
STUDY MATERIAL

PROFESSIONAL PROGRAMME

**INTELLECTUAL PROPERTY
RIGHTS-LAW AND PRACTICE**

MODULE 3

ELECTIVE PAPER 9.4



**THE INSTITUTE OF
Company Secretaries of India**

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

ICSI House, 22, Institutional Area, Lodi Road, New Delhi 110 003
tel 011-4534 1000, 4150 4444 fax +91-11-2462 6727
email info@icsi.edu website www.icsi.edu

© THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

TIMING OF HEADQUARTERS

Monday to Friday

Office Timings – 9.00 A.M. to 5.30 P.M.

Public Dealing Timings

Without financial transactions – 9.30 A.M. to 5.00 P.M.

With financial transactions – 9.30 A.M. to 4.00 P.M.

Phones

4150444, 45341000

Fax

011-24626727

Website

www.icsi.edu

E-mail

info@icsi.edu

PROFESSIONAL PROGRAMME

INTELLECTUAL PROPERTY RIGHTS - LAW AND PRACTICE

Intellectual property has increasingly assumed a vital role with the rapid pace of technological, scientific and medical innovation that we are witnessing today. Moreover, changes in the global economic environment have influenced the development of business models where intellectual property is a central element establishing value and potential growth. In India several new legislations for the protection of intellectual property rights (IPRs) have been passed to meet the international obligations under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Intellectual property has therefore grown into one of the world's biggest and fastest-growing fields of law thereby necessitating the demand for IP professionals well versed in this area to deal with (IPRs) across the national and international borders.

The study material has been prepared to provide the students with a wide perspective and in-depth knowledge in intellectual property to enable them to get solid grounding in the legislative framework, practice and procedure of the intellectual property protected through patents, trademarks, copyrights, designs and geographical indications. The course contents of this study material have been so designed as to develop specialised skills in the corpus and complexities of the different aspects of the subject besides meeting the requirements of a future career in this area.

The domain of intellectual property is vast. Only those IPR legislations have been included which are of direct relevance to the profession of Company Secretaries. Every effort has been made to provide a self-contained material and an integrated approach has been adopted throughout.

While writing the study material, relevant provisions of the various Acts and Rules made thereunder have been kept in mind. This paper warrants continuous updation in terms of substantive and procedural laws as well as latest judicial pronouncements. Students are advised to keep themselves abreast of latest developments by regularly resorting to reading of at least one of the leading English Newspapers and additional source materials concerning corporate world which are published from time to time. Students are also advised to refer the e-bulletin, 'Student Company Secretary'/'ICSI Journal'/'Chartered Secretary' wherein all important judicial and legislative developments are reported regularly.

Although care has been taken in publishing this study material yet the possibility of errors, omissions and/or discrepancies cannot be ruled out. This publication is released with an understanding that the Institute shall not be responsible for any errors, omissions and/or discrepancies or any action taken in that behalf. In the event of any doubt, students may write to the Directorate of Academics in the Institute for clarification at academics@icsi.edu.

Should there be any discrepancy, error or omission in the study material, the Institute shall be obliged if the same is brought to its notice for issue of corrigendum in the e-bulletin, Student Company secretary.

There is Open book examination for this Elective subject of Professional Programme. This is to inculcate and develop skills of creative thinking, problem solving and decision making amongst students of its Professional Programme and to assess their analytical ability, real understanding of facts and concepts and mastery to apply, rather than to simply recall replicate and reproduce concepts and principles in the examination

PROFESSIONAL PROGRAMME

SYLLABUS FOR

ELECTIVE - PAPER 4: INTELLECTUAL PROPERTY RIGHTS LAWS AND PRACTICE (100 MARKS)

Level of Knowledge: Expert Knowledge

Objective:

To acquire To acquire specialized knowledge of law and practice relating to Insurance.

Detailed Contents:

1. Introduction

- Meaning, Relevance, Business Impact, Protection of Intellectual Property
- Copyrights, Trademarks, Patents, Designs, Utility Models, Trade Secrets and Geographical Indications
- Bio-diversity and IPR
- Competing Rationales for Protection of Intellectual Property Rights
- Introduction to the leading International Instruments concerning Intellectual Property Rights: the Berne Convention, Universal Copyright Convention, The Paris Convention, Patent Co-operation Treaty, TRIPS, The World Intellectual Property Organization (WIPO) and the UNESCO

2. Patents

- Concept of Patent
- Product / Process Patents & Terminology
- Duration of Patents- Law and Policy Consideration Elements of Patentability,- Novelty and Non Obviousness (Inventive Steps and Industrial Application, Non- Patentable Subject Matter
- Procedure for Filing of Patent Application and types of Applications
- Procedure for Opposition,
- Revocation of Patents
- Ownership and Maintenance of Patents
- Assignment and licensing of Patents
- Working of Patents- Compulsory Licensing
- Patent Agent- Qualification and Registration Procedure

3. Patent Databases & Patent Information System

- Patent Offices in India
- Importance of Patent Information in Business Development
- Patent search through Internet, Patent Databases

4. Preparation of Patent Documents

- Lab Notebooks/Log Books/Record Books
- Methods of Invention Disclosures
- Patent Application and its Contents
- Writing of the Patent Document

5. Process for Examination of Patent Application

- Publication of Patent Applications
- Request for Examination
- Process for Examination & Prosecution
- Reissue & Reexamination

6. Patent Infringement

- Literal Infringement
- Doctrine of Equivalence and Doctrine of Colorable Variation
- Contributory Infringement
- Defenses to Infringement including Experimental Use, Inequitable Conduct, Patent Misuse
- Legal Aspects (Act, Rules, Procedures)

7. Recent Developments in Patent System

- Software and Business Method Patenting in India & other Jurisdiction
- Patentable Inventions with Special Reference to Biotechnology Products entailing Creation of New Forms of Life

8. Trademarks

- The rationale of protection of trademark as (a) an aspect of commercial and (b) of consumer rights
- Definition and concept of Trademarks
- Different kinds of marks (brand names, logos, signatures, symbols, well known marks, certification marks and service marks)
- Non Registrable Trademarks
- Procedure for Registration of Trademarks
- Opposition Procedure
- Assignment/Transmission / Licensing of Trademarks
- Infringement of Trademarks
- Passing off Action
- Offences and Penalties
- International Conventions- Madrid Protocol
- Domain Names
- WIPO Internet Domain Name Process

9. Copyrights

- Nature of Copyright
- Works in which Copyrights subsist

(vi)

- Author & Ownership of Copyright
- Rights Conferred by Copyright
- Assignment, Transmission, Licensing of Copyrights
- Infringement of Copyrights
- Remedies & Actions for Infringement of Copyrights
- Copyright Societies, Office, Board, Registration of Copyrights & Appeals
- International Conventions
- Copyright pertaining to Software/Internet and other Digital media
- Remedies, especially, possibility of Anton Pillar Injunctive Relief in India

10. Industrial Designs

- What is a Registrable Design
- What is not a Design
- Novelty & Originality
- Procedure for Registration of Designs
- Copyright under Design
- Assignment, Transmission, Licenses
- Procedure for Cancellation of Design
- Infringement
- Remedies

11. Geographical Indications

- Meaning and Nature
- Who are entitled for registration
- Conditions & Procedure for Registration
- Offences and Penalties

12. Protection of Trade Secrets

13. Key Business Concerns in Commercializing Intellectual Property Rights

- Competition and Confidentiality Issues, Antitrust Laws
- Assignment of Intellectual Property Rights
- Technology Transfer Agreements
- Intellectual Property Issues in the Sale of Business
- Care & Maintenance of Confidential Information
- Legal Auditing of Intellectual Property
- Due Diligence of Intellectual Property Rights in a Corporate Transaction

Management and Valuation of Intellectual Property



LIST OF RECOMMENDED BOOKS AND REFERENCES
ELECTIVE

PAPER 9.4 : INSURANCE LAW AND PRACTICE

List of Recommended Books and References:

1. Aswani Kumar Bansal : Law of Trademarks in India
2. B L Wadehra : Law Relating to Patents, Trademarks, Copyright, Designs and Geographical Indications.
3. G.V.G Krishnamurthy : The Law of Trademarks, Copyright, Patents and Design.
4. Satyawrat Ponkse : The Management of Intellectual Property.
5. S K Roy Chaudhary & H K Saharay : The Law of Trademarks, Copyright, Patents and Design. Legal Aspects of Technology Transfer: A Conspectus
6. Office of the Controller General of Patents, Designs & Trade (CGPDTM) : Manual of Geographical Indications Practice and Procedure
7. Office of the Controller General of Patents, Designs & Trade (CGPDTM) : Manual of Patent Office Practice and Procedure
8. Office of the Controller General of Patents, Designs & Trade (CGPDTM) : Manual of Designs Practice and Procedure
9. Office of the Controller General of Patents, Designs & Trade (CGPDTM) : Revised Draft Manual of Trademarks Practice and Procedure
10. Office of the Controller General of Patents, Designs & Trade (CGPDTM) : Trade Marks Agents
11. WIPO : WIPO Guide To Using Patent Information
12. WIPO : Intellectual Property (IP) Audit
13. WIPO : WIPO Patent Drafting Manual
14. WIPO : The Value of Intellectual Property, Intangible Assets and Goodwill
15. Journal of Intellectual Property Rights 2007 and 2009
16. OECD Report on Patents and Economic Performance
17. IPR & Technology Bulletin (www.psa.co.za)
18. Protecting Your Intellectual Property From Competitors (www.progressmedia.ca)
19. Patentability of Software in India - (Lex Orbis)
20. <http://www.unesco.org/new/en/unesco/>

ARRANGEMENT OF STUDY LESSONS

ELECTIVE PAPER 9.4: INTELLECTUAL PROPERTY RIGHTS – LAW AND PRACTICE (100 Marks)

<i>Lesson No.</i>	<i>Subject</i>
1.	Introduction
2.	Patents
3.	Patent Databases & Patent Information System
4.	Preparation of Patent Documents
5.	Process for Examination of Patent Application
6.	Patent Infringement
7.	Recent Developments in Patent System
8.	Trade Marks
9.	Copyright
10.	Industrial Designs
11.	Geographical Indications
12.	Protection of Trade Secrets
13.	Key Business Concerns in Commercializing Intellectual Property Rights
14.	Management and Valuation of Intellectual Property

PROFESSIONAL PROGRAMME

INTELLECTUAL PROPERTY RIGHTS – LAW AND PRACTICE

CONTENTS

Lesson 1

INTRODUCTION

Page

Learning Objectives	...	1
The Concept of Intellectual Property	...	2
Intellectual Property System in India	...	3
Development of TRIPS Complied Regime in India	...	4
Patents Act, 1970	...	4
Trade Mark Act, 1999	...	4
The Designs Act, 2000	...	5
The Geographical Indications of Goods (Registration and Protection) Act, 1999	...	7
Copyright Act, 1957	...	7
The Protection of Plant Varieties and Farmers' Rights Act, 2001	...	8
The Semi Conductor Integrated Circuits Layout Design Act, 2000	...	9
Trade Secrets	...	10
Utility Models	...	10
IPR & Biodiversity	...	10
The Convention on Biological Diversity (CBD) 1992	...	11
Competing Rationales for Protection of IPRs	...	12
Leading International Instruments Concerning IPR	...	13
World Intellectual Property Organisation (WIPO)	...	13
WIPO and WTO	...	14
Paris Convention for the Protection of Industrial Property	...	14
National Treatment	...	15
Right of Priority	...	15
Common Rules	...	15
Patents	...	15
Marks	...	16
Industrial Designs	...	16
Trade Names	...	16
Indications of Source	...	16
Unfair Competition	...	17
Patent Cooperation Treaty (PCT)	...	17
Advantages of PCT Filing	...	18
Berne Convention for the Protection of Literary and Artistic Works	...	18
Basic Principles	...	18
Duration of Protection	...	19
Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement	...	19

(x)

	<i>Page</i>
Issues Covered under TRIPS Agreement	20
Features of the Agreement	20
Protection of Intellectual Property under TRIPS	21
Copyright and Related Rights	21
Trademarks	23
Geographical indications	24
Industrial Designs	25
Patents	25
Patentable Subject Matter	25
Rights Conferred	26
Exceptions	26
Term of protection	26
Conditions on Patent Applicants	26
Process Patents	26
Other Use without Authorization of the Right Holder	26
Layout-Designs of Integrated Circuits	26
Protection of Undisclosed Information	27
Enforcement of Intellectual Property Rights	27
UNSECO	28
LESSON ROUND UP	28
SELF TEST QUESTIONS	29

Lesson 2

PATENTS

Learning Objectives	31
Concept of Patent	31
Patents Act, 1970	33
Salient Features of the Act	34
Product/Process Patents	34
Duration of Patents	35
Patentable Subject Matter	36
Elements of Patentability	36
Novelty	36
Inventive Step (Non-Obviousness)	37
Industrial Applicability	37
Non Patentable Subject Matter	38
Application for Patent	39
Form of Application	40
Specification	40
Provisional Specification	41
Complete Specification	41
Important Elements of the Complete Specification	41
Types of Patent Applications	42
Where to Apply?	42

Procedure	...	43
Filing of a Patent Application	...	43
Contents of Patent Application	...	43
E-Filing	...	44
Processing of Application	...	44
Initial Processing	...	44
Scrutiny of Application	...	45
Secrecy Directions and Consequences Thereof	...	45
Publication of Application	...	46
Request for Examination	...	46
Reference for Examination	...	47
Examination of Application	...	47
Search for Anticipation by Previous Publication and by Prior Claim	...	47
Consideration of the Report of Examiner by Controller	...	48
Power of Controller to Refuse or Require Amended Application in Certain Matters	...	48
Power of Controller to Make Orders Respecting Dating of Application and Cases of Anticipation	...	48
Potential Infringement	...	49
Substitution of Applicants Etc.	...	49
Time for Putting Application in Order for Grant	...	50
Opposition to the Patent	...	50
Opposition Proceedings	...	52
Constitution of Opposition Board and its Proceeding	...	53
Controller to Treat Application as Application Of Opponent	...	53
Grant of Patents	...	54
Grant of Patents Subject to Conditions	...	54
Term of Patent	...	54
Patents of Addition	...	55
Restoration of Lapsed Patents	...	56
Procedure for Disposal of Applications for Restoration of Lapsed Patents	...	56
Rights of Patentees of Lapsed Patents which have been Restored.	...	56
Procedure for Restoration of Patents	...	56
Surrender and Revocation of Patents	...	57
Revocation of Patents	...	57
(i) Revocation of Patent in Public Interest	...	59
(ii) Revocation of Patents for Non Working	...	59
Assignments of Patents	...	60
Legal Assignments	...	60
Equitable Assignments	...	60
Mortgages	...	60
Working of Patented Inventions – General Principles	...	60
Compulsory Licences	...	61
Revocation of Patents by the Controller for Non-Working	...	62
Procedure for Dealing with Applications	...	63

Powers of Controller in Granting Compulsory Licences	...	63
Terms and Conditions of Compulsory Licences	...	63
Licensing of Related Patents	...	64
Compulsory Licences on Notifications by Central Government	...	65
Compulsory Licensing of Patents Relating to the Manufacture of Pharmaceutical Products for Export to Countries With Public Health Problems	...	65
Termination of Compulsory Licence	...	65
Procedure in Respect of Compulsory Licence, etc.	...	65
Notice of Opposition under Section 87(2)	...	66
Procedure for Application under Section 88(4)	...	66
Application for Termination of Compulsory Licence under Section 94	...	66
International Applications	...	66
Appropriate Office in Relation to International Applications	...	66
International Applications filed with Appropriate Office as Receiving Office	...	67
International Applications Designating or Designating and Electing India	...	67
Filing of Priority Document	...	68
Patent Agents	...	68
Qualifications for Registration as Patent Agents	...	69
Qualifying Examinations for Patent Agents	...	69
Registration of Patent Agents	...	69
Details to be Included in an Application for the Registration of Patent Agents	...	69
Disqualification for Registration as a Patent Agent	...	70
Register of Patent Agents	...	70
Alteration of Names etc. in the Register of Patent Agents	...	70
Publication of the Names of Patent Agents, Registered under the Act	...	70
LESSON ROUND UP	...	71
SELF TEST QUESTIONS	...	71

Lesson 3

PATENT DATABASES & PATENT INFORMATION SYSTEM

Learning Objectives	...	73
Introduction	...	74
Patent Offices in India	...	74
Patent information	...	75
What is Patent Information	...	75
Reasons for Using Patent Information	...	76
Tool for Creative Thinking	...	76
Input for Licensing Strategy	...	76
Supporting Mergers and Acquisitions (M&A)	...	77
Guiding Management of Research and Development (R&D)	...	77
Human Resources Management	...	77
Patent Search & Patent Databases	...	78

Databases on CD-ROM	...	78
On-line Databases	...	78
Various Types of Searches using Patent Documentation	...	80
Pre-Application Searches (PAS)	...	80
State-of-the-Art Searches	...	80
Novelty Searches	...	80
Patentability or Validity Searches	...	80
Name Searches	...	81
Technological Activity Searches	...	81
Infringement Searches	...	81
Patent Family Searches	...	81
Legal Status Searches	...	81
LESSON ROUND UP	...	81
SELF TEST QUESTIONS	...	82

Lesson 4

PREPARATION OF PATENT DOCUMENTS

Learning Objectives	...	83
Lab Notebooks/Log Books/Record Books	...	84
Methods of Invention Disclosure	...	84
Provisional Specification	...	84
Complete Specification	...	85
Patent Application and its Contents	...	85
Writing of Patent Document	...	85
Preparing Patent Applications	...	85
1. Obtaining Invention Disclosures from Inventors	...	87
2. Identifying Patentable Inventions	...	88
3. Understanding the Invention	...	88
Typical Parts of the Patent Application	...	88
1. Claims	...	89
2. Detailed Description or Specification	...	89
3. Drawings	...	91
4. Background	...	91
5. Abstract	...	92
6. Summary	...	92
LESSON ROUND UP	...	92
SELF TEST QUESTIONS	...	93

Lesson 5

PATENT INFRINGEMENT

Learning Objectives	...	95
Introduction	...	96

	<i>Page</i>
(a) Direct Infringement	96
(b) Indirect Infringement and contributory infringement	96
Exclusions from infringement	96
(a) Experimental and Research	96
(b) Parallel Importation under certain conditions	97
Jurisdiction	97
Period of Limitation	97
Burden of Proof	97
Doctrine of Equivalents and Doctrine of Colorable Variation	97
Declaration as to Non-Infringement	98
Acts Which do not Amount to Infringement	98
Reliefs in Suits for Infringement	99
Injunction	99
Damages and Accounts for Profits	101
Anton Pillar Order	101
Groundless Threats of Infringement Proceedings	101
Right of Exclusive Licensee to Take Proceedings Against Infringement	102
Defenses etc. in Suits for Infringement	102
Intellectual Property Appellate Board	102
Jurisdiction	102
Exceptions	103
Transfer of pending proceedings to IPAB	103
LESSON ROUND UP	103
SELF TEST QUESTIONS	104

Lesson 6

RECENT DEVELOPMENTS IN PATENT SYSTEM

Learning Objectives	105
Software and Business Method Patenting	106
Patentable Inventions in Biotechnology	108
LESSON ROUND UP	110
SELF TEST QUESTIONS	111

Lesson 7

TRADE MARKS

Learning Objectives	113
Historical Perspective	114
Harmonization with International Norms and Standards	115
Object of Trade Marks Law	116
Important Definitions in the Trade Marks Act, 1999	117

	<i>Page</i>
Trade Mark	117
Service	117
Certification Trade Mark	118
Collective Mark	118
Trade Description	118
Well Known Trade mark	119
Permitted Use	119
The Registrar of Trade Marks	119
Single Register of Trade Marks	119
Registration of Trade Marks	120
Registration Procedure	120
Trade Mark Search	120
Who may Apply for Trade Mark?	120
Company	120
Firm	121
Trust	121
Government	121
Joint Applicant	121
Filing and Prosecuting Trade Mark Applications	121
Review by the Trade Marks Office	121
Preliminary Approval and Publication, Show Cause Hearing or Rejection of the Application	122
Registration	122
Requisites for Registration	122
“Capable of Distinguishing the Goods or Services”	122
Duration and Renewal of Trade Mark Registration	123
Opposition to Registration	124
Grounds of Opposition	125
Grounds for Refusal to Registration	126
Absolute Grounds	126
Relative Grounds (Section 11)	128
Concurrent Use - Exception to Section 11	129
Rights Conferred by Registration	129
Infringement of Registered Trade Marks	130
Assignment and Transmission	133
Position of Unregistered Trade Mark	134
Registered Users	134
Collective Marks	135
Certification Trade Mark	135
Distinction between “Trade Mark” and “Certification Mark”	135
Offences, Penalties and Procedure	135
Relief in Suits for Infringement/Passing Off	136
Jurisdiction and Venue	136
Elements of the Complaint	136

Ex-parte Interim Injunction	...	136
Safeguards to be taken by the Proprietor of a Registered Trade Mark to Protect his Rights	...	139
Madrid Agreement Concerning the International Registration of Marks (1891) and the Protocol Relating to that Agreement (1989)	...	139
Introduction	...	139
Who May Use the System?	...	140
The International Application	...	140
International Registration	...	141
Refusal of Protection	...	141
Effects of an International Registration	...	141
Advantages of the Madrid System	...	141
Domain Names	...	142
WIPO Internet Domain Name Process	...	142
LESSON ROUND UP	...	145
SELF TEST QUESTIONS	...	146

Lesson 8

COPYRIGHT

Learning Objectives	...	147
Introduction	...	148
Meaning Of Copyright And The Rights Conferred	...	149
Works in Which Copyright Subsists	...	150
Copyright Pertaining to Software	...	152
Authorship and Ownership	...	152
Term of Copyright	...	153
Copyright Office	...	154
Copyright Board	...	154
Functions of the Copyright Board	...	154
Assignment of Copyright	...	155
Mode of Assignment	...	155
Licences	...	156
Licences by Owners of Copyright	...	156
Compulsory Licence in Works Withheld from Public	...	156
Compulsory Licence in Unpublished or Published Works	...	156
Compulsory Licence for Benefit of Disabled	...	157
Statutory Licence for Cover Versions	...	157
Statutory Licence for Broadcasting of Literary and Musical Works and Sound Recording	...	158
Licence to Produce and Publish Translations	...	158
Termination of Licence	...	158
Copyright Societies	...	159
Administration of Rights of Owner by Copyright Society	...	159

Rights of Broadcasting Organisation and Performers	...	160
Broadcast Reproduction Right	...	160
Performer's Right	...	160
Exclusive Right of Performer	...	160
Moral Right of Performer	...	161
Acts not Constituting Infringement of Broadcast Reproduction Right and Performers Right	...	161
International Copyright	...	161
Copyright Protection to Foreign Works	...	161
Conditions of Copyright Protection	...	161
Power of Central Government to Apply Chapter VIII to Broadcasting Organisations and Performers in Certain Other Countries	...	162
Power to Restrict Rights of Foreign Broadcasting Organisations and Performers	...	162
Registration of Copyright	...	163
Infringement of Copyright	...	154
Statutory Exceptions	...	166
Remedies against Infringement of Copyright	...	170
Moral Rights — Author's Special Right	...	171
Anton Pillar Injunctive Relief in India	...	172
Appeals	...	172
International Conventions	...	173
LESSON ROUND UP	...	173
SELF TEST QUESTIONS	...	174

Lesson 9

INDUSTRIAL DESIGNS

Learning Objectives	...	177
Concept of Design	...	178
What is a Design?	...	178
What is Not a Design?	...	179
Registrable Design	...	179
Application and Registration of Design	...	180
Procedure for Registration of Designs	...	180
Where to Apply	...	180
Type of Applications	...	180
Substitution of Applicant or Joint Claiming	...	180
Contents of Application	...	181
Application Form	...	181
Priority Document	...	181
Representation Sheet	...	181
Classification of Designs	...	182
Address for Service	...	182
Processing & Examination of the Application	...	182

Formality Check	...	182
Substantive Examination	...	183
Registration & Publication	...	183
Certificate of Registration	...	183
Register of Designs	...	184
Cancellation of Registration of a Design	...	184
Procedure	...	184
Provisions of Copyright Act as Applied to a Design	...	185
Period of Protection	...	185
Rights in Lapsed Design, Which Has Been Restored	...	185
Piracy of Registered Design	...	185
Penalties	...	186
Assignment of Designs	...	186
LESSON ROUND UP	...	187
SELF TEST QUESTIONS	...	187

Lesson 10

GEOGRAPHICAL INDICATIONS

Learning Objectives	...	189
Introduction	...	190
Salient Features	...	191
Definitions	...	192
Authorised User	...	192
Geographical Indication	...	192
Goods	...	192
Indication	...	192
Producer	...	192
Registrar	...	193
Registration of Geographical Indications	...	193
Who are Entitled for Registration?	...	193
Jurisdiction	...	193
Filing of Application	...	193
Contents of Application	...	194
Registration	...	194
Duration of Registration	...	195
Benefits of Registration	...	195
Prohibition of Registration of Certain Geographical Indications	...	195
Offences & Penalties	...	196
Cognizance of Certain Offences – Search & Seizure	...	196
Offences by Companies	...	197
LESSON ROUND UP	...	197
SELF TEST QUESTIONS	...	198

Lesson 11**PROTECTION OF TRADE SECRETS**

Learning Objectives	...	199
International Trade and Trade Secrets	...	201
LESSON ROUND UP	...	203
SELF TEST QUESTIONS	...	203

Lesson 12**KEY BUSINESS CONCERNS IN COMMERCIALISING
INTELLECTUAL PROPERTY RIGHTS**

Learning Objectives	...	205
Competition and Confidentiality Issues	...	206
Interface between Intellectual Property Rights and Competition	...	206
Competition Issues in Intellectual Property Licensing	...	207
Restrictive Practices under Intellectual Property Licensing	...	208
Kinds of Restrictive Practices	...	208
Safeguards against Unfair Competition under Multilateral Agreements	...	211
Intellectual Property and Competition: Indian Position	...	212
The Patents Act, 1970	...	212
Competition Act, 2002	...	213
Care and Maintenance of Confidential Information	...	214
Strategies for Protecting Confidential Information	...	215
Employment or Confidentiality Agreement	...	215
Intellectual Property Issues in the Sale of Business	...	216
Issues Involved	...	217
Assignment of Intellectual Property Rights	...	218
Technology Transfer Agreements	...	219
Legal Auditing of Intellectual Property	...	220
Definition of an IP Audit	...	220
Types of IP Audit	...	221
(1) General purpose IP Audit	...	221
(2) Event driven IP Audit	...	221
(3) Limited Purpose Focused Audits	...	221
IP Audit Team	...	222
(i) Who will Conduct an IP Audit?	...	222
(ii) External Expertise	...	222
Preparing for an IP Audit	...	223
1. Clarity about the Purpose	...	223
2. Background Research for Preparing an Audit Plan	...	223
(i) What is done in a Background Research?	...	223
(ii) Major issues in a Background Research	...	223
(iii) Importance of IP Assets	...	223

	<i>Page</i>
(iv) Status of IP management	... 224
(v) IP Disputes	... 224
(vi) Financing	... 224
3. Preparing an IP Audit Plan	... 224
Conducting an IP Audit	... 224
1. Starting With a Detailed Check List	... 224
The Steps of an IP Audit (in case of M&A)	... 224
(i) M&A Non disclosure Agreement (NDA)	... 224
(ii) IP Audit Preparation	... 225
2. Auditing Different Contracts/Agreements	... 225
3. Auditing IP Assets	... 226
(i) Identifying and recording IP assets	... 226
(ii) Determining ownership and legal status of the IP assets	... 226
(iii) Detecting infringement of IP rights	... 227
(iv) Taking necessary steps for creating and maintaining IP assets	... 227
4: After Completing an IP Audit	... 227
(A) Using the results of an IP Audit	... 227
(B) Building IP Value through IP Audits	... 228
Due Diligence of Intellectual Property Rights In a Corporate Transaction (IP Due Diligence)	... 228
(a) What is IP due diligence?	... 228
(b) Subject?	... 229
(c) When is it done?	... 229
LESSON ROUND UP	... 230
SELF TEST QUESTIONS	... 231

Lesson 13

MANAGEMENT AND VALUATION OF INTELLECTUAL PROPERTY

Learning Objectives	... 233
Management of Intellectual Property	... 234
Strategies for Effective IPR Management	... 234
Intellectual Property – Risk Management	... 234
Valuation of Intellectual Property	... 235
Methods for the Valuation of Intangibles	... 236
Discounted Cash Flow (“DCf”) Analysis	... 237
LESSON ROUND UP	... 238
SELF TEST QUESTIONS	... 239

PRACTICE TEST PAPER

Practice Test Paper	... 242
---------------------	---------

Lesson 1

INTRODUCTION

LESSON OUTLINE

- Introduction
- Meaning, Relevance, Business Impact
- Protection of Intellectual Property
- Copyrights
- Trademarks
- Patents
- Designs
- Utility Models
- Trade Secrets
- Geographical Indications
- Bio-diversity and IPR
- Competing Rationales for Protection of IPRs
- Berne Convention
- Universal Copyright Convention
- The Paris Convention
- Patent Co-operation Treaty
- TRIPS
- The World Intellectual Property Organization (WIPO)
- UNESCO
- Lesson Round Up
- Self Test Questions

LEARNING OBJECTIVES

Over the past two decades, intellectual property rights have grown to a stature from where it plays a major role in the development of global economy. In the 1990s, many countries unilaterally strengthened their laws and regulations in this area, and many others were poised to do likewise. At the multilateral level, the successful conclusion of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) in the World Trade Organization enhanced the protection and enforcement of IPRs to the level of solemn international commitment. The new global IPR system comes with both benefits and costs.

The domain of intellectual property is vast. Copyrights, Patents Trademarks and Designs are known to have received recognition for a long time. Newer forms of the protection are also emerging particularly stimulated by the exciting developments in scientific and technological activities.

The study lesson provides an in-depth understanding to the students about the various forms of the intellectual property, its relevance and business impact in the changing global business environment. Besides, the students will also be acclimatised with the leading International Instruments concerning Intellectual Property Rights.

INTRODUCTION

Intellectual property (IP) refers to the creations of the human mind like inventions, literary and artistic works, and symbols, names, images and designs used in commerce. Intellectual property is divided into two categories: Industrial property, which includes inventions (patents), trademarks, industrial designs, and geographic indications of source; and Copyright, which includes literary and artistic works such as novels, poems and plays, films, musical works, artistic works such as drawings, paintings, photographs and sculptures, and architectural designs. Rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and those of broadcasters in their radio and television programs. Intellectual property rights protect the interests of creators by giving them property rights over their creations.

The most noticeable difference between intellectual property and other forms of property, however, is that intellectual property is intangible, that is, it cannot be defined or identified by its own physical parameters. It must be expressed in some discernible way to be protectable. Generally, it encompasses four separate and distinct types of intangible property namely — patents, trademarks, copyrights, and trade secrets, which collectively are referred to as “intellectual property.” However, the scope and definition of intellectual property is constantly evolving with the inclusion of newer forms under the gambit of intellectual property. In recent times, geographical indications, protection of plant varieties, protection for semi-conductors and integrated circuits, and undisclosed information have been brought under the umbrella of intellectual property.

The Concept of Intellectual Property

The concept of intellectual property is not new as Renaissance northern Italy is thought to be the cradle of the Intellectual Property system. A Venetian Law of 1474 made the first systematic attempt to protect inventions by a form of patent, which granted an exclusive right to an individual for the first time. In the same century, the invention of movable type and the printing press by Johannes Gutenberg around 1450, contributed to the origin of the first copyright system in the world.

Towards the end of 19th century, new inventive ways of manufacture helped trigger large-scale industrialization accompanied by rapid growth of cities, expansion of railway networks, the investment of capital and a growing transoceanic trade. New ideals of industrialism, the emergence of stronger centralized governments, and nationalism led many countries to establish their modern Intellectual Property laws. At this point of time, the International Intellectual Property system also started to take shape with the setting up of the Paris Convention for the Protection of Industrial Property in 1883 and the Berne Convention for the Protection of Literary and Artistic Works in 1886. The premise underlying Intellectual Property throughout its history has been that the recognition and rewards associated with ownership of inventions and creative works stimulate further inventive and creative activity that, in turn, stimulates economic growth.

Over a period of time and particularly in contemporary corporate paradigm, ideas and knowledge have become increasingly important parts of trade. Most of the value of high technology products and new medicines lies in the amount of invention, innovation, research, design and testing involved. Films, music recordings, books, computer software and on-line services are bought and sold because of the information and creativity they contain, not usually because of the plastic, metal or paper used to make them. Many products that used to be traded as low-technology goods or commodities now contain a higher proportion of invention and design in their value, for example, brand-named clothing or new varieties of plants. Therefore, creators are given the right to prevent others from using their inventions, designs or other creations. These rights are known as intellectual property rights.

The Convention establishing the World Intellectual Property Organization (1967) gives the following list of the subject matter protected by intellectual property rights:

- literary, artistic and scientific works;
- performances of performing artists, phonograms, and broadcasts;
- inventions in all fields of human endeavor;
- scientific discoveries;
- industrial designs;
- trademarks, service marks, and commercial names and designations;
- protection against unfair competition; and
- “all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.”

With the establishment of the world trade Organization (WTO), the importance and role of the intellectual property protection has been crystallized in the Trade-Related Intellectual Property Systems (TRIPS) Agreement. It was negotiated at the end of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) treaty in 1994.

The TRIPS Agreement encompasses, in principle, all forms of intellectual property and aims at harmonizing and strengthening standards of protection and providing for effective enforcement at both national and international levels. It addresses applicability of general GATT principles as well as the provisions in international agreements on IP (Part I). It establishes standards for availability, scope, use (Part II), enforcement (Part III), acquisition and maintenance (Part IV) of Intellectual Property Rights. Furthermore, it addresses related dispute prevention and settlement mechanisms (Part V). Formal provisions are addressed in Part VI and VII of the Agreement, which cover transitional, and institutional arrangements, respectively.

The TRIPS Agreement, which came into effect on 1 January 1995, is to date the most comprehensive multilateral agreement on intellectual property. The areas of intellectual property that it covers are:

- (i) Copyright and related rights (i.e. the rights of performers, producers of sound recordings and broadcasting organisations);
- (ii) Trade marks including service marks;
- (iii) Geographical indications including appellations of origin;
- (iv) Industrial designs;
- (v) Patents including protection of new varieties of plants;
- (vi) The lay-out designs (topographies) of integrated circuits;
- (vii) The undisclosed information including trade secrets and test data.

Intellectual Property System in India

As discussed above, historically the first system of protection of intellectual property came in the form of (Venetian Ordinance) in 1485. This was followed by Statute of Monopolies in England in 1623, which extended patent rights for Technology Inventions. In the United States, patent laws were introduced in 1760. Most European countries developed their Patent Laws between 1880 to 1889. In India Patent Act was introduced in the year 1856 which remained in force for over 50 years, which was subsequently modified

and amended and was called "The Indian Patents and Designs Act, 1911". After Independence a comprehensive bill on patent rights was enacted in the year 1970 and was called "The Patents Act, 1970".

Specific statutes protected only certain type of Intellectual output; till recently only four forms were protected. The protection was in the form of grant of copyrights, patents, designs and trademarks. In India, copyrights were regulated under the Copyright Act, 1957; patents under Patents Act, 1970; trade marks under Trade and Merchandise Marks Act 1958; and designs under Designs Act, 1911.

With the establishment of WTO and India being signatory to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), several new legislations were passed for the protection of intellectual property rights to meet the international obligations. These included: Trade Marks, called the Trade Mark Act, 1999; Designs Act, 1911 was replaced by the Designs Act, 2000; the Copyright Act, 1957 amended a number of times, the latest is called Copyright (Amendment) Act, 2012; and the latest amendments made to the Patents Act, 1970 in 2005. Besides, new legislations on geographical indications and plant varieties were also enacted. These are called Geographical Indications of Goods (Registration and Protection) Act, 1999, and Protection of Plant Varieties and Farmers' Rights Act, 2001 respectively.

Over the past fifteen years, intellectual property rights have grown to a stature from where it plays a major role in the development of global economy. In 1990s, many countries unilaterally strengthened their laws and regulations in this area, and many others were poised to do likewise. At the multilateral level, the successful conclusion of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) in the World Trade Organization elevates the protection and enforcement of IPRs to the level of solemn international commitment. It is strongly felt that under the global competitive environment, stronger IPR protection increases incentives for innovation and raises returns to international technology transfer.

DEVELOPMENT OF TRIPS COMPLIED REGIME IN INDIA

The establishment of WTO as a result of institutionalization of international framework of trade calls for harmonization of several aspects of Indian Law relating to Intellectual Property Rights. The TRIPS agreement set minimum standards for protection for IPR rights and also set a time frame within which countries were required to make changes in their laws to comply with the required degree of protection. In view of this, India has taken action to modify and amend the various IP Acts in the last few years.

Patents Act, 1970

After India became a signatory to the TRIPS agreement forming part of the Agreement establishing the World Trade Organization (WTO) for the purpose of reduction of distortions and impediments to international trade and promotion of effective and adequate protection of intellectual property rights, the Patents Act, 1970 has been amended in the year 1995, 1999, 2002 and 2005 to meet its obligations under the TRIPS agreement. The Patents Act has been amended keeping in view the development of technological capability in India, coupled with the need for integrating the intellectual property system with international practices and intellectual property regimes. The amendments were also aimed at making the Act a modern, harmonized and user-friendly legislation to adequately protect national and public interests while simultaneously meeting India's international obligations under the TRIPS Agreement.

Subsequently the rules under the Patent Act have also been amended and these became effective from May 2003. These rules have been further amended by Patents (Amendment) Rules 2005 w.e.f 01.01.2005. Thus, the Patent Amendment Act, 2005 is now fully in force and operative.

Trade Mark Act, 1999

The law of trademarks is also now modernized under the Trademarks Act of 1999. A trademark is a special

symbol for distinguishing the goods offered for sale or otherwise put on the market by one trader from those of another. In India the trademarks have been protected for over four decades as per the provisions of the Trade and Merchandise Mark (TMM) Act of 1958. India became a party to the WTO at its very inception. One of the agreements in that related to the Intellectual Property Rights (TRIPS). In December, 1998 India acceded to the Paris Convention.

Meanwhile, the modernisation of Trade and Merchandise Marks Act, 1958 had been taken up keeping in view the current developments in trading and commercial practices, increasing globalisation of trade and industry, the need to encourage investment flows and transfer of technology, need for simplification of trademark management system and to give effect to important judicial decisions. To achieve these purposes, the Trademarks Bill was introduced in 1994.

The Bill pointed towards the changes which were contemplated and were under consideration of the Government of India, but it lapsed in 1994. A comprehensive review was made of the existing laws in view of the developments in trading and commercial practices, and increasing globalization of trade and industry. The Trademarks Bill of 1999 was passed by Parliament that received the assent of the President on 30th December, 1999 as Trade Marks Act, 1999 thereby replacing the Trade and Merchandise Mark Act of 1958. The important salient features of the Act *inter-alia* include:

- It broadens the definition of infringement of a registered trademark to include action against the unauthorized use of a confusingly similar mark, not only in respect of the goods and services covered by registration, as was previously the case, but also in respect of goods and services which are so similar that a likelihood of deception or confusion exists.
- An action for infringement will also be available against the unauthorised use of a mark in relation to dissimilar goods, if such mark is similar to a registered mark that is well known in India and the interest of the owner is likely to be affected adversely. The remedy for infringement of a trademark is also strengthened under the new law by authorising the police with the power to seize infringing articles without a warrant.

The Designs Act, 2000

The Designs Act of 1911 has been replaced by the Designs Act, 2000. In view of considerable progress made in the field of science and technology, a need was felt to provide more efficient legal system for the protection of industrial designs in order to ensure effective protection to registered designs, and to encourage design activity to promote the design element in an article of production. In this backdrop, the Designs Act, 2000 has been enacted essentially to balance these interests and to ensure that the law does not unnecessarily extend protection beyond what is necessary to create the required incentive for design activity while removing impediments to the free use of available designs.

The new Act complies with the requirements of TRIPS and hence is directly relevant for international trade. Industrial Design law deals with the aesthetics or the original design of an industrial product. An industrial product usually contains elements of both art and craft, that is to say artistic as well as functional elements. The design law excludes from its purview the functioning features of an article and grants protection only to those which have an aesthetic appeal. For example, the design of a teacup must have a hollow receptacle for holding tea and a handle to hold the cup. These are functional features that cannot be registered. But a fancy shape or ornamentation on it would be registrable. Similarly, a table, for example, would have a flat surface on which other objects can be placed. This is its functional element. But its shape, colour or the way it is supported by legs or otherwise, are all elements of design or artistic elements and therefore, registrable if unique and novel.

Today, industrial design has become an integral part of consumer culture where rival articles compete for consumer's attention. It has become important therefore, to grant to an original industrial design adequate protection. It is not always easy to separate aesthetics of a finished article from its function. Law, however, requires that it is only the aesthetics or the design element which can be registered and protected. For example, while designing furniture whether for export or otherwise, when one copies designs from a catalogue, one has to ascertain that somebody else does not have a design right in that particular design. Particularly, while exporting furniture, it is necessary to be sure that the design of the furniture is not registered either as a patent or design in the country of export. Otherwise, the exporter may get involved in unnecessary litigation and may face claims for damages. Conversely, if furniture of ethnic design is being exported, and the design is an original design complying with the requirements of the definition of 'design' under the Designs Act, it would be worthwhile having it registered in the country to which the product is being exported so that others may not imitate it and deprive the inventor of that design of the commercial benefits of his design.

The salient features of the Design Act, 2000 are as under:

- (a) Enlarging the scope of definition of the terms "article", "design" and introduction of definition of "original".
- (b) Amplifying the scope of "prior publication".
- (c) Introduction of provision for delegation of powers of the Controller to other officers and stipulating statutory duties of examiners.
- (d) Provision of identification of non-registrable designs.
- (e) Provision for substitution of applicant before registration of a design.
- (f) Substitution of Indian classification by internationally followed system of classification.
- (g) Provision for inclusion of a register to be maintained on computer as a Register of Designs.
- (h) Provision for restoration of lapsed designs.
- (i) Provisions for appeal against orders of the Controller before the High Court instead of Central Government.
- (j) Revoking of period of secrecy of two years of a registered design.
- (k) Providing for compulsory registration of any document for transfer of right in the registered design.
- (l) Introduction of additional grounds in cancellation proceedings and provision for initiating the cancellation proceedings before the Controller in place of High Court.
- (m) Enhancement of quantum of penalty imposed for infringement of a registered design.
- (n) Provision for grounds of cancellation to be taken as defence in the infringement proceedings to be in any court not below the Court of District Judge.
- (o) Enhancing initial period of registration from 5 to 10 years, to be followed by a further extension of five years.
- (p) Provision for allowance of priority to other convention countries and countries belonging to the group of countries or inter-governmental organizations apart from United Kingdom and other Commonwealth Countries.
- (q) Provision for avoidance of certain restrictive conditions for the control of anticompetitive practices in contractual licenses.

