for this.

So, milk and milk products under the Prevention of Food Adulteration Rules 1955 states that if you have to call something as an ice cream, then the product should have not less than 10 percent of milk fat. So, if you do not use 10 percent of milk fat, then or alternatively if you use vegetable fat, then you have to call your product as a frozen dessert.

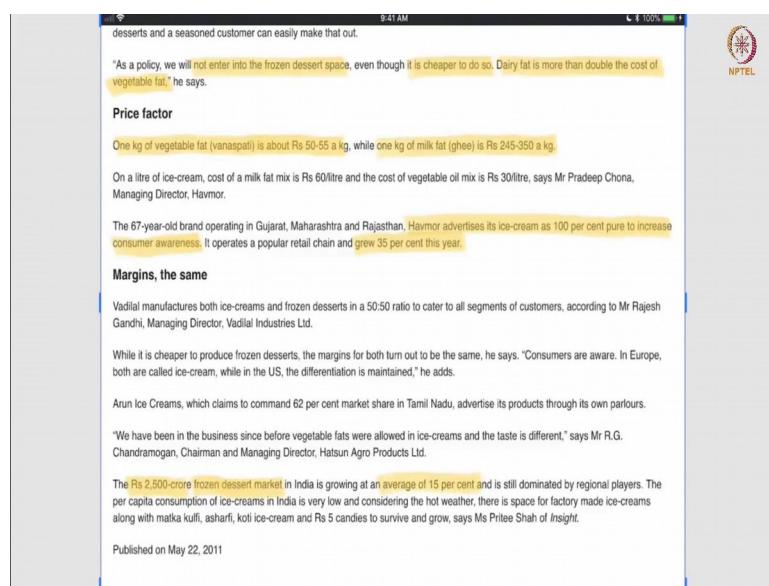
Now, this report came in because, few companies barring Amul, Mother Dairy, Hatsun Food Agro and Hamvor, companies like Kwality Walls would serve frozen desserts and not ice-creams, because the way in which they branded their products, they would not be using milk fat and they would still be selling what could be products, which could be sold along with ice-creams.

And the article goes on to say that Haagen Dazs and Movenpick and Baskin Robbins offered ice-creams. Now, from a health perspective, there is nothing to worry about, because vegetable fats and milk fat both can be consumed by humans. But, using this

incident Baskin Robbins had stated that it plans to introduce an emblem to convey the use of cow milk fat in its products.

Now, look at the use of the word emblem, which has now been used here to say that they were thinking of using a mark to communicate to their customers that they were using milk fats. And it also adds by saying that there is a difference in taste between ice-creams and frozen desserts.

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And Baskin Robbins goes on to stay that as a state that as a policy, we will not enter the frozen dessert space, though it is cheaper to do so. And they state that the diary fat is more than double the cost of vegetable fat, now they seems to be an economic angle to this way in which products are manufactured and they are branded.

So, there is no problem if you create ice-cream and sell it as ice-cream, it return when it has milk fat. The problem arises, when you have been traditionally making and manufacturing ice-creams, branding your product as ice-creams and all of a sudden for whatever reason, you choose to now not have milk fats in your product.

Now, technically, you should be calling your products as frozen desserts and you should let the customers know that. So, this is a classic case, where information supplied by brands can be this is a classic case, where information supplied by brands, though they are telegraphic and a shorthand, they could be counterproductive for the customers, when

a brand establishes a reputation for a particular product. So, traditionally, Kwality Walls was in the ice-cream business, when they moved their products to be branded as frozen desserts, still there were some customers, who still thought that Kwality Walls would be selling only ice-creams with milk fat in it.

So, the price factor is further illustrated that 1 kg of vegetable fat costs 50 to 55 rupees, whereas 1 kg of milk fat is three or four times that price. Hamvor advertises its ice-cream as 100 percent pure to increase customer awareness. So, and at around this time, it is retail chain grew by 35 percent also, because there was a the market was because the market required ice-creams and it understood ice-creams as products with milk fat. Now, the frozen dessert market which includes ice-cream and frozen dessert is pitched at rupees 2,500 crores and it is growing at an average of 15 percent a year.

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Ice Cream Vs. Frozen Dessert - The Chilling Truth

By Seema Chandra , Food Editor, NDTV Updated: August 16, 2017 15:32 IST

[Ice Cream Vs. Frozen Dessert - The Chilling Truth](#)

I hate being misled.

As a consumer, whether I am buying a shirt that claims to be linen, or whether it's a face cream, I like to know whether I am getting my money's worth. And it's no different when it comes to food. So how do you think I felt when I got a carton of

ice cream
and in a small, inconspicuous corner, I see the label - frozen dessert. And it only got worse from there.

Today, in India, frozen dessert has taken over as much as 40% of the ice cream segment. Is that such a bad thing? Before going into great detail, the big difference between ice cream and frozen dessert is this. Frozen desserts are made with vegetable oil. Also, this is usually the [vegetable oil](#) that we want to avoid in our diet like coconut oil or palm oil. Ice-cream on the other hand, is mainly made from milk and dairy fat.

To do a fair comparison, I randomly picked up a box from each - a frozen dessert and an ice cream carton. Here is what I saw.

With regard to the information that the customer derives, it is important to note that both ice-cream and frozen dessert have a label, which shows how they are described.

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The Label Comparison

Ice Cream

Claim: Labels it as Ice Cream on the top of the carton.

Ingredients: Water, milk, solids, sugar, permitted stabilizing and emulsifying agents (412, 410, 407, 471, 466). Contains added vanilla flavors (artificial flavoring substances).

Frozen Dessert

Claim: The larger font says - **Creamy Delights**. Strawberry. In a corner on the side of the box, it says - **Frozen Dessert**.

Ingredient List: Water, sugar, milk solids, edible vegetable oil, liquid glucose, vegetable protein, emulsifier - 471, stabilizers - 410, 412, 407, Acidity regulator - 330. Contains permitted synthetic food colors and added flavors. Nature identical and artificial milk and strawberry flavoring substances.

Analysis

For starters, the labeling is unclear. When you see the picture on the carton, you would think it is any ordinary ice cream. Only when you turn it around to look for a title, you see a much smaller font, almost apologetic to be there, and it says - Frozen Dessert.

According to the Food Safety and Standards Authority of India, the definition of an ice cream, kulf or softy ice cream means that the product is obtained by freezing a pasteurized mix, prepared from milk and/or other products derived from milk with or without the addition of nutritive sweetening agents, fruit and fruit products, eggs, etc.

Frozen dessert means the product obtained by freezing a pasteurized mix prepared with milk fat and/or edible vegetable oils and fat having a melting point of not more than 37.0 degree C in combination and milk protein alone or in combination/or vegetable protein products singly or in combination with the addition of nutritive sweetening agents.

So in theory, both brands are correct and are not trying to say they are something they are not.

There are many companies that are making both frozen desserts as well as ice cream. To get a better understanding of the product, I asked Mr Sapan Sharma, the General Manager of Hindustan Unilever Limited (HUL) on what he thought about the labeling, he was sure that they were following the guidelines and legal requirements laid down by FSSAI, when it came to size of font and placement of their label.

Now, the label of ice-cream states that it is ice-cream on top of the carton and the ingredients include water, milk solids, sugar, etcetera whereas, frozen desserts, the large font says they are creamy delights. And in the corner on the side of a box, it says it is a frozen dessert. Now, this is a report that is appeared recently in the papers. And the ingredient list comprises of water, sugar, milk, solids, edible vegetable oil, liquid glucose, vegetable protein, and other things.

So, from a customer's viewpoint, when the customer sees the word cream or ice-cream on a product that is frozen, the initial reaction is that it is that it is an ordinary ice cream, but it requires the customer now to look at the fine print. Look at what a frozen dessert is and look at the ingredient list, before it can actually come to a conclusion as to whether the product is an ice-cream or a frozen dessert.

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The screenshot shows a news article from NDTV.com. At the top right is the NDTV logo and the text 'NPTEL'. The main title is 'Ice cream ad: HUL takes Amul to court'. Below it is the author's name, 'Namrata Singh'. The text discusses a legal dispute between HUL and Amul over a television commercial. It mentions that HUL has filed a case against GCMMF in the Bombay high court, alleging that the latter's TV advertisement is misleading. The text also notes that both HUL and GCMMF manufacture frozen desserts. The article continues to describe the legal action and the companies involved.

Now, this led to a legal dispute. Amul started advertising that its products contain milk fat and certain other products in the market without actually mentioning Hindustan Unilever's Kwality Walls, it said that they only contain vegetable fat and they went to the extent of saying they contain Vanaspati. And they created advertisements, which we would qualify them as comparative to advertisements, showing the competitors product to be something inferior or using inferior ingredients. Hindustan Unilever limited took Amul to court, now Amul is the brand, whereas the company's name is Gujarat cooperative milk marketing fed.

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The screenshot shows a news article from The Economic Times (TOI). The headline reads: 'HUL, which markets "Kwality Walls", has filed a case in the Bombay high court against GCMMF, terming the latter's recently launched TV advertisement as "misleading". Vadilal Industries and Vadilal Dairy International, which also manufacture frozen desserts, have a common interest in the matter and are supporting HUL in the suit.' The article continues to explain the legal action, mentioning that HUL has sought immediate removal of the advertisement, which was launched to 'educate consumers to identify and differentiate between ice-cream and frozen desserts'. It also quotes a HUL spokesperson who says that Amul has been airing a misleading television commercial since March 2017. The spokesperson clarifies that Kwality Walls' range of frozen desserts do not contain Vanaspati. The article also quotes R S Sodhi, MD of GCMMF, who says that frozen desserts are masquerading as ice creams and are misleading consumers. The debate on whether milk fat-based ice creams or vegetable fat-based frozen desserts are healthier is mentioned, noting that while one hand, GCMMF is conveying the message of what it believes to be true, through advertisements which claim milk fat is better than vegetable fat, HUL, on the other, has put up on its brand's website the benefits of vegetable fat as opposed to milk fat.

In its case before the Bombay high court, HUL stated that Amul's recently launched TV advertisement as misleading. And asked for the immediate removal of the advertisement, whereas Amul had mentioned that the reason it launched the advertisement campaign was to educate the consumers to identify the difference between ice-cream and frozen desserts.

The advertisement talks about Amul ice-creams being made of real milk as opposed to frozen desserts, which were made of vegetable oil. The advertisement did not name any brand. So, had they named the brand, then it would have fallen within a different category, it would have been a disparaging advertisement now, this is still in the realm of comparative advertisement.

HUL said that the advertisement makes incorrect claims on the usage of Vanaspati in frozen dessert products. And Kwality Walls mentioned that it does not contain Vanaspati, its products do not contain Vanaspati. Whereas, Amul held that frozen desserts are masquerading as ice-creams, they involve low cost ingredients and it misleads the customers, who are looking for a real product.

And we are trying to make consumers aware of the difference. In response, HUL had put on its brand's website the benefits of vegetable fat as opposed to milk fat. Now, this was one of the responses that HUL had Kwality Walls had in response to Amul's comparative advertisement.

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A screenshot of a news article from a website. The title of the article is "HUL counters Amul with new ad to defend frozen desserts". The author's name is Soumya Gupta. The article discusses a new advertisement by Hindustan Unilever Ltd. (HUL) for Kwality Walls, which claims that their frozen desserts are made with real milk, unlike Amul's products which are made with vegetable oil (Vanaspati). The article notes that the advertisement has already been challenged in court by the Gujarat Cooperative Milk Marketing Federation (GCMMF). It also mentions that according to food safety regulations, ice-creams made with vegetable fat are considered frozen desserts, while those made with milk are ice-creams. The article concludes by stating that the HUL advertisement uses a tagline asking "Who drank the milk?"

HUL counters Amul with new ad to defend frozen desserts

Soumya Gupta

Mumbai: Hindustan Unilever Ltd., maker of the Kwality Walls' brand of frozen desserts, has come out with a new ad film stressing the use of milk in its products, taking the 'ad war' to the Gujarat Cooperative Milk Marketing Federation (GCMMF).

The ad is seen as a response to a campaign by GCMMF, which owns the Amul ice-cream brand, that claimed frozen desserts contain hydrogenated vegetable oil, often called vanaspati.

HUL has already dragged GCMMF to the Bombay high court for the campaign, which it says is "disparaging" towards frozen desserts.

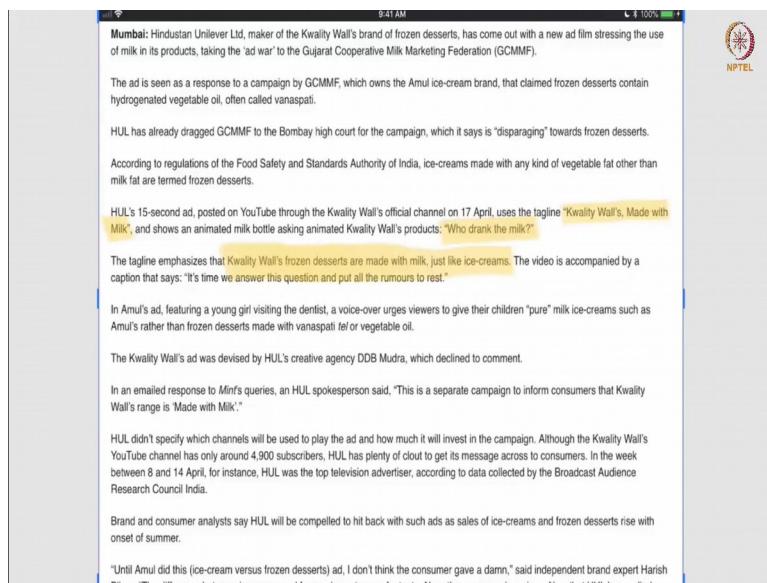
According to regulations of the Food Safety and Standards Authority of India, ice-creams made with any kind of vegetable fat other than milk fat are termed frozen desserts.

HUL's 15-second ad, posted on YouTube through the Kwality Walls' official channel on 17 April, uses the tagline "Kwality Walls, Made with Milk", and shows an animated milk bottle asking animated Kwality Walls' products: "Who drank the milk?"

The tagline emphasizes that Kwality Walls' frozen desserts are made with milk, just like ice-creams. The video is accompanied by a

HUL did not stop there, HUL countered Amul's ad with its own ad. HUL came up with a new ad stressing the use of milk in its products.

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HUL came up with an ad with the tagline Kwality Walls, made with milk and shows an animated milk bottle asking animated Kwality Walls product, who drank the milk. Now, this was done to show that Kwality Walls frozen desserts are made with milk just like ice-creams. Now, the effect of this ad campaign goes to show a function that is traditionally done by trademarks.

Trademarks when they are used, they signify information about the product, Kwality Walls was traditionally an ice-cream manufacturer. So, when they moved from manufacturing ice-creams to frozen desserts, they give an impression that they continued to manufacture frozen, they gave an impression that they continued to manufacture ice-creams, while they should have been called as frozen desserts as per the Prevention of Food Adulteration Rules. Because, they did not do it or probably they did not do it in a way in which it should have been conspicuously done, Amul used it to its advantage to make an ad campaign and with the purpose of educating the customers.

So, the short point is though brands can be a source of shorthand information, brands can also not convey information, when it comes to certain products. And this is where the competition would step in as we had seen in the case of Amul stepping into say that we

have came up with this campaign to educate the customers. So, the shorthand way in which brands communicate can also be counterproductive to customers in certain cases.

Intellectual Property
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Lecture - 41
Amul Advertisement

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Do not worry [FL] [FL] [FL].

(Refer Slide Time: 00:24)



[FL] ice cream [FL].

(Refer Slide Time: 00:28)



(Refer Slide Time: 00:31)



Amul ice cream [FL] Vanaspati [FL] ice cream [FL] frozen dessert [FL]. Ice cream word [FL] pack check [FL] to real milk real ice cream, Amul [FL] India [FL] [FL].

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Indian Institute of Technology Madras

Lecture – 42
Kwality Wall's Advertisement

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Hey, who drank my milk? [FL].

(Refer Slide Time: 00:12)



Kwality Walls made with milk.

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Lecture – 43
International Arrangements

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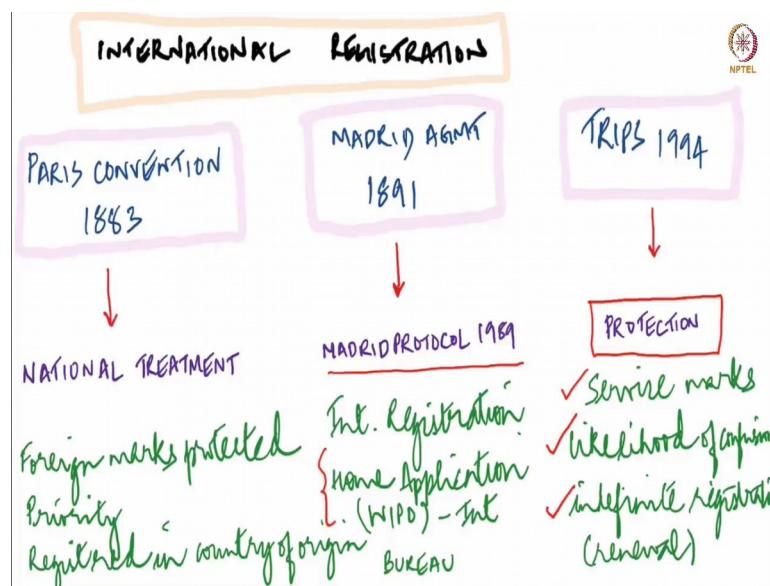


Introduction

- International Agreements
 - Paris Convention, 1883
 - Madrid Agreement, 1891
 - Madrid Protocol, 1989
 - World Intellectual Property Organization
 - International registration
 - TRIPS Agreement

When we look at the international arrangements on trade marks, we find that most of the arrangements started off with the Paris Convention in 1883, that is the point at which there was a need to have an international arrangement on trademarks. Then we have the Madrid Agreement, which pertain to registration of trademarks; then the Madrid Protocol in 1989. And we had international registration under the WIPO and certain substantive to measures under the TRIPS agreement.

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So, international registration itself came about with the Madrid Agreement. The Paris Convention in 1883 brought out the principle of national treatment, which is something which we had already seen, which said that foreign marks will be protected just in the same manner as national or domestic marks will be protected. It kind of preserve the priority, you could file a foreign mark, it kind of preserve the priority, you could file a mark in the domestic country and then get it registered in a foreign country. So, foreign country registration is where allowed provided a application was made in the country of origin.

But, apart from this, the Paris Convention did not have anything which could enable a international registration for trademarks, that came about in the Madrid Agreement in 1891 and that was further enhanced by the Madrid Protocol in 1989. This brought a system of international registration, where you could file a home application and later on follow it up with applications in different countries something similar to the arrangement that we had under the Patent Cooperation Treaty.

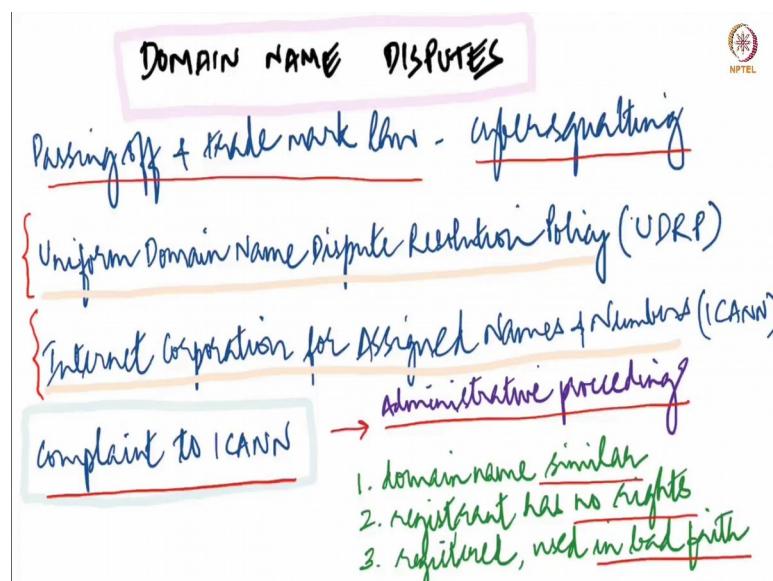
Now, the final arrangement pertains to the protection for trademarks under the TRIPS Agreement in 1994, which came into effect in 1995. Now, the TRIPS Agreement provided for service marks as well. The recent version of the Trademarks Act that is in Trademarks Act 1999, provide for trademarks for goods and services. And service marks

where introduced in 1999 (Refer Time: 03:02) to India's obligation under the TRIPS Agreement.

So, it provided for service marks, it characterised likelihood of confusion as reason why other marks should not be allowed, because that could lead to likelihood of confusion. And it also provided for indefinite registration, indefinite registration is unique amongst other intellectual property rights to trademarks. Trademarks can be indefinitely renewed. And the period of registration can be renewed these 10 years.

So, every 10 years, trademarks can be renewed indefinitely. Intellectual property rights like patents, copyright and designs are time bound rights, they are also referred to as limited life IP Intellectual Property having limited life. Trademark does not have limited life, it has an unlimited life, but the unlimited life is tied to renewal on a regular basis.

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The international arrangement also provided for a particular type of trademark dispute, this pertain to dispute with regard to domain names. Domain names are URL or web addresses, which could be registered in an entirely different form. So, companies which would register a company name under the say if it is an Indian company, under the Indian Companies Act should also register a trademark at the trade mark office. Now, if the company needs a domain name, it has to go to a service provider like go daddy or name cheap dot com and get the domain name registered.

Now, when domain name registration picked up, it was hard for all existing companies to rush and get their domain names registered. In fact, this led to an issue called cybersquatting, where cybersquatters or people who would register a domain name or a trademark without having any proprietary or ownership rights over it. Now, this was lastly done to book the trademark which belong to another entity and to ask for some kind of a compensation or ransom to give or sell back the domain name.

Now, domain name disputes initially, was settled through passing off and the trademark law. You could file a case against a squatter, who uses the domain name that or to have belong to your business and who is refusing to hand it over to you. So, you could get an order, injuncting the person from using the domain name, because the domain name happens to be your trade mark or your trade name as well.

But, the registry for registering domain names, which is the Internet Cooperation for Assign Names and Numbers, ICANN has a uniform domain name dispute resolution policy. Now, this policy is interesting, because the terms of the policy say that if any person raises a complaint to the ICANN saying that their domain name has been used unjustly, then the ICANN policy can have administrative proceedings in which the registrant has to participate and it has a dispute settle and it has a dispute settlement mechanism by which it can settle the dispute. Now, this is been affective in solving thousands of cases pertaining to domain name disputes.

Now, the requirements of this administrative proceeding is that the aggrieved party should show that the domain name is similar to their business name or to their trademark. And it has to show that the registrant, who had squatted, who had registered it before the legitimate owner registered the domain name has no rights whatever whatsoever to the domain name and that it has been registered, and it was used in bad faith. So, three things to raise a dispute, you can raise a dispute a domain name dispute to the ICANN. And this is an administrative proceeding, and the disputes are settled, because the terms of the ICANN provide for a dispute settlement mechanism.

So, the complainant who feels that his business name has been from him by an earlier registrant has to show that the domain name is similar to his business name or his existing business mark to he has to show that the registrant has no rights. Without any right, the registrant had registered the domain name and the domain name has now been

registered and it has been used in bad faith. This is been very effective proceeding in fact some of the reputed trade names in India for example, the one belonging to TATA was able to use this mechanism to take back a registration that was unjustly taken away.

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Lecture - 44
Trade marks in India

Trade marks in India.

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History in India

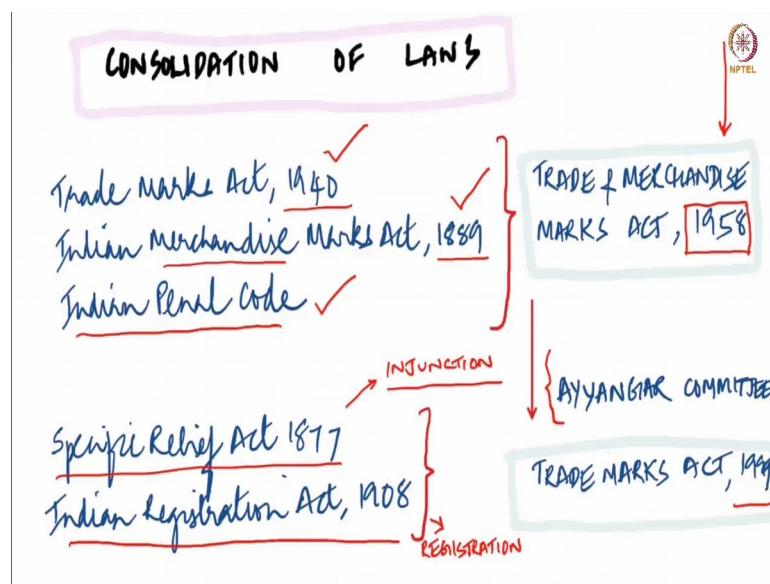


- Earlier, no mechanism or law
- Criminal Law [IPC]
 - Offences relating to documents and property marks
 - Offences relating to property and other marks
 - Repealed, Trade Marks Act, 1958

As we had already mentioned, there was no mechanism or law for protecting trade marks. Initially there was a provision under the Indian Penal Code, which is a part of the criminal law; which pertained to offenses relating to documents and property marks, and it also had offenses relating to property and other marks. These were the provisions by which if someone used a mark without authorization that was regarded as a criminal offence. So, there was a penalty attributed to a person who uses a mark without authorization.

Now, this was repealed from the criminal laws; when the Trade Marks Act, 1958 was enacted. So, when we had a special regime the provision which criminalized unauthorized use of marks was removed from the criminal statutes, and it was now a part of a separate act in itself. So, the act the first act that we have is the Trade Marks Act, 1958.

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Now, if we look at the laws pertaining to trade marks, we can see a consolidation of laws happening over a period of time. First, there was the Trade Marks Act, 1940 which existed during the British time. And there was also an Indian Merchandise Marks Act which again is a British Act which existed in 1889, since 1889 and as we have just mentioned we had provisions of the Indian Penal code.

Now, all these 3 acts or provisions were replaced when the Trade and Merchandise Marks Act was enacted in 1958. So, 1958 was the first Act passed by independent India, and it replaced the 1940 Act, the 1889 Act and some provisions of the Indian Penal Code. Now before the 1958 Act, if there was a need to stop a person who was using a mark, you would use the Specific Relief Act 1877 and get a permanent injunction. So, injunction was the relief a trade mark holder could get against a person who was unauthorizedly using the mark.

So, you could get an order from the court to injunct the person from using that mark. And anything that pertains to registration was covered by the Indian Registration Act. So, registration matters of registration was covered by the Indian Registration Act, 1908, and matters pertaining to infringement was covered by the Specific Relief Act.

In the 1958 Act had been in operation for close to four decades, and the Act was replaced by the 1999 Trade Marks Act to bring the Indian law in compliance with the obligations

under the World Trade Organization. When India became a member of World Trade Organization since 1995 they brought the trade mark regime in compliance with the requirements of the TRIPS Agreement, and the 1999 Act was passed to bring the law in compliance with the TRIPS Agreement.

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History in India

- Trade Marks Act, 1940 ✓
- Trade Marks Enquiry Committee
 - Trade & Merchandise Marks Act, 1958
- Trade Marks Act, 1999
 - Comprehensive review of existing law
 - Development in trade practices
 - Give effect to imp judicial decisions

So, just to recap so, we had a Trade Marks Act of 1940, then there was a Trade Marks Inquiry Committee; which was headed by Rajagopal Iyengar the Iyengar committee. Pursuant to the recommendations we had the 1958 Act. The 1958 Act existed for close to four decades, and then we had the 1999 Act which brought the law in comprehends with the obligations under the TRIPS Agreement.

Now, this was based on a comprehensive review of the existing law, and in tune with the development and trade practices, and to give also effect to important judicial decisions which came in the four decades after the 1958 Act.

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Salient Features

- Trade Marks Act, 1999
 - Enlarge scope and definition of trade mark
 - Improvement in procedure of registration
 - Period of protection made to 10 years
 - Introduced registration for service, well-known, and collective marks WTO
 - Infringement suit, where plaintiff resides

The 1999 Act has certain features which were not there in the 1958 Act. It enlarged the scope and definition of trade mark, it improved the process of registration. The period of protection was enhanced from 7 to 10 years, now you had to renew a trade mark every 10 years earlier it was 7 years. It introduced registration for service, well known marks and collective marks. This was not there in the 1958 Act and this was again in compliance of the obligations under the World Trade Organization.

And importantly now an infringement suit can be filed where the plaintiff resides so, earlier it had to be where the infringement occurred or where the defendant resided or carried his business now it could be anywhere where the plaintiff resides.

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Fundamentals

- Jurisdiction
 - Extends to whole of India
- Term
 - 10 years, if registered, renewable
- Rights conferred by registration
 - Exclusive rights to use the mark
 - For registered goods and services

Now the jurisdiction of the 1999 Act, it extends to the whole of India, the term of renewal as we just mentioned, if it is registered, it can be renewed every 10 years.

So, a trade mark can be kept alive in perpetuity as long as it is renewed, and as long as efforts to protect it from infringement are also done. Now the rights conferred by registration include exclusive right to use the mark for registered goods and services. So, your right to use the mark is confined to the goods and services for which it is registered.

For example, if you have registered a particular word for say trade in goods covering a particular kind of goods; say, shoes you may not be allowed to use that mark for selling stationery, unless you have a registration covering that class as well.

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Fundamentals

- What is a good trade mark?
 - Easy to speak & spell
 - Appealing and easy to remember or recollect
 - invented or coined word, unique monogram, logo or a geometrical device

What is a good trade mark? A good trade mark as a mark that is easy to speak and spell, because at the end of the day a trader though he coins the trade mark it should be used by the users or the general public.

And it should be appealing and easy to remember or recollect. It can be an invented or a coined word, because dictionary word and generic words are not allowed as trade marks in the normal course. And you can have a unique monogram logo or a geometrical device representing the trade mark.

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Fundamentals

- Avoid using
 - Laudatory or descriptive matters
 - Geographical names, common surnames, names of a community or persons
 - a matter prohibited by law to be used as a trademark
 - a matter that is same/similar to an already existing trademark in the market

Now, certain things that you should avoid are laudatory and descriptive matters. So, laudatory and descriptive matters are not granted trade mark. Geographical names, common surnames, names of community or persons should be avoided. Geographical names cannot be a subject of trade mark, but goods coming from a particular geographical territory can be protected by GI or geographical indication; which is another subject that we will be covering.

A matter prohibited by law to be used as trade mark cannot be used as a trade mark. A matter that is same or similar to an already existing mark. Because that can cause confusion or it can lead to what we call deceptive similarity. And that can be a reason for an infringement action.

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Fundamentals

- Meaning of a trade mark [S.2(1)(zb)]
 - "...means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours."

Trade mark is defined in Section 2. It means a mark capable of being represented graphically. So, graphical representation is key for a mark and which is capable of distinguishing goods and services.

So, it can be represented and it distinguishes goods and services of one person from those of the other, and may include shape of goods, it may include their packaging and combination of colours.

Now, these were definition, now these were introduced by the new definition. So, a mark is something that can be graphically indicated represented graphically, and it does the

function of distinguishing goods and services. Now so, what can be graphically represented, what can distinguish goods and services from one person to another this regarded as a trade mark. It can include shape of goods like the Coca-Cola bottle. It can include packaging material. Now there are some packaging materials there are unique to a particular product that can also be covered. And it can also cover combination of colours.

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Types

- Word Marks
 - Rights claimed only in the word, letters or numbers
 - No rights claimed in manner how these words are presented
- Service Marks
 - Word, phrase, symbol or design, or a combination thereof
 - Identifies and distinguishes the source of a service rather than goods

Word marks claim the right to use the word alone, or letters or numbers. There is no right claimed in a word mark in a manner on how these words are presented. So, word marks are marks which pertain to a word alone, and it gives the right only for the use of the word or the letters or the numbers. Service marks are word phrase symbol or design or combination of any of these. And they are used to identify and distinguish the source of a service rather than goods. So, good marks are used for recognizing goods whereas, service marks are used to recognize this source of the service.

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Types

- Collective Marks
 - Distinguishes the goods or services of members of an association of persons
- Certification Marks
 - Certified by the proprietor of the mark
 - Origin, material, mode of manufacture of goods or performance of services, quality, accuracy or other characteristics

Collective marks are used for distinguishing goods or services of members of an association of persons. So, they collectively use a mark certain trading communities or certain trading bodies, would use mark and would allow the members to use those marks. Certification marks are certified by the proprietor of the mark. And they pertain to origin material mode of manufacture of goods or performance of services, quality, accuracy or other characteristics. So, all the quality marks that we know are certification mark. Old mark is a certification mark.

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Types

- Unconventional Trade Marks
 - Color Marks – 1999
 - Cadbury purple
 - Shape Marks – 1999
 - Coca-Cola Bottle
 - Smell Marks ✓
 - Tennis balls with the scent of newly mown grass
 - Sound Marks ✓ - HD

1954

There are also some unconventional trade marks. Now colour trade marks though it combination of colours is now used, but unconventional in the sense that it was not there in the 1958 Act. But the 1999 Act allows for colour combination of colours to be a subject matter of trade mark. So, the use of purple in Cadbury chocolates is one such instance. The shape marks are also allowed under the 1999 Act as we just mentioned the Coca-Cola bottle shape can be a subject matter of shape mark.

Certain other unconventional marks are still not recognized under the Act; for instance, smell marks and sound marks, now there was a case involving Harley Davidson motorcycles; now they were denied a sound mark in the United States. And there are instances of smell marks being granted in other jurisdictions for tennis ball with a scent of mown grass or with a rose scented tyre of our cars. The law in India with regard to this is that the marks need to be graphically represented. That is a requirement under the law. And if it has to be graphically represented, it should be capable of being portrayed on paper, and that is how you file your trade marks.

So, there is still some uncertainty as to whether smell marks and sound marks will be allowed under the Indian law.

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Types

- Unconventional Trade Marks
 - { – Smell Marks ✓
 - Sound Marks ✓
 - Taste marks ✓
- Graphical representation
- On paper

So, apart from the smell marks and the sound marks, there is also an attempt to have trade marks for taste. So, that is again as we just mentioned in India, there has to be a

graphical representation on paper. So, we the law with regard to smell, sound and taste marks is still not crystallized in India.

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Application for a Trade Mark

- **Who:** Any person, claiming to be the proprietor of a trade mark used or proposed to be used by him
- **How:** Apply in writing to the CGPDTM
 - Filed by submitting to office, post, or electronically
 - Application should have **TM** goods and services, name, address, attorney details, period of use of mark

Now, who can apply for a trade mark? Any person claiming to be the proprietor of a trade mark, who uses the mark or propose to use it can apply for a trade mark. Now this has to be done by applying to the Controller General for Patent, Designs and Trade Marks. It is a common Controller for patent, designs and trade marks, filed by submitting to the office. The application can be submitted to the office by post or electronically e-filing is also permissible.

The application should have the trade mark, the goods and services relating to the trade mark, the graphical representation of the trade mark, goods and services to which the trade mark pertains to, name and address, attorney details and period of use of the mark if the mark has already been in use.

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Application for a Trade Mark

- **Why:** Confers exclusive rights to use
 - Prima facie evidence of proprietorship of the TM
 - Registered proprietor may assign or license the trademark as any other property
 - Registered proprietor can enjoy the goodwill associated with registered trademark forever, if the mark is renewed from time to time

Now the trade mark confers an exclusive right to use. It is a prima facie evidence of proprietorship of the trade marks. It is proof of ownership.

The registered proprietor may assign or license the trade mark as any other property. Now this is a distinguishing feature of intellectual property, that all intellectual property can be assigned or licensed. Registered proprietor can enjoy the goodwill associated with the registered trade mark forever if the mark is renewed from time to time.

So, the goodwill attributed to the mark can be maintained forever. So, this is what we call an unlimited life intellectual property. Unlimited life IP since you can keep it forever by renewing it. For instance, Coca-Cola has been in existence for about 100 years, because it has been constantly renewed the trade mark has been constantly renewed and kept alive.

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Lecture - 45
What can be protected?

What may be protected?

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Subject Matter

- It should conform to the definition of trade mark under the Act
- Particularly, prove 3 conditions
 - A sign/mark
 - Capable of being represented graphically
 - Capacity to distinguish

The subject matter of trademarks can fall into what has been already provided under the Trademarks Act. First, it should conform to the definition of trade mark under the Act and it should satisfy the three conditions provided in the definition. One, it should pertain to a sign or a mark; two, it should be capable of being represented graphically, as we had already mentioned the mark should be capable of being shown on, paper the it has to be two dimensional; three, it should have the capacity to distinguish goods and services.

So, the fact that it should pertain to a sign or a mark, it should be represented graphically and it should be able to distinguish the products and services from that of a competitor.

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A Sign or Mark

- Concept of sign is broad, but not without limits
- "Mark" includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof

The concept of a sign is too broad, but it is not without limits. The Act defines a mark as a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof. So, mark has a quite a wide definition under the Act.

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A Sign or Mark

- Limits on registration of shapes
 - Shape results from nature of goods themselves
 - Shape necessary to obtain technical result
 - Shape gives substantial value to goods

The limits on registration of shapes are also mentioned in the Act. For instance, you cannot have a mark which is a shape that results from the nature of goods themselves. For instance, it will be hard for somebody to sell mango juice in a package with is which

looks like a, which shaped like a mango. There was a case involving a lemon juice which was sold in a packaging that look like a lemon. This case was in the United Kingdom the Jeff Lemon case.

So, you cannot have property rights on shapes; where the shape signifies the shape of the nature of the goods themselves. So, you cannot sell mango juice in a mango shaped container. Two, you cannot have registration of shapes that are necessary to obtain technical result. Sport shoes are shaped aerodynamically so that they can cut the drag coefficient. And it is necessary for shoes to be shaped in a way in which they can cut the drag. So, you cannot have a registration of a shape as a mark which is essentially to which is common for footwear.

Three, shape gives substantial value to the goods. When a shape gives a substantial value to the good, then that shape cannot be a subject matter of a mark. For instance, all bottles are shaped in a way to contain fluids and which have a narrow opening so that the flow of the liquid is controlled while pouring. So, this shape which is common to all bottles cannot be the subject matter of a mark. So, these are limits to the registration of shapes.

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Graphical Representation

- The mark should be capable of being graphically represented
 - Representation of sign
 - Words marks are written, figurative marks by pictures
 - Representation of unconventional marks can be problematic

The mark should be capable of being graphically represented, and by graphical representation we refer to the representation of this of a sign. Word marks are represented in writing; figurative marks are shown by pictures.

Representation of unconventional marks can be problematic. We had seen in the case of sound marks, and in the case of taste marks, and smell marks, because of the nature in which they are perceived, it becomes hard to graphically represent these marks. Unconventional marks like sound mark, smell marks and taste marks cannot be registered under the Indian Trademarks Act.

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Distinctive Character

- Capable of distinguishing the goods and services of one undertaking from the goods and services of other
- Distinctiveness Hierarchy
 - Arbitrary/Fanciful/suggestive
 - Google/Apple/SugarFree

Trademarks need to be distinctive, they should be capable of distinguishing the goods and services of one undertaking from the goods and services of another.

The distinctiveness can be of different types. The distinctiveness can be arbitrary; for instance, Google is an arbitrary word, it is a word which does not have any meaning. So, the distinctiveness of the word Google came by repeated usage over a period of time. The distinctiveness can also be fanciful, enterprise may choose a trade mark of a word which is entirely unconnected with its business; for instance, the company Apple Inc chose apple as its trade mark for selling software and hardware products relating to computers. So, that is a fanciful term which has acquired distinctness over a period of time.

Distinctiveness can also be suggestive; for instance, the trade mark sugar free and there was a case in India pertaining to this mark means the product is free of sugar. But this trade mark is used for sweetness, and sweetness like sucralose, aspartame and stevia are

all sold by this company which markets itself as sugar free. So, sugar free is a suggestive mark, but it has attained distinctiveness by usage for a long period of time.

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Secondary Meaning

- Acquired Secondary meaning
 - Consumers recognize mark as a source of indicator
 - Primary significance of the term in the minds of the consuming public is not the product but the producer

Marks over a period of time also get secondary meaning. Secondary meaning is acquired when the customers recognize a mark as a source of indicator. Primary significance of the term in the minds of the consuming public is not the product, but the producer. For instance, there have been cases where it has been argued that the word metro which is a short form for metropolis or metropolitan has been used in various distinct industries. Like metro has been used for hotels, metro has been used for hospitals, metro has been used for selling footwear. So, when an existing mark is used, the people who use the mark, the owners of the mark would argue that the mark has acquired a secondary meaning over a period of time.



Distinctive Character

- Distinctiveness Hierarchy
 - Suggestive
 - Suggest the quality of a good or service, eg. Citibank
 - Descriptive
 - Describes characteristics of product, eg. Coca-Cola
 - Generic
 - Common term used, eg. Xerox

The distinctive character can come from different means. The distinctive character can come from a suggestion what we call it can be suggestive. It can suggest the quality of a good or a service; for instance, Citibank it suggests that it is city based, it is based in a city and it does the function of a bank. But together Citibank is a unique word which gives distinct which has distinctiveness.

The distinctiveness can also come out of a description, what we call descriptive; for instance, Coca Cola describes the product, the product being cola. So, the descriptive character of the product can be a part of the name provided it has a distinctive character.

The distinctiveness can also become generic over a period of time. For instance, Xerox though it is a trade mark is commonly used to understand photocopies. Thermos though it is a trade mark is commonly used to understand flasks.



What Can't be a Trade Mark?

- Functionality
 - Marks cannot be protected if functional
- Disparaging
 - Detrimental to mark's distinctive character and against reputation of the TM
- Immoral or scandalous

What cannot be trade mark? Something which is which did denotes a function or which covers a functionality cannot be the subject matter of a trade mark. Marks cannot be protected if they are functional. A footwear has to be shaped like the human foot you cannot have the shape of a footwear as a trade mark, because it is function is tied to its use.

Marks that are disparaging cannot qualify as a trade mark. Disparaging marks will not be granted protection. Marks that are detrimental to the distinctive character of an existing mark and against the reputation of a trade mark will not be granted protection. It cannot be a subject matter of a trade mark. Marks that are immoral and scandalous will not be offered protection under the trade mark law.



What Can't be a Trade Mark?

- Deceptive similarity
 - Marks misdescribes the goods attached to it
- Conflicts with existing Marks
 - Cause confusion with existing marks
 - Cause dilution of existing known marks
- Fraud
 - Knowingly makes false representation

Marks that lead to deceptive similarity, marks which misdescribes the goods attached to it will not be granted trade mark. Marks which conflict with existing marks which is which can cause confusion with existing marks or cause dilution of existing known marks will not be granted protection. And marks that make a fraudulent representation or a false representation will not be granted trade mark.

For instance, somebody comes up with a medicine and calls it cancer cure and wants to get a mark for the word cancer cure. That will not be granted a protection as it amounts to false representation.



Well-Known Marks

- *“..means a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first-mentioned goods or services.”*

The Act also introduces the concept of well-known marks; a well-known mark means a mark which has become so to the substantial segment of the public; which uses such goods or receive such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade; or rendering of services between those goods or services, and a person using the mark in relation to the first mention goods or services.

We have seen that some conglomerates like, TATA are regarded as well-known marks. So, regardless of which field they are, a user may get an impression that this company TATA has now entered a segment or a course of business which they would relate to coming from the house of TATAs. So, the test here is that it should be known to the substantial segment of the public which uses the goods or services that such services would likely be taken as indicating a connection in the course of trade.

Intellectual Property
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Lecture - 46
Registration of Trade Mark

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We have already seen that the distinguishing feature between a trade mark that is registered, and a trade mark that is not registered is the fact that it becomes easier to enforce a trade mark that is registered. For instance, while filing an infringement suit, the person who owns the mark can file the infringement suit at the place at which he resides; in the usual course it should be done at the place where the infringement is committed. In most cases it could be the place where the infringer resides or carries his business. So, that is one distinct advantage the fact that the right holder can now choose the jurisdiction or he can choose where to file the case.

The second advantage as we have already seen is that registration, the fact that you have registered your mark will not require you to demonstrate goodwill or reputation tied with a mark; which you should demonstrate if you try to enforce an unregistered mark. The third advantage is that registration can be done even in the case of a proposed to use. You plan to use a mark in the future; you can still file and get it registered. So, registration has its distinct advantages.

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Registration of Trade Mark

- Process of registration
 - Filing of application
 - Examination
 - Publication, observation, and opposition
 - – Registration
 - Period of 10 years
 - Renewal
 - Prescribed fee, renewed for further 10 years

Now, how do you register a trade mark in India? So, the process of registration involves few steps. The first one is filing an application using the prescribed form and paying the prescribed fees. Now this can be done manually, it can be done by post and it could also be done electronically. Once the application is filed, the application the application is examined and there is a publication. And when it is published it has put the application is put to notice to the world at large.

So, there is an observation period, following which there could be an opposition. Now opposition is soon after the publication, any member of the public who is interested in the mark may lodge an opposition. And there are grounds on which you can oppose a trade mark.

So, the office will look into the opposition, and then once the opposition has overcome by the applicant, the office would register the trade mark. Now the registered trade mark is valid for a period of 10 years. And it can be renewed every 10 years. So, the renewal is done by paying the prescribed free, and it can be renewed for a further period of 10 years.

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Classification

- Classification of goods and services
 - International Classification
 - Nice Classification – **(WIPO)**
 - Disputes determined by the Registrar

Now, when you file a mark, a trade mark, you need to identify the goods and services for which it is applied for. So, we have an international classification system, and the international classification system is called the Nice classification; which was established by the Nice Agreement in 1957, this was an agreement entered into by various countries, and it happened for the first time in Nice which is a city in France. So, it takes the name from the place. The Nice classification is a system of classifying goods and services for the purpose of registering term marks, the trade marks, for the purpose of registering trademarks.

The classification system is updated every 5 years, and currently we have the 10th version of the Nice classification. The system comprises of groups which, the Nice classification system classifies products into 45 classes and allows users seeking to trade mark a good or a service to choose from these classes which may be appropriate for their product or service. The Nice classification system is administered by the World Intellectual Property Organization or WIPO. And if there are any disputes in the classification it is settled by the Registrar.

So, though we follow the Nice classification system, the classification system is also a part of the trade mark law in India. So, any application has to mention the particular class to which the goods or the services belong to, and whether the use is a current use or whether it is a proposed use. When an application is filed seeking of trade mark, the

registration could be refused for certain grounds. So, there are certain grounds on which a registration can be refused.