The Geographical Indications of Goods (Registration and Protection) Act, 1999

Until recently, Geographical indications were not registrable in India and in the absence of statutory protection, Indian geographical indications had been misused by persons outside India to indicate goods not originating from the named locality in India. Patenting turmeric, neem and basmati are the instances which drew a lot of attention towards this aspect of the Intellectual property. Mention should be made that under the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), there is no obligation for other countries to extend reciprocal protection unless a geographical indication is protected in the country of its origin. India did not have such a specific law governing geographical indications of goods which could adequately protect the interest of producers of such goods.

To cover up such situations it became necessary to have a comprehensive legislation for registration and for providing adequate protection to geographical indications and accordingly the Parliament has passed a legislation, namely, the Geographical indication of Goods (Registration and Protection) Act, 1999. The legislation is administered through the Geographical Indication Registry under the overall charge of the Controller General of Patents, Designs and Trade Marks.

The salient features of this legislation are as under:

- (a) Provision of definition of several important terms like "geographical indication", "goods", "producers", "packages", "registered proprietor", "authorized user" etc.
- (b) Provision for the maintenance of a Register of Geographical Indications in two parts-Part A and Part B and use of computers etc. for maintenance of such Register. While Part A will contain all registered geographical indications, Part B will contain particulars of registered authorized users.
- (c) Registration of geographical indications of goods in specified classes.
- (d) Prohibition of registration of certain geographical indications.
- (e) Provisions for framing of rules by Central Government for filing of application, its contents and matters relating to substantive examination of geographical indication applications.
- (f) Compulsory advertisement of all accepted geographical indication applications and for inviting objections.
- (g) Registration of authorized users of registered geographical indications and providing provisions for taking infringement action either by a registered proprietor or an authorized user.
- (h) Provisions for higher level of protection for notified goods.
 - (i) Prohibition of assignment etc. of a geographical indication as it is public property.
 - (j) Prohibition of registration of geographical indication as a trademark.
- (k) Appeal against Registrar's decision would be to the Intellectual Property Board established under the Trade Mark legislation.
- (l) Provision relating to offences and penalties.
- (m) Provision detailing the effects of registration and the rights conferred by registration.
- (n) Provision for reciprocity powers of the registrar, maintenance of Index, protection of homonymous geographical indications etc.

Copyright Act, 1957

Copyright in India is governed by Copyright Act, 1957. This Act has been amended several times to keep pace with the changing times. As per this Act, copyright grants author's lifetime coverage plus 60 years

after death. Copyright and related rights on cultural goods, products and services, arise from individual or collective creativity. All original intellectual creations expressed in a reproducible form will be connected as "works eligible for copyright protections". Copyright laws distinguish between different classes of works such as literary, artistic, musical works and sound recordings and cinematograph films. The work is protected irrespective of the quality thereof and also when it may have very little in common with accepted forms of literature or art.

Copyright protection also includes novel rights which involve the right to claim authorship of a work, and the right to oppose changes to it that could harm the creator's reputation. The creator or the owner of the copyright in a work, can enforce his right administratively and in the courts by inspection of premises for evidence of production or possession of illegally made "pirated" goods related to protected works. The owner may obtain court orders to stop such activities, as well as seek damages for loss of financial rewards and recognition.

A vital field which gets copyright protection is the computer industry. The Copyright Act, 1957, was amended in 1984 and computer programming was included with the definition of "literary work." The new definition of "computer programme" introduced in 1994, means a set of instructions expressed in works, codes or in any other form, including a machine readable medium, capable of causing a computer to perform a particular task or achieve a particular result.

The greatest fear and challenges to the copyright industry is the piracy of works whether, books, musical works, films, television programmes or computer software or computer database. The special nature of infringement of copyrights in computer programmes has again been taken note of by the Copyright (Amendment) Act, 1994 by inserting a new section 63 B. The new section provides that any person who knowingly makes use on a computer of an infringed copy of a computer programme will be punishable with imprisonment for a term of not less than seven days, which may extend to three years and with a fine of not less than ₹ 50,000/- and which may extend to ₹ 2,00,000/-. Proviso to section 63 B, however, provides that where computer programme has not been used for gain or in the course of trade or business, the court may at its discretion and for reasons mentioned in the judgement not impose any sentence of imprisonment and impose only fine upto ₹ 50,000/-.

The Copyright (Amendment) Act, 1999 makes it free for purchaser of a gadget/equipment to sell it onwards if the item being transacted is not the main item covered under the Copyright Act. This means computer software which is built in the integral part of a gadget/equipment can be freely transacted without permission of copyright owner. This amendment also ensures fair dealing of 'broadcasting' gaining popularity with the growth of the Internet. With this amendment India has updated the Act to meet the concerns of the copyright industries mainly consisting of Book Industry, Music Industry, Film and Television Industry, Computer Industry and Database Industry.

The Protection of Plant Varieties and Farmers' Rights Act, 2001

The concept of Plant Breeders' Rights arises from the need to provide incentives to plant breeders engaged in the creative work of research which sustains agricultural progress through returns on investments made in research and to persuade the researcher to share the benefits of his creativity with society.

The issue of enacting a law relating to Plant Varieties Protection and Farmers' Rights in India assumed importance particularly in the wake of TRIPS agreement under WTO which seeks to promote effective protection of Intellectual Property Rights in all fields of technology. Article 27 of TRIPS Agreement defines patentable subject matter and requires member countries to provide for the protection of plant varieties whether by patenting or by an effective *sui generis* system or by any combination thereof.

With a view to provide for the establishment of an Authority to give an effective system of protection of the rights of plant breeders and farmers, and to encourage the development of new varieties of plants and to give effect to the provisions of TRIPS Agreement, the Government enacted the Protection of Plant Varieties and Farmers' Right Act, 2001. This Act seeks to stimulate investment for research and development both in the public and private sectors for the development of new plant varieties by ensuring appropriate returns on such investments. It also seeks to facilitate the growth of the seed industry in the country through domestic and foreign investment to ensure the availability of high quality seeds and planting material to Indian farmers. It also recognizes the role of farmers as cultivators and conservers and the contribution of traditional, rural and tribal communities to the country's agro biodiversity by rewarding them for their contribution through benefit sharing and protecting the traditional rights of the farmers. The Act also provides for setting up of the Protection of Plant Varieties and Farmer's Rights Authority to promote and develop new varieties of plants and promote rights of the farmers and breeders.

The Semi Conductor Integrated Circuits Layout Design Act, 2000

Electronics and Information technology is one of the fastest growing sectors that has played a significant role in world economy. This is primarily due to the advancements in the field of electronics, computers and telecommunication. Microelectronics, which primarily refers to Integrated Circuits (ICs) ranging from, Small Scale Integration (SSI) to Very Large Scale Integration (VLSI) on a semiconductor chip - has rightly been recognized as a core, strategic technology world-over, especially for Information Technology (IT) based society. Design of integrated circuits requires considerable expertise and effort depending on the complexity. Therefore, protection of Intellectual Property Rights (IPR) embedded in the layout designs is of utmost importance to encourage continued investments in R & D to result in technological advancements in the field of microelectronics.

The practice of providing protection through the methods of Copyright, Patents did not appropriately accommodate the requirements of Intellectual Property Rights protection for the Layout-Designs of Integrated Circuits. This was because of the fact that in the context of Layout Designs, the concept of "originality" is of utmost significance, whether it is a "novelty or not". While the Patent Law requires that the idea should be original as well as novel, the copyright law is too general to accommodate the original ideas of scientific creation of Layout-Designs of Integrated Circuits. In view of the above, the necessity for providing protection for Layout-Designs of Integrated Circuits was felt to reward and encourage an adequate level of investment of human, financial and technological resources.

The Majority of countries that attach significance to protection of Intellectual Property Rights in the Semiconductor Integrated Circuits provides for *sui generis* system of protection of Layout-Designs of Integrated Circuits, which is usually contained in a separate Act. Trade Related Intellectual Property Rights (TRIPS) Agreement under WTO contains provisions with regard to setting up of standards concerning availability, scope and use of Intellectual Property Rights, Geographical Indications, Layout-Design of Integrated Circuits etc. Therefore, the Government enacted the Semiconductor Integrated Circuit Layout-Designs Act, 2000 providing for protection of Semiconductor Integrated Circuits Layout-Designs by process of registration, mechanism for distinguishing Layout-Designs which can be protected, rules to prohibit registration of Layout-Designs which are not original and/or which have been commercially exploited, period for protection, provisions with regard to infringement, payment of royalty for registered Layout-Design, provisions for dealing with willful infringement by way of punishment, appointing a Registrar for registering the Layout Designs and mechanism of Appellate Board.

To conclude, the various modifications and amendments to earlier Intellectual Property Laws are an indication of India's move towards new IPR regime so as to prepare ourselves for the global trade competition.

Trade Secrets

It may be confidential business information that provides an enterprise a competitive edge. Usually these are manufacturing or industrial secrets and commercial secrets. These include sales methods, distribution methods, consumer profiles, and advertising strategies, lists of suppliers and clients, and manufacturing processes. Contrary to patents, trade secrets are protected without registration.

A trade secret can be protected for an unlimited period of time but a substantial element of secrecy must exist so that, except by the use of improper means, there would be difficulty in acquiring the information. Considering the vast availability of traditional knowledge in the country, the protection under this will be very crucial in reaping benefits from such type of knowledge.

Utility Models

A utility model is an exclusive right granted for an invention, which allows the right holder to prevent others from commercially using the protected invention, without his authorization for a limited period of time. In its basic definition, which may vary from one country (where such protection is available) to another, a utility model is similar to a patent. In fact, utility models are sometimes referred to as "petty patents" or "innovation patents."

Only a small but significant number of countries and regions provide the option of utility model protection. At present, India does not have legislation on Utility models.

The main differences between utility models and patents are the following:

The requirements for acquiring a utility model are less stringent than for patents. While the requirement of "novelty" is always to be met, that of "inventive step" or "non-obviousness" may be much lower or absent altogether. In practice, protection for utility models is often sought for innovations of a rather incremental character which may not meet the patentability criteria.

The term of protection for utility models is shorter than for patents and varies from country to country (usually between 7 and 10 years without the possibility of extension or renewal).

In most countries where utility model protection is available, patent offices do not examine applications as to substance prior to registration. This means that the registration process is often significantly simpler and faster, taking on an average six months.

Utility models are much cheaper to obtain and to maintain. In some countries, utility model protection can only be obtained for certain fields of technology, and only for products but not for processes.

Utility models are considered suitable particularly for SMEs that make "minor" improvements to, and adaptations of, existing products. Utility models are primarily used for mechanical innovations.

The "Innovation patent," launched in Australia some time back was introduced as a result of extensive research into the needs of small and medium-sized enterprises, with the aim of providing a "low-cost entry point into the intellectual property system."

IPR & BIODIVERSITY

In simple terms, the diversity among various life forms within the Biosphere refers to biodiversity. Biodiversity is the foundation of life on Earth. It is crucial for the functioning of ecosystems which provide us with products and services without which we cannot live. By changing biodiversity, we strongly affect human well-being and the well-being of every other living creature. Biodiversity is normally classified under 3 major categories:

ecosystem diversity, representing the principal bio geographic regions and habitats; species diversity, representing variability at the level of families, genera and species; and genetic diversity, representing the large amount of variability occurring within a species. Diverse activities and actions have been taken by several stakeholders at local, state, national and international level to conserve/protect the valuable resource such as biodiversity to draw the benefits accrued in it for the society.

It is a well-established fact that developing countries are rich in the world's flora and fauna and 80 percent of the earth's terrestrial biodiversity is confined to these countries, which is the "raw material" for biotechnology, i.e., genes, folk varieties, land races to develop new varieties by biotechnology. Until the advent of molecular biology and genetic engineering, the success of plant breeding depended on access to genetic variability within a species. Genetic engineering has, however, rendered the transfer of genes across sexual barriers possible and has thus enhanced the economic value of biodiversity.

The developed countries are not rich in biogenetic resources but are better equipped in research and development. They use the biogenetic resources accessed from the developing countries. As a result, there is a beginning in the unprotected flow of genetic information from the developing countries to the capital-rich west, and a protected flow in the reverse direction mainly through patents and Plant Breeders' Rights (PBR). It has both visible and invisible impacts. Genetic erosion is one of the most important invisible impacts that is in the long run manifested visibly with the loss of biodiversity.

The Convention on Biological Diversity (CBD) 1992: Opened for signature at the Earth Summit in *Rio de Janeiro* in 1992, and entering into force in December 1993, the Convention on Biological Diversity is an international treaty for the conservation of biodiversity, the sustainable use of the components of biodiversity and the equitable sharing of the benefits derived from the use of genetic resources. The interface between biodiversity and intellectual property is shaped at the international level by several treaties and process, including at the WIPO, and the TRIPS Council of the WTO. With 193 Parties, the Convention has near universal participation among countries. The Convention seeks to address all threats to biodiversity and ecosystem services, including threats from climate change, through scientific assessments, the development of tools, incentives and processes, the transfer of technologies and good practices and the full and active involvement of relevant stakeholders including indigenous and local communities, youth, NGOs, women and the business community. The Cartagena Protocol on Biosafety is a subsidiary agreement to the Convention. It seeks to protect biological diversity from the potential risks posed by living modified organisms resulting from modern biotechnology.

The treaty defines biodiversity as "the variability among living organisms from all sources including, *inter alia*, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems."

The Convention reaffirms the principle of state sovereignty, which grants states sovereign rights to exploit their resources pursuant to their own environmental policies together with the responsibility to ensure that activities within their own jurisdiction or control do not cause damage to the environment of other states. The Biodiversity Convention also provides a general legal framework regulating access to biological resources and the sharing of benefits arising from their use. India is a party to the Convention on Biological Diversity (1992).

The Convention on Biological Diversity establishes important principles regarding the protection of biodiversity while recognizing the vast commercial value of the planet's store of germplasm. However, the expansion of international trade agreements establishing a global regime of intellectual property rights creates incentives that may destroy biodiversity, while undercutting social and economic development opportunities as well as cultural diversity. The member countries were pressurized to change their IPR laws to conform with the TRIPS agreement.

India also followed the suit by placing in place legal frameworks for the management of biodiversity and Intellectual property laws. Following India's ratification of the Convention on Biological Diversity (CBD) at international level, the Biological Diversity Act, 2002 was adopted. The Biological Diversity Act aims at conservation of biological resources and associated knowledge as well as facilitating access to them in a sustainable manner and through a just process.

Competing Rationales for Protection of IPRs

Intellectual property laws give people the right to own and profit from their artistic, scientific and technological creations for a designated period of time. Those rights do not apply to the physical object in which the creation may be embodied but instead to the intellectual creation as such. Countries have enacted laws to protect intellectual property for two main reasons. One is to give statutory expression to the moral and economic rights of creators in their creations and the rights of the public in access to those creations. The second is to promote, as a deliberate act of Government policy, creativity and the dissemination and application of its results and to encourage fair trading which would contribute to economic and social development.

It is generally agreed that knowledge and inventions have played an important role in economic growth of the countries. It can be seen in the economic development achieved by some countries in the 1990s. Additionally the growing importance of intellectual property and the new pattern of global trade provided impetus for forging a connection between intellectual property policies and trade law and led to the inclusion of the TRIPS Agreement as one of the agreements in the framework of the multilateral trade negotiations under the Uruguay Round. The influence and importance of intellectual property is also reflected in the maximization of shareholder value by knowledge-intensive industries.

Intellectual property indeed is now one of the valuable assets in commercial transactions, be it intellectual property licensing, joint ventures, foreign collaborations, manufacturing, purchase or distribution agreements, or mergers and acquisitions. Licences to use patents, copyrights and trademarks, are often combined with transfers of know-how and are increasingly an important term in technology transactions. These licences provide royalty revenues to the owner of the Intellectual Property, and distribute products and technologies to licensees who might not otherwise have had access to them. In such transactions, the licensees may also gain rights to create improvements or derivative works and to develop their own Intellectual Property assets, which can then be cross-licenced or licenced to others. This creates a very productive cycle of innovation and invention and adds to the revenues of the companies.

The World Intellectual Property Report 2011- The Changing Face of Innovation – a new WIPO publication describes how ownership of intellectual property (IP) rights has become central to the strategies of innovating firms worldwide. With global demand for patents rising from 800,000 applications in the early 1980s to 1.8 million in 2009, the Report concludes that growing investments in innovation and the globalization of economic activities are key drivers of this trend. As a result, IP policy has moved to the forefront of innovation policy.

WIPO Director General, Francis Gurry, notes that “innovation growth is no longer the prerogative of high-income countries alone; the technological gap between richer and poorer countries is narrowing. Incremental and more local forms of innovation contribute to economic and social development, on a par with world-class technological innovations.”

Intellectual property assets are used not only in business transactions, but are also traded in their own right such as online exchanges for the evaluation, buying, selling, and licensing of patents and other forms of

Intellectual Property. The buyers and sellers of intellectual property manage their intellectual property as financial assets just as investors in stocks, options and other financial instruments.

Strong intellectual property rights help consumers make an educated choice about the safety, reliability, and effectiveness of their purchases. Enforced intellectual property rights ensure products are authentic, and of the high-quality that consumers recognize and expect. IP rights foster the confidence and ease of mind that consumers demand and markets rely on.

Leading International Instruments Concerning IPR

The International Intellectual Property System is in fact a system of accumulated practices rather than a set of fixed rules. It is the practice of international relations in the matter of legal protection of inventions and literary and artistic works, resulting from and governed by both national legislation defining the treatment to be granted to foreigners, and international treaties concerning such treatment. It may be emphasised that a country's laws defining the rights of the foreigners form part of the international system even when, the country is not party to any international treaty on the subject, for such laws form the basis upon which in practice intellectual property is protected in more than one country. There are number of International Treaties/Conventions which deal with the various aspects of intellectual property and industrial property. These Conventions are administered by World Intellectual Property Organisation, popularly known as WIPO.

World Intellectual Property Organisation (WIPO)

The World Intellectual Property Organization (WIPO) is a specialized agency of the United Nations. It is dedicated to developing a balanced and accessible international intellectual property (IP) system, which rewards creativity, stimulates innovation and contributes to economic development while safeguarding the public interest.

WIPO was established by the WIPO Convention in 1967 with a mandate from its Member States to promote the protection of IP throughout the world through co-operation among states and in collaboration with other international organizations. Its headquarters are in Geneva, Switzerland.

The roots of the World Intellectual Property Organization go back to the year 1883, when Johannes Brahms was composing his third Symphony, Robert Louis Stevenson was writing *Treasure Island*, and John and Emily Roebling were completing construction of New York's Brooklyn Bridge. The need for international protection of intellectual property became evident when foreign exhibitors refused to attend the International Exhibition of Inventions in Vienna in 1873 because they were afraid their ideas would be stolen and exploited commercially in other countries. The year 1883 marked the origin of the Paris Convention for the Protection of Industrial Property, the first major international treaty designed to help the people of one country obtain protection in other countries for their intellectual creations in the form of industrial property rights, known as inventions (patents); trademarks; industrial designs. The Paris Convention entered into force in 1884 with 14 member States, which set up an International Bureau to carry out administrative tasks, such as organizing meetings of the member States.

In the year 1886, copyright also entered the international arena with the Berne Convention for the Protection of Literary and Artistic Works to help nationals of its member States obtain international protection of their right to control, and receive payment for, the use of their creative works such as novels, short stories, poems, plays; songs, operas, musicals, sonatas; and drawings, paintings, sculptures, architectural works. Like the Paris Convention, the Berne Convention set up an International Bureau to carry out administrative tasks. In 1893, these two small bureaux united to form an international organization called the United International Bureau (BIRPI) for the Protection of Intellectual Property. The BIRPI indeed was the predecessor of the World Intellectual Property Organization.

With the growing importance of intellectual property, the structure and form of the Organization also changed. In 1960 BIRPI moved from Berne to Geneva to be closer to the United Nations and other international organizations in that city. A decade later, following the entry into force of the Convention Establishing the World Intellectual Property Organization, BIRPI became WIPO and in the year 1974, WIPO became a specialized agency of the United Nations system of organizations, with a mandate to administer intellectual property matters recognized by the member States of the UN.

Even the well-drafted treaty is powerless without member States to bring its provisions to life, so WIPO actively encourages States to sign its treaties and to enforce them. Widespread accession and consistent enforcement inspire confidence that intellectual property rights will be respected around the world, encourage investment, and contribute to economic development and social well-being. WIPO also initiated a new policy to adapt to rapid changes in the field of industrial property, by using new options to speed up the development of internationally harmonized principles and rules. The adoption of international recommendations on the protection of well-known marks in 1999, on trademark licenses in 2000 and on the protection of marks on the Internet in 2001, complements the traditional and more lengthy treaty-based approach to international legal standard setting.

WIPO and WTO

WIPO expanded its role and further demonstrated the importance of intellectual property rights in the management of globalized trade in 1996 by entering into a cooperation agreement with the World Trade Organization (WTO). It provides for co-operation concerning the implementation of the TRIPS Agreement, such as notification of laws and regulations and legal-technical assistance and technical co-operation in favour of developing countries. In July 1998, a joint initiative to help developing countries meet their TRIPS obligations till the year 2000 was launched.

Mention should be made that today WIPO, administers 24 treaties (three of those jointly with other international organizations) and carries out a rich and varied program of work, through its member States and secretariat, that seeks to:

- harmonize national intellectual property legislation and procedures,
- provide services for international applications for industrial property rights,
- exchange intellectual property information,
- provide legal and technical assistance to developing and other countries,
- facilitate the resolution of private intellectual property disputes, and
- marshal information technology as a tool for storing, accessing, and using valuable intellectual property information.

Paris Convention for the Protection of Industrial Property

The Paris Union, established by the Convention, has an Assembly and an Executive Committee. Every State member of the Union which has adhered to at least the administrative and final provisions of the Stockholm Act (1967) is a member of the Assembly. The members of the Executive Committee are elected from among the members of the Union, except for Switzerland, which is a member *ex officio*.

The Paris Convention, concluded in 1883, was revised at Brussels in 1900, at Washington in 1911, at The Hague in 1925, at London in 1934, at Lisbon in 1958 and at Stockholm in 1967, and it was amended in 1979.

The Convention applies to industrial property in the widest sense, including patents, marks, industrial designs, utility models, trade names, geographical indications and the repression of unfair competition. The

substantive provisions of the Convention may be divided into three main categories namely national treatment, right of priority, common rules.

National Treatment

Under the provisions on national treatment, the Convention provides that, as regards the protection of industrial property, each contracting State must grant the same protection to nationals of the other contracting States as it grants to its own nationals. Nationals of non-contracting States are also entitled to national treatment under the Convention if they are domiciled or have a real and effective industrial or commercial establishment in a contracting State.

Right of Priority

The Convention provides for the right of priority in the case of patents, marks and industrial designs. This right of priority denotes that on the basis of a regular first application filed in one of the contracting States, the applicant may, within a certain period of time (12 months for patents and utility models; 6 months for industrial designs and marks), apply for protection in any of the other contracting States and these later applications are regarded as if they had been filed on the same day as the first application. In other words, these later applications have priority over applications which may have been filed during the said period of time by other persons for the same invention, utility model, mark or industrial design. Moreover, these applications, since based on the first application, are not affected by any event that may have taken place in the interval, such as any publication of the invention or sale of articles bearing the mark or incorporating the industrial design. One of the major practical advantages of right of priority is that, when an applicant desires protection in several countries, he is not required to present all his applications at the same time but has six or 12 months at his disposal to decide in which countries he wishes protection and to organize with due care the steps needed to secure protection.

Common Rules

The Convention lays down a few common rules which all the contracting States must follow. The more important are the following:

Patents

1. Patents granted in different contracting States for the same invention are independent of each other.
2. The granting of a patent in one contracting State does not oblige the other contracting States to grant a patent.
3. A patent cannot be refused, annulled or terminated in any contracting State on the ground that it has been refused or annulled or has terminated in any other contracting State.
4. The inventor has the right to be named as such in the patent.
5. The grant of a patent may not be refused, and a patent may not be invalidated, on the ground that the sale of the patented product, or of a product obtained by means of the patented process, is subject to restrictions or limitations resulting from the domestic law.
6. Each contracting State that takes legislative measures providing for the grant of compulsory licenses to prevent the abuses which might result from the exclusive rights conferred by a patent may do so only with certain limitations. Thus, a compulsory license based on failure to work the patented invention may only be granted pursuant to a request filed after three or four years of failure to work or insufficient working of the patented invention and it must be refused if the patentee gives legitimate reasons to justify his inaction.

7. Forfeiture of a patent may not be provided for, except in cases where the grant of a compulsory license would not have been sufficient to prevent the abuse. In the latter case, proceedings for forfeiture of a patent may be instituted, but only after the expiration of two years from the grant of the first compulsory license.

Marks

- (1) The Paris Convention does not regulate the conditions for the filing and registration of marks which are therefore determined in each contracting State by the domestic law. Consequently, no application for the registration of a mark filed by a national of a contracting State may be refused, nor may a registration be invalidated, on the ground that filing, registration or renewal has not been affected in the country of origin. Once the registration of a mark is obtained in a contracting State, it is independent of its possible registration in any other country, including the country of origin; consequently.
- (2) The lapse or annulment of the registration of a mark in one contracting State does not affect the validity of registration in other contracting States.
- (3) Where a mark has been duly registered in the country of origin, it must, on request, be accepted for filing and protected in its original form in the other contracting States.
- (4) The registration may be refused in well-defined cases, such as when the mark would infringe acquired rights of third parties, when it is devoid of distinctive character, when it is contrary to morality or public order, or when it is of such a nature as to be liable to deceive the public.
- (5) If, in any contracting State, the use of a registered mark is compulsory, the registration cannot be canceled until after a reasonable period, and only if the owner cannot justify his inaction.
- (6) Each contracting State must refuse registration and prohibit the use of marks which constitute a reproduction, imitation or translation, liable to create confusion, of a mark considered by the competent authority of that State to be well known in that State as being already the mark of a person entitled to the benefits of the Convention and used for identical or similar goods.
- (7) Each contracting State must likewise refuse registration and prohibit the use of marks which consist of or contain without authorization, armorial bearings, State emblems and official signs and hallmarks of contracting states, provided they have been communicated through the International Bureau of WIPO.
- (8) The same provisions apply to armorial bearings, flags, other emblems, abbreviations and names of certain inter-governmental organizations.
- (9) Collective marks must be granted protection.

Industrial Designs

Industrial designs must be protected in each contracting State, and protection may not be forfeited on the ground that the articles incorporating the design are not manufactured in that State.

Trade Names

Protection must be granted to trade names in each contracting State without the obligation of filing or registration.

Indications of Source

Measures must be taken by each contracting State against direct or indirect use of a false indication of the source of the goods or the identity of the producer, manufacturer or trader.

Unfair Competition

Each contracting State must provide for effective protection against unfair competition.

PATENT COOPERATION TREATY (PCT)

The PCT created a Union. The Union has an Assembly. Every State party to the PCT is a member of the Assembly. Some of the most important tasks of the Assembly are-

The amendment of the Regulations issued under the Treaty, the adoption of the biennial program and budget of the Union, and the fixing of certain fees connected with the use of the PCT system.

The development of the PCT system is shown by the fact that in 1979, 2,625 international applications were received by the International Bureau, while the corresponding number was 110,065 in 2003. The average number of designations per application was 6.66 in 1979 and 132 in 2003.

The PCT was concluded in 1970, amended in 1979 and modified in 1984 and 2001. It is open to States party to the Paris Convention for the Protection of Industrial Property (1883). Instruments of ratification or accession must be deposited with the Director General of WIPO.

The Patent Cooperation Treaty makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing an international patent application. The application may be filed by anyone who is a national or resident of a contracting State, with the national patent office of the contracting State of which the applicant is a national or resident or, at the applicant's option, with the International Bureau of WIPO in Geneva. If the applicant is a national or resident of a contracting State which is party to the European Patent Convention, the Harare Protocol on Patents and Industrial Designs (Harare Protocol) or the Eurasian Patent Convention, the international application may also be filed with the European Patent Office (EPO), the African Regional Industrial Property Organization (ARIPO) or the Eurasian Patent Office (EAPO), respectively.

The Treaty regulates in detail the formal requirements with which any international application must comply.

The applicant is required to indicate those countries in which he wishes his international application to have effect, generally known as designated States. The effect of the international application in each designated State is the same as if a national patent application had been filed with the national patent office of that State. Where a designated State is party to the European Patent Convention, the applicant must opt for the effect of a European patent application. Where a designated State is party to the Eurasian Patent Convention, the applicant may opt for the effect of a Eurasian patent. Where a designated State is party to the Harare Protocol, the applicant may opt for the effect of an ARIPO patent application. Where a designated State is a member of the African Intellectual Property Organization (OAPI), the effect of the designation is automatically that of a regional application filed with OAPI.

The international search is conducted in respect of an international application by one of the major patent offices and such search results in an international search report, that is, a listing of the citations of published documents that might affect the patentability of the invention claimed in the international application.

The international search report is communicated to the applicant who may decide to withdraw his application, in particular where the content of the report suggests that the granting of patents is unlikely. If the international application is not withdrawn, it is, together with the international search report, published by the International Bureau and communicated to each designated Office.

If the applicant decides to continue with the international application with a view to obtaining national (or

regional) patents, he can wait until the end of the 20th month after the filing of the international application or, where that application claims the priority of an earlier application, until the end of the 20th month after the filing of that earlier application, to commence the national procedure before each designated Office by furnishing a translation (where necessary) of the application into the official language of that Office and paying prescribed fees. This 20-month period can be extended by a further 10 months where the applicant requests, prior to the expiration of the 19th month from the priority date, for an international preliminary examination report and which gives a preliminary and non-binding opinion on the patentability of the claimed invention. The applicant is however entitled to amend the international application during the international preliminary examination.

Advantages of PCT Filing

The advantages of PCT filing for the applicant, the patent offices and the general public are given below:

- (1) The applicant has up to 18 months more than in a procedure outside the PCT to reflect on the desirability of seeking protection in foreign countries,
- (2) to appoint local patent agents in each foreign country,
- (3) to prepare the necessary translations and to pay the national fees. The PCT filing assures the applicant that if his international application is in the form prescribed by the PCT, it cannot be rejected on formal grounds by any designated Office during the national phase of the processing of the application. On the basis of the international search report, the applicant can evaluate with reasonable probability the chances of his invention being patented. On the basis of the international preliminary examination report, that probability is even stronger; the applicant has the possibility to amend the international application to put it in order before processing by the designated Offices.

Berne Convention for the Protection of Literary and Artistic Works

The Berne Union has an Assembly and an Executive Committee. Every country member of the Union which has adhered to at least the administrative and final provisions of the Stockholm Act is a member of the Assembly. The members of the Executive Committee are elected from among the members of the Union, except for Switzerland, which is a member *ex officio*.

The Berne Convention, concluded in 1886, was revised at Paris in 1896 and at Berlin in 1908, completed at Berne in 1914, revised at Rome in 1928, at Brussels in 1948, at Stockholm in 1967 and at Paris in 1971, and was amended in 1979.

The Convention rests on three basic principles and contains a series of provisions determining the minimum protection to be granted, as well as special provisions available to developing countries.

Basic Principles

The three basic principles are the following:

1. Works originating in one of the contracting States must be given the same protection in each of the other contracting States as the latter grants to the works of its own nationals.
2. Such protection must not be conditional upon compliance with any formality.
3. Such protection is independent of the existence of protection in the country of origin of the work. If, however, a contracting State provides for a longer term than the minimum prescribed by the Convention and the work ceases to be protected in the country of origin, protection may be denied once protection in the country of origin ceases.

The minimum standards of protection relate to the works and rights to be protected, and the duration of the protection:

1. As to works, the protection must include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression.
2. Subject to certain permitted reservations, limitations or exceptions, the following are among the rights which must be recognized as exclusive rights of authorization:
 - the right to translate,
 - the right to make adaptations and arrangements of the work,
 - the right to perform in public dramatic, dramatico-musical and musical works,
 - the right to recite in public literary works,
 - the right to communicate to the public the performance of such works,
 - the right to broadcast (with the possibility of a contracting State to provide for a mere right to equitable remuneration instead of a right of authorization),
 - the right to make reproductions in any manner or form,
 - the right to use the work as a basis for an audiovisual work, and the right to reproduce, distribute, perform in public or communicate to the public that audiovisual work.

The Convention also provides for “moral rights,” that is, the right to claim authorship of the work and the right to object to any mutilation or deformation or other modification of, or other derogatory action in relation to, the work which would be prejudicial to the author’s honor or reputation.

Duration of Protection

The general rule is that protection must be granted until the expiration of the 50th year after the author’s death. There are, however, exceptions to this general rule. In the case of anonymous or pseudonymous works, the term of protection expires 50 years after the work has been lawfully made available to the public, except if the pseudonym leaves no doubt as to the author’s identity or if the author discloses his identity during that period; in the latter case, the general rule applies.

In the case of audiovisual (cinematographic) works, the minimum term of protection is 50 years after the making available of the work to the public (“release”) or—failing such an event—from the creation of the work.

In the case of works of applied art and photographic works, the minimum term is 25 years from the creation of such a work.

Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement

With the establishment of the world trade Organization (WTO), the importance and role of the intellectual property protection has been Crystallized in the Trade-Related Intellectual Property Systems (TRIPS) Agreement. It was negotiated at the end of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) treaty in 1994.

The general goals of the TRIPS Agreement are contained in the Preamble to the Agreement, which reproduces the basic Uruguay Round negotiating objectives established in the TRIPS area by the 1986 *Punta del Este Declaration* and the 1988-89 Mid-Term Review. These objectives include the reduction of

distortions and impediments to international trade, promotion of effective and adequate protection of intellectual property rights, and ensuring that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade.

The TRIPS Agreement encompasses, in principle, all forms of intellectual property and aims at harmonizing and strengthening standards of protection and providing for effective enforcement at both national and international levels. It addresses applicability of general GATT principles as well as the provisions in international agreements on IP (Part I). It establishes standards for availability, scope, use (Part II), enforcement (Part III), acquisition and maintenance (Part IV) of Intellectual Property Rights. Furthermore, it addresses related dispute prevention and settlement mechanisms (Part V). Formal provisions are addressed in Part VI and VII of the Agreement, which cover transitional, and institutional arrangements, respectively.

The obligations under TRIPS apply equally to all member states. However developing countries were allowed extra time to implement the applicable changes to their national laws, in two tiers of transition according to their level of development. The transition period for developing countries expired in 2005. For least developed countries, the transition period has been extended to 2016, and could be extended beyond that.

The TRIPS Agreement, which came into effect on 1 January 1995, is to date the most comprehensive multilateral agreement on intellectual property. The areas of intellectual property that it covers are:

- (i) Copyright and related rights (i.e. the rights of performers, producers of sound recordings and broadcasting organisations);
- (ii) Trade marks including service marks;
- (iii) Geographical indications including appellations of origin;
- (iv) Industrial designs;
- (v) Patents including protection of new varieties of plants;
- (vi) The lay-out designs (topographies) of integrated circuits;
- (vii) The undisclosed information including trade secrets and test data.

Issues Covered under TRIPS Agreement

The TRIPS agreement broadly focuses on following issues:

- How basic principles of the trading system and other international intellectual property agreements should be applied.
- How to give adequate protection to intellectual property rights.
- How countries should enforce those rights adequately in their own territories.
- How to settle disputes on intellectual property between members of the WTO.
- Special transitional agreements during the period when the new system is being introduced.

Features of the Agreement

The main three features of the TRIPS Agreement are as follows-

Standards: The TRIPS Agreement sets out the minimum standards of protection to be provided by each Member.

Enforcement: The second main set of provisions deals with domestic procedures and remedies for

the enforcement of intellectual property rights. The Agreement lays down certain general principles applicable to all IPR enforcement procedures.

Dispute settlement: The Agreement makes disputes between WTO Members about the respect of the TRIPS obligations subject to the WTO's dispute settlement procedures.

In addition the Agreement provides for certain basic principles, such as national and most-favoured-nation treatment (non-discrimination), and some general rules to ensure that procedural difficulties in acquiring or maintaining IPRs do not nullify the substantive benefits that should flow from the Agreement.

The TRIPS Agreement is a minimum standards agreement, which allows Members to provide more extensive protection of intellectual property if they so wish. Members are left free to determine the appropriate method of implementing the provisions of the Agreement within their own legal system and practice.

Protection of Intellectual Property under TRIPS

The TRIPS Agreement provides for protection of various kinds of intellectual property rights to ensure that adequate standards of protection exist in all member countries. The starting point is the obligations of the main international agreement of the World Intellectual Property Organization (WIPO) that already existed before the WTO was created; namely, the Paris Convention for the Protection of Industrial Property (patents, industrial designs, etc.) and the Berne Convention for the Protection of Literary and Artistic Works (copyright). However, some areas were not covered by these conventions while in some cases, the standards of protection prescribed were thought inadequate. So the TRIPS agreement adds a significant number of new or higher standards for the protection of intellectual property rights. Part II of the Agreement addresses, in its various sections, the different kinds of IPR and establishes standards for each category.

Copyright and Related Rights

The TRIPS Agreement requires member countries to comply with the basic standards of the Berne Convention. This is expressed in Article 9.1 of the Agreement which makes reference to the Berne Convention for the Protection of Literary and Artistic Works of 1971 and establishes that Members should comply with Articles 1 through 21 and the Appendix thereto.

However, Members do not have rights or obligations under the TRIPS Agreement in respect of the rights conferred under Article 6bis of that Convention, i.e. the moral rights (the right to claim authorship and to object to any derogatory action in relation to a work, which would be prejudicial to the author's honour or reputation), or of the rights derived therefrom. The provisions of the Berne Convention referred to deal with questions such as subject-matter to be protected, minimum term of protection, and rights to be conferred and permissible limitations to those rights. The Appendix allows developing countries, under certain conditions, to make some limitations to the right of translation and the right of reproduction. That apart, the TRIPS Agreement clarifies and adds certain specific points.

Article 9.2 of the Agreement confirms that copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such.

Computer programs and Compilation: Article 10.1 provides that computer programs, whether in source or object code, shall be protected as literary works under the Berne Convention (1971). This provision confirms that computer programs must be protected under copyright and that those provisions of the Berne Convention that apply to literary works shall be applied also to them. It confirms further, that the form in which a program is, whether in source or object code, does not affect the protection. The obligation to protect computer programs as literary works means e.g. that only those limitations that are applicable to literary

works may be applied to computer programs. It also confirms that the general term of protection of 50 years applies to computer programs. Possible shorter terms applicable to photographic works and works of applied art may not be applied.

Article 10.2 clarifies that compilation of data or other material shall be protected as such under copyright even where the databases include data that as such are not protected under copyright. Databases are eligible for copyright protection provided that they by reason of the selection or arrangement of their contents constitute intellectual creations. The provision also confirms that databases have to be protected regardless of which form they are in, whether machine readable or other form. Furthermore, the provision clarifies that such protection shall not extend to the data or material itself, and that it shall be without prejudice to any copyright subsisting in the data or material itself.

Rental Rights: Article 11 provides that authors shall have, in respect of at least computer programs and in certain circumstances, of cinematographic works, the right to authorize or to prohibit the commercial rental to the public of originals or copies of their copyright works. With respect to cinematographic works, the exclusive rental right is subject to the so-called impairment test: a Member is excepted from the obligation unless such rental has led to widespread copying of such works which is materially impairing the exclusive right of reproduction conferred in that Member on authors and their successors in title. In respect of computer programs, the obligation does not apply to rentals where the program itself is not the essential object of the rental.

Term of protection: According to the general rule contained in Article 7(1) of the Berne Convention as incorporated into the TRIPS Agreement, the term of protection shall be the life of the author and 50 years after his death. Paragraphs 2 and 4 of that Article specifically allow shorter terms in certain cases. These provisions are supplemented by Article 12 of the TRIPS Agreement, which provides that whenever the term of protection of a work, other than a photographic work or a work of applied art, is calculated on a basis other than the life of a natural person, such term shall be no less than 50 years from the end of the calendar year of authorized publication or failing such authorized publication within 50 years from the making of the work, 50 years from the end of the calendar year of making.

Limitations and Exceptions: Article 13 requires Members to confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and makes it clear that they must be applied in a manner that does not prejudice the legitimate interests of the right holder.

Protection of Performers, Producers of Phonograms and Broadcasting Organizations: The provisions on protection of performers, producers of phonograms and broadcasting organizations are included in Article 14. According to Article 14.1, performers shall have the possibility of preventing the unauthorized fixation of their performance on a phonogram (e.g. the recording of a live musical performance). The fixation right covers only aural, not audiovisual fixations. Performers must also be in a position to prevent the reproduction of such fixations. They shall also have the possibility of preventing the unauthorized broadcasting by wireless means and the communication to the public of their live performance.

In accordance with Article 14.2, Members have to grant producers of phonograms an exclusive reproduction right. In addition to this, they have to grant, in accordance with Article 14.4, an exclusive rental right at least to producers of phonograms. The provisions on rental rights apply also to any other right holders in phonograms as determined in national law. This right has the same scope as the rental right in respect of computer programs. Therefore it is not subject to the impairment test as in respect of cinematographic works. However, it is limited by a so-called grand-fathering clause, according to which a Member, which on 15 April 1994, i.e. the date of the signature of the Marrakesh Agreement, had in force a system of equitable remuneration of right holders in respect of the rental of phonograms, may maintain such system provided

that the commercial rental of phonograms is not giving rise to the material impairment of the exclusive rights of reproduction of right holders.

Broadcasting organizations shall have, in accordance with Article 14.3, the right to prohibit the unauthorized fixation, the reproduction of fixations, and the rebroadcasting by wireless means of broadcasts, as well as the communication to the public of their television broadcasts. However, it is not necessary to grant such rights to broadcasting organizations, if owners of copyright in the subject-matter of broadcasts are provided with the possibility of preventing these acts, subject to the provisions of the Berne Convention.

Any Member may, in relation to the protection of performers, producers of phonograms and broadcasting organizations, provide for conditions, limitations, exceptions and reservations to the extent permitted by the Rome Convention [Article 14.6].

The term of protection as per Article 14.5 is at least 50 years for performers and producers of phonograms, and 20 years for broadcasting organizations.

Trademarks

Protectable subject Matter: The basic rule contained in Article 15 of the TRIPS Agreement is that any sign, or any combination of signs, capable of distinguishing the goods and services of one undertaking from those of other undertakings, must be eligible for registration as a trademark, provided that it is visually perceptible. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, must be eligible for registration as trademarks.

Where signs are not inherently capable of distinguishing the relevant goods or services, Member countries are allowed to require, as an additional condition for eligibility for registration as a trademark, that distinctiveness which has been acquired through use. Members are free to determine whether to allow the registration of signs that is not visually perceptible (e.g. sound or smell marks).

Members may make registrability depend on use. However, actual use of a trademark shall not be permitted as a condition for filing an application for registration, and at least three years must have passed after that filing date before failure to realize an intent to use is allowed as the ground for refusing the application (Article 14.3).

The Agreement requires service marks to be protected in the same way as marks distinguishing goods.

Rights Conferred: The owner of a registered trademark must be granted the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered, where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion must be presumed (Article 16.1).

The TRIPS Agreement contains certain provisions on well-known marks, which supplement the protection required by Article 6*bis* of the Paris Convention, as incorporated by reference into the TRIPS Agreement, which obliges Members to refuse or to cancel the registration, and to prohibit the use of a mark conflicting with a mark which is well known. First, the provisions of that Article must be applied also to services. Second, it is required that knowledge in the relevant sector of the public acquired not only as a result of the use of the mark but also by other means, including as a result of its promotion, be taken into account. Furthermore, the protection of registered well-known marks must extend to goods or services which are not similar to those in respect of which the trademark has been registered, provided that its use would indicate a connection

between those goods or services and the owner of the registered trademark, and the interests of the owner are likely to be damaged by such use (Articles 16.2 and 3).

Exceptions: Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties (Article 17).

Term of protection: Initial registration and each renewal of registration, of a trademark shall be for a term of no less than seven years. The registration of a trademark shall be renewable indefinitely (Article 18).

Requirement of Use: Cancellation of a mark on the grounds of non-use cannot take place before three years of uninterrupted non-use has elapsed unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner. Circumstances arising independently of the will of the owner of the trademark, such as import restrictions or other government restrictions, shall be recognized as valid reasons of non-use. Use of a trademark by another person, when subject to the control of its owner, must be recognized as use of the trademark for the purpose of maintaining the registration (Article 19).

It is further required that use of the trademark in the course of trade shall not be unjustifiably encumbered by special requirements, such as use with another trademark, use in a special form, or use in a manner detrimental to its capability to distinguish the goods or services (Article 20).

Licensing and Assignment: Members may determine conditions on the licensing and assignment of trademarks. Compulsory licensing of trade marks is not permitted (Article 21).

Geographical indications

Place names are sometimes used to identify a product. Well-known examples include “Champagne”, “Scotch”, “Tequila”, and “Roquefort” cheese, ‘Basmati’ rice and ‘Darjeeling’ Tea. Wine and spirits makers are particularly concerned about the use of place-names to identify products and the TRIPs agreement contains special provisions for these products.

Geographical indications are defined, for the purposes of the Agreement, as indications which identify goods as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin (Article 22.1).

In respect of all geographical indications, interested parties must have legal means to prevent use of indications which mislead the public as to the geographical origin of the good, and use which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention (Article 22.2).

The registration of a trademark which uses a geographical indication in a way that misleads the public as to the true place of origin must be refused or invalidated *ex officio* if the legislation so permits or at the request of an interested party (Article 22.3).

Protection for Wines and Spirits: Article 23 provides that interested parties must have the legal means to prevent the use of a geographical indication identifying wines for wines not originating in the place indicated by the geographical indication. This applies even where the public is not being misled, there is no unfair competition and the true origin of the good is indicated or the geographical indication is accompanied by expressions such as “kind”, “type”, “style”, “imitation” or the like. Similar protection must be given to geographical indications identifying spirits when used on spirits. Protection against registration of a trademark must be provided accordingly.

Exceptions: Article 24 contains a number of exceptions to the protection of geographical indications. These

exceptions are of particular relevance in respect of the additional protection for geographical indications for wines and spirits. For example, Members are not obliged to bring a geographical indication under protection, where it has become a generic term for describing the product in question (paragraph 6). Measures to implement these provisions shall not prejudice prior trademark rights that have been acquired in good faith (paragraph 5). Under certain circumstances, continued use of a geographical indication for wines or spirits may be allowed on a scale and nature as before (paragraph 4). Members availing themselves of the use of these exceptions must be willing to enter into negotiations about their continued application to individual geographical indications (paragraph 1). The exceptions cannot be used to diminish the protection of geographical indications that existed prior to the entry into force of the TRIPS Agreement (paragraph 3). The TRIPS Council shall keep under review the application of the provisions on the protection of geographical indications (paragraph 2).

Industrial Designs

Requirements for Protection: Article 25.1 of the TRIPS Agreement obliges Members to provide for the protection of independently created industrial designs that are new or original. Members may provide that designs are not new or original if they do not significantly differ from known designs or combinations of known design features. Members may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations.

Article 25.2 contains a special provision aimed at taking into account the short life cycle and sheer number of new designs in the textile sector; requirements for securing protection of such designs, in particular in regard to any cost, examination or publication, must not unreasonably impair the opportunity to seek and obtain such protection. Members are free to meet this obligation through industrial design law or through copyright law.

Protection: Article 26.1 requires Members to grant the owner of a protected industrial design the right to prevent third parties not having the owner's consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes.

Article 26.2 allows Members to provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties.

Duration of protection: The duration of protection available shall amount to at least 10 years.

Patents

Patentable Subject Matter: The TRIPS Agreement requires Member countries to make patents available for any inventions, whether products or processes, in all fields of technology without discrimination, subject to the normal tests of novelty, inventiveness and industrial applicability. It is also required that patents be available and patent rights enjoyable without discrimination as to the place of invention and whether products are imported or locally produced (Article 27.1).

There are three permissible exceptions to the basic rule on patentability. One is for inventions contrary to *ordre public* or morality; this explicitly includes inventions dangerous to human, animal or plant life or health or seriously prejudicial to the environment. The use of this exception is subject to the condition that the commercial exploitation of the invention must also be prevented and this prevention must be necessary for the protection of *ordre public* or morality (Article 27.2).

The second exception is that Members may exclude from patentability diagnostic, therapeutic and surgical methods for the treatment of humans or animals (Article 27.3(a)).

The third is that Members may exclude plants and animals other than micro-organisms and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. However, any country excluding plant varieties from patent protection must provide an effective *sui generis* system of protection. Moreover, the whole provision is subject to review four years after entry into force of the Agreement (Article 27.3(b)).

Rights Conferred: The exclusive rights that must be conferred by a product patent are the ones of making, using, offering for sale, selling, and importing for these purposes. Process patent protection must give rights not only over use of the process but also over products obtained directly by the process. Patent owners shall also have the right to assign, or transfer by succession, the patent and to conclude licensing contracts (Article 28).

Exceptions: Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties (Article 30).

Term of protection: The term of protection available shall not end before the expiration of a period of 20 years counted from the filing date (Article 33).

Conditions on Patent Applicants: Members shall require that an applicant for a patent shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art and may require the applicant to indicate the best mode for carrying out the invention known to the inventor at the filing date or, where priority is claimed, at the priority date of the application (Article 29.1).

Process Patents: If the subject-matter of a patent is a process for obtaining a product, the judicial authorities shall have the authority to order the defendant to prove that the process to obtain an identical product is different from the patented process, where certain conditions indicating a likelihood that the protected process was used are met (Article 34).

Other Use Without Authorization of the Right Holder: Compulsory licensing and government use without the authorization of the right holder are allowed, but are made subject to conditions aimed at protecting the legitimate interests of the right holder. The conditions are mainly contained in Article 31. These include the obligation, as a general rule, to grant such licences only if an unsuccessful attempt has been made to acquire a voluntary licence on reasonable terms and conditions within a reasonable period of time; the requirement to pay adequate remuneration in the circumstances of each case, taking into account the economic value of the licence; and a requirement that decisions be subject to judicial or other independent review by a distinct higher authority. Certain of these conditions are relaxed where compulsory licences are employed to remedy practices that have been established as anticompetitive by a legal process. These conditions should be read together with the related provisions of Article 27.1, which require that patent rights shall be enjoyable without discrimination as to the field of technology, and whether products are imported or locally produced.

Layout-Designs of Integrated Circuits

Article 35 of the TRIPS Agreement requires Member countries to protect the layout-designs of integrated circuits in accordance with the provisions of the IPIC Treaty (the Treaty on Intellectual Property in Respect of Integrated Circuits), negotiated under the auspices of WIPO in 1989. These provisions deal with, *inter alia*,

the definitions of “integrated circuit” and “layout-design (topography)”, requirements for protection, exclusive rights, and limitations, as well as exploitation, registration and disclosure.

In addition to requiring Member countries to protect the layout-designs of integrated circuits in accordance with the provisions of the IPICT Treaty, the TRIPS Agreement clarifies and/or builds on four points. These points relate to the term of protection (ten years instead of eight, Article 38), the applicability of the protection to articles containing infringing integrated circuits (last sub clause of Article 36) and the treatment of innocent infringers (Article 37.1). The conditions in Article 31 of the TRIPS Agreement apply *mutatis mutandis* to compulsory or non-voluntary licensing of a layout-design or to its use by or for the government without the authorization of the right holder, instead of the provisions of the IPICT Treaty on compulsory licensing (Article 37.2).

Protection of Undisclosed Information

The TRIPS Agreement requires undisclosed information -- trade secrets or know-how -- to benefit from protection. According to Article 39.2, the protection must apply to information that is secret, that has commercial value because it is secret and that has been subject to reasonable steps to keep it secret. The Agreement does not require undisclosed information to be treated as a form of property, but it does require that a person lawfully in control of such information must have the possibility of preventing it from being disclosed to, acquired by, or used by others without his or her consent in a manner contrary to honest commercial practices.

“Manner contrary to honest commercial practices” includes breach of contract, breach of confidence and inducement to breach, as well as the acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know, that such practices were involved in the acquisition.

The Agreement also contains provisions on undisclosed test data and other data whose submission is required by governments as a condition of approving the marketing of pharmaceutical or agricultural chemical products which use new chemical entities. In such a situation the Member government concerned must protect the data against unfair commercial use. In addition, Members must protect such data against disclosure, except where necessary to protect the public, or unless steps are taken to ensure that the data are protected against unfair commercial use.

Enforcement of Intellectual Property Rights

The provisions on enforcement are contained in Part III of the Agreement, which is divided into five Sections. The first Section lays down general obligations that all enforcement procedures must meet. These are notably aimed at ensuring their effectiveness and that certain basic principles of due process are met. The following Sections deal with civil and administrative procedures and remedies, provisional measures, special requirements related to border measures and criminal procedures. These provisions have two basic objectives: one is to ensure that effective means of enforcement are available to right holders; the second is to ensure that enforcement procedures are applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

The Agreement makes a distinction between infringing activity in general, in respect of which civil judicial procedures and remedies must be available, and counterfeiting and piracy -- the more blatant and egregious forms of infringing activity -- in respect of which additional procedures and remedies must also be provided, namely border measures and criminal procedures. For this purpose, counterfeit goods are in essence defined as goods involving slavish copying of trademarks, and pirated goods as goods which violate a reproduction right under copyright or a related right.

UNESCO

Copyright a traditional tool for encouraging creativity nowadays, has even greater potential to encourage creativity in the beginning of the 21st century. Committed to promoting copyright protection since its early days (the Universal Copyright Convention was adopted under UNESCO's aegis in 1952), UNESCO has over time grown concerned with ensuring general respect for copyright in all fields of creation and cultural industries. It conducts, in the framework of the Global Alliance for Cultural Diversity, awareness-raising and capacity-building projects, in addition to information, training and research in the field of copyright law. It is particularly involved in developing new initiatives to fight against piracy.

The digital revolution has not left copyright protection unaffected. UNESCO endeavours to make a contribution to the international debate on this issue, taking into account the development perspective and paying particular attention to the need of maintaining the fair balance between the interests of authors and the interest of the general public of access to knowledge and information.

LESSON ROUND UP

- Intellectual property encompasses the properties that are the creations of the human mind, labour, capital and intellect.
- Intellectual property is divided into two categories: Industrial property, which includes inventions (patents), trademarks, industrial designs, and geographic indications of source; and Copyright, which includes literary and artistic works such as novels, poems and plays, films, musical works, artistic works such as drawings, paintings, photographs and sculptures, and architectural designs.
- The most noticeable difference between intellectual property and other forms of property, however, is that intellectual property is intangible, that is, it cannot be defined or identified by its own physical parameters. It must be expressed in some discernible way to be protectable.
- With the establishment of the world trade Organization (WTO), the importance and role of the intellectual property protection has been crystallized in the Trade -Related Intellectual Property Systems (TRIPS) Agreement.
- The TRIPS Agreement, which came into effect on 1 January 1995, is to date the most comprehensive multilateral agreement on intellectual property. The areas of intellectual property that it covers are:
 - (i) Copyright and related rights (i.e. the rights of performers, producers of sound recordings and broadcasting organisations);
 - (ii) trade marks including service marks;
 - (iii) Geographical indications including appellations of origin;
 - (iv) Industrial designs;
 - (v) Patents including protection of new varieties of plants;
 - (vi) the lay-out designs (topographies) of integrated circuits;
 - (vii) the undisclosed information including trade secrets and test data.
- After India became a signatory to the TRIPS agreement, the Patents Act, 1970 has been amended in the year 1995, 1999, 2002 and 2005 to meet its obligations under the TRIPS Agreement. The law of trademarks is also now modernized under the Trademarks Act of 1999. Copyright Act, 1957 has been amended several times to keep pace with the changing times. The most notable amendment was introduced in 1984 including "computer programmes" within the definition of "literary work".
- India did not have a specific law governing geographical indications of goods which could adequately

protect the interest of producers of such goods. This resulted into controversial cases like turmeric, neem and basmati. To cover up such situations it became necessary to have a comprehensive legislation for registration and for providing adequate protection for geographical indications and accordingly the Parliament has passed a legislation, namely, the Geographical indication of Goods (Registration and Protection) Act, 1999.

- TRIPS Agreement under WTO contains provisions with regard to setting up of standards concerning availability, scope and use of Intellectual Property Rights, Geographical Indications, Layout-Design of Integrated Circuits etc. Therefore, the Government enacted the Semi-conductor Integrated Circuits Layout-Designs Act, 2000 providing for protection of Semi-conductor Integrated Circuits Layout-Designs
- The Protection of Plant Varieties and Farmers' Rights Act 2001 was enacted in India to protect the new plant varieties. The various modifications and amendments to earlier Intellectual Property Laws are an indication of India's move towards new IPR regime so as to prepare ourselves for the global trade competition.
- Only a small but significant number of countries and regions provide the option of utility model protection. At present India does not have legislation on Utility Models.
- Following India's ratification of the Convention on Biological Diversity (CBD) at international level, the Biological Diversity Act, 2002 was adopted. The Biological Diversity Act aims at conservation of biological resources and associated knowledge as well as facilitating access to them in a sustainable manner and through a just process.
- Strong intellectual property rights help consumers make an educated choice about the safety, reliability, and effectiveness of their purchases. Enforced intellectual property rights ensure that products are authentic, and of the high-quality that consumers recognize and expect. IP rights foster the confidence and ease of mind that consumers demand and markets rely on.
- There are number of International Treaties/Conventions which deal with the various aspects of intellectual property and industrial property. These Conventions are administered by World Intellectual Property Organisation, popularly known as WIPO.

SELF TEST QUESTIONS

These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.

1. What is meant by Intellectual Property?
2. What are "intellectual property rights"?
3. Why does intellectual property need to be promoted and protected?
4. What are the legislations covering IPRs in India?
5. Who are responsible for administration of IPRs in the country?
6. India provides protection to Intellectual Property Rights in accordance with its obligations under the TRIPS Agreement of the WTO. Discuss.
7. List out the subject matter protected by intellectual property rights under the World Intellectual Property Organization(WIPO).
8. Enumerate the salient features of the Design Act 2000.
9. Outline the main differences between utility models and patents. Does India have legislation on Utility models?

- [illegible]

Lesson 2

PATENTS

LESSON OUTLINE

- Concept of Patent
- Product/Process Patents & Terminology
- Duration of Patents
- Elements of Patentability
- Non- Patentable Subject Matter
- Procedure for Filing of Patent Application
- Procedure for Opposition
- Revocation of Patents
- Assignment and licensing of Patents
- Compulsory Licensing
- Patent Agent
- Lesson Round Up
- Self Test Questions

LEARNING OBJECTIVES

Inventions arising from the creative work of human beings acquire considerable commercial value, in view of the possibility of their use by large sections of the society not only within the country but also in other countries of the world.

Patent is one of the very common modes through which scientific inventions having potential for industrial application are being protected. In India very few scientific organizations and much less industries take adequate measures to protect their inventions.

In India, the law relating to patents is contained in the Patents Act, 1970. This Act has been amended in the year 1995, 1999, 2002 and 2005 to meet India's obligations under the agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) forming part of the Agreement establishing the World Trade Organisation (WTO). Now Indian Patents Act is fully compliant with India's obligations under the TRIPS Agreement of the WTO.

The importance of patents has increased tremendously over last few decades. Every company is creating a strong patent portfolio. It is important to know the advantages involved in getting a patent and how does the patent benefit an inventor.

The objective of the lesson is to develop among students greater awareness about the patent law in India and spell out the procedural mechanism involved in obtaining a patent besides assignment and licensing of patents and compulsory licensing.

CONCEPT OF PATENT

The creative work of the human mind is protected through several measures and the main motivation for the same is that such protection is a definite measure of encouragement for the creative activity. Several forms of protection of the creative activity have come about including those which are of particular interest in the industrial development. Patents being one of them. Generally speaking, patent is a monopoly grant and it enables the inventor to control the output and within the limits set by demand, the price of the patented products. Underlying economic and commercial justification for the patent system is that it acts as a stimulus to investment in the Industrial innovation. Innovative technology leads to the maintenance of and increase in nations stock of valuable, tradeable and industrial assets.

The grant of first patent can be traced as far back as 500 B.C. It was the city dominated by gaurmands, and perhaps the first, to grant what we now-a-days call patent right to promote culinary art. For it conferred exclusive rights of sale to any confectioner who first invented a delicious dish. As the practice was extended to other Greek cities and to other crafts and commodities, it acquired a name 'monopoly', a Greek Portmanteau word from mono (alone) and polein (sale).

Evidences of grant to private individuals by kings and rulers of exclusive property rights to inventors dates back to the 14th Century, but their purpose varied throughout the history. History shows that in 15th Century in Venice there had been systematic use of monopoly privileges for inventors for the encouragement of invention. Utility and novelty of the invention were the important considerations for granting a patent privilege. The inventors were also required to put their invention in commercial use within a specified period. In 16th Century the German princes awarded inventors of new arts and machines and also took into consideration the utility and novelty of inventions. Early laws in American colonies served primarily to encourage foreign manufacturers to establish new industries in the colonies by providing them protected domestic markets.

By the late 15th Century, the English monarchy increasingly started using monopoly privilege to reward court favourites, to secure loyalty and to secure control over the industry but these privileges were not used to encourage inventions. In 1623, the English Parliament adopted a Statute of monopolies which recognised the inventors patent as a justifiable monopoly to be distinguished from other monopoly privileges. The Statute outlawed the awarding of monopoly privileges except for first and true inventor of a new manufacture.

In England during the 16th and 17th Century, the inventor's patent of monopoly had become of great national importance. From the mid-seventeenth Century through the mid-nineteenth Century, the laws recognising the patent monopoly spread throughout Europe and North America, but these privileges were not granted without the opposition.

The origin of the Indian Patent System could be traced to the Act of 1856 granting exclusive privileges to inventors. The patent regime at the time of Independence was governed by the Patents and Designs Act, 1911, which had provisions both for product and process patents. It was, however, generally felt that the patent law had done little good to the people of the country. The way the Act was designed benefited foreigners far more than Indians. It did not help at all in the promotion of scientific research and industrialization in the country, and it curbed the innovativeness and inventiveness of Indians.

Shortly after Independence, therefore, in 1949, a committee was constituted under the chairmanship of Justice (Dr.) Bakshi Tek Chand, a retired judge of the Lahore High Court, to undertake a comprehensive review of the working of the 1911 Act. The Committee submitted its interim report on August 4, 1949 and the

final report in 1950 making recommendations for prevention of misuse or abuse of patent rights in India. It also observed that the Patent Act should contain a clear indication that food and medicine and surgical and curative devices were to be made available to the public at the cheapest price commensurate with giving reasonable compensation to the patentee. Based on the committee's recommendations, the 1911 Act was amended in 1950 (by Act XXXII of 1950) in relation to working of inventions, including compulsory licensing and revocation of patents. In 1952, a further amendment was made (by Act LXX of 1952) to provide for compulsory license in respect of food and medicines, insecticide, germicide or fungicide, and a process for producing substance or any invention relating to surgical or curative devices. The committee's recommendation prompted the Government to introduce a bill (Bill no. 59 of 1953) in Parliament, but the bill was not pressed and it was allowed to lapse.

In 1957, another committee came to be appointed under the chairmanship of Justice N. Rajagopala Ayyangar to take a fresh look at the law of patent and to completely revamp and recast it to best sub-serve the contemporary needs of the country. Justice Ayyangar's report specially discussed (a) patents for chemical inventions; and (b) patents for inventions relating to food and medicine. Justice Ayyangar submitted a comprehensive Report on Patent Law Revision in September 1959 and the new law of patent, namely, the Patents Act, 1970, came to be enacted mainly based on the recommendations of the report, and came into force on April 20, 1972 replacing the Patents and Designs Act, 1911. However, the 1911 Act continued to be applicable to designs.

Patents Act, 1970

The Patents Act, 1970 remained in force for about 24 years without any change till December 1994. Being a landmark in the industrial development of India, the basic philosophy of the Act is that patents are granted to encourage inventions and to secure that these inventions are worked on a commercial scale without undue delay; and patents are granted not merely to enable patentee to enjoy a monopoly for the importation of the patented article into the country. The said philosophy is being implemented through compulsory licensing, registration of only process patents for food, medicine or drug, pesticides and substances produced by chemical processes which, apart from chemical substances normally understood, also include items such as alloys, optical glass, semi-conductors, inter metallic compounds etc. It may, however, be noted that products vital for our economy such as agriculture & horticulture products, atomic energy inventions and all living things are not patentable. Thus, the Patents Act 1970 was expected to provide a reasonable balance between adequate and effective protection of patents on the one hand and the technology development, public interest and specific needs of the country on the other hand.

Uruguay round of GATT negotiations paved the way for WTO. Therefore, India was put under the contractual obligation to amend its Patents Act in compliance with the provisions of TRIPS. India had to meet the first set of requirements on 1-1-1995. Accordingly an Ordinance effecting certain changes in the Act was issued on 31st December 1994, which ceased to operate after six months. Subsequently, another Ordinance was issued in 1999. This Ordinance was subsequently replaced by the Patents (Amendment) Act, 1999 that was brought into force retrospectively from 1st January, 1995. The amended Act provided for filing of applications for product patents in the areas of drugs, pharmaceuticals and agro chemicals though such patents were not allowed. However, such applications were to be examined only after 31-12-2004. Meanwhile, the applicants could be allowed Exclusive Marketing Rights (EMR) to sell or distribute these products in India, subject to fulfilment of certain conditions.

India amended its Patents Act again in 2002 through the Patents (Amendment) Act, 2002 increasing the term of patent to 20 years for all technology, Reversal of burden of proof, compulsory licences etc. This Act came into force on 20th May 2003 with the introduction of the new Patent Rules, 2003 by replacing the earlier Patents Rules, 1972.

The third amendment to the Patents Act 1970 was introduced through the Patents (Amendment) Ordinance, 2004 w.e.f. 1st January, 2005 incorporating provisions for granting product patent in all fields of Technology including chemicals, food, drugs & agrochemicals. This Ordinance was later replaced by the Patents (Amendment) Act 2005 on 4th April, 2005 which is in force now having effect from 1-1-2005.

Patents Rules: Under the provisions of Section 159 of the Patents Act, 1970 the Central Government is empowered to make rules for implementing the Act and regulating patent administration. Accordingly, the Patents Rules, 1972 were notified and brought into force w.e.f. 20.4.1972. These Rules were amended from time to time till 20th May 2003 when new Patents Rules, 2003 were brought into force by replacing the 1972 rules. These rules were further amended by the Patents (Amendment) Rules, 2005 and the Patents (Amendment) Rules, 2006. The last amendments are made effective from 5th May 2006.

There are four Schedules to the Patents (Amendment) Rules 2005; the First Schedule prescribes the fees to be paid; the Second Schedule specifies the list of forms and the texts of various forms required in connection with various activities under the Patents Act. These forms are to be used wherever required and if needed, they can be modified with the consent of the Controller. The Third Schedule prescribes form of Patent to be issued on Grant of the Patent. The Fourth Schedule prescribes costs to be awarded in various proceedings before the Controller under the Act.

SALIENT FEATURES OF THE ACT

A patent is an exclusive right granted by a country to the owner of an invention to make, use, manufacture and market the invention, provided the invention satisfies certain conditions stipulated in the law. Exclusivity of right implies that no one else can make, use, manufacture or market the invention without the consent of the patent holder. This right is available only for a limited period of time. However, the use or exploitation of a patent may be affected by other laws of the country which has awarded the patent.

These laws may relate to health, safety, food, security etc. Further, existing patents in similar area may also come in the way. A patent in the law is a property right and hence, can be gifted, inherited, assigned, sold or licensed. As the right is conferred by the State, it can be revoked by the State under very special circumstances even if the patent has been sold or licensed or manufactured or marketed in the meantime. The patent right is territorial in nature and inventors/their assignees will have to file separate patent applications in countries of their interest, along with necessary fees, for obtaining patents in those countries.

A patent is an official document given to an inventor by the government allowing him to exclude anyone else from commercially exploiting his invention for a limited period which is 20 years at present. As per the Supreme Court, the object of Patent Law is to encourage scientific research, new technology and industrial progress. Grant of exclusive privilege to own, use or sell the method or the product patented for a limited period, stimulates new inventions of commercial utility. The price of the grant of the monopoly is the disclosure of the invention at the Patent Office, which, after the expiry of the fixed period of the monopoly, passes into the public domain [*M/s Bishwanath Prasad v. Hindustan Metal Industries*, AIR1982 SC 1444]. By granting an exclusive right, patents provide incentives to individuals, offering them recognition for their creativity and material reward for their marketable inventions. In return for the exclusive right, the inventor has to adequately disclose the patented invention to the public, so that others can gain the new knowledge and can further develop the technology. The disclosure of the invention is thus an essential consideration in any patent granting procedure.

Product/Process Patents

Section 5 of the Patent Act 1970 had provided for grant of only process patents in certain categories of inventions. It may be pointed out here that under the Patent Act, 1970, in all other areas product and process

patents could be issued and have been issued. The Paris Convention has left this issue to be dealt with in the States legislation in a manner of its own choice.

The TRIPs Agreement under Article 27.1 stipulates that patents shall be available for any inventions, whether products or processes in all fields of technology except for the exclusion stipulated under Article 27.2 and 27.3.

Pursuant to the TRIPs agreement, the Patent Act, 1970 was amended in 2002. Section 5 of the Patents Act, 1970 (as it stood after the 2002 amendments) provided that, in the case of inventions being claimed relating to food, medicine, drugs or chemical substances, only patents relating to the methods or processes of manufacture of such substances could be obtained.

An explanation appended to the Section 5 provided that “chemical process” includes biochemical, biotechnological and microbiological processes. Subsequently, Section 5 of the Patents Act, 1970 was deleted by the Patents (Amendment) Act, 2005 that came into force on 01.01.2005, thereby paving the way for product patents.

This deliberate strategy of denying product patent protection to pharmaceutical inventions is traceable to the Ayyangar Committee Report, a report that formed the very basis of the Patents Act, 1970. The Committee found that foreigners held between eighty and ninety percent of Indian patents and that more than ninety percent of these patents were not even worked in India. The Committee concluded that the system was being exploited by multinationals to achieve monopolistic control over the market, especially in relation to vital industries such as food, chemicals and pharmaceuticals.

The Patents Act has been amended keeping in view the development of technological capability in India, coupled with the need for integrating the intellectual property system with international practices and intellectual property regimes. The amendments have also been aimed at making the Act a modern, harmonised and user-friendly legislation to adequately protect national and public interests while simultaneously meeting India's international obligations.

DURATION OF PATENTS

Section 53 provides that the term of every patent granted after the commencement of the Patents (Amendment) Act, 2002 and the term of every patent which has not expired and has not ceased to have effect, on the date of such commencement, shall be twenty years from the date of filing of application for the patent.

Explanation to Section 53(1) clarifies that the term of patent in case of international applications filed under the PCT designating India, shall be twenty years from the international filing date accorded under the Patent Cooperation Treaty.

A patent shall cease to have effect on the expiration of the period prescribed for the payment of any renewal fee, if that fee is not paid within the prescribed period or within such extended period as may be prescribed. Further on cessation of the patent right due to non-payment of renewal fee or on expiry of the term of patent, the subject matter covered by the said patent shall not be entitled to any protection.

Rule 80 requires that to keep a patent in force, the renewal fees specified in the First Schedule should be paid at the expiration of the second year from the date of the patent or of any succeeding year and the same should be remitted to the patent office before the expiration of the second or the succeeding year. Sub-rule (1A) inserted by Patents (Amendment) Rules, 2005 provides that the period for payment of renewal fees may be extended to such period not being more than six months if the request for such extension of time is made

in Form 4 with the fee specified in the First Schedule. While paying the renewal fee, the number and date of the patent concerned and the year in respect of which the fee is paid is required to be quoted. The annual renewal fees payable in respect of two or more years may be paid in advance

PATENTABLE SUBJECT MATTER

Elements of Patentability

As stated above, a patent is granted for an invention which may be related to any process or product. An invention is different from a discovery. Discovery is something that already existed but had not been found.

Not all inventions are patentable. An invention must fulfill certain requirements known as conditions of patentability. The word “invention” under the Patents Act 1970 means “a new product or process involving an inventive step and capable of industrial application. (Section 2(1)(j)).

The patent must be in respect of an invention and not a discovery. The fundamental principle of Patent Law is that a patent is granted only for an invention which must be new and useful. That is to say, it must have novelty and utility. It is essential for the validity of a patent that it must be the inventor’s own discovery as opposed to mere verification of what was already known before the date of the patent... It is important to bear in mind that in order to be patentable an improvement on something known before or a combination of different matters already known, should be something more than a mere workshop improvement; and must independently satisfy the test of invention or an “inventive step”. To be patentable the improvement or the combination must produce a new result, or a new article or a better or cheaper article than before.

“New invention” is defined as any invention or technology which has not been anticipated by publication in any document or used in the country or elsewhere in the world before the date of filing of patent application with complete specification, i.e., the subject matter has not fallen in public domain or that it does not form part of the state of the art [Section 2(1)(l)]; Where, capable of industrial application, in relation to an invention, means that the invention is capable of being made or used in an industry [Section 2(1)(ac)].

In *Raj Prakash v. Mangat Ram Choudhary AIR 1978 Del.1*, it was held that invention, as is well known, is to find out some thing or discover some thing not found or discovered by anyone before. It is not necessary that the invention should be any thing complicated. The essential thing is that the inventor was first to adopt it. The principal therefore, is that every simple invention that is claimed, so long as it is something which is novel or new, it would be an invention and the claims and specifications have to be read in that light.

Therefore, the conditions of patentability are:

- Novelty
- Inventive step (non-obviousness) and
- Industrial applicability (utility)

Novelty

A novel invention is one, which has not been disclosed, in the prior art where prior art means everything that has been published, presented or otherwise disclosed to the public on the date of patent (The prior art includes documents in foreign languages disclosed in any format in any country of the world.) For an invention to be judged as novel, the disclosed information should not be available in the 'prior art'. This means that there should not be any prior disclosure of any information contained in the application for patent (anywhere in the public domain, either written or in any other form, or in any language) before the date on which the application is first filed i.e. the 'priority date'.

Therefore, an invention shall be considered to be new, if it does not form part of the prior art. Although the term prior art has not been defined under the Indian Patents Act, it shall be determined by the provisions of Section 13 read with the provisions of Sections 29 to 34.

- (a) An invention shall not be considered to be novel if it has been anticipated by publication before the date of the filing of the application in any of the specification filed in pursuance of application for patent in India on or after the 1st day of January 1912.
- (b) An invention shall not be considered to be novel if it has been anticipated by publication made before the date of filing of the application in any of the documents in any country.
- (c) An invention shall not be considered to be novel if it has been claimed in any claim of any other complete specification filed in India which is filed before the application but published after said application.
- (d) An invention shall not be considered to be novel if it has been anticipated having regard to the knowledge, oral or otherwise, available within any local or indigenous community in India or elsewhere.

In *Ganendro Nath Banerji v. Dhanpal Das Gupta*, AIR 1945 Oudh 6, it was held that no general rule can be laid down as to what does or does not constitute an invention. The general criterion seems to be whether that which is claimed lies within the limits of development of some existing trade, in the sense that it is such a development as an ordinary person skilled in that trade could, if he wishes so to do, naturally, make without any inventive step. But novelty need only be established in the process of manufacturing, not in the article produced. Novel combination of two known ideas may be sufficient to establish novelty of subject matter in this respect.

In *Ram Narain Kher v. M/s Ambassador Industries*, AIR 1976 Del 87, the Delhi High Court has held that at the time the patent is granted to a party it is essential that the party claiming patent should specify what particular features of his device distinguish it from those which had gone before and show the nature of the improvement which is said to constitute the invention. A person claiming a patent has not only to allege the improvement in art in the form but also that the improvement effected a new and very useful addition to the existing state of knowledge. The novelty or the invention has to be succinctly stated in the claim.

Inventive Step (Non-obviousness)

Inventive step is a feature of an invention that involves technical advance as compared to existing knowledge or having economic significance or both, making the invention non obvious to a person skilled in art. Here definition of inventive step has been enlarged to include economic significance of the invention apart from already existing criteria for determining inventive step.

An invention shall not be considered as involving an inventive step, if, having regard to the state of the art, it is obvious to a person skilled in the art. The term "obvious" means that which does not go beyond the normal progress of technology but merely follows plainly or logically from the prior art, i.e. something which does not involve the exercise of any skill or ability beyond that to be expected of the person skilled in the Art.

For this purpose a "person skilled in the art" should be presumed to be an ordinary practitioner aware of what was general common knowledge in the relevant art at the relevant date. In some cases the person skilled in the art may be thought of as a group or team of persons rather than as a single person.

Industrial Applicability

An invention is capable of industrial application if it satisfies three conditions, cumulatively:

- can be made;

- can be used in at least one field of activity;
- can be reproduced with the same characteristics as many times as necessary.

1. An invention to be patentable must be useful. If the subject matter is devoid of utility it does not satisfy the requirement of invention.
2. For the purpose of utility, the element of commercial or pecuniary success has no relation to the question of utility in patent law.
3. The usefulness of an alleged invention depends not on whether by following the directions in the complete specification all the results not necessary for commercial success can be obtained, but on whether by such directions the effects that the application/patentee professed to produce could be obtained.
4. The meaning of usefulness is therefore useful for the purpose indicated by the applicant or patentee whether a non-commercial utility is involved.
5. The usefulness of the invention is to be judged, by the reference to the state of things at the date of filing of the patent application, if the invention was then useful, the fact that subsequent improvement have replaced the patented invention render it obsolete and commercially of no value, does not invalidate the patent.
6. Speculation or imaginary industrial uses are not considered to satisfy the industrial application requirement.

NON PATENTABLE SUBJECT MATTER

An invention may satisfy the condition of novelty, inventiveness and usefulness but it may not qualify for a patent. The following are not inventions within the meaning of Section 3 of the Patents Act, 1970:

- (a) an invention which is frivolous or which claims anything obviously contrary to well established natural laws;
- (b) an invention the primary or intended use or commercial exploitation of which could be contrary to public order or morality or which causes serious prejudice to human, animal or plant life or health or to the environment;
- (c) the mere discovery of a scientific principle or the formulation of an abstract theory or discovery of any living thing or non-living substances occurring in nature;
- (d) 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 or the mere discovery of any property or mere new use for a known substance or of 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; Explanation to clause (d) clarifies that salts, esters, 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.
- (e) a substance obtained by a mere admixture resulting only in the aggregation of the properties of the components thereof or a process for producing such substance;
- (f) the mere arrangement or re-arrangement or duplication of known devices each functioning independently of one another in a known way;
- (g) omitted by Patents (Amendment) Act, 2002.

- (h) a method of agriculture or horticulture;
- (i) 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;
- (j) plants and animals in whole or any part thereof other than micro-organisms but including seeds, varieties and species and essentially biological processes for production or propagation of plants and animals;
- (k) a computer programme per se other than its technical application to industry or a combination with hardware;
- (l) a literary, dramatic, musical or artistic work or any other aesthetic creation whatsoever including cinematographic works and television productions;
- (m) a mere scheme or rule or method of performing mental act or method of playing game;
- (n) a presentation of information;
- (o) topography of integrated circuits;
- (p) an invention which in effect, is traditional knowledge or which is an aggregation or duplication of known properties of traditionally known component or components.

Section 4 prohibits the grant of patent in respect of an invention relating to atomic energy falling within Sub-section (1) of Section 20 of the Atomic Energy Act, 1962.

Section 20 of the Atomic Energy Act, 1962 contains special provision relating to inventions. Under Section 20 (1) of the Atomic Energy Act, 1962 “no patents shall be granted for inventions which in the opinion of the Central Government are useful for or relate to the production, control, use or disposal of atomic energy or the prospecting, mining, extraction, production, physical and chemical treatment, fabrication, enrichment, canning or use of any prescribed substance or radioactive substance or the ensuring of safety in atomic energy operations”.

Application for Patent

Section 6 of the Act provides that an application for a patent for an invention may be made by any of the following persons either alone or jointly with another:

- (a) by any person claiming to be the true and first inventor of the invention;
- (b) by any person being the assignee of the person claiming to be the true and first inventor in respect of the right to make such an application;
- (c) by the legal representative of any deceased person who immediately before his death was entitled to make such an application.

As per Section 2(1)(y), “true and first inventor” does not include either the first importer of an invention into India or a person to whom an invention is first communicated from outside India. The applicant should disclose the name, address and nationality of the true and first applicant.

Assignee can be a natural person or other than natural person like registered company, research organization, educational institute or Government (S.2 (1)(s)). Assignee includes assignee of the assignee also (S. 2(1)(ab)). ‘Proof of right’ to apply such as assignment deed should be submitted by the assignee.

Legal representative means a person who in law represents the estate of a deceased person (S.2 (1)(k)). In such a case, they should file death certificate etc. as proof of right.

In case of a convention application, the legal representative or assignee of the applicant in the Convention Country can also file a Patent Application in India.

Form of Application

Section 7 dealing with form of application requires every application for a patent to be made for one invention only. Where the application is made by virtue of an assignment of the right to apply for a patent for the invention, there shall be furnished with the application proof of the right to make the application.

In respect of one single invention there must be one single patent. A patent may be in respect of a substance or in respect of a process. But it is not possible to bifurcate a patent and state that it relates to the substance and the other to the process. In order to have a complete patent, the specifications and the claims must be clearly and distinctly mentioned. [*Imperial Chemical Industries Ltd. v. Controller General of Patents, designs & Trade Mark & Another AIR 1978 Cal.77.*]

Every international application under the Patent Cooperation Treaty (PCT) for a patent, as may be filed designating India shall be deemed to be an application under the Act, if a corresponding application has also been filed before Controller in India. The filing date of such application and its complete specification processed by patent office as designated office or elected office shall be the international filing date accorded under the PCT. Section 7(4) provides that every such application, not being a convention application or an application filed under PCT designating India, shall be accompanied by a provisional or a complete specification.

Mention should be made that obtaining patents can be a long and expensive process. Fortunately for inventors several countries in 1970 decided to simplify the process for protecting patents around the world by creating the Patent Cooperation Treaty (PCT). Under the Patent Cooperation Treaty, inventors can submit just one international application which is valid in any or all of the more than 120 countries that are members of this Treaty. Inventors may apply for a patent either in all the member countries of PCT or in selected group of countries. Only inventors who are citizens or residents of the member countries of the PCT can use this easier system to file international patent applications.

Specification

In order to obtain a patent, an applicant must fully and particularly describe the invention therein claimed in a complete specification. The disclosure of the invention in a complete specification must be such that a person skilled in the art may be able to perform the invention. This is possible only when an applicant discloses the invention fully and particularly including the best method of performing the invention. The Specification is a techno-legal document containing full scientific details of the invention and claims to the patent rights. The Specification, thus, forms a crucial part of the Patent Application. It is mandatory on the part of an applicant to disclose fully and particularly various features constituting the invention. The Specification may be filed either as a provisional or as a complete specification. The Specification (provisional or complete) is to be submitted in Form-2 along with the Application in Form-1 and other documents, in duplicate, along with the prescribed fee as given in the First Schedule. The first page of the Form 2 shall contain:

- (a) Title of the invention;
- (b) Name, address and nationality of each of the applicants for the Patent; and

(c) Preamble to the description.

The title of the invention shall sufficiently indicate the specific features of the invention. Every Specification whether provisional or complete shall describe the invention. The applicant shall submit drawings, wherever required. The Controller may also require the applicant to submit drawings, if necessary at the examination stage [Section 9, 10. Rule 13. Form-1, 2].

Such drawings shall form a part of the Specification and suitable references thereto shall be made in the Specification. The Controller may require the applicant to submit, anytime before the grant, models or samples related to the invention for better illustration of the invention. However, such models or samples shall not form part of the Specification.

Provisional Specification

When the applicant finds that his invention has reached a stage wherein it can be disclosed on paper, but has not attained the final stage, he may prepare a disclosure of the invention in the form of a written description and submit it to Patent Office as a provisional specification which describes the invention.

A provisional specification secures a priority date for the application over any other application which is likely to be filed in respect of the same invention being developed concurrently.

Immediately on receiving the Provisional Specification the Patent Office accords a filing date and application number to the Application.

Section 9 stipulates that an application for a patent accompanying a provisional specification, a complete specification shall be filed within twelve months from the date of filing of the application, and if the complete specification is not so filed, the application shall be deemed to be abandoned.

If two provisional specifications filed by an applicant are cognate or if one is a modification of the other, the applicant may file one complete specification covering both the provisional applications. Such a complete specification shall have to be filed within twelve months from the date of filing of the first provisional application. In such cases, date of filing of application is the date of filing of the earliest provisional specification and shall bear the number of that application.

An applicant may, within twelve months from the filing of a complete specification (not being a convention application or a PCT National Phase Application), convert the same into a provisional specification. Consequently, the applicant has to file a complete specification within twelve months from the date of first filing.

A provisional specification (i.e. the one filed directly or the one converted from a complete specification) may be postdated to the date of filing of the complete specification.

Complete Specification

The complete specification is a techno-legal document which fully and particularly describes the invention and discloses the best method of performing the invention. As the complete specification is an extremely important document in the patent proceedings it is advised that it should be drafted with utmost care without any ambiguity.

Important Elements of the Complete Specification

As per Section 10, every complete specification is required to -

- (a) fully and particularly describe the invention and its operation or use and the method by which it is to be performed;

- (b) disclose the best method of performing the invention which is known to the applicant and for which he is entitled to claim protection; and
- (c) end with a claim or claims defining the scope of the invention for which protection is claimed; and
- (d) be accompanied by an abstract to provide technical information on the invention.

Also, make reference to deposit of the biological material in the International Depository Authority, if applicable.

However, the Controller may amend the abstract for providing better information to third parties and if the applicant mentions a biological material in the specification which may not be described in such a way as to satisfy clauses (a) and (b) above and if such material is not available to the public, the application shall be completed by depositing the material to an International Depository Authority under the Budapest Treaty and by fulfilling the following conditions, namely:

- (i) the deposit of the material shall be made not later than the date of filing the patent application in India and a reference thereof shall be made in the specification within the prescribed period;
- (ii) all the available characteristics of the material required for it to be correctly identified or indicated are included in the specification including the name, address of the depository institution and the date and number of the deposit of the material at the institution;
- (iii) access to the material is available in the depository institution only after the date of the application for patent in India or if a priority is claimed after the date of the priority;
- (iv) disclose the source and geographical origin of the biological material in the specification, when used in an invention.