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Absolute Grounds

- Relate to inherent objections to distinctiveness and certain public interest objections
- Devoid of any distinctive character
 - Not capable of distinguishing the goods and services of one person from those of another person
- Exclusively consists of marks which designate kind, quality, quantity, intended purpose, values, geographical origins, characteristics

The absolute grounds on which a registration can be refused relate to inherent objection to distinctiveness and certain public interest objections. Now, if the mark is not capable of distinguishing goods and services. It is inherently not distinguishable or it does not have distinctiveness, that could be a ground for not registering it. The mark not having a distinctive character in the sense that, it is not capable of distinguishing goods and services of one person from those of.

Similarly, when the marks exclusively consist of things that designate kind, quality, quantity, intended purpose, values, geographical origin, characteristics, the mark will not be granted a registration; because these are things that are common to every good or service in that industry. For instance, if there is an aquatic equipment. The aquatic equipment needs to be waterproof or water resistant. So, you cannot sell aquatic equipment saying that it is water resistant or waterproof. So, that is an inherent quality all equipment that has to be used underwater should satisfy.

So, you cannot use as a mark something that designates the kind, quality, quantity, intended purpose, value, geographical origin or characteristics as these are common to all goods and services in that particular segment.

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Absolute Grounds

- Marks/Indications, become customary
 - Current language
 - *Bona-fide* and established practices of the trade
- Shall not be refused registration
 - Acquired distinctive character as a result of use,
well-known trade mark
 - Before the application for registration

Marks and indications that have become by custom a part of the current language, or that are bona fide and established practices of the trade cannot be granted registration. Marks that have become a part of the language for instance, dictionary words or words that are currently used in common parlance are words which people understand as common nouns. Now you cannot have a trade mark using something which is a part of the common language. Because the understanding is that it belongs to the public domain. And while granting a trade mark, you are trying to create special private rights on a particular mark or a word with regard to a goods or a service.

So, anything that is a part of the current language or that is an established practice of a trade, like a safety measure or the fact that something is efficient, or something is faster quicker, now all these things are understood as a part of the trade. They cannot be marks which indicate what is customary or what has become a part of the trade.

However certain marks shall not be refused registration; marks that acquire distinctive character as a result of use. So, they could be a mark which refers to something that is generic, but over a period of time it acquires a distinctive character. We had mentioned in some cases metro which even refers to a mass transit system can be used and has been used as a trade mark when it comes to footwear, when it comes to hotels, when it comes to hotels and restaurants as well as for hospitals.

So, in cases where they have acquired a distinctive character, even though they could be refused as an absolute ground, they will be granted a trade mark. And that has to be demonstrated that as a result of constant use the mark though it belongs to an absolute ground of rejection that the fact that it is descriptive or it does not have distinctiveness, it has acquired a distinctive character. So, that has to be shown before the trade mark office. Similarly, well known marks shall not be denied a registration. Because the fact that they are well known they could be used for any category of goods and services.

The distinctive character should have accrued on the mark before the application for registration. So, it should not be that the mark is applied for registration, and then over a period of time the mark acquires the distinctive character; rather it has to be before the application for registration.

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Absolute Grounds

- Deceive the public or cause confusion
- Contains or comprises of any matter likely to hurt the religious susceptibilities
- Scandalous or obscene matter
- Prohibited under Emblems and Names Act

Marks that are likely to deceive the public or cause confusion will not be registered. Marks that contain or comprises of any matter likely to hurt religious susceptibilities and sentiments will not be granted a registration. Scandalous or obscene matter will not be granted registration. And matters prohibited under the Emblems and Names Act. For instance, the Indian flag or the National Emblem, the Ashoka Chakra will not be granted trade mark registration, because they are protected under the Emblems and Names Act.

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Absolute Grounds

- Shall not be registered if it consists exclusively of:
 - Shape of goods which results from the nature of the goods themselves
 - Shape of goods, necessary to obtain a technical result
 - Shape which gives substantial value to goods

And as we have seen already a mark shall not be registered if it consists exclusively of shape of goods which result from the nature of the goods themselves. Shape of goods necessary to obtain a technical result, we had mentioned this in the context of flasks which traditionally have a shape; where it has a broad body and a narrow mouth.

And shape which gives substantial value to the goods, all balls need to be round. So, any shape that gives substantial value to the good cannot be a subject matter of registration.

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Relative Grounds

- Arise because some other proprietor has an earlier conflicting right
- Fall into two categories
 - Concerned with 'earlier trade mark'
 - Concerned with 'earlier rights'
- Trade Marks shall be refused subject to certain conditions

There are also certain relative grounds on which registration can be refused. Your registration will be refused, if some other proprietor or owner has an earlier conflicting right. So, the day you file application for a mark, there is another person who has been using that mark before you. So, there could be a relative ground for registration largely because of a prior or a conflicting user.

Now, this can fall into two categories. One there are there is an earlier trade mark in place, or there are earlier rights, a person has been using a particular mark, he has a right to use the mark though it they may not be an earlier mark registered itself. And trade marks shall be refused subject to certain conditions. So, if there is going to be a rejection based on a relative ground that will be subject to certain conditions.

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Relative Grounds



- Earlier TM well-known, use of later would take unfair advantage or detrimental to the distinctive character or repute of the earlier mark, shall not be registered
 - Identical, similar to an earlier TM
 - Registered for goods or services which are not similar to those for which the earlier trade mark is registered in the name of a different proprietor

Another ground for rejecting a trade mark is where the earlier trade mark is well known, use of the latter would take unfair advantage or would be detrimental to the distinctive character or reputation of the earlier trade mark. So, when you have a well-known trade mark, the use of a latter trade mark would be seen as taking an unfair advantage, or would it would be detrimental to the earlier trade mark.

Now, for this the mark has to be identical or similar to the earlier trade mark. And it has to be registered for goods or services which are not similar to those of which the earlier trade mark is registered in the name of a different proprietor.

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Relative Grounds

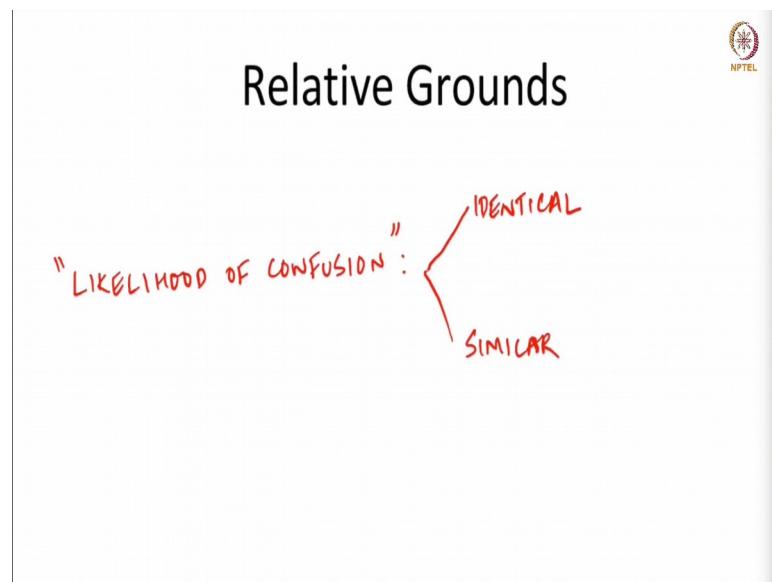
- No registration, use in India prevented:
 - By law of passing off
 - Law of copyright
- Exceptions
 - Proprietor of earlier mark consents to the registration
 - Shall not refuse registration unless opposition is raised

Similarly, no registration will be granted to a trade mark; whose use in India is prevented by the law of passing off. So, there is a prohibition in the law of passing off from using that mark. So, such marks will not be registered, and the law of copyright will not allow such mark to be registered.

So, these are additional grounds on which a mark will not be offered registration. Now there are some exceptions, a proprietor of an earlier mark consents to the registration. So, in such cases where the proprietor of the earlier mark, gives us consent you could still have a registration.

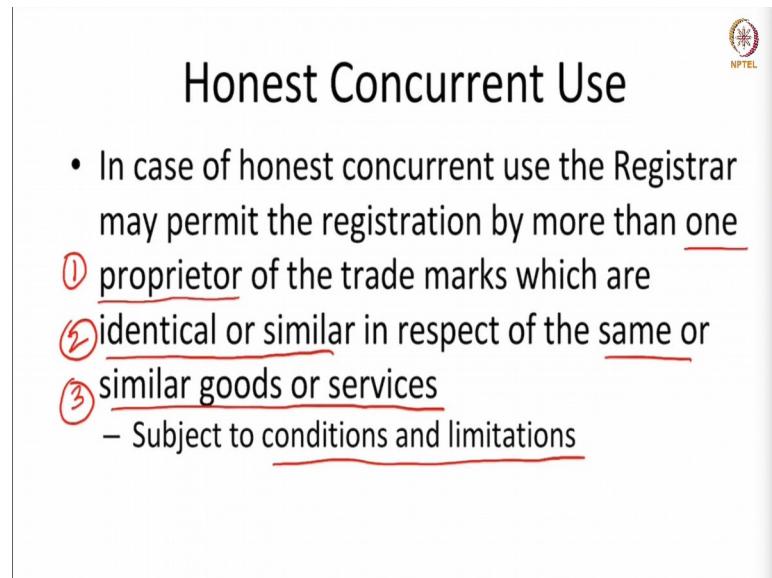
Refusal of registration shall not be done unless an opposition is raised. So, there has to be an opposition to the grant of a mark, and only then the mark would be refused. In normal course the mark will get granted, but refusal of registration under the relative grounds has to be done by an opponent; an opponent has to raise these grounds.

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A mark will not be granted registration, if it is likely to cause confusion. Likelihood of confusion is yet another relative ground on which a mark can be denied registration. Now this can arise when the mark is identical to an existing mark or it is similar to an existing mark.

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Honest concurrent use occurs when the mark is used by two owners at the same time. In the case of a honest concurrent use, the register may permit the registration by more than

one proprietor. So, here is a case where two people are allowed to use the same mark; which are identical or similar in respect of the same or similar goods or services.

So, there could be cases where two parties have been using the mark at the same time or around the same time, and one party approaches the Registrar for a trade mark. The Registrar would grant the trade mark to that person, but the Registrar will not stop, the other person who has been using it if he is a honest concurrent user.

Now, the test is that they should have been using it around the same time, and the mark should be identical or similar. So, you have two proprietors, one or more proprietors, identical or similar and they should have been used with regard to the same or similar goods or services.

Now, the Registrar can subject the use to certain conditions and limitations; for instance, if the users are in India in two different states the Registrar could set a limitation that each of those parties will confine their usage within particular geographical limits. So, those limitations can be set by the Registrar.

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Effect of Registration



- Initiate suit for infringement
- Exclusive rights to the use of the TM
 - Relation to goods and services for which granted
 - Subject to any conditions or limitations imposed
- Registration to be prima facie evidence of validity

Now, the effect of registration is that you can initiate a suit for infringement. If you do not have a registration or if you do not have a registered mark, then you can only file a case of passing off. It gives exclusive right to use the trade mark in relation to goods and services for which it has been granted and to subject to any conditions or limitations that

could be imposed by the Registrar. And registration is *prima facie* evidence of validity. The fact that it is registered it is understood that the trade mark is valid.

Lecture – 47
Rights and Defences

Rights and defences.

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Effect of Registration

- Initiate suit for infringement
- Exclusive rights to the use of the TM
 - Relation to goods and services for which granted
 - Subject to any conditions or limitations imposed
- Registration to be *prima facie* evidence of validity

The effect of registration of a trade mark is that it gives the trade mark holder the right to initiate a infringement suit. And the trade mark holder also has rights exclusive rights in relation to goods and services for which it is granted; which means any other person who uses a mark which is identical or similar with regard to the goods and services owned by the trade mark holder can now amount to an infringement.

And in case of an infringement, the trade mark holder can initiate action to stop the person from continuing the infringement. Now, this is subject to certain conditions and limitations imposed by the trade mark office. Registration is regarded as *prima facie* evidence of validity.



Infringement Suits

- Registered trade mark
- What amounts to infringement?
 - Identity with registered mark and similarity
 - Similarity with registered mark and identity
 - Identity with registered mark and identity
 - Presumption of confusion
 - Identity with registered mark having reputation

Infringement suit with regard to a registered trade mark can be filed at the place where the trade mark holder resides.

An infringement suit has to demonstrate that the fact there has been infringement. Now, this can be done when a registered trade mark is infringed by a person; who not being the registered proprietor uses in the course of trade. A mark which because of its identity with the registered mark, or similarity of the goods and services or because of the similarity with the registered mark and identity or similarity of goods and services, or it is identity with the registered mark and identity of goods, and services covered by the mark is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.

So, these are the three instances. One, it is identity with the registered trade mark and similarity with the goods and services covered is likely to cause confusion. It is similarity with that registered trade marks and the identity or similarity of the goods and services covered by such trade mark is likely to cause confusion. Or the identity with the registered trade mark and the identity of the goods and services covered by the trade mark is likely to cause confusion.

So, what this essentially means is that where a mark that is used by a person is said to be infringing if it is identical or similar either to the registered mark or identical or similar to the goods and services that have been covered by the registered marks.

So, there is identity to the registered mark or similarity to the registered mark; there is identity with the registered mark; or identity with the goods and services. Now, this identity or similarity should result in confusion. It is of such a nature that it is likely to cause confusion. So, infringement is proved if there is a likelihood of confusion, and the confusion can arise with regard to identity or similarity either with regard to the mark or with regard to the goods and services.

With regard to the third condition, that it is identity with the registered mark and the identity of the goods or services covered by such registered mark is likely to cause confusion. The court shall presume that it is likely to cause confusion on the part of the public. So, with regard to the third point there is a presumption of confusion.

There can also be infringement through advertisements. A registered trade mark is infringed by any advertising of that trade mark if such advertising, one, takes unfair advantage of or it contributes to honest practices in industrial and commercial matters; or two, is detrimental to its distinctive character; or three, is against the reputation of the trade mark.

So, any advertisement that is against the reputation of the trade mark, is detrimental to its distinctive character, or takes unfair advantage can amount to infringement.

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Infringement Suits

- What amounts to infringement?
 - Unauthorized use of TM on packaging, goods for sale, import, export etc
 - Disparaging advertisement

So, any unauthorized use of the trade mark on packaging goods for sale, import, export etc. will amount to infringement. So, unauthorized use amounts to infringement. Disparaging advertisement as we just saw; where the reputation of the mark or the distinctiveness of the mark or an unfair advantages made which is against honest practices in industry and commercial matters would also amount to infringement. There is a distinction between a disparaging advertisement and a comparative advertisement. Comparative advertisements are normally allowed, but disparaging advertisements are not allowed.

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Passing Off

- Unregistered trade mark
- Conditions for passing off
 - The claimant has goodwill
 - The defendant made a misrepresentation that is likely to deceive the public
 - The misrepresentation deceives the goodwill of the claimant

An unregistered trade mark can be protected by the relief of passing off. And for proving passing off, the claimant a person who initiates the action has to show that he has goodwill in the mark, and that the defendant had misrepresented that, and such misrepresentation is likely to deceive the public. And the misrepresentation deceives the goodwill of the claimant.

So, there are three things. The claimant has to demonstrate goodwill; claimant has to show that there is been a misrepresentation by the defendant which is likely to deceive the public; and the misrepresentation harms the goodwill of the claimant. If these three conditions are satisfied, then a action of passing off can be initiated against a user who uses the trade mark without consent.

Passing off is generally used with regard to trade marks that are not registered, unregistered trademarks can be protected by way of a passing off. For this goodwill is necessary and the claimant has to demonstrate goodwill and also show there is been harm because of the misrepresentation to the goodwill.

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Cybersquatting

- Relationship between domain names and TM
- Abusive and bad-faith use of domain names including trade marks
- Internet Corporation for Assigned Names and Numbers
- Uniform Dispute Resolution Policy and Rules

Cybersquatting has we have already seen is where domain names are registered by a person other than the owner of the trade mark. And these practices are regarded as abusive and in bad faith, and there is a mechanism as we have seen ICANN, International Cooperation for Assigning Names and Numbers, as a policy and a dispute settlement and a dispute settlement mechanism to resolve disputes. And the policy clearly states that a person who registers a domain name will be subject to the dispute resolution policy.

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Exploitation and Use

- Self-exploitation
- Assignment
- Voluntary licenses
- Mortgages
- Compulsory license
 - No CL in relation to TM
 - Prohibited under TRIPS

Exploitation and use of trade marks; trade marks are generally self-exploited. They can be if they are not self-exploited. They can be assigned and licenses can also be given around them. They can be mortgages on trade mark, but they cannot be a compulsory license unlike copyright and patents, they cannot be a compulsory license in relation to trade marks, and this was prohibited by the TRIPS Agreement.

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Defences

- Conflict between registered marks
 - Cannot amount to infringement
 - It may constitute passing off
- Legitimate use of a mark by unauthorized user
 - Honest concurrent use
- Use to indicate the characteristics of the product or service

Defences, in case of a infringement suit, if there is a conflict between registered trade marks, that will not amount to infringement. There are two concurrent registration for the

same or similar mark, and the registration happens with regard to same goods and services. Now, if both the registrations exists then it cannot amount to an infringement. They could be an action of passing off based on the entity or the party who is able to demonstrate goodwill will succeed in an action for passing off. If they use by an unauthorized user is legitimate, again that can be a ground for a defence; for instance, a honest concurrent use can be a defence in an infringement action.

If the use by an unauthorized user indicates the characteristics of the product or the surface that will not amount to infringement, and that can be a defence in an infringement suit. So, though there is a mark covering the characteristic of the product or a service, then the mark will not be enforceable, because any other person using the product or the service will have to describe the characteristics.

Now we found this as one of the grounds the fact that it explains the kind, quality, quantity, character of the product or services shall not be a ground for granting a registration. In fact, it shall be a relative ground for denying registration.

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Defences

- Use of mark, outside scope of registration
 - Registration subject to conditions, or limitations
- Descriptive Use
- Use of Name or address
- Comparative advertising
- Consent of the TM holder

Use of the mark outside the scope of registration can be a defence. So, the registration is for particular classes for instances of marks covered for food, but it is not covered for hospitality. So, you could still use the mark in a different class.

Descriptive use marks, which are descriptive of the product or service, if another person uses the mark which again describes the use, then that will be a defence in an infringement suit because the mark describes the product or the service.

Use of name or address which describes the product or which denotes the products or identifies the product again can be a defence.

Comparative advertisement that we have already mentioned, and as we had seen in the case of the Frozen Desserts case study, that was the case of comparative advertisement though HUL, Hindustan Unilever Limited had alleged that it amounted to disparaging advertisement.

Now, in a disparaging advertisement there has to be direct comparison to the product and the three things, it should be an unfair practice, not recognized by the trade, they should be harm to the reputation, and they should be harm to the distinctive nature of the trade mark. If these three things are there, then it amounts to a disparaging advertisement. Otherwise it just amounts to a comparative advertisement.

Again, if they use is by the consent of the trade mark holder, that will be a defence in an infringement suit.

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Losing Protection

- Abandonment
 - Non-use
 - Change in product or service than for which it is registered
- Mark has become generic
 - Has become a common name in the trade
- Mark has become deceptive
 - Misleading the public

The mark has to be constantly renewed, and it has to be protected from unauthorized use. Marks can lose their protection if they are abandoned, by not using the mark, the mark

can amount to have been abandoned. And if there is a change in the product of service, than for which is registered. So, you register mark for a particular class and use it in a different class, then that could be another reason why the law will treat the mark has been abandoned.

You may lose protection on a mark when a mark becomes generic. A word now has been used which is traditionally a mark, a word which is originally a mark has now been used commonly in trade. And this could be a reason why a mark could lose it is protection. When the mark becomes descriptive of the goods, then it could amount to misleading the public and again the mark can lose protection.

Intellectual Property Rights
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Lecture – 48
Introduction to Copyright

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“Copyright”



- Literally construed as the ‘right to copy’
 - Right to produce copies (presupposes a medium)
- What is a copyright?
 - Exclusive rights given by law for a period of time
 - Authors, composers, artists, etc. (or their assignees)
 - To print, publish, sell copies of original “works”

Copyright: Copyright can literally be construed as the right to make further copies. So, when we say that a person has a right to make further copies it presupposes the existence of a medium. Now, we can think about copies being made on a medium or we can think of copies being transmitted through a medium. So, the right to make copies this distinction is important because, you will see that copyright manifest itself on works and works have been largely defined as products that come from some kind of an intellectual or a creative effort.

So, what is a copyright? The copyright is an exclusive right which is given by the law which extends to a period of time. Like any other intellectual property right this is a right that is granted by the law and it exists for a period of time. So, it is the time bound right and copyright will fall within the category of limited life intellectual property, a concept which will be seen in our forthcoming lectures.

Now, who can have a copyright? Copyright can vest on the authors, composers, artists or creators of artistic, literary, dramatic or any form of creative work. People who create or

who come up with creative work can be the owners of copyright. It can also fall on their assignees.

So, an author writes a book and assigns it to the publisher. So, the publisher becomes the copyright owner; now the right pertains to printing, publishing, selling of copies of the original work. Now, original work now you saw the word works here now this is what we had mentioned would require some kind of a medium. So, work is understood as something that comes on a medium and copy again it is tied to the fact that you can make a further copy of a work. So, these two concepts are important to understand the scope of copyright, the fact that you can make more copies and it subsists in works creative works.

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The Right to Copy

- Right: Literary/Artistic, film, sound recordings
 - Making copies, broadcasting, selling
 - Exploit (granting permission or sale)
 - Publish a book (anyone, easiest IP to create)
 - Without permission: Infringement
 - Injunction; damages

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The right to copy or make further copies exists in literary or artistic works, it exists in films, in sound recordings as well. Now by this we refer to the right to make copies if it is a literary or an artistic work. We also refer to the right to broadcast and also the right to sell the copies. The right to copy in itself is not an end because why do you make these copies. The copies are largely made to exploit for profit. So, exploitation by giving permission to somebody to use it what we call a granting permission is called as a licence or by a sale. So, the sale of a copyrighted work can result in remuneration for the creator. Similarly licence of copyrighted work can also result in a gain or a remuneration for the copyright holder. So, this is what we mean by exploitation.

So, the fundamental reason why the right to copy is granted by the law is to allow the owners to exploit their work. For instance a person publishes the book. When he publishes a book he becomes the copyright owner of the book by a mere act of adding the copyright claim on his book he just puts the copyright symbol which is a small c within a circle and writes his name the authors name and followed its by the year in which he writes the book.

Now this is what we call a copyright notice which you will find in almost every book that you would come across, either there is the name of the author as the copyright owner or you will find the name of the publisher as the copyright owner. So, when it is the publisher who is the copyright owner then we understand that as a case of the author having written the book and having assigned the copyright to the publisher or the publisher had a team of people under his employment who wrote the book and the publishers name figures in the copyright notice. So, a copyright is the easiest form of IP that you can create because, we just mentioned that copyright can exist in any literary work and literary work includes bestselling books as well as the letter that you write to your friend or an email that you compose and send it to your colleague.

Now, any written work is construed as a literary work and literary work as I just mentioned is the one of the easiest things that we can create, almost every person who is literate can create a literary work. Now, the literary work need not be something that has value or something that has literary merit copyright law does not consider or does not get into the details of the literary merit of a work. As long as it is created, it is original and it is attributed to an author it can qualify as a work. So, an SMS or a text message that you sent is potentially a literary work, an email you sent to your colleague is a literary work. So, that makes copyright one of the easiest intellectual property rights to create and to own.

To create because you can sit and create it on your own, any literate person can compose a few lines and it becomes a potential subject matter for copyright. And it is easy to own because the formality of owning is just adding this to the work adding a copyright notice to the work which again does not require filing before up a office like what we saw in the case of patents or even in the case of trademarks. So, this is something that accrues immediately on the creator and it does not cost anything to display the fact of ownership.

A copyright notice which an author can put in his or her book qualifies as a notice of copyright or notice of ownership.

Now, why does this right exist? The right we just mentioned exists to protect the authors and creators of the work to exploit and to make money out of their work, to commercially exploit their work, what happens if this right then exist for instant an author writes her book and the book is immediately copied by others in the market. Now that would amount to an infringement of her right.

So, infringement of a copyright is understood as a use without permission, somebody uses the work uses can be making copies, making a play out of the book, it can be translating the book, it can be selling the book; any of the acts that are protected under the copyright law, if a person does that without the permission of the copyright owner then we call that an infringement. The relief of infringement can be injunction getting a court order against the infringer and stopping the activities the infringing activities or it could also be damages, damages pertains to compensation in lieu of the loss suffered by the infringement.

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The Right to Copy



- Right: Literary/Artistic, film, sound recordings
 - Making copies, broadcasting, selling
 - Exploit (granting permission or sale)
 - Publish a book (anyone, easiest IP to create)
 - Without permission: Infringement
 - Injunction; damages
- Exceptions: Fair use or fair dealing
 - few pages, education, lending

As a right copyright is not without exceptions and limitations; there are certain exceptions and limitations to the use of a copyright. Now, fair use or fair dealing is one such exception which allows people to use copyrighted work. For instance if a person who has purchased a book which is the subject matter of a copyright wants to copy a few

pages or a few paragraphs from though copying would amount to an infringement, a few paragraphs or a few pages from a book is allowed under certain statutes.

The law allows you to copy few pages provided there are certain restrictions to it, for instance it is for personal use. So, that is something which is allowed for or it is for the purpose of education for teaching or imparting education to students again that is allowed for, the copyrighted work is kept in a library and it is the copyrighted work is kept in a lending library and the members of the library borrow the book that is again something that is permissible. So, fair use or fair dealing is something that is seen as an exception to the right of the copyright holder.

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Original Works

- Originality:
 - Literary, dramatic, musical, artistic
 - Easily satisfied; not unique; originated from author; his intellectual creation (not like novelty in Patent Law)
 - Quality not an issue: Tagore's poetry and poems written by school kid; judges/courts will become art critics
 - Sound recordings, broadcast, typographical arrangements
 - Derivative works need not be original
 - Repeat broadcasts, each will have a copyright
 - Films treated like original works

Copyright subsists in original works. Now, originality is a requirement in copyright. Now it is a requirement when it comes to literary, dramatic, musical or artistic work whereas, originality is not a requirement when it comes to sound recordings, broadcast, typographical arrangements.

Now, we will see how this has evolved and what originality is unlike originality in the context of patent law and in pattern law originality we do not use the word originality we say the invention has to be novel in a sense that it should not have been anticipated by the prior art the knowledge that went before.

In copyright law originality refers to the fact that it is unique in the sense that it originated from the author. So, that is all that is required to be shown if a work should be regarded as original, it should have emanated from an author. And by extension it should have been the authors intellectual creation.

So, these two things, one it originated from the author and it is his or her intellectual creation is all that is required to show that a work is an original work. So, this requirement in copyright law is easily satisfied. In fact, the originality requirement is not something which any organisation or office would even test for a copyright for the grant of a copyright.

Copyrights are granted by the mere fact that they are created and originality questions on originality would arise only when there is an infringement and there are challenges made to the copyright. So, in determining originality quality is not an issue for instance Rabindranath Tagore's poetry has copyright over it. And similarly poems written by an school kid would have similar protection copyright protection over the work. So, the protection over the work is not dependent on the quality. Now had it been the case that the copyright regime would look into the quality of the work, then we would create an unfair situation where quotes and judges will now act as art critics in the sense that they would now be given the right to judge the merit of an artistic work. So, thankfully we do not have that arrangement. What we have is the fact that the courts will look into factors whether a work is being infringed or not and the court will not look into the quality of a work when it comes to determining disputes on copyright.

So, the originality requirement as we just mentioned does not fall on sound recordings, broadcast, typographical arrangements. These are called derivative works because, sound recordings, broadcast and typographical arrangements could have come from other works that already existed literary, dramatic, musical or artistic works. So, because they are regarded as derivative works derivative works do not need to be original.

When a broadcast is made every broadcast has a separate copyright vested on it. For instance a life event is broadcasted there is a copyright on it and there is a repeat broadcast the next day that has a separate copyright over it or to put it in another way if there is a book that has gone into seventeen editions the book will have seventeen copyrights over it each one different from the other. Films tend to be regarded as original

works though they involve sound recording and some kind of broadcasting. Now they are treated as original works over the course of the evolution of copyright law they tend to be created as original works.

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Scope of Right

- Extends beyond copying:
 - Covers translation of literary works
 - Public performances
 - Technological developments (broadcasting, storing on computer, electronic transmission, hosting on website)
- Overlapping rights:
 - Simultaneous creation (two photos of moon)
- Does not protect ideas, only expressions
 - Murder mystery; Agatha Christie *idea/expression*

Scope of the right. Copyright extends beyond mere copy it can extend to translation of literary works, it can extend to public performances for instance there is a play a copyrighted play the public performance of the play could also be covered, it could also cover technological developments. For instance broadcasting the play which happens on a stage or storing information about a literary work on a computer or electronic transmission or hosting the work on a website all these things are regarded as technological developments of an existing work they are also covered by copyright.

There can be overlapping rights with regard to a artistic creation. Simultaneous creation we had mentioned this in the context of patent law if two people invent a patent if two people invent an invention at the same time law settles dispute with regard to creation by looking at the person who created it the first time.

So, the person who law settles dispute with regard to creation by evolving a concept called true and first inventor and evolving a method of approaching the patent office called the first file principle. So, the world today follows the first to file principle. Regardless of who invented the invention first, the person who approaches the patent office first gets the invention. So, this is how priority is determined in patent law which

means if two people simultaneously came up with an invention say on the same day the person who approached first the patent office will get the ownership over the invention.

Copyright is slightly different you can have simultaneous creations and you can have overlapping rights over similar works. For instance two photographers photograph the moon at the same time and their photographs look almost identical they use the same equipment, and let us also assume that they shoot the photograph from similar location as well without knowledge of each other and at the same time. In copyright law there will be two copyrights over each of their work one work will not be recorded as a prior work as we would do in patent law rather both the works will exist as simultaneous creations.

So, copyright law does not have the issue of priority with regard to creative works which patent law has. And because it is not dependent on registration you can just create a copyright by just creating it or by adding a copyright notice to it to inform the world about the creation of the right it is again not hit by the issues of registration which patent law has.

So, you could have simultaneous creation in copyright law and you could have overlapping or simultaneous rights over the similar creations. The scope of the copyright protects only expressions of idea and it does not protect the ideas themselves. So, this is an key principle to understand. This is called the idea expression dichotomy in copyright law.

Now, this tells us that there could be ideas, but the scope of the copyright is only for the protection of the idea. This is a good thing because, if you look at various genres of novels say for instance murder mystery almost all murder mysteries have a similar theme to follow. There is an event and there is doubt with regard to who committed that murder and there is an investigator who comes in and there are clues all over the place which are largely misleading and at the end the least expected person is found to have committed the murder, I mean it is a typical in a typical murder mystery.

So, Agatha Christie is known to have written many murder mysteries. And almost all her works are entirely different though they all fall within the same genre. So, if protection of ideas was the scope of copyright then copyright law would only be allowing the first murder mystery. Because, that is an idea of a murder being solved by an investigator was

is if that is protected then there cannot be any further murder mystery novels in that genres.

So, the law does not protect the ideas themselves rather the expression of the ideas which means you can have an entire genres of murder mysteries written by different authors setting the murder in different locations with the different characters with different plots and with different ways of solving the mystery. So, this is a key distinction to understand that the scope of the right is not on the ideas, but on the expression.

There are also certain disadvantages in protection of expression and not in protection of ideas. Someone comes with an idea for a quiz competition and the quiz competition which is meant to be a broadcasted event over the television is now been devised by this author. And, he captures all the details of the quiz competition how it has to be conducted how the candidates will move to the next level how to choose how to give them options to come up with the answers various details with regard to this quizzing event is developed by the author.

It is still in the stage of an idea because that itself cannot be a product somebody will have to conduct a quiz competition, broadcast it over the TV channels, make means by which the public can participate and make it into a event; because copyright does not protect ideas if the concept or the idea of a quizzing event in itself cannot be protected because, the law protects only the expression.

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Term and Subject Matter

- Limited Life: Life of author + 60 years
- Owner: Author; employer
- Assignment: Will, licences
- Moral Rights:
 - Right to be recognized as author
 - Right to object to derogatory treatment (defamation)
- Not based on merit:
 - Bills, coupons, telephone directories, databases
 - Value (investment); incentive for investment (intangibles)

Term and subject matter: the term of a copyright is a limited term, the copyright extends to the life of the author plus 60 years. In India the owner of the copyright is usually the creator that is the author or in some cases it could be the employer, if the employer as employed is employees to create the copyright. And, as a part of the terms of employment the copyrighted work would vest with the employer the creation would vest with the employer. Now, copyrights can be assigned it can be a subject matter of assignment, it can be assigned through the will from a person to his offsprings. It can also be assigned while the person is alive by way of licences.

There are also certain moral rights that vest in a copyright. Now we mention that copyright largely is the right to prevent others from copying, prevent others from broadcasting or selling the copyrighted work, but there are certain moral rights that could exist in a copyright. The right to be recognized as the author is a moral right and also the right to object to derogatory treatment of the work is again a moral right that vests with the author.

Now, a paralleled and patent law will be the right to be mentioned as the inventor, a person who is an inventor has the right to be mentioned even if he is not the owner of the invention say he created the invention being an employee. So, he is not the owner of the invention or he created the invention and assigned the invention to another person again he ceases to be the owner, but even if it ceases to be the owner he has the right to be recognized as the inventor.

Similarly, an author who creates the work has a right to be recognised as the author even if he is not the copyright owner. In other words the copyright exists in another person by transmission, by assignment or the work was commissioned for another person as a work for hire, a person created this for another person.

So, you can the authors name can still be mentioned as or the author should have a right to be recognized. What would happen if there is derogatory treatment of a copyrighted work? Traditionally, the relief would lie in the law of defamation. There are provisions in tort law where you could file a case for defamation, but since the moral rights are now recognized under the copyright regime this is now the most, but since moral rights have now been recognized under the copyright regime an author can take action against any intrusion of his moral rights.

Again the subject matter of copyright is not based on its intellectual merit; you can have a copyright on bills, coupons, telephone directories, databases. However, the value in a copyrighted work is regarded as an investment because, there is some amount of effort in time and material that goes into creation of these works. So, copyrighted works are expected to protect works that have value and the value is regarded as an investment. And, we had already mentioned that a intellectual property gives incentives for investing into the creative works and intangibles are created by investments made in intangible assets.

Intellectual Property
Prof. Feroz Ali
Chair Professor
Indian Institute of Technology, Madras

Lecture – 49
Origin and Evolution of Copyright

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Origin and Evolution

Now, let us look at the Origin and Evolution of Copyright.

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History and Origin

- Profit from others works
 - Plagiarism: one who copies the work of another and passes it off as his own (plagiarius = kidnapper)
 - Piracy: plundering of intellectual property includes unauthorized distribution, theft, reproduction, copying, performance, storage, sale (pirate = sea robber)

Copyright came out of the necessity for creators to profit from their work. Copyright came into picture because there were instances of others profiting from these works for instance the first few instances of the need for a copyright regime came largely through plagiarism, where one copies the work of another and passes it off as his own work. Now this comes from Latin word *plagiarius*, which stands for kidnappers, somebody who took somebody else's things. Piracy also played a role in having the copyright laws in place. Piracy was regarded as plundering of intellectual property. And it included unauthorised distribution, theft, reproduction, copying, performance, storage and sale of the product. Now piracy comes from the word pirate which stood for a sea robber. Again you will find that piracy and plagiarism as the broad themes that led to the creation of the copyright regime. There existed piracy with regard to works creative works and also plagiarism.

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History and Origin



- Religious works: hand-illustrated
- Two inventions:
 - Gutenberg: moveable type
 - Caxton: printing press
- Laws favouring printing and circulation (printing privilege)

If you look at this history of copyright law and its quite a fascinating history depending on how we look at it if you are interested in the cultural development you can look at the history in a different perspective, if you look at legal protection of intellectual works again there is an aspect which you can look at.

So, there are different histories in copyright and the broad agreement is that the origin of copyright came from United Kingdom and the things and the events that happened in United Kingdom led to the creation of norms for copyright law.

In the initial years in United Kingdom religious works were made by hand they were hand illustrated and there was enormous amount of effort that went into creating these works that itself made them difficult to copy because if somebody had to make a copy of this work then it had to be a person who could create the or match the artistic splendour in these works and religious works were meant for a small audience people who were involved in religious teaching and in propagation of the religion.

So, it was it had it pertained to a small audience who use these works. And these works were anyway protected by the design or by the illustrations that they carry. Since literacy was not widespread as it is now, the need for protecting copyrighted works was not there in the initial years and the largely the works that were circulated were of religious nature. But two things changed this; one was the invention of the movable type by Gutenberg and two the printing press by Caxton. Now these two inventions lead to printing becoming a mass activity. For instance, you can say that printing got democratized with these two inventions.

So, we had also various laws favouring printing and circulation. A printing became slowly a privilege because of the two issues that we mentioned piracy and plagiarism and this privilege was conferred to a selected group of people.

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History and Origin



- Printing practiced freely
- Control on Printing religious works: Henry VIII banned import of books into England
- Stationers' Company: Registration
 - granted privilege; a monopoly in printing
 - Members "right" to print books – "Copyright"
 - Power to confiscate (infringement)

Now when these two technologies came into being printing began to be practiced very freely and it lead to creation of works which without any control. So, to control the

printing of religious works because religious works if it is not approved by the religious rights then that could lead to either could be regarded as apocryphal works and or even blasphemous works. So, that led to Henry the VIII leading passing a law, banning the imports of books into England because printing technology was practiced everywhere.

This led to copies of books being created and to ensure some kind of authenticity there was a ban on printing religious works and the right to print was given to the Stationers company and Stationers company was a group it was initially a guild, but later on it took up the job of printing books. Now, the king granted the privilege to this company and this company had a monopoly in printing. The company will maintain a register as to all the books that it has printed and it would be on record as to what was printed. So, anything that was printed other than by this company would be regarded as an infringing work or that will be regarded as something that was done without authorisation.

So, the first evidence of registration we find it in this instance where the Stationers company had a register of the books that it printed and members had almost a perpetual right to print the books. So, when the members of the Stationers company had the right to print the book, the word copyright evolved as a right to make further copies. So, the evolution of the word copyright also can be tied to the right of the members to print books and it was initially a perpetual right. The stationers company also had the power to confiscate books that were illegally or printed without their authorisation.

So, we can see some amount of enforcement also evolving in the copyright regime in the sense that books that were printed without authorisation could be confiscated. So, seizure of goods is again a modern day remedy where a copyright holder has the right to seize the infringing works.



History and Origin

- Piracy flourished: Statute of Anne passed (1709)
 - Argued that copyright is a true property right, like houses and estates
 - "...very great detriment and too often to the Ruin of them and their families."
 - Preamble: "...the encouragement of learning..."
 - Term: 14 years sole right of printing (+14, if alive)
- US Copyright Act 1790 (inspired by Anne)

Despite passing this law piracy flourished there were instances because of the technology that allowed people to print easily piracy flourished. And we find that the Statute of Anne was passed in 1709 to tackle the issue of piracy. So, this was the first Statute passed in England which was the precursor of modern copyright laws. Now, in the Statute of Anne it was argued that copyright was a true property right and the right in a creative work was compared to houses and estates and it was also mentioned that the authors or creators of the work would stand to suffer the most if their rights were not protected.

And it was mentioned in the Statute of Anne very great detriment and too often to the ruin of them and their families stating that if copyright is not protected if the stating that if the works of authors are not protected by regime, it would lead to the detriment of them and their families. The preamble of the Statute of Anne also had something on dissemination of information. It stated that there has to be encouragement of learning. So, we find the copyright the initial copyright law that came into being in the 18th century not only was concerned with protecting the rights of the creators, but it was also tried to the dissemination of information, it the preamble mentioned the encouragement of learning. The term of the copyright was 14 years, where the copyright owner had the soul right of printing and it could be extended by another 14 years if the copyright owner was alive at the end of the 14 years.

So, the initial term was 14 years which could be extended to another 14 years. Now, you will also see that over the period of time since the 18th century the copyright term has extended to accommodate different kinds of works and it has also expanded increasing the term of the exclusivity.

The US Copyright Act of 1790 was inspired by the Statute of Anne and you can almost find some verbatim reproduction of the Statute of Anne. So, the law originated in England and it was followed around the world similar versions of the law.

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History and Origin

- Protection from copying after the invention of printing press—15th Century
 - Stationer's in UK granted a charter by the Crown to search out and destroy books printed in contravention of statute
- Copyright in the 19th Century
 - Protection extended to paintings, drawings, photographs, musical works
 - Slow emergence of bilateral agreements: Reciprocity

So, copyright became a necessity to protect original works from copying after the invention of the printing press and we saw that the Stationers were granted the exclusive right by way of a Charter by the Crown to print and also to search out and destroy the books printed in contravention of the Statue what we refer to as the power of confiscation.

The slow emergence of copyright as a international right started off with bilateral arrangements; two countries will have an arrangement of based on reciprocity to respect copyrighted works of each other; this slowly became an international arrangement.

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International Arrangements



- Berne Convention, 1886 (uniformity)
 - Limited to literary and artistic work
 - National treatment principle
 - Min. Duration: most works, life of author + 50 years
 - Automatic protection
- Rome Convention, 1961
 - Neighboring rights (performers rights)
 - Rights of phonogram producers, performers, and broadcasters

The first international arrangement on copyright was the Berne Convention in 1886. The Berne Convention's primary focus was on having uniformity amongst the different members. The Berne Convention just limited to artistic and literary work initially, but the Berne Convention was amended and new forms of copyrighted works were included in the subsequent years. The Convention was based on the national treatment principle which is a treatment principle in international law that stating that you have to extend equal treatment for foreigners, in other words you would treat foreigners as you would treat your own nationals.

So, national treatment principle ensured that creators of copyrighted work in foreign countries got symbol of protection as a protection would be offered to a citizen of a particular country. So, foreign works had to be treated at par like domestic works. So, the Berne Convention fixed the minimum duration of copyright for most works as life of the author plus 50 years. So, the 50 years; so, the copyright term of a work extended throughout the life of the author and for an additional 50 years.

So, the year on which the author died plus 50 years. And copyright also subsisted automatically, the protection was automatic. The fact that the work was created granted protection to the work. Now this could normally be signified by a copyright notice that is adduced along with the work. The second major international arrangement on copyright is what we call the Rome Convention of 1961. While the focus of the Berne Convention

was rights of the authors the people who created the work, the Rome Convention pertain to neighbouring rights; neighbouring rights meaning the rights of those other than the authors say the performer's rights.

So, this Convention considered the rights of phonogram producers of sound recordings performers and broadcasters which was not covered by the Berne Convention. So, we slowly see the expansion of copyright, copyright was traditionally understood as rights of the authors and creators and now we see the right extending to producers of sound recordings, phonograms, performers of existing copyrighted works and broadcasters. So, the right got extended to producers of phonograms, performers and broadcasters.

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NIFT

International Arrangements

- TRIPS Agreement 1994
 - Most-favoured nation principle
 - Idea-Expression distinction
- WIPO Treaties
 - WIPO Copyright Treaty, 1996
 - WIPO Performances and Phonograms Treaty, 1996

NPPT

Then in 1994 we had the TRIPS Agreement. Now the TRIPS Agreement brought in the most favoured nation principle and it also had the national treatment principle in it which said that you cannot discriminate between nations. If country A offers a preferential treatment to country B then that treatment has to be extended to country C or country D as well. So, the most favoured nation principle brought in a way in which countries could not discriminate other countries or countries could not have a special treatment for one country alone. So, the most favoured nation principal allowed countries to be treated equally and to have a similar regime on copyright across nations. And the TRIPS Agreement also gives effect to the idea expression distinction. Now after this TRIPS

Agreement we had two WIPO treaties, the WIPO Copyright Treaty and the WIPO Performances and Phonogram Treaty called the WPPT 1996.

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TRIPS Agreement 1994

- Implements Arts 1-21 of Berne Convention
 - Disputes with regard to compliance of Berne Convention can be brought before DSB of WTO
- Rome Convention: Article 14 of TRIPS
 - Protection of Performers, Producers of Phonograms
- Computer programs
 - as literary works; compilation of data=intellectual creations

Now, the TRIPS Agreement which came in 1994 implemented Articles 1 to 21 of the Berne Convention; it just adopted what was there in the Berne Convention. One advantage of this was their countries which were not parties to the Berne Convention because they had signed the WTO and became members of the TRIPS Agreement would now be following the Berne Convention because it adopted those Articles. And also disputes with regard to compliance of Berne Convention could now be brought before the WTO because the WTO had a dispute settlement body and it had an effective dispute settlement mechanism.

So, earlier if a country did not comply with the Berne Convention there was no way in which you can raise that as a dispute, but now this arrangement of incorporating Berne Convention provisions or the Berne Convention into the TRIPS Agreement brought in countries the ability to raise a WTO dispute. The TRIPS Agreement also incorporated the Rome Convention, but indirectly through Article 14. So, the gist of the Rome Convention which dealt with protection of performers, producers, rights of performers and producers of phonograms was also brought in through Article 14 of the TRIPS. And the TRIPS Agreement also recognised computer programs as products that can be protected by copyright. It required that computer programs should be treated as literary

works and compilation of data or databases should also be treated as intellectual creations. So, intellectual creations refer to both computer programs and databases.

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WIPO Copyright Treaty, 1996

The WIPO Copyright Treaty (WCT) is a special agreement under the Berne Convention that deals with the protection of works and the rights of their authors in the digital environment. Any Contracting Party (even if it is not bound by the Berne Convention) must comply with the substantive provisions of the 1971 (Paris) Act of the Berne Convention for the Protection of Literary and Artistic Works (1886). Furthermore, the WCT mentions two subject matters to be protected by copyright: (i) computer programs, whatever the mode or form of their expression; and (ii) compilations of data or other material ("databases"), in any form, which, by reason of the selection or arrangement of their contents, constitute intellectual creations. (Where a database does not constitute such a creation, it is outside the scope of this Treaty.)

The WIPO Copyright Treaty was a special arrangement under the Berne Convention which protected works and rights of authors in the digital environment. Now this Treaty also called as the WCT mentions two subject matters to be protected by copyright. The first one is computer programs and the second one is databases compilation of database. So, the 1996 WCT extended the protection of copyright to two subject matters computer programs and databases.

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WIPO Copyright Treaty, 1996

As to the rights granted to authors, apart from the rights recognized by the Berne Convention, the Treaty also grants: (i) the right of distribution; (ii) the right of rental; and (iii) a broader right of communication to the public.