A complete specification customarily begins after the title, with a general preamble stating the subject to which the invention relates, followed by a detailed description of one or more embodiments of the inventions. In an infringement action, the function of the Court is to construe the claims which are alleged to have been infringed, without reference to the body of the specification, and to refer to the body of the specification only if there is any ambiguity or difficulty in the construction of the claims in question [*Farbwerke Hoechst v. Unichem Laboratories*, AIR1969 Bom 255]

The requirements of the specifications have been discussed under Rule 13, 14, & 15.

In case of an international application designating India the title, description, drawings, abstracts and claims filed with the application shall be taken as the complete specification for the purposes of the Act. The claim or claims of a complete specification shall relate to a single invention, or to a group of inventions linked so as to form a single inventive concept, shall be clear and succinct and shall be fairly based on the matter disclosed in the specification. [Section 10(4)(a)]

Types of Patent Applications

1. Ordinary Application, i.e., an Application which has been filed directly in the Indian Patent Office.
2. Convention Application.
3. PCT Application.
4. Divisional Application, which can result from division of a Patent Application.
5. Patent of Addition, which may be filed subsequent to the Filing of an Application for Patent, for an improvement or modification. [Section 7, 54, 135]

Where to apply?

As per Rule 4 of the Patents Rules, 2003 [as amended by Patents (Amendment) Rules, 2005], application for

the patent has to be filed in the respective patent office as mentioned below where the territorial jurisdiction is decided based on whether any of the following occurrences falls within the territory.

- (a) Place of residence, domicile or business of the applicant (first mentioned applicant in the case of joint applicants)
- (b) Place from where the invention actually originated.
- (c) Address for service in India given by the applicant when he has no place of business or domicile in India. (Rule 5)

A foreign applicant should give an address for service in India and the jurisdiction will be decided upon that. An applicant (Indian or foreigner) can also give his Patent Agent's address as address for serving documents if he/she wishes so.

Application for Patent shall be filed with the Patent Office having the appropriate jurisdiction. Territorial jurisdiction of a patent office is decided based on the following:

- (i) Place of residence, domicile or business of the applicant (first mentioned applicant in the case of joint applicants).
- (ii) Place from where the invention actually originated.
- (iii) Address for service in India given by the applicant, when the Applicant has no place of business or domicile in India (Foreign applicants).

PROCEDURE

Filing of a Patent Application

A patent application shall be filed on Form-1 along with Provisional / Complete Specification, with the prescribed fee as given in First Schedule at an appropriate office.

However, a provisional specification cannot be filed in case of a Convention Application (either directly or through PCT routes). Normal fee shall be applicable for applications containing upto thirty pages in specification and upto 10 claims. If the specification exceeds thirty pages or claims are more than ten in number, additional fee as given in First Schedule is payable. [Section 7, First Schedule].

Contents of Patent Application

A patent application should contain:

1. Application for grant of patent in Form-1.
2. Applicant has to obtain a proof of right to file the application from the inventor. The Proof of Right is either an endorsement at the end of the Application Form-1 or a separate assignment.
3. Provisional / complete specification in Form-2.
4. Statement and undertaking under Section 8 in Form- 3, if applicable. An applicant must file Form 3 either along with the application or within 6 months from the date of application.
5. Declaration as to inventorship shall be filed in Form for Applications accompanying a Complete Specification or a Convention Application or a PCT Application designating India. However, the Controller may allow Form-5 to be filed within one month from the date of filing of application, if a request is made to the Controller in Form-4.
6. Power of authority in Form-26, if filed through a Patent Agent. In case a general power of authority has already been filed in another application, a self attested copy of the same may be filed by the

Agent. In case the original general power of authority has been filed in another jurisdiction, that fact may also be mentioned in the self attested copy

7. Priority document is required in the following cases:

- (a) Convention Application (under Paris Convention).
- (b) PCT National Phase Application wherein requirements of Rule 17.1(a or b) of regulations made under the PCT have not been fulfilled.

The priority document may be filed along with the application or before the expiry of eighteen months from the date of priority, so as to enable publication of the application. In case of a request for early publication, the priority document shall be filed before/along with such request.

- 8. Every application shall bear the Signature of the applicant or authorized person / Patent Agent along with name and date in the appropriate space provided in the forms.
- 9. The Specification shall be signed by the agent/applicant with date on the last page of the Specification. The drawing sheets should bear the signature of an applicant or his agent in the right hand bottom corner.
- 10. If the Application pertains to a biological material obtained from India, the applicant is required to submit the permission from the National Biodiversity Authority any time before the grant of the patent. However, it would be sufficient if the permission from the National Biodiversity Authority is submitted before the grant of the patent.
- 11. The Application form shall also indicate clearly the source of geographical origin of any biological material used in the Specification, wherever applicable. [Section 7. Rule 8, 12, 13, 135. Also Section 6 of the Biological Diversity Act, 2002 & Rule 17.1 of Regulations made under the PCT]

E-filing

- 1. The Patent Office provides the facility to file a Patent Application online from the native place of the agent of the applicant or applicant through e-filing.
- 2. For e-filing, applicant/agent must have a digital signature. For the first time, applicant/agent has to register as a new user and has to create login ID and password on the Patent office portal. (Rule 6. Details regarding procedure for e-filing are provided at <http://www.ipindia.nic.in>.)

Processing of Application

Initial processing

- 1. On receipt of an application, the Office accords a date and serial number to it. PCT national phase Applications and non-PCT Applications are identified by separate serial numbers.
- 2. All applications and other documents are digitized, verified, screened, classified and uploaded to the internal server of the Office.
- 3. Patent applications and other documents are arranged in a file wrapper and the Bibliographic sheet is prepared and pasted on the file cover, so that the files move on for storing in the compactors.
- 4. The Application is screened for:
 - (a) International Patent Classification.
 - (b) Technical field of invention for allocation to an examiner in the respective field.
 - (c) Relevance to defence or atomic energy.

- (d) Correcting/completing the abstract, if required. If found not proper, the abstract will be recasted suitably, so as to provide better information to third parties. However, such amendments should not result in a change in the nature of invention.

5. Requests for examination are also accorded separate serial number.

Scrutiny of application

1. The Office checks whether the Application has been filed in appropriate jurisdiction. If the jurisdiction is not appropriate, the application shall not be taken on record and the applicant is informed accordingly.
2. The Office checks for proof of right to file the application. If the proof of right is not filed along with the application, it shall be filed within a period of six months from the date of filing of the application. Otherwise, the applicant shall file the same along with a petition under Rule 137/138.
3. The Office checks whether the application and other documents have been filed in the prescribed format i.e. prescribed forms, request, petitions, assignment deeds, translation etc. Further, the Office checks whether:
 - (a) the documents are prepared on a proper sized paper, typed in appropriate font with proper spacing,
 - (b) the documents are duly signed,
 - (c) abstract, drawings (if any) have been filed in proper format,
 - (d) meaningful Claim(s) are present in a complete specification,
 - (e) Power of Attorney or attested copy of General Power of Attorney (if any) is filed,
 - (f) Form-5 has been filed (along with complete after Provisional or for filing PCT-NP/Convention Application),
 - (g) the invention has been assigned to another person and Form 6 has been duly filed. If the right is assigned from an individual to a legal entity, the legal entity is invited to pay the balance fees.

Secrecy directions and consequences thereof

1. After the initial processing and scrutiny of the applications by the patent office, if in the opinion of the Controller an invention pertains to a subject matter relevant for the purpose of defence as notified by the Central Government, the Controller issues a secrecy direction prohibiting the publication of the application to the applicant and refers the matter to the Central Government for their consideration as to whether the application is prejudicial to the defence of India.
2. The Central Government, after considering the merits of the secrecy direction, may give notice to the Controller as to whether the secrecy direction needs to be continued or not.
3. The Central Government reviews the matter at an interval of six months. The applicant may request for a reconsideration of the secrecy direction and if the same is found reasonable by the Controller, he may request the Central Government for a review.
4. If the Central Government is of the opinion that an invention in respect of which the Controller has not imposed a secrecy direction and is relevant for defence purposes, it may at any time before the grant of the patent notify the Controller to that effect. Thereupon, the Controller invokes the provisions of Section 35(1).
5. So long as any directions under Section 35 are in force, the Controller shall not take a decision on grant/refusal of the application. [Section 35, 36, 37, 38]

Publication of Application

Section 11A(1) provides that no application for patents shall ordinarily be open to public for such period as may be prescribed. Sub-section (2) entitles an applicant to request the Controller, in the prescribed manner, to publish his application at any time before the expiry of the period prescribed under sub-section (1) and subject to the provisions of sub-section (3). The Controller on receipt of such request shall publish such application in the Official Journal as soon as possible. Every application for patent shall be published on expiry of the period specified in sub-section (1) except those applications in which secrecy direction is imposed under Section 35; or application has been abandoned under section 9(1); or application has been withdrawn three months prior to the period specified under sub-section (1).

Rule 24 dealing with procedure for publication of application provides that the period for which an application for patent shall not ordinarily be open to public under Section 11A(1) shall be eighteen months from the date of filing of application or the date of priority of the application, whichever is earlier. A request for publication under Section 11A (2) is required to be made in Form 9.

The publication of every application shall include the particulars of the date of application, number of application, name and address of the applicant identifying the application and an abstract. Upon publication of an application for a patent, the depository institution shall make the biological material mentioned in the specification available to the public. The patent office may, on payment of prescribed fee make the specification and drawings, if any, of such application available to the public.

Section 11A(7) provides that on or from the date of publication of the application for patent and until the date of grant of a patent in respect of such application, the applicant shall have the like privileges and rights as if a patent for invention had been granted on the date of publication of application. However, the applicant shall have no right to institute any proceedings for infringement until the patent has been granted. Additionally, the rights of a patentee in respect of applications made under Section 5(2) before January 1, 2005 shall accrue from the date of grant of patent.

Moreover, after the patent is granted in respect of applications made under Section 5(2), the patent holder shall only be entitled to receive reasonable royalty from such enterprises which have made significant investment and were producing and marketing concerned product prior to January 1, 2005 and which continue to manufacture the product covered by the patent on the date of grant of the patent and no infringement proceedings shall be instituted against such enterprises.

Request for Examination

1. As per Section 11B an application for a Patent will not be examined unless the applicant or any other person interested makes a request for examination in the prescribed manner. The request is to be filed in Form-18 with the fee as prescribed in First Schedule.
2. A request for examination has to be made within forty eight months from the date of priority of the application or from the date of filing of the application, whichever is earlier. If no such request for examination is filed within the prescribed time limit, the application shall be treated as withdrawn by the applicant.
3. In a case where secrecy direction has been issued under Section 35, the request for examination may be made within six months from the date of revocation of the secrecy direction, or within forty-eight months from the date of filing or priority, which ever is later.
4. The Office will not examine an application unless it is published and a request for examination is filed.
5. When a request for examination is filed by a person interested other than the applicant, the Examination

Report is sent to the applicant only, and intimation is given to the person interested. [Section 11B & 35. Rule 24B]

Reference for Examination

1. Once a request for examination is received, and the application is published under Section 11A, the application is taken up for Examination in the chronological order of filing of request for examination.
2. The patent application is referred to an Examiner by the Controller for conducting the formal as well as substantive examination as per the subject matter of the invention vis-à-vis the area of specialization of the Examiner. At present, the Patent Office has four examination groups based on the broad area of specialization viz.:
 - (a) Chemistry and allied subjects.
 - (b) Biotechnology, Microbiology and allied subjects.
 - (c) Electrical, Electronics & related subject
 - (d) Mechanical and other subjects.

The reference to the Examiner is made ordinarily within one month from the date of publication or one month from the date of request for examination, whichever is later, and is made in order in which the request is filed.

3. When an application is referred by the Controller, the Examiner makes a report on the patentability as well as other matters ordinarily within one month but not exceeding three months from the date of such reference. [Section 11A, & 12. Rule 24B (2)(i)]

Examination of Application

Section 12 dealing with examination of application provides that when the request for examination has been filed in respect of an application for a patent in the prescribed manner under Section 11B(1) or (3), the application and specification and other documents related thereto shall be referred at the earliest by the Controller to an examiner for making a report to him in respect of the following matters, namely:

- (a) whether the application and the specification and other documents relating thereto are in accordance with the requirements of the Act and of any rules made thereunder;
- (b) whether there is any lawful ground of objection to the grant of the patent in pursuance of the application;
- (c) the result of investigations made under Section 13, and
- (d) any other matter which may be prescribed.

The examiner to whom the application and the specification and other documents relating thereto are referred shall ordinarily make the report to the Controller within the prescribed period.

Search for Anticipation by Previous Publication and by Prior Claim

Section 13 dealing with search for anticipation by previous publication and by prior claim provides that the examiner to whom the application for a patent is referred shall make investigation for the purpose of ascertaining whether the invention so far as claimed in any claim of the complete specification:

- (a) has been anticipated by publication before the date of filing of the applicant's complete specification in any specification filed in pursuance of an application for a patent made in India and dated on or after the 1st day of January, 1912;

- (b) is claimed in any claim of any other complete specification published on or after the date of filing of the applicant's complete specification, being a specification filed in pursuance of an application for a patent made in India and dated before or claiming the priority date earlier than that date.

The examiner shall, in addition, make such investigation for the purpose of ascertaining whether the invention so far as claimed in any claim of the complete specification has been anticipated by publication in India or elsewhere in any document other than those mentioned in Section 13(1) before the date of filing of the applicant's complete specification. In case a complete specification has been amended before the grant of a patent, the amended specification shall be examined and investigated in the like manner as the original specification.

Consideration of the Report of Examiner by Controller

Section 14 provides that in case the report of the examiner is adverse to the applicant or requires any amendment of the application, specification or other documents, the controller shall, before proceeding to dispose of the application, communicate the gist of objections to the applicant as expeditiously as possible and give him an opportunity of being heard.

Power of Controller to Refuse or Require Amended Application in Certain matters

Section 15 empowers the Controller to refuse the application or direct to amend the application, specification or other documents, if he is satisfied that the application or any specification or any other document filed in pursuance thereof does not comply with the provisions of the Act and the rules made thereunder.

Power of Controller to make Orders Respecting Dating of Application and Cases of Anticipation

Section 17 provides that at any time after the filing of an application and before the grant of the patent, the Controller may at the request of the applicant direct that the application shall be post-dated to such date as may be specified in the request and proceed with the application accordingly. However, no application shall be post-dated to a date later than six months from the date on which it was actually made or would be deemed to have been made. This is subject to the provisions of Section 9 of the Act dealing with provisional and complete specifications.

Where an application or specification (including drawings) or any other document is required to be amended under Section 15, the application or specification or other document shall, if the Controller so directs, be deemed to have been made on the date on which the requirement is complied with or where the application or specification or other document is returned to the applicant, the date on which it is refiled after complying with the requirement.

Section 18 says that where it appears to the Controller that the invention so far as claimed in any claim of the complete specification has been anticipated, he may refuse the application unless the applicant:

- (a) shows to the satisfaction of the Controller that the priority date of the claim of his complete specification is not later than the date on which the relevant document was published; or
- (b) amends his complete specification to the satisfaction of the Controller.

If it appears to the Controller that the invention is claimed in a claim of any other complete specification, he may, direct that a reference to that other specification be inserted in the applicant's complete specification unless the applicant shows to the satisfaction of the Controller that the priority date of his claim is not later than the priority date of the claim of the said other specification; or the complete specification has been amended to his satisfaction.

The above-mentioned provisions also apply in the case where it appears to the Controller that the invention so far claimed in any claim of the applicant's complete specification has been claimed in other complete specification referred to in section 13(1)(a) and that such other complete specification was published on or before the priority date of the applicant's claim.

The Controller of Patents is not technically a Court, or a tribunal exercising judicial functions in the legal acceptation of the terms, but that does not make it untrue to say that, so far as he has a duty imposed upon him to hear and determine objections to applications for leave to amend, there is a fair analogy between his position and the position of a Court. [*In re: National Carbon Co. Incorporated AIR 1934 Cal. 725*].

Potential infringement

Section 19 provides that if in consequence of the investigations it appears to the Controller that an invention in respect of which an application for a patent has been made cannot be performed without substantial risk of infringement of a claim of any other patent, he may direct that a reference to that other patent, be inserted in the applicant's complete specification by way of notice to the public within such time as may be prescribed, unless:

- (a) the applicant shows to the satisfaction of the Controller that there are reasonable grounds for contesting the validity of the said claim of the other patent; or
- (b) the complete specification is amended to the satisfaction of the Controller.

Where after a reference to another patent has been inserted in a complete specification in pursuance of a direction under Section 19(1):

- (a) that other patent is revoked or otherwise ceases to be in force; or
- (b) the specification of that other patent is amended by the deletion of the relevant claim; or
- (c) it is found, in proceedings before the court or the Controller, that the relevant claim of that other patent is invalid or is not infringed by any working of the applicant's invention, the Controller may, on the application of the applicant delete the reference to that other patent.

Substitution of Applicants etc.

Section 20 says that if the Controller is satisfied, on a claim made in prescribed manner at any time before a patent has been granted that by virtue of any assignment or agreement in writing made by the applicant or one of the applicants for the patent or by operation of law, the claimant would, if the patent were then granted, be entitled thereto or to the interest of the applicant therein, or to an undivided share of the patent or of that interest, the Controller may direct that the application shall proceed in the name of the claimant or in the names of the claimants and the applicant or the other joint applicant or applicants, accordingly as the case may be. No such direction shall however, be given by virtue of any assignment or agreement made by one of the two or more joint applicants for a patent except with the consent of the other joint applicant or applicants. Further, no such direction shall be given by virtue of any assignment or agreement for the assignment of the benefit of an invention unless:

- (a) the invention is identified therein by reference to the number of the applications for the patent; or
- (b) there is produced to the Controller an acknowledgement by the person by whom the assignment or agreement was made that the assignment or agreement relates to the invention in respect of which that application is made; or

- (c) the rights of the claimant in respect of the invention have been finally established by the decision of court; or
- (d) the Controller gives directions for enabling the application to proceed or for regulating the manner in which it should be proceeded with under sub-section (5).

Where one of two or more joint applicants for a patent dies at any time before the patent has been granted, the Controller may upon a request made by the survivor or survivors and with the consent of the legal representative of the deceased direct that the application shall proceed in the name of the survivor or survivors alone.

If any dispute arises between joint applicants for a patent whether or in what manner the application should be proceeded with, the Controller may upon an application made by any of the parties, and after giving to all parties concerned an opportunity of being heard, give such directions as he thinks fit for enabling the application to proceed in the name of one or more of the parties alone or for regulating the manner in which it should be proceeded with.

Time for Putting Application in Order for Grant

Section 21 of the Act provides that an application for a patent shall be deemed to have been abandoned unless, the applicant has complied within the prescribed period with all the requirements imposed on him by or under the Act, whether in connection with the complete specification or otherwise in relation to the application from the date on which the first statement of objections to the application or complete specification or other documents related thereto is forwarded to the applicant by the Controller.

Explanation appended to Section 21(1) clarifies that where the application for a patent or any specification or, in the case of a convention application or an application filed under the PCT designating India any document filed as part of the application has been returned to the applicant by the Controller in the course of the proceedings, the applicant shall not be deemed to have complied with such requirements unless and until he has re-filed it or the applicant proves to the satisfaction of the Controller that for the reasons beyond his control such document could not be re-filed.

Sub-section (2) of Section 21 provides that if at the expiration of the period as prescribed under sub-section (1) an appeal to the High Court is pending in respect of the application for the patent for the main invention; or in the case of an application for a patent of addition, an appeal to the High Court is pending in respect of either that application or the application for the main invention, the time within which the requirements of the Controller shall be complied with shall, on an application made by the applicant before the expiration of the period as prescribed under sub-section (1), be extended until such date as the High Court may determine. In case, the time within which the appeal mentioned in sub-section (2) may be instituted has not expired, the Controller may extend the period as prescribed under sub-section (1), to such further period as he may determine. However, in case of an appeal filed during the said further period, and the High Court has granted any extension of time for complying with the requirements of the Controller, then the requirements may be complied with within the time granted by the High Court.

OPPOSITION TO THE PATENT

Section 25 of the Act deals with opposition to grant of patent and provides that where an application for a patent has been published but a patent has not been granted, any person may, in writing, represent by way of opposition to the Controller against the grant of patent on the following grounds and the Controller on request of such person shall hear him and dispose of the representation in the prescribed manner and

specified time. The grounds of the opposition are:

- (a) that the applicant for the patent or the person under or through whom he claims, wrongfully obtained the invention or any part thereof from him or from a person under or through whom he claims;
- (b) that the invention so far as claimed in any claim of the complete specification has been published before the priority date of the claim -
 - (i) in any specification filed in pursuance of an application for a patent made in India on or after the 1st day of January, 1912; or
 - (ii) in India or elsewhere, in any other document :

Provided that the ground specified in sub-clause (ii) shall not be available where such publication does not constitute an anticipation of the invention by virtue of sub-section (2) or sub-section (3) of section 29;

- (c) that the invention so far as claimed in any claim of the complete specification is claimed in a claim of a complete specification published on or after the priority date of the applicant's claim and filed in pursuance of an application for a patent in India, being a claim of which the priority date is earlier than that of the applicant's claim;
- (d) that the invention so far as claimed in any claim of the complete specification was publicly known or publicly used in India before the priority date of that claim.

Explanation — For the purposes of this clause, an invention relating to a process for which a patent is claimed shall be deemed to have been publicly known or publicly used in India before the priority date of the claim if a product made by that process had already been imported into India before that date except where such importation has been for the purpose of reasonable trial or experiment only;

- (e) that the invention so far as claimed in any claim of the complete specification is obvious and clearly does not involve any inventive step, having regard to the matter published as mentioned in clause (b) or having regard to what was used in India before the priority date of the applicant's claim;
- (f) that the subject of any claim of the complete specification is not an invention within the meaning of this Act, or is not patentable under this Act;
- (g) that the complete specification does not sufficiently and clearly describe the invention or the method by which it is to be performed;
- (h) that the applicant has failed to disclose to the Controller the information required by section 8 or has furnished the information which in any material particular was false to his knowledge;
- (i) that in the case of convention application, the application was not made within twelve months from the date of the first application for protection for the invention made in a convention country by the applicant or a person from whom he derives title;
- (j) that the complete specification does not disclose or wrongly mentions the source of geographical origin of biological material used for the invention;
- (k) that the invention so far as claimed in any claim of the complete specification is anticipated having regard to the knowledge, oral or otherwise, available within any local or indigenous community in India or elsewhere.

Section 25(2) entitles any interested person to give notice of opposition, to the Controller in the prescribed manner at any time after the grant of patent but before the expiry of a period of one year from the date of

publication of grant of a patent, on any of the following grounds only :-

- (a) that the patentee or the person under or through whom he claims, wrongfully obtained the invention or any part thereof from him or from a person under or through whom he claims;
- (b) that the invention so far as claimed in any claim of the complete specification has been published before the priority date of the claim in any specification filed in pursuance of an application for a patent made in India on or after the 1st day of January, 1912; or in India or elsewhere, in any other document. However, the ground that the invention so far claimed in any claim of complete specification has been published before the priority date of the claim in India or elsewhere in any other document shall not be available where such publication does not constitute an anticipation of the invention by virtue of section 29(2) or (3);
- (c) that the invention so far as claimed in any claim of the complete specification is claimed in a claim of a complete specification published on or after the priority date of the claim of the patentee and filed in pursuance of an application for a patent in India, being a claim of which the priority date is earlier than that of the claim of the patentee;
- (d) that the invention so far as claimed in any claim of the complete specification was publicly known or publicly used in India before the priority date of that claim.

Explanation to clause (d) of Section 25(3) clarifies that an invention relating to a process for which a patent is granted shall be deemed to have been publicly known or publicly used in India before the priority date of the claim if a product made by that process had already been imported into India before that date except where such importation has been for the purpose of reasonable trial or experiment only.

- (e) that the invention so far as claimed in any claim of the complete specification is obvious and clearly does not involve any inventive step, having regard to the matter published as mentioned in clause (b) or having regard to what was used in India before the priority date of the claim;
- (f) that the subject of any claim of the complete specification is not an invention within the meaning of this Act, or is not patentable under this Act;
- (g) that the complete specification does not sufficiently and clearly describe the invention or the method by which it is to be performed;
- (h) that the patentee has failed to disclose to the Controller the information required by section 8 or has furnished the information which in any material particular was false to his knowledge;
- (i) that in the case of a patent granted on convention application, the application for patent was not made within twelve months from the date of the first application for protection for the invention made in a convention country or in India by the patentee or a person from whom he derives title;
- (j) that the complete specification does not disclose or wrongly mentions the source and geographical origin of biological material used for the invention;
- (k) that the invention so far as claimed in any claim of the complete specification was anticipated having regard to the knowledge, oral or otherwise, available within any local or indigenous community in India or elsewhere.

Opposition Proceedings

Rule 55 dealing with opposition by representation against the grant of patent requires the representation for opposition under section 25(1) to be filed at the appropriate office within a period not exceeding three months

from the date of publication of the application under section 11A of the Act, or before the grant of patent, whichever is later and include a statement and evidence, if any, in support of the representation and a request for hearing if so desired. The Controller has been empowered to consider such representation only when a request for examination of the application has been filed.

On consideration of the representation if the Controller is of the opinion that application for patent shall be refused or the complete specification requires amendment, he shall give a notice to the applicant to that effect. On receiving the notice the applicant shall, if he so desires, file his statement and evidence, if any in support of his application within one month from the date of the notice.

On consideration of the statement and evidence filed by the applicant, the Controller may either refuse to grant a patent on the application or require the complete specification to be amended to his satisfaction before the patent is granted. After considering the representation and submission made during the hearing if so requested, the Controller shall proceed further simultaneously either rejecting the representation and granting the patent or accepting the representation and refusing the grant of patent on that application, ordinarily within one month from the completion of above proceedings.

Rule 55A dealing with filing of notice of opposition provides that the notice of opposition to be given under section 25(3) shall be made in Form 7 and sent to the Controller in duplicate at the appropriate office.

Under Rule 57 the opponent is required to send a written statement in duplicate setting out the nature of the opponent's interest, the facts upon which he bases his case and relief which he seeks and evidence, if any, along with notice of opposition and to deliver to the patentee a copy of the statement and the evidence, if any.

Constitution of Opposition Board and its Proceeding

Section 25(3) provides that where any such notice of opposition is duly given under sub-section (2), the Controller shall notify the patentee and constitute a Board by order in writing to be known as the Opposition Board consisting of such officers as he may determine and refer such notice of opposition alongwith the documents to that Board for examination and submission of its recommendation. Every Opposition Board is required to conduct the examination in accordance with the prescribed procedure. Sub-section (4) provides that the Controller shall, on receipt of the recommendation of the Opposition Board and after giving the patentee and the opponent an opportunity of being heard, order either to maintain or amend or revoke the patent.

However, the Controller while passing the order shall not take into account any personal document or secret trial or secret use in case the opposition is based on the grounds mentioned under sub-section (2)(d) & (e). In case the Controller issues an order under sub-section (4) that the patent shall be maintained subject to amendment of the specification or any other document, the patent shall stand amended accordingly.

On receipt of notice of opposition, the Controller shall, by order, constitute an Opposition Board under Rule 56 consisting of three members and nominate one of the members as the Chairman of the Board. An examiner appointed under section 73(2) shall be eligible to be a member of the Opposition Board. However, the examiner, who has dealt with the application for patent during the proceeding for grant of patent thereon shall not be eligible as member of Opposition Board for that application.

The Opposition Board shall conduct the examination of the notice of opposition along with documents filed under rules 57 to 60 referred to under section 25(4), submit a report with reasons on each ground taken in the notice of opposition with its joint recommendation within three months from the date on which the documents were forwarded to them.

Controller to Treat Application as Application of Opponent

Section 26 of the Act provides that where in any opposition proceeding the Controller finds that the invention,

so far as claimed in any claim of the complete specification, was obtained from the opponent in the manner set out in section 25(2)(a) and revokes the patent on that ground, he may, on request by such opponent made in the prescribed manner, direct that the patent shall stand amended in the name of the opponent; or a part of an invention described in the complete specification was so obtained from the opponent, he may pass an order requiring that the specification be amended by the exclusion of that part of the invention.

Where an opponent has, before the date of the order of the Controller requiring the amendment of a complete specification referred to in section 26(1)(b), filed an application for a patent for an invention which included the whole or a part of the invention held to have been obtained from him and such application is pending, the Controller may treat such application and specification in so far as they relate to the invention held to have been obtained from him, as having been filed, for the purposes of the priority dates of claims of the complete specification, on the date on which the corresponding document was or deemed to have been filed by the patentee in the earlier application but for all other purposes the application of the opponent shall be proceeded with as an application for a patent.

GRANT OF PATENTS

Section 43 dealing with grant of patents provides that where an application for a patent has been found to be in order for grant of the patent and either the application has not been refused by the Controller by virtue of any power vested in him by the Act; or the application has not been found to be in contravention of any of the provisions of the Act, the patent shall be granted as expeditiously as possible to the applicant or, in the case of a joint application, to the applicants jointly, with the seal of the patent office and the date on which the patent is granted shall be entered in the register. The Controller has been put under obligation to publish the fact that the patent has been granted and thereupon the application, specification and other documents related thereto shall be open for public inspection.

Grant of patents subject to conditions

As per Section 47 the grant of a patent shall be subject to the conditions that:

- (1) any machine, apparatus or other article in respect of which the patent is granted or any article made by using a process in respect of which the patent is granted, may be imported or made by or on behalf of the Government for the purpose merely of its own use;
- (2) any process in respect of which the patent is granted may be used by or on behalf of the Government for the purpose merely of its own use;
- (3) any machine, apparatus or other article in respect of which the patent is granted or any article made by the use of the process in respect of which the patent is granted, may be made or used, and any process in respect of which the patent is granted may be used by any person, for the purpose merely of experiment or research including the imparting of instructions to pupils; and
- (4) in the case of a patent in respect of any medicine or drug, the medicine or drug may be imported by the Government for the purpose merely of its own use or for distribution in any dispensary, hospital or other medical institution maintained by or on behalf of the government or any other dispensary, hospital or other medical institution which the Central Government may, having regard to the public service that such dispensary, hospital or medical institution renders, specify in this behalf by notification in the official gazette.

TERM OF PATENT

Section 53 provides that the term of every patent granted after the commencement of the Patents (Amendment) Act, 2002 and the term of every patent which has not expired and has not ceased to have

effect, on the date of such commencement, shall be twenty years from the date of filing of application for the patent.

Explanation to Section 53(1) clarifies that the term of patent in case of international applications filed under the PCT designating India, shall be twenty years from the international filing date accorded under the Patent Cooperation Treaty.

A patent shall cease to have effect on the expiration of the period prescribed for the payment of any renewal fee, if that fee is not paid within the prescribed period or within such extended period as may be prescribed. Further on cessation of the patent right due to non-payment of renewal fee or on expiry of the term of patent, the subject matter covered by the said patent shall not be entitled to any protection.

Rule 80 requires that to keep a patent in force, the renewal fees specified in the First Schedule should be paid at the expiration of the second year from the date of the patent or of any succeeding year and the same should be remitted to the patent office before the expiration of the second or the succeeding year. Sub-rule (1A) inserted by Patents (Amendment) Rules, 2005 provides that the period for payment of renewal fees may be extended to such period not being more than six months if the request for such extension of time is made in Form 4 with the fee specified in the First Schedule. While paying the renewal fee, the number and date of the patent concerned and the year in respect of which the fee is paid is required to be quoted. The annual renewal fees payable in respect of two or more years may be paid in advance.

PATENTS OF ADDITION

Sections 54, 55 and 56 deal with patents of addition. Section 54 provides that where an application is made for a patent in respect of any improvement in or modification of an invention described or disclosed in the complete specification, namely the main invention and the applicant also applies or has applied for a patent for that invention or is the patentee in respect thereof, the controller may, if the applicant so requests, grant the patent for the improvement or modification as a patent of addition.

Where an invention being an improvement in or modification of another invention, is the subject of an independent patent and the patentee in respect of that patent is also the patentee in respect of the patent for the main invention, the Controller may, if the patentee so requests, revoke the patent for the improvement or modification and grant to the patentee a patent of addition in respect thereof, bearing the same date of the patent so revoked. However a patent shall not be granted as a patent of addition unless the date of filing of the application was the same as or later than the date of filing of the application in respect of the main invention. A patent of addition shall not be granted before the grant of the patent for the main invention.

Section 55 deals with term of patents of addition and provides that a patent of addition is granted for a term equal to that of the patent for the main invention or so much thereof as has not expired and remains in force during that term or until the previous ceasing of the patent for the main invention and no longer. No renewal fees is payable in respect of a patent of addition, but if any such patent becomes an independent patent the same fees shall thereafter be payable upon the same dates, as if the patent had been originally granted as an independent patent.

Section 56 which deals with validity of patents of addition provides that the grant of a patent of addition shall not be refused and a patent granted as a patent of addition shall not be revoked or invalidated, on the ground only that the invention claimed in the complete specification does not involve any inventive step having regard to any publication or use of the main invention described in the complete specification relating thereto; or any improvement in or modification of the main invention described in the complete specification of a patent of addition to the patent for the main invention or of an application for such a patent of addition, and the validity of a patent of addition shall not be questioned on the ground that the invention ought to have

been the subject of an independent patent. In this context, it is clarified that in determining the novelty of the invention claimed in the complete specification filed in pursuance of an application for a patent of addition regard shall be had also to the complete specification in which the main invention is described.

RESTORATION OF LAPSED PATENTS

Section 60 provides that where a patent has ceased to have effect by reason of failure to pay any renewal fee within the period prescribed under section 53 or within period as may be allowed under section 142(4), the patentee or his legal representative and where the patent was held by two or more persons jointly, then with the leave of the Controller one or more of them without joining the others, may within eighteen months from the date on which the patent ceased to have effect, make an application for the restoration of the patent.

Procedure for Disposal of Applications for Restoration of Lapsed Patents

Section 61 provides that if, after hearing the applicant in cases where the applicant so desires or the Controller thinks fit, the Controller is prima facie satisfied that the failure to pay the renewal fee was unintentional and that there has been no undue delay in the making of the application, he shall publish the application in the prescribed manner; and within the prescribed period, any person interested may give notice to the Controller of opposition thereto on either or both of the following grounds that —

- (a) the failure to pay the renewal fee was not unintentional; or
- (b) there has been undue delay in the making of the application.

If notice of opposition is given within the prescribed period aforesaid, the Controller shall notify the applicant, and shall give to him and to the opponent an opportunity to be heard before deciding the case. If no notice of opposition is given within the prescribed period aforesaid or if in the case of opposition, the decision of the Controller is in favour of the applicant, the Controller shall, upon payment of any unpaid renewal fee and such additional fee as may be prescribed, restore the patent and any patent of addition specified in the application which has ceased to have effect on the cesser of that patent. The Controller may, if he thinks fit as a condition of restoring the patent, require that an entry shall be made in the register of any document or matter which has to be entered in the register but which has not been so entered.

Rights of Patentees of Lapsed Patents which have been Restored.

Section 62 provides that where a patent is restored, the rights of the patentee shall be subject to such conditions as may be prescribed and to such other conditions as the Controller thinks fit to impose for the protection or compensation of persons who may have begun to avail themselves of, or have taken definite steps by contract or otherwise to avail themselves of, the patented invention between the date when the patent ceased to have effect and the date of the publication of the application for restoration of the patent. No suit or other proceeding shall be commenced or prosecuted in respect of an infringement of a patent committed between the date on which the patent ceased to have effect and the date of the publication of the application for restoration of the patent.

Procedure for Restoration of Patents

Rule 84 requires that an application for the restoration of a patent under section 60 be made in Form 15. Where the Controller is satisfied that a prima facie case for the restoration of any patent has not been made out, he shall intimate the applicant accordingly and unless the applicant makes a request to be heard in the matter within one month from the date of such intimation, the Controller shall refuse the application. Where

applicant requests for a hearing within the time prescribed and the Controller, after giving the applicant such a hearing, is *prima facie* satisfied that the failure to pay the renewal fees was unintentional, he shall publish the application.

Rule 85 provides the procedure for opposition to restoration under section 61 and says that at any time, within two months from the date of publication of the application under sub-rule (3) of rule 84, any person interested may give notice of opposition thereto in Form 14. A copy of the notice of opposition shall be sent by the Controller to the applicant. The procedure specified in rules 57 to 63 relating to the filing of written statement, reply statement, leaving evidence, hearing and costs shall, so far as may be, apply to the hearing of the opposition under section 60 as they apply to the hearing in the opposition proceeding.

Rule 86 dealing with payment of unpaid renewal fees provides that where the Controller decides in favour of the applicant, the applicant shall pay the unpaid renewal fees and the additional fee as specified in the First Schedule, within a month from the date of the order of the Controller allowing the application for restoration. The Controller has been put under obligation to publish his decision.

SURRENDER AND REVOCATION OF PATENTS

Section 63 entitles the patentee to offer to surrender his patent, at any time by giving notice to the Controller. Where such an offer is made, the Controller shall publish the offer in the prescribed manner and also notify every person other than the patentee whose name appears in the register as having an interest in the patent. Any person interested may, within the prescribed period after such publication, give notice of opposition to the Controller and where such notice is given the Controller shall notify the patentee. If the Controller is satisfied after hearing the patentee and any opponent, if desirous of being heard, that the patent may properly be surrendered, he may accept the offer and by order revoke the patent.

Revocation of Patents

Any Interested person including the government can file a petition on any of the grounds specified for revocation of a patent under Section 64 of the Patents Act. Section 64 dealing with revocation of patents stipulates that a patent, whether granted before or after the commencement of this Act, may, be revoked on a petition of any person interested or of the Central Government by this Appellate Board or on a counter-claim in a suit for infringement of the patent by the High Court on any of the following grounds namely:

- (a) that the invention, so far as claimed in any claim of the complete specification, was claimed in a valid claim of earlier priority date contained in the complete specification of another patent granted in India;
- (b) that the patent was granted on the application of a person not entitled under the provisions of this Act to apply therefore;
- (c) that the patent was granted on the application of a person not rights of the petitioner or any person under or through whom he claims;
- (d) that the subject of any claim of the complete specification is not an invention within the meaning of this Act;
- (e) that the invention so far as claimed in any claim of the complete specification is not new, having regard to what was publicly known or publicly used in India before the priority date of the claim or to what was published in India or elsewhere in any of the documents referred to in section 13;
- (f) that the invention so far as claimed in any claim of the complete specification is obvious or does not involve any inventive step having regard to what was publicly known or publicly used in India or what was published in India or elsewhere before the priority date of the claim:

- (g) that the invention, so far as claimed in any claim of the complete specification, is not useful;
- (h) that the complete specification does not sufficiently and fairly describe the invention and the method by which it is to be performed, that is to say, that the description of the method or the instructions for the working of the invention as contained in the complete specification are not by themselves sufficient to enable a person in India possessing average skill in, and average knowledge of, the art to which the invention relates, to work the invention, or that it does not disclose the best method of performing it which was known to the applicant for the patent and for which he was entitled to claim protection;
- (i) that the scope of any claim of the complete specification is not sufficiently and clearly defined or that any claim of the complete specification is not fairly based on the matter disclosed in the specification;
- (j) that the patent was obtained on a false suggestion or representation;
- (k) that the subject of any claim of the complete specification is not patentable under this Act;
- (l) that the invention so far as claimed in any claim of the complete specification was secretly used in India, otherwise than as mentioned in sub-section (3), before the priority date of the claim;
- (m) that the applicant for the patent has failed to disclose to the Controller the information required by section 8 or has furnished information which in any material particular was false to his knowledge;
- (n) that the applicant contravened any direction for secrecy passed under Section 35 or made or caused to be made an application for the grant of a patent outside India in contravention of Section 39
- (o) that leave to amend the complete specification under section 57 or section 58 was obtained by fraud;
- (p) that the complete specification does not disclose or wrongly mentions the source and geographical origin of biological material used for the invention;
- (q) that the invention so far as claimed in any claim of the complete specification was anticipated having regard to the knowledge, oral or otherwise, available within any local or indigenous community in India or elsewhere.

Section 64(2) says that for the purposes of clauses (e) and (f) of sub-section (1), -

- (a) no account shall be taken of personal document or secret trial or secret use; and
- (b) where the patent is for a process or for a product as made by a process described or claimed, the importation into India of the product made abroad by that process shall constitute knowledge or use in India of the invention on the date of the importation, except where such importation has been for the purpose of reasonable trial or experiment only.

Section 64 (3) provides that for the purpose of clause (l) of sub-section (1), no account shall be taken of any use of the invention -

- (a) for the purpose of reasonable trial or experiment only; or
- (b) by the Government or by any person authorised by the Government or by a Government undertaking, in consequence of the applicant for the patent or any person from whom he derives title having communicated or disclosed the invention directly or indirectly to the Government or person authorized as aforesaid or to the Government undertaking; or

- (c) by any other person, in consequence of the applicant for the patent or any person from whom he derives title having communicated or disclosed the invention, and without the consent or acquiescence of the applicant or of any person from whom he derives title.

Without prejudice to the provisions contained in sub-section (1), a patent may be revoked by the High Court on the petition of the Central Government, if the High Court is satisfied that the patentee has without reasonable cause failed to comply with the request of the Central Government to make, use or exercise the patented invention for the purposes of Government within the meaning of section 99 upon reasonable terms.

A notice of any petition for revocation of a patent under this section shall be served on all persons appearing from the register to be proprietors of that patent or to have shares or interests therein and it shall not be necessary to serve a notice on any other person.

(ii) Revocation of Patent in Public Interest.

As per section 66 of the Patents Act where the Central Government is of opinion that a patent or the mode in which it is exercised is mischievous to the State or generally prejudicial to the public, it may, after giving the patentee an opportunity to be heard, make a declaration to that effect in the Official Gazette and thereupon the patent shall be deemed to be revoked.

(iii) Revocation of Patents for Non Working

Controller can make an order to revoke a patent for non working if the reasonable requirements of the public are not still met after the grant of compulsory license. According to section 85 of the Patents Act where, in respect of a patent, a compulsory licence has been granted, the Central Government or any person interested may, after the expiration of two years from the date of the order granting the first compulsory licence, apply to the Controller for an order revoking the patent on the ground that the patented invention has not been worked in the territory of India or that reasonable requirements of the public with respect to the patented invention has not been satisfied or that the patented invention is not available to the public at a reasonably affordable price.

Section 65 deals with revocation of patent and amendment of complete specification on directions of the Government in cases relating to atomic energy. Section 65 as amended by Patents (Amendment) Act, 2005 provides that where at any time after grant of a patent, the Central Government is satisfied that a patent is for an invention relating to atomic energy for which no patent can be granted under sub-section (1) of section 20 of the Atomic Energy Act, 1962, it may direct the Controller to revoke the patent, and thereupon the Controller, after giving notice, to the patentee and every other person whose name has been entered in the register as having an interest in the patent, and after giving them an opportunity of being heard, may revoke the patent. Sub-section 2 empowers the Controller may allow the patentee to amend the complete specification in such manner as he considers necessary instead of revoking the patent.

Under Rule 87 of the Patents Rules, 1970 the Controller is required to publish the notice of an offer given under section 63. Any person interested may, within three months from the date of publication of the notice, give notice of opposition to the Controller in Form 14 in duplicate. The procedure specified in rules 57 to 63 relating to the filing of written statement, reply statement, leaving evidence, hearing and costs shall, so far as may be, apply to the hearing of the opposition under section 63 as they apply to the hearing in opposition proceeding. If the Controller accepts the patentee's offer to surrender the patent, he may direct the patentee to return the patent, and on receipt of such patent, the Controller shall by order revoke it and publish the revocation of the patent.

ASSIGNMENTS OF PATENTS

Assignment refers to the act of the patentee by which the patent rights are wholly or partially transferred to the assignee who acquires the right to prevent others from making, using or exercising or vending the invention. Section 70 of the Patents Act, 1970 gives the person/persons, persons registered as grantee or proprietor of a patent, power to assign, grant licences under, or otherwise deal with, the patent and to give effectual receipts for any consideration for any such assignment, licence or dealing.

The assignment can either be exclusive or non exclusive. The exclusivity can be further limited, for example exclusivity to a territory or market or line of products. Following are three main types of assignments in patents:

Legal Assignments

An assignment of an existing deed is a legal assignment. A patent which is created by deed can only be assigned by a deed. A legal assignee is entitled to be registered as the proprietor of the patent and acquires all the rights thereof.

Equitable Assignments

A document agreeing to transfer a patent or a share of a patent with immediate effect is an equitable assignment. This affects proprietorship, but does not directly change it. The man to whom it is equitably assigned gets the right in equity to have the ownership of the patent altered in law.

Mortgages

A mortgage is a document through which patent rights are transferred to the assignee in return for a sum of money. Once the assignor repays the sum, the patent rights are restored to him. The term assignee as per Section 2(1) of the Patents Act, 1970 includes in its meaning the legal representative of a deceased assignee. Section 70 of the Patents Act, 1970 confers inter alia the right on a grantee or proprietor of the patent to fully or partially assign his patent to another or others. As per Section 68 of the Patents Act, 1970 an assignment to be valid shall be in writing, to be contained in a document that embodies all terms and conditions governing their rights and obligations and the application for registration of such document is filed in the prescribed manner with the Controller within six months from the commencement of the Act or the execution of the document, whichever is later. Section 69 says once the person becomes entitled by assignment to a patent he shall apply in writing to the Controller for the registration of his title in the prescribed manner.

WORKING OF PATENTED INVENTIONS – GENERAL PRINCIPLES

Section 83 dealing with general principles applicable to working of patented invention provides that in exercising the powers conferred for working of patents and compulsory licences, regard shall be had to the following general considerations, namely:

- (a) that patents are granted to encourage inventions and to secure that the inventions are worked in India on a commercial scale and to the fullest extent that is reasonably practicable without undue delay;
- (b) that they are not granted merely to enable patentees to enjoy a monopoly for the importation of the patented article;
- (c) that the protection and enforcement of patent rights contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of

producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations;

- (d) that patents granted do not impede protection of public health and nutrition and should act as instrument to promote public interest specially in sectors of vital importance for socio-economic and technological development of India;
- (e) that patents granted do not in any way prohibit Central Government in taking measures to protect public health;
- (f) that the patent right is not abused by the patentee or person deriving title or interest on patent from the patentee, and the patentee or a person deriving title or interest on patent from the patentee does not resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology; and
- (g) that patents are granted to make the benefit of the patented invention available at reasonably affordable prices to the public.

COMPULSORY LICENCES

The provisions for compulsory licenses are made to prevent the abuse of patent as a monopoly and to make the way for commercial exploitation of the invention by an interested person. According to Section 84 any person interested can make an application for grant of compulsory license for a patent after three years from the date of grant of that patent on any of the following grounds –

- (a) that the reasonable requirements of the public with respect to the patented invention have not been satisfied, or
- (b) that the patented invention is not available to the public at a reasonably affordable price, or
- (c) that the patented invention is not worked in the territory of India.

An application for compulsory licence may be made by any person notwithstanding that he is already the holder of a licence under the patent and no person shall be estopped from alleging that the reasonable requirements of the public with respect to the patented invention are not satisfied or that the patented invention is not worked in the territory of India or that the patented invention is not available to the public at a reasonably affordable price by reason of any admission made by him, whether in such a licence or otherwise or by reason of his having accepted such a licence.

Sub-section (3) requires every application for compulsory licence to contain a statement setting out the nature of the applicant's interest together with such particulars as may be prescribed and the facts upon which the application is based. The Controller on being satisfied that the reasonable requirements of the public with respect to the patented invention have not been satisfied or the patented invention is not worked in the territory of India or the patented invention is not available to the public at a reasonably affordable price, may grant a licence upon such terms as he may deem fit.

In considering the application of compulsory licence, the Controller is required to take into account —

- (i) the nature of the invention, the time which has elapsed since the sealing of the patent and the measures already taken by the patentee or any licensee to make full use of the invention;
- (ii) the ability of the applicant to work the invention to the public advantage;
- (iii) the capacity of the applicant to undertake the risk in providing capital and working the invention, if the application were granted;

- (iv) as to whether the applicant has made efforts to obtain a licence from the patentee on reasonable terms and conditions and such efforts have not been successful within a reasonable period as the Controller may deem fit.

However, the controller is under no obligation to take into account matters subsequent to the making of the application. It has been clarified that the reasonable period shall be construed as a period not ordinarily exceeding a period of six months. In this context, it has been clarified that, the reasonable requirements of the public shall be deemed not to have been satisfied if —

- (a) by reason of the refusal of the patentee to grant a licence or licences on reasonable terms,-
 - (i) an existing trade or industry or the development thereof or the establishment of any new trade or industry in India or the trade or industry in India or the trade or industry of any person or class of persons trading or manufacturing in India is prejudiced; or
 - (ii) the demand for the patented article has not been met to an adequate extent or on reasonable terms; or
 - (iii) a market for export of the patented article manufactured in India is not being supplied or developed; or
 - (iv) the establishment or development of commercial activities in India is prejudiced; or
- (b) by reason of conditions imposed by the patentee upon the grant of licences under the patent or upon the purchase, hire or use of the patented article or process, the manufacture, use or sale of materials not protected by the patent, or the establishment or development of any trade or industry in India, is prejudiced; or
- (c) the patentee imposes a condition upon the grant of licences under the patent to provide exclusive grant back, prevention to challenges to the validity of patent or coercive package licensing; or
- (d) the patented invention is not being worked in the territory of India on a commercial scale to an adequate extent or is not being so worked to the fullest extent that is reasonably practicable; or
- (e) the working of the patented invention in the territory of India on a commercial scale is being prevented or hindered by the importation from abroad of the patented article by —
 - (i) the patentee or persons claiming under him; or
 - (ii) persons directly or indirectly purchasing from him; or
 - (iii) other persons against whom the patentee is not taking or has not taken proceedings for infringement.

REVOCATION OF PATENTS BY THE CONTROLLER FOR NON-WORKING

As stated earlier, Section 85 deals with revocation of patents by Controller for not working and provides that where, in respect of a patent, a compulsory licence has been granted, the Central Government or any person interested may, after the expiration of two years from the date of the order granting the first compulsory licence, apply to the Controller for an order revoking the patent on the ground that the patented invention has not been worked in the territory of India or reasonable requirements of the public with respect to the patented invention has not been satisfied or the patented invention is not available to the public at a reasonably affordable price.

Every application for revocation should contain prescribed particulars, the facts upon which the application is based, and, in the case of an application other than by the Central Government, should also set out the nature of the applicant's interest. The Controller, if satisfied that the reasonable requirements of the public

with respect to the patented invention has not been satisfied or patented invention has not been worked in the territory of India or is not available to the public at a reasonably affordable price, may make an order revoking the patent. The controller has however been put under obligation to ordinarily decide such application within one year of its presentation.

Procedure for Dealing with Applications

Section 87 provides that where the Controller is satisfied, upon consideration of an application for compulsory licence or revocation of patent, that a prima facie case has been made out for the making of an order, he shall direct the applicant to serve copies of the application upon the patentee and any other person appearing from the register to be interested in the patent in respect of which the application is made, and shall publish the application in the Official Journal.

The patentee or any other person desiring to oppose the application may, within prescribed time or within such further time as the Controller may on application allow, give to the Controller notice of opposition. Any such notice of opposition should contain a statement setting out the grounds on which the application is opposed. Where any such notice of opposition is duly given, the Controller shall notify the applicant, and shall give to the applicant and the opponent an opportunity to be heard before deciding the case.

Powers of Controller in Granting Compulsory Licences

Section 88 provides that where the Controller is satisfied that the manufacture, use or sale of materials not protected by the patent is prejudiced by reason of conditions imposed by the patentee upon the grant of licences under the patent, or upon the purchase, hire or use of the patented article or process, he may order the grant of licences under the patent to such customers of the applicant as he thinks fit as well as to the applicant.

Where an application for compulsory licence is made under Section 84 by a person being the holder of a licence under the patent, the Controller may, if he makes an order for the grant of a licence to the applicant, order the existing licence to be cancelled, or may, if he thinks fit, instead of making an order for the grant of a licence to the applicant, order the existing licence to be amended.

Where two or more patents are held by the same patentee and an applicant for a compulsory licence establishes that the reasonable requirements of the public have not been satisfied with respect to some only of the said patents, then, if the Controller is satisfied that the applicant cannot efficiently or satisfactorily work the licence granted to him under those patents without infringing the other patents held by the patentee and if those patents involve important technical advancement or considerable economic significance in relation to the other patents, he may, by order, direct the grant of a licence in respect of the other patents also to enable the licensee to work the patent or patents in regard to which a licence is granted.

Where the terms and conditions of a licence have been settled by the Controller, the licensee may, at any time after he has worked the invention on a commercial scale for a period of not less than twelve months, make an application to the Controller for the revision of the terms and conditions on the ground that the terms and conditions settled have proved to be more onerous than originally expected and that in consequence thereof the licensee is unable to work the invention except at a loss. However no such application shall be entertained a second time by the Controller.

Terms and Conditions of Compulsory Licences

Section 90 provides that in settling the terms and conditions of a compulsory licence, the Controller shall endeavour to secure that —

- (i) the royalty and other remuneration, if any, reserved to the patentee or other person beneficially

entitled to the patent, is reasonable, having regard to the nature of the invention, the expenditure incurred by the patentee in making the invention or in developing it and obtaining a patent and keeping it in force and other relevant factors;

- (ii) the patented invention is worked to the fullest extent by the person to whom the licence is granted and with reasonable profit to him;
- (iii) the patented articles are made available to the public at reasonably affordable prices;
- (iv) the licence granted is a non-exclusive licence;
- (v) the right of the licensee is non-assignable;
- (vi) the licence is for the balance term of the patent unless a shorter term is consistent with public interest;
- (vii) the licence is granted with a predominant purpose of supply in the Indian market and the licensee may also export the patented product if need be in accordance with section 84(7)(a)(iii).
- (viii) in the case of semi-conductor technology, the licence granted is to work the invention for public non-commercial use.
- (ix) in case the licence is granted to remedy a practice determined after judicial or administrative process to be anti-competitive, the licensee shall be permitted, if need be, to export the patented product.

Section 90(2) provides that no licence granted by the Controller shall authorise the licensee to import the patented article or an article or substance made by a patented process from abroad where such importation would, but for such authorisation, constitute an infringement of the rights of the patentee. However in terms of Sub-section (3) the Central Government may direct the Controller to authorise any licensee in respect of a patent to import the patented article or an article or substance made by a patented process from abroad (subject to such conditions as it considers necessary to impose relating among other matters to the royalty and other remuneration, if any, payable to the patentee, the quantum of import, the sale price of the imported article and the period of importation), if it is necessary to do so in public interest and thereupon the Controller shall give effect to the directions.

Licensing of Related Patents

Section 91 provides that at any time after the sealing of a patent, any person who has the right to work any other patented invention either as patentee or as licensee thereof, exclusive or otherwise, may apply to the Controller for the grant of a licence of the first mentioned patent on the ground that he is prevented or hindered without such licence from working the other invention efficiently or to the best advantage possible. However, no order for grant of such licence shall be made unless the Controller is satisfied that the applicant is able and willing to grant, or procure the grant to the patentee and his licensees if they so desire, of a licence in respect of the other invention on reasonable terms; and the other invention has made a substantial contribution to the establishment or development of commercial or industrial activities in the territory of India.

When the Controller is satisfied that the conditions mentioned in Section 91(1) have been established by the applicant, he may make an order granting a licence under the first mentioned patent and a similar order under the other patent if so requested by the proprietor of the first mentioned patent or his licensee. However the licence granted by the Controller shall be non-assignable except with the assignment of the respective patents.

Compulsory Licences on Notifications by Central Government

Section 92 provides that if the Central Government is satisfied, in respect of any patent in force in circumstances of national emergency or in circumstances of extreme urgency or in case of public non-commercial use, that it is necessary that compulsory licences should be granted at any time after the sealing thereof to work the invention, it may make a declaration to that effect, by notification in the Official Gazette, and thereupon the Controller shall on application made at any time, after the notification, by any person interested, grant to the applicant a licence under the patent on such terms and conditions as he thinks fit. In settling the terms and conditions of a licence the Controller shall endeavour to secure that the articles manufactured under the patent shall be available to the public at the lowest prices consistent with the patentees deriving a reasonable advantage from their patent rights.

Compulsory Licensing of Patents Relating to the Manufacture of Pharmaceutical Products for Export to Countries with Public Health Problems

Section 92A of the Patents Act, 1970 inserted by The Patents (Amendment) Act, 2005 postulates compulsory licence for export of patented pharmaceutical products in certain exceptional circumstances. It states that compulsory licence shall be available for manufacture and export of patented pharmaceutical products to any country having insufficient or no manufacturing capacity in the pharmaceutical sector for the concerned product to address public health problems, provided compulsory licence has been granted by such country or such country has, by notification or otherwise, allowed importation of the patented pharmaceutical products from India.

Sub-section (2) authorises the Controller, on receipt of an application in the prescribed manner, to grant, on such terms and conditions as he may specify, a compulsory licence solely for manufacture and export of the concerned pharmaceutical product to such country under such terms and conditions as may be specified and published by him.

Explanation appended to Section 92A defines the pharmaceutical products as to mean any patented product, or product manufactured through a patented process, of the pharmaceutical sector needed to address public health problems and shall be inclusive of ingredients necessary for their manufacture and diagnostic kits required for their use.

Termination of Compulsory Licence

Section 94 provides that on an application made by the patentee or any other person deriving title or interest in the patent, a compulsory licence may be terminated by the controller, provided the circumstances that give rise to the grant thereof no longer exist and such circumstances are unlikely to recur. In this regard the holder of the compulsory licence has been entitled to object to such termination.

PROCEDURE IN RESPECT OF COMPULSORY LICENCE, ETC.

Rule 96-102 deal with procedure for compulsory licence and revocation of patent. Rule 96 provides that an application to the Controller for an order under section 84, section 85, section 91 or section 92 or section 92A shall be in Form 17, or Form 19, as the case may be. Except in the case of an application made by the Central Government, the application shall set out the nature of the applicant's interest and terms and conditions of the licence the applicant is willing to accept. Rule 97 provides that if, upon consideration of the evidence, the Controller is satisfied that a prima facie case has not been made out for the making of an order under any of the sections referred to above, he shall notify the applicant accordingly, and unless the applicant requests to be heard in the matter, within one month from the date of such notification, the Controller shall refuse the application. If the applicant requests for a hearing within the time allowed the

Controller shall, after giving the applicant an opportunity of being heard, determine whether the application may be proceeded with or refused.

Notice of Opposition under Section 87(2)

Rule 98 requires that a notice of opposition under section 87(2) should be given in Form 14 and be sent to the Controller within two months from the date of the publication of the application. The notice of opposition should however include the terms and conditions of the licence, if any, the opponent is prepared to grant to the applicant and be accompanied by evidence in support of the opposition. The opponent is required to serve a copy of notice of opposition and evidence on the applicant and notify the Controller when such service has been effected. No further statement or evidence is required to be delivered by either party except with the leave of or on requisition by the Controller.

Rule 98(5) requires the Controller to fix a date and time for hearing of the case and give the parties not less than ten days' notice of such hearing. Rule 98(6) clarifies that the procedure specified in sub-rules (2) to (5) of rule 62, shall, so far as may be, apply to the procedure for hearing, as they apply to the hearing in opposition proceedings. Rule 99 requires the Controller to publish the order made by him under section 85(3) revoking a patent.

Procedure for Application under Section 88(4)

Rule 100 requires that an application under section 88(4) for the revision of the terms and conditions of a licence which have been settled by the Controller should be in Form 20 and state the facts relied upon by the applicant and the relief he seeks and be accompanied by evidence in support of the application. In case the Controller is satisfied that a prima facie case has not been made out for the revision of the terms and conditions of the licence, he may notify the applicant accordingly and unless within a month the applicant requests to be heard in the matter, the Controller may refuse the application. The Controller, after giving the applicant an opportunity of being heard, shall determine whether the application shall be proceeded with or refused.

Application for Termination of Compulsory Licence under Section 94

Rule 102 requires that an application for termination of compulsory licence under section 94(1) should be made in Form 21 along with the evidence by the patentee or any other person deriving title or interest in the patent. The applicant is required to serve a copy of the application and evidence on the holder of the compulsory licence and to inform the Controller the date on which the service has been effected. The holder of the compulsory licence may file his objection alongwith evidence, if any, to the application within one month from the date of receipt of the application and evidence by him to the Controller and serve a copy thereof to the applicant. No further evidence or statement are required to be filed by either party except with special leave of or on requisition by the Controller.

On completion of the above proceedings, the Controller is required to fix a date and the time for the hearing of the case and give the parties not less than ten day's notice of such hearing. Rule 102(6) clarifies that the procedure specified in sub-rules (2) to (5) of rule 62 so far as may be, apply to the procedure for hearing as they apply to the hearing in opposition proceedings. If the Controller decides to terminate the compulsory licence he shall issue an order giving terms and conditions, if any, of such termination and serve copies of the order to both the parties.

INTERNATIONAL APPLICATIONS

Appropriate Office in Relation to International Applications

Rule 18 of the Patents Rules, 2003 provides that the receiving office, designated office and elected office for

the purposes of international applications filed under the Treaty shall be the appropriate office in accordance with rule 4. The head office of the patent office shall be the appropriate office for dealing with the International Bureau of the World Intellectual Property Organisation, International Searching Authorities and International Preliminary Examining Authorities.

An international application under the Treaty should be filed at and processed by the appropriate office in accordance with the provisions rules relating to international applications under Patent Cooperation Treaty (PCT) the regulations established under the PCT. The appropriate office shall on receipt of an international application, transmit one copy as record copy of such application to International Bureau of the World Intellectual Property Organisation and another copy as search copy to Competent International Searching Authority. The appropriate office shall simultaneously furnish complete details of such application to the head office of the patent offices.

It may be pointed out that Section 39 expressly states that an Indian applicant cannot apply for patents outside India except under the authority of a written permit sought in the prescribed manner and granted by or on behalf of the Controller.

An Indian applicant can file a PCT International application in the following manner:

- (a) Filing in the Indian Patent Office acting as Receiving Office. In such cases, it is advisable that the application be accompanied by permission for foreign filing granted under section 39 by the Controller.

If such permission is sought along with the application, there is a probability that the permission may be deferred and the application may be referred to DRDO / Department of Atomic Energy for their directions.

- (b) Filing directly in the International Bureau of WIPO after taking permission u/s 39 from the Indian Patent Office.
- (c) After filing a patent application in India, anytime before the expiry of 12 months from the date of filing, file an international in IB of WIPO or in Indian Patent Office as Receiving Office. However, if the international filing is within 6 weeks from the date of filing in India, such filing shall be made after taking permission u/s 39 from the Indian Patent Office.

International Applications Filed with Appropriate Office as Receiving Office

Rule 19 requires that an international application should be filed with the appropriate office in triplicate either in English or in Hindi language. The fees payable in respect of an international application filed with the appropriate office shall be, in addition to the fees as specified in the regulations under the Treaty, the fees as specified in the First Schedule to the Patents Rules, 2003. Where an international application filed with the appropriate office has not been filed as specified above and the applicant desires that the appropriate office should prepare the additional copies required, the fee for making such copies shall be paid by the applicant. The appropriate office shall, on receipt of a request from the applicant and on payment of the prescribed fee by him, prepare a certified copy of the priority document and promptly transmit the same to the International Bureau of the World Intellectual Property Organisation for the purpose of an international application filed with the appropriate office with an intimation to the applicant and the head office.

International Applications Designating or designating and Electing India

Rule 20 provides that an application corresponding to an international application under the Patent Cooperation Treaty may be made in Form 1. However, the Patent office shall not commence processing of an application filed corresponding to international application designating India before the expiration of the

time limit of thirty one months from the priority date. However, the Patent Office may, on express request filed in Form 18 alongwith the fee specified in First Schedule, process or examine the application at any time before thirty one months from the priority date.

An applicant in respect of an international application designating India shall, before the prescribed period pay the prescribed national fee and other fees to the patent office in the prescribed manner; and where the international application was either not filed or has not been published in English, file with the patent office, a translation of the application in English, duly verified by the applicant or the person duly authorized by him that the contents thereof are correct and complete.

In terms of Rule 20(5) the translation of the international application should include a translation in English of the description; the claims as filed; any text matter of the drawings; the abstract; and in case the applicant has not elected India and if the claims have been amended under Article 19, then the amended claims together with any statement filed under the said Article; in case the applicant has elected India and any amendments to the description, the claims and text matter of the drawings that are annexed to the international preliminary examination report.

If the applicant fails to file a translation of the amended claims and annexures as above, even after invitation from the appropriate office to do so, within a time limit as may be fixed by that office having regard to the time left for meeting the requirements, the amended claims and annexures shall be disregarded in the course of further processing the application by the appropriate office. The applicant in respect of an international application designating India is required to use Forms set out in the Second Schedule before the appropriate office as designated office.

Filing of Priority Document

Rule 21 provides that where the applicant in respect of an international application designating India has not complied with the requirements of paragraph (a) or paragraph (b) of rule 17.1 of the regulations under the Treaty, the applicant shall file with the patent office the priority document referred to in that rule before the expiration of the specified time limit. Where priority document is not in the English language, an English translation thereof duly verified by the applicant or the person duly authorized by him shall be filed within the specified time limit. Where the applicant fails to comply with the requirements as above, the appropriate office shall invite the applicant to file the priority document or the translation thereof, as the case may be, within three months from the date of such invitation, and if the applicant fails to do so, the claim of the applicant for the priority shall be disregarded.

PATENT AGENTS

The work relating to drafting of specifications, making of application for a patent, subsequent correspondence with the Patent office on the objections raised, representing the applicants case at the hearings, filing opposition and defending application against opposition is entrusted to a qualified Patent Agent. Sections 125-132 of the Patents Act, 1970 and Rules 108-120 of the Patents Rules, 2003 deal with the Patent Agents.

The Controller maintains a register to be called the 'register of patent agents' in which there will be entered the names, address and other relevant particular as may be prescribed of all persons qualified to have their names so entered according to section 126. According to rule 4 such register has to be maintained at the Head Office of the Patent Office, Calcutta. The register will contain the name, nationality address of the principal place of business, branch office address and other relevant particular as may be prescribed, if any, the qualification and the date of registration of entry as Patent agent.

Qualifications for Registration as Patent Agents

According to Section 126 a person will be qualified to have his name entered in the register of patent agents if he fulfils the following conditions, namely:

- (a) He/she is a citizen of India;
- (b) He/she has completed the age of 21 years;
- (c) He/she has obtained a degree in Science, Engineering or Technology from any University established under the law for the time being in force in the territory of India or possesses such other equivalent qualifications as the Central Government may specify in this behalf, and, in addition, -
 - (i) has passed the qualifying examination prescribed for the purpose; or
 - (ii) has, for a total period of not less than ten years, functioned either as an examiner or discharged the functions of the Controller under section 73, or both, but ceased to hold any such capacity at the time of making the application for registration;
- (d) He has paid such fee as may be prescribed.

However, a person who has been registered as a patent agent before the commencement of Patent (Amendment) Act, 2005 will be entitled to continue to be, or when required to be re-registered as a patent agent, on payment of the fee.

Qualifying Examinations for Patent Agents

In order to maintain high professional efficiency, the Act has provided for certain prescribed qualification for the patent agents, as mentioned above in the section 126. As per clause (c)(ii) of sub section 1 of section 126 there is a provision for conducting the qualifying examination for Patent agents, which will consist of a written test and a viva voce examination. The written Test shall be of two papers i.e. 1) Patents Act and Rules and 2) Drafting and interpretation of Patent specification and other documents of 100 marks each (Rule 110(2)). The qualifying marks for written paper & for the viva voce examination is fifty per cent each, and a candidate shall be declared to have passed the examination only if he obtains an aggregate of sixty percent of the qualifying marks (Rule 110 (3))

Registration of Patent Agents

As per Rule 111, after a candidate passes the qualifying examination specified in rule 110 and after obtaining any further information, which the Controller considers necessary, and on receipt of the fee will enter the candidate's name in the register of patent agents and issue to him a certificate of registration as a patent agent.

Details to be Included in an Application for the Registration of Patent Agents

Rule 112 provides that a person, who is entitled to get his name registered as Patent agent under sub section 2 of Section 126, shall also make his request on Form 22 with prescribed fee of giving information regarding his practice as patent agent. The following details will be entered in the register:

- (a) Name and qualification,
- (b) Address of his/her office including branch office, if any
- (c) Date of payment of prescribed fee
- (d) Other details as may be necessary

Disqualification for Registration as a Patent Agent

Rule 114 provides for conditions for disqualification of a person from registration as Patent Agent. As per Rule 114, a person will not be eligible to be registered as a patent agent, if he-

- (i) Has been adjudged by a competent court to be of unsound mind;
- (ii) Is an undercharged insolvent;
- (iii) Being a discharged insolvent, has obtained from the court a certificate to the effect that his insolvency was caused by misfortune without any misconduct on his part;
- (iv) Has been convicted by a competent court, whether within or outside India of an offence to undergo a term of imprisonment, unless the offence of which he has been convicted has been pardoned or unless on an application made by him, the Central Government has, by order in this behalf, removed the disability;
- (v) Being a legal practitioner has been guilty of professional misconduct; or
- (vi) Being a chartered accountant has been guilty of negligence or misconduct.

Register of Patent Agents

According to Section 125, it is mandatory to maintain a register of patent agents for the purpose of identifying who are the persons registered as and are entitled to work as agents for the purpose of prosecuting the application for patent on behalf of the applicant. The name can be maintained in the register by paying the renewal fee every year.

Alteration of Names etc. in the Register of Patent Agents

As per Rule 118 a Patent agent may apply for the alteration of his name, address of the principal place of business and branch offices, if any, or the qualifications entered in the register of patent agents. On receipt of such application and the fee specified therefore in the First Schedule, the Controller will cause the necessary alterations to be made in the register of patent agents. Every alteration made in the register of patent agents will be published.

Publication of the Names of Patent Agents, Registered under the Act

Rule 120 provides that the names and addresses of persons registered as patent agents will from time to time will be published in the official journal, newspapers, trade journals and in such other manner as the Controller may deem fit. It will be also published in Annual Report of the Controller General of Patents, Designs and Trade Marks.

A person whose name is entered in the register of Patent Agents can practice before the Controller and if duly authorized, may sign all applications and communications to the Controller. His work also includes drafting of specification, making an application for Patent, making subsequent Correspondence with the Patent Office, attending hearing on behalf of the applicant, filing and taking part in opposition proceeding or defending his case against such opposition filed by some other Party. Practice as a patent agent includes any of the following acts, namely:

- (a) Applying for or obtaining patents in India or elsewhere;
- (b) Preparing specifications or other documents for the purposes of this Act or of the patent law of any country;
- (c) Giving advice other than of a scientific or technical nature as to the validity of patents or their infringement.

LESSON ROUND UP

- A patent is an official document given to an inventor by the government allowing him to exclude anyone else from commercially exploiting his invention for a limited period which is 20 years at present.
- The law relating to patents contained in the Patents Act, 1970 has been amended in the year 1995, 1999, 2002 and 2005 to meet India's obligations under the agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs) forming part of the Agreement establishing the World Trade Organisation (WTO).
- Not all inventions are patentable. An invention must fulfill certain requirements known as conditions of patentability. The conditions of patentability are: novelty, inventive step (non-obviousness) and, industrial applicability (utility). The inventions that are not patentable have been stipulated under Section 3 of the Patents Act.
- Application for a patent for an invention may be made (a) by any person claiming to be the true and first inventor of the invention;(b) by any person being the assignee of the person claiming to be the true and first inventor in respect of the right to make such an application;(c)by the legal representative of any deceased person who immediately before his death was entitled to make such an application.
- Every application for a patent is to be made for one invention only. Where the application is made by virtue of an assignment of the right to apply for a patent for the invention, there shall be furnished with the application proof of the right to make the application.
- In order to obtain a patent, an applicant must fully and particularly describe the invention therein claimed in a complete specification. The disclosure of the invention in a complete specification must be such that a person skilled in the art may be able to perform the invention. This is possible only when an applicant discloses the invention fully and particularly including the best method of performing the invention.
- Where an application for a patent has been published but a patent has not been granted, any person may, in writing, represent by way of opposition to the Controller against the grant of patent on the grounds stipulated therein, and the Controller on request of such person shall hear him and dispose of the representation in the prescribed manner and specified time.
- Patents Act deals with opposition to grant of patent and provides that where an application for a patent has been published but a patent has not been granted, any person may, in writing, represent by way of opposition to the Controller against the grant of patent on the certain grounds.
- If an application for a patent has been found to be in order for grant of the patent and is not found to be in contravention of any of the provisions of the Act, the patent shall be granted as expeditiously as possible to the applicant
- The work relating to drafting of specifications, making of application for a patent, subsequent correspondence with the Patent Office on the objections raised, representing the applicant's case at the hearings, filing opposition and defending application against opposition, is entrusted to a qualified Patent Agent.

SELF TEST QUESTIONS

1. What is a patent? Explain the elements of patentability?
2. An invention may satisfy the condition of novelty, inventiveness and usefulness but it may not qualify for a patent. Discuss.
3. Discuss in detail the provisions of the Patents Act in relation to compulsory licences.

-
- This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Lesson 3

PATENT DATABASES & PATENT INFORMATION SYSTEM

LESSON OUTLINE

- Patent Offices in India
- Importance of Patent Information in Business Development
- Patent Search
- Patent Databases
- Lesson Round Up
- Self Test Questions

LEARNING OBJECTIVES

The Intellectual Property Office in India is dedicated to mobilize the use of technological advancement for socio-economic development, by creating the requisite IP culture. The Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM) is responsible for the administration of Patents Act, 1970, Designs Act, 2000, The Trade Marks Act, 1999 and Geographical Indications of Goods (Registration and Protection) Act, 1999 through its Intellectual Property Offices located at Mumbai, Delhi, Kolkata, Chennai and Ahmedabad.

Patent information is more than just technological or legal information. When developing a new product, comparative technological information may determine the success or failure of the product and, in turn, the success or failure of the company itself.

An important step before filing a patent application is to conduct a patent search. A patent search is a search conducted in patent databases as well as in the literature available to check whether any invention similar to inventor's invention already exists.

Many national and regional patent offices provide free online access to their own patent collections as well as to selected patent documents from other offices. A number of commercial and non-profit providers also offer free patent information databases online.

The study lesson familiarizes the students with the Intellectual Property Office in India; importance of patent information in business development; patent search and its importance, and the various databases available for conducting patent search.

INTRODUCTION

Intellectual Property Rights (IPR) are considered to be the backbone of any economy and their creation and protection is essential for sustained growth of a nation. The intellectual property rights are now not only being used as a tool to protect the creativity and generate revenue but also to build strategic alliances for the socio-economic and technological growth. Accordingly, the Intellectual Property Office in India is dedicated to mobilize the use of such technological advancement for socio-economic development, which is a constitutional mandate, by creating the requisite IP culture.

PATENT OFFICES IN INDIA

The Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM) comes under the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry. Of late, the office of the Controller General has also been known as Intellectual Property Office (IPO). The Office is responsible for the administration of Patents Act, 1970, Designs Act, 2000, The Trade Marks Act, 1999 and Geographical Indications of Goods (Registration and Protection) Act, 1999 through its Intellectual Property Offices located at Mumbai, Delhi, Kolkata, Chennai and Ahmedabad.

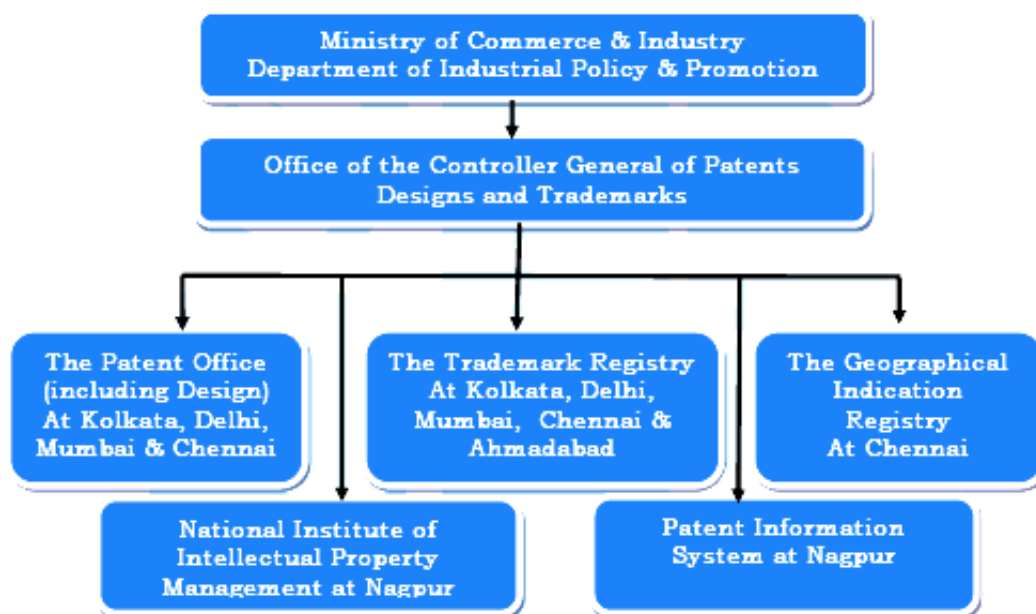
The Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM) is located at Mumbai. The Head Office of the Patent office is at Kolkata and its branch offices are located at Chennai, New Delhi and Mumbai. The Trade Marks registry is at Mumbai and its branches are located in Kolkata, Chennai, Ahmedabad and New Delhi. The Design Office is located at Kolkata in the Patent Office. A Geographical Indications Registry has been established in Chennai to administer the Geographical Indications of Goods (Registration and Protection) Act, 1999 under the CGPDTM.

The Controller General supervises the working of the Patents Act, 1970, as amended, the Designs Act, 2000 and the Trade Marks Act, 1999 and also renders advice to the Government on matters relating to these subjects. Mr. P.H. Kurian was the first IAS officer to serve as Controller General. Mr Chaitanaya Prasad has assumed charge as CGPDTM recently.

The Patent information System (PIS) and National Institute of Intellectual Property Management (NIIPM) located at Nagpur also come under the superintendence of CGPDTM. PIS maintains a comprehensive collection of patent specifications and patent related literature on a worldwide basis to meet the need for technological information of various users in R&D establishments, Government Organizations, Industries, Business, Inventors and other users enabling them to take informed business decisions.

National Institute for Intellectual Property Management (NIIPM) as a national centre of excellence for training, management, research, education in the field of Intellectual Property Rights related issues, caters to the training of Examiners of Patents and Designs, Examiners of Trademarks & Geographical Indications, IP Professionals, IP Managers in the country, imparting basic education to user community, government functionaries and stakeholders involved in creation, commercialization and management of intellectual property rights. The institute will also facilitate research on IP related issues including preparation of study reports and policy analysis of relevance to Government. These activities are not addressed to by any other agency in the country at present.

Organizational details of Intellectual Property Office are given below:



The updated laws, highlights of various functions and other useful information are available on (<http://www.ipindia.nic.in>).

PATENT INFORMATION

Traditionally, patent information searches are done, if at all, as a part of the application drafting process before filing patent applications, or while planning and preparing for patent litigation. With the rapid expansion of information technology resulting in increasing availability of on-line databases of patent information, this micro-level use of patent information has evolved into a much more strategic use of patent information.

In recent years, economists, social science researchers, policymakers, businessmen and professionals have begun to make increasing meso-level and macro-level use of patent information. This is being done to analyze, for example, patenting activities of a country's technical patterns of internationalization; patenting activities in a sector, technology or company to ascertain or forecast the direction of technical change, or ascertain the relative technological position of a company in a marketplace; etc. As such, the use of patent information has expanded to many different tactical and strategic business, research, and policy making activities at national, institutional or enterprise levels.

WHAT IS PATENT INFORMATION

Patent information includes not only the content of published patent documents but also bibliographic and other information concerning patents for inventions, inventors' certificates, utility certificates and utility models. It is the largest, well-classified and most up-to-date collection of technical documents on new and innovative technologies.

Patent applications are filed in accordance with the requirements of national or regional patent laws. An applicant may be a public and private company, government agency, researcher in a university or in a research and development institution, or even individual inventors.

A patent document contains in a standardized form, a wealth of information about the state-of-the-art, adjudged in the international context, in technological developments in that area of technology.

REASONS FOR USING PATENT INFORMATION

Patent information is more than just technological or legal information. When developing a new product, comparative technological information may determine the success or failure of the product and, in turn, the success or failure of the company itself. Some of the practical applications of patent information include:

Tool for Creative Thinking

Patent information provides a source of technological information that can be used by researchers and inventors to find new solutions to technical problems. A specific methodology developed on the basis of patent information is the TRIZ methodology (Russian acronym for Theory of the Solution of Inventive Problems). Based on the study and analysis of a set of worldwide patent documents, Genrich Altshuller and his colleagues developed the TRIZ methodology. Starting in 1946, TRIZ began with the hypothesis that there are universal principles of invention that are the basis for creative innovations which advance technology, and that if these principles could be identified and codified, they could be taught to people to create or enhance their inventive capabilities.

The TRIZ research has proceeded in several stages and more than 2 million patent documents have been examined, classified by level of inventiveness and analyzed to look for principles of innovation.

TRIZ is currently being applied internationally to create and to improve products, services and systems. Large and small companies, including many Fortune 500 companies are using TRIZ on many levels to solve real and practical problems and to develop strategies for the future of technology. Based on one of the conclusions of the theory, that inventiveness and creativity can be learned, universities worldwide have introduced undergraduate courses related to the TRIZ methodology to enhance creativity and inventive thinking abilities of students.

Patent information, therefore, provides an extremely useful source of information for learning and developing creative problem solving and innovation strategies.

Input for Licensing Strategy

When considering “licensing in” of technology owned by others, “licensing out” owner’s technology or “cross-licensing” between two patent portfolio owners, the concerned parties must collect reliable information on the target or key technology in order to take the right decision. If the technology in question is valuable enough, it will generally be protected by a patent because of the intrinsic insecurity and difficulty of keeping it as a trade secret. Therefore, the analysis of patent information provides them with valuable technical and business information regarding target or key technology. Before entering into licensing negotiations, it is most important that the parties have a very good understanding of the target technology itself, its value, in terms of its strengths and weaknesses, which is aided considerably by a thorough and careful analysis of relevant patent information.

While preparing to ‘licensing in’ of technology, analyze patent information to consider:

- whether the technology in question is in the public domain in your target market due to its non-protection, expiration, non-payment of maintenance fee or invalidation of the patent in a court proceeding;
- whether there is a possibility of someone else bringing an action for infringement against you to make you liable for payment of any damages;

- whether the technology is overvalued or undervalued by comparing it with other related or alternate technologies, etc.

Similarly, while preparing to 'license out' your technology, analyze patent information to consider:

- who could be prospective licensees in the marketplace;
- how valuable is your technology in order to prepare an attractive offer; and
- whether it is a core technology in your business, which if licensed out might become an obstacle to continue to practice this technology, etc.

'Cross-licensing' is an exchange between two companies to license one or more patents to each other, which gives the companies the freedom to operate; that is, without any fear of being accused of violating the patent rights of the other party. Payment(s), if any, in a cross-licensing agreement is/are made by the party, which is perceived to have a patent portfolio of lesser value. Let us say that Company X is negotiating with Company Y. If Company X argues that its portfolio is more valuable than that of Company Y, it may require Company Y to fill the gap in the form of one time or recurring payments. Here, patent analysis plays a role in comparing the patent portfolios of the two companies and in identifying key patents, so that it can help to decide who should pay whom and how much.

Supporting Mergers and Acquisitions (M&A)

If a company wishes to acquire a specific technology along with other complimentary assets and has no idea from where to obtain it, then it first needs to identify all the companies with relevant patents and related assets. A patent search help to identify all of the patents related to the area of interest. Once one or more potential target technologies/companies are identified, then the company can undertake additional patent analysis to narrow down its choices to decide which of the companies is the best merger or acquisition target.

Once a company identifies a target company, patent analysis can also address additional issues such as: Is the target's technology as good as it is claimed to be? Is the company priced fairly? Who are the key inventors and will they stay with the merged or acquired company? Let us analyze a case. As part of a broad strategic plan to fill gaps in a company's technology base, a large high-tech company acquired a small specialty business. Soon after completing the acquisition, the acquiring company discovered that R&D capabilities of the acquired company were quite limited, and certainly not consistent with the perception that it had bought a company with strong technological capabilities. Its technological capability was dependent on one key researcher and he did not come along as part of the deal. He was transferred to the parent company before the sale was completed. If patent analysis had been done before proceeding with the acquisition, the company would have been able to find out that who the key researcher is and then could have taken appropriate measures to retain him.

Guiding Management of Research and Development (R&D)

In order to enter into a new business or to develop a new product, a company should be able to seize the overall image of the relevant technology field and accurately forecast the market needs. Patent analysis makes it possible to find out the flow of technology from elementary technologies along with the expansion of those technologies, the trend of technological change, the life cycle of a technology (consisting of growth, development, maturity and decline), problems and solutions in the development of a particular technology, competitors' technologies and solutions to cope with possible problems. Knowing the life cycle of a technology makes it possible to judge the timing of development policy and focus on certain development themes. It can also prevent an infringement from occurring, which would save a huge amount in litigation expenses and compensation for damages.

Patents are often linked to research and development and can be considered as indicators of R & D output. If one company has more patents than another does, then this suggests that the company has a stronger commitment to R&D. Not all patents, however, are equally valuable. A few patents are for radical inventions that change the world; most patents are granted for incremental but non-obvious inventions. A patent, which is more frequently cited than other patents of the same age, is regarded as a patent of greater impact or of higher quality. From links between patents revealed by patent citation analysis, it is possible to target the acquisition of strong patents, which results in the enhancement of R&D output and, consequently, much improved or new products.

Human Resources Management

It has been repeatedly shown that a small number of highly prolific inventors drive technological development and a much larger numbers of researchers produce only one or two patents in any laboratory or company. Patent analysis, such as a co-inventor brain map, can show the key inventors who are vitally important for the future of the company. Such brain maps can identify not only star inventors within a company, but key inventors in other companies, which is a useful analysis for headhunting and in developing an effective M&A strategy.