- The right of distribution is the right to authorize the making available to the public of the original and copies of a work through sale or other transfer of ownership.
- The right of rental is the right to authorize commercial rental to the public of the original and copies of three kinds of works: (i) computer programs (except where the computer program itself is not the essential object of the rental); (ii) cinematographic works (but only in cases where commercial rental has led to widespread copying of such works, materially impairing the exclusive right of reproduction); and (iii) works embodied in phonograms as determined in the national law of Contracting Parties (except for countries which, since April 15, 1994, have had a system in force for equitable remuneration of such rental).
- The right of communication to the public is the right to authorize any communication to the public, by wire or wireless means, including "the making available to the public of works in a way that the members of the public may access the work from a place and at a time individually chosen by them". The quoted expression covers, in particular, on-demand, interactive communication through the Internet.

Apart from the rights granted to authors which were recognised by the Berne Convention, the WIPO Copyright Treaty also introduced three different sets of rights. It introduced the right of distribution, it introduced the right of rental and a broader right of communication to the public.

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WPPT 1996

The WIPO Performances and Phonograms Treaty (WPPT) deals with the rights of two kinds of beneficiaries, particularly in the digital environment: (i) performers (actors, singers, musicians, etc.); and (ii) producers of phonograms (persons or legal entities that take the initiative and have the responsibility for the fixation of sounds). These rights are addressed in the same instrument, because most of the rights granted by the Treaty to performers are rights connected to their fixed, purely aural performances (which are the subject matter of phonograms).

The WIPO Performances and Phonograms Treaty the WPPT 1996 deals with two kinds of beneficiaries in the digital environment. The first type referred to performers; actors, singers and musicians and the second type refer to producers of phonograms; persons or

legal entities that take the initiative and have the responsibility for the fixation of sounds. The Treaty govern the right of performers which were connected to their fixed purely aural performances.

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WPPT 1996

As far as **performers** are concerned, the Treaty grants performers **economic rights** in their performances **fixed in phonograms** (not in audiovisual fixations, such as motion pictures): (i) the right of reproduction; (ii) the right of distribution; (iii) the right of rental; and (iv) the right of making available.

- **The right of reproduction** is the right to authorize direct or indirect reproduction of the phonogram in any manner or form.
- **The right of distribution** is the right to authorize the making available to the public of the original and copies of the phonogram through sale or other transfer of ownership.
- **The right of rental** is the right to authorize the commercial rental to the public of the original and copies of the phonogram, as determined in the national law of the Contracting Parties (except for countries that, since April 15, 1994, have had a system in force for equitable remuneration of such rental).
- **The right of making available** is the right to authorize the making available to the public, by wire or wireless means, of any performance fixed in a phonogram, in such a way that members of the public may access the fixed performance from a place and at a time individually chosen by them. This right covers, in particular, on-demand, interactive making available through the Internet.

With regard to the right of performers the treaty grants performers economic rights in their performances fixed in phonograms. So, which means it does not cover audio visual fixations such as motion pictures and they have a right of reproduction, right of a distribution, right of rental and right of making available.

The producers of phonograms also had certain economic rights in their phonograms. They have the right of reproduction, right of distribution, right of rental and right of making available.



Rationale

- Why protect copyrights?
 - Intellectual productions need to be protected
 - Intellectual effort
 - Copying can be equivalent to theft
 - Labour theory
 - Reward an author for creating a work
 - Essential to human creativity

The rationale of copyright: Why should we protect copyrights? The works on which copyright subsists are regarded as intellectual production which need to be protected because they come out of a creative or intellectual effort.

So, the fact that these products resulted from an intellectual effort needed some kind of a protection. We had protection for goods and services, but there was no protection for the intangibles like creative labour. So, that itself triggered the emergence of copyright as a right to protect the products of creative labour. Another rationale for having copyright is that copying is treated as an equivalent of theft.

Now, we saw that when plagiarism and piracy was mentioned it was the language used to refer to plagiarism was kidnapping or the word had a meaning of kidnapping and piracy had the meaning of robbery. So, copying somebody else's work was equated to stealing or equated to the crime or theft.

So, that is another rationale for having a regime because you had to protect the expression of ideas from being stolen. The third rationale for having copyrights is that the fruits of labour need to be protected. So, the labour theory which states that if a person expends time in creating a work for instance writing a book then it should not be that the labour that was spent in creating the book goes unrewarded. So, rewarding the author for the creating creation of the work was essential for promoting human creativity.

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Rationale

- Why protect copyrights?
 - Incentive to create more works
 - Economic and social development of society dependent on creative work
- If copyright protection applied rigidly, hamper progress of society
 - Exceptions and limitations included

Copyright protection is also believed to incentivize creation of further works and it also has the economical and social development of a society which the creative work could contribute to.

However, if copyright protection is applied rigidly it could hamper progress of the society. So, that is the reason why we have various exceptions and limitations included in the law. We found that in the Statute of Anne though they have mentioned that there is a need to protect the rights of the creators they are also carefully worded the need to disseminate information as well. So, copyright regime can be seen as a balance where the rights of the protect can be seen as a balance where the rights of the creators have to be balanced with the rights of the users.

Intellectual Property Rights
Prof. Feroz Ali
Chair Professor
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Lecture – 50
Copyrights in India

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We just saw the introduction to copyright and how it originated and evolved over a period of time. Now let us look at copyright protection in India.

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- Indian Copyright Act, 1914
- Copyright Act, 1957
- Copyright (Amendment) Act, 2012
 - Balance of rights of authors, right holders and users
 - Performers rights
 - Amendment to facilitate access to works
 - Compulsory licenses

In India initially we had the Indian Copyrights Act in 1914 which was brought in by the Britishers and post independence we had the Copyright Act of 1957. The Copyright Act of 1957 consolidates the law on copyright in India and it incorporates provisions of the Berne Convention.

We have an amendment in 2012 the Copyright Amendment Act, 2012 which was a recent amendment, which incorporated various new developments in copyright law it seeks to balance the rights of the author's, right holders and the users. So, there is a balance that we were talking about that is expressly mentioned in the Amendment, it also has provisions on performer's rights and a provision to facilitate access to works by means of compulsory licences.

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Fundamentals



- Jurisdiction
 - Extends to whole of India
- Term
 - For most works, life of author + 60 years
- Rights of a copyright holder
 - Exclusive rights to print, publish, sell copies of work

The jurisdiction of the Copyright Act it extends to the whole of India. The term of copyright foremost works is life of the author plus 60 years, the year in which the author dies there is another 60 years of protection. So, you can say that the term of the copyright is also dependent on the life of the author, the copyright holder has the right to print, publish, sell copies of the work.

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Work

- A work means a literary, dramatic, musical, or artistic work, a cinematograph film, or a sound recording
- Work of joint authorship
 - Work produced by the collaboration of two or more authors in which the contribution of one author is not distinct from the contribution of the other author or authors

Work as we already mentioned is defined to mean a literary, dramatic, musical or artistic work it includes a cinematograph film or a sound recording. Works can be either created separately or jointly, a work of joint authorship is defined as a work produced by the collaboration of two or more authors, in which the contribution of one author is not distinct from the contribution of other authors. For example, the music that is played by three musicians using different three different instrument instruments at the same time. Now the work is a work of joint author authorship because, there is you cannot distinguish or you cannot separate the work of one author from the others.

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Works Protected by Copyrights

- Original literary, dramatic, musical, and artistic work
- Cinematograph films
- Sound recording
- Other conditions
 - Work first published in India
 - Author citizen of India

Works protected by copyright include original literary works, dramatic works, musical works and artistic works, it includes cinematograph films, it includes sound recordings. It also protects certain works in other conditions for instant example the work was first published in India, can be protected in India and if the author is a citizen of India the work can be protected in India as well.

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Author

- Literary or dramatic work
 - Author of the work
- Musical work
 - Composer
- Artistic work
 - Artist

The term author refers to the author of a work when it comes to literary automatic work, for a musical work author refers to the composer and for an artistic work the word author refers to the artist. So, author by author we mean the person who creates the work.

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Author

- Photograph
 - Person taking the photograph
- Cinematograph film or sound-recording
 - Producer
- Computer generated work
 - Person who causes the work to be created

For a photograph it is the person who takes the photograph for a cinematograph film or sound recording it is the producer, who produces the cinematograph film or the sound recording. For computer generated work it is the person who causes the work to be created, so again it is tied to the creation of the work.

Intellectual Property Rights
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Lecture – 51
Criteria of Protection

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Criteria for Protection

Now, let us look at the Criteria for Protection of a copyright.

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Introduction



- Work should be protected by the Copyright Act, 1957
- Certain other requirements
 - Recorded in a material form
 - Originality
 - Exceptions: Cinematograph films, sound recordings
 - Work sufficiently connected to India
 - Not excluded on public policy grounds

The work should be protected by the Copyright Act, 1957, it should fall within the category of works as defined under the Copyright Act and there are also certain other requirements for a copyright to subsist. It should be recorded in a material form as we said the copy should be created on a material form. And it requires to be original and we already mentioned that the originality is required only for literary, dramatic and artistic works, it is not required for cinematograph films and sound recording and the work should be sufficiently connected to India.

So, copyright can subsist in a work in India if it has a connection to India what we call it should be a qualified work. And it should not be excluded on public policy ground, it should not be something which the Act cannot protect or will not protect.

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Fixation

- Recorded in Material Form
 - Subject matter requires to exist in some permanent form before it gains copyright
- Idea-expression dichotomy
 - No © in idea but in expression of idea
 - Idea given embodiment in tangible form

We look at fixation. Fixation refers to the fact that the material or the product on which the copyright exist should be recorded in a material form, it should be capable of being fixed to something. Subject matter requires to exist in some permanent form before it can gain a copyright. So, the fact that the copyrighted material is fixed to some form refers to the fixation, for instance murder mystery story is fixed in the paper or in the print form there can be no copyright in an idea, but only in the expression of an idea and the idea is given an embodiment in a tangible form.

So, again coming back to the murder mystery novel, the novel gets an embodiment in a tangible form of a book. So, the book is the tangible embodiment of the idea and the

letters and the prints that convey the idea is protected by means of a copyright which is the expression.

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Originality

- Independent creation
- Relationship between the creator and work
 - Not same as the novelty requirement in patents
 - Author's intellectual qualities in creating the work
- Originality of expression
 - Manner of expression of ideas
 - Not originality of ideas
- Derivative works can be original

Originality is another requirement; it goes to show that the work is an independent creation. When we say work is original we refer to the fact that it is an independent creation, it also signifies the relationship between the creator and the work it is not the same as a novelty requirement in patents we had mentioned that and the it refers to the authors intellectual ability or the qualities in creating the work.

And the originality is with regard to originality of expression. So, the manner of expression of ideas is what is protected, not the originality of ideas themselves. And derivative works which are derived from existing original works can also be regarded as original.



Originality

- Requires a modest amount of creativity
- Intent to be original not required under ©
- Artistic: Aesthetic neutrality
- Need not be necessarily lawful content
 - Lawfulness of a content is not governed by copyright law

Originality is an easy requirement to fulfil. It requires a modest amount of creativity the intent is to be original is not required under copyright law. So, a person may make a work without the intention of making it an original work and yet it can have a protection under the law and copyright law does not get into the artistic merit of the work.

So, it has this principle of aesthetic neutrality. The law does not get into whether the work involves an artistic merit or not. And the content also the law does not scrutinize the content of the copyrighted material, though there are republic policy grounds on what can be copyrighted or not for example something that is immoral or blasphemous can be rejected or can be denied a copyright protection.

But, it is not the function of the law to look into the merit of the copyright. So, if something has illegal content, content that is not allowed by the law then, the copyright regime will not check it. So, the lawfulness of content is not governed by copyright law.



Qualified Work

- Work sufficiently connected to India
 - Qualification by first publication]
 - Qualification by authorship (published outside:
citizen)
 - Qualification by authorship (unpublished work:
citizen or domicile)
 - Qualification by location: Architectural works }

Then the work has to be qualified work, in the sense that it has a connection with India. So, the work has to be sufficiently connected to India, so the connection can come in the case of published works it has to be first published in India. So, the first publication has to happen in India with regard to published works, with regard to works published outside India then if the author is an Indian citizen, then again it can be copyrighted in India.

So, for works published outside the author has to be a citizen and with regard to unpublished work works that have not yet been published, then again we go by the authorship. If the author is a citizen or if the author is domiciled in India it can be subject matter of copyright protection in India.

And in some cases we also go by location. For architectural works the work has to be located in India. So, only for architectural works we go by location, for normally we go by publication and the publication should be within India. If it is not published in India if it is unpublished or published outside India we go by authorship.

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Lecture-52
Subject Matter

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Introduction

- All subject matter protected by © are called "works"
- The list of subject matter not exhaustive
 - Intellectual creations that fall outside the subject categories must be protected
- Understand if material attracts ©
 - Duration, ownership, infringement
- Author: person who creates the work

The Subject Matter of copyright. To denote that something is a subject matter of copyright, we use the symbol C within a circle. And all subject matters that are protected by copyright are called works, protected works. So, anything that is protected by a copyright is called works. The list of subject matter is not exhaustive. There could be intellectual creations that fall outside the scope of the categories, but still which can be protected.

To see whether something qualifies for copyright protection, we need to see whether what is the duration of the work, and who is the owner and also determine how it can be infringed. The author normally refers to the person who creates the work.

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Literary Work

- Indian Act doesn't define literary work
 - *"It includes computer programmes, tables and compilations including computer databases."*
- Need not necessarily have literary merit
 - Courts have included football fixture lists, mathematical tables, tambola tickets etc.
- Quantum of Work
 - Number of words not quality
- Author: Author of the work

Now, there are different types of works that can be protected by copyright. Literary work refers to works that are in writing. The Act does not define literary work, but we understand that as works that are captured in writing. The Act says that literary work includes computer programmes, tables, compilations including computer databases. So, computer programme the code, the source code and computer databases are protected by within the definition of a literary work.

The literary work need not have any literary merit. And it is not the job of the courts to look into the literary merit of copyrighted work. So, courts have found that football fixture lists, mathematical tables, tambola tickets etcetera are capable of copyright protection. The number of words in a copyrighted material is not an indicator of quality. And the author of a copyrighted work is the author who makes the work or who creates the work.

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Literary Work

- Quantum of Work
 - Cannot be protected under ©
 - Names, invented words, slogans
 - 'Yeh dil Mange More', Pepsico's advertising slogan was held not protectable under the Act
- Secondary or derivative works, only protected if:
 - Labour right kind
 - Effort brings material change in the work
 - Change of right kind
 - Prior work different from secondary work

There are certain things that cannot be protected under a copyright. For instance, phrases, names, invented words, and slogans cannot form a part of copyright protections. Names especially ones used in commerce or in trade are protected by trademarks and invented words and slogans, for instance like the slogan which Pepsico used a while ago Yeh dil Mange More, which is an advertising slogan was held something that cannot be protected under the copyrights act.

Secondary or derivative works can also be protected. They can be protected only if, it involves the right kind of labour, it should be of such a nature that the effort brings a material change in the work. So, the work should get changed based on the effort that change should be of the right kind. And the prior work should be different from the secondary work. The work secondary work should be distinct and different from the earlier work.

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Literary Work

- Original author assigns copyright then, new work will be entitled to a copyright
 - Adaptations and abridgement
 - Translations
- Compilations and collective works
 - © subsists in individual items and collection as a whole
- Computer programmes
 - Protection of source codes

When the author assigns the copyright to another person, the new work will be entitled to a copyright as well. Now, adaptations and abridgement of existing works can have a copyright. Translations can also be entitled to a copyright. Compilations and collective works can have copyrights. A copyright can subsist in the individual item as well as in the collection as a whole.

So, if it is a book, which collects essays written over a period of time by different authors. When they essays were published initially, they would be a copyright that subsists in those essays, as and when they were published. When the book is published as a collection of essays, there will be a separate copyright in the book as it is published as well. For computer programs the source codes can be protected as a literary work.

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Dramatic Work

- *“..includes any piece for recitation, choreographic work or entertainment in dumb show, the scenic arrangement or acting, form of which is fixed in writing or otherwise but does not include a cinematograph film.”*
 - literary and dramatic used together, principles applicable to literary work will be applicable here
- Author: Author of the work

For dramatic work, dramatic works as defined as including any piece of recitation, choreographic work or entertainment in dumb show, the scenic arrangement or acting, form of which is fixed in writing or otherwise but does not include a cinematograph film. So, dramatic work excludes cinematographic film. The terms literary and dramatic are used together, and the principle applicable to literary work will be applicable to dramatic works as well. Again the author of a dramatic work is the person who authors the work.

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Musical Work

- *“..means a work consisting of music and includes any graphical notation of such work but does not include any words or any action intended to be sung, spoken or performed with the music.”*
 - 2012 amendment, grant of statutory license for cover versions

Musical work means a work consisting of music and includes any graphical notation of such work but does not include any words or any action intended to be sung, spoken or performed with the music. So, it excludes the lyrics. In 2012 Amendment, there was a grant of statutory licence for cover versions. This was introduced by the 2012 Amendment.

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Musical Work

- Song contains both literary and musical work
 - Tune and lyrics
- Lyrics of the song is literary work
 - Author: Writer of the lyrics
- Music accompanying the song musical work
 - Author: Composer of musical work

Songs typically contain both literary and musical work. So, the tune and the lyrics together forms the song. Lyrics of the song is the literary part, and it is protected as a literary work. And the author is the owner or the writer of the lyrics is the author of the work. Music accompanying the song is treated as a musical work and the author of the musical work is the composer of the musical work. So, in a song there can be two rights set of rights in the literary work, and rights in the musical work, and they are owned by different people. And the author of these rights are different people.

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Artistic Work

- Meaning
 - A painting, a sculpture, a drawing (including a diagram, map, chart or plan), an engraving or a photograph, whether or not any such work possesses artistic quality
 - A work of architecture
 - Any work of artistic craftsmanship
- Author
 - Artist, for artistic work other than photograph
 - Photograph, person taking the photograph
 - Monkey selfie

An artistic work is mentioned in the Act, a painting, a sculpture, a drawing includes a diagram map, chart or plan, an engraving or a photograph, whether or not any such work possesses artistic quality. A work of architecture is included as an artistic work. And any work of artistic craftsmanship can also come under the ambit of an artistic work.

The author of an artistic work is the artist of the artistic work other than an photograph. For a photograph, it is the person who takes the photograph, who is regarded as the author. Recently there was an issue with regard to a selfie taken by a monkey. The Courts in the United States have held that, the person who is entitled as the copyright holder cannot be the animal itself. That is largely because of the way in which statutes are written. Rights with regard to copyright can only be held by a person and a person is defined in the Act, especially in the Indian laws as a human being. So, a person has to be a human being and so far intellectual property rights have only covered intellectual work of humans.

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Cinematograph Films

- *“..means any work of visual recording and includes a sound recording accompanying such visual recording and “cinematograph” shall be construed as including any work produced by any process analogous to cinematography including video films.”*
- Author: the producer of the film

Cinematograph films, means any work of visual recording and includes a sound recording accompanying such visual recording and cinematograph shall be construed as including any work produced by any process analogous to cinematography including video films. The author of cinematograph films is the producer of the film. It is not the director, it is not the people, who the technical people who involved rather it is the producer.

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Sound recording

- *“.. means a recording of sounds from which such sounds may be produced regardless of the medium on which such recording is made or the method by which the sounds are produced.”*
- Author: the producer of the sound recording

Sound recording, means a recording of sounds from which such sounds may be produced regardless of the medium on which such recording is made or the method by which the sounds are produced. The author of a sound recording is again the producer of the sound recording. The sound recording may involve musicians, it may involve a singers, but the author is the producer.

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The slide has a title 'Term of ©' at the top. To the right of the title, there are handwritten notes: 'life of author' with an arrow pointing down, 'plus 60 years', and 'publication death' with an arrow pointing down. There is also a small circular logo in the top right corner.

- Literary, musical, dramatic, and artistic work
 - Life of author plus 60 years
- Posthumous work
 - 60 years from work first published
- Cinematograph films, sound recording, government work, works of international organizations
 - 60 years from work first published

The term of a copyright varies depending on the work kind of a work that is protected. Literary, musical, dramatic, and artistic works are protected For the life of the author plus 60 years. So, the year in which the author dies, the following year there will be a protection for 60 more years, after the year in which the author dies. So, this part of copyright protection pertaining to literary, musical, dramatic, and artistic works there is an variable component, which is the age of the author.

For posthumous works published after the death of the author. It is 60 years from the time the work is first published. So, these are the two things that we need to bear in mind. One copyright protection there is 60 years that comes. But, when does the 60 year start, the 60 year starts after the life of the author in case of works published during the life of the author.

For posthumous works published, after the death of the author. It will be 60 years from the time it is first published so, we recon the 60 years from either publication or from death. So, the 60 year starts either from the publication, when it is first published or it

starts from if there is an author, especially for literary, musical, dramatic, and artistic work. It includes the life of the author and the 60 year starts after the death of the author.

So, cinematograph films, sound recording, government works, works of international organisations are all protected for 60 years from the work first published. Now, there are some works which an author may create, but the author may use pseudonym, not his actual name or they may be published as anonymous works. Now, anonymous works are treated just like posthumous works. From the time it is first published, they get a 60 year protection.

Photographs were treated like cinematograph films, earlier it used to be protected for 60 years from the date it is first published. But, now photographs are included like an artistic work. So, you have the photographs are protected for life of the photographer that is life of the author plus 60 years. So, this change was brought about by the 2012 Amendment to the Copyrights Act.

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Ownership

- First owner of copyright is author
- Contract of service v. contract for service
 - Cases of commissioned work
 - Works made by employee
- Rights of lyricist, composer in films
 - Commissioned work, producer of film has ©
 - Composer and lyricist first owner and author of their work for purposes other than showing in cinema halls

Ownership; the first owner of the copyright is the author. Copyrighted works can be created as a contract of service or a contract for service. If it is a contract of service, the service provider is engaged for the service whereas, if it is a contract for service, the service provider and the products that comes through the engagement are also covered. So, for what we call a contract for hire. A person is hired to do something.

So, it is regarded as a commissioned work. And all commissioned work the right will vest with the person who paid for the work. So, commissioned work for instance, when we saw the right of cinematograph films, the right existed with the producer. So, producer there acts as a person who commissions the work. So, it is a contract for service. Every person who engages gets their wages or their fees or their salary. And the producer becomes the right holder. So, in case of commissioned work, the person who commission the work, and who remunerated the people who worked for him will be the owner of the copyright.

In case of an employer employee relationship in most cases the terms of employment will govern the ownership of intellectual property in general. So, the works made by an employee during the course of employment, which pertains to the line of employment will belong to the employer. Rights of lyricist, composers, in films because, it is regarded as a commissioned work, it belongs to the producer of the film. The composer and lyricist is the first owner, and the author of their work for the purposes other than showing in cinema halls.

Intellectual Property
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Lec-53
Rights and Infringement

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Rights and Infringement

Now, we look at rights and infringement.

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Assignment



- Transfer of ownership of ©
 - Assign, license, testamentary disposition, or relinquish
- Assignment
 - Existing work or future work after it comes into existence
 - Made in writing and signed by assignor or authorized agent

It is possible to assign a copyright and assignment of copyright is also referred to as transfer of ownership of copyright. And there are different types of assignment. You can assign a copyright wherein all the rights in the copyright are transferred to a person or there can be a license where only certain rights are transferred. They can be a testamentary disposition where it is transferred through a will or through an instrument of succession or they can be a relinquishment of the right.

Assignment refers to a transfer pertaining to an existing or a future work when it comes into existence. So, assignment can be entered into with regard to an existing work or a future work for instance the publisher approaches you to write a book now the book may get completed in few months or in few years time, but the copyright agreement will have an assignment clause wherein the copyright will vest with the publisher upon the work coming into existence.

The assignment has to be made in writing and it has to be signed by the assignor or the authorised agent. So, assignments have to be in writing.

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Rights of Owners

- Exclusive economic rights
 - Right to reproduce the work in any material form
 - Right to store the work in electronic medium
 - Right of issuing copies to the public
 - Right to perform the work in public or communications to the public

The owners of copyright have certain economic rights. These rights are exclusive in nature meaning which they can stop others who indulge on these rights and they can exclusively enjoy or use the rights they have a right to reproduce the work in any material form. They have the right to store the work in electronic form medium, they

have the right of issuing copies to the public, they have the right to perform the work in public or communications to the public.

Now, these are the rights a copyright owner will have with regard to the subject matter of copyright. These are called economic rights because some kind of remuneration or profit is tied to these rights.

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Rights of Owners

- Exclusive economic rights
 - Right to make film, sound recording
 - Right to make translation of the work
 - Right to make adaptation of the work
 - Right to make copy of the work
 - Distribution right

The owners also have a right to make a film or sound recording, they have a right to make translation of the work, they have the right to make adaptation of the work, they have the right to make another copy of the work and they also have distribution right.

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Rights of Owners

- Moral rights
 - Independent of author's copyright and assignment
 - Claim authorship of work
 - Restraine or claim damages, distortion, mutilation
 - No infringement—failure to display work to the satisfaction of the author

Apart from economic rights there are also rights which are called moral rights. Now the moral rights pertain to rights of an author. The moral rights exist independent of the authors copyright or assignment. So, the an author can assign the copyright or even sell the copyright to another person, but the moral rights will still exist. Now the moral right pertain to claim of authorship over the work. The right allows the author to restrain when some there is some disparagement of the work or to claim damages over distortion and mutilation.

However there is no infringement if there is a failure to display the work to the satisfaction of the author.



Infringement

- Infringement of right of reproduction
- Reproduction of an idea
 - No © in an idea
- Reproduction as pirate copy
- Reproduction in any material form
- Reproduction by substantial copying

Infringement is a right that vests with the copyright owner, in that he can take action on infringement of a copyright. The infringement can be with regard to infringement of the right of reproduction meaning which somebody else who is not duly authorised is reproducing copies of the product. Now this right of reproduction you will find is a theme that recurs in the Delhi photocopy case Delhi University photocopy case which will be discussed later. There can be an infringement in the reproduction of an idea especially the way in which the idea is expressed as there can be no copyright in an idea. So, the way in which an idea is expressed they can be infringement with regard to reproduction of the way in which an idea is expressed.

Reproduction as pirate copy can amount to infringement reproduction in any material form can amount to infringement reproduction by substantial copy where the material is substantially copied not, but not in its entirety still that will amount to infringement.

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Defences

- Fair dealing
 - Research, criticism, or review
 - DU Photocopy Case
- Permitted reproduction
 - Certified copies of court
 - Reading materials by teacher, instruction
 - Private study
 - Report tabled in the Parliament

There are certain defences against infringement the most prominent defence is fair dealing that the act of infringement was done in the course of research, towards criticism or review. So, these acts will not amount to infringement and they are covered as under the heading fair dealing. Now, we will see more details in the Delhi University photocopy case.

Permitted reproduction - there are certain acts that are permitted and which will not amount to copyright infringement certified copies of the court orders. If you reproduce them, it does not amount to infringement. Reading materials circulated by the teacher as in the course of instruction will not amount to infringement, materials used in private study will not amount to infringement and reports tabled in the parliament will not amount to infringement.

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Defences

- Permitted publication
 - Display of work of architecture
 - Translation of an Act in any Indian language
- Library use
 - Storing of work for preservation in electronic medium if non-digital copy exists

The defence also includes certain permitted publications such as display of a work of architecture that will not amount to infringement and translation of an act in any Indian language. Library use is also exempted. Storing of work for preservation in electronic medium if no digital copy exists is also allowed.

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Neighbouring Rights

- Broadcasting Rights
 - Copyright owner has exclusive rights to communicate his work to the public
 - After license from © owner, broadcasting owner will have a right in his broadcast
- Performers Rights
 - Exclusive economic rights, live performers
 - Moral rights

There are certain neighbouring rights or rights that are like copyright which can be exercised by the copyright owner like broadcasting rights the copyright owner has

exclusive right to communicate his work to the public. So, broadcasting is a right which is like a copyright, but which is regarded as a neighbouring right.

After licence from the copyright owner the broadcasting owner will have the right in his broadcast. So, there is the right of the copyright owner, but after that right the broadcasting owner will have the right to broadcast in the broadcast. Performers rights is another kind of neighbouring right. They it pertains to exclusive economic rights in life performances and it also covers moral rights of live performers.

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Plagiarism

- Using someone else's work without giving proper credit
- Copyright infringement is using someone else's work without getting that person's permission
- Schools enforce plagiarism
- Courts enforce copyright infringement

Plagiarism, we saw in the context of evolution of copyright law that plagiarism and piracy contributed to the evolution of copyright law, but plagiarism today is different from copyright infringement. The use of someone else's work without giving proper credit is regarded as plagiarism. Copyright infringement is the use of someone else's work without getting the other persons permission.

For instance, if you get a copyrighted work the permission of a copyright owner to reproduce that persons copyrighted work as your assignment in the university there will not be any copyright infringement because you have used it with the permission of the owner, but it would still amount to plagiarism for the purposes of evaluating your work within the university. In fact, the enforcement of plagiarism and copyright are by different bodies plagiarism is something which is enforced in schools and educational institutions whereas, courts enforce copyright infringement.

Intellectual Property
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Lecture-54
Educational Exceptions in Copyright Law in India

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Interpretation of Educational Exceptions

- Restrictive v. Liberal
- Liberally interpreted by courts in India
- Preparation of guide books and reproduction of previous years' exam papers in textbooks
- DU Photocopy Case (The Chancellor, Master and Scholars of the University of Oxford and Ors. v. Rameshwari Photocopy Services and Anr.): Photocopying of course packs

Let us now look at the Educational Exceptions in Copyright Law in India. The interpretation of educational exceptions can be broadly looked at either as a restrictive one or as a liberal one. There are certain countries, which have a restrictive interpretation on educational exceptions. And there are other countries like India, which have a very liberal interpretation on these exceptions. It has been so far been liberally interpreted by the courts in India including the Delhi University Photocopy Case.

Preparation of guide books and reproduction of previous years' exam papers in textbooks, what was called the course pack was in question before the Delhi University Photocopy Case. And the case was titled as the Chancellor, Master and Scholars of University of Oxford and others. The Oxford University press and the Cambridge university press were involved in this litigation. And the case was filed against Rameshwari Photocopy Services. And the case involved photocopying of course packs.

The professors of Delhi University would while in the course of instructing their students would prepare a course pack, which comprised of materials from various copyrighted

works. These course packs were photocopied by the students at the nearby photocopy services the Rameshwari Photocopy Services. And these copies were purchased by the students for a small price. Oxford University Press and Cambridge University Press along with others filed a case against Rameshwari Photocopy Services and Delhi University stating that creation of course packs amounted to infringement. And sort an order of injunction against the parties.

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Exception 1: Reproduction

- Reproduction in the course of instruction-
Section 52 (1)(i) of the Copyright Act, 1957
- “Reproduction”-duplication or copying
- Express prohibition against reprographic process in U.K., Singapore-reproduction permissible but no photocopying
- No express prohibition in Indian law
- Course of instruction to cover all ways of imparting knowledge

The court had to consider exception number one, which is an exception in the Act on reproduction, fair dealing is contained in Section 52 of the Copyrights Act. And reproduction in the course of instruction is something, which is an exempted act. So, reproduction in the course of instruction cannot amount to infringement under the act. So, reproduction was covered.

And reproduction amounted to duplicating or making copies. There is an express prohibition against reprographic process in the United Kingdom reprographic pertains to reproduction in a graphic form, which would include photographs and photo copies. And Singapore had permitted reproduction, but not photocopy. There was no express prohibition in the Indian law and course of instruction is meant to cover all ways of imparting knowledge.

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Section 52(1)(a)(i) of the Act

- 52. Certain acts not to be infringement of copyright- (1) The following acts shall not constitute an infringement of copyright, namely:—
 - (a) **a fair dealing** with any work not being a computer programme, for the purposes of — (i) **private or personal use, including research**

So, this is the just of the Section 52 the relevant provision, which was considered by the court in the Delhi University Photocopy Case. Certain acts not to be infringement of copyright. The following acts shall not constitute an infringement of copyright namely, a fair dealing in the United States they refer to this as fair use. A fair dealing with any work not being a computer program, for the purpose of one private or personal use including research and reproduction of any work by a teacher or a pupil in the course of instruction. Now, this was the exception under the Act.

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Section 52(1)(i)(i) of the Act

- 52. Certain acts not to be infringement of copyright- (1) The following acts shall not constitute an infringement of copyright, namely:—
 - (i) the reproduction of any work-
 - (i) by a teacher or a pupil **in the course of instruction**

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Relevance of end-user test

- Ultimate beneficiaries of the copyrighted material
- Students as end-users
- DU Copyright case- Rameshwari photocopying service not the end-users

Now, the relevance of end-user is important. The ultimate beneficiaries of the copyrighted material are not the photocopying centre or the teachers, it is the students, the students are the end-users. In the DU Copy photocopying case, Rameshwari Photocopying Centre was not the end-user.

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Exception 2: Fair dealing

- Fair dealing in the course of research-Section 52 (1)(i)
- “Private use”=Research+ Private Study+ Instruction (Alberta v. Canadian Copyright Licensing Agency 2012 SCC 37)
- Fair dealing exception applicable to circulation of extracts
- Quantitative limits (cap such as 10%, etc.) to fair dealing restrictive-what are the consequences?
- Cover to cover reproduction permissible?

The second exception, which deals with fair dealing is again a research exception. The fair dealing in the course of research, this is covered in Section 52(1). Private use is

regarded as research plus private study plus instruction. Now, this was decided in a case involving Alberta versus Canadian Copyright Licensing Agency in 2012. So, private use was allowed in Canada.

The fair dealing exception could be applicable to circulation of extracts with regard to quantitative limit. The court held that they could be quantitative limits on the amount of copies that can be made as a part of fair dealing say they could be a 10 percent limit, which made the fair dealing restrictive. Now, the question that came before the Delhi University Copyright Case was whether cover to cover reproduction is permissible, because the course packs comprised of portions and chapters from different books, which were all subject matter of copyright.

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Right to access



- Textbooks too highly priced for students
- Limited number of textbooks available in libraries
- Textbooks unavailable/out of print

Now, in this case what comes out is the fact that at the foundation of the case, there was the issue of right to access, right to access to knowledge. Textbooks were too highly priced for the students to afford. And they were only limited number of text books available in the libraries. And the textbooks some of them were either unavailable, because they were printed in foreign countries or they were out of print.

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Fair dealing

- 2012 amendments-fair dealing to cover all works
- No quantitative limit (cover to cover copying permissible)
- No involvement of publishers
- Students as end-users
- Economic burden on Universities reduced

The 2012 Amendments covered fair dealing for all works. The amendment does not have any quantitative limit so, by going by the amendment cover to cover copying would appear to be permissible. There is no need to involve the publishers with regard to exercise of a right under fair dealing. And students for the purpose of fair dealing will be considered as the end-users. And by having this fair dealing exception the economic burden on the universities will be substantially reduced.

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DU Photocopy Case

- 9th Dec, 2016: Allowed educational use
 - Fair use: use necessary for achieving the purpose of educational instruction, regardless of the percentage of the work used
 - ‘in the course of instruction’: included preparation and distribution of course packs to students
 - Teaching: fairness determined by extent justified by the purpose
 - Issue of course packs not publication: Difference between publication and reproduction (profit)
 - Agency: irrelevant

In the Delhi University Photocopy Case, the Delhi High Court allowed educational use, and said that it is a part of fair dealing. Now, fair use the court said would include use necessary for achieving the purpose of educational instruction, regardless of the percentage of the work involved, whether the work involved only a part or the entirety, it would still come under fair use or fair dealing.

Now, this would answer the question whether cover to cover copying is allowed and the court also held, in the course of instruction the phrase that appears in the section would include preparation and distribution of course pack to students. Now, there was an argument made in the case that instruction would only pertain to what the teacher does in the class. And it will not cover making copies of material, but the courts disagreed with that argument and the court said that it would cover preparation of course packs.

And for the purpose of teaching, fairness will be determined by the extent justified by the purpose. The extent justified by the purpose of education. So, what were the institutions what were the main purpose of the institution. So, the extent of fair use will be justified by the purpose of the institutions, which you engage in fair dealing. The Court also held that the issue of course packs do not amount to publication. They made a distinction between publication and reproduction.

And publication is something that is done for profit. So, they brought the fact that profit is involved in publication and reproduction may be done without the involvement of profit. And the Court also rejected the argument that an agency, which was involved in the copyright infringement. In this case, the photocopying centre would not be relevant for considering the fair use or the fair dealing exception for educational purposes.

Intellectual Property
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Lecture - 55
Confidential Information

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Origin

- Contract – promises; confidence – secrets
- Moral precept: Legal liability
 - Contractual
 - Tort
 - Criminal
- No distinction on type of information
 - Technological secrets, mechanical techniques
 - Consumer records, marketing procedures

Confidential information: Confidential information refers to any information that can be protected by a promise or a covenant. A person promises not to disclose information or not to use the information and that can be protected as a way of a covenant. By covenant, we refer to a contract, but it need not be a contract, it could also be a situation, which creates an obligation not to disclose or use. So, confidential information the long and short of it is that it protects certain types of information, which are passed on from one party to another in certain circumstances.

So, when we look at the origin of this branch of intellectual property law, we find that you could trace the origin back to promises themselves, because promises were protected by contract and contract is nothing but a promise to do something or not to do something in the future. And it could also be traced to the origin of confidential information to the law of confidence itself, where the law would protect certain types of secrets there were secrets at all times were protected even if not by law, it was protected as a part of a moral obligation between two human beings.

So, what we see in the case of confidential information is a moral preset becoming a legal liability. Now, this is in short the evolution of confidential information. The moral precept of keeping a secret, when somebody discloses any information to you and tells you to keep it a secret and the fact that you have to keep it a secret was only nothing but a moral precept. Now, the moral precept has taken shape of a legal liability and that legal liability can manifest itself by way of a contractual obligation, where say for instance, a person has signed a non-disclosure agreement an NDA and has agreed not to disclose or not to use the information that is identified there.

The legal liability could manifest as a tort, where a person who is unconnected with the information a third party, who is not bound by a contractual relationship is nevertheless stopped from using or disclosing the information. So, there is a regime call the law of tort, which allows a person to stop using that information or it could also be criminal, the liability could be criminal. In the sense that, there was theft of information, information was stolen.

And if the information is stolen, then there could be liability in criminal law as well. Say a set of files, which contain confidential information, was stolen from a safe or a locker. These set of files though they manifest and in the paper from, the information in it can be protected by various means and one such mean is to take an action against theft of the files. So, now we see that what began as a moral obligation to keep secrets has now in law become a legal liability and it now also has the status has intellectual property.

Now, the law of confidential information does not distinguish the different types of information, there is no such thing as particular information will be more valuable, though there are been attempts to make a separate case for commercial information. Right now, whether it is technological secrets, whether it pertains to mechanical techniques, whether it uses or covers business processes, it could be consumer records, marketing procedures.

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Origin

- No distinction on type of information
 - Political information, personal relationships
- Alternative for protection of privacy
 - Not recognized as a tort
- Breach of confidence

It could be political information or even information pertaining to personal relationships. The law covers all these things and more. So, if there is an information and there is an obligation not to disclose it, contractual or otherwise, between two parties, then the law of confidential information would step in to protect that information from being disclosed. So, this is a great way to keep secrets secret.

The law of confidential information as it developed in the United Kingdom also emerged as an alternative for protection of privacy. Unlike the United States, the United Kingdom does not have a recognized separate branch of law to protect privacy of an individual, but this law has emerged to discharge that function. Confidential information, when it is used for protection of privacy is still not considered as a tort.

A tort is a legal action, where an action can be taken against a civil wrong. A civil wrong is referred to as something that causes harm to a third party. So, the difference between a tort and contract is that in a contract the parties have engaged in a relationship, they are tied by the contract, they say if it is a rental contract, there is a landlord and the tenant; if it is a contract for lease, there is a lessor and lessee. So, in some form, there is a relationship between the two parties, who are bound by a contract.

In a tort case, there need not be any relationship between the two parties and still law considers claim by one party against the other; for instance, a motor accident claim case is a tort case. In a motor accident, most likely the person who meets with an accident would meet with an accident with a third party, who is unknown to him, so this creates

the event creates a relationship between the two parties, though it is not contractual. And because there is damage suffered by one party and there is a civil wrong, the civil wrong being the accident itself, the fact that the motor vehicle cost an accident. There can be a remedy, which can be in damages that is in compensation and that compensation need not be fixed.

In a contract normally, when two parties engaged there is a tendency to fix the compensation, the parties may agree, if there is a breach of this condition, then the person is entitled to x amount as damages. Whereas, in a tort case, they need not be a computation or an agreement of what will be the amount that will be paid, in case a party suffers some kind of damage. So, this is the broad distinction between a contract and a tort.

A contract has a relationship between two parties; a tort case need not have relationship between the two parties need not be in relationship. In a contract, they can be a stipulated damage; the damage can be codified or agreed upon between the parties. In a tortious case, they need not be any agreed damages and yet it will be paid and that has to be some kind of a civil wrong in a tort tortious case, which results in harm, which can be compensated by money that is through damages.

So, confidential information has been protected by a branch of law; what we call, the breach of confidence. So, any information that is held in confidence, the law of breach of confidence sets in to correct any failure to keep the information in confidence. So, the breach of confidence refers to any breach of the confidence, which comes out of an obligation to hold the information in confidence.



Confidence and other IPRs

- Patents: Operates before the patent is filed
 - Non-disclosure Agreements
- Sufficiently describe the invention-alternative
- Patent law excludes “secret use” for determining challenges to novelty and inventive step

Now, that we have seen patents, trademarks and copyright. Now, let us just compare how confidence for short confidential information can also be referred to as confidence, how confidence can be compared with other intellectual property rights other IPRs. Patents are normally filed, first before the information pertaining to the patent is disclosed anywhere.

Now, we refer to this as the novelty requirement, the fact that a patent contains information that is not anticipated or known anywhere is one of the reasons of patent will be granted. The first criteria for granting a patent is the fact that the information of about the invention was not disclosed anywhere before filing the patent. So, the patent law creates a secrecy or a secret regime until the filing of the patent. So, after the patent is filed, the patentee is free to after the patent application is filed, the applicant is free to disseminate information about us patent once, because the priority is already preserved.

So, in patent law, the patent applicant has to keep the information with regard to an invention as a secret up until the time, he or she files the patent. So, what is that regime that protects a person till a patent is filed? It is the regime of confidential information. A person say an inventor can disclose information about the invention to any other person and if the disclosure is covered by a non-disclosure agreement, then that will be protected. And if there is any breach of the disclosure, there can be action taken against the person to stop him from discussing it and also there can be a claim for compensation.

So, now you understand that confidential information interacts with the law of patents in such a way that it is capable of protecting information relating to an invention up until the time a patent application is filed. Once the patent application is filed, then the priority of that patent is preserved. And if the patent applicant needs a quick expeditious examination to be done, you can immediately take an application for publication. So, say a patent application to be filed and a few weeks time the patent application could also be published. When it is published, the information will anyway be in the public domain, it will come out to the public at large.

So, this arrangement works very well with patent law. So, you could have non-disclosure agreement. So, ideally you take a case where an inventor is still trying to correct certain aspects of his inventions. And he is working with a large number of people, who may otherwise get to know about his invention and there is a possibility that in the absence of protection, they could disclose this to third parties.

So, in such cases, it is advisable for the inventor to enter into a non-disclosure agreement and disclose the invention, so that the law protects any disclosure that would happen after a non-disclosure agreement is signed. In fact, patent law has a provision, where a disclosure that is made without the consent of the patent applicant will cannot be used, when it comes to determining anticipation.

Anticipation refers to the fact that the invention has already been disclosed and can be a reason for killing the novelty of an invention. So, patent law recognises non-disclosure agreements and if there is a disclosure despite a non-disclosure agreement, meaning a non-disclosure agreement was signed and nevertheless the person who received the information about the invention disclosed it to the world at large. Such a disclosure cannot kill the novelty of the applicant's invention, because the applicant had not consented for the disclosure. So, there is the protection in the patent law.

So, now you will be able to see how these two regimes work. Confidential information can protect the information before a patent is filed and after a patent is filed, the information can be protected by the patent itself. Now, if an inventor wants to discuss about his invention to a prospective buyer, say a researcher in the university gets in touch with a big corporation, which wants to invest or which wants to fund the invention and wants to also become a joint applicant. Now, there is a danger for the professor to

disclose the invention to the large corporation, because a large corporation could look at the invention and then either work around it or even take the invention and file its own patent.

Ideally, there has to be a non-disclosure agreement and the industry recognises this. In fact, many universities enter into non-disclosure agreements with their technology partners even before disclosing the technology on which they will be working. So, non-disclosure agreements become an integral part of managing secrets or managing information, which could be potentially valuable either by keeping them as a secret or by filing a patent. There could be instances, where some entities may want to keep certain aspects of their intellectual property a secret; they may not be interested in filing a patent.

For instance, technologies that can be technologies that can be immune to reverse engineering. For instance, you cannot look at the technology, do experiments, reverse engineer it and find what was the logic behind it. In such cases, confidential information will be a better protection than patents, because patents come with an obligation to disclose the information, whereas confidential information allows you to keep something a secret indefinitely.

As we mentioned patent law requires you to sufficiently describe the inventions, so that is regarded as an alternative. So, if you plan to keep the information with regard to an invention as a secret and if the technology allows you to keep it a secret in the sense that, if you release the product in the market, competitor should not be able to find out what you did. Then confidential information can be regarded as an alternative to patent protection.

So, it is not just that it can work in sync with patent law in the sense that you the information pertaining to a prospective patent application can be protected by NDA agreements, but it is an end in itself. In case the applicant wants to keep the invention a secret and does not prefer to file a patent, because a patent filing will eventually lead to a disclosure by publication and it will have a limited life of 20 years.

If the technology is capable of being kept that way, then confidential information will be the way to keep it, because there is no limit has to the life of a confidential information, since there is no registration tied to confidential information and since there is no

granting authority like the patent office or the trademark office which grants a right. Confidential information is an unlimited life IP intellectual property, which can be kept alive forever.

Patent law also excludes secret use from determining challenges to novelty and inventive step. So, one of the things that patent law will not consider, while questioning a patent for lack of novelty or lack of inventive step, is the fact that there was a secret use of that invention. So, secret use again even if you do not have a confidential information regime still patent law inherently allows the recognition of secret use, but secret use it is easier to prove secret use by the fact that there was an agreement to keep something as a secret.

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Confidence and other IPRs

- Call for new law: unclear, nature of liability
 - Bind non-contractual relationships
 - Law of unjust enrichment (Contract)
- TRIPS, Art. 39
 - “secret... generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question”

There has been a call for a new law stating that the existing law with regard to confidence or confidential information is unclear and the nature of liability needs to be determined. Now, the existing law of confidential information is nothing but the law of contracts. A non-disclosure agreement is an agreement, which can be enforced as a contract. So, the contract law covers the contract by which a legal obligation of not to disclose and not to use can be protected, but confidential information also goes beyond contractual relationships.

Even, if you do not have a contractual relationship, there are non-contractual situations or relationships, which will still come under the purview of the confidential information law. So that is one of the reasons, the some critics have said that there is a need for a new

law. There could also be instances, where the information is protected by another law say the law of unjust enrichment, which is a part of contract law.

Then the law says that if a person a third party, who is not bound by a contractual regime. Unjustly enriches himself through a particular transaction say something comes within his position and he gets himself enriched unjustly. Then the person who suffers the loss will have a claim against, the person who got unjustly enriched. The person who gets enriched unjustly will have to restore the person, the benefit that he got.

Now, the restoration can be to the state in which the person was before he lost his goods for instance. So, the law of unjust enrichment can also take care of information that benefits other people, but the only deficiency here is that mere use of information will not be covered under the law of unjust enrichment. The person who takes an action has to show that the information was used and the person benefited from that information unjustly. So, this law may not be effective in stopping information from moving from one party to another rather it will be effective only in claiming say some kind of compensation, because the person is unjustly benefited from the information.

Now, they need to have confidential information is also mandated under the TRIPS Agreement. Article 39 deals with secrets generally known among or readily accessible readily accessible to persons within the circles that normally deal with the kind of information in question. So, there is reference to protection of secrets under the TRIPS Agreement.



Confidence and other IPRs

- Paris Convention, Art 10bis, “Unfair competition”
 - Abuses of trade secrets between competitors
- “know-how” agreements in addition to patents
- Poaching employers – take “know-how”

The Paris Convention in Article 10bis deals with unfair competition, where it refers to abuses of trade secrets between competitors. So, you could also have confidential information in addition to patents, where some aspects of the technology are protected by know how agreements. So, in earlier case we saw how an NDA can be used as a precursor to filing of a patent.

Now, you can look at, how know-how agreements can be used in addition to patents. So, one of the ways to license a technology is to licence the patents and also to licence the know-how by way of a know-how agreement. The know-how agreement will allow information that is not disclosed in the patent to also be a part of the agreement and for which royalty can be claimed. So, know-how agreements usually pertain to trade secrets or commercially valuable information that can be kept as a secret and poaching employees is one way to take know-how from one company to another.

Normally, when an employee leaves an organisation, the employee will carry with them some tacit knowledge and some know-how from his earlier employer. And this would inevitably be used in his next employment. So, you will see a host of measures that are being practiced today. Like a non-compete clause in the employment that a person cannot take up employment with the competitor for few years after, he is relieved from his present employment or you will find an non-disclosure clause in the employment,

which says that trade secrets disclosed in the course of employment cannot be disclosed to anybody else.

So, you will find different ways by which employers have employed these measures to cover know-how and other aspects to ensure that employees do not take away confidential information once they cease to work in the organisation. Again these are all protected by confidential information. Largely through agreements, but the nature of end relationship between an employer and an employee itself gives rise to certain protections to ensure that there is a relationship in which confidentiality has to be maintained.

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Confidence and other IPRs

- Copyright – restricted by who can enforce, acts pertaining to infringement
 - Use of information not protected
- Confidence not restricted to particular ways of using the material
 - Protect info. in substance, not in form
 - Relationship is critical
 - Privity of contract

Confidential information also has some relationship with copyright law. Now, in copyright law the enforcement can only be done by the person, who owns the copyright. So, the restriction there is a restriction on who can enforce and again the acts with regard to enforcement of a copyright are the acts that amount to infringement. For instance, use of information itself is not protected by copyright law. If there is a cookery book and there are recipes in the cookery book and a cookery book is protected by copyright, the use of that information to make the dish by using the recipe itself is not protected. Whereas, if the recipe is disclosed to a party not by way of a copyright protection, but by a way of a confidential information protection. Say there is a clause in an agreement between the two parties, where in one party agrees that he will not disclose or use the

information that has been supplied, then that will restrict the person from putting that information to use in any form.

So, you will find that copyright has certain restrictions on its protection, as to who can enforce and also with regard to what kind of act can be stop. Only making copies copyright act as we have already, covered largely restricts making of other copies, it does not protect use of the information itself, whereas, if there is a relationship of confidence between two parties, even use of the information can be protected.

So, the law of confidence is not restricted to particular ways of using the material; so, protection of information in substance and not in form. So, the information itself is protected not the form in which it is disclosed. And relationship is critical for showing that something was held in confidence. And normally it is proved by contracts, privity of contract refers to the fact that parties have entered into a contract and they are bound by a contractual relationship.

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Confidence and other IPRs



- Copyright: Medium (memorised info)
- Rules of a secret society
 - Direct and indirect recipients
- Breach of trust – injunction
- Contract, tort or property?
 - Restitution (good faith)
 - New tort of breach of confidence
 - Equitable property

Copyright law as we have mentioned requires a medium. For instance, something we regard something as a copy, when it is manifested in a medium or when it can be transmitted through a medium. A case where an employee memorizes information about that is given by the employer and uses that information will not come under the purview of copyright law, because memorization is something that can be done without a medium.

In these cases, a confidential information arrangement; in these cases, confidential information can protect even information that an employee has memorized. And after the course of his employment uses that information with a new employer, provided that information is identified as something that is a trade secret and something that is tied to the goodwill of the employer former employer. So, there are some conditions, but the point is what copyright cannot protect in some cases, can be protected using confidential information.

An example that is commonly used is the rules of a secret society. If the rules of a secret society, if the rules of a secret society a protected by copyright and if it is circulated outside the only way a person can stop is the secret society to take action against people who are making copies of the rule using the copyright regime. Now, this may not be an effective way to stop the person, because the rules of a secret society are normally not published, whereas, an action under confidential information saying that every member of that society had an obligation to keep it a secret can be enforceable, because it covers the direct recipients of the information.

Indirect recipients, may not come directly under the purview of a confidential information, but the law is not clear on that point. There are cases where even indirect recipients have been bound to hold something in confidence. The remedy for breach of trust is injunction. Breach of trust happens when somebody was obliged to keep something in confidence and that trust was breached. And it could be in action for injunction, injunction is a remedy taken before the court to stop a person from doing an action.

Now, the evolution of confidential information has different elements of contract law, tort law and property law influence its growth. For instance, we are already seen that unjust enrichment, which comes from contract law is used as a way to stop confidential information from being disclosed or used. So, the restitution which is a branch of law there is there are scholars, who have argued that confidential information should ideally come under the law of restitution, because restitution allows you to restore back something that has been taken away unjustly. And the reason they give for this is that, there is a good faith obligation to return something that has been acquired or that has ended up in a person unjustly.

So, good faith argument is used to say that restitution can be a way in which confidential information can be protected. There are scholars who have advocated for a new tort. Tort law has fixed torts like negligence, nuisance. Now, scholars have argued that we should have a new tort call the tort of the breach of confidence. Now, this comes from the fact that if it is regarded as a tort, then you could also bind third parties, who cannot be bound by normally in the absence of a contract.

And then you have another group of scholars, who want confidential information to be treated as property. More specifically, they wanted to be treated as equitable property which is property in the law of equity, because information by itself, it is difficult to be treated as real property or physical property. So, the third set of scholars want confidential information to be treated as equitable property. So, you will find that though the law with regard to confidential information has evolved over a period of time.

Now, it is in a state where there is pressure to make it fit into one of these moulds either to say that it is should come under the contractual regime or it should come under the tortious law regime or it should come under property law regime. There are attempts being made to codify a law of trade secrets. And it is still not materialized, but as you will see in the course in England, the attempts have manifested into a separate trade secrets law.

So, England from where India got its law from has now moved away from the confidential information regime, which was largely a regime of law of contracts and common law. And it is now moved towards a codified law, they now have a Trade Secrets Act. In India, we still go by the common law and the law of contracts. And we still do not have a separate enactment like the United States, we do not have a Trade Secrets Act, though there have been request that India should also codify its trade secrets law.

Intellectual Property
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Lecture – 56
Requirements of liability

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Requirements of liability

- **Subject matter** capable of protection
 - Types of information and role of public
- **Confidential Obligation**
 - relationship
- **Unauthorized use** causing detriment
 - Wrongful acts

Now, we look at the Requirements of Liability. For something to be protected as a confidential information it has to satisfy three conditions. One – the subject matter should be capable of protection; there are types of information and there are role of public and public interest that comes into play. So, it should be a subject matter that is capable of protection. Two – there has to be a confidential obligation by which we refer to the relationship. The relationship can be contractual or it can also be situational. Three – the unauthorised use of that information should cause some detriment, in the sense that the use itself is a wrongful act.

Now, let us see how these three things play out in more detail; subject matter, confidential obligation and unauthorised use.



Subject Matter

- Types of information
 - Technical, Commercial, personal, artistic
 - Trivial, scandalous matter (not protected)
- Requirements of copyright not needed
 - Expression of idea (yet to be elaborated idea)
- Requirements of patents not needed
 - Novel, inventiveness, exceptions to patentability

Subject matter, as we have already mentioned there are various types of information that can be protected under confidential information regime. Technical information, commercial information, personal information, artistic, academic, the list is a long list. There is no distinction as to what kind of or what type of information can be protected, but there is some restriction on what cannot be protected. For instance regardless of the type of the information if the information is trivial in nature, then that may not be protected under this regime. Similarly, immoral and scandalous matter and that is something that can change over a period of time, again cannot be protected by this regime.

The subject matter of confidential information stands at a different plane when compared to other intellectual property rights. Registration for instance is not mandatory it is not required or rather you cannot register, there is no regime to register a subject matter that could be protected by confidential information. So, if you compare it with copyright, the subject matter of copyright can be different from the subject matter of a confidential information.

The requirements of copyright, there could be works which do not fall within the requirements of copyright. We had seen that copyright does not protect the idea it only protects the expression. For instance, if the idea is yet to be elaborated or it is yet to be expressed, then confidential information can protect such ideas. Say, it is in a concept

level; it is yet to be elaborated which will not fall within the purview of copyright law can still be protected by confidential information. So, ideas that are not fully formed that are not elaborated in detail can still be protected.

Requirements of patents are again not needed to protect some information under the confidential information regime. We know that patentability requires the information about the invention to be novel, it should have inventiveness or inventive steps and it should not fall within the criteria of except it should not fall within the exceptions to patentability.

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Subject Matter

- Requirements of patents not needed
 - Mathematical formula
- Publicly available – not protected
- Public interest – no confidence for inequity
- Government secrets – burden of proof on Govt.

For instance a mathematical formula cannot be protected by way of a patent, but it is possible to protect that mathematical formula or any other information which cannot be patented through a confidential information regime. For the simple reason there is a contract that obliges the recipient of the information not to disclose it or use it further.

Again, the subject matter of confidential information will not cover publicly available information. As the regime cast restriction on disclosure and use of information if the information is already available in the public, then it is meaningless to have a restriction on the disclosure, because it is already publicly available from a different source. So, publicly available information cannot be protected by this regime.

Matters that could be of public interest can also not be protected by this regime. So, if there is something that can cause inequality or inequity and there is no obligation to keep that has a secret rather public interest requires it to be disclosed then this regime cannot be used to protect such information.

Governments secrets are normally protected because there is a reason why the government wants to keep something confidential. There is an Official Secrets Act by which government information could be kept as a secret. The patent law also has secrecy directions to be issued in case an invention could be relevant for defence purposes or could affect the national security of the country.

But, even where government secrets are protected there is a burden of proof on the government to show that the secret is of such a nature that it deserves protection. So, it falls government secrets fall under the normal category of ordinary secrets though there is an Official Secrets Act that governs the regime, but still the government will have to show why that needs to be protected, especially when the citizens have right to know how the government is functioning and the citizens have the right to transparency.

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Confidential Obligation

- Obligation of the recipient (employment)
 - Patent Infringement (reverse engineering)
 - Unsolicited letter marked “Confidential”
 - Subscribers passing info to non-subscribers
 - “Know-how” licence restrict info imparted to others
- Fiduciary Duties
 - Principal-agent; director-company; partner-firm

Two: confidential information the second requirement is that they should be a confidential obligation. The first requirement was with regard to the subject matter, the second requirement is with regard to the confidential obligation itself. The obligation is on the recipient, the person who receives the information is obliged to keep it in

confidence. Usually in the commercial set up a person who receives an information that is of confidential nature could be under an employment. So, in most cases the employment determines the confidential obligation.

There is a difference between confidential information and patent infringement. In the case of patent infringement if a person buys the product from the market and reverse engineers it reverse engineering is still considered as infringement. But, reverse engineering will not be considered as a confidential obligation because a person who buys the product is will be given access to the product and he will be allowed to do what a normal user would do with a product. In fact, he can look into the product out of curiosity, he can repair the product. So, what the patent law would treat as infringement will not be regarded as a violation of confidential information.

So, a confidential obligation is not created in cases where an obligation is created which would amount to an infringement under patent law. In practice a person may send an unsolicited letter marking it as confidential, you might have experienced receiving emails from people whom you do not know stating that they are confidential. Merely marking an information with the terms confidential will not make it the subject matter of protection because there is no confidential obligation. So, unsolicited letters, emails, spams will not constitute any obligation of confidentiality.

The confidential obligation can protect subscribers who want the confidential obligation can prevent subscribers who want to pass on information from a subscription database to non subscribers. Usually the terms of use would state that all the information that is protected would state that all the information is protected as a confidential information and it would restrict the disclosure and further use.

So, this is one of the terms which you will find in a terms of use in any of the websites which have subscribers and this is one of the ways in which they prevent non subscribers from using the material. So, in case a subscriber passes on information they can take action against the subscriber and they can also get an injunction restraining further disclosure.

Similarly, if there is a know-how agreement which creates a confidential obligation, there could be conditions in that agreement, which could restrict the information to be

imparted to others. So, the obligation is on the recipient and the obligation should be of such a nature that the recipient is obliged not to disclose or use the information.

Fiduciary duties can also create a confidential obligation, that is, the relationship between a principal and an agent, the relationship between a director and the company to which he belongs; the relationship between a partner and his other partners or what we call the firm would all come under the ambit of a fiduciary duty. So, if the person holds a fiduciary duty then he can be regarded as being under a confidential obligation. So, information that is given by the principal to the agent say through a power of attorney, it would be regarded as confidential because the relationship is what law considers as a fiduciary relationship.

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Confidential Obligation

- Employer & Employee
 - In service (duty of fidelity: wider, competitor)
 - Ex Employee (favour of employee)
 - Protect: trade secrets and goodwill
 - Cannot be in restraint of trade (against public policy)
 - Psychological effect
 - Trade secrets: beyond employment
 - Nature of employment; nature of info; degree of secrecy; distinction from unprotectable info; in public domain; likely damage from use or disclosure

The relationship between employer and employee can again qualify for something to be considered as a confidential obligation. Now, here there is a distinction between information that is given to the employee while the employee is in service and the information that an ex-employee has. In the sense that an ex-employee during the course of employment gain some information whether there is an obligation whether the law with regard to confidential information can prevent further dissemination. So, the broad agreement is that confidential obligation would not expect an ex-employee to restrain himself from disseminating information from his former employer.

In service refers to employees who are in current employment. So, the law is very clear there if an employee is under the employment as long as the employment continues there is a confidential obligation to keep secrets. Now, this is attributed rather than as a duty of confidentiality it is attributed to the employees duty of fidelity. The employer has a wider obligation not to team up with his competitor, not to disclose information to the competitor which is bigger than the obligation to protect particular information. So, employees in service are bound by a duty of fidelity.

Employees who are not in service, ex-employees, the information that they hold there is no restriction to disseminated. So, the law is in favour of the employee. An exception is however made for trade secrets. If something is marked as a trade secret and there is an understanding between the employer and the employee that they would protect that information as trade secret and trade secrets we will see what are the qualities that would make some information that is regarded as confidential information into a trade secret, can be protected even after the employment ceases. So, an ex-employee is bound to protect the trade secret even beyond the course of employment.

Now, trade secrets are one thing which an employee is bound to protect even beyond his employment, goodwill is another thing which an ex employee has to has a confidential obligation to protect, goodwill of the employer with his customers. So, trade secrets and goodwills form an exception to the class where an ex employee is required to protect information of his former employer. Now, the courts have been careful to stop the activities of an ex employee because any restraint on the employees ability to get further employment could be constrained as a restraint of trade.

There is a law in India, where they cannot be an agreement in restraint of trade and if there an agreement in restraint of trade which stops a person from taking of employment that will be considered as against public policy. But, nevertheless you would find that in most contracts employment contracts they employee would still say that, they should not leave the employment and join their competitor within 3 years within after 3 years or after a year or 2 years. Now, these are not if you look at them they are not enforceable in law, but still employers have them for the psychological effect.

Now, there is some understanding on what trade secrets are and what trade secret; what are the trade secrets that can be enforced as a confidential obligation beyond the term of

employment. Now, the nature of employment will determine trade secrets, the nature of information supplied will also determine trade secrets. The degree of secrecy, now the degree of secrecy as in they should be a clear stipulation that certain information was treated as a secret, that is important then distinction from unprotectable information.

Now, trade secrets should be distinguished from unprotectable information. There should be a special care and attention shown for the trade secret, which is different from the normal information. So, that has to be demonstrated. Then, it should not be in public domain. What is in public domain cannot be the trade secret and there could be some damage that is caused to the owner of the trade secret if it is used or disclosed.

So, the nature of employment, nature of information, degree of secrecy, distinction from unprotectable information, the fact that it is not in public domain and there is some damage that can be caused other factors that a court will look into if it has to determine if something is a trade secret which needs to be protected beyond employment. In normal course, there is no confidential obligation beyond the term of employment.

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Confidential Obligation

- Chemical formula; technical process; prices etc – trade secrets
- Trade secrets through express contracts
- Waymo (Google) v. Uber
 - “top Google engineer, Anthony Levandowski, downloaded thousands of secret Waymo documents and then joined Uber which used those secret designs in its own driverless cars”
 - The agreement reached that Uber cannot incorporate Waymo’s confidential information into its hardware and software. Uber agreed to pay a financial settlement of about \$245 million.

Trade secrets extends to chemical formulas, but we had mentioned may not be protectable by other IPs. It can extend to technical processes sensitive prices. To consider something as a trade secret; it is advisable to have an express contracts stipulating this trade secret. There is a recent case involving Waymo, which is a company owned by Google and Uber. The case involved a top Google engineer who downloaded thousands

of secret Waymo documents and then joined Uber which used those secret designs in its own driverless cars. Both are cars which use driverless technology to develop cars.

This case though it was set to go into trial earlier in 2018, both the parties reached an agreement and Uber agreed that it cannot incorporate Waymo's confidential information into its hardware or software and Uber also agreed to pay a financial settlement of about 245 million dollars to Google, that was paid through shares of Uber.

Now, the Waymo versus Uber case tells you that what happens when an employee leaves the employment of one company and joins the other and where the ex employer raises an issue of trade secrets being stolen now. This case was settled, so, it was hard for us to determine what was the reasoning behind, how the court decided this and it was a case in the United States, but this does tell us that the courts will be inclined to treat certain information as trade secrets provided there is a shroud of secrecy around them. So, here they were secret Waymo documents that were taken by the employee that was the allegation.

So, trade secrets to be regarded as distinct from confidential information, they have to be shown as being different and treated differently.

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Confidential Obligation

- Govt. Departments
 - National security (secrecy directions on patents)
 - Right to Information (RTI)
- Indirect recipient
 - Can confidential info be treated as property?
- No relationship
 - Eavesdropping, phone tapping, snooping, spy cams
 - Criminal, tort

Government departments can also be bound by confidential obligation they can be confidential obligation between the employees and between the employees and the

department. Now, there are instances where national security will require some amount of secrecy to be maintained. The patent law has certain secrecy directions that can be issued on patents, but the citizen also has a right to get information from the government. So, this has to be kept in mind that the confidential obligation between government departments is subject to the right of information of the citizen. So, RTI can be taken for information that this citizen is normally allowed to know.

Indirect recipient can confidential information be treated as a property. This theme has been the foundational issue in deciding whether indirect recipients can be bound by a confidential obligation and indirect recipient by definition is not a person who is obliged say by a contract or by a close relationship to keep something as a in confidence. So, indirect recipient will be a person who just gets information and can there be an obligation for him to keep it a secret. Now, the courts have said that this will turn out on the fact whether confidential information can be treated as property and the law on this point is still not clear.

What happens when there is no relationship between the parties; for instance eavesdropping, telephone tapping, snooping, spy cams, what happens to the information that is received where the person who receives the information has no relationship whatsoever. Now, the courts have held that confidential information may not be the right scheme to protect such occurrences and the courts have repeatedly held that the criminal law and the tort law have sufficient protections in them to ensure that parties who come in possession of information without a relationship can be stopped and the further dissemination can be controlled.



Unauthorized Use

- Wrongful acts
 - Unlike patent and copyright infringement, loosely defined
 - May cover any disclosure or use
- Defendant's intention
 - State of mind
- Detriment caused to plaintiff
 - unclear

The third factor or condition to treat information as confidential information is the fact that it has been put to unauthorised use. Unauthorised use broadly refers to wrongful acts; like a patent or a copyright in infringe. Unlike patent or copyright infringement, the wrongful acts are not defined when it comes to confidential information. We had seen in copyright the right to make further copies is the thing that is protected. If somebody uses that with regard to the subject matter that can be protected, there can be copyright infringement.

Patent, we have seen that the right to use, make, sell, offer for sale or import other rights that are covered in a patent and any infringement on this could amount to an unauthorised use. The unauthorised use in confidential information is not clearly defined because that can vary from case to case.

The scope of the acts can cover any disclosure or use. It is at times difficult to understand whether the defendants use is unauthorised or whether the intentionally it is sometimes difficult to understand whether the defendants use is intentional. It is sometimes difficult to understand whether the defendant had an intention to use it unauthorisedly. So, that requires understanding the state of the mind and which is normally done for criminal acts.

Whether detriment should be caused to the plaintiff? Whether they should the plaintiff should suffer some loss? Again, this is not clear. The law is not clear on this point. All the law requires is that this has to be some unauthorised used.

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Remedies

- Injunction
 - Reasonable prospect of success
 - Interim
 - No injunction in defamation cases where the defendant has a defence (truth/fair comment)
 - Permanent
 - Discretionary relief

What can be the remedies the first remedy is injunction. Injunction is an order from the court restraining the person from disclosing it further and from using the information further. Now, to get an interim injunction the injunction can be. The relief of injunction can either be interim, meaning it is passed before the final decision is made and the intermodal protect still the final order is passed by the court and it can be permanent. Permanent meaning the court has finally, decided the case and the court allows the injunction to continue beyond the case.

With regard to interim injunction the court will not grant an injunction especially in a defamation case, where the defendants where the defendant has a defence against the defamation he can say that what he had mentioned was the truth, which is a defence against defamation or it was a part of fair comment. The right to grant an injunction is a discretionary relief which the court can exercise based on the facts of the case.

Remedies

- Damages

- Granted for breach of confidence
- Cost of getting the work from a competent consultant: measure of damages
- Information inventive: price paid by willing buyer
- To restore ex ante position of plaintiff
- Injury to feeling: defamation and copyright infringement

Apart from injunction the court can also grant damages. So, if a person takes an action against another person saying that confidential information there was a breach of confidence, then the remedy would involve stopping the person from disseminating it further which is injunction and it could also involve compensation in money, the what is we called damages. Now, the damages are granted for breach of confidence. The damages are computed based on various factors. For instance, if the information could have been derived from another competent consultant then what could have been the cost for getting that information from a competent consultant that could be a measure of damage.

If the information is inventive in the sense that it is unique then what will be the price the person will be willing to pay to buy that information, what will be the price the seller is willing to give to buy that information. So, the price paid by the buyer can be a measure of damages.

Now, damages are normally offered to restore the person who has suffered a loss to the position in which he was before the disclosure happened and the damages will not cover injury to feeling, what we refer to as mental agony and this would normally be covered under defamation and copyright infringement. It will not be covered in a case where the relief is for breach of confidence.

Intellectual Property
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Lecture-57
Geographical Indications

Geographical Indications.

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Meaning

- A geographical indication (GI) is a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin.
 - Examples: Roquefort Cheese, Darjeeling Tea, Banaras saree, etc.
- Not limited to Agro products, extends to others—wine, spirits, handicrafts, etc.

A geographical indication or GI is sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin. So, when goods come from a particular place and the quality of the good is attributed to that particular place be it by way of its geography or by way of the people who are in that place, then that product can be regarded as a subject matter of a geographical indication, and they can be a separate right that can be registered and this right is called the geographical indication or GI.

For instance Roquefort cheese, Darjeeling tea, Banaras saree are different examples of the GI. A GI is not limited to agricultural products it extends to other products like wine, spirits, handicrafts etcetera.

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Characteristics

- A sign must identify a product as originating in a given place
- The qualities, characteristics or reputation of the product should be essentially due to the place of origin
- Clear link between the product and its original place of production

The characteristics of a GI is that a sign must identify a product as originating in a given place. The qualities, characteristics or reputation of that product should be essentially due to the place of origin and there has to be a clear link between the product and its original place of production.

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Why GI?

- Protection of knowledge and community rights
- Fair competition
- Market recognition, premium price
- Key source of niche marketing
- Rural development

Now, why do we need GI? It is to protect the knowledge. We require geographical indication for the protection of knowledge and community rights; so that there can be fair competition. For instance, Darjeeling tea should only be sold as Darjeeling tea, we

do not want that to be sold as Assam tea or any other tea, because then that will allow people who do not come from a particular territory to pass off a product as another one, and it would also affect competition fair competition.

Then geographical indication like trademarks, it allows people to identify the quality of a product. The market recognises the product as originating from a particular place and people may be willing to pay a premium price for the product, and it is the source for niche marketing. And it also leads to rural development, because craftsmen in rural areas who are protected by a GI, will be able to sell their products, because it is protected by a GI.

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GI in India

- Geographical Indications of Goods (Registration and Protection) Act, 1999
- Registration
 - 10 years, can be renewed from time to time
 - GI Registry, Chennai

GI in India is protected by Geographical Indication of Goods (Registration and Protection) Act of 1999. Once registered, the GI enjoys a 10 year protection and which can be renewed from time to time like trademarks, and the GI registry is in Chennai.



Registered GI

- Darjeeling Tea (Agricultural, WB)
- Aranmula Kannadi (Handicraft, Kerala)
- Mysore Agarbathi (Manufactured, Karnataka)
- Coimbatore Wet Grinder (Manufactured, TN)
- Muga silk of Assam (Handicraft, Assam)
- Orissa Pattachitra (Textile, Odisha)
- Nirmal Toys and Crafts
- Banglar Rasogolla (Foodstuff, WB)

Some registered GIs include Darjeeling tea, which is an agricultural product belonging to West Bengal, Aranmula Kannadi which is a handicraft product from Kerala, Mysore Agarbathi which is a manufactured product, Coimbatore wet grinder again a manufactured product from Tamilnadu, Muga silk of Assam again a handicraft from Assam, Orissa pattachitra which is a textile product from Odisha. Banglar rasogolla which is the Bengali rasogolla which is registered as a food stuff and which belongs to West Bengal. A recently there was some dispute between West Bengal and Odisha as to the origin of rasogolla, the registry at said that granting Bengal rasogolla or Bengali rasogolla does not stop Odisha to having a similar right, and it should not be treated as a certificate of the origin of this sweet itself.

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Lecture-58
Designs

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What is a Design?

- Only the features of shape, configuration, pattern or ornamentation or composition of lines or colours
- Applied to a finished article which is capable of being made and sold separately by an industrial process
- Visual Appeal and judged solely by eye
- Non – Functional

Designs; what is a design? A design is the first only the features of shape, configuration, pattern or ornamentation or composition of lines or colours on a product. It is applied to a finished article which is capable of being made and sold separately by an industrial process. And it should have a visual appeal meaning which it should be judged solely by the eye. A design right is granted to a non-functional aspect of the product. If it is the functional aspect of the product, then it should be protected by a patent provided it satisfies the requirements in patent law.

So, the difference between a patent and a design is that the patent if it manifests in a product, the patent protects the technical parts or the technical aspects or the functional aspects, whereas the design is for the non-functional aspects of a product. So, we understand the design as something, which makes a product aesthetically appealing, what is visually appealing or aesthetically appealing and the aesthetic appeal does not go beyond the appearance. If something is put into the way in which a product works, then

that cannot be protected by a design. So, design only protects non-functional aspects of a product.

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Who grants it & where to file?



- Design wing in the patent offices
- Kolkata (HQ)
- Branches: Chennai, Mumbai and New Delhi

The Patent Office has a design wing, which grants the design. The headquarters is in Kolkata, and there are branches in Chennai, Mumbai, and New Delhi.

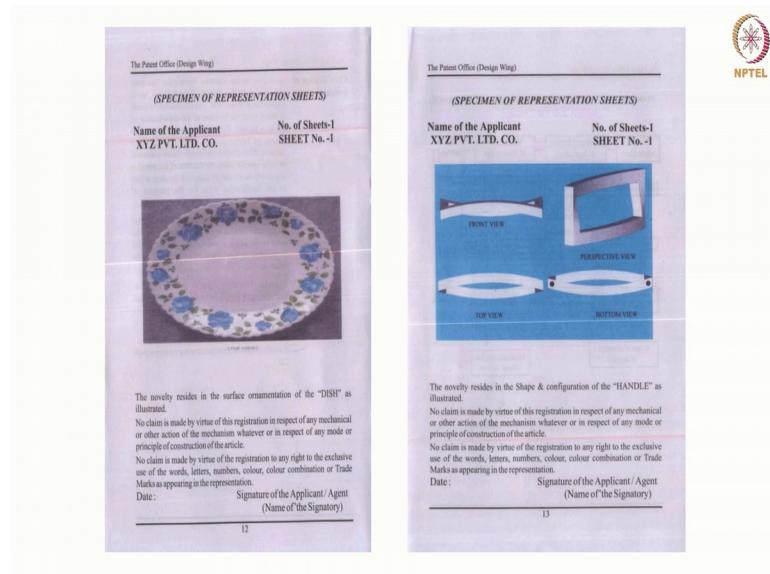
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How does it look?



When a design is granted, the Patent Office issues a certificate of registration of design. It bears a design number, the date of registration of that design is given and the design is also shown in a graphical representation.

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Now, you have two examples of how a specimen looks like. There has to be a statement in the application that the novelty resides in surface ornamentation or in the shape or in the configuration and there has to be disclaimer that no claim is made by virtue of this registration in respect of any mechanical or other action of the mechanism, whether whatever or in respect of any mode or principle of construction of the article meaning which it does not claim anything that is functional.

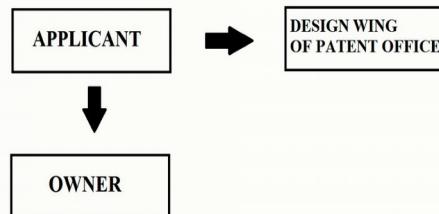
Further there has to be a disclaimer stating that no claim is made by virtue of a registration of any right to the exclusive use of words, letters, numbers, colour, colour combination or trademarks as appearing in the representation, which means subject matter of trademark is not covered here. So, these two disclaimers have to be made while filing the design.

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Who owns it & Who creates it?

- Any person or the legal representative or the assignee



The applicant or the person who makes the application or the legal representative or the assignee can file for a design and the person who files for a design or who applies for a design is regarded as the owner and the application is filed before the design wing of the Patent Office.

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What is required to file a design?

- New or Original
- Not to be disclosed to public
- Distinguishable
- Be applied to an article &
- Visual appeal

The requirements for filing a design is that it has to be new or original. New refers to the fact that it is not gone before it is not been published before. And original is a requirement like the original originality requirement in copyright. It should not be

disclosed to the public. It should be distinguishable, it should be capable of distinguishing one product from another. It should be applied to an article, because the design in itself cannot be protected, it has to manifest itself in an article. And it should have visual appeal.

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What are the exceptions?



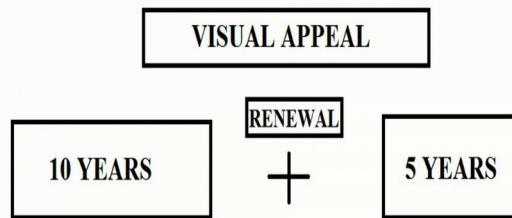
- Contrary to public order or morality
- Articles not capable of being made and sold separately Ex: Greeting cards and postcards etc.
- Copyright works, layout designs of integrated circuits and cartoons
- flags, emblems, national symbols.

What are the exceptions? Designs that are contrary to public order or morality will not be granted. Articles not capable of being made or sold separately, what we referred as the design itself. For instance, greeting cards and postcards cannot be a subject matter of a design right. Copyrighted works cannot be a subject matter of design right, because it is protected by a different regime. Layout designs of integrated circuits cannot be a subject matter of a design right, because there is a separate regime to protect that and cartoons are protected by copyrights. Flags, emblems and national symbols cannot be a subject matter of design right.

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How long does a design last?



When granted a design, which has a visual appeal has a 10 year term. And the 10 year term can be renewed to a further 5 year term. So, there can be a total protection of 15 years, and after which the design falls into the public domain.

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What does a registered design mean to world?

- Exclusive right
- Copyright in Design
- Can sell, offer for sale, assign and license

A design offers an exclusive right to the owner. The owner has a copyright in the design, which means the owner can take action against other people who make copies of it without his consent. The owner has the right to sell, offer for sale, assign and licence the design.

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Where to look for registered Designs?

- Design Search

<http://164.100.176.37/designsearch/>

International Classification: Locarno Agreement

- Class 1 – 31 & Class 99
- Ex: Class 2 – Articles of Clothing
Class 28 – Pharmaceutical, cosmetic etc.

Before a person files for a design, the person can do a design search. The Patent Office has a website, where you can do the design search. And there is an international classification, which is developed under the Locarno Agreement, which classifies different classes under which a design can be registered. Like the Nice Agreement for the trademarks. There are classes 1 to 31 and class 99. For example, class 2 deals with articles of clothing, and class 28 deals with pharmaceuticals and cosmetics.

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How is a design enforced?

- Infringement Suit – District Court/ High Court
- Remedies: Injunction and Recovery of Damages [25,000 – 50,000]

A design is enforced by an infringement suit, which is filed before the district court or the high court. And in an infringement suit like any infringement suit pertaining to intellectual property right, there can be an injunction as a relief, which stops the person from using it or there can be a recovery of damages, which is compensation. The Designs Act sets the limit for compensation per design infringement at 50,000 rupees.

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Can a Design be challenged? How?



- After Registration
- Cancellation of Registration
- Grounds: Failure to satisfy requirements under Act.

A design can be challenged after it is registration, there is no pre grant challenge in when it comes to designs, unlike patents and it can result in the cancellation of a design. The grounds on which a cancellation can be requested for is that it fails to satisfy the requirements under the Act.

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Lecture – 59
Enforcement of IP

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Enforcement of IP

Now, that we have seen the different types of intellectual property rights, let us look at how enforcement of intellectual property rights can happen. One thing to bear in mind is that these rights intellectual property rights, pertaining to inventions, pertaining to creative works, pertaining to confidential information, goodwill, they are all different rights, which can sometimes be used in conjunction with each other.

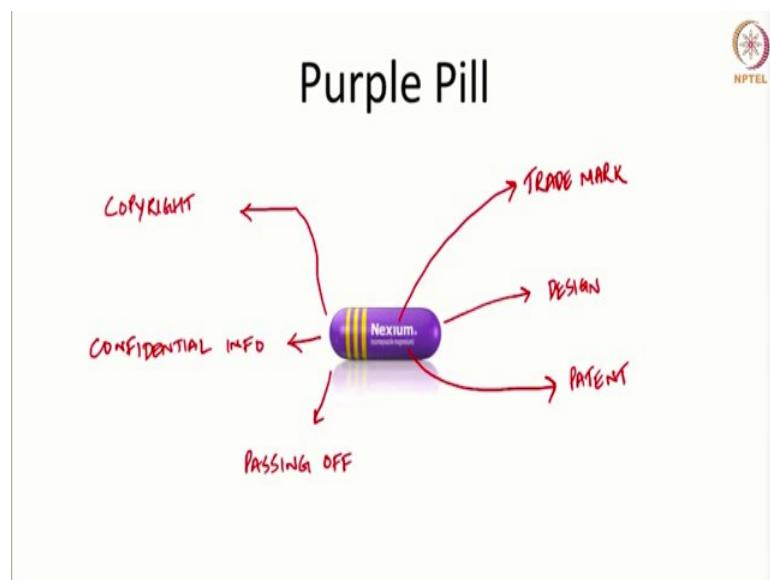
There is a small degree of overlap between these rights and we will have a look at the area in which they overlap, but predominantly they have evolved for serving different purposes. So, the patents evolved to protect technological inventions whereas, copyright evolved to protect creative works, trademarks evolved to protect origin of goods and the association of goods and designs evolved to protect aesthetic designs or aesthetic works, which were pleasing to the eye.

Now, when an intellectual property is enforced many a times in practice, we find that enforcement does not happen in isolation. In fact, enforcement happens, when the right owner applies in most cases, more than one right to get an effective protection. So, when

a person a patentee files a case for a patent infringement, most likely is the case allows for it, there will also be a trademark infringement because the product may be covered by a patent and a trademark.

When a patentee files a case for a patent infringement, say a device or a machine which can operate, it could be clubbed with the copyright infringement, saying that the user manual with the machine is also infringed by the person, who is copying the product. So, you will find that for the same product, they could be overlapping rights and the most effective way to protect a product is to have, all these rights cover different aspects of the product. To understand how different types of intellectual property rights can overlap on a product; let us look at the example of the purple pill.

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The purple pill is a drug, which is an acid reflux medication, it sold in the United States and it is marketed as a purple pill. In fact, if you look at their website it is called purple pill dot com and it is a drug, that is sold by AstraZeneca and you will find various details about the drug. The purple pill exhibits almost every type of intellectual property that we have to study here.

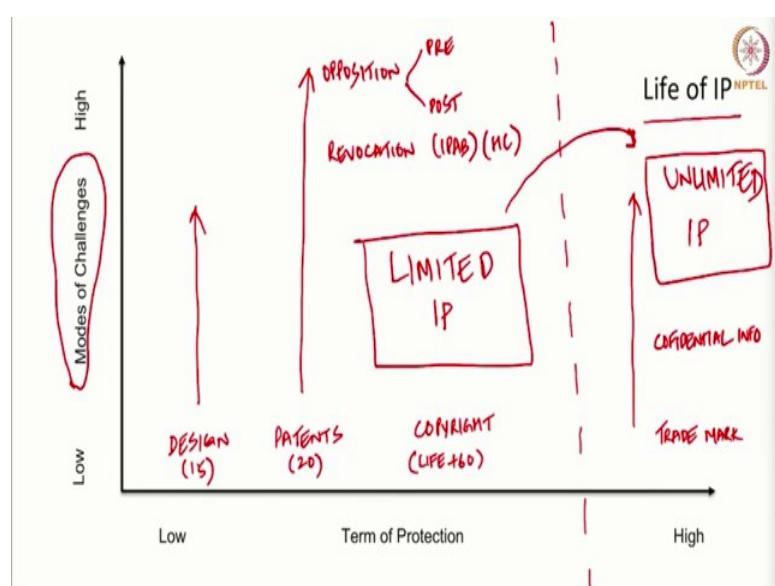
For instance Nexium is protected by a trademark. It is a word that can be protected. So, it is protected by a trademark. The chemical ingredient Esomeprazole magnesium is protected by a patent, this was a subject matter of patent in the United States. And, you will find there is a small r next to the word Nexium, then the shape of the pill though, it

is a generic shape in some cases the shape of the pill can itself be unique. So, the shape can be protected by design, in this scale it is generic, but in cases where the shape is unique it could be protected by a design.

Now, they could be information with regard to how users should use it. What we call the user information can be protected by copyrights and any trade secret, which the company had while evolving this drug, which were not disclosed in the patent specification could be protected by confidential information. And, the entire getup of the product the colour, coding, the shape and the way in which it is presented the packing can be protected by the law of passing off, which is a right that is similar to trademark, but you can protect unregistered elements of your product through this right.

So, we see this in many cases, where a product is released in the market organisation or a company would like to protect it with overlapping, sometimes overlapping intellectual property rights. So, you can see how a trademark a design in some cases, there are pills that are specially shaped, heart shaped pills and diamond shaped pills. In that case by a design the chemical ingredient can be protected by a patent, the user information can be protected by a copyright, any trade secret can be protected by confidential information and the entire getup of the product, the look and feel of the product can be protected by the relief of passing off.

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Now, let us look at the life of intellectual property, because we have studied various different types of intellectual property. We need to see how these intellectual property rights have a life which is comparable to its term during which it can be enforced. Now, the life of any intellectual property right refers to the term during which it can be enforced.

Now, the life of say a design is 15 years, it can be 10 plus 5 years. So, it is a low life IP. So, we will just put it here whereas, the life of a trademark is very high, it can be renewed every 10 years and it can be renewed without any limit. So, this is something what we call an unlimited life intellectual property. Now between this extreme of a trademark, which can be protected forever and a design, which is a very short right you have here you also have patents. Now if design is 15, then patent is 20 years then you have copyright as well copyright is life plus 60 and you have along the higher side, you also have trade secrets or confidential information.

So, the life of an intellectual property right is dependent not only on the period, that is granted statutorily in the case of design, it is 15 patents 20, copyright 60 and trademark renewable every 10 years. It is also subject to modes of challenges, modes of challenges in the sense that, it can be challenged by the competitors in case, they find that the patent or the intellectual property right is wrongly granted.

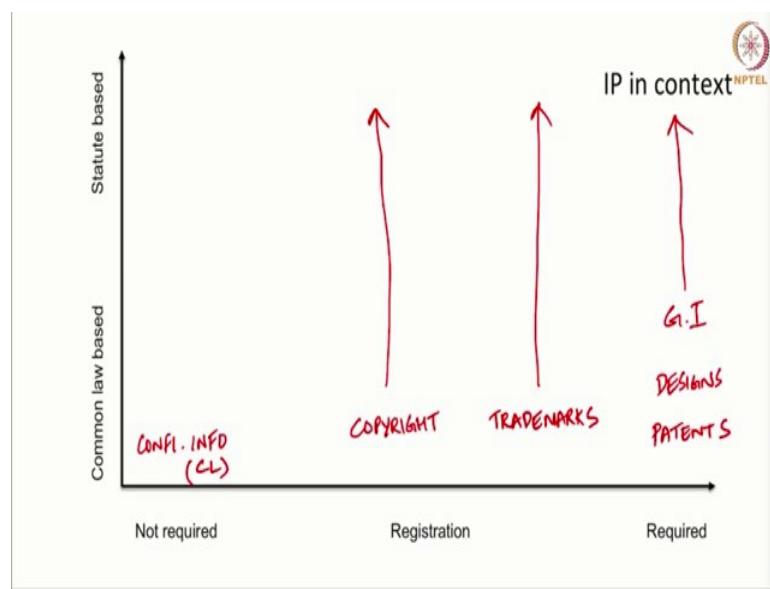
So, there is a high incidence of challenge for patents, it is pretty high because patents can be challenged by opposition. And, this can be both pre grant and we had seen all these things it can be both pre grant and post grant and patents can be challenged also by revocation. And, the revocation can be before the appellate board intellectual property appellate board or it could also be before the high court, where a infringement suit is pending.

So you will find that, there are multiple ways in which a patent can be challenged. A design can also be opposed and there is procedure for opposing trademarks as well. So, if you look at the modes of challenges, you will find that the life of an intellectual property right is also dependent on the modes of challenges. So, if there are multiple modes by which a patent. So, if there are multiple modes by which an intellectual property right can be challenged, then the chances of that intellectual property right surviving or lasting throughout its entire term could be less.

So from this, we understand that there is something called a limited life IP. Now if I need to draw a line between these 2 sets of rights, we can call this limited life because, their life is limited and these 2 rights are called unlimited life IP. Now this will be important, when we look at IP in business that the limited life IP is something that is going to come to an end and business manager constantly try to migrate limited life IP into unlimited life IP. So that they can have a longer business advantage, even within the IP, say for patents there is a tendency to file more patents as the patents expire over the same invention.

So, that they can manage the life of protection, which is also called portfolio management; patent portfolio management is a device by which multiple patents are filed over a period of time on improvements and modifications in such a way, that the life of the patent is extended beyond the life of the first filed patent.

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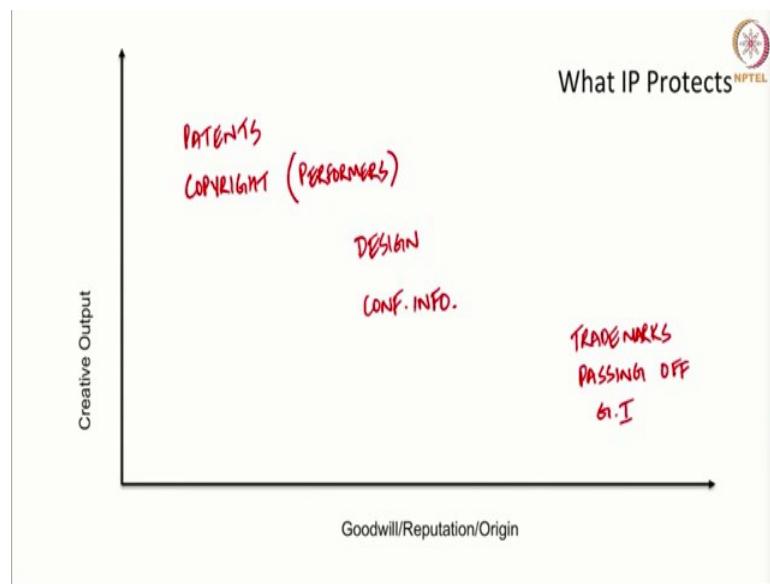


Now, let us also look at intellectual property in context, because some of these rights require registration and the others do not. Now let us look at the ones that do not require registration. You have confidential information and at the end, where registration is a must you have patents and you have certain kinds of rights, where registration can be optional even designs it is a must. If you need to have a registered design it has to be registered.

Now, in between you have say copyright, because copyright can be enforced even without registration, but there is a mechanism for registering copyrights as well and you also have trademarks, because trademarks unregistered trademarks can also be enforced. So, when you look at the line of enforcement, there are rights, that do not require registration, confidential information does not require registration and there are rights that require registration, you can add geographical indications to this list, which mandates registration.