PATENT SEARCH & PATENT DATABASES

An important step before filing a patent application is to conduct a patent search. Just as companies need to do due diligence before taking on any business venture, likewise patent owners need to do patent due diligence before filing a patent application. A patent search is a search conducted in patent databases as well as in the literature available, to check whether any invention similar to the invention in respect of which patent is to be obtained, already exists. In other words, it evaluates inventor's chances of getting a patent grant. Therefore, instead of going forth with the filing, if one conducts the patentability search, one can get a clear idea about the patentability of the invention; whether the application should be filed and the strengths and weakness of his invention.

Since patenting is an expensive procedure, it is prudent to conduct a patentability search before filing an application. Although there is an additional expense associated to have a patent search performed, it can potentially save the inventor's money down the road.

Patent information is made available to the public through a variety of databases. Each database covers a particular set of patent documents. At present no database has complete coverage of all patent documents ever published worldwide. Thus, it may be necessary to consult multiple databases in order to find and then access patent documents relevant to your interests.

Databases on CD-ROM

Information technology allows accessing patent data in text and picture form on CD-ROM. CD-ROM databases are very convenient for documentary searches. Users need no outside connections, and can work with simply a CD-ROM driver plus a computer.

CD-ROM databases, however, have some drawbacks. One problem is with their updating. As on-line databases can be easily updated on a regular basis, the information on CD-ROM rapidly becomes out of date, at least for certain types of analysis. It is also a problem to easily use CD-ROM databases to compile statistical series; hence, they are not yet suitable for statistical applications.

On-line Databases

Internet-based databases are on-line databases. Anyone who has access to the Internet may be able to

browse the full text of published patent documents via free of charge databases or commercial databases. As access to these kinds of databases is not restricted across national borders, so users worldwide can very easily access patent documents from a computer connected to the Internet.

As of now, many national and regional patent offices provide free online access to their own patent collections as well as to selected patent documents from other offices. For example, the Full-Text and Full-Page Image Database of the United States Patent and Trademark Office (USPTO) is one of the earliest and free online patent information services. Another major on-line free patent database is Espacenet, esp@cenet®, provided by the European Patent Organization through the EPO (European Patent Office) and the national offices of its members states. Espacenet offers free access to more than 80 million patent documents worldwide, containing information about inventions and technical developments from 1836 to today. An extensive list of national patent Databases can be found at: www.wipo.int/patentscope/endbsearch/national_databases.html

WIPO offers free online access to all international patent applications within the framework of the PCT and their related documents and patent collections from National and Regional Offices through its PATENTSCOPE search service: (<http://patentscope.wipo.int/search>)

International Patent Classification (IPC) is a hierarchical classification system used primarily to classify and search patent documents (patent applications, specifications of granted patents, utility models, etc.) according to the technical fields they pertain. It therefore serves as an instrument for an orderly arrangement of the patent documents, a basis for selective dissemination of information and a basis for investigating the state of the art in given fields of technology.

IBM Intellectual Property Network (free searching and full text and front page display), Intellectual Property Network (IPN) is a free IBM patent site provided by IBM (International Business Machines Corporation). The database contains:

- United States patents (US): 1971-present & updated weekly. (Full text / full image).
- European patents - applications (EP-A): 1979-present, updated weekly. (Front page & claims / full images).
- European patents - issued (EP-B): 1980-present, updated weekly. (Front page & claims / Full images)
- WIPO (World Intellectual Property Organization) PCT publications (WO): 1990-present, updated weekly. (Front page & claims / full images)
- Patent Abstracts of Japan (JP): 1976-present, updated weekly. (Front page & claims / Representative image)

A number of commercial and non-profit providers also offer free patent information databases online. Certain commercial providers have established value-added services for access on a fee-paying basis including translations of patent information and additional systematic classification, for instance by chemical structures and reactions or biological sequences.

Moreover, professional search services exist that can perform prior art searches on behalf of potential patent applicants and may be useful if an initial search does not produce desired results. An extensive list of patent service providers can be found at: (www.piug.org/vendors.php)

Though free on-line patent databases are available and anyone can access these databases, nevertheless, it is pertinent that a person skilled in conducting searches be given the task. The reason being, patent searches involves tedious, repeated searching through various patent and non-patent literature. An unskilled person would not be able to do justice to the vast amount of literature to be searched. Furthermore, a skilled person understands the importance of the claims of a patent. The claims of a patent are of utmost importance when a similar patent to your invention exists; in such a case, one needs to analyze the patent

claims to determine the degree of similarity between the two. Furthermore, a skilled person would be able to counsel on the strength of your patent or on refining your patent so that it does not infringe other existing art. A non-skilled person may not understand these concepts.

VARIOUS TYPES OF SEARCHES USING PATENT DOCUMENTATION

In practice, there are various more or less typical reasons for performing searches in collections of patent documents, each of them requiring a slightly different approach in the search method used. Some of the search types are basically concerned with technological information as such, while others are directed towards the processing of patent applications, or relevant to the legal state of a new technology. The individual types of searches are listed herein below separately, whereas it is a well-known fact that many items of bibliographic information may be combined in searching.

In general, searches performed by inventors are usually not as exhaustive as the searches done by professionals at patent offices. However, such insights into patent documents are often very useful for the inventor to determine whether someone has already patented a similar invention, or to obtain relevant information about other patents in the same category as his invention.

Pre-Application Searches (PAS)

At first, an invention is just an idea. Many details are not even known or recognized as relevant parts. A novelty search based on a vague idea can only result in a vague picture of the prior art. The patent application process is difficult, time consuming and expensive; therefore, the inventor should conduct a "Pre-Application Search" (PAS) before filling a patent application. In this search, the inventor should look for any printed publications, public knowledge, or patents already issued in his country or a foreign country that may relate to the particular invention.

State-of-the-Art Searches

This kind of search, also referred to as "Informative Search," is made to determine the general state-of-the-art for the solution of a given technical problem as background information for R&D activities and in order to know what patent publications already exist in the field of the technology or research. Further reasons for undertaking this kind of search could be the wish to identify alternative technologies which may replace known technology or to evaluate a specific technology which is being offered for licensing or which is being considered for acquisition. State-of-the-art searches are especially useful for technology development or technology transfer purposes.

Novelty Searches

The objective of a "Novelty Search" is to determine the novelty or lack of novelty of the invention claimed in a patent application or a patent already granted, or of an invention for which no application has yet been filed. The aim of the search is to discover relevant prior art. An early novelty patent search is usually discouraging. Normally, the basic inventive ideas are formulated in such an unspecified way that many publications will apply to this broad description. Dependent on the outcome of the novelty search, the next decision will be whether to stop or to go ahead in developing the invention. If nothing of relevance was found, it is easy and you should go ahead. The decision becomes more difficult if one or several pertinent documents have been found. Most important is to restrict the search to the appropriate area. This may be done by identifying a proper place or places for the subject of the search in the IPC. .

Patentability or Validity Searches

A "Patentability or Validity Search" is made to locate documents relevant to the determination not only of

novelty but also of other criteria of patentability, for example, the presence or absence of an inventive step (i.e., the alleged invention is or is not obvious) or the achievement of useful results or technical progress. This type of search should cover all the technical fields, which may contain material pertinent to the invention. Novelty and patentability searches are mainly being carried out by industrial property offices in the course of the examination of patent applications.

Name Searches

These are searches for locating information about published patent documents involving specific companies or individuals, as applicants, assignees, patentees or inventors.

Technological Activity Searches

They are to be understood as searches for identifying companies and/or inventors who are active in a specific field of technology. These searches are also suitable for identifying countries in which a certain technology is being patented, so as to know where to turn to for obtaining particular information in a given field of technology.

Infringement Searches

The objective of an "Infringement Search" is to locate patents and published patent applications, which might be infringed on by a given industrial activity. In this type of search the aim is to determine whether an existing patent gives exclusive rights covering that industrial activity or any part of it.

Patent Family Searches

This kind of search is carried out to identify a member of a "patent family." Patent family searches are used in order to:

- find the countries in which a given patent application has been filed (if published);
- find a "patent family member" that is written in a desired language;
- obtain a list of prior art documents or "References Cited"; and
- estimate the importance of the invention (by number of patent documents relating to the same invention and being published in different countries or by industrial property organisations).

Legal Status Searches

A search for this type of investigation is made to obtain information on the validity (status) of a patent or a published patent application, on a given date, under the applicable patent legislation in one or more countries. Such information can assist in making decisions on, for example, exporting, or in the negotiation of license agreements. It can also give guidance on the value attached to a particular patent by the patentee.

LESSON ROUND UP

- The Intellectual Property Office in India is dedicated to mobilize the use of such technological advancement for socio-economic development, which is a constitutional mandate, by creating the requisite IP culture.
- The Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM) comes under the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry. The Office is responsible for the administration of Patents Act, 1970, Designs Act, 2000, The Trade Marks Act, 1999 and Geographical Indications of Goods (Registration and Protection) Act, 1999 through its Intellectual Property Offices located at Mumbai, Delhi, Kolkata, Chennai and Ahmedabad.

- The Patent information System (PIS) and National Institute of Intellectual Property Management (NIIPM) located at Nagpur also come under the superintendence of CGPDTM.
- Patent information includes not only the content of published patent documents but also bibliographic and other information concerning patents for inventions, inventors' certificates, utility certificates and utility models.
- A patent document contains in a standardized form, a wealth of information about the state-of-the-art, adjudged in the international context, in technological developments in that area of technology. Some of the practical applications of patent information include that such information is a tool for creative thinking; provides input for licensing strategy; supports mergers and acquisitions and in human resources management helps in identifying key inventors other companies who are vitally important for the future of the company.
- A patent search is a search conducted in patent databases as well as in the literature available to check whether any invention similar to your invention already exists. Patent information is made available to the public through a variety of databases. Each database covers a particular set of patent documents.
- As of now, many national and regional patent offices provide free online access to their own patent collections as well as to selected patent documents from other offices.
- A number of commercial and non-profit providers also offer free patent information databases online. Certain commercial providers have established value-added services for access on a fee-paying basis including translations of patent information and additional systematic classification.

SELF TEST QUESTIONS

These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.

1. Discuss the organizational details of the Intellectual Property Office in India.
2. Explain the functions of The Patent information System (PIS) and National Institute for Intellectual Property Management (NIIPM).
3. What is patent information? Briefly explain the significance of using the patent information.
4. Why is patent search done? What are the various on-line databases available that provide access to patent documents while conducting patent search.
5. List out the individual types of searches in patent documentation.

Lesson 4

PREPARATION OF PATENT DOCUMENTS

LESSON OUTLINE

- Introduction
- Laboratory Notebooks
- Methods of Invention Disclosures
- Patent Application and its Contents
- Writing of the Patent Document
- Lesson Round Up
- Self Test Questions

LEARNING OBJECTIVES

A laboratory notebook is an important tool that goes well beyond research management and can have important implications for issues ranging from intellectual property management to the prevention of fraud. Typically, governments award patents on either a first to file or first to invent basis. Therefore, it is important to keep and maintain records that help establish who is first to invent a particular invention.

Writing a high-quality patent application is important because it sets out in a clear fashion the terms by which the patent owner and others will be bound. There is no specific format as to how to prepare a patent document. It is worth having the application professionally prepared.

The students must know the importance of keeping the laboratory notebooks, how the disclosure of invention is to be made in the patent application and how to draft a patent application.

LAB NOTEBOOKS/LOG BOOKS/RECORD BOOKS

Laboratory Notebooks are the birthplace of inventions. Laboratory notebooks (also called a journal, inventor's notebook or log book) is used by inventors, scientists and engineers to record their invention process, experimental tests, ideas and results and observations. It is not a legal document but is valuable, if properly organized and maintained, since it can help establish dates of conception and reduction to practice*. An interference proceeding, also known as a priority contest is an inter-party proceeding to determine the priority issues of multiple patent applications. The information can improve the outcome of a patent or a patent contestation.

A patent grants its owner(s) the right to sue those who manufacture and market products or services that infringe on the claims declared in the patent. Typically, governments award patents on either a first to file or first to invent basis. Therefore, it is important to keep and maintain records that help establish who is first to invent a particular invention. Under U.S. law, a patent is granted to the first to conceive the idea for the invention, not the first to apply for the patent. So a laboratory notebook is essential evidence of the date of conception.

Laboratory notebook is a systematic device for recording all information related to an invention in such a way that it can be used as a key component to develop a case during a patent contestation or patent-related lawsuit.

When properly kept, the notebook is a valuable tool for the inventor since it provides a chronological record of an invention and its reduction to practice. Each entry must be signed and dated by a witness. The witness should not be someone with a conflict of interest (such as a research partner). If an inventor ever has to go to court to prove that he or she was the first to invent, then the witness would be called to the stand to testify that the signature is theirs and they signed that page on that date.

Methods of Invention Disclosure

As already discussed, an invention is patentable if it meets three pre-requisites of patentability, namely novelty, inventive step, and capable of industrial applicability. While filing the application for a patent for any invention, inventors/applicants need to disclose the technical information pertinent to these three pre-requisites in a patent specification. The disclosure must be sufficient to enable an average skilled person to perform the invention.

There are two types of patent documents usually known as patent specification, namely - (i) Provisional Specification and (ii) Complete Specification

Provisional Specification

A provisional specification is usually filed to establish priority of the invention in case the disclosed invention is only at a conceptual stage and a delay is expected in submitting full and specific description of the invention. Although, a patent application accompanied with provisional specification does not confer any legal patent rights to the applicants, it is, however, a very important document to establish the earliest ownership of an invention. The provisional specification is a permanent and independent scientific cum legal document and no amendment is allowed in this. No patent is granted on the basis of a provisional specification. It has to be followed by a complete specification for obtaining a patent for the said invention.

* Under US Patent Law, the reduction to practice is a concept meaning the embodiment of the concept of an invention. The date of this embodiment is critical to the determination of priority between inventions in an interference proceeding

Complete specification must be submitted within 12 months of filing the provisional specification. This period can be extended by 3 months. It is not necessary to file an application with provisional specification before the complete specification. An application with complete specification can be filed right at the first instance.

Complete Specification

Submission of complete specification is necessary to obtain a patent. The contents of a complete specification would include the following:

- (1) Title of the invention.
- (2) Field to which the invention belongs.
- (3) Background of the invention including prior art giving drawbacks of the known inventions & practices.
- (4) Complete description of the invention along with experimental results.
- (5) Drawings etc. essential for understanding the invention.
- (6) Claims, which are statements, related to the invention on which legal proprietorship is being sought. Therefore the claims have to be drafted very carefully.

[A detailed discussion on Specification has been given in Study Lesson -2 on Patents.]

Patent Application and its Contents

A patent application memorializes the agreement between the inventor and the government office that results in the issuance of a patent. Accordingly, a patent application is in many ways like a contract. Writing a high-quality patent application is important because it sets out in a clear fashion the terms by which the patent owner and others will be bound. In this sense, drafting a patent application is different from writing a scientific paper. As the patent document contains technical subject matter, it will also bear some similarities to a scientific or technical paper, although it does not usually need to rise to the level of a blueprint for making invention protected by the patent. The issued patent will be reviewed over the years by public officials such as patent examiners and judges and business partners. Thus, the patent application should be drafted with these important audiences in mind.

The parts of the patent application typically include the Background, Summary, Detailed Description and Drawings, Claims and Abstract. In reading a patent application:

- the Background section sets the stage for what is to come;
- the Summary section mirrors the claims;
- the Detailed Description and Drawings enable the claims by providing a sufficient technical disclosure of the invention;
- the Claims define the scope of exclusive protection; and
- the Abstract is primarily an aid for patent searchers and normally receives very little substantive review.

The drafting of patent application must be made in full and strict compliance with the patent law of the concerned jurisdiction. For filing applications in India, it is the Patents Act of 1970 and the Patent Rules of 1972 as amended from time to time

(For contents of patent application, refer to Study Lesson -2 on Patents).

Writing of Patent Document

There is no specific format as to how to prepare a patent document. It is worth having the application professionally prepared. The patent professional assists the applicant by drafting the disclosure and claims, and preparing any necessary forms etc.

It is pertinent to mention that World Intellectual Property Organization (WIPO) has published a document titled WIPO Patent Drafting Manual. Under Part III of the said Manual, patent application preparation and filing has been discussed in detail. The same is briefly reproduced herein below for the information of the students.

Preparing Patent Applications

The first question a patent agent needs to have answered upon receiving a request to prepare a patent application is: how soon does this application need to be filed?

The World's patent laws all have strict requirements regarding when an application must be filed with respect to various events. These events can range anywhere from the first date of attempted commercial exploitation, the first date of export, and the first date of public disclosure. The patent agent needs to know:

- (1) Where does my client want to protect his invention?
- (2) Has something already happened that would impair the client's ability to protect the invention in the desired countries?
- (3) How soon does the client intend to do something that would jeopardize his ability to protect the invention in the desired countries?

Even if the patent agent has no time obstacles in his way, he should endeavor to complete the patent application as quickly as possible, as would be expected of any professional. A third party might file an application on the client's invention at any time, thus leaving the patent agent as the primary reason for his client not receiving a patent. Also, prior art might become available (e.g. an article might be published) that couldn't have been used against the client's application if the application had been filed earlier. However, the patent agent should know that his workload is typically driven by dates that are largely out of his control and he will frequently have to re-arrange his work schedule to accommodate unexpected time bar discoveries.

After filing the application, you create a file for the provisional patent application, containing a copy of everything you sent to the patent office including all the forms and copies of any checks for fee payment. The file also includes the original mail deposit receipt from the post office that has the date of deposit. Thus, if the patent office does not provide your patent application with the proper date of receipt, you have everything you will need to provide the proper filing date to the patent office – a date that is absolutely crucial in preserving your client's rights to obtain patent protection. It is essential to note that one day late is too late.

Patent agents must strive to protect their client's patent rights and sometimes protecting the applicant's rights involves simply making sure that critical dates are observed. If the patent agent above had forgotten to ask about possible bar dates or had not pressed the engineer for precise information, the patent agent might have returned to his office and spent the next two weeks drafting a beautiful legal document for an invention that could no longer be patented.

Finally, the patent agent must try to understand early if the applicant wants to file in foreign countries. In countries that are Member States of the Paris Convention, applicants have one year to file their patent application abroad after the national filing date (or priority date). The filing of a PCT application also operates within the one-year time frame of the Paris Convention. The patent agent should docket the priority

application's filing date, and check with the applicant well ahead of the anniversary date. Even when the applicant has initially indicated no interest in foreign filing he may change his mind in a year. Also, remember that the patent agent does not need to wait a full year before filing. The patent agent should also determine if the applicant is interested in obtaining protection in a non-Paris Convention country before filing the priority application. If the applicant is interested in a non-Paris Convention country, the patent agent needs to understand that country's specific priority rules. Non-Paris Convention countries can have very unique rules for inbound foreign applications. In some cases, the patent agent may even need to co-file the application in the non-Paris Convention country and in the inventor's home country at the same time in order to ensure patentability.

A patent agent will likely not be allowed directly to represent his client before foreign patent offices. Foreign associate attorneys will represent the client abroad. There are several models for interacting with foreign associate attorneys. In the "hands off" model the foreign associate sends official correspondence and provides information on local rules but takes little substantive action in the case. The patent agent who filed the original priority application makes all the major decisions. In the "hands on" model the foreign associate drafts proposed responses to office actions and forwards them to the patent agent for approval. The patent agent may use different models for different foreign associate attorneys, e.g. "hands on" in some countries, and "hands off" in others.

Article 2.1 of the TRIPS Agreement requires its signatories who are not Paris Convention signatories to honor certain provisions of the Paris Convention such as the one-year period for claiming priority. As noted elsewhere, the patent agent needs to verify the actual practice and procedural requirements being followed in countries of interest to his client.

1. Obtaining Invention Disclosures from Inventors

A patent agent's clients will likely have different levels of sophistication with respect to their abilities to handle patent documents. Some clients may have fairly sophisticated administrative units that can provide completed invention disclosure packages to patent agents who then conduct a follow-up review as necessary. At the opposite extreme are clients who have no IP infrastructure and require considerable guidance and assistance from the patent agent.

The patent agent will learn over time which approach offers the best results for different types of clients. For some clients, the patent agent may want to provide a blank Invention Disclosure Form and then allow inventor(s) to complete it on their own. For other clients the patent agent may want/need to obtain all his information about the invention via one or more interviews with the inventor(s). In any event, the patent agent should always attempt to have at least one meeting either in person or by telephone with the inventors. It is highly unlikely that an inventor will be able to supply a patent agent with enough material for the patent agent to have an unambiguous understanding of the invention without some sort of "live" meeting with the inventor. Similarly, it is unlikely that the inventor will understand the legal/background information being sought about his invention in the absence of a meeting with the patent agent.

In an ideal situation, the inventor will provide the patent agent with an Invention Disclosure Form and supporting documents well before the face-to-face meeting between them. The patent agent will review the disclosure materials and note any places where he has questions or where he believes additional disclosure would be helpful. During the meeting between the patent agent and the inventor, the patent agent verifies that he has a complete understanding of the invention, establishes that there is no additional disclosure information that he should also receive (or that he receives the additional disclosure material), determines the most commercially-significant aspects of the invention and confirms that there are either no pending bar dates or verifies the precise bar dates.

The patent agent should review the invention disclosure well prior to meeting with the inventor. This will ensure that the patent agent will have had sufficient time to identify all the parts of the invention disclosure that raise questions – both technical parts (e.g. “how does A function with B”?) and legal parts (e.g. “Who else could be an inventor?”).

2 Identifying Patentable Inventions

In reviewing an invention disclosure and/or in speaking with an inventor the patent agent must keep focused on any/all patentable inventions described. Much of the text in an invention disclosure and/or discussions during the meeting with the inventor will probably not be about a purely patentable novelty but will include other non-patentable technical details. The patent agent should not be surprised to discover that quite often inventors do not know what they have invented, at least in “patentability” terms, as they often think in other terms such as “discoveries.” Thus, the patent agent will often be the one who articulates what constitutes a patentable invention.

3. Understanding the Invention

The patent agent should never become the inventor but should strive to have the clearest grasp of the invention needed to obtain a patent with the broadest claims allowed by law. This means the patent agent must understand the invention well enough to draft claims describing the invention with the fewest possible limitations. In other words, the patent agent must understand the invention well enough to know what elements do not need to be recited in the broadest possible claim for the invention.

Understanding the invention also means that the patent agent understands it well enough to prepare a specification for a patent application that discloses all possibly patentable aspects of the invention and enough additional information so that a lay person skilled in the pertinent technical field can understand and make the object invented. Understanding the invention also means that the patent agent can receive a prior art description such as one used as the basis for a claim rejection by a patent office and be able to explain the differences between the invention and the prior art and/or amend the pending claims to highlight these differences in a manner that minimizes the reduction in the scope of claim coverage.

The patent agent may discover that the inventor does not know the answer to all his questions. The inventor may be able to speculate about alternatives and in some instances may even have the time to conduct some additional research. The patent agent must make sure, however, that the specification discloses a working embodiment of the invention. Thus, if the inventor is uncertain about the answer to any of the patent agent's questions, the patent agent must use his best professional judgment as to how to deal with the uncertainty.

There may be gaps in the technical disclosure that the patent agent can fill but he should always confirm with the inventor that the substitute for any missing material is correct and within the spirit of the invention. The patent agent may assist the inventor in considering possible alternative embodiments for the invention. Often inventors create their inventions for a very specific purpose and have not really considered whether they could be applied to other areas.

TYPICAL PARTS OF THE PATENT APPLICATION

Once a patent agent understands the invention he can begin preparing the patent application.

The parts of the application are generally:

- claims
- detailed description (or specification)
- drawings

- background
- abstract
- summary

A patent agent will want to consider the patent application's title fairly early. This title should broadly describe the invention. However, titles are not generally examined. Occasionally a patent examiner will decide that a title is not descriptive of the invention. It is best to avoid being overly narrow in the invention's title, although the title should sufficiently indicate the subject matter of the invention.

A patent application as filed should also include the names of the inventors. The inventors should be named after the title, e.g. on the cover page. The patent application itself should also include all priority information, such as the identification of related applications. In the US, for example, priority information should be provided as the first sentence in the application. The patent agent may have other forms to complete that also provide the inventor's name and priority information but there is more certainty when this information is also included as part of the application itself.

Always remember who the audience will be for the patent application. The key audiences include judges and patent examiners. Of course, the patent agent's client and the inventor are also audiences; the patent agent must make sure the inventor understands his own patent application. Other potential audiences include competitors, infringers and investors. Many investors will often scrutinize a technology company's patent portfolio carefully before making an investment.

1. Claims

One of the first things to do is to prepare the claims for the invention. In fact, the patent agent may even want to sketch out the claims in the disclosure meeting with the inventor. This will often provide confirmation to the patent agent that he has understood the invention. The patent agent may wish to use some sort of "picture claim" in the initial meeting with the inventor since inventors are often unfamiliar with patent claim language. For this reason, the patent agent should avoid using highly abstract language to describe the invention in the disclosure meeting with the inventor.

The majority of patent agents prepare several draft patent claims as their first step in writing a patent application. The claims are the legally-operative part of a patent application; everything revolves around the claims. If the claims are prepared before drafting the specification the patent agent will know which terms need to be described in the specification.

Because of the critical importance of claims, the patent agent should carefully revisit them after drafting the specification. This is because after writing the specification, the patent agent will likely come to an even better understanding of the invention. For example, he will now be in a better position to spot extraneous limitations in the claims that could prevent obtaining the broadest possible claim coverage. Similarly, after preparing the specification the patent agent may now see that the claims do not describe the invention as accurately as they could.

Once the claims are completed the patent agent needs to check the drawings and specification to verify that the claim terms have been appropriately described and disclosed.

2. Detailed Description or Specification

The detailed description section, sometimes known as the "preferred embodiment of invention" section or the "disclosed embodiment of the invention" section breathes life into the claims and provides a sufficient explanation of the invention for an ordinary person skilled in the art to make and understand the invention.

In some jurisdictions the term “specification” is also used to refer to the description in addition to the summary and background sections of the application; suffice to say that “detailed description” and “specification” are generally the same for purposes of patent drafting.

The detailed description section must be closely tied to the drawings. This section cannot be substantively amended once the application has been filed. Consequently, the patent agent must make sure that the detailed description section provides an appropriate degree of technical disclosure on the day that the application is filed as he won't have a second chance to alter this part of the application. The patent agent cannot amend his application to include new technical disclosure during prosecution.

Thus, a patent agent should take care that the patent application

- (1) reflects the disclosure material provided by the inventors;
- (2) provides sufficient information to enable an ordinary artisan to reproduce the invention; and
- (3) provides sufficient depth so that the claims can be narrowed during patent prosecution to avoid close prior art.

The patent agent must use his best judgment to balance his concerns about being under-inclusive in the specification section against including too much unclaimed subject matter in the application. In many patent systems, unclaimed subject matter in a patent application is considered to have been “dedicated to the public” by the inventor. Subject matter that is dedicated to the public is not patentable.

Similarly, if the patent application's disclosure includes an unclaimed invention, the patent agent may wish to prepare claims for this invention. If necessary, the patent agent can include the claims for any previously unclaimed invention in either a divisional or continuation application as appropriate. The patent agent will want to make sure that his client has approved the filing of any divisional or continuation applications. As a general rule, the patent agent should consult his client on every substantive matter pertaining to the client's pending patent application.

In drafting the detailed description section, the patent agent will generally want to err on the side of inclusion for the reasons described above. The patent agent will also want to consider the “best mode” requirement that arises in jurisdictions such as the US and India. The patent application must disclose the best mode of carrying out the invention known to the inventors.

In drafting the specification, the patent agent should avoid using phrases such as “the invention is...” The patent agent should instead use phrases like “in an embodiment of the invention.” This will ensure that patent claims receive the broadest interpretation possible. Without limiting words to the contrary, the detailed description section is generally presumed to disclose “an embodiment” of the invention rather than the invention itself. However, if the patent agent forecloses this broader reading, the scope of the claimed invention may be similarly narrowed.

The patent agent need not include in the patent application well-known material that would be needed in order to make a product associated with the invention. A patent application does not need to be a blueprint and at least one court even stated that a patent should preferably “omit” things that are well-known in the art.

A patent specification filed in the US, for example, must satisfy the three requirements of enablement, written description and best mode. Most of the world's patent laws have requirements identical or very similar to the enablement and written description requirements.

The “Enablement” requirement means that a patent application must teach ordinary persons skilled in the art how to make and use the invention. Enablement is usually viewed as of the filing date of the patent

application. A patent application that is not enabled as of its filing date cannot become enabled by later technical innovations.

The patent agent must be very careful in his use of language in a patent application. The patent agent's language choices will be important not only during patent prosecution but especially if/when the patent is litigated. The patent agent should be particularly careful in his use of words containing absolutes of any sort. Thus, the patent agent will want to make sure that if a patent application uses words like "must" and "always," these words very precisely and accurately express the situation at hand.

The patent agent must always research and review the law and relevant rules pertaining to the country where he is seeking patent protection for his client. Many patent laws and rules are available online. For example, the WIPO website provides information about the Patent Cooperation Treaty and practical information relating to the filing of PCT applications; the EPO website provides information about filing and prosecuting applicants and the US Patent and Trademark Office website provides information about US patent laws and filing applications in the US.

3. Drawings

The patent agent must prepare good visual supporting materials that describe the invention. In fact, many patent agents would argue that the drawings are the most important part of the patent application after the claims. Some patent laws require that every claimed element be shown in a drawing. Where possible, the drawings should explain the invention in sufficient detail that reading the detailed description section merely confirms in words the information provided in the drawings. This will not be possible with all inventions. In preparing the drawings the patent agent should think of the story he wants to tell and how he wants to tell it. The patent agent should also think about the level of detail necessary to provide an enabling disclosure.

The elements shown in a patent's drawings are typically accompanied by a short description in words and a reference number such as "clock 102." The reader will expect to see "clock 102" in the accompanying text of the detailed description section. The patent agent should use a consistent numbering scheme for the reference numbers.

The patent application itself should contain a list of the drawings between the summary of the invention section and the detailed description section. The drawing section should begin with a statement indicating that the drawings are illustrative of one or more embodiments of the invention (and not illustrative of THE invention).

4. Background

The use of background sections varies among the world's patent regimes. In some patent systems the background section serves to disclose to the public the closest prior art applied against the patent application during examination. This is the situation in most European systems. In some countries such as the US, the prior art submitted by the patent applicant, as well as the prior art found by the examiner, is printed on the cover of the patent itself.

The background section is typically considered prior art disclosed by the inventor. Consequently, if the applicant's own inventive disclosure ends up in the background section, the patent examiner may cite this section in the rejection of the applicant's claims. Some patent offices take a fairly hard line about inventive disclosures in background sections, which is one of the reasons why patent agents should draft them carefully.

A good background section should be fairly short and merely set the stage for the technical disclosure to be provided in the detailed description section. The background section could describe the prior art at a very

high level. The background section may conclude with a short, crisp statement about the shortcomings of the prior art but this must be written in a manner that does not disclose the solution to be described later in the application.

5. Abstract

The patent abstract should describe the invention very clearly in the fewest possible words. The patent agent could use a version of the first paragraph of the summary of the invention section as the abstract.

6. Summary

As noted earlier, not all jurisdictions require a summary of the invention section. However, such sections are customarily prepared in many jurisdictions even when not strictly required by national law. The patent agent may find himself reviewing summary sections drafted by foreign patent agents working on his client's foreign counterpart patent applications. Consequently, the patent agent should understand the precise requirements and customary practice regarding a summary of the invention sections in the jurisdictions of interest to his clients.

Some patent agents prepare the summary of the invention section by taking each of the independent claims in the patent application and turning them into paragraphs. This approach also has an advantage that the precise words used in the claims will be guaranteed to be in the specification. Many patent agents simply draft the summary of the invention section in a manner that highlights the important aspects of the invention using words drawn from the application's claims.

The summary of the invention section should be one of the last parts of the patent application that the patent agent writes. In preparing the summary of the invention sections, avoid providing some sort of "big picture" summary that goes beyond the claims in any manner.

LESSON ROUND UP

- Laboratory Notebooks is used by inventors, scientists and engineers to record their invention process, experimental tests, ideas and results and observations. It is not a legal document but is of great value, if properly organized and maintained, since it can help establish dates of conception and reduction to practice.
- Typically, governments award patents on either a first to file or first to invent basis. Therefore, it is important to keep and maintain records that help establish who is first to invent a particular invention.
- While filing the application for a patent for any invention, inventors need to disclose the technical information sufficiently to enable an average skilled person to perform the invention.
- Writing a high-quality patent application is important because it sets out in a clear fashion the terms by which the patent owner and others will be bound. In this sense, drafting a patent application is different from writing a scientific paper.
- The parts of the patent application typically include the Background, Summary, Detailed Description and Drawings, Claims and Abstract. The drafting of patent application must be made in full and strict compliance with the patent law of the concerned jurisdiction. It is worth having the application professionally prepared.

SELF TEST QUESTIONS

These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.

1. What is a Laboratory Notebook? How is it significant in patent litigation?
2. The disclosure of an invention must be sufficient to enable an average skilled person to perform the invention. Explain the statement.
3. The patent agent should never become the inventor but should strive to have the clearest grasp of the invention needed to obtain a patent with the broadest claims allowed by law. Discuss.
4. Briefly explain the typical parts of a patent application

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There is no handwriting or other markings on the paper.

Lesson 5

PATENT INFRINGEMENT

LESSON OUTLINE

- Patent Infringement
- Types of infringement
- Exclusions from infringement
- Jurisdiction
- Burden of Proof
- Reliefs in Suits for Infringement
- Defenses to Infringement
- Legal Aspects
- Lesson Round Up
- Self Test Questions

LEARNING OBJECTIVES

Patent infringement is the unauthorized making, using, offering for sale or selling any patented invention within India, or importing into India of any patented invention during the term of a patent.

Patent infringement occurs in every industry and the job of fighting patent infringement falls on the shoulders of the patent holder. When patent infringement happens, the patentee may sue for relief in the appropriate court. The patentee may ask the court for an injunction to prevent the continuation of the patent infringement and may also ask the court for an award of damages because of the patent infringement.

Patent infringement is a very complicated matter. It is important for the students to understand the legal aspects governing infringement, exceptions and defenses to infringement and the remedies available to the patent holder in the event of infringement.

INTRODUCTION

Patent infringement means the violation of the exclusive rights of the patent holder. As discussed earlier, patent rights are the exclusive rights granted by the Government to an inventor over his invention for a limited period of time. In other words, if any person exercises the exclusive rights of the patent holder without the patent owner's authorization then that person is liable for patent infringement. Sections 104-114 of the Patents Act, 1970 provide guidelines relating to patent infringement.

Unlike the Design law, the Patents law does not specify as to what would constitute infringement of a patented product or process. However, the following acts when committed without the consent of the patentee shall amount to infringement:

- (i) making, using, offering for sale, selling, importing the patented product;
- (ii) using the patented process, or using, offering for sale, selling or importing the product directly obtained by that process

There are three basic types of patent infringements:

(a) Direct Infringement

Direct patent infringement is the most obvious and the most common form of patent infringement. Basically, direct patent infringement occurs when a product that is substantially close to a patented product or invention is marketed, sold, or used commercially without permission from the owner of the patented product or invention.

(b) Indirect Infringement and contributory infringement

Indirect patent infringement suggests that there was some amount of deceit or accidental patent infringement in the incident. For instance, A holds a patent for a device and B manufactures a device which is substantially similar to the A's device. B is supplied with a product from another person C to facilitate manufacturing of the B's device. If the device so manufactured by B infringes upon A's patent, then the person C indirectly infringes A's patent. Further, if such a product is knowingly sold or supplied, it may lead to "contributory infringement". In the above example, if the person C knowingly supplies the product to B then the infringement is construed as contributory infringement.

Exclusions from infringement

The law however enumerates certain exceptions to infringement:

(a) Experimental and Research: Any patented article or process can be used for the following purposes:

- Experiment
- Research
- Instructing the pupils

It is also permitted to make, construct, use, sell or import a patented invention solely for the uses reasonably related to the development and submission of information required under any law for the time being in force, in India, or in a country other than India, that regulates the manufacture, construction, use, sale or import of any product. All such acts, if within the bounds as created above, cannot be challenged as infringing the rights of the patentee.

(b) Parallel Importation under certain conditions: Patented article or article made by using the patented process can be imported by government for its own use. Also a patented process can be used by the government solely for its own use. Moreover the government can import any patented medicine or drug for the purposes of its own use or for distribution in any dispensary, hospital or other medical institution maintained by the government or any other dispensary, hospital or medical institution notified by the government. [Section 27 & 47]

Jurisdiction: The legal provisions with regard to jurisdiction are provided in Section 104 of the Patents Act, 1970. Before dealing with jurisdiction, it may be pointed out that the courts in India receive (a) Patent Administrative Cases and (b) Patent Infringement Cases. In patent administrative cases, the Indian Patent Office is the defendant. These types of cases include, dispute on grant of a patent, patent invalidation and upholding, and compulsory licensing. In patent infringement cases, patentee or patent assignees pursue damages against willful infringement conduct by the alleged infringer. These cases include, infringement of patent, disputes relating to ownership of patent, disputes regarding patent rights or right for application, patent contractual disputes, contractual disputes of assignment of patent right, patent licensing, and dispute relating to the revocation of patents.

Section 104 of the Patents Act says that the patent infringement suit shall not be instituted in a court lower than District Court in India. Further, if the defendant files a counter-claim against revocation of the patent, then the suit, along with the counter-claim, shall be transferred to the High Court for decision. Moreover, in the event of a counter-claim of a patent by the defendant, the suit along with counter-claim is to be transferred to the high Court for decision.

Like any other civil suit the jurisdiction shall be determined in accordance with the rules of Code of Civil Procedure. The appropriate forum would be:

- (a) Principal place where the plaintiff carries on his business; or
- (b) Principal place where the defendant carries on his business; or
- (c) Place where the infringing articles are manufactured/ sold or infringing process is being applied or where the articles manufactured by the infringing process are being sold.

Period of Limitation: The period of limitation for instituting a suit for patent infringement is three years from the date of infringement.

Burden of Proof: The traditional rule of burden of proof is adhered to with respect to patented product and accordingly in case of alleged infringement of a patented product the 'onus of proof' rests on the plaintiff. However, TRIPS-prompted amendment inserted by way of Section 104 (A) has 'reversed burden of proof' in case of infringement of patented process. Under the current law, the court can at its discretion shift the burden of proof on the defendant, in respect of process patent if either of the following two conditions is met:

- (a) the subject matter of the patent is a process for obtaining a new product; or
- (b) there is substantial likelihood that an identical product is made by the process and plaintiff has made reasonable efforts to determine the process actually used but has failed. [Section 104 (A)]

While considering whether a party has discharged the burden imposed upon him under Section 104(A), the court shall not require him to disclose any manufacturing or commercial secrets, if it appears to the court that it would be unreasonable to do so.

Doctrine of Equivalents and Doctrine of Colorable Variation

Patent infringement generally falls into two categories: literal infringement and infringement under the

doctrine of equivalents. The term "literal infringement" means that each and every element recited in a claim has identical correspondence in the allegedly infringing device or process.

However, even if there is no literal infringement, a claim may be infringed under the doctrine of equivalents if some other element of the accused device or process performs substantially the same function, in substantially the same way, to achieve substantially the same result. The doctrine of equivalents is a legal rule in most of the world's patent systems that allows a Court to hold a party liable for patent infringement even though the infringing device or process does not fall within the literal scope of a patent claim, but nevertheless is equivalent to the claimed invention.

This "expansion" of claim coverage permitted by the doctrine of equivalents, however, is not unbounded. Instead, the scope of coverage which is afforded the patent owner is limited by (i) the doctrine of "prosecution history estoppel" and (ii) the prior art.

An infringement analysis determines whether a claim in a patent literally "reads on" an accused infringer's device or process, or covers the allegedly infringing device under the doctrine of equivalents. The steps in the analysis are:

- Construe the scope of the "literal" language of the claims.
- Compare the claims, as properly construed, with the accused device or process, to determine whether there is literal infringement.
- If there is no literal infringement, construe the scope of the claims under the doctrine of equivalents.

The doctrine of equivalents is an equitable doctrine which effectively expands the scope of the claims beyond their literal language to the true scope of the inventor's contribution to the art. However, there are limits on the scope of equivalents to which the patent owner is entitled.

Doctrine of Colorable Variation: A colourable variation or immaterial variation amounting to infringement is where an infringer makes slight modification in the process or product but in fact takes in substance the essential features of the patentee's invention.

In *Lektophone Corporation v. The Rola Company*, 282 U.S. 168 (1930), a patent holder's patents were of sound-reproducing instruments for phonographs. According to the patent application, size and dimensions of the invention were the essence of the patent. The patent holder claimed that a radio loud speaker manufactured by the defendant (manufacturer) infringed the patents. The manufacturer's device also had a central paper cone, but the cone was smaller than that of the patented device and that constituted colorable alteration. The court held that because colorable alterations of the manufacturer's device, it would not accomplish the object specified in the patent claims and hence did not infringe upon the patent holder's claims.

Declaration as to Non-Infringement

Under Section 105 of the Act, any person after the grant of publication of patent may institute a suit for a declaration as to non-infringement. For this the plaintiff must show that (a) he applied in writing to the patentee or his exclusive licensee for a written acknowledgement to the effect that the process used or the article produced by him does not infringe the patent and (b) patentee or the licensee refused or neglected to give such an acknowledgement. It is not necessary that the plaintiff must anticipate an infringement suit.

Acts Which Do Not Amount To Infringement

Besides exceptions stated above, there are also certain acts which do not amount to infringement under the

Patents Act, 1970. These include:

- (a) any act of making, constructing, using, selling or importing a patented invention solely for uses reasonably related to the development and submission of information required under any law in India or in any other country that regulates the making, constructing, using, selling or importing any product.
- (b) Importation of patented products by any person from a person who is duly authorized under the law to produce and sell or distribute the product. [Section 107-A]

It is possible to import the patented products from the licensee of the patentee in any country without the permission of the patentee. The purpose of parallel import is to check the abuse of patent rights and to control the price of patented product.

Reliefs in Suits for Infringement

As stated earlier, the exclusive rights of a patent holder have been provided protection under the Patents Act, 1970 and in the event of any violation of these rights the patentee can file a suit in the appropriate court. No infringement action may be started until a patent has been granted. As per Section 108 of the Patents Act, the reliefs which may be awarded in such a suit include –

- (1) An injunction.
- (2) Damages or account of profits.

As is evident the reliefs granted under Section 108 of the Patents Act are inclusive and not exhaustive.

Injunction

An injunction is a specific order of the Court forbidding the commission of a wrong threatened or the continuance of a wrongful course of action already begun, or in some cases (when it is called a 'mandatory injunction') commanding active restitution of the former state of things.

Injunctions are two types- (i) temporary and (ii) permanent.

Permanent injunction, restrains a party for ever from doing the specified act and the same can be granted only on merits at the conclusion of the trial after hearing both the parties to the suit. It is governed by Sections 38 to 42 of the Specific Relief Act, 1963.