Now, this also tells us that some of these rights are statute based and some are common law based. Now confidential information is a common law based right, copyright is a statute based right, we have a statute for it trademarks is again a statute based right. GI design and patents, they are again statute based right by statute, we refer to there is an enactment passed by the parliament, which has the formalities of how the right can be granted and how it can be protected.

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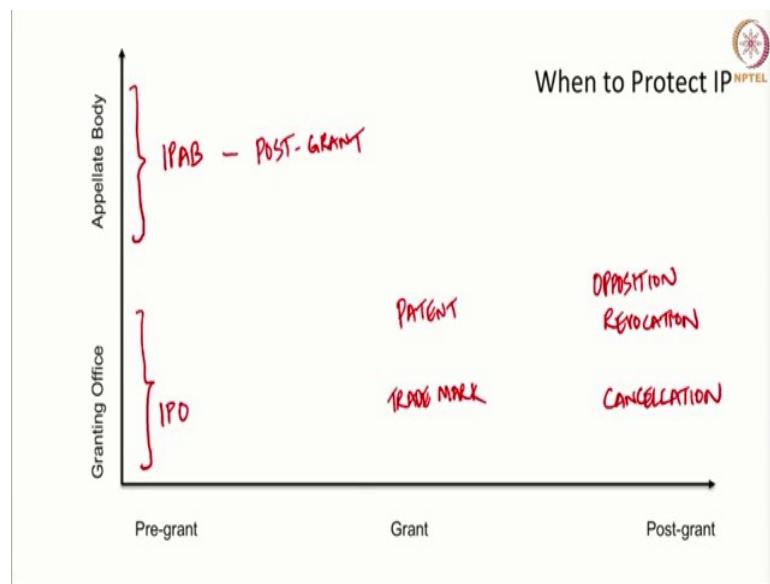
Now, what does IP protect? Because, we have seen the different types of right that have come, there are some types of intellectual property right, that protects the creative output let us put patents here, patents protect the creative output in technological inventions and also copyright and when we refer to copyright, we also refer to all the related rights like the performers rights, broadcasting rights, etcetera. We can also add design here, because some designs are though, they are aesthetically pleasing they could be designs that are

already there or that are slightly change the creative element in design could be considered to be of a lesser amount.

And we can also add confidential info here, because not all matters that are protected by the confidential information regime needs to be creative. And, this end things pertaining to goodwill and reputation, you can add things pertaining to goodwill reputation and origin we can add passing off, which is a relief to protect unregistered trademarks and even geographical indications.

So, the creative aspects of intellectual property right are protected by patents and copyright and the goodwill and reputation, rights that protect goodwill. And, reputation like trademarks and passing off and geographical origin can be regarded as rights that protect whereas, trademark passing off and GI can be regarded as rights that protect goodwill, reputation and origin.

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Now, when to protect IP is another factor, that any person, who is interested in enforcing needs to consider. Some rights, can be protected after they are granted, but right during the course of it is grant could also be challenged. So, let us assume that there is a trademark, which is granted at this point or there is a patent that is granted, now for the trademark and the patent there could be challenges that can happen after the grant. Now we saw in the case of patents, there could be opposition, there could be revocation as well for trademarks, there could be cancellation of trademarks by way of opposition.

Now, some of these proceedings can happen in the granting office that is the IPO in most cases and some of them can happen at the appellate body IPAB and the appellate body proceedings are most likely post grant. So, this happens after the grant. Now we look at this in greater detail, but this is just to let you know, that enforcement is not something that is completely tied to the grant of an intellectual property right. Enforcement can also be considered even, while the intellectual property right is being registered at the granting office.

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Enforcement

- What is IP enforcement?
 - Protecting your Intellectual Property assets
- Why protect your IP?
 - Prevent free-riders causing harm
 - Avoid losing company's proprietary knowledge
 - Solving disputes over ownership

Now, let us look at enforcement, in further detail. Now what do we mean by IP enforcement? IP enforcement refers to the act of protecting your intellectual property assets and it means that you are trying to stop free riders from causing harm to your intellectual property, you are trying to avoid losing the company's proprietary knowledge and it could also mean that you are trying to solve disputes with regard to ownership.

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Enforcement

- When do you enforce your IP?
 - When someone infringes your IP
 - When someone seeks to obtain a right that belongs to you
 - When someone obtains confidential information that belongs to you

Now, the need to protect IP arises when somebody infringes your intellectual property, now infringement is a special word that we use for violations with regard to intellectual property, we also try to enforce the IP, when somebody seeks to obtain a right that is actually yours. So, your right is being violated and also we seek to enforce IP, when somebody obtains confidential information that belongs to you, something that is proprietary and something that is private information, that is belong that belongs to you.

Now, you will find that intellectual property is at one level, it is tried to some amount of secrecy and that is true for all private property, they could because a private person owns the property. He has private control over it and private, the word private itself tells that there is an amount of exclusive control, that person can have. For instance, what you do within the premises of your house is completely private? The law allows you that privacy so that you know they cannot be any third parties or external forces, that come on to you and disturb your privacy.

Intellectual property because, it is private property there is an element of secrecy that is in it, in almost every intellectual property, trade secrets can be kept as a secret as long as you have an agreement with the person patents, before filing are kept a secret trademark especially in the nascent stage, where they are developed a mark is being developed or a logo is being developed, there is a tendency to keep it as secret. So, that people do not

claim prior use over it, if somebody else takes the mark and uses it then that person could have a prior user.

So, protect a argument against prior use, you are trying to keep the mark while it is been developed, while it is been conceived private. Copyright unless, it is published the world does not know and unless it is published you cannot let the world know that the subject matter of the creative work is protected by a copyright. So, during the preparatory phase the copyright, the work in which the copyright would eventually manifest would be kept as a secret by the author. So, this secret element is something that defines or you can also say, it is a confidential element it is something that defines intellectual property right.

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Enforcement

- How do you enforce your IP?
 - Cease and Desist Notice ✓
 - Actions before the IPO ✓
 - Intellectual Property Appellate Board ✓
 - Civil and Criminal Actions ✓
 - Border Measures ✓

Now, how do you enforce intellectual property? There are multiple ways to do it. Almost for all intellectual property, it is true that we can say that, there is no mechanism of an automatic enforcement in the sense that, the fact that you have the right, you cannot stop others from using it, you have to enforce the right, your exclusive right through a mechanism known by law. If you own a pen, let us assume that it is an expensive pen, the easiest way you can keep it from others stealing it, is to keep the pen safely preferably in a secure place, where others cannot access it.

Unfortunately intellectual property by its nature and we saw the traits of intellectual property, it is something that is available for everyone, when it is marketed and it is something that can be easily duplicated. Because of the nature of intellectual property

you should be careful about how you enforce it. Because, there are multiple ways in which you can enforce it and you can make the person stop, but the most effective way is to approach a court of law by filing a case. So, that is the reason why intellectual property litigation is popular and it is the only way, you can enforce it there are other measures, where in you can enforce the right, but may not be as effective as approaching the court.

For instance, you could issue a cease and desist notice. Now this could be written by the right owner or by the right owners' council, pointing out to your intellectual property right and telling the person to cease and desist from infringing and also giving a threat that if the person continues that they will be an action of infringement. A cease and desist notice is at the end of the day, it is only a written communication. The person, who receives it the alleged infringer has an option to abide by the notice and stop the action or the person can, if there are reasons to do it continue with the infringement. So, that notice itself does not mean anything, unless it is followed by a legal action.

So, in most notices you will find that towards the end, the person who issues the notice will have an indication or a threat of a possible legal action with which the notice is normally concluded. So, notice is one way to enforce your IP, but it is not a guarantee guaranteed way and even if you file a cease and desist notice, they could be instances, where the person continues with the infringing action.

Now, there are certain actions that, you can take before the intellectual property office. Now all these you come to the enforcement part only when, your right is granted. So, let us assume that, you have a patent that has been granted your competitor also files a patent making small modifications around your invention and the application is still pending before the patent office. You can use certain procedures in the patent office like pre grant opposition. And, file an application before the patent office seeking revocation of that right, which is still pending because, your objective is that if that right gets granted then, it will be hard for you to enforce your right, which is already in existence.

So, there are actions before the intellectual property office, which can be taken. There are cancellation and opposition proceedings for trademarks as well, which can be taken by a person, who already has an IP. So, to ensure that there is no overlapping IP or to ensure that the competitors do not get, what is called defensive intellectual property

right. The rights that are registered, just to ensure that others do not take legal action against you, the pre grant mechanism especially for patents can be used effectively to ensure that your right is enforced.

If the competitor's right is granted, let us assume that, the competitor filed a patent on a similar modification to your invention and that is now been granted and some time has passed, say a couple of years have passed. You still have a remedy to challenge it before the Intellectual Property Appellate Board by filing a revocation petition. So, law affords you an opportunity to file action before, the Intellectual Property Appellate Board to correct the wrong, which you feel could affect your chances of enforcing your IP.

There are civil and criminal actions. Both trademark and copyright attract criminal sanctions and there are also civil by civil, we mean the actions that you can take before the court, every infringement suit is an action before the court and you can have a relief of injunction stopping, the person from doing the act. For instance, when you issued the cease and desist notice and following the cease and desist notice, where you just ask the infringer to stop his activities, if the infringer continued his activities then the remedy for you is to approach the court telling the court that, I issued notice the person did not stop.

Now, so that brings us to the set of actions before the court, which can be civil and in some cases like, trademark and copyright it can also be criminal and you also have border measures. Border measures are with regard to import of an intellectual property say, you have a patent protection over a particular technology and you find that that particular technology is not protected in China and there are Chinese versions of your technology, which have been manufactured and which try to enter the country.

Now, at the point of entry you can use certain border measures to stop infringing article. It is more effective for trademarks and copyright not so much for patent, because of certain disputes that came up as to whether you can whether the border authorities, which are largely the customs authorities have the power to determine patent infringement and the courts have said that no, they do not have the power. So, but with regard to trademark and copyright, which is where it is easy to detect a pirated material border measures are effective.

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Cease and Desist Notice

- Legal warning to stop doing something
- Notice of rights
- Notice of possible commencement of litigation

Now, cease and desist notice means that, you issue a legal warning to stop a person from doing something. Now, they can be an advantage in this because, you put a person on notice and you have you can definitely say, one legal cause rather than going to the court directly, but they could also be some disadvantages. Especially, when you are dealing with pirated goods say, there are quite a lot of pirated copyrighted works. Now, if you issue a cease and desist notice, the person who receives the notice can quickly wipe out all the infringing material and when you go for a search, a court assisted search nothing incriminating could be found in the premises.

So, the infringement material can be especially, in the case of fly by night operators, they can just dismantle the entire set up and it will be very hard for you to find infringing copies to prove infringement. So, you can give notice normally, when you give notice you give notice of the rights. If it is a patent, you refer to the patent in your notice and tell them that, this is a patent that is being infringed and in your notice you can also give a threat or a possible commencement of litigation.

Now, there are provisions in the patent law, where the threat itself can lead to a declaratory action. If the threat is groundless, the law allows you under 106 of the Patents Act the law allows the person, who receives that threat the alleged infringer to approach the court to say that, this is a groundless threat so, stop the person from making the threat. So, there has to be some careful study before a notice is issued.

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Actions before the IPO

- Opposition Proceedings
 - Patents
 - Before the grant of patents by any person
 - Within one year after the grant of patent by any person interested
 - Trade Marks
 - File opposition within 4 months of publication of trade mark application

Now, with regard to the actions before the IPO, there are largely opposition proceedings and for patents as we have seen, there can be an opposition proceeding before the grant by any person. So, if you find that your competitor has is trying to patent something, very similar to your invention, which is been granted or your prior in time, then you can use this procedure to go to the patent office and stall his application from materializing into an intellectual property right.

And opposition proceedings can also be conducted 1 year after the grant, by a person who is interested, but that becomes a tougher task to prove because, then you already have your competitor already has an IP that is granted in his name. So, it becomes slightly difficult to object or to oppose something that has been granted, but the pre grant procedure is quite easy and it is quite effective. Similarly, for trademarks you have a provision for filing opposition from within 4 months of publication of the trademark application.

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IPAB

- Appellate Board established under S.83 of the Trade Marks
- Appointment of Technical Members
- **Purpose:** To hear appeals from the IPO, adjudicate rectification and revocation applications on registered IP rights
- Bars jurisdiction of courts

Before the Intellectual Property Appellate Board which was established under the Trademarks Act and which also has technical members. So, for trademark there is a person, who has a background in trademark, for patents there is a technical member who has a background in patent law. You could make an action for revocation of your competitor's right. So, it is a part of enforcement that you ensure that, your competitor does not get an IP so, that your IP can be enforced and the IP be generally, also looks at appeals from the IPO and it also has power of rectification, rectifying the register of patents.

And the IPAB has received the power to decide these matters. So, there is a bar on the jurisdiction of the courts. The courts the matter, subject matters which are covered by the intellectual property IPAB, covered by the Intellectual Property Appellate Board cannot be taken to the civil courts.

Intellectual Property
Prof. Feroz Ali
Department of Humanities and Social Sciences
Indian Institute of Technology, Madras

Lecture – 60
Infringement

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Infringement

- Using someone else's IP without permission
- Enforce your rights through courts
- Infringing Acts
 - Primary Infringement
 - Secondary Infringement }
 - Indirect ✓
 - Contributory ✓
- Remedies: Civil, Criminal, Administrative

Infringement, Infringement refers to the use of intellectual property without permission or without consent. Now this use is obviously by a third party. When infringement happens and we saw the different types of infringement with regard to patents, trademark, copyright and designs and how they kind of these rights in at some place overlap with each other, the request for a person whose right has been infringe is to go to the courts. Now the infringing acts can themselves be classified broadly as primary infringement, where the infringer directly infringes the act, the act of infringement is directly attributed to the infringer or they could also be secondary.

Secondary, in the sense that there are other parties, who help the person in the infringement there are groups of party so help in the infringement. For instance, if you have a patent for a drug and your competitor also manufactures the same drug, but without a patent protection, so in the eyes of law the competitor is an infringer. Now he not only manufacturers it, he supplies it and distributes it to different parts of the country. So, he has a distributor who collects the drugs from the manufacturing unit and he has

got retailers, who sell them in pharmacies. So, the distributors and the retailers can be considered as people, who indirectly or who contribute to the infringement.

So, indirect and contributory infringement, are aspects of secondary infringement. So, say we refer to something is secondary, where the persons involvement is indirect, but it helps or aides the infringement. Primary infringement, where is where the act is directly attributable to the person who infringes, for instance as we just mentioned the competitor, who manufactures the drug. Making a patented article is one of the rights protector under the Patents Act and making the article or manufacturing it, is an act of direct infringement. Now the remedy is a person has can be civil it can be criminal and it can also be administrative, by administrative we refer to the remedies that a person can have before the patent office.

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Patent Infringement

- Infringement not defined under the Patents Act, 1970 - *S.48*
- Level of intrusion
- Scope of invention for which protection is claimed - *S.10*

Patent infringement is not defined under the Patents Act, but we understand that any right, that is granted under the Patents Act, if there is a violation with regard to that right then it can be construed as infringement.

So, Section 48 of the Patents Act, details the rights that a patentee has their rights can fall broadly within two categories. It could be with regard to product, what you called product patents or it could be with regard to processes, what is called as process patents. Now these rights pertain to manufacturing or making sale or selling offering for sale, which can be regarded as marketing using and import. So, these are the five types of

rights that are covered under the patents act. So, any other person, who makes, uses, sells, offer for sale, offers for sale or imports the process or a product that is protected without the consent of the patentee, then we call that infringement. Though it is not defined, by case law and by convention, we understand infringement has an intrusion into the right guaranteed under the act.

The level of intrusion is also important, because in patent law the level of intrusion can be ascertained by looking at the scope of the patent claimed. The patent specification has a claim and the claim is where a person either says I claim or we claim or what is claimed and they mention the aspect of the inventions for which they claim protection. Now the act of the infringer may not fully map on to the claim, they could be certain aspects of the act that are mapping and there are could be certain aspects of the infringers act, which may not be falling within the scope of the claim. So, that is an exercise that the court will have to determine the level of intrusion, before it comes up with a finding of infringement.

A patent specification is granted with the claim and the claim describes the scope of the invention. We find this in the Patents Act Section 10 says that, the scope of the invention is defined in the claims for which protection is granted. So, in patent infringement unlike trademark and copyright, there is an assessment of the scope of what is protected; by reading the claim and by interpreting the claim and there is a mapping of the act to the scope of the claims. So, there are two things you look at the infringing act, could be a product or it could be a manufacturing process and you see whether the act the infringing act falls within the scope of the patent.

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Patent Infringement



- Determine Infringement
 - ✓ What is the scope of invention as per claims? - S.10
 - ✓ Violation of any right of the patentee? - S.48
 - ✓ Who is liable for the act? ^S
S.47
 - ✓ Whether the act comes under any exception?
S.107A
S.107B
S.140

Now to determine the infringement, the first thing that the courts would do is to look at the scope of the invention as per the claims. Now, it may not be apparent on a plain reading of the claim, the court may have to construct the claim where the language is not clear. The court may also seek assistance if the languages to technical, if the subject matters technical the court can always get the assistance of experts. Once the court ascertains the scope of the invention as by the claims then the court will ask the question whether there is a violation of any of the rights of the patentee. So, this we mentioned Section 10 talks about the fact that the claim should define the scope of the invention and the claim is what is protected.

So, the scope is ascertained then the courts sees whether any right is violated, for instance we mention that the five rights of patentee is protected are mentioned in Section 48 manufacturing, selling, offering for sale, import and using. Once this is done these two steps are then the court will determine who is liable for the act. Now this comes, because the reason infringing act against which a case has been filed. Now the liability as we saw could be primary or secondary. So, the court will do the determination as to who is primarily liable and finally, the court will look at whether the act comes under any of the exceptions. Now we have some exceptions in patent law. Section 47 has is set of exceptions, which cannot be taken action against, then we have in Section 107A and 107B, we have some exceptions which would not amount to infringement.

In Section 140, we have certain protections, which could be claimed in case of a infringement. So the exceptions, the court to look into the exception so, once the court goes through this four step process and it finds that it has cleared all these steps, then the court will say there is been an infringement of a patent.

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Patent Infringement

- Infringement should happen during the term of the patent (*renewal payment*)
- Infringement of product or process
 - Act of making, using, offering for sale, selling or importing

It is important that the patent can only be enforced, during the term of the patent meaning which during the time the patent is alive. Now the term can be kept alive by regular payment of renewal fees. Now renewal fees, if it is not paid then the patent would laps. So, it has to be paid on an annual basis assume that a case, where a patentee does not pay the renewal fees and for a year and the patentee tries to enforce the patent with regard to infringing acts, which have been happening during the time, when the patentee is patent had last lapsed. The patentee will not be able to enforce the patent, because the time during which the infringement happened, the patentee had not paid the fees to the patent office to keep it is patent alive.

So, renewal is an important aspect of infringement the first thing a person would do, when there is a infringement case against the person is to see whether the intellectual property right has been kept alive. If there is a default in the payment of renewal fee, which consequently gives a defence for the infringer in the sense that the patentee cannot enforce the patent, during the time when the renewal fee was not properly paid and we are already mentioned, this the infringement with should be with regard to only a

product or a process. Because the patent protection is only for either a product or a process and it should be with regard to the five acts making, using, offering for sales, selling or importing.

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Patent Infringement

- Jurisdiction
 - District Court
 - High Court
 - Ordinary original civil jurisdiction ✓
 - Value of the relief claim ✓
 - Patentee can file a civil suit
 - Place of residence, business (*Defendant*)
 - Court which has jurisdiction where infringing act takes place

Now, jurisdiction refers to the courts, which will have power to take up the matter. Now the Act says it can be filed before a district court or it could also be filed before the high court. Now district court is the lowest level, where you can file a patent infringement case, but the Patents Act provides, that if in the case which is filed before the district court. The infringer makes a challenge to the patent, now challenge to the patent can be a defence in an infringement suit.

If the patentee enforces the patent the infringer can in return say that, how can you enforce the patent, I am questioning the validity of the patent? So, when the question is with regard to the validity of a patent, then the law states that the matter cannot be decided by the district court, it has to be transferred to the high court. So, that is the provision in the law and there is some wisdom behind it. So, the district court could be the first place, where you can file an infringement suit, but if the infringer raises a challenge to the validity of the patent and we find that in most patent infringement cases, a challenge to the validity is something which a defendant would raise then, it has to be transferred to the high court. So, it is safer in some cases to directly file the case, before

the high court expecting that the defence of invalidity could be raised by the defender defendant.

Now, the high court has an appellate side and it also has the original side. So, the patent cases are filed in the original side of the high court and the ability to for the court to decide a case will depend on the release that is claimed, because there is something called pecuniary jurisdiction, which tells us the value of the court, which tells us that the value of the case will determine, which court will look at it. Now where can the patentee file the suit? The patentee can file the suit at the place of residence or the place of business of the defendant.

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Trade Mark Infringement

- Registered mark used by a person not a registered proprietor or licensee
- Uses the infringing mark in the course of trade
- The infringing mark is identical with, deceptively similar
- In respect of goods and service, TM registered

So, the case has to be filed where the defendant is where the defendant is or rather where the infringement happens and the court, where the infringement happen or where the defendant resides will have the jurisdiction with regard to taking up the matter.

Trade mark infringement is different from patent infringement. Because in patent infringement, we saw construction of the claim which has been granted protection and mapping the infringing act to the scope of the claim looking weather it fell with an any of the rights of the patentee and also looking at whether, there were any they pertain to any of the exceptions. Now in trademark the infringement is determined by a simple comparison, now the registered mark used by a person, not an registered proprietor or licensee can be enforced in an infringement proceeding. The use of the infringing mark

should have been in the course of trade and the infringing mark should be identical with the registered mark or it should be deceptively similar in such a way that it causes confusion.

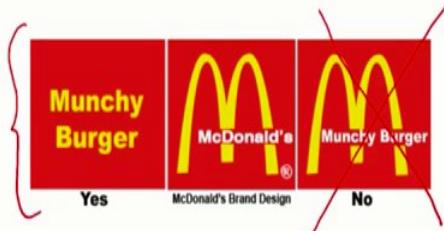
So, these are the requirements that is why I said the test for infringement in trademark is a very simple test of comparison. If the two marks, I have kept next to each other and if they look identical or if they are deceptively similar such that it can cause confusion to the lay person then infringement is determined and the mark should be with regard to goods and services.

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NPTEL

Trade Mark Infringement

- For well known marks:
 - Use of an identical or similar sign for both similar and/or dissimilar signs.



Now for well known marks, the use of an identical or similar mark for both similar and dissimilar signs can be a subject matter of infringement. For instance Munchy Burger is something, which a person can have as a mark trademark, but if the Munchy Burger is shown with the McDonald's M at the background, then that would amount to an infringement.

So, this is not allowed by law whereas, the Munchy Burger by itself is a mark that can be allowed. So, this is a protection that is given to marks that are well known.

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Trade Mark Infringement

- Jurisdiction
 - District Court
 - High Court
 - Registered Proprietor can file a civil suit
 - Any person can file criminal suit for false descriptions
- • Person instituting the suit resides (Plaintiff)

Jurisdiction in a trademark case again, you can file it before the district court or the high court and the registered proprietor can file a civil suit, any person can file a criminal suit for false descriptions, we have mentioned that there are criminal sanctions in trademark law and more importantly a person can reside, a person can institute the suit where he resides. So, the place of jurisdiction is that of the plaintiff not of the defendant. So, the person who chooses the file the case can file it where the person resides or carries bit business. Unlike patent law there is no need to go after the defendant, who could be in a different city or a different place.

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Copyright Infringement

- Infringement, rights of reproduction
- Piracy
- Reproduction in any material form
- Substantial copying
- Types
 - Direct copying
 - Indirect copying

Copyright infringement protects the right of reproduction, the right to make copies and piracy is one of the ways in which infringement happens. Mass copying of a copyrighted work is what we refer to as piracy. Now the reproduction in any material form as covered, for instance if a book is scanned and a video is uploaded, it is still copyright infringement and the copying should be substantial. Substantial as in a good amount of the book should have been copied, a few pages to say, photocopying a few pages may not amount to copyright infringement.

And again you have two different types of copying, it could be copying, can be direct copying or it could be indirect. Indirect in the sense that, it is not a replica, but the substance has been copied from the copyrighted material.

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Copyright Infringement

- Jurisdiction
 - District Court
 - High Court
 - Registered Proprietor can file a suit
 - • Person instituting the suit resides, carries on business
 - Criminal and civil remedies

Jurisdiction again, it is with the district court and the high court, the registered proprietor can file the suit and it can be filed again where the person instituting the suit resides. Like trademark it could be filed, where the person who institutes a suit resides and like trademark you again have criminal and civil remedies.

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Lecture – 61
Remedies

What are the remedies when infringement occurs?

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Legal Consequences

- IP Infringement
 - Civil liability
 - Private action remedies
 - Injunction, damages, account of profit
 - Criminal liability; except for patent infringement
 - Public action sanctions
 - Arrest, detention, destruction, fines, imprisonment

The legal consequence of infringement can lead to civil liability or criminal liability. Now, when we say civil liability we are referring to private action remedies like injunction, damages, account of profit. Criminal liability refers to public action sanctions like arrest, detention, destruction, fines, imprisonment. Patent infringement is an outlier because patent infringement does not have any criminal liabilities, whereas trademark and copyright can attract criminal liabilities.



Civil Remedies

- Injunction
 - Ad-interim injunction
 - Ex-parte injunction
 - Interim injunction
 - Ordering the defendant not to continue or not to embark upon a course of action until the trial
 - Permanent injunction

With regard to civil remedies when infringement suit is filed before the court a person can ask for an injunction. Injunction is a relief restraining the infringer from doing the infringing acts. Now, the injunction can be an interim injunction; interim injunction is an injunction that will operate till the suit is finally disposed off and permanent injunction. Permanent injunction is when a person succeeds in the suit the right holder succeeds then the infringer is permanently restrained from doing those acts.

There could also be something call the ad-interim injunction. Ad-interim injunction is when a right holder files a case without giving notice to the infringer and they are already mentioned they could be instances where it is not feasible or advisable to file a cease and desist notice and in such cases the right holder will directly approach the court. When the right holder approaches the court the right holder can ask for an ad-interim injunction; ad-interim injunction is even before the interim injunction is granted.

Normally, the interim injunction is granted after hearing the both the parties because the defendant may have some defence. So, the court will not be inclined to grant an injunction without hearing the defendant. But, if the nature of infringement is such and the damage that infringement can cause can be irreparable then the right holder can ask for an ad-interim injunction. That is, an injunction to be granted even without hearing the other side which is called ex parte injunction even without hearing the other side, in such a way that this ad-interim injunction will hold good till the court decides whether an

interim injunction has to be granted, which will be once the defendant appears in the case and contests the order of injunction.

So, an ad-interim injunction is something which is granted before an interim injunction is granted and the interim injunction if it is granted will continue till the court proceedings end, and once the court proceeding ends a permanent injunction if the party succeeds will be granted.

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Civil Remedies

- **Interim Injunction**
 - Prima facie case
 - Irreparable injury
 - Balance of convenience
- **Permanent Injunction**
 - Granted by a court by passing a decree made at the hearing and upon the merits of the case

Now, before granting an interim injunction the court will have to weigh the merits of the case because interim injunction is a tricky thing because when it is granted restraining a defendant it will hold good till the case is disposed off. In normal cases trial of an infringement case can take a long time it could be a few years. So, the idea is that the infringement to stop the infringement the interim injunction is allowed to continue till that trial happens.

So, the interim injunction could in effect be enforced till the cases finally, disposed off. The danger in granting an interim injunction is that eventually if the defendant succeeds in the case, in other words the plaintiff or the right holder is not able to prove infringement or the acts which the infringer did do not amount to infringement or the infringer's acts were non-infringing they were beyond the scope of infringement. In such cases if an interim order is granted then it will affect put the defendant out of business while the interim order continues.

So, the danger of granting an interim order is that the courts will eventually be saying something about the matter without knowing what will be the final outcome. So, they could grant an interim injunction and later on after trial they may even remove the patent or they may find that the defendant did not actually infringe. So, during that time there is a period during which the defendant was eventually it would turn out that was restrained without any legal basis. So, to prevent this courts would normally evolve a approach, so that it weighs the pros and cons in such a way that it grants an injunction only after weighing the pros and cons. Because the court cannot at this stage look into the merits of the case because the merits of the case which will bring the details of the case would normally happen during the trial stage.

So, this is not the trial stage at the interim stage the court cannot cross examine people, it cannot allow for expert evidence. There are certain limitations during the interim stage and during the interim stage the court would evolve this three step. The court will determine whether there has been a *prima facie* case, whether there is been irreparable injury or hardship and where the balance of convenience lies. So, based on this the court would grant or not grant an injunction.

In other jurisdictions, if the court is not clear whether to grant an injunction or not if the court is to grant an injunction, the court will insist on a cross undertaking from the plaintiff because the plaintiff is the person who will enjoy the injunction because the defendants activities will be stopped. The court will ask the plaintiff to give a cross undertaking that in the event the defendant succeeds in trial then the plaintiff will compensate for restraining the defendants. So, the cross undertaking in damages is something which is being used by courts in different jurisdictions, but we have not seen that being employed in our country so far.

Permanent injunction is what the court will grant after it looks into the merits of the case and it is passed along with the decree after considering all the evidence in the case.

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Civil Remedies

- Mareva Injunction
 - Restrain the defendant from disposing of the assets which may be used to satisfy plaintiff's claim
- Anton Piller Order
 - Permit the plaintiff to inspect the defendant's premises

There is also an injunction called the Mareva injunction which is used to restrain a defendant from disposing of the assets, which may be used to satisfy the plaintiff's claim. Now, in a case which involves piracy there is a possibility that if the defendant gets to know that there is a case filed against him he can quickly dispose of the assets or the assets could be in a third parties hand.

In such cases, they can be a Mareva injunction it comes from another case by the same name where it is possible to restrain the disposal of the assets. So, a restraining order which bars the disposal of the assets can be granted that is the type of injunction and there could also be an Anton Piller order which permits the plaintiff to inspect the defendants' premises. It is like a search which is allowed by the court. So, the plaintiff will have to get an order from the court requesting search of the defendants' premises and they could also be a following order to seize the goods as well.

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Civil Remedies

- Damages
 - Compensatory/Actual Damages
 - Damages actually suffered by the plaintiff because of infringement of the plaintiff's IP by the defendant
 - Damages to goodwill and reputation
 - On account of undermining the plaintiff's reputation and goodwill

With regard to damages, that damages are granted for compensating the loss suffered and the courts normally grant actual damages not remote damages; damages that directly flow from the infringing act and damages are granted for what the plaintiff has actually suffered due to infringement. Damages to goodwill and reputation on account of undermining the plaintiff's reputation and goodwill are also granted by the court.

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Civil Remedies

- Damages
 - Exemplary/punitive damages
 - To deter the wrong-doer and the like-minded from indulging in unlawful activities
- Account of Profits
 - Plaintiff is entitled to require the defendant to account for the profits made by him
 - Can't be claimed together with damages

Damages could also be exemplary or punitive, like damages granted for punishing a person. Now, this is to deter the wrongdoer or others who may be inspired by the wrongdoers to involve in unlawful activities.

Apart from damage,s the court can also ask the defendant to keep accounts of profit. The plaintiff is entitled to require the defendant to account for the profit made by him, but an account of profit is an alternative to damages, it cannot be claimed along with damages.

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Criminal Remedies

- Copyright
 - Offence of infringement of © or other right
 - Offence under S. 63
 - Imprisonment; 6 months to 3 years
 - Fine; Rs. 50000 to Rs. 2 Lakhs
 - Police has power to seize infringing copies
 - Seize without warrant all copies of infringing works

Criminal remedies as we mentioned are available for copyright and trademark and offence of infringement of copyright or any other right would be treated as a criminal wrong. The offences described, it should be an offence under Section 63 and the imprisonment could be from 6 months to up to 3 years and they could also be a fine of 50000 to up to 2 lakhs. The police has the power to seize infringing copies this is a power that is given to the police and the see they can seize without warrant all copies of the infringing work. They do not require a warrant to seize the goods.

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Criminal Remedies

- Copyright
 - Possession of plates for making infringing copies
 - Imprisonment extendable upto 2 years and fine
 - Deliver all infringing copied to the copyright owner
 - Offences by companies
 - Every person who was responsible for the company's affairs at the time the offence was committed shall be responsible

Now, if the infringer or a person who aids the infringement is in possession of plates for making infringement copies then they could be an imprisonment extending up to 2 years and fine and the court can require delivery of all infringing copies to the copyright owner and in case of offences by companies every person who has responsible for the company's affairs at the time of the offence shall be held liable.

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Criminal Remedies

- Trade Marks
 - False Trade Mark/ Falsifying Trade Mark
 - Penalty for applying/selling goods with false trade marks
 - Imprisonment; 6 months to 3 years
 - Fine; Rs. 50000 to Rs. 2 Lakhs
 - Enhanced penalty for subsequent conviction
 - Imprisonment of minimum 1 year
 - Fine of minimum Rs. 1 lakh

Criminal remedies also exist for trademarks. If there is a false trademark or falsifying trademark then that can attract criminal remedies. The penalty for applying or selling goods with false trademarks is also a criminal offense.

There is imprisonment of 6 months which can extend up to 3 years and fine of 50000 to rupees 2 lakhs and there could be an enhanced penalty for subsequent conviction the imprisonment of minimum of 1 year and a fine of a minimum of 1 lakh.

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Criminal Remedies

- Trade Marks
 - Criminal offences can be for registered as well as unregistered trade marks
 - Forfeiture of Goods
 - Direct government to forfeit all goods relating to which an offence is committed
 - Power of police for search and seizure

Criminal offences can be registered for registered as well as unregistered trademarks and forfeiture of goods is another relief. They can be a direction to the government to forfeit all goods relating to which an offence is committed and the police again has the power of search and seizure.

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Criminal Remedies

- Patents
 - No criminal remedies available
 - Infringement requires analysis of claims
 - Seizure cannot be done by police officer on the face of alleged infringement

Patents do not have criminal remedies that is because of the nature of the infringement analysis. We have already mentioned unlike copyright and trademark where a mere comparison of two goods can determine infringement, patents require certain special knowledge and looking at documents and it is the job of the court. Only the courts can determine infringement, for that reason patent law does not make infringement into a criminal offence which the police can take cognizance of.

Seizure cannot be done by the police officer on face of alleged infringement; it can only be done by taking an order from the court.



Border Measures

- Intended to prevent infringing copies from being brought into the country concerned
- Carried out by administrative authorities
 - Custom officials
- Recently power of customs to seize import on mere complaints of patent infringement revoked

There are some border measures by which entry of imported infringing goods can be stopped. This can be done by the administrative authorities. It is done by the custom officials. Now, earlier this was also used for patent patented goods apart from trademark and copyright. Earlier this was used for patented goods apart from goods covered by trademarks and copyright, but recently the power to seize patented goods has been cut down due to certain litigation in the high courts.

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Lecture – 62
Alternate Dispute Resolution

Alternate Dispute Resolution or ADR refers to means by which you can settle a dispute by employing certain dispute resolution methods. Now, this is distinct from a judicial determination. In a judicial determination, it is a person who files an infringement suit approaches the civil court and the civil court tries the matter and it comes to a conclusion. Not only is the process time consuming it also involves quite a lot expenses as well.

ADR or alternate dispute resolution refers to different methods by which parties who are in dispute can resolve their disputes more efficiently. Whether, statutory disputes like infringement can be a subject matter of ADR is something which the courts are yet to determine.

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ADR

- Resolving IP disputes without having to start court proceedings
- Many forms of ADR
 - Arbitration
 - Mediation
 - Expert Determination

But, ADR could be used even before an infringement can arise. For instance there is a licensee who is refusing to pay the licence fee who has been paying the licensing fee till that point and he continues using the invention say it is a patent licence that the person enjoys without paying any royalties. In this case they will already be a licence,

agreement and the agreement could provide for means of resolving disputes using ADR. So, if the licence has an arbitration clause then rather than initiating an infringement suit because any licensee who does not pay royalty could amount to infringement the licence the licensor can cancel the licence and file an infringement suit. The alternative would be to initiate alternate dispute resolution methods and to find a settlement a quick and an efficient settlement to the dispute.

Now, this area is used to resolve IP disputes without having to start court proceedings. So, it is most effective when there is no need to start or you have the ADR process in place before the court proceeding starts. Now, some of the ways in which you can have an alternative dispute resolution to your dispute is by arbitration, where the party appoints arbitrators and the arbitrators as a panel give a decision. Mediation which is not actually a decision that is rendered, but it is mediated settlement it is a kind of a settlement between the parties a mediator facilitates the settlement and also by expert determination. If there is any dispute with regard to technical issue, the parties can appoint an expert and the expert will bind by the decision of the expert and move forward.

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- WIPO Arbitration and Mediation Center
 - Established in 1993
 - Services of resolution of IP disputes b/w private parties
- Offers confidentiality of proceedings

Now, the WIPO World Intellectual Property Organisation has an Arbitration and Mediation Centre which was established in 1993 and they have services for a resolution of IP dispute between private parties and it also offers confidentiality of proceedings.

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WIPO

- WIPO Internet Domain Name Dispute Resolution
 - Uniform domain name dispute resolution
 - Adopted by ICANN
 - UDRP applies to registrations in generic top level domains

We are already seen the WIPO has an internet domain name dispute resolution method and that is again it is one of the ADR methods and it is adopted and implemented by the ICANN and the registrations dispute with regard to registrations at the generic top level domain can be resolved before the WIPO internet domain name dispute resolution centre.

Lecture – 63
Compulsory Licences

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Compulsory Licenses

- Two types of Licenses
 - Voluntary license ✓
 - Compulsory license
- CL are statutory licenses to do an act covered by an exclusive right without prior authority of the owner

Compulsory Licences there are two types of licences broadly. Compulsory licences are licences which are forced licences, licences which are granted by the government and you have voluntary licence. Voluntary licence is the licence that the IP holder the owner of the IP would voluntarily grant in lieu of a licence fee.

Compulsory licences are employed where it is not possible to get a voluntary licence, and there are certain factors most like most of them are pertaining to the interest of the public where, the government can intervene or the administrator authority the like the patent office can grant the compulsory licence.

Compulsory licence is a statutory licences to do an act covered by an exclusive right without the consent of the owner. So, it is also called use without authorisation. So, you could get a licence even when the right holder is not inclined to licenced to you.

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Patents

- Types of compulsory licenses in patents
 - Third party initiated CL
 - Special CL
 - CL of related patents
 - CL for export of pharmaceuticals

Now under the patents act there are four types of compulsory licences. There is a third party initiated or a market initiative compulsory licence. There is a special compulsory licence, where the government can grant compulsory licences in case of an extreme urgency or emergency and there is also compulsory licence of related patents or technologies that are related. A person needs the other technology or the patent without which he cannot put his technology into effect can seek for a licence of a related patent. And there is also a special compulsory licence for export of pharmaceutical products to other countries.

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Patents

- Application for CL [Third Party]
 - Establish a *prima facie* case
 - Any person interested after the expiration of 3 years from the grant of patent can apply
- Conditions
 - Reasonable requirements of public not satisfied

Now to get an application for a to file an application for a compulsory licence, the person filing the licence has to establish a *prima facie* case that there is a preliminary case for grant of a compulsory licence. And any person can do this who is an interested person under the definition as defined by the Act after the expiry of 3 years from the grant of the patent.

So, the patent has to be allowed to stay for 3 years and only after the 3 year period can a person seek a compulsory licence. Now, the conditions on which a person can seek a compulsory licence are that reasonable requirements of the public has not been satisfied or it is not available for a reasonably affordable price or the invention or the patent is not worked in India.

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Patents

- Conditions
 - Not available at reasonably affordable price
 - Not worked in India
- Other applications under ss. 91, 92, 92A
- One CL in India
 - Nexavar case

Now, the other applications under 91, 92 and 92A which we had mentioned as the special compulsory licence; the this is a special licence and this is the licence of related patents and this is the licence for export of pharmaceuticals.

So, these have their own procedure and in India we have so far had only one compulsory licence granted for a patent that was in the Nexavar case that is the name of the product. The licence was granted against by a pharmaceutical company and it was granted to Natco an Indian generic company.

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Copyright

- Section 31 of Copyright Act provides for compulsory licensing of copyright
 - For works that are withheld from the public
- Conditions: © owner refused to
 - Republish or allow the republication of the work
 - Allow for the performance of the work in public, hence work withheld from public

Section 31 of the Copyrights Act provides for compulsory licensing of copyright. So, we also have copyright compulsory licensing of copyrighted works for works that are withheld from the public. The conditions are that the copyright owner should have refused to publish or allow the publication of the work.

And the copyright owner allows for the performance of the work in public, hence it was did not allow for the performance of the work in public; hence, the work was withheld from the public. So, cases where the work is withheld from the public there could be a compulsory licence saying of such copyrighted works.

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Copyright

- Conditions: © owner refused to
 - Allow communication of the work to the public by way of broadcast of such work
 - Provide sound recording in reasonable terms
- CL can be granted in case of unpublished Indian works
- Objective: Ensure availability of © material

Now, where the copy righted owner allows for communication of the work to the public by way of broadcast of such work where that is refused and where he refuses to provide sound recording in reasonable terms are also covered under instances where a person can seek a compulsory licence. Compulsory licence can also be granted for unpublished Indian works. Now, the objective is to ensure the availability of the copyrighted material.

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Lecture - 64
Managing IP

So far we have seen how intellectual property rights can be developed, how they can be protected, sometimes by way of registration and how they can be enforced before a court of law. Intellectual property rights makes sense for businesses, because it gives them a strategic advantage in the market. Now, let us look at how intellectual property rights interact with businesses, and how businesses manage intellectual property rights?

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How to manage IP?

- Complexity of today's businesses
- Cumulative nature of innovation
- Too precious to be left to the lawyers
- Fragmentation of IP
- Is IP in sync with the go-to-market strategy?



Now, how do you manage IP? Today's complexity of business requires any business, be it small or big to factor in various considerations in the course of running their business. There are issues with regard to innovation, especially that arise out of technology and knowledge centric businesses, which have to be kept alive, not only is innovation important for businesses to survive, but they also need to constantly improve upon what they have already done to remain relevant in the market. So, the cumulative nature of innovation puts stress on the business, not only to channel the investments that come into the business towards new products and new processes, but also to ensure that the investment that is being made into innovation is also protected.

Intellectual property rights protection is too precious to be left to the lawyers, you will see that the best managed intellectual property rights in businesses come from an interdisciplinary approach that the company takes; it is just not something that the legal department of any company or any organisation should be concerned with. In fact, you will find that strategic management of intellectual property rights would cut across the organisation and it would be relevant for everyone in the organisation to know how to protect the IP.

And this is especially important, when there is fragmentation of IP. By fragmentation, we refer to different types of IP that would fall under different parts of the organisation for instance. R&D or the products that come out of research and development from a organisation would be protected by the R&D department and we could expect some kind of an intellectual property management cell or a patent cell in an knowledge centric enterprise to be taking care of the patents. Whereas, trademarks over the products could be protected by say the marketing department or marketing division of that organisation. If they have copyrights over their products that could fall within the purview of a legal department.

So, in an enterprise that has different functions and that has products coming out covering different aspects of intellectual property rights, it is strategic for the organization to have a policy that cuts across the different types of IP and not to have a fragmented approach, where certain IPs are held by certain parts of the organisation.

So, what organisations need to look at is to understand whether the intellectual property right is in sync with their go-to-market strategy. In the sense that the products that were coming up with should be protected right from the time of development up until they hit the market and also be on that.

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Who manages your company's IP?

- Sales & Marketing
- Legal
- Finance & Accounting
- R&D/Technical
- Human Resources
- IT
- IPR



Now, who manages the company's IP? We have already mentioned that IP could be fragmented in an organisation. So, in some cases, especially the things that pertained to trademark which is connected to marketing, it could be the sales and marketing. It could be the legal department, which looks at copyright and other related issues.

It could be the finance and accounting department, especially if there is royalty coming out of the IP. It could be the research and development R&D and the technical department, which could be looking at technological innovation, especially when the company has products that can be protected by patents.

It could be the human resources department in certain companies, where the most valuable resource of the company or the people who work for it and they generate the IP, so it could be the HR department that is looking at protecting IP. In tech companies, it could be because they are largely IT company, it could be the department that is in charge of developing new technologies. And in some cases, you could have companies constituting their own separate patents or an IPR department itself. So, you have a separate group, which controls or which is in charge of all the IPRs that is generated in a company.

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Integrated Management of IP

- Different forms of IP (trademarks, patents, copyright, trade secrets) managed together
- IP management is integrated with overall business model design and corporate strategy



An integrated management of IP would require different forms of IP, trademark, patents, copyright, trade secrets to be managed together. And the IP management has to be integrated with the overall business model design and the corporate strategy. Now, when we look at case studies later, you will find that most of the successful models of IP protection have revolved around the business model and the general corporate strategy itself.

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Managing things together

- Marketing and Branding
- Enforcement and Franchising
- Sell or License
- Open or Closed innovation



Now, IP as we mentioned, because it falls into different buckets, they have to be managed together. So, trademarks pertain to marketing and branding and where the use of trademark could also extend to franchising. So, if you are using trademarks, then it is not just so, if you are using trademarks to protect your products, your concern is not just about branding and marketing your product, but also looking and how you can extend the trademark into your franchising agreements.

So, if you start a chain of restaurants and you are successful, and you want to franchise that, then you would protect your products through a mark. So, that when you have a franchisee working for you, apart from regulating the quality that the franchisee delivers, you could also have a licensing on the brand and a licensing on all the techniques that are transferred from you by way of a know how agreement that can be a contractual agreement.

But, again you see that the strategy goes beyond just protecting them. Now, you are thinking about how can you take your trademarks beyond your organisation and how can they be franchised to others and you can enforce them by stronger agreements and by protecting your brands through trademarks.

So, companies can take a call on whether they want to monetize their IP by sale, if it allows them to do that or through by way of a licence. In some cases, though a product is sold to the customer, the company may have a contract with the customer to say that though there is a sale, there is in effect a licence that the person is purchased. Most of the software that we use are licensed software, though we may get an impression that we have bought the software for a price.

So, in many cases, a sale would extinguish all the rights that the right holder has, whereas licences would ensure that the licensor has retained certain rights and only limited rights has been transferred to the user. So, in deciding how a company or an enterprise will monetize its IP, it needs to decide whether it is going to use sale as a way to monetize its products and services or whether it is going to use the licensing model.

The company can also look at models for innovation, it could have a closed innovation model, where in the innovation happens within the company just between its employees or it could also look at an open model for innovation, where certain aspects of the

innovation, which can be put out into the public, the company can look at crowd sourcing ideas from the open market.

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Integrated management

- Firm's business strategy: How to become inimitable
- Intellectual Property position: How to extend IP protection
- Business model choices: IP and Non-IP
- Timing decisions: When to protect IP



So, integrated IP management requires intellectual property management to be tied to the firm's business strategy. Now, the focus in doing this is how to make the business strategy inimitable, so that others cannot copy it. The intellectual property position should be to ensure that whatever can be protected by way of an intellectual property right is protected. And further to ensure that the intellectual property right that has been created has an extended life.

Now, the IP position of most companies is to extend the life of the IP. Now, this is important for us to understand, because not all intellectual property rights have the same life, we had seen this, patents have a 20 year life, designs have a lesser life 15 years, copyright has life of the author plus 60 years. Whereas, trademarks can have unlimited life as long as they are renewed the trademark can be kept alive just by renewing and paying the fees.

Trade secrets again is something that can be kept alive for a long period of time as long as it does not fall into the public domain, the trade secret is regarded as a proprietary secret. So, the intellectual property position of any company which has different forms of IP rights with it would be to ensure that the IP protection is extended over a period of time.

Now, if the protection is only with regard to one type of intellectual property right say trademark, then the trademark itself can protect the company's brand and as and when new products come in there are going to be different trademarks filed over the products. So, if you adopt the trademark strategy for protecting your products, your company's name would definitely be covered by a trademark. And every time you come with a new product, you are going to file trademarks, which are unique, which cannot be copied, so that there is protection extended to every new product that comes out of your company.

Similarly, if you are going to take a single point strategy in protecting all your products by way of patents, you would file patents as and when you before you release a product. And you would also try to create a portfolio of patents around the product, so that infringement cannot happen easily. So, patent portfolio management is using a host of patents covering different types of approaches on your product, so that you close all the ways for competitors to imitate or to copy you.

Now, this can mean different things, one it can mean you file more patents covering different aspects of the technology, different varieties or different variants of the covering different aspects of the technology, covering different improvements, additions and variants of the technology, so that competitors do not enter into your field. It would also mean that as and when your patents are expiring, you file new patents, so that the life of the technology is extended.

So, in a product, where constant innovation is possible say every few years there is a new addition or an improvement made to that product, then it is possible to extend the life of the product by filing patents to cover those improvements and innovations that come over a period of time.

So, in effect, the life of a product would be beyond the life of a patent and we are talking about improvements that can be constantly made around the product. And in such a case, you will find that a portfolio of patents can cover a product, even beyond the life of the initial patent. Say the if the initial patent expires in 20 years, but the product is something that is relevant and you can make technological additions which are valuable to the customers, then you could be filing patents as and when you make those improvements. So, this is called patent portfolio management again, this is a single point strategy.

In the earlier example, they were just trademarks using it. In the earlier example, they were just trademarks used to protect series of products. And in this case, you use only patents to protect a series of products. A publishing company may use only copyright to protect a series of products. So, every time when new book comes, the company ensures that there is a copyrighted notice on the book and it is vigilant in protecting infringement.

Now, as a part of integrated management of IP, a company could also adopt a business model to get an edge in the business. Now, the business model maybe tied to IP protection, it could also be a non-IP business model. In the sense that the company has an exclusivity in the field, even without using IP. Now, integrated management also requires you have to take decisions on timing, when to protect the IP.

In some cases, an IP may not be a ripe enough for a particular form of protection. For instance, there is a nice detailed write up about a technology, but still the write up in itself cannot manifest itself into a product or a process, which is a requirement for filing a patent. But nevertheless, the detailed write up is valuable for people in the industry. And if you want to monetize that or if you want to share it with an investor, there is a danger that the material that is disclosed can be copied and it can be commercialized without giving you due credit.

So, in such cases, it is possible for a person, who owns the IP to have a confidential information protection by way of a non-disclosure agreement an NDA and disclose it to people, who would be interested in investing into the technology and file a patent at a later stage. So, the timing of the need to bring an IP protection and which type of IP protection can be critical with regard to how IP can be managed.

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Inimitability of Business Models

making competition irrelevant

IP

- Intellectual Property protection law: Patents, ®, ©, Designs etc
- Business Model management: Blue Ocean Strategy "Non IP"



Now, with regard to inimitability of business models, all businesses are interested in making the competition irrelevant, because that is the way in which you can have an edge over the competition. And if you make competition irrelevant, then you are exclusive in your market. And exclusivity can be conferred by different ways, law does not promote exclusivity or monopolies that is why we have a competition commission and we have competition laws, which prevent one person from operating in the market, we want multiple players to be in the market, so that the customers get the benefit.

But, businesses constantly come up with business models that are legitimate, wherein they make the competition irrelevant. For instance, if you take software, majority of the computers run on Microsoft operating system, there are some, which run on operating systems developed by Apple and there are also others, which run on open source systems. So, now we find that just by having a business model, you could find just by having a business model, you could develop a strategic advantage, wherein you make your competition irrelevant.

Now, intellectual property gives you one of the tools to make the competition irrelevant. In the sense that if the subject matter of your product is protected by say patents or by trademarks, or by copyright or by design, then you have an advantage which others do not have. For instance, no company can sell Cola branded as Coco Cola, because it is protected by a trademark. No company can sell shoes with the brand Nike, because that

is protected by one company by way of a trademark. So, intellectual property rights give you a strategic advantage in protecting your business in such a way, that the competition cannot imitate you.

The other way if you do not use intellectual property, you could still protect your business model by a strategic business model management. For instance, there are various strategies; one that we have mentioned here is the blue ocean strategy. A blue ocean strategy is where you again make the competition irrelevant, but by non-IP means. So, this would be a non-IP way of protecting intellectual property. So, this would be a non-IP way of protecting businesses, whereas intellectual property would be what we call the use of IP to protect a business.

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Managing Together

(combining law and management)

Two kinds of IP:

- 1. Limited Life: Patents, Designs, Copyright
- 2. Unlimited Life: Trade secrets, Trademarks



Now, protecting intellectual now protecting businesses or having a strategic business advantage involves combining both law and management. Now, there are two kinds of IP, which management scholars have identified, which is very different from the perspective of legal scholars. Management scholars identify IP and put them into two baskets, they are aware of the fact that there is fragmentation of IP. You have IP, you have different types of IP protecting different things, you have patents, designs, copyrights, geographical indications, trademarks.

You have patents, designs, copyrights, trademarks in a host of other rights, but they are also aware of the fact that for businesses, what is relevant is the fact that some of these

rights are limited life IP, whereas others are unlimited life IP. So, you have patents, which have protection for 20 years; designs, which have protection which can have protection for 15 years; copyright, which can have protection for life of the author and plus 60 years after the death. Now, all these rights all these three rights have a limited time period within which they will remain relevant.

And we are already mentioned if you have a single point strategy, then you will be filing more patents one after the other, so that when your patents expire, you can have new patents covering up aspects of your technology that you have developed. But, if your technology is static, say for instance a pharmaceutical drug which can cure a disease, no matter how many innovations you come across around the innovation that is the drug for treating a disease, they may not be substantial they may be regarded as trivial, they may be regarded as incremental.

So, some countries, specially like India, there is a bar on protecting incremental innovations, when it comes to medicines. Because, the medicine the first time it is launched, it does its job of curing or treating the disease. So, every time you come up with a slightly more efficient medicine, it is essentially or the law presumes, it is essentially the same drug that does the job. So, the law is not interested in granting monopoly or an exclusivity, in cases where the drug does the same job.

So, whereas, in other technologies such as fast moving consumer goods, you could have product innovations that are substantial. Now, if you are seen the diaper industry, if you are seen baby diapers as a product it over the period of time, it had seen host of innovations and all those innovations were protected by separate intellectual property rights. So, the first category is the category that we call limited life IP and if you have to have a single point management strategy, then your approach will be to file more and more of the same right. So, more patents protecting technology, more designs protecting all new designs that come out of your organisation, more copyrights that protect the publishing, more copyrights that protect copyrightable works that come out of your organisation.

The other kind of IP that management scholars have identified, are what they call the limited life are what they call the unlimited life IP. In unlimited life IP, you have confidential information, what we also refer to as trade secrets and you have trademarks.

And the effort of management scholars has been to ensure how they can translate this limited life IP into this unlimited life IP. Now, the objective is to ensure that the exclusivity that IP enjoys continues for a longer period of time.

So, the objective in managing IP, when you manage IP together, there could be a possibility and we will see the case studies where it is possible to translate or to move the value from a limited life IP like patents, design and copyright into an unlimited life IP like trade secrets and trademarks.

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Case Study: Pilkington Glass

Plate Glass vs. **Float Glass**

A process that uses molten tin to create the surface of a glass sheet was developed in the late 1950s. The glass, in liquid form, was poured onto the tin causing the lighter glass to float. The resulting product, "float glass," had an extraordinarily smooth surface and required much less sanding than products made using earlier techniques. Today, glass for commercial use is almost entirely float glass, and plate glass is used only in very rare cases.

Float glass is less expensive to produce than machine-made plate glass. It also has fewer irregularities. ~~There is little room left to wonder at how easy it overtook plate glass as the favored material to use in new construction.~~



One of the companies that did this successfully was a company called Pilkington glass. Now, Pilkington glass came up with a patented technology for creating float glass, now this was many years ago. So, you need to understand that float glass was a technology, which replaced the existing technology that was plate glass.

Now, this process involved pouring molten tin to create a surface on a glass sheet, wherein the glass would float on the tin, because it is lighter. And the resultant float glass was smooth and it will require less grinding and sanding than the normal plate glass required. So, the float glass technology in effect was more efficient and it also reduced the existing process that was there the plate glass technology.

Now, today the world entirely has moved towards Float glass and Plate glasses used only in rare cases. What this did was, it brought down, it made it less expensive to produce

glass. And the introduction of float glass was done by Pilkington, which is a British company, they had to convince quite a lot of users of their technology to say that they could be substantial savings. And they were slowly able to over a period of time since 1960, they were able to move the entire industry from producing plate glass to float glass. Float glass was better, it was more efficient to make and it was also cheaper.

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Case Study: Pilkington Glass

- Patents and Trade Secrets Pilkington Group
 - Float Glass /Plate Glass
 - Grinding and Polishing Process replaced
 - License industry incumbents (scope: restrictive)
 - Rapid price reduction and acceptance of technology
 - Protection: Patents, Trade Secrets and Licenses



How Pilkington did this despite being a small company was by combining patents, which is a limited life IP and trade secrets, which is an unlimited life IP. Now, they license their technology across the globe mostly to Commonwealth countries and they had licenses in such a way that any improvements that were made could be transferred back to Pilkington.

Now, the rapid price reduction and acceptance of technology ensure that the technology spread quite quickly around the globe, whereas in United Kingdom Pilkington was manufacturing the glass on its own. So, it reached the point that the cost of manufacturing glass outside United Kingdom using Pilkington's technology was cheaper than for Pilkington to produce it within UK. So, Pilkington even used this opportunity to import glass into Britain.

What Pilkington achieved here was initially when they came up with the technology, they protected it with patents and with their collaborators, who were using their technology, they had a trade secret agreement to ensure that the secrets the know-how,

which were a part of the trade secret were kept a secret. And they also had licensing terms, wherein there was no further payment of royalty, but there was sharing of knowledge from both ends.

This made Pilkington become a dominant player in the industry and it also saw the world move away from float glass technology to plate glass technology. So, float glass technology used to be in the market from the 1920s till the 1960s. And since 1960s, the entire industry globally move to the plate glass. Now, this achievement is attributed largely to a combination of techniques in managing IP. And scholars have said this has come, because Pilkington was able to translate their patents, which were limited life IP into trade secrets, which has unlimited protection.

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Case Study: Dolby Laboratories

“I have a general principle that I follow: I don’t go into any area that I can’t get a patent on. If you don’t stick to that approach, you quickly find yourself manufacturing commodities.”

- Roy Dolby

- Patents and Trademarks: Dolby



In another case study, which involves Dolby laboratories, the company initially had patents, but then it converted the value towards trademarks and as you know that most of us know Dolby as a trademark than for the patents that they own. And this is what Roy Dolby, the founder of the company had to say “I have a general principle that I follow, I do not go into any area that I cannot get a patent on. If you do not stick to that approach, you quickly find yourself manufacturing commodities.”

So, a way in which Dolby has been able to get this recognition over a period of time was because initially they were protected by patents, but over a period of time, they were able to move the value that was there for them in the patents to their trademark.

So, every product that you buy, which has Dolby on it or every sound system that you experience with this mark, we attribute technological advantage or a technological superiority just by looking at the brand, you may not know what is the technology behind it, but by looking at the brand, you attribute that it should be cutting edge. So, this translation happened over a period of time, and that has been a successful translation of how you can translate the value from limited life IP, in this case patents to unlimited life IP such as trademarks.

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IP Strategy

- Integrated with business model
- Different Types managed together
- Legal, financial, HR, Technical
- Jurisdiction specific



So, the IP strategy should be to integrate with the business model, to ensure that different types are managed together. So, that it is not confined to legal financial HR or technical rather there is even if it is in these places, they should be a common understanding of who is doing what. And it should also be jurisdiction specific in the sense that you have to understand the laws that protect the IP.

As I mentioned, there are certain incremental innovations pertaining to pharmaceutical substances, which are not protected in India, but they could be protected in say the United States. So, you should also understand the differences and protection offered by different countries, before you can develop a comprehensive IP strategy.

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Lecture - 65
Case Study: Dolby

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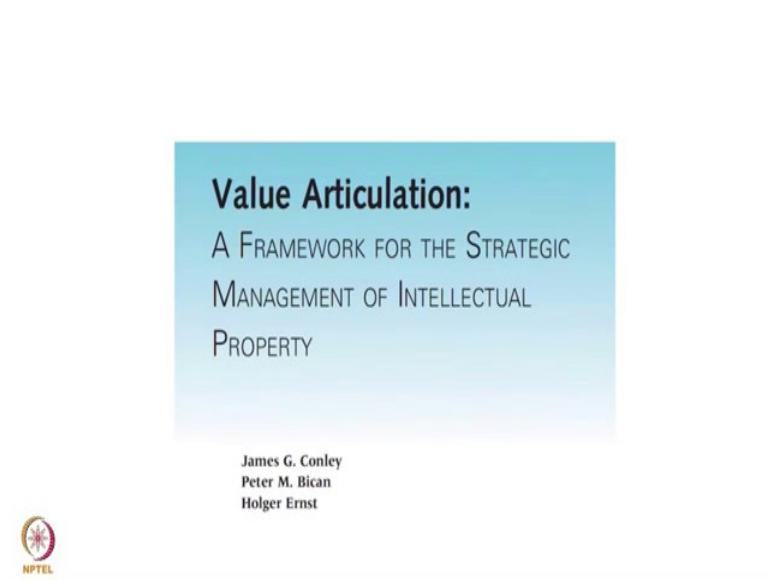
Case Study: Dolby

Value Articulation: A Framework for the Strategic Management of Intellectual Property

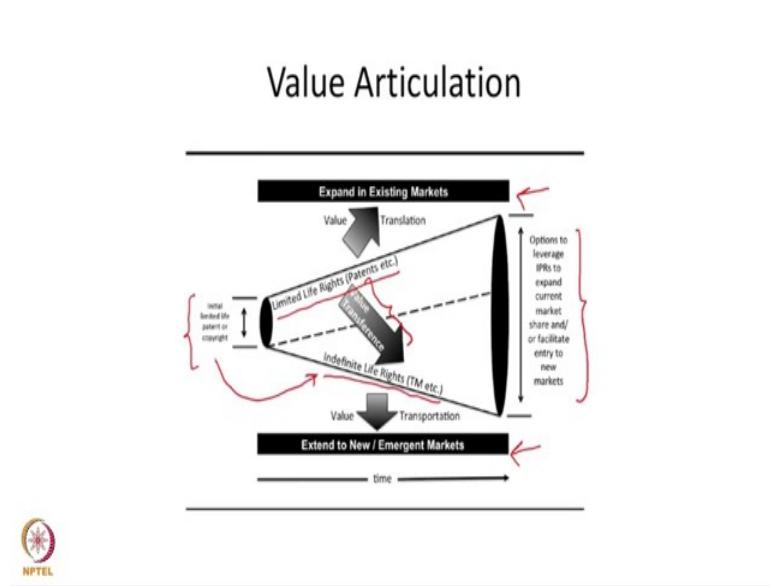


Now, let us look at the case study in a bit more detail. This is with regard to Dolby and this comes from the article; Value Articulation: A Framework for Strategic Management on Intellectual Property, written by James Conley and his colleagues.

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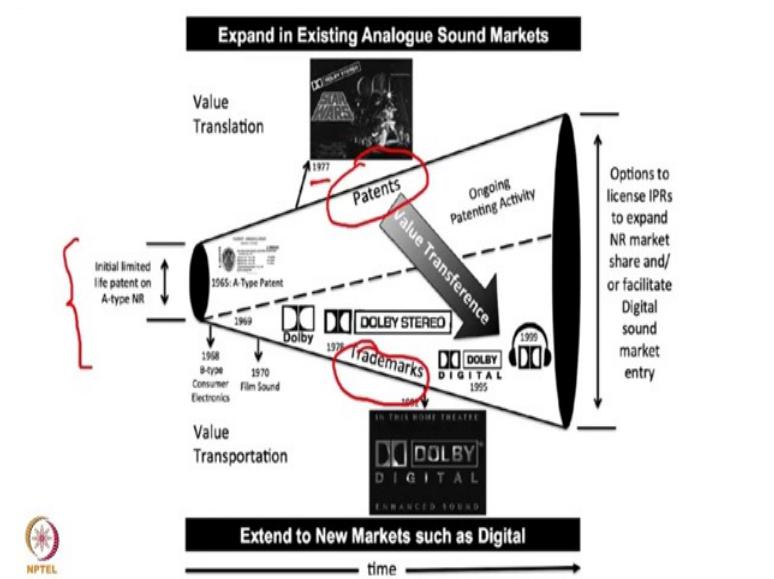
Now, the value articulation framework talks about translating or rather moving limited life IP what you can see here initial limited life, which involves a patent or a copyright on to a translating that over a period of time into options to leverage IPRs to expand current market share or facilitate entry into new markets.

So, it's about expansion of markets, how to expand an existing market and how to what you find here, and how to extend to new and emergent markets. Now, this can be done by moving your value from a limited life IP to an unlimited life IP. Now, here you find

that patterns have a limited life and within that limited life if you can do what the authors call value transference to an indefinite life IP like trademarks, then you can transport the value what they call value transportation, in such a way that the value can endure for a longer time.

So, business scholars have been concerned with extending the value over a period of time, and they have come up with different models by which you can translate value that is protected in a patent or a copyright into something which is indefinite, which has an indefinite or an unlimited life for instance trade secrets and trademarks.

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Now in Dolby's case, Dolby started off with patents; what we call patent on A-type NR which was a technology, and it went on to transfer the value on its patents to its trademark; you can see how Dolby has done it.

In 1968 they came up with some technologies on sound, and in 1970 they came again with some technology on sound, they were quick to register different trademarks on their products. They had Dolby, then they had Dolby stereo, they had Dolby digital and Dolby for personal use. Now, all these trademarks came over a period of time whereas, the patent which they had for the A-type patent for their technology noise reduction technology that continued through their patenting process.

Now, in 1977 Dolby made a strategic alignment with the Star Wars series where in Dolby would appear in all the promoting material. That was a critical way by which Dolby's technology which was protected by a host of patents could now have a visible face when it is advertised. So, Dolby stereo got into film sound through the model by which their marks were advertised with all the marketing material that went along with the Star Wars series.

So, this is a case where the initial value that was there in patents got eventually translated into trademarks, in such a way the options to licence IPRs to expand the noise reduction market share, and to facilitate digital sound market entry. So, they were not only able to capitalise their existing share in the market, they were also able to move into new markets.

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Lecture - 66
Case Study: Disney

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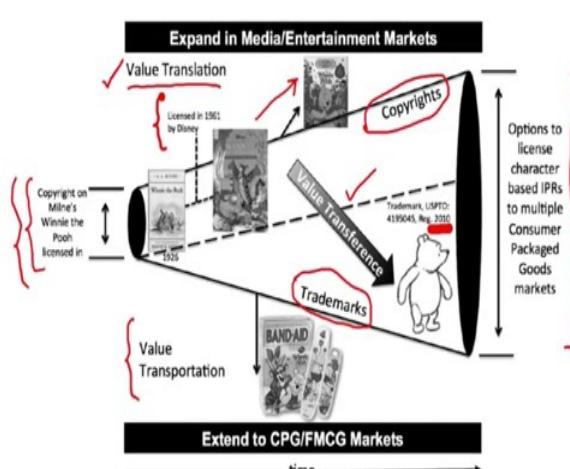
Case Study: Disney

Value Articulation: A Framework for the Strategic Management of Intellectual Property



In the case study involving Disney, we will see how Disney had translated its rights which were initially protected by copyright to the trademarks.

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As you can see here, Disney's character Winnie the Pooh was actually a character which was not developed by Disney it was a character that was developed by Mile; and Disney licence the copyright in 1961. So, the character was created in 1926, Disney licensed it and Disney started creating products in the media and entertainment market.

So, the value translation came in when Disney started engaging a group of authors to create new stories using the same character. So, Disney initially takes a character, gets the licence from the author, and starts creating new stories which were all protected by copyright using the Winnie the Pooh character. Now this was for a limited period of time because, as we understand copyrights have a limited period of protection. While this was being done Disney transferred the value, what we call value transference by getting a trademark on to the character itself.

The character was trademarked in 2010. So, now Winnie the Pooh had a trademark over it and as we know that trademark gives you an indefinite or an unlimited life for the subject matter it protects. Now apart from this apart from value translation and value transference, Disney also did what we call value transportation. Transportation is taking it to new markets now Disney was able to take this to, Disney was able to take this to consumer package goods and the fast moving consumer goods markets like using Winnie the Pooh in Band-Aid's and another products.

So, here we see that the option to licence character based IPRs to multiple customers and package good markets had increase the value of the IP that initially started off by just licensing a work that belong to a different author.

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Lecture - 67
Case Study: AstraZeneca

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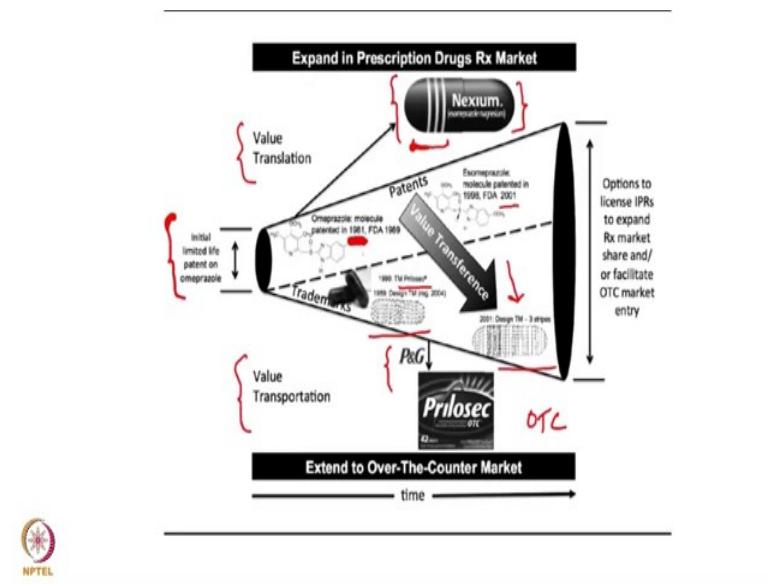
Case Study: AstraZeneca

Value Articulation: A Framework for the Strategic Management of Intellectual Property



In the case study involving AstraZeneca, which is a pharmaceutical company we will see how the company was able to move the value from products that were protected by patents into a use of designs and trademarks.

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Nexium we had seen Nexium the Purple Pill before. Nexium was the product that was used. So, Nexium's journey started off initially as a limited life patent for the drug omeprazole.

Now, omeprazole enjoyed a patent it was patented in 1981, and later on AstraZeneca came up with a variation esomeprazole in 2001. Now, it is a cumulative or an incremental variation, in U.S. they had a patent whereas, in India they did not enjoy a patent right because of certain protections in the Indian law. So, during the term of the patent, they had two broad patents protecting the molecule and a small variation of the molecule, they also tried to create two trademarks around the same time. They came up with Prilosec which was the first trademark which covered the original molecule and later on with Nexium which was the second trademark which protected the variant.

Around this time AstraZeneca was also able to get some design rights; in 1989 they got a design, and again in 2001 they got a design for the three stripes; the three stripes that you see here they got a design right over it. Now this way they were able to translate what was initially protected by a patent and which had a period of protection to an unlimited trademark which continues to protect their product.

They also so, you see value translation from one patent to another, and you can also see that creating a trade dress as they call it for the tablet a purple colour with three yellow stripes on it. And you see value transference the shift from the patent to trademarks and

designs, and you also see that there is value transportation because eventually the over the counter version of this drug was licensed to Procter and Gamble. So, they were able to get into a new market by transferring the value to another product itself. So, the options to licence IPRs to expand the medical prescription market share and to facilitate OTC market entry was achieved by value translation, value transference and by value transportation.

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Lecture – 68
IP and Competition

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IP and Competition



Intellectual Property rights and Competition have a very strange relationship. Intellectual Property rights are protected by what we broadly called the IP laws and competition is protected by the Competition Laws. Intellectual Property laws grant exclusivity for products protected or created by; Intellectual Property laws grant exclusivity for products that come out of creative labour, where as Competition law is interested in promoting competition and increasing customer welfare.

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How they compare

IP Laws

- Grants a monopoly (exclusivity)
- Different IP Acts: Patents, Designs etc.
- Origin: Statute of Monopolies (Patents)
- Why: incentivize innovation
- Existence of IP
- Normal use of IP

Competition Laws

→ IP

- Abhors monopolies
- Competition Act, 2002
- Origin: Statute of Monopolies (Patents)
- Why: competition & consumer interest
- Exercise of IP
- Abuse of IP



So, if we compare IP Laws and Competition Laws, you can see that the IP laws grant an exclusivity whereas, or a monopoly if you can use that phrase, whereas Competition laws abhors monopolies they are against monopolies.

The legislations that protect IP laws are as we have seen Patents Act, Designs Act, Trademarks Act, Copyright Act and so, on whereas, Competition laws come largely under the Competition Act of 2002. The origin of IP protection incidentally was through the Statute of Monopolies. In the United Kingdom there was an exception to a monopoly that the Crown granted and patents were seen as an exception to a monopoly. A monopoly is where you allow just one player in the market, the market is dominated by one person there is no competition, the products and services offered by the person has to be purchased at whatever price the person decides.

So, in UK around 1623, the Statute of Monopolies came in to curb the practice of monopolies, which was generally there in all the trade, but the Statute made an exception for patterns. So, we can say that the origin of IP came as an exception to Competition law. And it continues even now Intellectual Property right the exclusivity granted by the Intellectual Property right regime is seen as an exception that is one way to look at it, is seen as an exception to Competition laws and the origin we can say in India we have legislations, but in the United Kingdom from where we derive our laws it was through

the Statute of Monopolies. Now why do IP laws exist? IP laws the objective of IP laws is to incentivize innovation and creativity.

Whereas, the objective of Competition laws is to promote competition and consumer interest or welfare; so, we understand that now there is an overlap, both the laws are in operation in parallel they protect products and services in the market, they are used in the business. One promotes innovation and creativity the other ensures that there is competition and there is benefit for the end user or the customer. So, we can say that the IP laws concentrate on the existence of IP and Competition laws come into picture at some points in the exercise of IP. So, existence of IP would mean creation, registration, protection, enforcement whereas exercise of IP would mean in the enforcement or in the use of IP certain acts could be attracted by the Competition law.

So, the Competition law has a restrictive operation when it comes to IP its operation is restricted. So, IP laws when they cover the normal use of IP an abuse of IP is covered by Competition laws. So, if you are asked what is the domain of Competition law when it comes to Intellectual Property? One you can say IP laws can be seen or Intellectual Property can be seen as an exception to the competition regime, which does not normally give monopolies it can be seen as an exception, two the Competition laws will kick in, when there is an abuse of Intellectual Property rights.

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Competition Law

Domain:

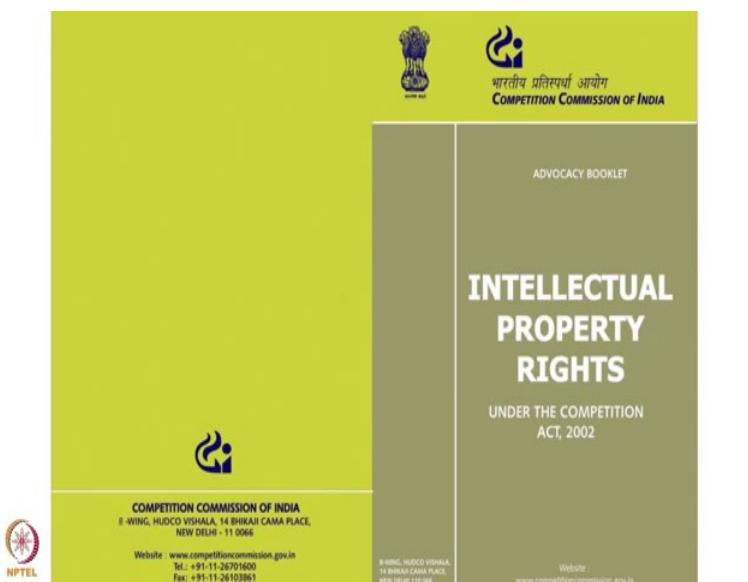
1. Anti-competitive Agreements
2. Abuse of Dominant Position



So, if you look at Competition law the domain of Competition law especially when it applies to Intellectual Property, comes under two broad classes. If there is an anti-competitive agreement with regard to Intellectual Property rights, then the Competition law would step in to see what is the anti-competitive agreement, what are the classes in it and to read it down or to remedy if there is any loss caused by it.

And the competition commission which is created by the Competition Act can look into issues pertaining to abuse of dominant position. Dominant position is a position by a player in the market who has a position of dominance. The position of dominance in itself is not bad, but when that leads to abuse and if the abuse is caused by something related to intellectual property rights then the Competition Commission can look into it.

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So, the Competition Commission of India has a booklet on Intellectual Property rights.

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 भारतीय प्रतिस्पर्धा आयोग COMPETITION COMMISSION OF INDIA	 भारतीय प्रतिस्पर्धा आयोग COMPETITION COMMISSION OF INDIA
<p>INTELLECTUAL PROPERTY RIGHTS AND MARKET POWER/DOMINANT POSITION</p> <p>Intellectual Property Rights (IPRs) provide exclusive rights to the holders to perform a productive or commercial activity. But this does not automatically include the right to exert restrictive or monopoly power in a market. An Intellectual Property Right generates market power. The potential pejorative character of the power may be unjustifiably great because of public policies like the encouragement of inventions. On the other hand, if investment of resources to produce ideas or to convey information is left unprotected, the competitors may take advantage and benefit by not being obliged to pay anything for what they utilize. This may result in lack of incentives to invest in ideas or information and the consumer may be correspondingly poorer. What is called for is a balance between abuse of market power and protection of the property holders' rights.</p> <p>Intellectual Property Right lessens competition while competition law engenders competition. A workable solution can be predicated on the distinction between the existence of a right and its exercise. In other words, during the exercise of a right, if a prohibited trade practice is visible to the detriment of competition in the market or consumer interest, it ought to be assailed under the competition law.</p>	
<p>INTELLECTUAL PROPERTY RIGHTS IN COMPETITION ACT</p> <p>The Indian competition law, namely, the Competition Act, 2002, as amended by the Competition (Amendment) Act, 2007, (the Act) deals with the applicability of section 3 prohibition relating to anti-competitive agreements to IPRs. An express provision [section 3 sub section(5)] is incorporated in the Act that reasonable conditions as may be necessary for protecting IPRs during their exercise would not constitute anti-competitive agreements. In other words, by implication, unreasonable conditions in an IPR agreement that will not fall within the bundle of rights that normally form a part of IPRs would be covered under section 3 of the Act. The Box below reproduces the operative portion of the relevant provision in the Act.</p> <p>APPLICABILITY OF COMPETITION LAW ON INTELLECTUAL PROPERTY RIGHTS STATUTES</p> <p>In the Competition Act, 2002, as amended by the Competition Amendment Act, 2007, section 3, sub section 5, clause (i) in chapter II relating to Prohibition of certain agreements, states that:-</p> <p>"Nothing contained in this section shall restrict - (i) the right of any person to restrain any infringement of, or to impose reasonable conditions, as may be necessary for protecting any of his rights which have been or may be conferred upon him under:-"</p>	

And it lists all the Intellectual Property rights that we have covered so, far.

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 भारतीय प्रतिस्पर्धा आयोग COMPETITION COMMISSION OF INDIA	 भारतीय प्रतिस्पर्धा आयोग COMPETITION COMMISSION OF INDIA
<p>REASONABLE CONDITIONS</p> <p>Section 3 sub section (5) of the Act declare that "reasonable conditions as may be necessary for protecting" any IPR will not attract section 3. The expression "reasonable conditions" has not been defined or explained in the Act. However, by implication, unreasonable conditions that attach to an IPR will attract section 3. In other words, licensing arrangements likely to affect adversely the prices, quantities, quality or varieties of goods and services will fall within the contours of competition law as long as they are not reasonable with reference to the bundle of rights that go with IPRs.</p> <p>For example, a licensing arrangement may include restraints that adversely affect competition in markets by dividing the markets among firms that would have competed using different technologies. Similarly, an arrangement that effectively merges the Research and Development activities of two or only a few entities that could plausibly engage in R&D in the relevant field might harm competition for development of new goods and services. Exclusive licensing is another category of possible unreasonable condition. Examples of arrangements involving exclusive licensing that may give rise to competition concerns include cross licensing by parties collectively possessing market power and grant backs. A few such practices are described below.</p> <p>1) Patent pooling is a restrictive practice. This happens when the firms in a manufacturing industry decide to pool their patents and agree not to grant licenses to third parties, at the same time, retaining the right to license their patents at supra-normal profits and keep new entrants out of the market. In particular, if all the technology is locked in a few hands by a pooling agreement, it will be difficult for outsiders to compete.</p>	

And you can see there Copyright Act, Patents Act, Trademarks Act, GI Act, Designs Act and the Semiconductor layout Act. Now with regard to abuse of dominant position the competition commission says that, the abuses are in terms of Section 4 which deals with abuse of dominant position that, they should be directly or indirectly impose unfair or discriminatory condition or price. Or it should limit or restrict the production of goods or it should limit or restrict technical and scientific development to prejudice of

consumers or denies market access in any manner or makes conclusion of contract subject to acceptance by other party of supplementary obligations which by their nature or according to commercial usage have no connection with the subject matter of the contracts, or reduces its dominant position in one relevant market to enter into or protect another relevant market. Now, if IPR is used in any of these circumstances, then that could be a potential abuse of dominant position. Now, the other thing is that in an agreement regarding or covering intellectual property rights, they cannot be any condition that is unreasonable or restrictive.

So, restrictive conditions are not allowed, reasonable conditions are allowed. For instance, in an agreement that you have licensing your patent you can tell the licensee to ensure that the patent is not infringed by others or to take adequate protection to ensure that infringement does not happen. These are reasonable conditions whereas, a condition saying that one product which is protected by a patent will be tied to another product in such a way that you have to buy them both will become an unreasonable or restrictive condition for which the Commission, the Competition Commission can enquire and take action if a complaint is filed before it. Now let us look at some of the restrictive practices. Patent pooling is a restrictive practice

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 भारतीय प्रतिस्पर्धा आयोग COMPETITION COMMISSION OF INDIA	 भारतीय प्रतिस्पर्धा आयोग COMPETITION COMMISSION OF INDIA
<p>2) Tie-in arrangement is yet another such restrictive practice. A licensee may be required to acquire particular goods (unpatented materials e.g. raw materials) solely from the patentee, thus foreclosing the opportunities of other producers. There could be an arrangement forbidding a licensee to compete, or to handle goods which compete with those of the patentee.</p> <p>3) An agreement may provide that royalty should continue to be paid even after the patent has expired or that royalties shall be payable in respect of unpatented know-how as well as the subject matter of the patent.</p> <p>4) There could be a clause, which restricts competition in R & D or prohibits a licensee to use rival technology.</p> <p>5) A licensee may be subjected to a condition not to challenge the validity of IPR in question.</p> <p>6) A licensee may require to grant back to the licensor any know-how or IPR acquired and not to grant licenses to anyone else. This is likely to augment the market power of the licensor in an unjustified and anti-competitive manner.</p> <p>7) A licensor may fix the prices at which the licensee should sell.</p> <p>8) The licensee may be restricted territorially or according to categories of customers.</p> <p>9) A licensee may be coerced by the licensor to take several licenses in intellectual property even though the former may not need all of them. This is known as package licensing which may be regarded as anti-competitive.</p>	<p>10) A condition imposing quality control on the licensed patented product beyond those necessary for guaranteeing the effectiveness of the licensed patent may be an anti-competitive practice.</p> <p>11) Restricting the right of the licensee to sell the product of the licensed know-how to persons other than those designated by the licensee may be violative of competition.</p> <p>12) Imposing a trade mark use requirement on the licensee may be prejudicial to competition, as it could restrict a licensee's freedom to select a trade mark.</p> <p>13) Indemnification of the licensor to meet expenses and action in infringement proceedings is likely to be regarded as anti-competitive.</p> <p>14) Undue restriction on licensee's business could be anti-competitive. For instance, the field of use of a drug could be a restriction on the licensee, if it is stipulated that it should be used as medicine only for humans and not animals, even though it could be used for both.</p> <p>15) Limiting the maximum amount of use the licensee may make of the patented invention may affect competition.</p> <p>16) A condition imposed on the licensee to employ or use staff designated by the licensor is likely to be regarded as anti-competitive.</p> <p>The above list is not exhaustive but illustrative.</p>



Tie in where one patented product or a product that is prescribed by intellectual property is tied with a non-protected or a non IP product, and both are sold and both are sold

together. An agreement may provide that royalty should continue to be paid even after the IP has expired. So, royalty beyond the IP is again a restrictive condition. If there is a clause, that restricts competition in R and D again that is a restrictive condition that or that prohibits a licensee to use rival technology, there can be an action under the Competition Act. A licence may be subjected to a condition not to challenge the validity of an IPR in question.

For instance in 140 of the Patents Act, we had seen that restrictive condition questioning the challenge to the validity of a patent can also come under the purview of the Patents Act. So, you can see there are some anti competitive provisions, which are in the Patents Act and some of them are in the Competition Act. A licensee may require to grant back to the licensor any know how or IP acquired. Grant back is again covered under the Patents Act as well. So, that is a restrictive condition; a licensee may fix the prices at which the licensee should sell again a restrictive condition; if it is the, if the licensee is territorially restricted or in accordance with categories of customers it could be a restrictive condition, but that needs a further enquiry.

Packaged licensing is again prohibited where in the licensee may be coerced by the licensor to take several licences in intellectual property. A condition imposing quality control on licensed patent products could be a restrictive condition. Restricting the right of the licensee to sell a product of the licence know how to persons other than those designated by the licensor, it is a condition that restricts the sale that could be anti-competitive. Imposing a trademark use requirement on the licensee maybe prejudicial to competition as it could restrict the licensees freedom to select a trademark.

Asking for the licensor to meet the expenses and action in an infringement proceeding can be anti-competitive; normally we call it an indemnity clause in a licensing agreement. Undue restriction of the licensee's business could be anti competitive for instance, the field of use of a drug could be restriction on the licensee if it is stated that it can only be used for humans are not for animals, where animals could also be benefited by such use. Limiting the maximum amount of use the licensee may make of the patented invention may affect competition and a condition imposed on the licensee to employ or use staff designated by the licensor, will be regarded as a restrictive condition which is anti-competitive. This is not in exhaustive list as the booklet says they could be more instances.

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<p>PENALTY PROVISIONS</p> <p>The Commission is empowered to inquire into any unreasonable conditions attached to the IPR agreements and can impose penalty upon each of such right holder or enterprises which are parties to such agreements or abuse, which shall be not more than ten percent of the average turnover for the last three preceding financial years. In case an enterprise is a 'Company' its directors/officials who are guilty are liable to be proceeded against and punished.</p> <p>In addition, the Commission has the power to pass inter alia any or all of the following orders (Section 27):</p> <ul style="list-style-type: none"> (i) direct the parties to discontinue and not to re-enter such agreement; (ii) direct the enterprise concerned to modify the agreements; (iii) direct the enterprises concerned to abide by such other orders as the Commission may pass and comply with the directions, including payment of costs, if any; and (iv) pass such other order or issue such directions as it may deem fit. <p>In case of abuse of dominant position under section 4 by virtue of an IPR by an enterprise, in addition to the above penalties, the Commission has the power to order division of enterprise under section 28.</p>	<p>Member and Acting Chairman</p> <p>Virendra Chahal E-mail: ccc.virendra.chahal@nic.in Mobile: 91-9810000000 Fax No.: 91-11-26171726, 26103298 Mobile: 91-9811332224</p> <p>Officers</p> <p>S. L. Jukunji, IAS Secretary E-mail: scc.sanjay.jukunji@nic.in Mobile: 91-9810000000 Fax No.: 91-11-26171726, 26103298 Mobile: 91-9811332224</p> <p>Anubinith Kumar, IAS Executive Director E-mail: ccc.anubinith.kumar@nic.in Mobile: 91-9810000000 Fax No.: 91-11-26171726, 26103298 Mobile: 91-9811332224</p> <p>Augustine Peter, IAS Economics Advisor E-mail: ccc.augustine.peter@nic.in Mobile: 91-9810000000 Fax No.: 91-11-26171726, 26103298 Mobile: 91-9811332224</p> <p>K. K. Sharma, IAS Additional Secretary E-mail: ccc.kishore.sharma@nic.in Mobile: 91-9810000000 Fax No.: 91-11-26171726, 26103298 Mobile: 91-9811332224</p> <p>Conrad H. M. Sharma, Addl. Registrar E-mail: ccc.conrad.sharma@nic.in Mobile: 91-9810000000 Fax No.: 91-11-26171726, 26103298 Mobile: 91-9811332224</p> <p>Sudhir Kumar Director (HR) E-mail: ccc.sudhir.kumar@nic.in Mobile: 91-9810000000 Fax No.: 91-11-26171726, 26103298 Mobile: 91-9811332224</p> <p>R.K. Verma Director (Admin.) E-mail: ccc.r.k.verma@nic.in Mobile: 91-9810000000 Fax No.: 91-11-26171726, 26103298 Mobile: 91-9811332224</p>

Now what can the Competition Commission do? It is empowered to enquire into any unreasonable condition, and it is also empowered to look into abuse of dominant position and it can also impose penalty and ask the wrong to be corrected. Now the penalty could be 10 percent of the average turnover of the entity over the last 3 years and it could also make the people who are liable if it is an enterprise, if it is a company.

Now, in addition the Commission has the power to pass orders directing the parties to discontinue and not to re enter such agreements, direct the enterprise concerned to modify the agreements, direct the enterprises concerned to abide by such other orders, which it may pass to remedy the situation.



Intellectual Property
Prof. Feroz Ali
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Lecture – 69
Valuing Intellectual Property

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Valuing Intellectual Property



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Importance of IP Valuation

- Securing financial investment
- Identify walk-away position in negotiations
- Foundation to establish damages for infringements
 - Georgia-Pacific factors: reasonable royalties
- Determining royalties
- Legal and accounting reasons



Valuing intellectual property or IP valuation, IP valuation is an important function for all businesses. It helps them to secure financial investment; it helps them to identify walk

away position in negotiations, where IP is involved. It is the foundation to establish damages in infringement cases for instance we will be looking at the US yardstick what is called the Georgia Pacific factors on how to determine reasonable royalties and reasonable royalties can also be determined even without there being an infringement suit, say the party is going for arbitration and the arbitrator has to determine the royalties. So, it could IP valuation could again be relevant in those cases and it could be relevant for legal and accounting reasons.

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Challenges in valuing IP

- Level of subjectivity and assumptions: "probabilistic rights"
- Lack of information to identify benchmarks: intangibility
- Shortage of valuation experts: inter-disciplinary difficulties
- For startups – defending valuation during negotiation



Now, there are some challenges in valuing IP, there is a level of subjectivity and you need to make some assumptions with regard to intellectual property rights and some scholars have called it probabilistic rights, that the rights may exist now, but there is no certainty that they will exist in the future. And there is a lack of information to identify the benchmarks this comes out of the intangible nature of IP. And obviously, there is a shortage of valuation experts because, IP is an interdisciplinary field and having people who have steeped in the knowledge of valuation and in the knowledge of IP could be difficult to find.

For startups the challenge is in defending the valuation during a negotiation because, startups the values always in the future. So, it becomes hard to value the IP when it is in its early growth phase.

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Valuation methods

- Fair value approach – commonly followed
 - Valuation to reflect reasonable assumptions and estimates
 - Significant factors to be considered – information about business, understanding of market conditions, marketability of final product/service based on IP
- Two major approaches to valuation
 - Cost-based valuation
 - Market-based valuation



Now, let us look at some of the valuation methods that are there in the market. A fair value approach is commonly followed. The valuation is for to reflect the reasonable assumptions and estimates made by the business and there are significant factors to be considered; information about the business, understanding of the market conditions, marketability of the final product of this or the IP based on I on the IP, marketability of the final product or service based on IP and to see to what extend it contributes to the product. IP at times maybe a small contributor to the value of the product. And the two major approaches of valuation are the cost based valuation and the market based valuation. Now we look at these two approaches in detail.

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Cost-based valuation

- Basis – economic principles of substitution and price
- Value of IP assumed to be historical production and protection cost
- Information required for this approach:
 - Material cost – isolated costing of tangible assets used to develop IP
 - Labor cost – wages, fees, compensation, insurance etc.
 - Apportioned overhead cost
 - Redevelopment information
 - Profit and incentive component



The basis of a cost based valuation is the economic principles of substitution and price are there any alternatives to the product and what could be the price the market wants to pay. The value of the IP is assumed based on the historical production and protection cost. And the information required for this approach involves material cost, isolated costing of tangible assets used in the development of IP, we had seen this in R&D it could be the laboratory, the equipment, the salaries there is a quite a lot of tangible assets that go into creation of IP. We need to look at the labour cost, wages, fees, compensation, insurance etcetera, apportioned overhead cost, redevelopment information, profit and incentive component.