A temporary or interim injunction on the other hand restrains a party temporarily from doing the specified act and can be granted until the disposal of suit. It is regulated by the provisions of Order 39 of the Code of Civil Procedure and it may be granted at any stage of the suit. Injunctions are preventive, prohibitive or restrictive i.e. when they prevent, prohibit or restraint some one from doing some thing or mandatory, i.e. when they compel, command or order some persons to do some thing.

In the case of patent infringement, the plaintiff can obtain interlocutory order in the form of temporary injunction from the court by proving the existence of the following facts:

- (a) A *prima facie* case of infringement
- (b) Balance of convenience is tilting in his/her favour
- (c) If injunction is not granted he/she shall suffer irreparable damage

In *Hindustan Lever Limited v. Godrej Soaps Limited*, AIR 1996 Cal 367, the Court held that the plaintiff in a patent case must show a *prima facie* case of infringement and further that the balance of convenience and

inconvenience is in his favour. Where the alleged infringement is not novel and the patent has not yet been exploited there is no question of loss of employment or fall in revenue and the damages if suffered could be provisionally quantified. It could not be said that the balance of convenience was definitely in favour of an interlocutory injunction.

The Courts may refuse to consider the question of validity while deciding on interlocutory order. As in *Schneider Electric Industries SA v. Telemecanique & Controls (I) Ltd.*, 2000 (20) PTC 620 (Del), Delhi High Court held that an interlocutory application in a suit for infringement of a registered patent, defendant's plea that patents are invalid as patented features are in the nature of obvious improvements cannot be considered at this stage in the light of conflicting expert evidence.

On the other hand in *Novartis AG and Anr v. Mehar Pharma and Anr*, 2005(30) PTC (Bom), the court refused to grant temporary injunction on the ground that the validity of a recent patent was challenged.

The power to grant temporary injunction is at the discretion of the court. The discretion is to be exercised reasonably, judiciously and on sound legal principles.

In a number of landmark patent litigation cases the courts have displayed a varied approach in deciding on interim injunction. The high profile case of *Bajaj Auto Ltd. v. TVS Motor Company Ltd.*, 2008 (36) PTC 417 (Mad.) was most significant as the Supreme Court concurred with the observations made in *Shree Vardhman Rice & Gen Mills v. Amar Singh Chawalwala* that matters relating to trademarks, copyrights and patents should be finally decided very expeditiously by the trial court instead of merely granting or refusing to grant injunction.

The most talked about decision having far reaching ramifications in the pharmaceutical patent arena has been the decision of Delhi High Court in *F. Hoffmann-La Roche Ltd. and Anr. v. Cipla Limited*, [2008 (37) PTC 71 (Del.)]. In this case, the plaintiffs filed a suit praying for permanent injunction restraining defendant from infringing its patent in respect of anti-cancer drug "Tarceva". The case acquired significance for the very reason that it was the first case in which the court considered the aspect of "pricing" of the drug in deciding on the interim injunction. The Court in this case laid down several crucial principles as follows:

- (i) In patent infringement actions, the courts should follow the approach indicated in *American Cyanamid* case, by applying all factors;
- (ii) The courts should follow a rule of caution, and not always presume that patents are valid, especially if the defendant challenges it; and
- (iii) The standard applicable for a defendant challenging the patent is whether it is a genuine one, as opposed to a vexatious defense. Only in the case of the former, the court will hold that the defendant has an arguable case.

The court was of the opinion that as between the two competing public interests, i.e. the public interest in granting an injunction to the patentee, as opposed to the public interest in access to a life saving drug for the people, the balance has to be tilted in favor of the latter. The court also opined that the patients in India can ill-afford high priced imported versions of the drug like "Tarceva".

Aggrieved by the decision of the single judge, Roche went in appeal. Dismissing the appeal, the Division Bench held that Roche failed to establish a *prima facie* case in its favor in view of the fact that a serious challenge to the validity of the patent in suit was raised. It was also held that Roche failed to make a full disclosure of the facts.

The court imposed heavy costs quantified at ₹5 Lakhs to be paid by Roche to Cipla. The court however,

restrained Cipla from exporting its drug to countries where Roche had a patent during the pendency of the appeal

Damages and Accounts for Profits

Once the suit is decided in favour of the plaintiff, the court can either award damages or direct the defendant to render an account of profits. The two remedies are alternative and not concurrent in nature. Some express limitations have been imposed on the grant of this relief. The court shall not grant damages or account of profits in the following cases:

- (a) Where the defendant proves that at the date of the infringement he was not aware and had no reasonable grounds for believing that the patent existed.
- (b) Where an amendment of a specification had been allowed after the publication of the specification, and the infringement action is in respect of the specification before the date of publication unless the court is satisfied that original specification was made in good faith and with reasonable skill and knowledge.

This right to obtain provisional damages requires a patent holder to show the following:

- (i) The infringing activities occurred after the patent application was published;
- (ii) The patented claims are substantially identical to features of the process or the product infringing the patent; and
- (iii) The infringer had actual notice of the published patent application.

The Supreme Court of India has laid down the following guidelines to determine infringement of a patent based on *Biswanath Prasad Radhey Shyam v. Hindustan Metal Industries*. AIR SC 1978.

- (i) Read the description and then the claims;
- (ii) Find out what is the prior art;
- (iii) What is the improvement over the prior art;
- (iv) List the broad features of the improvement;
- (v) Compare the said broad features with the defendant's process or apparatus; and
- (vi) If the defendant's process or apparatus is either identical or comes within the scope of the plaintiff's process or apparatus, there is an infringement.

Anton Pillar Order

The court can also order for the search of the premises of the defendant. The infringing goods, materials and implements which are used for the creation of the infringing goods can be seized, forfeited or destroyed on the order of the court without the payment of any compensation. [Section 108(2)]

Groundless Threats of Infringement Proceedings

There may be situations where a person makes groundless threats of infringement of patent. The person aggrieved by such threats may bring a suit for the following reliefs:

- (a) A declaration to the effect that the threats are unjustifiable;
- (b) An injunction against the continuance of such threats; and
- (c) Such damages, if any, as he has sustained thereby. [Section 106]

Right of Exclusive Licensee to Take Proceedings Against Infringement

Exclusive licensee is a legal person who has been granted a license or a permission to use patent to the exclusion of all others, including the patentee. Under the Act, the exclusive licensee shall have the like right as the patentee to institute a suit in respect of any infringement of the patent.

In awarding damages or an account of profits or granting any other relief in any such suit, the court shall take into consideration any loss suffered or likely to be suffered by the exclusive licensee or, the profits earned by means of the infringement so far as it constitutes an infringement of the rights of the exclusive licensee as such.

In any suit for infringement of a patent by an exclusive licensee, if the patentee does not join as plaintiff, he is added as a defendant, but a patentee so added as defendant shall not be liable for any costs unless he enters an appearance and takes part in the proceedings. [Section 109]

Defenses etc. in Suits for Infringement

- (1) In any suit for infringement of a patent, every ground on which it may be revoked under Section 64 shall be available as a ground for defense.
- (2) In any suit for infringement of a patent by the making, using or importation of any machine, apparatus or other article or by the using of any process or by the importation, use or distribution of any medicine or drug, it shall be a ground for defense that such making, using, importation or distribution is in accordance with any one or more of the conditions specified in Section 47. [Section 107]

In *Cadila Pharmaceuticals Ltd. v. Instacare Laboratories Pvt. Ltd.*, 2001(21) PTC 472 (Guj), the Gujarat High Court observed that Section 107 expressly empowered a defendant to defend any suit for infringement of a patent. Every ground on which a patent could be revoked under Section 64 was available as a ground of defense. Though the defendant had chosen not to give notice of opposition under Section 25 of the Act or to apply for revocation under Section 64 of the Act, he still had the right to defend his action on any ground on which the patent could be revoked under Section 64 of the Act.

INTELLECTUAL PROPERTY APPELLATE BOARD

Pursuant to the amendments introduced to the Patents Act, 1970 in 2002, a specialized forum called Intellectual Property Appellate Board ("IPAB") has been constituted by the Central Government on September 15, 2003 to hear and adjudicate appeals against the decisions of the Registrar under the Trade Marks Act, 1999 and the Geographical Indications of Goods (Registration and Protection) Act, 1999.

In India only High Courts have the power to deal with both infringement and invalidity of patents simultaneously. Now the IPAB has since April 2, 2007 been extended to Patent law and is now authorized to hear and adjudicate upon appeals from most of the decisions, orders or directions made by the Controller of Patents. Also vide a notification, all pending appeals from the Indian High Courts under the Patents Act were transferred to the IPAB from April 2, 2007.

The IPAB has its headquarters at Chennai and has sittings at Chennai, Mumbai, Delhi, Kolkata and Ahmedabad.

Jurisdiction: Every appeal from the decision of the Controller to the IPAB must be made within three months from the date of the decision, order or direction, as the case may be, or within such further time as the IPAB may permit, along with the prescribed fees.

The IPAB has appellate jurisdiction against the decision of the Controller or Central Government of India in matters specified under Section 117A of the Patents Act, 1970.

Exceptions: The IPAB (Procedure) Rules, 2003 exempt orders passed by the Central Government of India with respect to inventions pertaining to defense purposes, including directions of secrecy in respect of such inventions, revocation if the patent is contrary or prejudicial to public interest, or pertains to atomic energy, from the purview of appeal to the IPAB.

An order of the Controller granting an extension of time under any provision of the Patent Act 1970 is also not appealable.

Transfer of pending proceedings to IPAB: The IPAB is the sole authority to exercise the powers and adjudicate proceedings arising from an appeal against an order or decision of the Controller. All the cases pertaining to revocation of patent, other than a counter-claim in a suit for infringement, and rectification of register pending before the Indian High Courts shall be transferred to the IPAB.

In case of a counter-claim in a suit for infringement, the Indian High Courts continue to be the competent authority to adjudicate on the matter.

The IPAB also has exclusive jurisdiction on matters related to revocation of patent and rectification of register.

The IPAB in its sole discretion may either proceed with the appeals afresh or from the stage where the proceedings were transferred to it.

LESSON ROUND UP

- Patent infringement means the violation of the exclusive rights of the patent holder. Unlike the Design law, the Patents law does not specify as to what would constitute infringement of a patented product or process. However, the following acts when committed without the consent of the patentee shall amount to infringement.
- There are three basic types of patent infringements : (a) direct infringement; (b) indirect infringement and contributory infringement. However, there are certain exceptions to infringement : (i) experimental and research; and (ii) parallel importation under certain conditions.
- Like any other civil suit the jurisdiction shall be determined in accordance with the rules of Code of Civil Procedure. The period of limitation for instituting a suit for patent infringement is three years from the date of infringement.
- The traditional rule of burden of proof is adhered to with respect to patented product and accordingly in case of alleged infringement of a patented product the 'onus of proof' rests on the plaintiff. However, TRIPS-prompted amendment inserted by way of Section 104 (A) has 'reversed burden of proof' in case of infringement of patented process.
- The exclusive rights of a patent holder have been provided protection under the Patents Act, 1970 and in the event of any violation of these rights the patentee can file a suit in the appropriate court. The reliefs which may be awarded in such a suit include: (i) an injunction; (ii) damages or account of profits.
- A specialized forum called Intellectual Property Appellate Board ("IPAB") has been constituted by the Central Government on September 15, 2003 to hear and adjudicate appeals against the decisions of the Registrar under the Trade Marks Act, 1999 and the Geographical Indications of Goods (Registration and Protection) Act, 1999. The IPAB has since April 2, 2007 been extended to Patent law.

SELF TEST QUESTIONS

These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.

1. What does patent infringement mean and what acts of an infringer shall amount to infringement?
2. Enumerate the acts that do not amount to infringement.
3. Discuss the exceptions that have been enumerated to infringement.
4. Write short notes on the following:
 - (i) Direct Infringement
 - (ii) Declaration as to non-infringement
 - (iii) Defenses for infringement
5. What are the reliefs that can be claimed by a patentee in the event of patent infringement?

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There is no handwriting or other markings on the paper.

Lesson 6

RECENT DEVELOPMENTS IN PATENT SYSTEM

LESSON OUTLINE

- Software and Business Method Patenting in India
- Software Patenting in other Jurisdictions
- Patentable Inventions in Biotechnology
- Lesson Round Up
- Self Test Questions

LEARNING OBJECTIVES

With the rapid advancement in science and technology, newer forms of intellectual property protection are emerging. Examples of such protection are seen in the efforts made to protect computer programmes and softwares, life forms particularly following developments in the biotechnology etc.

Patent laws of several countries favour patent protection for software innovation. Such countries include USA, Australia and Singapore, to name a few. However, many other countries which include India and European nations, have more stringent laws concerning patent protection to software innovation. The Indian Patent Law does not contain any specific provision regarding the protection of computer software.

Biotechnology has been at the core of a number of important developments in the pharmaceutical, agrochemical, energy and environmental sectors. In particular, progress in the field of molecular biology, biotechnology and molecular medicine has highlighted the potential of biotechnology for the pharmaceutical industry.

The objective of the study lesson is to provide an understanding to the students about the patenting of software in India as well as the patenting of inventions in the domain of biotechnology.

Software and Business Method Patenting

Modern society relies heavily on computer technology. Without software, a computer cannot operate. Software and hardware work in tandem in today's information society. So, it is no wonder that intellectual property protection of software is crucial not only for the software industry, but for other businesses as well.

A software patent is generally defined as a patent that protects some programming technique. The Foundation for a Free Information Infrastructure (FFII) has defined a software patent as being a "patent on any performance of a computer realised by means of a computer program. The intellectual protection of computer software has been highly debated at the national and international level.

There is intense debate over the extent to which software patents should be granted, if at all. Important issues concerning software patents include:

- Whether software patents should be allowed, and if so, where the boundary between patentable and non-patentable software should lie;
- Whether the inventive step and non-obviousness requirement is applied too loosely to software; and
- Whether patents covering software discourage, rather than encourage, innovation.

The Foundation for a Free Information Infrastructure or FFII is a non-profit organisation based in Munich, Germany, dedicated to establishing a free market in information technology, by the removal of barriers to competition. The FFII played a key organisational role and was very active in the campaign which resulted in the rejection of the EU software patent directive in July 2005.

An early example of a software patent is that of United Kingdom. On 21 May, 1962, a British patent application entitled "A Computer Arranged for the Automatic Solution of Linear Programming Problems" was filed. The invention was concerned with efficient memory management for the simplex algorithm, and could be implemented by purely software means. The patent was granted on August 17, 1966 and seems to be one of the first software patents.

Most countries place some limits on the patenting of invention involving software, but there is no legal definition of a software patent. As for instance, U.S. patent law excludes "abstract ideas", and this has been used to refuse some patents involving software. In Europe, "computer programs as such" are excluded from patentability and European Patent Office policy is consequently that a program for a computer is not patentable if it does not have the potential to cause a "further technical effect" beyond the inherent technical interactions between hardware and software. Though the European Parliament rejected the Computer Implemented Inventions Directive in July 2005, the position with regard to software patenting remains more or less the same in EU member states.

Patent laws of several countries favour patent protection for software innovation. Such countries include USA, Australia and Singapore, to name a few. However, many other countries, which include India and European nations, have more stringent laws concerning patent protection to software innovation.

Most of the jurisprudence relating to software patents emanates from United States, which is considered as the cradle of software patents. Beginning with the landmark decision of US Supreme Court in *Diamond v. Thehr*, 450 U.S.75 (1981) which ordered the Patent office to grant a patent on an invention even though a

computer software was utilized in it, the US Supreme Court has traveled a long distance with regard to software patents.

Subsequently in 1982, a new Court called United States Court of Appeals for the Federal Circuit (CAFC) was created by the U.S. Congress to hear patent cases. Following several landmark decisions by this Court, by the early 1990s the patentability of software was well established, and in 1996 the USPTO issued Final Computer Related Examination Guidelines stating that "A practical application of a computer-related invention is statutory subject matter. This requirement can be discerned from the variously phrased prohibitions against the patenting of abstract ideas, laws of nature or natural phenomena".

The recent expansion of the Internet and e-commerce has led to many patents being applied for and being granted for business methods implemented in software and the question of whether business methods are statutory subject matter, is a separate issue from the question of whether software is?

In European Union (EU), software is patentable, provided they make a technical effect. Though the European Parliament rejected the Computer Implemented Inventions Directive in July 2005, the position with regard to software patenting remains more or less the same in EU member states.

United Kingdom patent law is interpreted to have the same effect as the European Patent Convention such that "programs for computers" are excluded from patentability to the extent that a patent application relates to a computer program "as such". Current case law in the UK states that an (alleged) invention will only be actually regarded as an invention if it provides a contribution that is not excluded and which is also technical. A computer program implementing a business process is therefore not an invention, but a computer program implementing an industrial process may well be.

In Japan, software-related inventions are patentable. To qualify as an invention, however, there must be "a creation of technical ideas utilizing a law of nature", although this requirement is typically met by "concretely realising the information processing performed by the software by using hardware resources".

In 1999, the allowance rate for business method patents at the Japan Patent Office (JPO) reached an all-time high of roughly 35 percent. Subsequently, the JPO experienced a surge in business method patent filings. Since 2006, the average grant rate for business method patents has risen to the current rate of roughly 25 percent.

In April 2013, the German Parliament adopted a joint motion "against the growing trend of patent offices to grant patents on software programs. In Australia, pure or abstract methods of doing business are not considered to be patentable, but if the method is implemented using a computer, it avoids the exclusion for business methods.

In New Zealand, computer programs are to be excluded from patentability under a 2010 Patents Bill, but guidelines permitting embedded software are to be drafted once the bill has passed. In South Africa, "a program for a Computer" is excluded from recognition as a patentable invention by Section 25 of the Patents Act. In South Korea, software is considered patentable and many patents directed towards "computer programs" have been issued.

Indian Patent Act offers patent protection to products or processes (if they satisfy various requirements of patentability) as long as they do not fall under non-patentable subject matter. Sections 3 and 4 of the Indian Patent Act specify a list of subject matter that is not patentable, in particular "a mathematical or business method or a computer program *per se* or algorithms" is of specific importance to software innovation [Section

3(k)]. The Indian Patent Law does not contain any specific provision regarding the protection of computer software. Computer software on the other hand is protected by copyright as applicable to literary and aesthetic works. A computer program is therefore dealt with a literary work and the law and practice in relation to literary works will apply to computer programs. [See study lesson on Copyright wherein protection of computer software has been elaborately discussed.]

The Indian Patent Act, as of now, excludes only '*computer programs per se*' from patentability. The issue of whether computer programs tied to certain hardware can be patented is a controversial one. An attempt was made through the Patents Amendment Ordinance 2004 to further extend the scope of software patenting to any computer program that has industrial application and to those that are used in combination with hardware. But there was strong opposition within and outside the Parliament and as a result this was deleted from the subsequent Patents (Amendment) Act, 2005. Still, an invention shall not become unpatentable in India merely because it was implemented with software. Like the EU Countries, in India also the gaining of patent protection for software depends more on the drafting skills of the Patent Engineer. If the claims are drafted in such a way as to reflect that the invention is not *software per se*, it shall qualify for patent protection.

Patentable Inventions in Biotechnology

The exciting developments in the domain of biotechnology have resulted in intensive R&D activities all over the world including India. After information technology, biotechnology is increasingly recognised as the next wave in the knowledge-based economy. Biotechnology has been at the core of a number of important developments in the pharmaceutical, agrochemical, energy and environmental sectors. In particular, progress in the field of molecular biology, biotechnology and molecular medicine has highlighted the potential of biotechnology for the pharmaceutical industry.

Conventionally, a micro-organism is considered as an organism that is microscopic, i.e., too small to be seen by the naked human eye and can be viewed only under a microscope, usually, an ordinary light microscope. Micro-organisms include bacteria, fungi, virus, protists and other prokaryotes as well as some microscopic plants (phytoplankton) and animals (zooplankton).

Prior to 1980, micro-organisms were clearly "products of nature" and as such were not considered patentable. In 1980 the US Supreme Court in Anand Chakrabarty's case (allowed patenting of crude oil spilling bacterium) and this subject has been drawing a great deal of attention all over the world. As microorganisms are important constituents of biodiversity, issues like the origin of a microorganism and its patentability and ownership have gained importance.

The US Supreme Court ruled that genetically altered micro-organisms were indeed patentable based on the following criteria:

- They were man-made;
- They were products of human manipulation and therefore considered similar to any other invention;
- They had a specified industrial application (one criterion for patenting is that the invention has utility).

Further, Supreme Court cited the fact that there was precedence for patenting living matter. Since 1930 certain asexually reproduced plants have been protected by patenting. Furthermore, in 1970 the Plant Variety Protection Act allowed for protection of some sexually reproduced plants.

As a result of the Supreme Court's decision, the US biotechnology industry flourished and many US patents have been granted on human-made higher life forms such as transgenic mice, fish etc. Thus, microorganisms, plants and animals have now all received U.S. patenting status. Europe views patenting of "man-made" life in much the same manner as the U.S. patent office.

TRIPS Agreement obliges member states to patent micro-organisms. Article 27.3 permits WTO member countries to exclude two specific classes of subject matter from patentability:

- (1) diagnostic, therapeutic, and surgical methods for the treatment of humans or animals; and
- (2) plants and animals other than microorganisms, and essentially biological processes for the production of plants or animals other than non biological and microbiological processes.

Though the TRIPS agreement mandates patent protection for micro-organisms, it does not define micro-organisms; thus there is no standard definition for member nations to follow.

To comply with the World Trade Organization (WTO), Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, India amended the Patents Act, 1970 with effect from January 2005. The Indian Patent Act has now a specific provision in regard to patenting of micro-organisms and microbiological processes. It is now possible to get a patent for a microbiological process and also products emanating from such processes.

The most vital distinction between the legal practices of India and developed countries is that India does not allow patenting of micro-organisms which already exist in nature, as the same is considered to be a discovery as per the provisions of the Section 3(d) of the Patents Act, 1970 and therefore not patentable. But genetically modified versions of the same microorganisms that result in enhancement of its known efficacies are patentable.

Another requirement is sufficiency of disclosure which is very important. The Patents Act, 1970 stipulates that sufficient and clear description of the invention should be given. The Act or the Rule, however, does not stipulate any condition or procedure to meet the requirement of sufficiency of disclosure in the case of inventions involving use of biological material, which are very difficult to describe in words.

It has been the practice of the Patent Office from time immemorial to follow the practice adopted by the foreign patent offices by allowing the accession No., accorded by a depository institution either foreign or Indian in the patent specification to satisfy the requirement of sufficiency of disclosure of the invention desired to be patented.

It may be mentioned here that a system of depositing strain of microorganisms in some recognized depositories was evolved way back in 1949 in USA. An international treaty called "Budapest Treaty" was signed in Budapest in 1973 and later on amended in 1980. India became a member of this Treaty with effect from December 17, 2001. This is an international convention governing the recognition of deposits in officially approved culture collections for the purpose of patent applications in any country that is a party to this treaty. Because of the difficulties and virtual impossibility of reproducing a microorganism from a description of it in a patent specification, it is essential to deposit a strain in a culture collection centre for testing and examination by others.

Under the Patents Act, 1970 if the invention uses a biological material which is new, it is essential to deposit the same in the International Depository Authority (IDA) prior to the filing of the application in India in order to

supplement the description. The description in the specification should contain the name and address of the International Depository Authority and date and number of deposition of Biological material. [Section 10(4) (d)(ii)]. If such biological material is already known, in such case it is not essential to deposit the same. There are many international depositories in different countries such as MTCC, DSM etc. which are recognized under the Budapest Treaty.

The Institute of Microbial Technology (IMTECH), Chandigarh is the first Indian depository set up under the Budapest Treaty. Very recently Microbial Culture Collection Centre (MCC), Pune (which is located in the NCCS, Pune) has been recognized International Depository Authority (IDA) under the Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purpose of Patent Procedure.

LESSON ROUND UP

- A software patent is generally defined as a patent that protects some programming technique. An early example of a software patent is that of United Kingdom.
- Most countries place some limits on the patenting of invention involving software, but there is no legal definition of a software patent.
- Patent laws of several countries favour patent protection for software innovation. Such countries include USA, Australia and Singapore, to name a few. However, many other countries, which include India and European nations, have more stringent laws concerning patent protection to software innovation.
- Most of the jurisprudence relating to software patents emanate from US, which is considered as the cradle of software patents.
- The Indian Patent Law does not contain any specific provision regarding the protection of computer software. Computer software on the other hand is protected by copyright as applicable to literary and aesthetic works.
- The recent expansion of the Internet and e-commerce has led to many patents being applied for and being granted for business methods implemented in software and the question of whether business methods are statutory subject matter is a separate issue from the question of whether software is.
- The Indian Patent Act as of now excludes only 'computer programs per se' from patentability. The issue of whether computer programs tied to certain hardware can be patented is a controversial one.
- After information technology, biotechnology is increasingly recognized as the next wave in the knowledge-based economy. Progress in the field of molecular biology, biotechnology and molecular medicine has highlighted the potential of biotechnology for the pharmaceutical industry.
- Prior to 1980 micro-organisms were clearly "products of nature" and as such were not considered patentable. In 1980, the US Supreme Court in *Anand Chakrabarty's case* ruled that genetically altered micro-organisms were indeed patentable based on some criteria laid down by the Court.
- TRIPS Agreement obliges member states to patent micro-organisms. The Indian Patent Act has now a specific provision regarding patenting of microorganisms and microbiological processes. It is now possible to get a patent for a microbiological process and also products emanating from such processes.

SELF TEST QUESTIONS

These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.

1. How has a software patent been defined? Briefly discuss some of the important issues concerning software patenting.
2. Discuss the criteria of patentability of software in India and other jurisdictions.
3. Are micro-organisms and micro-biological processes patentable in India? Discuss.
4. How is the requirement of sufficiency of disclosure met in the case of micro-organisms?
5. Most countries place some limits on the patenting of inventions involving software. Discuss.

This image shows a blank sheet of white paper with horizontal black ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

Lesson 7

TRADE MARKS

LESSON OUTLINE

- Introduction & Historical Perspective
- Definitions
- Different Kinds of Marks
- Registration of Trade Marks
- Procedure for Registration
- Opposition to Registration & Procedure
- Grounds for Refusal to Registration
- Infringement of Trade Marks
- Assignment & Transmission
- Offences Penalties
- Madrid Agreement
- Domain Names
- Lesson Round Up
- Self Test Questions

LEARNING OBJECTIVES

A trade mark provides protection to the owner of the mark by ensuring the exclusive right to use it, or to authorize another to use the same in return for payment. The period of protection varies, but a trademark can be renewed indefinitely beyond the time limit on payment of additional fees.

In a larger sense, trade marks promote initiative and enterprise worldwide by rewarding the owners of trademarks with recognition and financial profit. Trade mark protection also hinders the efforts of unfair competitors, such as counterfeiters, to use similar distinctive signs to market inferior or different products or services. The system enables people with skill and enterprise to produce and market goods and services in the fairest possible conditions, thereby facilitating international trade.

With the advent of WTO, the law of trade marks is now modernized under the Trade Marks Act of 1999 and is in harmony with two major international treaties on the subject, namely, The Paris Convention for Protection of Industrial Property and TRIPS Agreement.

Trade marks being an important aspect of the intellectual property, students need to be well versed with the conceptual and legal framework, and procedural requirements relating to trade marks.

A trade mark (popularly known as brand name in layman's language) is a visual symbol which may be a word to indicate the source of the goods, a signature, name, device, label, numerals, or combination of colours used, or services, or other articles of commerce to distinguish it from other similar goods or services originating from another. It is a distinctive sign which identifies certain goods or services as those produced or provided by a specific person or enterprise. Its origin dates back to ancient times, when craftsmen reproduced their signatures, or "marks" on their artistic or utilitarian products. Over the years these marks evolved into today's system of trade mark registration and protection. The system helps consumers identify and purchase a product or service because its nature and quality, indicated by its unique trade mark, meets their needs.

A trade mark provides protection to the owner of the mark by ensuring the exclusive right to use it or to authorize another to use the same in return for payment. The period of protection varies, but a trade mark can be renewed indefinitely beyond the time limit on payment of additional fees. Trade mark protection is enforced by the courts, which in most systems have the authority to block trade mark infringement.

In a larger sense, trade marks promote initiative and enterprise worldwide by rewarding the owners of trade marks with recognition and financial profit. Trade mark protection also hinders the efforts of unfair competitors, such as counterfeiters, to use similar distinctive signs to market inferior or different products or services. The system enables people with skill and enterprise to produce and market goods and services in the fairest possible conditions, thereby facilitating international trade.

Historical Perspective

The Indian Trade Marks Act, 1940 was the first statute law on trade marks in India. Prior to that protection of trade marks was governed by Common Law. Cases concerning trade marks were decided in the light of Section 54 of Specific Relief Act, 1877, while registration was secured by obtaining a declaration as to ownership under the Indian Registration Act, 1908. Some of the provisions of the first Trade Marks Act, 1940 came into force on 11.3.1940 and the rest became effective on 1.6.1942 (Gazette of India Extraordinary, 1942. p.684)

The said enactment was amended by the Trade Marks (Amendment) Act, 1941 and later by two other amendments. By the Trade Marks (Amendment) Act, 1943, the Trade Marks Registry, which was formerly a part of the Patent Office, Calcutta (now Kolkata) was separated from the Patent Office to constitute a separate Trade Marks Registry under a Registrar of Trade Marks at Bombay (now Mumbai). Thereafter, the Act was amended by the Trade Marks (Amendment) Act, 1946, to give effect to the reciprocal arrangement relating to trade marks between the Government of India and the then Indian States and further amendments introduced by Part B States Laws Act, 1951.

The Trade Marks Enquiry Committee, which was constituted by the Government of India in November 1953, recommended some changes, but since the report showed some divergence of opinion among the members, Mr. Justice Rajagopala Ayyangar (then a Judge of the Madras High Court, who later served and retired as a judge of the Supreme Court) was appointed by the Government of India to examine the Trade Marks Act, 1940, with reference to the report of the Trade Marks Enquiry Committee and to recommend as to what changes in the then law were necessary. On the basis of the report of Mr. Justice Ayyangar, the Trade Marks Act, 1940 was replaced by the Trade & Merchandise Marks Act, 1958. The Trade & Merchandise Marks Act, 1958 consolidated the provisions of the Trade Marks Act, 1940, the Indian Merchandise Marks Act, 1889 (which was in force since 1.4.1889) and the provisions relating to trade marks in the Indian Penal Code. The Trade & Merchandise Marks Act, 1958 was brought into force on 25th

November 1959. Certain minor amendments were carried out by the Repealing & Amending Act, 1960 and the Patents Act, 1970. Thus, the history of legal protection to trade marks in India is more than a century old.

Harmonization with International Norms and Standards

The process of harmonization with International norms and standards started, when it was felt that a comprehensive review of the Trade & Merchandise Marks Act, 1958 be made in view of new developments in trading and commercial practices, increasing globalization of trade and industry, the need to encourage investment flows and transfer of technology and need for simplification and harmonization of trade mark management system in the country.

With the advent of WTO, the law of trade marks is now modernized under the Trade Marks Act of 1999 which provides for the registration of service marks and introduces various other provisions in conformity with the Trade Mark Law in developed countries.

In this context, the Trade Marks Bill, 1993 was introduced in the Lok Sabha on 19.5.1993, which was passed by the Lok Sabha on the lines recommended by the Standing Committee. However, as the Bill failed to get through the Rajya Sabha, it lapsed on the dissolution of the Lok Sabha. A new Bill titled as Trade Marks Bill, 1999 was introduced in Rajya Sabha and eventually passed by both the Houses of Parliament. The Bill received the assent of the President on 30.12.1999 and became an Act.

The Trade Marks Act, 1999 has been enacted as indicated in the Preamble to the Act to amend and consolidate the law relating to trade marks, to provide for registration and better protection of trade marks for goods and services and for the prevention of the use of fraudulent marks. It repealed the earlier Trade & Merchandise Marks Act, 1958.

The current law of trade marks contained in the Trade Marks Act, 1999 is in harmony with two major international treaties on the subject, namely, The Paris Convention for Protection of Industrial Property and TRIPS Agreement, to both of which India is a signatory.

Under the Trade Marks Act, the Controller -General of Patents, Designs and Trade Marks under Department of Industrial Policy and Promotion, Ministry of Commerce and Industry is the 'Registrar of Trade Marks'. The Controller General of Patents, Designs & Trade Marks directs and supervises the functioning of the Trade Marks Registry (TMR). The Trade Marks Registry administers the Trade Marks Act, 1999 and the Rules thereunder. TMR acts as a resource and information centre and is a facilitator in matters relating to trade marks in the country. The main function of the Registry is to register trade marks which qualify for registration under the Act and Rules.

The salient features of the Trade Marks Act, 1999 *inter-alia* include:

- (a) Providing for registration of trade mark for services, in addition to goods.
- (b) Amplification of definition of trade mark to include registration of shape of goods, packaging and combination of colours.
- (c) All 42 international classification of goods and services (as earlier used) now applicable to India as well.
- (d) Recognition of the concept of "well-known trade marks".
- (e) Increasing the period of registration and renewal of trade marks from 7 to 10 years, to bring it in conformity with the accepted international practice.
- (f) Widening the scope of infringement of trade marks. For instance, use of a registered trade mark as

trade name or as a part of a trade name or use of a mark which is identical or deceptively similar to a registered trade mark.

- (g) Creation of an "Intellectual property Appellate Board" for hearing appeals against orders and decisions of the Registrar of Trade Marks for speedy disposal of cases and rectification applications which hitherto lie before High Courts.
- (h) Criminal remedies in case of falsification of trade marks.
- (i) Recognition of use of trade mark by even an unregistered licensee.
- (j) Expeditious examination of a trade mark application on payment of five times the application fee.

The rights granted under the Act, are operative in the whole of India. The new Act also simplified the procedure for registration of registered user, enlarged the scope of permitted use and allowed the registration of "collective marks" owned by associations, etc. The Act empowers the Registrar to register certification trade marks. Earlier, this power was vested with the Central Government. Provision for enhanced punishment for the offences relating to trade marks on the lines of Copyright Act, 1957; restriction on sale of spurious goods; and use of someone else's trade marks as part of corporate names, or name of business concern have also been incorporated in the new Act.

The new Act also has broadened the definition of infringement of a registered trade mark to include action against the unauthorized use of a confusingly similar mark, not only in respect of the goods and services covered by registration, as was previously the case, but also in respect of goods and services which are so similar that a likelihood of deception or confusion exists.

Civil suits can be instituted by any aggrieved person before a District Court, within the local limits of whose jurisdiction such aggrieved person actually and voluntarily resides or carries on business or personally works for gain. This new provision brings the trade mark law in line with the provisions for jurisdiction contained in the Copyright Act, 1957.

Under the Trade Marks Act, 1999 the Government of India is empowered to make rules for implementing the Act and regulating the trade marks Administration. Accordingly, the Government framed Trade Marks Rules, 2001. These rules were subsequently amended in 2002 and came into force on the date on which the Trade Marks Act, 1999 came into force i.e. 15-09-2003. These rules have been amended again in 2010 called Trade Marks (Amendment) Rules, 2010 which have come into force with effect from May 20, 2010.

Object of Trade Marks Law

The object of trade mark law has been explained by the *Supreme Court in Dau Dayal v. State of Uttar Pradesh AIR 1959 SC 433*, in the following words:

"The object of trade mark law is to protect the rights of persons who manufacture and sell goods with distinct trade marks against invasion by other persons passing off their goods fraudulently and with counterfeit trade marks as those of the manufacturers. Normally, the remedy for such infringement will be by action in Civil Courts.

But in view of the delay which is incidental to civil proceedings and the great injustice which might result if the rights of manufacturers are not promptly protected, the law gives them the right to take the matter before the Criminal Courts, and prosecute the offenders, so as to enable them to effectively and speedily vindicate their rights".

The distinction between a trade mark and a property mark has been stated by the Supreme Court in the case of *Sumat Prasad Jain v. Sheojanam Prasad and Ors.*, AIR 1972 SC 413. The Apex Court held:

“...Thus, the distinction between a trade mark and a property mark is that whereas the former denotes the manufacture or quality of the goods to which it is attached, the latter denotes the ownership in them. In other words, a trade mark concerns the goods themselves, while a property mark concerns the proprietor. A property mark attached to the movable property of a person remains even if part of such property goes out of his hands and ceases to be his.”

The trade mark law in India is a ‘first-to-file’ system that requires no evidence of prior use of the mark. A trade mark application can be filed on a ‘proposed to be used or intent-to-use’ basis or based on use of the mark. The term ‘use’ under the Trade Marks Act, 1999 has acquired a broad meaning and does not necessarily mean the physical presence of the goods in India. Presence of the trade mark on the Internet and publication in international magazines and journals having circulation in India are also considered as use in India. One of the first landmark judgments in this regard is the “Whirlpool case” [N. R. Dongre v. Whirlpool Corporation, 1996 (16) PTC 583] in which the Court held that a rights holder can maintain a passing off action against an infringer on the basis of the trans-border reputation of its trade marks and that the actual presence of the goods or the actual use of the mark in India is not mandatory. It would suffice if the rights holder has attained reputation and goodwill in respect of the mark in India through advertisements or other means.

IMPORTANT DEFINITIONS IN THE TRADE MARKS ACT, 1999

Trade Mark

A trade mark is a word, phrase, symbol or design, or combination of words, phrases, symbols or designs used in the course of trade which identifies and distinguishes the source of the goods or services of one enterprise from those of others.

As stated above, the definition of “trade mark” under Section 2(1)(zb) has been enlarged to mean a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from others and may include shape of goods, their packaging and combination of colours and covers both goods and services.

“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”. [Section 2(1)(m)].

Being an inclusive definition it will thus include any mark within the definition of trade mark so long as the mark is –

- capable of being represented graphically; and
- capable of distinguishing the goods or services of one person from those of others.

Service

The new definition of ‘service’ has been included for the benefit of service-oriented establishments such as banking, communication, education, finance, insurance, chit funds, real estates, transport, storage, material treatment, processing, supply of electrical or other energy, boarding, lodging, entertainment, amusement, construction, repair, conveying of news or information and advertising .

A service mark is the same as a trade mark except that it identifies and distinguishes the source of a service rather than a product. Normally, a mark for goods appears on the product or on its packaging, while a service mark appears in advertising for the services.

The definition of “registered trade mark” under Section 2(1)(w) has been modified to mean a trade mark which is actually on the Register and remaining in force. The renewal of registration of a trade mark should be made for every ten years instead of seven years under the present Act.

Certification Trade Mark

“Certification trade mark” means a mark capable of distinguishing the goods or services in connection with which it is used in the course of trade which are certified by the proprietor of the mark in respect of origin, material, mode of manufacture of goods or performance of services, quality, accuracy or other characteristics from goods or services not so certified and registrable as such under Chapter IX in respect of those goods or services in the name, as proprietor of the certification trade mark, of that person.[Section 2(1)(e)]

Collective Mark

The new definition of ‘collective mark ’ has been provided for the benefit of members of an association of persons (but not partnership) and such inclusion of ‘collective mark’ will benefit the traditional Indian family trade marks.

“Collective mark” under Section 2(1)(g) of the Act means a trade mark distinguishing the goods or services of members of an association of persons (not being a partnership within the meaning of the Indian Partnership Act, 1932) which is the proprietor of the mark from those of others.

Trade Description

Trade description under Section 2(1)(za) means any description, statement or other indication, direct or indirect :

- (i) as to the number, quantity, measure, gauge or weight of any goods; or
- (ii) as to the standard of quality of any goods or services according to a classification commonly used or recognized in the trade; or
- (iii) as to fitness for the purpose, strength, performance or behaviour of any goods, being “drug”, as defined in the Drugs and Cosmetics Act, 1940 or “food”, as defined in the Prevention of Food Adulteration Act, 1954; or
- (iv) as to the place or country in which or the time at which any goods or services were made, produced or provided, as the case may be; or
- (v) as to the name and address or other indication of the identity of the manufacturer or of the person providing the services or of the person for whom the goods are manufactured or services are provided; or
- (vi) as to the mode of manufacture or producing any goods or providing services; or
- (vii) as to the material of which any goods are composed; or
- (viii) as to any goods being the subject of an existing patent, privilege or copyright, and includes –
 - (a) any description as to the use of any mark which according to the custom of the trade is commonly taken to be an indication of any of the above matters;
 - (b) the description as to any imported goods contained in any bill of entry or shipping bill;
 - (c) any other description which is likely to be misunderstood or mistaken for all or any of the said matters;

Well Known Trade mark

Being a signatory to the Paris Convention and TRIPS, India recognizes the concept of a well known trade marks.

Under Section 2(1)(zg) of the Trade Marks Act, 1999 “well-known trade mark”, in relation to any goods or services, 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.

A mark, which has been designated as a well known mark, is accorded stronger protection. The Act casts an obligation on the Registrar to protect a well known mark against an identical or similar trade mark.

Permitted Use

Section 2(1) (r) defines the term “permitted use”, in relation to a registered trade mark, as to mean the use of trade mark-

- (i) by a registered user of the trade mark in relation to goods or services -
 - (a) with which he is connected in the course of trade; and
 - (b) in respect of which the trade mark remains registered for the time being; and
 - (c) for which he is registered as registered user; and
 - (d) which complies with any conditions or limitations to which the registration of registered user is subject; or
- (ii) by a person other than the registered proprietor and registered user in relation to goods or services
 - (a) with which he is connected in the course of trade; and
 - (b) in respect of which the trade mark remains registered for the time being; and
 - (c) by consent of such registered proprietor in a written agreement; and
 - (d) which complies with any conditions or limitations to which such user is subject and to which the registration of the trade mark is subject.

The definition of “Tribunal” under Section 2(1)(ze) has been modified to include “Appellate Board” in place of “High Court”. The word “High Court” has been deleted consequent to the provision to constitute Appellate Board in lieu of High Court, for appeals.

THE REGISTRAR OF TRADE MARKS

Under Section 3 of the Trade Marks Act, 1999, the Central Government appoints Controller-General of Patents, Designs, and Trade Marks, as the Registrar of Trade Marks for the purposes of the Trade Marks Act 1999. Other officers may also be appointed by the Central Government under Section 3(2) for the purpose of discharging such functions of the Registrar as he may authorize them to discharge under his superintendence and direction.

SINGLE REGISTER OF TRADE MARKS

Section 6 contains provisions relating to maintenance of a single Register of Trade Marks at the Head Office of the Trade Marks Registry and allows the maintenance of records in computer floppies or diskettes or in

any other electronic form subject to the prescribed safeguards. Section 7 empowers the Registrar to classify goods and services according to International classification of goods and services for the purpose of registration of trade marks and to determine any question related thereto. Section 8 requires the Registrar to publish an alphabetical index of classification of goods and services.

REGISTRATION OF TRADE MARKS

The process whereby a trade mark is entered on the register of the trade marks is referred to as registration.

Any person, claiming to be the proprietor of a trade mark used or proposed to be used by him, can apply for registration of a trade mark to the Trade Mark Registry under whose jurisdiction, the principal place of the business of the applicant falls, in the prescribed manner for the registration of his trade mark. In case of a company about to be formed, anyone may apply in his name for subsequent assignment of the registration in the company's favour.