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Application of cost-based valuation

- New IP
- Exchangeable for intangibles like software (different code for same function)
- Royalty rates set as fair rate of return based on cost of IP
- Estimate internal Return Of Investment (ROI) of IP of associated technology or other intangible asset



Now, the application of cost based valuation happens for new IP for exchangeable for intangibles like software where you can use a different code for doing the same function. The royalty rates are determined as a fair rate of return based on the cost of IP and an estimate of internal return of investment of IP of associated technology or other intangible assets.

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Common issues with cost-based valuation

- No correlation between sunk cost and real market value of IP
- Does not account for economic and market factors related to IP
- Opportunity cost not considered
- Risks associated with economic and other returns not factored
- Technological obsolescence not factored (depreciation issues)



Some common issues with cost based valuation; there is no correlation between sunk cost and real market value of IP, we had mentioned this in the instance of Microsoft

software. It may be the sunk cost may not reflect the market value of the IP, especially for software which is become outdated. It does not account for economic and market factors relating to IP, opportunity cost are not considered, risk associated with economic and other returns are not factored, technological obsolescence is not factored, like for instance, software, which could have caused millions to develop, may not be relevant after some time.

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Market-based valuation

- Basis—potential economic returns to be earned from products/services from IP
- Two market-based valuation approaches
 - Comparable transactions/industry benchmarked approaches
 - Future income based approaches



Now, the market based valuation, which is the other approach. The basis is the potential of economic returns to be earned from products and services using IP. The two market based valuation approaches are comparable transactions or industry benchmarked approaches there is a comparable transaction in the market. So, you use that as a guideline or future income based approaches, what could be the future income the IP can bring.

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Comparable transaction/industry benchmark

- Used for benchmarking similar technologies (or deals with IP at similar stage)
- When relevant market information on prices, royalty rates or investment available, most reliable method
- However, it depends on access to information such as
 - Product lifecycles in industry, potential entry barriers, potential for income growth



Now, this approach is used for benchmarking similar technologies or deals with IP at similar stage, it is relevant when the market information on prices, royalty rates or investment is available, then it is the most reliable method. If information on comparative transaction is available in the market then this works well; however, it depends on access to information such as product lifecycles in industry, potential barriers to entry and potential for income growth.

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Issues with Comparable approach

- Identifying similar IP difficult
- Difficulty in obtaining details about terms and conditions of relevant transactions: confidentiality issues
- Market may undervalue IP at early stage due to information asymmetry



Now, the issues with the comparable approach is that, you have to be identifying similar IP and finding similar IP could be difficult, it is very hard to find another intellectual property right, which is gone through the same cycle, same growth phases and which can be equated for comparing value. Difficulty in obtaining details about terms and conditions of relevant transactions most of the time there are confidentiality clauses covering these agreements and they are not available in the public domain. Market may sometimes undervalue IP at an early stage specially for startups due to information asymmetry.

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Future income based approach

- Basis—forecasting income streams expected from IP and discounting it to present terms
 - Income = cash flow (and not profit)
- Identifying potential income
- Assessing duration of said income
- Risk assessment of forecasted income
- Information required
 - Selling prices, market share, volume or product, capital expenditure, time for regulatory approval, historical prices of sales, costs, profits etc.



The other approach is the future income approach; the future income approach the basis is forecasting income streams expected from IP and discounting it in present terms. So, income is regarded as cash flow and not profit. Identifying potential income is the foundation of determining future income, assessing the duration of the said income, risk assessment of forecasted income. The information required include selling price, market share, volume or number of product, capital expenditure, time for regulatory approval, historical prices of sales, cost profits etcetera.

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Issues with Future Income approach

- Identifying the appropriate income stream
- Obtaining various information
- Forecasting future income streams
- Issues with discounting rates – what rate to choose



The future income approach like the comparable products approach has certain issues. Identifying the appropriate income stream sometimes becomes a problem, obtaining various information that is required is again problematic forecasting future income streams can be risky and issues with discontinuing rate, what rate to choose could be another issue?

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What method to choose?

- Cost based:
 - Legal and accounting requirement standards
 - Taxation, capital gains tax, stamp duty liabilities
- Market based:
 - Determining license and royalty fees
 - To get financial investments
 - Strategic reasons (to identify worth of the business)



Now, what method would a person choose? The cost based method is used for legal and accounting requirement standards requires you to use that taxation, capital gains, tax

stamp, duty liabilities all go buy a cost based method. The market based method is used in determining licence and royalty fees that is one of the approaches and to get financial investments into a firm and for strategic reasons to identify the worth of a business when there is a wholesale, takeover of the business or valuation of the business this is being used.

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Georgia-Pacific Factors

1. Royalties patentee receives for licensing the patent in suit
2. Rates licensee pays for use of other comparable to the patent in suit
3. Nature and scope of license in terms of exclusivity and territory / customer restrictions
4. Licensor's established policy and marketing program to maintain patent monopoly by not licensing others to use the invention
5. Commercial relationship between licensor and licensee, such as whether they are competitors or inventor and promoter
6. Effect of selling the patented specialty in promoting sales of other products of the licensee; the existing value of the invention to the licensor as a generator of sales of his non-patented items; and the extent of such derivative or convoyed sales



In an infringement suit the courts would use, what specially the courts in the US the United States would use what is called the Georgia Pacific factors. In India we have not evolved any specific yardstick for the courts to determine royalty. So, we use the approach in other countries. So, this is a set of factors which looks at royalties patentee receive for licensing the patent in suit, the rates licensee pays for use of other comparable to the patent in suit. So, there is also it factors the comparative approach comparable product approach nature and scope of licence in terms of exclusivity and territory licences established policy and marketing program to maintain patent monopoly by not licensing others to use the invention.

Commercial relationship between licensor and licensee, such as whether they are competitors or inventor and promoter effect of selling the patented speciality in promoting sales of other products of the licensee The existing value of the invention to the licensor as a generator of sales. And the extent of such derived or convoyed sales.

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Georgia-Pacific Factors

7. Duration of patent and term of license
8. Established profitability of the products made under the patent, its commercial success and its current popularity
9. Utility and advantages of patent property over old modes and devices
10. The nature of the patented invention; the character of the commercial embodiment of it as owned and produced by the licensor; and the benefit of those who have used the invention
11. The extent to which the infringer has made use of the invention and the value of such use
12. The portion of profit or selling price customarily allowed for the use of the invention



The court will also look into the duration of patent and terms of licence, the established profitability of products made under the patent, commercial success the utility and advantages of patent property over old modes and devices, the nature of the patented invention; the character of the commercial embodiment.

The extent to which the infringer has made use of the invention and the value of such use in infringement cases, the extent of users also factor, the portion of profit or selling price customarily allowed for the use of the invention, if there is some past instances that will be factored.

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Georgia-Pacific Factors

13. The portion of realizable profit attributable to the invention as distinguished from non-patented elements, significant features / improvements added by the infringer, the manufacturing process or business risks
14. Opinion testimony of qualified experts
15. Outcome from hypothetical arm's length negotiation at the time of infringement began

Source: *Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 F. Supp. 1116, 1119-20 (S.D.N.Y. 1970), modified and aff'd, 446 F.2d 295 (2d Cir.); *Unisplay, S.A. v. American Electronic Sign Co., Inc.*, 69 F.3d 512, 517 n.7 (Fed. Cir. 1995).



The portion of realizable profit attributable to the invention as distinguished from non-patented elements. So, the court will do an analysis of the contribution of the patented elements to the value. Opinion testimony of qualified experts like value the people who value IP IP valuers say accountants and experts in the field their testimony can be factored in. Outcome from hypothetical arms length negotiation at the time the infringement began. So, they could the court will envisage a situation where the licensor and the licensee could have entered into a agreement before the infringement began.

Lecture – 70
Universities and Intellectual Property

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Importance of IP for Universities

- IP is the foundation of 'new' university
- United States Bayh-Dole Act
 - University can license their inventions for commercial development
- PUPFIP Bill in India: Failed
- Licensing of patents: revenue for university researchers/profs



Universities and Intellectual Property: Today IP has become one of the important components of a modern universities. You can say that intellectual property is the foundation of the new university. Now, this happened because of a legislation the Bayh-Dole Act which was promulgated in the United States, which allowed universities to license their inventions for commercial development.

Now, before the Bayh-Dole Act came into force any university which was using public funds was not allowed to patent because, it involved use of public funds. And, patenting with the use of public funds could be seen as privatizing technology which was created using public funds. Now, this Act allowed universities to license their inventions and to commercially develop. You should understand this scope of this Act in the light of an age old exception that was there in patent laws.

Patent laws traditionally excluded any activity which was for instruction of their students or any research activity from the ambit of a patent infringement. So, whatever happened

within the universities or in the class rooms though it may fall within the ambit of an infringement was excluded because, that was necessary for teaching students.

So, the research or the instruction exception existed in the US law as well. But, this came more to ensure the products that are developed in the universities. The intellectual property rights that are created in the universities could be commercialized. In India we had a similar attempt there was a bill which was passed which covered the public funds used in developing intellectual property. It was called the PUPFIP bill, it stands for the Protection and Utilization of Public Funded Intellectual Property.

Now, this Bill did not become an act, it failed because of certain controversy surrounding it. So, licensing of patents became a revenue for universities, but not just the universities, but also for the researchers and the professors. So, this is the background of the entrepreneurial university, the university donning the role of an entrepreneur.

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The 'New' University

- Universities creators of technology solutions
- Societies' growing economic expectations of universities
 - IP tool to harness new technology
 - Develop and disseminate of R&D
- IP develops new products
 - Combined with entrepreneurship, licensing
 - All for public good



So, the new university where the creators of technological solutions and society's growing economic expectations came around the universities, universities were expected not to just perform their teaching function but also to ensure that they come up with new technologies and help the society. And, IP was used as a tool to harness new technology because in any area of new technology it is hard for people to invest unless there is some kind of protection. So, we see this in all technologies during the early stage of their life.

Be it software or biotechnology we see that initially there is a focus on IP in a new technology because, till then the rights have not crystallized in a way in which people know how their investment can be recouped. So, in the initial age of any new industry you find that there is a focus on intellectual property so, that that brings investments. And, universities because they were doing focused research, they were also able to develop and disseminate information of the research and development that happened.

Universities also contributed in a way that the IP that protected the initial research could be developed into new products. Now, most of the time this happened because the university research was taken by a private player, corporation or an institution which was insisted in commercializing it and took the technology to the market. So, universities with predominantly doing the role of doing the research, but the research that the university would do; the moment it comes within the purview something that commercial entity is interested, then the partnership between the commercial entity and the university would lead to some kind of licensing or even some kind of an entrepreneurship role.

Now, universities would largely commercialize their IP in two broad ways: one they could license the technology that is covered; they would they could license the patents. Or the professors and the research team could itself incubate a company which is what we call the entrepreneurial role. So, they could be a technology that is developed could take a licensing route where in just the technology is licensed and royalties are earned.

Or they could be an entrepreneurial route, rather than licensing the technology to third parties that they form a small team and as a startup they incubate company and their company now tries to commercialize the technology. Now, all this became a part of the university function because, it was seen as a something that was done for the public good. So, teaching had a function that was directed towards the good of the public. Similarly, developing new technologies was also seen as being in alignment with the function of a university to do public good.

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Technology Transfer

- Dissemination of technology for wider distribution
- In the US, more than 5000 start-ups have been created since 1980
- India: IITs have been incubating start-ups and companies
 - Licensing of university patents



Now, universities also as I said were instrumental in transferring technology. So, dissemination of technology for a wider distribution happened through the universities. And in the US especially more than 5000 start-ups have been created since 1980, that is since the Bayh-Dole Act many startups have come through by using technology that was developed by the universities. In India, the IITs have incubated start-ups and companies especially IIT Madras and IIT Bombay they have Research Park which has incubated companies.

And, the model that is being predominantly followed in India is the licensing of university patents. And, incubated companies if you look at the licensing there are few companies that have been incubated, but the predominant model appears to be that of licensing university patents.

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Importance of IP for Universities

- Licensing a blockbuster
 - Florida State University, Taxol (Cancer)
 - Pharmaceutical Partner: Bristol Myers Squib
 - Earned a revenue of \$45 million
 - University of Minnesota, compounds behind abacavir (HIV)
 - Made the university more than \$370 million dollars



Now, what is the importance of IP for universities? There are cases where licensing of a blockbuster technology; we refer to a technology as a blockbuster technology if it earns revenues in millions. And, there are many instances in the United States, Florida State University was instrumental in coming up with the drug Taxol which is a cancer drug.

It partnered with Bristol Myers Squib which is pharmaceutical company and it earned revenues of around 45 million for their technology. The University of Minnesota was involved in developing compounds behind abacavir which is a HIV AIDS drug. And this made the university earn more than 370 million dollars.

Billions at Stake

- University patent fights
 - Madey v. Duke University (2002)
 - CRISPR-Cas9: Technique for rewriting snippets of DNA (ethical issues)
 - UC Berkeley v. Broad Institute of MIT and Harvard
 - UCB: First to apply for patent in 2012
 - Broad: First to win the patent in 2014
 - The two institutions are applying for variations on the patents to lock up associated technologies



Now, we can see that because of the stakes involved universities are also likely to fight patent litigation. So, there are in various cases where universities have fought with companies, universities have fought with other universities. But, universities are also fought with their own employees and professors. One case which was the landmark case in the US involves Madey versus Duke University.

This decision came out in 2002, where Professor Madey was employed by Duke University and some disputes rose and there was an infringement suit filed by Madey against Duke University. Duke University pleaded research exception saying that its activities would amount to research and hence, it should not technically fall within patent infringement. Professor Madey on the other hand listed that Duke University was aggressive in commercializing their technology and hence, the research exception which is normally open for a university which would normally be used for instructing students should not be opened for a university that commercializes its technology. And, this was true for all the leading universities in the United States. So, the Appellate Court held that the research exception would not be open to Duke University because of the fact that it commercializes the technology.

So, in India we still have a strong research exception, universities are allowed to do things that could technically amount to patent infringement; so far as they are instructing their students and it is done with research objectives not with commercial objectives. But

once university start commercializing the products of their research; it may be hard to draw a line between research used and commercialization as it happened in Madey versus Duke University. Now, recently we have the CRISPR-Cas9 technology, which was it technology used for rewriting snippets of DNA and what we commonly called gene editing.

Now, this has raised quite a lot of ethical issues more than technology based issues saying that what could be the outcome the cost involved in editing genetic material. Because, most of the time that technique is used at the embryonic stage and researchers are not able to predict what could be the ultimate consequence of these editing. So, there are some ethical issues involved as well and we also have a case where, UC Berkeley had a case against Broad Institute of MIT and Harvard. UCB had filed a patent in 2012 and the Broad Institute was the first to win the patent in 2014.

This was on an overlapping technology where, the two institutions where applying for variations on patents to lock up associated technology. So, you find different types of disputes and especially when the stakes go higher, it is likely that you would see the entrepreneurial university would also go towards patent litigation.

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Lab to Market

- Professors: from research labs to great companies
 - Herbert Boyer, University of California; co-founded Genentech
 - Synthetic human insulin, 1978
 - Acquired by Roche in 2009



Now, there are many instances of taking the research from the lab to the market. And, some of these are being done very professionally by professors who have been instrumental from taking the research from the labs to create great companies. Herbert

Boyer a professor from University of California co-founded the company Genentech which is one of the leading pharmaceutical companies, which involved in biotechnology today. They developed the synthetic human insulin in 1978 and the company itself was acquired by Hoffmann La Roche in 2009.

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Lab to Market

- Professors: from research labs to great companies
 - Dr. P. Venkat Rangan
 - Founded Yodlee Inc, an American software company



In India this is an example that I am aware of Dr. P. Venkat Rangan who is a leading academic and who is also an alumni of IIT Madras founded the company called Yodlee Inc, an American software company and which was the commercial success.

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Lab to Market

- MRC Laboratory of Molecular Biology
 - Work of scientists have attracted 11 Nobel prizes
 - Licensing of LMB's work led to the development of Humira
 - Generating an income of over £700 million from royalties, share sales and licensing intellectual property



The MRC Laboratory of Molecular Biology which is in the University of Cambridge, the work of the scientist have attracted 11 Nobel prizes. The licensing of LMB's work led to the development of Humira. Humira is a biologic and it is the world's largest selling drug which is used for autoimmune diseases.

Now, this has generated an income in excess of 700 million pounds from royalties, share sales and licensing intellectual property. So, you can see how important this is just a glimpse of how intellectual property developed by universities has been perceived in the market.

Intellectual Property
Prof. Feroz Ali
Department of Humanities and Social Sciences
Indian Institute of Technology, Madras

Lecture – 71
Publish or Patent

One of the concerns that people who work in the university have is with regard to whether they should publish the invention or the technology that they have developed or whether they should go for a patent. So, the publish or patent debate has been reading for some time and there is quite a lot of strategies that come into play in understanding whether the work of a researcher or a professor in a university should first be published or whether it should be patented.

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Late Realisation: Rob Perneczky

- Professor in Imperial College London

In 2010 Perneczky isolated a protein in cerebrospinal fluid that could be used as a biomarker for Alzheimer's disease. Perneczky's protein promised to substantially improve the accuracy of early diagnosis of the disease. When he approached his TTO with a view to commercializing his discovery, he was surprised to learn that it was not interested. He had already detailed exactly what he had hoped to patent in a paper published in a leading academic journal. The discovery was now in the public domain, the TTO informed him.



Late realization of this dilemma whether to publish or to patent could lead to disastrous consequences. Now, we have the example of Robert Perneczky, the professor in Imperial College London. In 2010 Professor Perneczky isolated protein in cerebrospinal fluid that could be used as a biomarker for Alzheimer's disease. Now, it promise substantial improvement in accuracy with from earlier diagnosis and when he approaches his TTO, TTO is the Technology Transfer Office; in India the equivalent is IPM Cell Intellectual Property Management cCell. It is an office within the university that manages all IP that

comes out from the university. And, you will see more detailed discussion on how the TTO or the IPM cell operates.

When you approach the TTO with a view to commercializing his discovery; he was surprised to learn that they were not interested. Now, this happened because he had already detailed exactly what you hope to patent for in a paper that he had published in leading academic journal. So, the TTO's told them that the discovery was now in the public domain and they could not patent it. This could be a case that many professors may come across, they have published their research and then they want to patent it only to realize that patent law does not allow them to first publish and then patent; except in exceptional circumstances.

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What's Bad about Publication?

- Kills Novelty
- Grace period: Take a conscious decision
- Publication: Public domain
- Patenting by others: Credit and stall commercialization



So, what is bad about publication? In patent law the publication kills the novelty of an invention. So, you cannot publish first and then patent because, we are already covered this. Patent law wants to safe guard priority of inventions. It wants to safeguard a person who invents first provided that person approaches the patent office and files an applications.

So, filing an application before the patent office is a way to protect your invention. If there is any disclosure be it from the professor himself then that disclosure can kill the novelty of an invention. So, regardless of what a person or a team develops in the university, it is important that the invention is not disclosed until it is protected by filing

a patent application. It is not necessary that the patent should be granted, but filing an application preserves the priority and it cannot be used as a novelty killing disclosure.

Now, in India there is a provision which grants a grace period, a grace period means that you could make a disclosure provided that is a protected disclosure; law protects one kind of disclosure we will get to that soon. If your disclosure is a protected disclosure under the Patents Act, then you can file a patent within 12 months. So, this is what we call the grace period, whether to use the grace period or not the university and the professor will have to take a conscious decision whether to take that call.

Publication of any information pertaining to the technology that a person is developed will put the information into the public domain. And, once it is there the public domain the patent office would search it and use that against the person; if he does not protect first by filing a patent application. Now, not filing a patent application and merely publishing it could also lead to cases where it could be patented by others.

Now, the credit for the patents will definitely go to the person who files the patent and this could also eventually stall commercialization itself. Because, if your technology needs to be commercialized and that technology was protected by a patent file by another researcher or another team though the patent could have been filed much after you invent that the technology; still when the patent is granted, the patent holder can stop the person who developed the invention in the first case.

This is possible because patent law and this is the point that we discussed follows the first to file principle. The patent law in India and in other places follows the first to file, it does not follow the first to invent principles. So, because it follows the first to file in principle it is necessary that a person who wants to protect his invention approaches the patent office.

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Strategies that Exist

- File a provisional before disclosure
- NDAs
- Approach the TTO/IPM cell before disclosing
- Strategic disclosure: Limit disclosure to main result – “what” the technology can do, and not the “how”



Now, there are some strategies that exist to ensure that the disclosure does not precede the filing of the patent application. First is that you can file a provisional patent application though complete may not be ready before making the disclosure. Now, this we have seen some university professors using this, they have to make a presentation in our conference and they quickly reach out to the technology transfer office. And, the provisional is filed before the disclosure is made. Another strategy is to use non disclosure agreements NDAs, which can be used to protect limited disclosures. Now, disclosures to the public cannot be protected by NDA.

But if you want to disclose it to a technology partner or a partner who is interested in commercializing it or a person from the industry then an NDA can protect a limited disclosure. The best strategy will be to approach the technology transfer office or the IPM cell before disclosing the invention to any third party. The TTO or the IPM cell would help an inventor to ensure that the rights are protected before a disclosure is made.

Now, in case it is necessary to make any disclosure to a third party say for getting additional funding. Then the limited disclosure of the main result with that is the what of the technology can do the work rather than disclosing how the technology works, the details of how it works. So, the limited broad disclosure without disclosing the details of how it is being done should work as a strategic disclosure for instance for getting into a joint venture agreement or to bring a partner or funding for the university.

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Educating Profs on IPR rules

- Long process
- Default: “Publish or perish”
- Incentives: Promotion, Research Grants



Now, one of the issues with which the IPM cell or the TTO normally face faces is in educating the professors and the researchers in the university set up. Now, this is a long process it can take time. Because the default today is publish or perish. So, because of this attitude that publication is the most important aspect of academic life; there is a tendency that some professors may overlook the fact that they could be ways in which the invention can be protected before it gets published.

Additionally the incentives today are more primed towards publishing. I like if a person needs to move up in the ranks by way of promotion then the publications play a greater role than say patents. Though now we find the UGC norms have recently started considering patents filed as well.

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The Grace Period as it Exists

- Section 31, Patents Act

(d) the description of the invention in a paper read by the true and first inventor before a learned society or published with his consent in the transactions of such a society,
if the application for the patent is made by the true and first inventor or a person deriving title from him⁸³[not later than twelve months] after the opening of the exhibition or the reading or publication of the paper, as the case may be.



We just mentioned a grace period exists in India, in limited circumstances where a person makes a disclosure there is a grace period of twelve months for the person to file the patent. This operates in very limited circumstances. Let us see what Section 31 of the Patent Act says, it says that it is possible for a person to make a disclosure provided the disclosure as a description of the invention in a paper, read by the inventor before a learned society. So, that is the first protected disclosure.

The disclosure should be a description of the invention, by a paper read before a learned society say a conference. And, if what amounts to a conference is a subject matter that has to be notified by the Government or it was published with his consent in transactions of such a society. So, the learner society, a peer reviewed group or a journal; if it is published with his consent in the transaction say the publication in a peer reviewed journal can be regarded as a transaction of a learned society.

In these two cases if the application for the patent is made in not later than twelve months, that is from the date of disclosure by way of reading a paper or publishing a paper within twelve months if a patent application is filed then it would be within the protected period. So, the grace period can be extended in only these two circumstances for research work that is presented before the learned society or that is published in a journal.

Now, there is some uncertainty on this provision because one, what the government has notified as a learned society is not really clear. So, there has to be an additional notification that comes out and the patent office has also not made clear as to what amounts to transactions of a learned society.

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What needs to be done

- Take a Call: Significant implications
- Time to commercialize and decision on resources on patenting
- Average patent earns less money than it costs to get it
- Only about 10% will be commercially successful



Now, what needs to be done? The most important thing for a researcher who works in the university setup or a professor who has research being done in the university they need to take a call on the implications of whether to publish or to patent. Now, this is a call they need to factor that time that is required to commercialize and that decision on the resources needed for patenting. On an average only 10 percent of the inventions that are patented become commercially successful, which means 90 percent of the patent that have been filed are not commercialized and average patent earns less money than it cost to get it.

So, a patenting process if it is done in India alone it could cost in lakhs and the process, if multiple jurisdiction say you want to protect your invention in 10 jurisdictions around the world apart from protecting it in India. Then the cost which includes the official fee and the fee that you would take for the professionals involved in prosecuting and drafting the patent in different jurisdictions could be a matter the transacts 2 crores.

Intellectual Property
Prof. Feroz Ali
Department of Humanities and Social Sciences
Indian Institute of Technology, Madras

Lecture – 72
Managing IP at Universities

Let us look at how IP is managed in Universities.

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Understanding what is IP

- Intellectual property (IP) in simple terms, is any Original, Creative work which is a result of an intellectual process.



Now first we need to understand what IP is Intellectual Property, in simple terms refers to any original creative work which is a result of an intellectual process.

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Understanding what is IP

- In today's rapidly evolving landscape of creativity - with Artificial Intelligence and related technologies to reckon with, whether the phrase "Intellectual Process" can be attributed strictly to a human being (not being a machine/computer program/algorithm), has become debatable subject-matter.



In today's rapidly evolving landscape of creativity, we can see how artificial intelligence and machine learning plays a role. What is an intellectual process can be attributed to things that are done strictly by human beings? So, one way though there are issues being raised to how we could patent or protect the products that are coming out of artificial intelligence and machine learning. Currently an intellectual process is confined to the products that come out of human creative labour.

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Types of IP:

- ✓ Patent
- ✓ Trademark
- ✓ Copyright
- ✓ Design



As different types of IP we have covered this in our earlier lessons a patent can come out of an university, a trademark can come from a university project, copyright materials that are created in the university can be protected by copyright, design they could be designed registration from a university.

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Types of IP:

- ✓ Topography of ICs/ Semiconductor Chips
- ✓ Plant Varieties
- ✓ Geographical Indications
- ✓ Trade Secrets



Topography of integrated circuits of semiconductor chips, they could be registered for layout of integrated circuits. Plant varieties could be registered specially by agricultural universities. Geographical indications usually referred to a right that is in common to a community, but we know instances where the universities have taken initiative in getting certain GIS registered and trade secret could also come out of university work.

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A TYPICAL IPM CELL IN AN (INDIAN) ACADEMIC INSTITUTION OF HIGHER EDUCATION.



IPM Cell, in an academic institution of higher education would be constituted on these lines.

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How an IPM Cell is Set up (typically):

1

- A committee of the Institution, either on its own action or due to a government mandate, decides to Set-up an IPM Cell.



Now, how and IPM Cell is setup? This is a typical example of how it is done and by IPM Cell we refer to the Intellectual Property Management Cell or it could also be called the Technology Transfer Office. The step 1 is to ensure that a committee of the institution either on its own action or due to a government mandate decides to setup the IPM Cell.

Now the IPM Cell does not come like a department in university on its own that has to be a conscious talk.

So, it has to be set up by the institution either by the head of the institution or by a committee. It can come by its own action especially in private universities, we can see that its largely internally driven, but it could also be mandated by the government because, the government funds quite lot for the work the government could ensure that the publicly funded universities have an IPM Cell in place. So, the genesis of an IPM Cell could be either internally driven or it could be through an external push.

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How an IPM Cell is Set up (typically):

2

- One among the senior Professors within the Institution is named to constitute and head the IPM Cell – regardless of whether s/he has prior ‘Industry-experience’ or formal qualification in IP Management and/or IP Laws.



Now, the setup would involve a senior professor from the institution, who is regarded as the head of the IPM Cell. And this could be regardless of whether the person has actual intellectual property experience or not.

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How an IPM Cell is Set up (typically):

3

- About 2 – 8 personnel are inducted into the department – (most of) who, do not have prior exposure to the key functions of an IPM Cell.



They could be around 2 to 8 personal who are inducted into the department. Now, we will get to what kind of tasks and functions the IPM Cell does, but it could in a in a setup it could be between 2 to 8 people it could be even more.

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How an IPM Cell is Set up (typically):

4

- An IPR Policy is drawn up: from that of one or more premier Institutions (Foreign or Indian).



And an IPR policy is drawn up. To have an IPM sell it is not just the will to make one and the people, but they are also has to the institute also need to have an IPR policy because, the policy will dictate how the IPM Cell will act, the functions of the IPM Cell the task

that it needs to do. Now the IPR policy is largely today developed looking at other institutions either Indian or foreign.

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What an IP-Management Cell or IPM cell is meant to deliver.

An IPM Cell may also be called – Technology Transfer Office (TTO), Technology Commercialization Office, Technology Licensing Department etc.,

An IPM Cell, in the context of Indian Academic Institutions, is a Department or an Office tasked with the following (core) functions:



The IPM Cell may also be called a Technology Transfer Office TTO, Technology Commercialization Office, Technology Licensing Department, it can have different names; it can be call the patent cell, it can be call the intellectual property cell, IPR cell, so it can have different names, but the object of this body is to protect, develop, identify and commercialize intellectual property that comes out of the university. Now let us look at the core functions of an IPM Cell.

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Functions of IPM Cell

- Educating its staff and students on - concepts, law and procedures to secure (and commercially exploit) various kinds of Intellectual Property.



Educating its staff and students on the concepts regarding to intellectual property rights, the law and procedure for securing intellectual property rights, so educating is a function that is done by the IPM Cell.

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Functions of IPM Cell

- Promoting and encouraging IP generation.



Promoting and encouraging IP generation is quite lot of promotion and advocacy that happens through the IPM Cell.

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Functions of IPM Cell

- Hiring/Appointing personnel and contracting with Professionals and/or Professional Institutions (such as Lawyers, IP Attorneys, Search Service Providers etc.,) to outsource one or more of its operations; And paying/honouring their invoices/bills as per contracted terms and tariffs.



Hiring and appointing personal and contracting with professionals and professional institution such as, lawyers IP attorneys, search providers to outsource one or more of these operations and paying and honoring their invoices and bill as per contracted terms and tariffs. Now, this tells the administrative function of the IPM Cell. The IPM Cell should be seen as a conduit.

It is a conduit or it is a connection between the university, the people who work in the university and the external service providers because, the patent do it can be filed online requires a patent agent it requires professionals who can help you and drafting. It requires professionals who can help you in searching whether the invention is already fallen into the prior art or whether it is novel. So, the IPM Cell acts as the body that connects the university to the professionals outside.

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Functions of IPM Cell

- Taking responsibility of (fully or partly- in an arrangement with an outside entity/ies) the Administrative and Financial in
 - (i) accepting (or rejecting at its sole discretion),
 - (ii) (internally) validating and processing,
 - (iii) filing,
 - (iv) prosecuting and
 - (v) maintaining, as per relevant laws;
 - Applications for securing legal protection of the IP.



It taking responsibility of the administrative and the financial aspects of running the IPM Cell; one of accepting or rejecting or validating and processing filing prosecuting and maintaining the intellectual property as per the relevant laws, so this is another function of the IPM Cell.

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Functions of IPM Cell

- Mediating between the Institute & Industry, to Market the IP generated, to the outside world.



Now mediating between industry and the institute is also another function of the IPM cell because, the IPM Cell acts as a body that can bring the industry. And sometimes

what the institute has done the university has done may not be completely in sync with what the industry is looking for.

So, they may be some rough edges to be polished some tweaking to be done. So, this becomes the voice through which the industries concerns are relayed to the institute that the professor and the team and the institutes concern are relayed back to the industry.

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Functions of IPM Cell

- Facilitating Technology Transfer - that includes, Licensing or Assigning (Selling) the IP to Industry (in India and abroad)



Facilitating technology transfer this is done largely by licensing or assigning which is a sale of the IP.

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Functions of IPM Cell

- Maintaining records, generating Management Information and Statistics for analysis and reporting.'



Maintaining records, because as we have seen the IP's that require registration also required constant renewal. Patent patents are kept for 20 years designs for 15 years trademarks have to be kept renewed at regular intervals. So, this requires record keeping. So, maintaining records generating management information and statistics for analysis and reporting is another function.

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Functions of IPM Cell

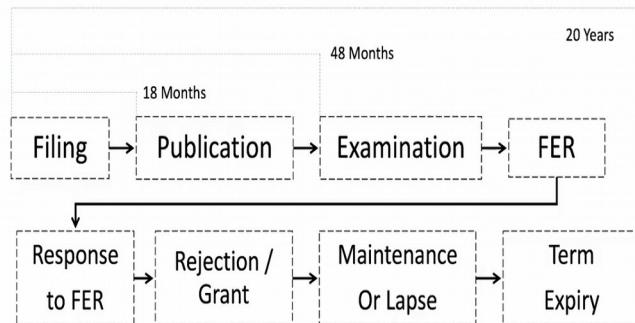
Although academic institutions generate more than one type of IP (Patents, Copyrights, Designs, Trademarks, New Plant varieties etc.,), the quantity (number) and quality of Patents they file for and obtain, are considered a measure of their innovative potential/activity.



Now though academic institutions generate more than one type of IP, we know instances where they generate patents, copyright, designs, trademark and new plant varieties. The quantity and quality of patents they file for and obtain are considered as the measure of innovative activity. Now we will see this when we look at the ranking of universities how it is tied to patenting.

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A snap shot of Patent life cycle (with timeline):



Now, here is snapshot of the patent life because, this becomes the main activity of the IPM Cell managing patents, now patents are filed after the time period they are published. So, filing they have to keep record of every action pertaining to filing and the actions that happened before the filing; for instance coordinating with the third party getting a disclosure that is searchable from the professor or the research team, coordinating between the person who drafts the patent and the professor this quite a lot of work that the IPM Cell does even before the filing.

So, after the filing it has to monitor the filing, it has to take look at when the publication happens, it has to monitor the publication. When it gets into examination, the Patent Office issues and FER, the first examination report which gives just 6 months or at best 9 months to reply. So, it has to coordinate with the professional to generate the reply to the FER, which mean required technical inputs from the university professors. The response has to be filed on time. It may lead to a rejection or a grant; if a leads to a rejection it should explore the options to take the matter in appeal.

And if it results in the grant to maintain it or if it is not accruing revenue then at some point to leave it to labs and keep this record up until the term expires or the patent is revoked. So, you can see that, even if it is one patent the IPM Cell needs to keep track of it for 20 years and there are different deadlines that falls in between.

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Let us take an example of how one of the IITs manages their Patenting process through their IPM Cell.



Now, let us look at an example of how one of the IITs from where I am from IIT Madras looks at the patenting process through the through their IPM Cell.

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Core functions of an IPM Cell

S.NO	STEP	INFRASTRUCTURE / AID	HUMAN RESOURCE
1.	The IPM Cell runs various drives, campaigns on IP Awareness and IP education on campus.	Lectures, Workshops, Contests on a regular basis. Also, a compulsory session on IP forms part of the curriculum for Research scholars.	The IPR Chair Professor and Head of the IPM Cell organize various such programs periodically.



Now the IPM Cell, the core functions let us look at the step infrastructure and the human resource involved. Now they conduct various campaigns and advocacy around IP what we call IP awareness and education. This is one of the functions that we identified. This is done through lectures workshops and interactions between the research scholars. The

IPM Cell may itself do it and in institutes where an IPR chair professor is there, which is there for some institutes in India, then it is done by the chair professor.

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Core functions of an IPM Cell

S.NO	STEP	INFRASTRUCTURE / AID	HUMAN RESOURCE
2.	Creative work emanates from Students/ Researchers/ Faculty members;	An IDF (or Invention Declaration Form), available on the Institute's website is duly filled-out by the Inventors and submitted to the IPM Cell	Clerical Staff receive and docket IDFs on an Internally developed System that facilitates Archival, Retrieval, MIS, Analyses and Reporting.



Now the creative work that emanates from the students and the faculty members, this the IPM Cell requires them to fill an IDFs which is an Invention Disclosure Form which is usually found in the institute's website. And once the form is filled the clerical staff receives the form, they docket the IDF and they internally developed system that facilitates archival retrieval and analysis and reporting.

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Core functions of an IPM Cell

S.NO	STEP	INFRASTRUCTURE / AID	HUMAN RESOURCE
3.	The Inventors are encouraged to carry-out a 1 st level, preliminary due-diligence check for Novelty & Inventiveness at the IPM Cell	Free and Paid Patent & Non-Patent databases such as (but not limited to); Google, Google Scholar, Google Patents, Questel Orbit, Thomson Innovation, IEEE Innovation Q Plus, Etc.,	In-house IP (Search) Analysts train & help inventors navigate and use Patent and Non-Patent databases to ascertain Patentability



The inventors are encouraged to carry out the first level preliminary due diligence check for novelty and inventive step at the IPM Cell. Now the IPM Cell relies on free and paid data bases like Google, Google scholar and Google patents which are free and the paid data bases like Questel Orbit Thomson innovation IEEE innovation Q plus etcetera.

Now, the search is normally done in house; the analysts who work within the team are trained and they help the inventor inventors navigate and use patent and non patent databases to ascertain patentability. It is preferable that the IPM Cell employees people and trains them or finds people who are trying to do search in the market because, search is going to be there biggest technical activity that they will be doing. because, the IPM Cell may not involve itself in drafting and filing, but search is the first level at which the IPM Cell can facilitate whether, there is an invention that is patentable So, if the IPM Cell has independent skill and talent, it will be much easier and cost effective than outsourcing the search every search that could come from the university.

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Core functions of an IPM Cell

S.NO	STEP	INFRASTRUCTURE / AID	HUMAN RESOURCE
4.	The Inventors are then encouraged to discuss, in confidence, the results of their Patentability-Search with a qualified/competent IP Professional	The IDF is referred to an In-house Attorney for the preliminary discussion to help Inventors decide on whether to file for a Patent and which route to choose – i.e., a Provisional or Complete Patent Specification.	In-house Patent Agent/Attorney. Note: Filing a Provisional Patent application first, which is a common and popular practice is not encouraged, unless such filing is warranted by specific/compelling circumstances.



Now, the inventors are then encouraged to discuss in confidence the result of the patentability search with the qualified or a competent IP professional.

Now, the IDF is referred to an in house attorney and after the preliminary discussions a decision is taken whether to file a patent and how to file the patent. In some cases where a disclosure is going to be made quickly then the option could be to file a provisional, in

other cases it would be the complete itself. If the IPM Cell has an in house patent agent, then the filing of the provisional can be done in house itself.

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Core functions of an IPM Cell

S.NO	STEP	INFRASTRUCTURE / AID	HUMAN RESOURCE
5.	If a prima facie case of Novelty and Inventiveness is made out, a decision to file a Patent application is made. (Else, the Inventors are advised against patent filing at this (premature) stage.)	The IDF is then referred to an IP-Services Firm for Drafting and Filing the Patent Application.	Approvals for filing and Costs thereof are taken from the Unit Head. An empaneled IP-Services Firm is engaged for the purposes of Drafting, Filing and Prosecution of Patent applications.

Now, if there is a strong case of novelty and inventiveness that is made out, then a decision to file a patent will be made. The IDF is then referred to a law firm which does IP filing services. And approval for cost of filing are given usually the there is a panel of IP service providers with the institute and one of the firms from the panel is identified for a particular task.

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Core functions of an IPM Cell

S.NO	STEP	INFRASTRUCTURE / AID	HUMAN RESOURCE
6.	The IP-Services professionals interact with the Inventors concerned, to finalize and file the Patent Application	A confirmation of filing of the Patent application is submitted to the IPM Cell along with a Bill of Professional and Statutory Fees by the IP Services Firm to the IPM Cell.	The Superintending and Clerical staff check the billed amounts against the Contract-tariffs and pay them.**



Then the IP service professionals interact with inventors to finalize and file the patent. A confirmation of filing the patent application is submitted to the IPM Cell along with the bill for professional and statutory fees and the person in charge checks the billed amount against the contract rates there had been agreed.

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Core functions of a IPM Cell

**Billed items broadly include:

- Prior Art Search fee, Drafting & filing fees
- Prosecution fees (for Office Actions such as response to FER etc.,).
- Records are maintained as Hard and Soft copies for auditing, MIS & reporting purposes



The billed amount could broadly include the fee for prior art search, drafting and filing fees, prosecution fees which is what we call office action when the FER is raised filing a reply to the FER that could be that would be different. Records are maintained as hard and soft copies for auditing, management information system and reporting purposes.

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Core functions of an IPM Cell

S.NO	STEP	INFRASTRUCTURE / AID	HUMAN RESOURCE
7.	After filing of the Patent, Marketing efforts are initiated by the In-house Marketing team;	Expert Opinion including Techno-Commercial Evaluation (TCE) is sought. Also Opinion on Commercial Potential of the IP in foreign Jurisdictions is obtained.	Third Party Evaluation Entities empaneled for the purpose are provided with the patent specification as filed; This is co-ordinated by the Marketing team & Operations team of the IPM cell.



Now continuing with the core functions of IPM Cell, after filing a patent marketing efforts are initiated. The idea of filing a patent is to eventually commercialize it. So, an expert opinion including a techno commercial evaluation is sought in some cases preferably, this is done by a third party evaluation and it is coordinated by the marketing team and the operations team of the IPM Cell.

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Core functions of an IPM Cell

S.NO	STEP	INFRASTRUCTURE / AID	HUMAN RESOURCE
8.	On Inventors' request for Foreign filing, an International Patent Committee set up by the Institute for the purpose, considers such request in conjunction with the Third party Expert Opinion to make an informed and judicious decision.	Expert Opinion including Techno-Commercial Evaluation (TCE) is sought. Also Opinion on Commercial Potential of the IP in foreign Jurisdictions is obtained.	The Indian Patent application as filed is then referred to an empaneled Law firm for Filing Patent applications in the jurisdiction/s of choice.



Now, if the inventor wants to file the patent in a foreign country then, the inventor has to request for a foreign filing. An international patent committee looks in to this and takes

the decision on whether to file an international application simply because of the cost involved. An Indian application is filed and then referred to a law firm for filing in different jurisdictions.

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Core functions of an IPM Cell

S.NO	STEP	INFRASTRUCTURE / AID	HUMAN RESOURCE
9.	The inventors are required to provide details such as (i) the stage of development of the technology/invention (ii) whether or not a Prototype has been tested etc.,	Specific Forms developed by the institute are filled out by the Inventors in the presence of a Marketing team member.	Handholding is done by the Marketing team of the IPM cell.



Their inventors are required to provide details such as, stage of development of the technology and invention and whether or not a prototype has been tested. This is after the filing of the application because; institute is always interested in knowing how its patents have been commercialized. Now there are specific forms that has to be filled by the inventors which would tell how to market the invention. The marketing team of the IPM Cell does the hand holding to ensure that the invention is taken to the market.

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Core functions of an IPM Cell

S.NO	STEP	INFRASTRUCTURE / AID	HUMAN RESOURCE
10.	The IPM Cell then prepares a brief write-up called Value-Proposition based in the inputs from the Inventors	The said Value-Proposition typically summarizes the Technical and Economic advantages of the invention over prior art, in a manner that invites interests from Industry players in the relevant field, to explore Tech-transfer/Licensing opportunities	The Value Proposition and necessary details of the invention are put up on the Institute's Technology-Transfer website; Also, Letters/calls to prospective buyers identified are initiated to exploit the Commercial potential of the IP.



The IPM Cell also prepares a write up called the value proposition based on the inputs from the inventors and based on the value proposition different types of dissemination is undertaken.

The invention or details about the invention could be put on the technology transfer website if the university has one, letters are written emails are sent contracts are explored to ensure that the invention reaches a larger set of prospective buyers.

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Core functions of an IPM Cell

S.NO	STEP	INFRASTRUCTURE / AID	HUMAN RESOURCE
11.	Once the Patent is granted, the maintenance fee is paid, the pros and cons of further renewing each Patent is considered based on the status and potential for commercialization.	The opinion of the Inventors concerned, as well as expert opinion on its Market potential are considered by a Patent committee constituted for the purpose.**	Superintending and Clerical staff follow-up with and coordinate exchange of information between inventors, the IPM Cell and the Patent Committee.



After the patent is granted the inventions the maintenance fee has to be paid and in the Indian system like most patent offices the renewal fee increases as the years go by.

Now, this is deliberately structured in such a way that people would abandon inventions that are not generating revenue. So, if an invention has not been marketed there is a time period until which the university will support the invention and beyond that the university may abandon it or it would ask the concerned researcher or the processor to take the invention at their own cost.

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**If the inventor insists on renewal of a Patent that has not been commercialized after a certain number of years (specific period), the committee requires the Inventor to share a part of the renewal fees.



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Core functions of an IPM Cell

S.NO	STEP	INFRASTRUCTURE / AID	HUMAN RESOURCE
12.	Statutory requirements such as; submission of Form 27 (Working of the Patent in India), MIS, Annual Report and Reports required by the Government etc., are complied with.	An Intranet system developed by the Institute's IT Department, which is a repository of all information pertaining to the IP generated and managed at the Institute's IPM Cell is used.	Superintending and Clerical staff coordinate this activity under the supervision and guidance of the Dean, IC&SR, IIT Madras.

Now, in India there are certain statutory requirements like Form 27, which is a working statement. So, the IPM Cell also takes care of that, it has to be regularly filed, so that responsibility falls on the IPM Cell as well.

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STAFFING OF THE IPM CELL:

For the proposed IPM Cell, 3 levels of staffing would be ideal;

Level-1 Staff
<ul style="list-style-type: none">• A Department Head – Either a qualified patent Attorney/Examiner with 5 years Industry exp' in handling IP-Commercialization related responsibilities, or• A Marketing professional with at least 7 – 10 yrs Marketing exp' in FMCG or Mgf' or IT industry, with 4 years at Managerial level or target driven Marketing as his key result area.



Now they can with regard to staffing it is the matter of choice depending on how much people then the IPM Cell needs. So, Level 1 staff would be a department head who is either qualified as a patent attorney or an examiner with 5 years experience. They could be a marketing professional with seven to ten year experience who do the marketing side.

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STAFFING OF THE IPM CELL:

Level-2 Staff
<ul style="list-style-type: none">(i) At least one individual with at least 2 years exp' in Prior Art Search(ii) At least one Marketing individual for every 50 - 100 Patent applications filed.(iii) At least one Admin Supervisor with an MBA and at least 3 years of Post-qualification Supervisory experience.(iv) At least one Patent Agent/Attorney(v) At least one Cost Accountant with at least 5 years' experience in a Manufacturing company.



Level 2 staff of people who have skill on prior art search and who are who can do marketing who can do the administrative work they could be one patent agent or attorney they could also be a cost accountant.

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STAFFING OF THE IPM CELL:

Level-3 Staff
At least one individual per 500 Patents filed, for Data capture, archival, retrieval and correspondence , with at least 5 years exp in a large Public sector company or MNC in the clerical/secretarial cadre, with good English comprehension & writing skills.



Now, Level 3 staff could be an individual for say 100's of patent that is filed who can do the data capture archival retrieval and correspondence.

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INFRASTRUCTURE:

- A decent Prior Art database subscription to Patent and Non-Patent databases covering at least 40 – 50 recent years, preferably wherein a single window search of both Patent and Non-Patent databases is possible.



With regard to equipment decent prior art database subscription to cover patent and non patent databases for the last 50 years would be preferable.

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INFRASTRUCTURE:

- A comprehensive Docketing, Archival, Retrieval, Diarizing and Auto-communication system, wherein email correspondence can be automatically triggered and launched by the system.
- Basic office Automation.



Because of the scale that has to be a comprehensive docketing archival retrieval and they should be a process for keeping all the email and the correspondence that is being sent by the IPM Cell to different stakeholders, what you called basic office automation.

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Forms:

- *IDF or Invention Declaration Form:*
- The IDF comprises a specific set of questions required by the Inventors to answer, with a view to capture the following;
 - The Filed, Description & Novel and Inventive aspects of the invention,
 - The names and addresses of each inventor concerned.



Now, there are forms that the IPM Cell will need. The most important form is the invention disclosure form the IDF comprises of a set of questions required by inventors to answer with a view to capture the following: the description of the invention, its normal and inventive aspects, name and address of the inventor, the inventive

contribution, if there are multiple inventors in what ratio they contributed, whether it is been funded by any government or external or other funding agency, whether the invention was developed by involvement of external agencies or entities.

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Forms:

- *IDF or Invention Declaration Form:*

- Their respective inventive contribution to the invention and the mutually agreed share in respect of the revenue/royalty that its commercialization;
- Any Government, external or other funding that may have gone into the project.
- Involvement of any external entities (i.e., other Academic institutions or Corporations) or inventors thereof, and the terms/agreement governing such collaboration.



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Forms:

- *IDF or Invention Declaration Form:*

- Link to IDF:

<https://icsr.iitm.ac.in/iqr.php>



And to have a look at the invention declaration form, you can go to this link which is the icsr web link at iitm.ac.in

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Forms:

- *NDA or Non-Disclosure Agreement (template)*

Before disclosing an invention/technology/Novel or Inventive idea (which has not yet been published by the Patent Office), to an external entity, an NDA is required to be signed by such entity.

Link to NDA:

<https://icsr.iitm.ac.in/ipr.php>



And they could also be NDA's and or non disclosure agreements, which could be used as a template.

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ICSR Website

The screenshot of the ICSR website shows the following sections:

- PATENTS AND OTHER IPR - TRANSFER OF TECHNOLOGY**
- POLICY & GUIDELINES**
 - [IPR Policy \(Revision 2012\)](#)
 - [Incubation Policy](#)
 - [Technology Transfer / Royalty](#)
 - [Sale of Software](#)
- PROCEDURES**
 - [Procedure for filing an Indian Patent
\(Constituted review committee\)](#)
 - [Procedure for filing of PCT and / or other foreign filing
\(Constituted review committee\)](#)
 - [Incubation >> Refer to IITM Incubation Cell](#)
- FORMS AND TEMPLATES**
 - [IDP \(Invention Disclosure Form\)](#)
 - [TAP \(Technology Assessment Form\)](#)
 - [NDA \(Confidentiality Agreement\)](#)
 - [JDA \(Joint Development Agreement\)](#)

At the bottom left is the NPTEL logo, and at the bottom right is a "QUICK LINKS" sidebar with links to IIT Madras Home, ICSR Home Page, Patents and Other IP Listing (External Website), and Project Accounts Website.

Now, this is what the ICSR website covers. They have the IPR policy, they have an incubation policy, they have tech transfer and royalty details, they have detail with regard to sale of software, they have procedure for filing and Indian patent, procedure for filing foreign application what you call the PCT and they have different forms.

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Forms:

- *Agreement templates:*

Various Agreement templates that are commonly used by the Institute for purposes such as:

- Joint Collaborative Research,
- Joint Development of technology,
- Industrial Consultancy,
- Inter-Institutional Agreement,
- Technology Licensing Agreement etc.,



They also have templates of agreements; for instance various agreements like a joint venture or a joint collaborative research, joint development of technology, industrial consultancy, inter institutional agreement, technology licensing agreement. So, depending on the routine forms that are required the IPM Cell can also have template forms.

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Forms:

- Forms, templates and agreements are kept handy by the IPM cell.

- Specific details and Terms for a given instance are incorporated into these templates before the Agreement is finalized and executed.



So, the templates can be used by the IPM Cell for customizing it on a case to case basis.

Intellectual Property
Prof. Feroz Ali
Department of Humanities and Social Sciences
Indian Institute of Technology, Madras

Lecture – 73
Indian Universities & Patents

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Indian Universities & Patents



Let us look at how Indian universities have been using Patents.

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NIRF

- National Institutional Ranking Framework
- This framework outlines a methodology to rank institutions across the country.
 - Teaching, Learning and Resources
 - Research and Professional Practices
 - Graduation Outcomes
 - Outreach and Inclusivity
 - Perception



Now, the NIRF, the National Institute Ranking Framework has come up with the framework which outlines a methodology for ranking institutions. This is done by the Government of India. Teaching, learning and the resources employed, research and professional practices, graduation outcomes, outreach and inclusivity, perception; there are different yardsticks that the NIRF uses in coming up with its ranking.

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NIRF: Overall Ranking

Institute ID	Name	City	State	Score	Rank
IR-1-O-O-U-0220	Indian Institute of Science	Bengaluru	Karnataka	82.16	1
IR-2-O-OE-U-0456	Indian Institute of Technology Madras	Chennai	Tamil Nadu	81.39	2
IR-3-O-OEM-U-0306	Indian Institute of Technology Bombay	Mumbai	Maharashtra	79.20	3
IR-3-O-OEM-I-1074	Indian Institute of Technology Delhi	New Delhi	Delhi	73.97	4
IR-5-O-OEMAL-U-0573	Indian Institute of Technology Kharagpur	Kharagpur	West Bengal	71.39	5
IR-1-O-O-U-0109	Jawaharlal Nehru University	New Delhi	Delhi	67.57	6
IR-3-O-OEM-I-1075	Indian Institute of Technology Kanpur	Kanpur	Uttar Pradesh	65.39	7
IR-4-O-OEMA-U-0560	Indian Institute of Technology Roorkee	Roorkee	Uttarakhand	64.93	8
IR-3-O-OMD-U-0500	Banaras Hindu University	Varanasi	Uttar Pradesh	63.52	9
IR-4-O-OEMA-U-0439	Anna University	Chennai	Tamil Nadu	62.82	10



Now, the overall ranking has been there are specific ranking with regard to with regard to engineering institutes, but the overall ranking has placed; this is the 2018 ranking the Indian Institute of Science at the top followed by the Indian Institute of Technology, Madras, Bombay, Delhi and Kharagpur, all the IITs within the 5.

And you can see there is a score and the score corresponds to the rank. Now, this is a screenshot from the website and if you can click on the PDF link at the website, it will show the details of how each university or each institute fair in the ranking.

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NIRF: RPC Ranking

- Research and Professional Practices
 - This includes combined metric for publications, their quality, patents, and Projects

Institute ID	Name	City	State	RPC Score	RPC Rank	Score	Rank
IR-1-O-O-U-0220	Indian Institute of Science	Bengaluru	Karnataka	91.08	1	82.16	1
IR-3-O-O-EU-0306	Indian Institute of Technology Bombay	Mumbai	Maharashtra	85.59	2	79.20	3
IR-2-O-O-EU-0456	Indian Institute of Technology Madras	Chennai	Tamil Nadu	81.42	3	81.39	2
IR-3-O-O-EU-1074	Indian Institute of Technology Delhi	New Delhi	Delhi	78.67	4	73.97	4
IR-5-O-O-EMALU-0573	Indian Institute of Technology Kharagpur	Kharagpur	West Bengal	74.57	5	71.39	5
IR-3-O-O-EU-1075	Indian Institute of Technology Kanpur	Kanpur	Uttar Pradesh	68.63	6	65.39	7
IR-4-O-O-EMAU-0560	Indian Institute of Technology Roorkee	Roorkee	Uttarakhand	61.59	7	64.93	8
IR-4-O-O-EMAU-0439	Anna University	Chennai	Tamil Nadu	60.76	8	62.82	10
IR-1-O-O-U-0120	University of Delhi	Delhi	Delhi	58.16	9	58.69	14
IR-2-O-O-EU-0575	Jadavpur University	Kolkata	West Bengal	57.07	10	59.68	13



So, Research and Professional Practices is one of the criteria for which universities get points and which is considered into ranking. This includes the combined metric for publications, their quality, patents and projects. So, you can find that you will see that patents do play a role and that is very clear when you see into the data sheets.

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Patents and Ranking (2018)

- IIT Madras, Rank 1

Patent Details (For last 3 calendar years, i.e. 2014, 2015, 2016)

No. of Patents Granted	No. of Patents Published	Earnings from Patents (in Rs.)
54	395	65531734.00

- IIT Kanpur, Rank 10

Patent Details (For last 3 calendar years, i.e. 2014, 2015, 2016)

29	203	8144839.00
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For instance, the link between patents and ranking can be found in these data sheets. For instance, IIT Madras which has been ranked 1, the data sheet shows that the number of patents granted is 54 in the last 3 calendar years and the number of published patents is

395 and the earnings through patent is also mentioned that in excess of 6 crores. IIT Kanpur, which is ranked 10, has 29 granted patents, 203 published patents and their revenues in 81 lakhs.

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Patents and Ranking (2018)

- NIT Rourkela, Rank 15

Patent Details (For last 3 calendar years, i.e. 2014, 2015,2016)		
No. of Patents Granted	No. of Patents Published	Earnings from Patents (in Rs.)
0	3	0.00

- Thapar Institute of Engineering & Tech., Rank 20

Patent Details (For last 3 calendar years, i.e. 2014, 2015,2016)		
No. of Patents Granted	No. of Patents Published	Earnings from Patents (in Rs.)
1	11	2790000.00



NIT Rourkela, which was Rank 15, does not have any granted patents, but it has got 3 patents published and Rank 20th which is Thapar institute has 1 patent granted, 11 pending and it has generated some amount using their patents in close to in excess of 2 crores.

Now, this tells us that there is some relationship between patents and ranking under the NIRF system.

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NAAC

- National Assessment and Accreditation Council
 - Assesses and accredits higher education Institutions in India
- Quality Indicator framework
 - Research, Innovation, and Extension
 - Number of patents obtained



The National Assessment and Accreditation Council also uses patents when it comes to assessing and accrediting higher education institutions in India. Now, it has developed the quality indicator framework which looks at research innovation and an extension and one of the factors they look at is the number of patents obtained and whether there is an innovation ecosystem.

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UGC & AICTE

- UGC requests universities and affiliated colleges to provide IPR as elective
- The AICTE approval process handbook mentions the creation of IPR Cell



The UGC and the AICTE regulatory bodies have also mandated some kind of activity around patents. For instance, UGC now requests universities and affiliated colleges to provide IPR as elective course.

And the AICTE Approval Process Handbook mentions the creation of IPR cell. So, the IPR cell is required and AICTE has also come up with a guidelines for IPR for technical institutes.

Intellectual Property
Prof. Feroz Ali
Department of Humanities and Social Sciences
Indian Institute of Technology, Madras

Lecture - 74
IP in Creative and Entertainment Industries

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IP in Creative and Entertainment Industries



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In today's session we will be looking at what was meant to be how Intellectual Property Rights operate in Creative and Entertainment Industries. Apart from that we will also look at intellectual property rights, the policy the Indian government has on it and how teaching intellectual property rights would be significant, especially in the light of the government policy promote intellectual property rights.

So, what we plan to do this week this in this session is to cover how intellectual property operates in creative industries and also to look at IPR, the national policy on IPR and teaching intellectual property rights as a subject in various institutes and in the over the next week, we would like to keep it open for some general discussions and also look at case laws.

Case laws are important because intellectual property right is predominantly a legal subject and whenever a case is decided by the court that crystallises or it describes the law. To understand the law it is important even for non lawyers to be familiar with case laws. So, over the next week, we will be looking at some landmark cases affecting

intellectual property rights like most of you might have heard about the Novartis case which was decided recently by the Supreme Court and there are other interesting cases as well.

So, we would look at case laws as a tool of learning and we would also give you an heads up on how to look at case laws because as non lawyers, some of you may find it difficult to go through case laws. So, we will look at that and we will also summarize the key findings and we will also prepare you for how you should be looking at case laws in the future. So, they are legal documents written by judges and there are quite lot of pleadings that go into preparation of these case laws, but there are ways in which you can quickly traverse through a case law and understand it is just.

So, coming back to our subject matter today; so, we are here to look at intellectual property in creative and entertainment industries.

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Creative Industries

- What are creative industries?
 - Sectors that focus substantially on creating and exploiting intellectual property products
 - Music, books, film and games, but also sectors that focus on providing business-to-business creative services



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Now, creative industries are sectors that focus substantially on creating and exploiting intellectual property right products. Now, this could be with regard to movie making, it could be regard to music, it could be regard to books and books is a big critic category in itself because almost all the books that we purchase would come under the ambit of the creative industry.

We are not only talking about works of fiction, but also works of nonfiction and importantly even books that cover education, see textbooks could also come under this category. So, creation of textbooks is an inherently creative process and especially, in the light of what we saw at the DU photocopy case in the session on copyright.

The question still remains there how do you protect textbooks in this country because protection of textbook may not directly come out of the finding in that case and how will text book manufacturers invest in creation of these textbooks in such a way that their investment can be recouped?

Now, going by the DU photo copy case. The court actually allows for copying of quotients of textbook if it is for educational purposes. And soon after the case they were some reshuffling, so to say in the publishing industry with some publishers actually pulling out or telling that they would soon be pulling out because it would not be feasible for them to get into or remain in this field. Because, the moment you create a textbook and publish it, if the law allows people to make copies for educational purposes because here for a textbook, the educational institutions and the students are the primary market.

So, once you say that the primary market would have an exception to use it and to make copies, then the question that would arise is how do you incentivize creation in this field. There are some models that have been proposed as to how you can make textbooks free and still make quite a lot of money in the process, but anyway that will be beyond the scope of our discussion. But just to bring to your notice that when we talk about books, we are also looking at both non-fiction and fiction works and more importantly we also should be looking at how the creation of textbooks can also be protected in such a way that it can be incentivized.

Now, the public sector may be interested in creating textbooks say like, the NCERT may produce some textbook and they may even offer it on a open license. Now, that is something which we are not worried about because there the textbook itself is funded by the government, the creation and the dissemination part of it. Most of the r all the lectures on NPTEL is again funded by the government.

So, creation of intellectual property when it is through publicly funded resources then the further dissemination can also be controlled by the person who is in charge of creating them. But the more important point with regard to creation of textbook is in the light of

the DU to copy case, Delhi University photocopy case how do you incentivize the private sector to come up with new business models such that we get new textbooks created rather than relying on textbooks that are created in other places and copying them all using copies of them. There law also need to focus on how new textbooks in our country can be incentivized within the private sector.

So, creative industries coming back to the point covers music, books, films, games, but also sectors that focus on providing business to business creative services.

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Creative Industries

- Why protect products of creative industries?
 - Substantial contributions towards economic growth
 - Important for knowledge based economy



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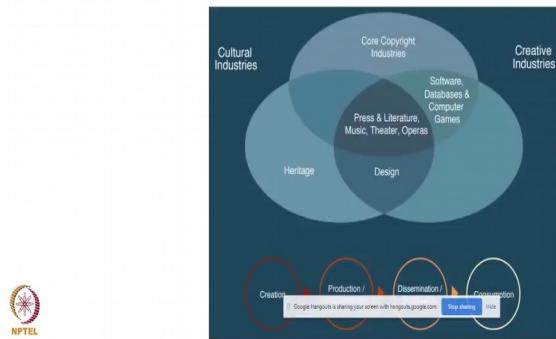
Now, why do we need to protect these industries? Now, there is enough material to show that they make substantial contribution towards economic growth and they are important for knowledge based economy. And especially in a country like ours where the biggest strength is human capital then the focus has to be on knowledge based industries.

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Google

Creative Industries

- How to protect creative industries?
 - Various IP rights



Now, there are different ways in which you can protect creative industries and they could be also different types of rights and we have seen that copyright becomes the key form of right by which you can protect the rights of the creative industries.

Now, copyright is actually a right at one extreme of the spectrum and the other extreme you could say that you have works in the public domain which means, anybody can use those works without getting the constraint or the permission of the creator. In between in between what is available in the public domain and that is at one extreme and the other extreme of copyright you have various different kinds of arrangements licensing arrangements like a creative commons which would help both in monetizing the creative works as well as in allowing for a wider and a better dissemination.

So, if you look at creative industries, creative industries at some point also overlap with cultural industries. So, you can see the core copyright industries like press, literature, music, theatre, operas can be protected by copyright and you can also see software database and computer games which could partially be protected by copyright because there is some of the software's are best protected by business model innovative business models rather than just by protecting the code. Almost all the apps that you know today which you are using say let it be Uber or any of the other apps they are protected by strong business model than by protecting the code itself.

So, and you also have design protection for these works and the subject matter could be something that is created by the private sector and it could also be something that is created by communities. So, the creation would lead to production and manufacturing then that could lead to dissemination and distribution and finally, to consumption. So, protection could extend to all these parts and you will see the issue with creative industries is that at the point of consumption there seems to be issues with regard to protection itself and piracy which you will see soon is one of the issues that happens at the point of dissemination and consumption.

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Creative Industries

- Global value of creative industries
 - 4 - 6.5 percent contribution to the GDP
 - Countries, rapid economic growth, attributed to creative industries
- Employment in creative industries
 - Protection of IP, extended opportunity to many more individuals



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Now, the global value of these industries have been, I mean there are different accounts they say that between 4 to 6.5 percent of the contribution to GDP is largely because of creative industries. And sometimes creative industries go beyond just books and films and music. It could also be design elements that you sometimes find in products. You see shoe apparel company like Nike is predominantly a design company and they are the way they monetize their work is by designing cutting edge products which are produced in different parts of the world.

Similarly, Apple could also be seen as a design and a marketing company. So, this leads to the rapid economic growth and sometimes with the economic growth would be attributed to the creative industries themselves and it also creates employment. And

employment in as I said in economies which are more centered on human capital, it would be a way for massive growth.

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Google

India

- Media and entertainment, fastest growing sector
- Largest film producing market
- Third biggest internet market, 500 million internet users



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Now, in India media and entertainment are one of the fastest growing sectors and we have the largest film producing market and India is also the third biggest internet market with more than 500 million internet users.

(Refer Slide Time: 11:22)

Google

Rights: Protect and Exploit

- Managing IP in creative sector
 - What rights you own in your original work
 - Identify yourself as creator and right holder
 - Plan for exploitation of your IP; licensing and assignment
 - Enforcement of your IP



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Now, the rights of creative industries would pertain to protection and exploitation of the right. Now, managing IP would involve what rights you own in your original work,

identifying yourself as a creator and the right holder, then exploitation of the IP by licensing and equipment and by enforcement.

Now, if you look at this actually covers the creation till dissemination and exploitation of the work. Now, the rights can get affected at each one of these stages. They could be disputes with regard to the work itself as to host the owner of the work, there could be issues with regard to exploitation when it is licensed and also issues when it comes to enforcement.

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Creative Sectors

- Advertising
- Films and Television
- Sports
- Music
- Publishing
- Video Games



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Now, the creative sectors include advertising film and televisions, sports, music, publishing, wherein where we can cover both academic and non-academic works and fiction and non-fiction then also video games.

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Copyright

- © protects written, theatrical, musical and artistic works
 - Protects creative or artistic expression of idea
 - Author of work owns the ©
- Term: Lifetime of author + 60 years
- Royalty payments for licensing of work



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Usually, we have a copyright notice and you if you write seen YouTube videos you can see copyright notice at the end. For theatrical musical and artistic works, this is to show that the work was protected and also that to show that the author owns the copyright and the copyright as we have already covered the term of the copyright is life of the author plus a 60 years and copyright regime also allows for royalty payment for licensing the works.

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Copyright

- Internet and growing digital connectivity: new forms of creative work, new distribution system
- Digital Rights Management
 - Napster Case



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Now, copyright some of the scholars have said the copyright regime itself would be irrelevant when it comes to the internet. Now, there are reasons where they say this. Normally, if you need to copy somebody else's work, one way to do that is to quote portions of it and give a reference to the attribute the source. And again there are in traditional copyright, there are limits as to what you can show. For instance, you cannot quote an entire chapter of a book in your work, whereas, you can only quote parts of it and you may have to paraphrase it and give the proper reference.

Now, internet brings in an another dimension to this. Now, on the internet there is no need for you to even produce or reproduce any other person's book. You can simply give a hyperlink to the work and the entire work will be available for the person who is viewing it.

So, rather than giving a footnote you could also give a hyperlink. And if the source that is hyperlink is available as an open source, in the sense that it is freely available for a person who accesses it then that would mean that the copyright regime in itself which ordinarily protects people from making copies of the work would be irrelevant because the source can be hyperlinked and be made available to the viewer.

So, copyright has certain issues some scholars have said that it is time that the copyright laws are amended especially, when it comes to the internet. And there are also been new models of protection that are been advocated and one of the things is with regard to digital rights management. Copies of digital works which can easily be copied on the internet and we had a case pertaining to peer to peer sharing which is all the Napster Case. Napster used to be software tool that was used for peer to peer sharing of largely musical works and at one point there were 60 million Napster uses and that was largely illegal in the sense that the sharing happened without being any royalty to the creator.

But then law came around and they created digital management rights by various statutes and enactments which largely did three things. One: There was a code in the file which made it difficult for people to copy. Two: It brought a restriction on the use itself the time period within which you could use was restricted and the number of devices on which you can use the copy of the file was also restricted. So, a digital management rights evolved as a way to protect coping or peer to peer sharing on the internet and that was seen as a need.

Now, soon after the Napster which was a website which allow for a software which allowed for peer to peer sharing, soon after it was declared illegal you had certain other forms coming up business models coming up which allowed for easy purchase of a audio file. For instance, the MP3 players where in vogue since the 1990's, there were different manufacturers who were manufacturing MP3 players and MP3 players were one of the means by which you could easily copy and share files.

But when Apple came up with it is iPod, Apple also tied the gadget which is iPod and Apple was not it is the first person or the first company to come with come up with an MP3 player. They smartly tided with their iTunes software which allowed a person to buy a single track at an affordable price. Now, this was a remarkable change in the way in which the music business work because earlier the only way you could buy work or musical work was by buying the entire album whether you wanted the entire thing or not, you have to buy that entire album. Apple revolutionized the business process by allowing people to file to buy individual tracks and they price it at less than 1 dollar as well.

So, Apple not only brought this entire range of musical works through a forum by which you could legally purchase it, it also combined it with a nicely designed gadget for consumption. So, there was a business model which was largely iTunes allowing you to buy individual tracks at an affordable price coupled with a sleek designed and nicely designed gadget. So, this led to opening up a new market which was earlier not there and before that we had Napster wherein we had 60 million users sharing files without paying any royalties.

So, we see a shift in the market, we also see a shift in the way in which law perceived digital rights management. They said that peer to peer copying will be allowed only in the limited purposes say you had the two gadgets you want to make copies of it and retain that or you could have backup copies, but it would not allow you to share it with others without paying the royalty. So, these new model ensure that there was some kind of protection for digital books.

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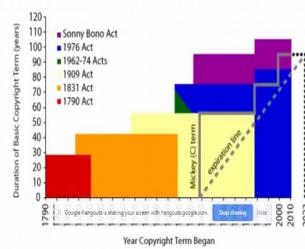
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Copyright

- Copyright and Mickey Mouse
 - Earlier duration of © in US, 14 years
 - Now, up to 120 years from creation



Copyright Duration and the Mickey Mouse Curve



Now, while this was happening, creative industries were also interested in protecting the term of copyright. So, the term of copyright is largely fixed, but in some countries especially in the United States, we see a tendency for the creative industries specially this Disney to lobby with the government in such a way that they could extend the term of the copyright itself.

Now, there is enough material to say that this was largely done to keep Mickey Mouse from falling into the public domain. And in the US, initially the copyright term used to be for 14 years, but then over a period of time it became similar to what was in India, life of the author plus 50 or 60 years.

Now, it is reached a point where the copyright would extend up to 120 years from the date of creation. Now, you can see this chart and you will see that the Sonny Bono Act actually extended the right of creative works up to 120 years. And this is attributed to Disney's lobbying to protect Mickey Mouse, the copyright over Mickey Mouse.

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Marketing

- Marketing: Directing the flow of goods and services from producers to users
- IP instrumental in building a company's brand—competitive advantage
- Marketing of ideas
 - Apple's marketing strategy: Market Hype
 - Harry Potter Books



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Now, creative works also could have an impact on how they are marketed. Now, marketing is a significant way in which creative industries can recoup their investment and also allow users to keep purchasing their goods. And intellectual property is instrumental in building the companies brand or maybe seeing the role that copyright can play in the creative industries.

But trademarks also play a significant role. In fact, any of the products that Apple comes out with. It is largely because of the brand value of the company and the fact that users attribute valuable a product there is some kind of a hike around the products. In fact, the same can be said for certain kinds of works of fiction. Let us say the Harry Potter series and for one thing that is common for both Apple products and Harry Potter books is that, people queue up before the product is released, in long lines, so that they could claim to be the first purchasers.

So, this is nothing to do though they are all creative works, this is nothing to this has nothing to do with the copyright protection in itself. This is largely because of what the brands have grown to be. So, the brand Harry Potter and Apple's products they have boom to be attributed with particular type of quality and because the brands are protected all over the world, you can now see that they could be they could be marketed in a smart way in such a way that people have a following for.

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Ambush Marketing

- Advertiser "ambushes" an event to compete for exposure against competing advertisers



Now, marketing could also result in others capitalizing on your marketing moves. Now, there is something called ambush marketing, where an advertiser ambushes an event to compete for exposure against competing advertisers. Now, every time there is a grant or a mega sale by one person, you could find others stepping in and capitalizing on that. One of the best instances of ambush marketing in India happened a few years ago when the Cricket World Cup was conducted in India.

For the event, Coca Cola was successful in getting the official sponsorship. So, Coca Cola literally became the official drink of the Cricket World Cup. Pepsi lost out on the contract, but Pepsi came up with a smart campaign called "nothing official about it" and they ran a campaign with different cricket players, in such a way that they were lastly seen as having a bigger impact than the official sponsor itself.

So, they ran a series of ads which with the campaign that "nothing official about it" and that got quite a lot of traction for Pepsi. Now, soon after this there were regulations that came in saying that you know the team players there are themselves bound by advertising only for the sponsors of the event and they cannot do it for others who are not sponsors of the event. And we also found the logos, the name of the event itself being a proprietary thing there were restrictions on their use.

So, even if a newspaper was covering an event, the newspaper had to get a license from the event organizer to use the name, say it was the ICC World Cup or the FIFA

World Cup. So, they were all branded and protected words. So, you could not do any kind of ambush marketing and the event organizers themselves were willing to give this on a license.

So, here you have the ambush marketing between where Snapdeal uses Filpkart's greatest sale ever and you can see that when Filpkart advertises for a sale, Snapdeal comes out by saying that for others it is a big day for us it is not different. Just making use of the fact that there is a sale happening with a competitor by coming up with something as a parallel agent.

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Licensing

- Sells authority for a third party to use owner's rights, certain conditions
- IP Licensing
 - Roger Federer dispute with Nike over 'RF' logo
 - Dispute highlights the importance of clarifying IP ownership as part of partnership agreement



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Now, creative industries also have issues with regard to licensing. Now, if you could sell the authority for a third party to use the owner's right and you could also stipulate certain conditions on the same. Now, in IP licensing recently we had the case where the tennis player Roger Federer disputed with Nike, Nike was the sponsor of for Federer for a long time. And Nike also developed the RF logo along with Roger Federer.

They dispute arose because Federer moved to a new sponsor this year for Wimbledon, he moved with the new sponsor and he also made a statement that he should be entitled to use the logo RF. RF is actually a abbreviation of Federer's name but RF logo was protected by trademark and the trademark was owned by Nike itself.

So, sometimes when owners of the trademark may give up the right without knowing the consequences of it. So, there is still a dispute pending and Federer has made it clear that he would like to use the abbreviation of his name, but the law is in Nike's favor because Nike owns the abbreviation.

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Merchandising

- Promotion of a product through its association with a famous or popular person or object
 - Trade marks, copyrights



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Now, merchandising as you had seen specially in the case of Disney's works is a way in which creative industries can protect their creative works. Now, merchandising would involve protection by way of trademarks and copyright and that is one of the reasons why Disney had lobbied to extend the term of the copyright for Mickey Mouse because they becomes more effective to protect these creative works by way of copyright and trademark.

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Broadcasting Rights

- Rights a broadcasting organization negotiates with a commercial concern
 - Sports body, film distributor
- Sports, billion dollar industry
- More sophisticated communication technologies, increased signal theft



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Now, creative industries are also protected by broadcasting rights. Broadcasting rights are also referred to as neighboring rights because they are rights that are the ancillary to copyright. So, the rights abroad cutting organization negotiates with the commercial concern. So, with regard to mostly this could be with regard to a sporting event, where it could be a sporting body or it could be with regard to motion picture where it has to negotiate with the film distributor.

Now, sports assistance is a million dollar industry and we find that there been issues with regard to what amount of sporting event can be then information of sporting even can be disseminated. There were issues in our country with regard to whether live scores can be shared and the event organizers claim that no live scores are a proprietary material that is generated in the sport and hence it should not be shared. Whereas, news channels said that lives scores is of a live event amounts to hot news then they say that that is something that should be covered by the freedom of press to disseminate news.

So, again the key point to note here is that there is quite a lot of value that comes out of these industries and there is a constant struggle to see how that value can be capitalized. Signal theft is another issue and you would constantly see cable channels relaying certain numbers and which is a way in which they can detect signal test.

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Lecture - 75
Piracy in the Film Industry

We have seen how the different types of rights that work with regard to creative industries. We had seen copyright, trademark, rights with regard to merchandising and broadcasting. Now, let us look at Piracy in the Film Industry because, this is something which it is which is one of the reasons why we have seen certain changes in the law.

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Piracy

- An unauthorized use or reproduction of another's work
- Biggest threat to the film industry
- Three major forms of piracy in India
 - Home video market
 - Cable piracy
 - Unauthorized communication of movies in public places



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Any unauthorized use or reproduction of others work this can be termed as pirated work or the act can be referred to as piracy. And, this is one of the biggest threat to the film industry and you would see that the lifespan or the shelf life of creative works coming down largely because of piracy.

Now, earlier we had instances of theatrical works, movies running for 100 days 200 days or even more. Now the lifespan has become so, short that in the first release and the follow up sale for broadcasters like cable television, the right is almost captured at that level itself mean it is monetized. So, the first few days become very important because, of issues with regard to piracy. And, there are three major forms of piracy in India: one is

in the home video market, they could also be piracy cable piracy and unauthorized communication of movies in public places.

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Copyright Piracy and Consumers

- Exposure to different pirate media
 - Streaming of pirated movie online
 - Downloading pirated movies
 - Pirated movie VCDs/DVDs
- Social Costs of Piracy
 - Negatively effect the livelihood of persons working in the industry
 - Detrimental effect on the Indian economy



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Now, copyright piracy could result by exposure to different pirate media, like streaming of pirated movies online and there are various software tools available for downloading movies. Downloading pirated rated movies and also possessing or sharing pirated movies by VCDs or DVDs. Now, the social cost of piracy is that it negatively affects the livelihood of persons involved in working the industry, again that is the incentive argument. This piracy is not curbed, then the creators will not be sufficiently incentivized to invest in creation of new works and it could also harm that be detrimental to the economy itself.

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Copyright Piracy and Consumers

- Social Benefits of Piracy
 - Could make actors/directors more popular
- Legal Risks
 - Copyright infringement
 - Offence: Fine and/or Jail



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Now, there are some social benefits in piracy, in the sense that the artistic works get better coverage and it will make the artists more popular. In fact, one of the models that has evolved in the West as the response to piracy of some tracks was that the creators, the artists concentrated on live events. Because, live events by ticket sales you could monetize your live events and they actually themselves released the audio tracks for free to their fans. So, this was a innovation by which they could not only curb the piracy because, they were themselves instrumental in releasing the track for free. But, they monetized their works by life shows and they increase the number of live shows they could do in a any given year.

So, there is a social benefit to piracy, in that it makes the creator more popular. And, the illegal risks are copyright infringement and the since copyright infringement is criminal offense they could also be imprisonment or often fine. Now, that was a very short description on piracy. Now, we would now move on to cover two things that they left out on we had actually scheduled to cover this in the next week. But, we want to cover the government's role in fostering IP and teaching intellectual property this week. So, that we have some time to cover the case laws and have some Q and A sessions next week, which is the last week of our course.

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Lecture – 76
Government's Role in Fostering IP system

Now, let us look at the Government's Role in Fostering IP.

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Slide

DIPP

- Department of Industrial Policy & Promotion
 - Works under Ministry of Commerce & Industry
 - Roles includes formulating IP policies
- Major Highlights
 - IPR Policy
 - CIPAM
 - SPRIHA



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Now, the Department of Industrial Policy and Promotion which comes under the Ministry of Commerce and Industry, now has the complete mandate to regulate all the intellectual property rights in the country. Earlier we had a fragmented setup, where certain intellectual property rights were outside the purview of the Ministry of Commerce and Industry. For instance copyright was handled by the Ministry of Human Resource Development.

Now, copyright has come under the DIPP purview and DIPP is now the central body that looks at formulating IP policies and also ensuring that IP is governed and enforced in the right way. So, the DIPP has been in charge of coming up with the National IPR Policy. There is also a body called CIPAM, Centre for Intellectual Property Advocacy Management which is a body under the DIPP, which does quite lot of work in decimating and advocacy works in intellectually property right.

And, there is also this scheme SPRIHA Scheme for Pedagogy and Research in IPRs for Holistic Education and Academia. So, this is the scheme by which the intellectual property right chairs were established and that is scheme that is been a continuing scheme. And so you have a National IPR Policy, you have a body that is mandated to conduct workshops and seminars and to spread or to educate people on IPR. And, you also have this scheme for research and education on IPR which is largely what constituted the IPR chairs.

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National IPR Policy

- Lays the future roadmap for IPRs in India
- Vision document that aims to create and exploit synergies between all forms of IP, concerned statutes and agencies
- Mission to stimulate a dynamic, vibrant and balanced intellectual property rights system in India



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So, the National IPR Policy lays the future roadmap for IPRs in the country. It is a visionary document which aims to create and exploit synergy between all forms of IP and the mission is to stimulate a dynamic vibrant and a balanced intellectual property right system in India. Now, it is easy for you just do a simple web search you will find this document.

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National IPR Policy

- Objectives
 - IPR Awareness
 - Generation of IP
 - Legal and legislative framework
 - Administration and Management
 - Commercialization of IPRs
 - Enforcement and Adjudication
 - Human Capital Development



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And objectives are first at the first level to create IPR awareness and that is one of the biggest task in a country of our size. And once we create awareness we will be able to let people identify the IPRs and only if IPRs are identified can they be protected and monetized. So, the logic is to first concentrate on awareness, then on capacity building. And, once the capacity is build you could have IPs that are generated to be protected by the various frameworks that we have. So, the second focuses on generation of the IP itself and this could largely be in knowledge centric or in knowledge intensive industries as well as in academic institutions.

And, the policy also talks about the legal and legislative framework, India has various IP laws; some of them have been effective, some of them have not taken off as we mentioned the law with regard to Protection of Layout of Semiconductor Chips; we have only seen two registration so far. Then it also the Policy also talks about administration and management of IPR and commercialization of IPR enforcement and adjudication and human capital development. When the IPR Policy came as with most policies they were some criticism as well and they had they were issues with regard to saying that the IPR does not focus on innovation, rather they country needs and innovation policy and not an IPR policy.

But, another way to look at is to see that IPRs are a short form for innovation. It is quick way by which you can educate people, build awareness and capacity by just telling that,

once there is some innovation and creative works come out of that innovation; it can be protected by IPR. So, we can also look at IPR as short form or quick way to tell people about innovation because, since IPR sits at the top of the innovation, because products of the innovation could be protected by IPR. It also could be quick way to educate people about innovation and the products that result from innovation.

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CIPAM

- CIPAM: Cell for IPR Awareness and Management
 - Scheme for IPR Awareness: Creative India, Innovative India
 - Conduct workshops, seminars, training programs with industry, academia, and other stakeholders



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Ah CIPAM stands for the Cell for IPR Awareness and Management, sorry I mention it as advocacy it is awareness and management. And this is created under the DIPP and that is scheme for IPR awareness creative India and innovative India are some of the schemes that have been created for spreading IPR awareness. And, the role of CIPAM is to conduct workshops, seminars, training programs with the industry academia and other stakeholders.

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Back

SPRIHA

- Earlier: MHRD IPR Chair
- Setting up of IPR Chairs in higher educational institutions
 - Encourage study of, education in, research on IP
 - Promote outreach of IP matters
 - Develop credit/specialized courses on IP



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And the scheme SPRIHA by which the IPR Chairs were established, earlier they were done under the MHRD. Now, the chairs have been moved to the DIPP and the objective was to setup IPR Chairs in higher education institutions to encourage the study of education in an research and IP, promote outreach of IP matters and to develop credit specialized courses on IP. Now, this was the world that was envisage for the IPR Chairs.

We also find that sometimes it becomes difficult to teach IPR in certain institutions because there is no ground level capacity. In fact, that you were involved in formulating the guidelines for AICTE, the institutions under the AICTE we had advised the institutions to not to make IPR courses mandatory because of the lack of sufficiently trained staff to teach IPR in most of the institutions. So, now we will look at the challenges in teaching IPR soon after this.

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Other Measures

- Expenditure on science & technology
 - 0.7% of GDP spent on R&D
 - Council of Scientific and Industrial Research
- Enforcement of IP
- Parties to international treaties



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And there are also other measures that have been done which are incidental to IPR like the expenditure on science and technology that is the research budget. We have number saying that 0.7 percent of the GDP is spent on R&D. And, we also have the CSIR which looks at there are various labs under the CSIR, which looks at IP generation and protection as well.

So, publicly funded research is protected by various types of IPR, largely by filing patents in India and abroad. And, and CSIR is also one of the largest filers of patents in India. Enforcement of IP also becomes an issue and the IPR policy also talks about the various international treaties that India has already signed or will be signing soon. So, that is another mandate of the IPR policy to look at the international treaties, that are coming up and to see what should be India's position on those treaties.

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Lecture - 77
Teaching Intellectual Property

Teaching Intellectual Property has certain difficulties especially when intellectual property has to be taught to non-lawyers that traditionally intellectual property rights are subjects that are taught in law schools and again it is not subject that is taught in the initial years of study. So, it is something it is a course that will come in the final years of study in the fourth or in the fifth year. This is largely because of the principles of IP cuts across different subjects, for instance law students will know that there are elements of tort law in IP, there are elements of criminal law in IP, there are elements of contract law in IP, constitutional law, international law.

So, IP Intellectual Property Rights, the legal student or a law student will know that it is actually a conglomeration of different legal subjects. So, that is one of the reasons intellectual property rights is not taught in the first year or in the second year of an LLB course. Now how does this relate to other branches of law? We are already seen that certain types of intellectual property rights like copyright and trademark can have criminal sanctions if infringement is made a criminal offence. So, that brings in aspects of criminal law. Criminal law is a separate subject in itself.

Intellectual property can be licensed and it is normally licensed through agreements, and agreements are governed by principles of contract law. Intellectual property rights are created under the Constitution. They are subject matters which come under the Union List. The Central Government has power to create it and some intellectual property rights may have an effect on the right of freedom of speech or some of the fundamental rights. So, in that sense there is a bearing on constitutional law as well.

Intellectual property right when there is an infringement an increment is treated as a tort. The remedy of an infringement can be by way of compensation or by way of injunction. So, the compensation part is governed by a branch of law called tort, any civil wrong that is committed can be redressed by compensation; so, that brings in elements of tort law.

And finally, international law is relevant because almost all the changes that India brought into its IP regime was done by way of the international agreements to which India has been a party. So, we have this top down model that international treaties would set a particular standard which all the members of those international treaties will have to comply with. India as a member founding member of the world trade organization and because of certain special requirements in the law, India had used a transition period of 10 years to bring its law in compliance with the WTO standards. So, today the Indian Patents Act had undergone three amendments in those 10 years to make it in compliance with the WTO obligations. So, again you will find that IP law also is inherently connected with international law.

So, how does institution and I just brought this out to show you that teaching intellectual property rights as a subject in a law school which has the competence to do it itself can be a matter which is which can put a significant load on the institution and the person who is teaching it.

Now, how can we take IP or how can we ensure that intellectual property can be taught in different institutions which union have say legal stuff or law professors in the faculty? Now how do we take this problem? So, we will look at how IP can be simplified and that is one way to look at it. There is no need to teach IP with the rigor that is with which it is taught in the law schools. IP can be intellectual property can be customized and it can also be simplified to different stakeholders based on their requirements.

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IP Education

- IP education in the past
 - Specialist lawyers, acquired IP knowledge on working on cases
- IP education in recent times
 - Knowledge based, trade related issue
 - Specialized course at university level
- Life long IP education
 - Continuing legal education



Now, IP education in the past was largely done by specialist lawyers because before 1990's Intellectual Property Rights was not even a subject even in the law schools. In fact, the bar council he introduced in the late 1990's. It introduced intellectual property rate as a subject.

So, it was not even a subject before that and that is largely because the creation of the world intellectual property organization happened in the 1960s. And so, everything that we see with regard to the push of IP into the education systems has happened after the 1970s. Now there is a need for IP education and IP education preferably should be something like continuing legal education because of the nature of IP and the constant changes that happened in the field. It should ideally be something that it should be a part of continuous legal education.

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IP Education

- Challenges
 - Producing more and better qualified IP professional
 - Need for an IP conscious workforce
- IP education should be designed to account for diversified needs in an inter-disciplinary manner



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And the challenges in teaching IP as I just mentioned this with regard to the skills and expertise that are available at the ground level and also with regard to what we should be teaching.

An educational institution should be designed to account for the diversified needs in an interdisciplinary manner by which we mean the focus in institutions technical institutions like engineering institutions should be on patents. Similarly for pharmacy colleges there B.pharm and M.pharm are taught; again the focus would be on patents. For colleges on journalism and media, the focus could be on copyrights; for business schools who have a core course on marketing, the focus could be on trademarks and for fashion and creative design industries, the focus could be on industrial designs. Now this is just to say that intellectual property and for agricultural institutions the focus could be on Plant Varieties Act.

Now the reason I am just giving this is that IP comes with different complexities and it may not be entirely necessary for us to cover the entire ambit of IP when we want to teach IP in a non-lawyer set up or in an institution where IP is taught to non-lawyers. Hence the focus could be based on what is being taught because engineers lastly deal with technology and IP in technology can only be protected by patents. There could be a small amount of matters which would fall within the realm of copyright.

But if you look at almost all the institutions the technical institutions in our country and now that intellectual property has become a part of the ranking system. It is also the national accreditation council is also looking at the innovation ecosystem of these institutions. You will find that the focus has always been on patents for engineering institutions.

So, we need to take an approach rather than covering the entire, though this course covers everything it is meant for a wider audience. Then we need to look at teaching IP in non-legal institutions, then we have to adopt an approach of simplifying the IP one and two looking at the IP that is most relevant and to focus of course, based on that.

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IP in Business Schools

- Not just for lawyers, business decisions based on IP assets
- Management of IP
 - Merging IP with business strategy courses
 - Strategies for protecting and monetizing IP
- Teaching with case studies



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So, in apart from the law schools, it is the business schools that cover IP in some detail. Now IP intellectual property assets are intangible assets and intangible assets needs to be managed and as you have seen how the management scholars look at IP. They look at IP as limited life IP and unlimited life IP and they constantly try to migrate the value in the limited life IP into unlimited life IP. So, you find apart from the legal scholarship of IP you the management scholarship also plays a role in making contributions to the subject.

So, these are the two broad approaches that we have, you can take a legal approach in teaching IP or you can take a business school approach on managing IP, but the scholarship was largely focused on the legal aspect because it has like intellectual property as a legal subject.

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IP to Non-Lawyers

- Why?: Protect your creations, avoid infringing others' IP
- Identify the target audience
 - Engineers, artists, scientists
 - Start with IP relevant to them



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Now, as I mentioned taking IP to non-lawyers could be a challenge, but it is important because non-lawyers are people who do not have a background in law are actually the creators and the users of intellectual property.

So, because intellectual property rights are created and used by people who belong to different segments of the knowledge industry, it is important for us to take this to non-lawyers as well. And as I mentioned IP education has to be customized and it has to be simplified. That you have to start with the IP that is more relevant for them and we will have to customize it to the industries that we are targeting. If it is technology, then we will have to focus on patents. If it is creative industry will have to focus on copyright and if it is marketing and business, we will have to focus on trademarks.

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IP Education

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Now, future developments in IP will be interesting to watch, machine learning and artificial intelligence has itself created certain new issues. Scholars have already started debating on whether products of intellect artificial intelligence which are largely machine created should also be granted IP protection. There is nothing that is clear in the law right now, because IP today is confined to products of human creative labor and that is human creative labor at the first instance not human creative labor leading to another product by itself.

So, we are not talking about second generation, third generation products. We are talking about what directly comes from human creative labor and for this reason law does not recognize IP even for non-humans. And we had seen the copyright selfie case where a monkey made a selfie and there was a case in the United States law does not extend to it, because law right now defines creativity that is completely attributed to humans.

So, similarly machine creativity is also not covered under this; may be the first machine that is created which can make copies or which can duplicate other machines or other which can come up with other creative product could be the subject matter of IP. But all the derivative products that come out of artificial intelligence, right now the law does not have a provision for this because creative works have to be directly an outcome of human creative labor.

IP will always be important when it comes to international trade. So, that is another reason why we should have some amount of education IP in our educational system and certain sectors like biotechnology and computer science could also have an impact on public health.

Now, there is big data that is where our health details could be anonymized and it could be used to generate very valuable resources. There are privacy issues when it comes to storing and sharing of medical data and there are also issues with regard to protection of pharmaceutical and biotechnology products which could have an impact on public health.

So, for all these reasons, there should be some amount of education on intellectual property rights and that has to be customized and simplified looking at the diverse fields of knowledge in which we are currently operating.



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