The provisions contained in Rules 25 to 31 and 33 to 36 of the Trade Marks Rules, 2002 prescribe the procedure for application of trade marks.

Registration Procedure

The registration procedure in India is based on the 'first to file' system. It is therefore important that the rights holder applies for the registration of its mark as soon as possible. The registration of a trade mark in India typically takes about 2 to 3 years, subject to the trade mark not being opposed by a third party. The Office of the Controller General of Patents, Designs and Trade Marks is the appropriate office for filing of a trade mark application in India. This office has branches in Mumbai, Delhi, Chennai, Ahmedabad and Kolkata. A trade mark application may be filed in any of these offices based on the territorial jurisdiction. The different steps that are involved in the registration process in India are as follows:

Trade Mark Search

Before making an application for registration, it is prudent to make an inspection of the already registered trade marks to ensure that registration may not be denied in view of resemblance of the proposed mark to an existing one or prohibited one.

It is advisable that a common law search should also be conducted in order to ascertain if there are any third parties that might already be using the trade mark.

Who May Apply for Trade Mark ?

As per Section 18 of the Trade Marks Act, 1999 any person "claiming to be the proprietor" of the trade mark 'used' or 'proposed to be used' by him may make an application in the prescribed manner for registration of his trade mark.

"Any person" is wide enough to include any individual, company, or association of persons or body of individuals, society, HUF, partnership firm, whether registered or not, Government, trust etc. [Section 3(42), General Clauses Act, 1897]

Company

A company may make an application for registration of a trade mark in its own corporate name. In the case of a company incorporated outside India, the country of incorporation and the nature of registration, if any, is to be mentioned.

Firm

A partnership firm shall make the application in the names of all trading within the firm partner. When including the name of a minor in the partnership, the name of guardian representing the minors should also be mentioned.

It has been held that if there is omission of the name of any partner in TM-1 (i.e. application to register a trade mark for a specification of goods or services) or corresponding new application form, the omission can be corrected when supported by necessary documents. Such corrections will not constitute change in the proprietorship of the mark. (*Vivekananda Match company v. Jupiter Match Works*, 1991 PTC 61). However, any new addition or deletion of name of a partner subsequent to the date of application will mean change in the partnership.

Trust

Application may be made in the name of a trust, represented by its managing trustee/chairman etc.

Government

The Central or State Government or any undertaking/company owned or controlled by such Government may also make application for registration of trade mark like any other person.

Joint Applicant

Section 24 enables registration of two or more persons to be registered as joint proprietors of the trade mark, where the mark is used or proposed to be used in relation to goods or services connected with the joint applicants.

The trade mark law in India allows the proprietor to file a trade mark application only if they have a place of business in India. Should that not be the case, the rights holder will be required to file an application through a trade mark agent/attorney. The trade mark agent/attorney can do a trade mark search, prepare, file and prosecute the applications.

Filing and Prosecuting Trade mark Applications

As per rule 4, an application for registration of a trade mark may be made on Form TM-1 with prescribed fee of ₹ 2500/- at one of the five office of the Trade Marks Registry located at Mumbai, Delhi, Kolkata, Chennai and Ahmedabad depending on the place where the applicant resides or has his principal place of business. In the case of joint applicants, the principal place of business in India of the applicant will be that of the person whose name is first mentioned as having a place of business. If the applicant has no principal place of business in India, he should file the application at that office within whose territorial jurisdiction, the address for service in India given by him (as per mandatory provision in Rule 18) is located. No change in the principal place of business in India or in the address for service in India shall affect the jurisdiction of the appropriate office once entered (Rule 5).

Furthermore, trade mark applications can be filed electronically through the website (www.ipindiaonline.gov.in/etmr/).

Review by the Trade Marks Office

After the application has been filed, the Trade Marks Office reviews it to ensure that it is complete in all respects and thereafter allots an application number to the applications. If the trade mark is registered, the application number becomes the registration number.

Preliminary Approval and Publication, Show Cause Hearing or Rejection of the Application

During the process of examination, the Trade Marks Office determines if the trade mark is barred for registration either under absolute grounds for refusal and/or relative grounds for refusal as prescribed in the Trade Marks Act, 1999. Accordingly, they issue an examination report and the Applicant must respond to the objections that have been raised in the examination report within a period of one month from the issuance of the examination report. Thereafter and based on the response to the examination report that has been filed by the Applicant, the Registrar of Trade Marks determines if the application should be refused, accepted for advertisement, accepted subject to certain limitations or put up for a “show cause” hearing, during which the application might be accepted, rejected or accepted subject to certain limitations. Should the application be rejected, the Applicant can approach the Intellectual Property Appellate Board to appeal the order of the Registrar of Trade Marks.

Registration

Within three months of the publication of the trade mark in the Trade Marks Journal, should the trade mark not be opposed by a third party, it will proceed for registration and the Trade Marks Registry will accordingly issue a registration certificate.

Requisites for Registration

The Trade Marks Act, 1999 does not expressly list any requisites for registration. The requirements for registration and the definition of trade mark have converged. Instead of detailing requisites for registration, grounds for refusal are listed in Section 9(1), (2) and (3) & Section 11 which conversely are requisites for registration. Most of the substantive law laid down by the Trade & Merchandise Marks Act, 1958 remains valid and would hold the ground for administering the provisions of Trade Marks Act, 1999. From previous operation of trade mark law, four categories of trade marks were made out i.e., names, signatures, words and other distinctive marks. Most of the principles relating thereto would hold good under the new dispensation.

Now any mark which is a trade mark may be registered for any goods or services if it is not hit by any of the two kinds of grounds for refusal or other specific prohibitions. The first requisite is that it should be a trade mark within the meaning of Trade Marks Act, 1999 which concept itself imports many conditions as has been mentioned earlier in the legal concept of trade mark. There emerge many conditions from the definition of trade mark in Section 2(1) (zb). The identification and distinguishing functions performed by the trade mark must be fulfilled by the trade mark sought to be registered in India. That the trade mark is registered in any other member country of Paris Convention* or has been refused to be registered is not a factor to be considered in relation to registration of the trade mark. Explanation to Section 9 has been inserted to dispel the fears in relation to fulfillment of Article 7 of the Paris Convention.

The next pre-requisite—distinctive character emerges from the presence of words “capable of distinguishing goods of one person from those of others....” in the definition of trade mark in Section 2(1) (zb). A mark shall be trade mark only if, in addition to fulfilling other conditions in the definition of trade mark, also satisfies the requirement of distinctive character. The term ‘distinctiveness’ has been changed to distinctive character, which would bring jurisprudence of distinguishing function of the trade mark in conformity with international practice. The Trade Marks Act, 1999, as in earlier laws also, recognizes that distinctive character may be inherent or acquired.

“Capable of Distinguishing the Goods or Services”

A mark which has a direct reference to the character or quality of the goods/services is considered as

inherently not capable of distinguishing. If the reference to the character or quality is only indirect or suggestive, the mark may be considered as possessing sufficient degree of inherent capacity to distinguish. As under the old law in determining whether a trade mark is capable of distinguishing, the tribunal should have regard to the extent to which the mark is inherently capable of distinguishing and also the extent to which it is in fact capable of distinguishing by virtue of use of the mark or of other circumstances. The fundamental principle is that “traders should not obtain any monopoly in the use of words as trade marks to the detriment of the members of the public, who, in the future and in connection with their goods might desire to use them”. [York Trade Mark 1982 FSR 101(House of Lords)]

Thus, the legal requirements to register a trade mark under the Act are:

- The selected mark should be capable of being represented graphically (that is in the paper form).
- It should be capable of distinguishing the goods or services of one undertaking from those of others.

It should be used or proposed to be used as a mark in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services and some person having the right either as proprietor or by way of permitted user, to use the mark whether with or without any indication of the identity of that person.

Duration and Renewal of Trade Mark Registration

Trade mark protection in India is perpetual subject to renewal of the registration after every 10 years. The application for renewal can be filed six months before the expiry of the validity period of the trade mark.

Section 25 of the Act allows registration of a trade mark for a period of 10 years. In keeping with the generally accepted international practice and to reduce the work-load of the Trade Marks Office, Section 25 allows renewal of registration for successive periods of 10 years, from the date of the original registration or the last renewal. With a view to facilitate renewal of registration, Section 25(3) provides for a grace period of six months for payment of renewal fee after expiry of registration, subject to the payment of the prescribed surcharge. Sub-section (4) provides for restoration of the trade marks to the register and renew the registration on payment of renewal fees.

Unlike patents, copyright or industrial designs, trade mark rights can last indefinitely if the owner continues to use the mark. However, if a registered trade mark is not renewed, it is liable to be removed from the register.

Should the rights holder of a trade mark come across a trade mark that is deceptively similar to their mark and which has been published in the Trade Marks Journal, they can oppose the impugned mark within three months of the publication of the journal.

A trader acquires a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and the extent of his trade. Priority in adoption and use of a trade mark is superior to priority in registration [*Consolidated Foods Corporation v. Brandon & Co. Pvt. Ltd.*, AIR 1965 Bom.35].

The Supreme Court in *Commissioner of Income-tax v. Finlay Mills Ltd.*, AIR 1951 SC 464, has held that the expenditure incurred on registration of trade mark is capital expenditure thus allowable deduction under the Income-tax Act.

In *Ramdev Food Products (P) Ltd. v. Arvind Bhai Rambai Patel*, 2006 (8) SCC 726, the Apex Court held that the registration of trade marks is envisaged to remove any confusion in the minds of the consumers. If, thus, goods are sold which are produced from two sources, the same may lead to confusion in the mind of the consumers. In a given situation, it may also amount to fraud on the public. A proprietor of a registered trade

mark indisputably has a statutory right thereto. In the event of such use by any person other than the person in whose name the trade mark is registered, he will have a statutory remedy in terms of Section 21 of the Trade & Merchandise Marks Act, 1958. Ordinarily, therefore, two people are not entitled to the same trade mark, unless there exists an express licence in that behalf.

OPPOSITION TO REGISTRATION

Section 21 provides that “any person” may give a Notice of Opposition to the application for registration of a trade mark whether he has or has not any commercial or personal interest in the matter. The person need not be a prior registered trade mark owner. He can be a customer, a purchaser or member of the public likely to use the goods. The question of *bona fides* of the opponent does not arise.

Essential requirements for filing Notice of Opposition:

- In all cases (whether an ordinary trade mark, collective mark or certification mark), the Notice of Opposition should be on the prescribed form TM-5, accompanied by the prescribed fee of ₹ 2,500.
- It should be filed at the appropriate office – see rule 8
- The provisions of rule 18 regarding 'address for service' must be complied with, where necessary.
- The Notice of Opposition should contain particulars as prescribed in Rule 48, which runs as follows:

A Notice of Opposition shall contain,-

- (a) in respect of an application against which opposition is entered-
 - (i) the application number against which opposition is entered;
 - (ii) an indication of the goods or services listed in the trade mark application against which opposition is entered; and
 - (iii) the name of the applicant for the trade mark.
- (b) in respect of the earlier mark or the earlier right on which the opposition is based,-
 - (i) where the opposition is based on an earlier mark, a statement to that effect and an indication of the status of earlier mark;
 - (ii) where available, the application number or registration number and the filing date, including the priority date of the earlier mark;
 - (iii) where the opposition is based on an earlier mark which is alleged to be a well-known trade mark within the meaning of sub-section (2) of section 11, an indication to that effect that an indication of the country or countries in which the earlier mark is recognized to be well known.
 - (iv) Where the opposition is based on an earlier trade mark having a reputation within the meaning of paragraph (b) of sub-clause (2) of section 11 of the Act, an indication to that effect and an indication of whether the earlier mark is registered or applied for;
 - (v) A representation of the mark of the opponent and where appropriate, a description of the mark or earlier right, and
 - (vi) Where the goods or services in respect of which earlier mark has been registered or applied for an in respect of which the earlier mark is well-known within the meaning of sub-section (2) of section 11 or has a reputation within the meaning of that section, the opponent shall when

indicating all the goods or services for which the earlier mark is protected, also indicate those goods or services on which the opposition is based.

(c) in respect of the opposing party-

- (i) where the opposition is entered by the proprietor of the earlier mark or of the earlier right, his name and address and an indication that he is the proprietor of such mark or right;
- (ii) where opposition is entered by a licensee not being a registered user, the name of the licensee and his address and an indication that he has been authorized to enter the opposition.
- (iii) where the opposition is entered by the successor in title to the registered proprietor of a trade mark who has not yet been registered as new proprietor, an indication to that effect, the name and address of the opposing party and an indication of the date on which the application for registration of the new proprietor was received by the appropriate office or, where this information is not available, was sent to the appropriate office; and
- (iv) where the opposing party has no place of business in India, the name of the opponents and his address for service in India.

Grounds of Opposition

Section 21, which provides for filing Notice of Opposition, does not refer to any ground on which the opposition may be filed. The opponent is thus at liberty to set up any ground which may support his opposition against the registration of the trade mark under any of the provisions of the Trade Marks Act, 1999 and the Rules prescribed there under.

However, under section 11(5), a trade mark shall not be refused registration on the grounds specified in sub-section (2) and (3), unless objection on any one or more of those grounds is raised in opposition proceedings by the proprietor of the earlier trade mark.

In this connection, it is to be noted that section 9 contains 'absolute grounds for refusal of registration' and section 11 contains provision for 'relative grounds for refusal of registration'. [See also section 12, section 13, section 14 and section 18, which may form grounds of opposition].

The following is a list of possible grounds for opposition to the registration.

- (1) That the trade mark advertised is not registrable in that it is neither distinctive nor capable of distinguishing or that it does not satisfy the requirements of the Act as to registrability;
- (2) The essential part of the said trade mark is a word in ordinary use, descriptive of the character or quality of the goods and the applicant is not entitled to acquire an exclusive right therein by registration;
- (3) That the trade mark is not capable of being represented graphically;
- (4) That the trade mark is devoid of distinctive character, that is to say, not capable of distinguishing the goods, or services of one person from those of another person;
- (5) That the trade mark consists exclusively of marks of indication which may serve to designate the kind, quality, intended purpose, values, geographical origin or the time of production of the goods or rendering of the services or other characteristics of the goods or services (mark which is directly descriptive of the character or quality of the goods or services or indicating geographical origin);
- (6) That the trade mark consists exclusively of marks or indications which have become in the current language or in the bona fide and established practice of the trade (may refer to generic names or

marks common to the trade);

- (7) That the trade mark is of such a nature as to deceive the public or cause confusion;
- (8) That the trade mark contains or comprises of any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India;
- (9) That the trade mark comprises or contains scandalous or obscene matter;
- (10) That the trade mark is :
 - (a) identical with or similar to an earlier trade mark, and
 - (b) is to be 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, and the earlier trade mark is a well known trade mark in India and the use of the later mark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trade mark;
- (11) That the use of the applicant's mark would be an infringement of the opponent's registration which could be restrained by the Court and the mark is therefore disentitled to protection in a Court;
- (12) That the applicants are not entitled to registration under s. 12 of the Act;
- (13) That the user claimed in the application for registration is not true;

GROUND FOR REFUSAL TO REGISTRATION

Absolute Grounds

Section 9(1) to (3) of the Act lists the absolute grounds for refusal of registration.

Section 9(1) prohibits the registration of those trade marks-

- (a) which are devoid of any distinctive character, that is to say, not capable of distinguishing the goods or services of one person from those of another person;
- (b) which consist exclusively of marks or indications which may serve in trade to designate the kind, quality, quantity, intended purpose, values, geographical origin or the time of production of the goods or rendering of the service or other characteristics of the goods or services; or
- (c) which consist exclusively of marks or indications which have become customary in the current language or in the bona fide and established practice of the trade.

However, a trade mark shall not be refused registration, if the mark has in fact acquired a distinctive character as a result of the use made of it or is a well known trade mark before the date of application for registration.

The basis of Section 9(1) is that a trader should not obtain a statutory monopoly through registration in a word which another trader might legitimately wish to use. A competitor should of course be entitled to make *bonafide* use of the word, to describe his goods or the place of manufacture. If a word, however, through use has become clearly associated in public mind with the goods/service of a particular trader, then it could not be legitimately used as a trade mark by a competitor. For this purpose the onus is on the applicant to show by cogent evidence that the trade mark, by reason of use has acquired distinctiveness in relation to his goods or services.

If a trade mark is devoid of distinctive character, the same can not be registered. In *Ambalal Sarbhai Enterprises Limited v. Tata Oil Mills Company Limited* 1988 OTC 73 Bom, it was held that the word PROMIX

was distinctive. The Court held that even though there are many trade marks in the register with the prefix PRO which is common to the trade, the applicants have particularly coined the word PROMIX and the same was not known earlier. Applicants are the proprietors of a series of trade marks having prefixed PRO as a leading distinguishing feature. Their trade mark is distinctive and so can be registered under the Act.

Length of user is a material factor to acquire distinctiveness in a trade mark (*Durga Dutt Sarma v. Navaratna Pharmaceutical Laboratories*, AIR 1962 Ker 156). This view was affirmed in *Kaviraj Pandit Durga Dutt Sharma v. Navaratna Pharmaceuticals Laboratories*, AIR 1965 SC 980. The Apex Court held that the length of user would, of course, be a material factor for the mark to become distinctive.

F. Hoffmann La Roche and Co. Ltd. v. Geoffrey Manners and Co. Pvt. Ltd., AIR 1970 SC 2062, the Supreme Court held that if the word DROPOVIT is not a descriptive word it must be an invented word. It is true that the word DROPOVIT is coined out of words commonly used by and known to ordinary persons knowing English. But the resulting combination produces a new word, a newly coined word which does not remind an ordinary person knowing English of the original words out of which it is coined unless he is so told or unless at least he devotes some thought to it. It follows that the word DROPOVIT being an invented word, is entitled to be registered as a trade mark and is not liable to be removed from the Register on which it already exists. [See also *Eastman Photographic Materials v. The Comptroller General*, (1898) 15 RPC 476; *Nestle v. Thankaraja*, AIR 1978 Mad 336].

In *Mahendra & Mahendra Paper Mills Ltd. v. Mahindra & Mahendra Ltd.*, AIR 2002 SC 117, the Supreme Court observed

"...the name has acquired a distinctiveness and a secondary meaning in the business or trade circles. People have come associate the name "Mahindra" with a certain standard of goods and services. Any attempt by another person to use the name in business and trade circles is likely to and in probability will create an impression of a connection with the plaintiffs' group of companies. Such user may also affect the plaintiff prejudicially in its business and trading activities."

Section 9(2) states that a mark shall not be registered as a trade mark if —

- (a) it is of such nature as to deceive the public or cause confusion;
- (b) it contains or comprises of any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India;
- (c) it comprises or contains scandalous or obscene matter;
- (d) its use is prohibited under the Emblems and Names (Prevention of Improper Use) Act, 1950.

Under Section 9(2), if the confusion arises from any factor whatsoever, even without involvement of any other mark or there being no similarity with any other mark, the registration may still be refused if the impugned mark is of such nature that it will cause confusion. For a successful opposition the opponent has to establish by proper evidence that its mark had acquired reputation by use and the mark of the applicant if registered is likely to cause confusion (*Anglo-French Drug Co. v. Brihans Laboratories*, 1995 IPLR 7).

The medical preparations sold at the prescription by doctors and supplied by qualified pharmacists have been considered a special case for determining deceptive similarity. The test was not of the ordinary customers but whether the pharmacists or doctors would be confused. Therefore, in the field of drugs and chemicals, the names with small variations are allowed. In *Burrough Wellcome v. Uni Sole Pvt. Ltd.*, 1999 PTC 188, the Bombay High Court has applied the test of person of ordinary intelligence as against doctors and pharmacists. The Court took the judicial notice of the fact that various medicines which are required by law to be sold per prescription, in actual practice they are sold without such prescription inspite of the mandate of the law.

In *Group Pharmaceuticals v. Alkem Labs. 1996, PTC (16)117*, opponents objections were sustained and the registration of the trade mark Metro-D for pharmaceutical preparations when opposed by the proprietor of Metro-N was refused as customers of ordinary prudence and average intelligence are likely to be deceived. [See also *Group Pharmaceuticals v. A.H. Robins Co., 2000 PTC 60 Mumbai Registry; Pioneer Bakers (P) Ltd. v. Kraft Jacobs, 1998 PTC 502*]

Section 9(3) prohibits registration of a mark, if it consists exclusively of shape of goods which results from the nature of the goods themselves or which is necessary to obtain a technical result or which gives substantial value to the goods. It is, however, explained that the nature of goods or services in relation to which the trade mark is used or proposed to be used shall not be a ground for refusal of registration.

Section 9(3) is intended to prevent permanent monopolies being created under the Trade Marks Act, by reason of trade marks constituted by the shape of goods giving the proprietor a permanent and substantial advantage over his potential competitors. It is considered that will create unacceptable distortions in the market.

In order to avoid an objection, a mark constituted by a shape must be sufficiently different from a shape which is -

- (a) characteristic of the product;
- (b) the norm or customary in the sector concerned.

In other words, the shape should not be descriptive and must stand out from the crowd, and in the case of new product development must not be a shape likely to be taken for the product concerned.

The fact that functional claim has been previously made in a patent application will be prima facie evidence that those aspects of the shape covered by the patent claim are necessary to achieve a technical result. This will attract objection under section 9(3)(b). The test is whether there are any significant aspects of the shape or its arrangement which are not only attributable to the achievement of a technical result.

The shape of an ornamental lamp, for example would appear to add substantial value to the goods by making it attractive. This would attract objection under section 9(3)(c) and also 9(3)(a).

Relative Grounds (Section 11)

Section 11 of the Act stipulates that where there exists a likelihood of confusion on the part of the public because of the identity with an earlier trade mark or similarity of goods or services, the trade mark shall not be registered. The registration of a mark which is merely reproduction or imitation of a well-known mark is also prohibited. Sub-section (3) prohibits the registration of a trade mark if or to the extent that, its use in India will be prevented by law of passing off or under the law of copyright unless the proprietor of the earlier trade mark consents to such registration.

The term “earlier trade mark” as per the Explanation appended to this Section means a registered trade mark or an international registration or a convention application which has a date of application earlier than the trade mark in question, or a trade mark, which on the date of application for registration or on the date of priority claimed was entitled to protection as a well known trade mark.

The proprietor of earlier trade mark is entitled to oppose the registration of a trade mark and prove it. In the opposition proceeding the Registrar shall protect a well-known trade mark against identical or similar trade marks and take into consideration the bad faith of either the applicant or the opponent affecting the rights relating to the trade mark. Further, the section also lays down the factors which the Registrar is required to take into account while determining the status of a well-known trade mark. The Section also lays down the

facts to be considered by the Registrar in determining whether a trade mark is known or recognised in a relevant section of the public.

What is a well known trade mark, the Delhi High Court held in *Tata Sons Ltd. v. Mr. Md. Jawed & Anron* (March, 2011) held that a well known trade mark is a mark which is widely known to the relevant section of the general public and enjoys a comparatively high reputation amongst them. On account of advancement of technology, fast access to information, manifold increase in international business, international travel and advertising/publicity on internet, television, magazines and periodicals, which now are widely available throughout the world of goods and services during fairs/exhibitions, more and more persons are coming to know of the trade marks which are well known in other countries, and which on account of the quality of the products being sold under those names and extensive promotional and marketing efforts, have come to enjoy trans-border reputation. It is, therefore, being increasingly felt that such trade marks need to be protected not only in the countries in which they are registered but also in the countries where they are otherwise widely known in the relevant circles so that the owners of well known trade marks are encouraged to expand their business activities under those marks to other jurisdictions as well.

Further, the Court observed that the owner of a well known trade mark may (i) seek cancellation or (ii) prevent registration of a trade mark which is same or similar to the well known mark irrespective of whether the impugned mark is in relation to identical or similar goods or services or in relation to other categories of goods or services. He may also prevent others from incorporating the well known trade mark as a part of their corporate name/business name. Even if a well known trade mark is not registered in India, its owner may avail these rights in respect of the trade mark registered/used or sought to be registered/used in India, provided that the well known mark is otherwise known to or recognized by the relevant section of public in India. The Trade Marks Act, 1999 accords a statutory protection to well known marks, irrespective of whether they are Indian marks or foreign marks. The existence of actual confusion or a risk of confusion is, however, necessary for the protection of a well known trade mark, as a result of infringement.

Concurrent Use - Exception to Section 11

To all the relative grounds of refusal, the Trade Marks Act, 1999 allows one exception in Section 12. As per Section 12 in the case of honest concurrent use, or of other special circumstances which make it proper so to do, the Registrar may permit the registration of trade marks which are identical or similar in respect of the same or similar goods or services, irrespective of the fact that any such trade mark is already registered or not. This is done so if in the opinion of the Registrar it is proper so to do in favour of more than one proprietor of trade mark. In such an event the Registrar is empowered to impose such conditions and limitations, as he deems fit. The provisions establish the superiority of trade mark rights acquired by use.

RIGHTS CONFERRED BY REGISTRATION

The registration of a trade mark confers on the registered proprietor of the trade mark the exclusive right to use the trade mark in relation to the goods or services in respect of which the trade mark is registered. While registration of a trade mark is not compulsory, it offers better legal protection for an action for infringement. As per Section 17 of the Act, the registration of a trade mark confers the following rights on the registered proprietor:

- (i) It confers on the registered proprietor the exclusive right to the use of the trade mark in relation to the goods or services in respect of which the trade mark is registered.
- (ii) If the trade mark consists of several matters, there is an exclusive right to the use of the trade mark taken as a whole. If the trade mark contains matter common to trade or is not of a distinctive character, there shall be no exclusive right in such parts.

- (iii) It entitles the registered proprietor to obtain relief in respect of infringement of the trade mark in the manner provided by the Trade Marks Act, 1999 when a similar mark is used on (a) same goods or services, (b) similar goods or services, (c) in respect of dissimilar goods or services.
- (iv) Registration of a trade mark forbids every other person (except the registered or unregistered permitted user) to use or to obtain the registration of the same trade mark or a confusingly similar mark in relation to the same goods or services or the same description of goods or services in relation to which the trade mark is registered.
- (v) After registration of the trade mark for goods or services, there shall not be registered the same or confusingly similar trade mark not only for the same goods or services but also in respect of similar goods or services by virtue of Section 11(1) of Trade Marks Act, 1999.
- (vi) Moreover, after registration of the trade mark for goods or services, there shall not be registered the same or confusingly similar trade mark even in respect of dissimilar goods or services by virtue of Section 11(2) in case of well-known trade marks.
- (vii) Registered trade mark shall not be used by any one else in business papers and in advertising. Use in comparative advertising should not take undue advantage of the trade mark. Such advertising should not be contrary to honest practices in industrial or commercial matters. The advertising should not be detrimental to the distinctive character or reputation of the trade mark.
- (viii) There is a right to restrict the import of goods or services marked with a trade mark similar to one's trade mark.
- (ix) There is a right to restrain use of the trade mark as trade name or part of trade name or name of business concern dealing in the same goods or services.

The registered trade mark continues to enjoy all the rights which vest in an unregistered trade mark. By registration the proprietor of an unregistered trade mark is converted into proprietor of the registered trade mark. An application for registration may be based on a trade mark in use prior to such application and such a trade mark is already vested with rights at Common law from the time the use of the mark was commenced.

INFRINGEMENT OF REGISTERED TRADE MARKS

Infringement, very broadly means taking unfair advantage or being detrimental to the distinctive character or reputation of a trade mark.

Under the Trade Marks Act, 1999 the meaning of infringement has been enlarged as more actions shall be taken as constituting infringement which are listed in Section 29.

Section 29 dealing with infringement of trade marks explicitly enumerates the grounds which constitute infringement of a registered trade mark. This section lays down that when a registered trade mark is used by a person who is not entitled to use such a trade mark under the law, it constitutes infringement. This section clearly states that a registered trade mark is infringed, if the mark is identical and is used in respect of similar goods or services; or the mark is deceptively similar to the registered trade mark and there is an identity or similarity of the goods or services covered by the trade mark; or the trade mark is identical and is used in relation to identical goods or services; and that such use is likely to cause confusion on the part of the public or is likely to be taken to have an association with the registered trade mark.

Sub-section (4) states that a person shall be deemed to have infringed a registered trade mark, if he uses a mark which is identical with or similar to the trade mark, and is used in relation to goods or services which

are not similar to those for which trade mark is registered; and the registered trade mark has a reputation in India and the use of the mark without due cause would take unfair advantage of or is detrimental to the distinctive character or repute of the registered trade mark. Sub-section (5) prohibits a person from using someone else's trade mark, as his trade name or name of his business concern or part of the name of his business concern dealing with goods or services in respect of which trade mark is registered.

A person shall be deemed to have used a registered trade mark in circumstances which include affixing the mark to goods or packaging, offering or exposing the goods for sale or supply of services, importing or exporting the goods, using the trade mark as trade name or trade mark on business paper or in advertising. A person shall also be deemed to have infringed a registered trade mark if he applies such registered trade mark to a material intended to be used for labelling or packaging goods as a business paper, or for advertising goods or services knowing that the application of such mark is not authorised by the proprietor or licensee. Advertising of a trade mark to take unfair advantage of, or against the honest industrial or commercial practices or which is detrimental to the distinctive character or is against the reputation of the trade mark shall constitute an infringement under Section 29(8) of the Act. Where the distinctive element of a registered trade mark consists of words, the spoken use of such words as well as visual representation for promoting the sale of goods or promotion of service would constitute infringement under Section 29(9) of the Act.

The infringement action is a statutory remedy available to the registered proprietor or to the registered user, based on statutory rights conferred by registration of a trade mark, subject to other restrictions laid down in Sections 30, 34, 35 of the 1999 Act.

An infringement action is available to the registered proprietor or registered user to enforce his exclusive right over the trade mark in relation to the goods in respect of which it is registered. If at the time of registration of trade mark, certain limitations or conditions have been imposed, then, the exclusive right has to be evaluated within the terms of such registration. If an offending use of the mark fulfils the conditions laid down in Section 29(1) discussed above, it squarely constitutes infringement

In *M/s J K Oil Mills v. M/s Adani Wilmar Ltd.*, 2010 (42) PTC 639 (Del.), the Delhi High Court held that in order to constitute infringement under the provisions of Section 29 of the Trade Marks Act, it would be necessary to show that impugned trade mark (label) is identical or deceptively similar to the registered trade mark. And once the plaintiff is able to establish that the impugned trade mark (label) is identical or deceptively similar to the registered trade mark (label) then, it matters little whether the defendant is using the impugned mark/label in respect of the goods and services which are not similar to those in respect of which the trade mark is registered.

In *Parle Products v. J P & Co.* AIR 1972 SC 1359, the Apex Court observed that in this case the packets are practically of the same size, the colour scheme of the two wrappers is almost the same; the design on both, though not identical, bears such close resemblance that one can easily be mistaken for the other. The essential features of both are that there is a girl with one arm raised and carrying something in the other with a cow or cows near her and hens or chickens in the foreground. In the background there is a farm house with a fence. The words "Gluko Biscuits" on one and "Glucose Biscuits" on the other occupy a prominent place at the top with a good deal of similarity between the two writings. Anyone, in our opinion, who has a look at one of the packets on a day, may easily mistake the other if shown on another day as being the same article which he had seen before. If one was not careful enough to note the peculiar features of the wrapper on the plaintiffs' goods, he might easily mistake the defendant's wrapper for the plaintiffs' if shown to him some time after he had seen the plaintiffs. After all, an ordinary purchaser is not gifted with the powers of observation of a Sherlock Holmes.

The Court held that the defendants' wrapper is deceptively similar to the plaintiffs' registered trade mark. For infringement nothing more is required to be proved. These days such cases which rely more on visual similarity involving get-up are classified in cases involving Trade Dress.

In *S.M. Dychem v. Cadbury India* 2000 PTC 297 (SC), the Apex Court said that on the first impression we are of the view that the dissimilarities appear to be clear and more striking to the naked eye than any similarity between the marks, and on the whole the essential features of two marks are different. The Court further said that if the essential features have been copied, the intention to deceive or cause confusion is not relevant in an infringement action. If a false representation is made out even when there is no intention to deceive or confuse it is sufficient to constitute infringement. However, in the present case on the question of relative strength, the decision must go in favour of the defendant and the High Court was right.

Thus, new trade marks made by introducing dissimilarities in the trade mark, which are based on the materials or features which are already incorporated in the existing trade marks, may not constitute infringement of such earlier trade marks if the totality of impression produced by the new mark is not confusing even though there are many similar parts in the trade mark.

The *Calcutta High Court in Hearst Corpn. v. Dalal Street Communication Ltd.* 1996 PTC 126 at 129 (Cal), said that in an action for infringement – (a) the plaintiff must be the registered owner of a trade mark; (b) the defendant must use a mark deceptively similar to the plaintiff's mark; (c) the use must be in relation to the goods in respect of which the plaintiff's mark is registered; (d) the use by the defendant must not be accidental but in the course of trade. In the present case, the plaintiff had been publishing a monthly magazine from 1933 and selling the same in the name of its registered trade mark 'Esquire' since 1942. The plaintiff also owned the copyright in the script, get-up and style in which the trade mark 'Esquire' is retailed. From October, 1994 the defendant started publishing a monthly magazine with the name 'Esquare'. Relying on the *Pianotist Co. Ltd. (1906) 23 RFC 774, Roche & Co. v. Manners & Co. (P) Ltd., AIR 1970 SC 2062 & 2064* wherein it was held that it must be seen whether there was an overall similarity between the two names in respect of the same description of goods, both visually as well as phonetically, the Court remarked that the covers of the magazines of the defendant would appear to be framed with the idea of attracting the male interest whatever might be the contents. For these reasons, on the basis of the phonetic similarity, it appears to be clear that an unwary purchaser of average intelligence and imperfect recollection would be likely to confuse the defendant's use of the mark 'Esquare' on its magazine with the plaintiff's publication 'Esquire'. Another way of considering the issue of infringement is if the defendant's mark was an imitation of the plaintiff's mark. This, of course, implies a certain lack of *bona fides* on the imitators' part. Injunction was issued to restrain the defendant from infringing registered trade mark of the plaintiff. [See also *Amritdhara Pharmacy v. Satya Deo* AIR 1963 SC 449].

In *Brooke Bond India v. C. Patel & Co.*, 1993 IPLR 220 (Cal.), the Court held that application by the defendants of the trade mark Taj Tea in India on the packets of tea is an infringement of the registered trade mark of the plaintiff. Interim injunction was issued even though the defendant was willing to alter the colour scheme and get up of his packets bearing trade mark Taj Tea. In *Cox Distillery v. McDowell & Co.*, 1999 PTC 507, the Court said that there is deceptive similarity between the label used by the plaintiff as his trade mark and the one introduced by the defendant. It amounts to infringement of the plaintiff's trade mark within the meaning of Section 29(1). The defendant was restrained from using COX DIPLOMAT premium Whisky as the defendant used the logo and print of similar size and word DIPLOMAT on label with the printed figure of human being which made his label similar to the registered trade mark of the plaintiff. [See also *Kewal Krishan Kumar v. Master Hawa Singh*, 2000 PTC206; *Amar Singh chawalwala v. Shree Wardhman Rice*, 1996 PTC 196; *J. R. Kapoor v. Micronix*, 1994 Supp (3) SCC 215; *Himalaya Drug v. SBL Ltd.* 1996, PTC 553].

The Calcutta High Court in *East and Hosiery Mills Pvt. Ltd. v. Agarwal Textiles Mills*, AIR 1971 (Cal), considered the resemblance in respect of the get up of the two marks phonetically 'Moti' and 'Sacha Moti'. It was found by the Court that 'Sacha Moti' was used by the defendants to imitate the name 'Moti' of the plaintiffs. There is phonetic similarity between the words. The explanation that the name 'Moti' has been taken from Moti Ram Gupta, father of one of the partners of the defendant firm was not accepted by the Calcutta High Court in the above case. Therefore, even though the defendant used his father's name, it was held that the defendant's use of the name and mark was likely to deceive or cause confusion or injury to the goodwill of the plaintiff's business.

The Supreme Court in *Ramdev Food Products (P) Ltd. v. Arvind Bhai Rambai Patel*, 2006 (8) SCC 726, held that a trade mark is the property of the manufacturer. The purpose of a trade mark is to establish a connection between the goods and the source thereof which would suggest the quality of goods. If the trade mark is registered, indisputably the use thereof by a person who is not otherwise authorised to do so would constitute infringement.

In *T.V. Venugopal v. Ushodaya Enterprises Ltd.*, (2011) 4 SCC 85, the Supreme Court noted that the respondent's mark "Eenadu" had acquired extraordinary reputation and goodwill in the State of Andhra Pradesh. It was held that the Appellant was clearly attempting to utilise the reputation and goodwill of the Respondents. The Court reasoned that allowing the Appellant to use the mark would create confusion in the mind of the consumers, leading the consumers to think that the incense sticks were manufactured by the Respondent's company. The Court said that permitting the Appellant to use the trade mark would lead to the erosion of the extra-ordinary reputation and goodwill acquired by the Respondent. The law is consistent that no one can be permitted to encroach upon the reputation and goodwill of other parties. This approach is in consonance with protecting proprietary rights of the Respondent company.

Delhi High Court in *Infosys Technologies Ltd. v. Adinath Infosys Pvt. Ltd. & Ors*, (November, 2011) held that by using the word INFOSYS which is the registered trade mark of the plaintiff as the key feature of its corporate name, defendant has clearly infringed the registered trade mark of the plaintiff. The Court restrained the defendant from using the expression "INFOSYS" or any other expression which is identical or deceptively similar to the trade mark "INFOSYS" as a part of its corporate name or for providing any of the services in which the plaintiff-company is engaged.

ASSIGNMENT AND TRANSMISSION

Assignment and Transmission have been defined under Section 2(1) (b) and 2(1)(zc) of the Trade Marks Act, 1999 respectively. Section 2(1) (b) defines "assignment" as assignment in writing by act of the parties concerned. Under section 2(1)(zc) "transmission" means transmission by operation of law, devaluation on the personal representative of a deceased person and any other mode of transfer, not being assignment.

Assignment of trade mark involves transfer of ownership of the trade mark to another person or entity. The provisions concerning assignment and transmission of trade mark are contained in section 37 to 45 of the Trade marks Act, 1999 read with rule 68 to 79 of the trade marks rules.

Section 37 entitles the registered proprietor of a trade mark to assign the trade mark and to give effectual receipts for any consideration for such assignment. Under the new Act, a registered trade mark is assignable and transmissible whether with or without goodwill of the business either in respect of all goods or services or part thereof. The assignment or transmission of trade mark has been prohibited under Section 40, where multiple exclusive rights would be created in more than one person in relation to same goods or services; same description of goods or services; or goods or services or description of goods or services associated with each other, the use of such trade marks would be likely to deceive or cause confusion.

Assignment of a trade mark without goodwill of business is not allowed unless the assignor obtains directions of the Registrar and advertises the assignment as per the Registrar's directions. The assignment and transmission of certification trade marks is allowed only with the consent of the Registrar. Associated trade marks are assignable and transmissible only as a whole but they will be treated as separate trade marks for all other purposes.

The assignment and transmission of trade marks is absolute. The validity of the assignment can be challenged only on the basis of the provisions contained in Sections 37 to 45 of Trade Marks Act, 1999.

POSITION OF UNREGISTERED TRADE MARK

An unregistered trade mark may be assigned or transmitted with or without the goodwill of the business concern. Earlier such an assignment or transmission without goodwill used to be on a different footing.

Section 39 of Trade Marks Act, 1999 has simplified the provisions in relation to assignment of unregistered trade mark without goodwill. It lays down that an unregistered trade mark may also be assigned with or without goodwill. Three conditions in Section 38(2) of Trade and Merchandise Marks Act, 1958 which were applicable on assignment of a trade mark without goodwill have been abrogated. Now, both unregistered and registered trade mark are subject to same conditions stated in Section 42, wherein such an assignee is required to apply to the Registrar within six months extendable by three months for directions with respect to advertisement. The assignee must issue the advertisement as directed for assignment to take effect, as the two limbs are cumulative.

Earlier Section 38 of the Trade & Merchandise Marks Act, 1958 provided for assignment or transmission of an unregistered trade mark without goodwill only if the following conditions were fulfilled:

- (i) used in same business as a registered trade mark;
- (ii) assigned at the same time to same person as registered trade mark;
- (iii) used on same goods as registered trade mark.

Thus, the unregistered trade mark had been coupled with a registered trade mark with regard to goods, business, time and person. The situation has changed under Section 39 of Trade Marks Act, 1999 and now, even an unregistered trade mark can be assigned or transmitted without the goodwill of the business concern, and, without subjecting it to the above condition of coupling it with a registered trade mark.

REGISTERED USERS

Sections 48 to 54 contain provisions relating to registered users. Section 50 empowers the Registrar to vary or cancel registration as registered user on the ground that the registered user has used the trade mark otherwise than in accordance with the agreement or in such a way as to cause or likely to cause confusion, or deception or the proprietor/registered user misrepresented or has failed to disclose any material facts for such registration or that the stipulation in the agreement regarding the quality of goods is not enforced or that the circumstances have changed since the date of registration, etc. However, Registrar has been put under obligation to give reasonable opportunity of hearing before cancellation of registration.

Section 51 empowers the Registrar to require the proprietor to confirm, at any time during the continuation of registration as registered user, whether the agreement on the basis of which registered user was registered is still in force, and if such confirmation is not received within a period of three months, the Registrar shall remove the entry thereof from the Register in the prescribed manner. The Act also recognises the right of registered user to take proceedings against infringement.

Section 54 provides that the registered user will not have a right of assignment or transmission. However, it is clarified that where an individual registered user enters into partnership or remains in a reconstituted firm, the use of the mark by the firm would not amount to assignment or transmission.

COLLECTIVE MARKS

The primary function of a collective mark is to indicate a trade connection with the Association or Organisation. To be registerable, the collective mark must be capable of being represented graphically and meet other requirements as are applicable to registration of trade marks in general.

Sections 61 to 68 contain provisions relating to the registration of collective trade marks. These provisions provide for registration of a collective mark which belongs to a group or association of persons and the use thereof is reserved for members of the group or association of persons. Collective marks serve to distinguish characteristic features of the products or services offered by those enterprises. It may be owned by an association which may not use the collective mark but whose members may use the same. The association ensures compliance of certain quality standards by its members, who may use the collective mark if they comply with the prescribed requirements concerning its use.

CERTIFICATION TRADE MARK

The purpose of certification trade mark is to show that the goods on which the mark is used have been certified by some competent person in respect of certain characteristics of the goods such as origin, mode of manufacture, quality, etc. The proprietor of a certification trade mark does not himself deal in the goods. A certification trade mark may be used in addition to the user's own trade mark on his goods. Unlike the old Act which empowered the Central Government to register certification trade mark, the new Act delegates the final authority for registration of certification trade mark to the Registrar. Sections 70 to 78 of the Trade Marks Act, 1999 deal with registration of certification trade marks.

Distinction between “Trade Mark” and “Certification Mark”

Trade marks in general serve to distinguish the goods or services of one person from those of others. The function of a certification trade mark is to indicate that the goods or services comply with certain objective standards in respect of origin, material, mode of manufacture of goods or performance of services as certified by a competent person.

OFFENCES, PENALTIES AND PROCEDURE

Sections 101 to 121 deal with the matters relating to offences, penalties and procedure. Some of the important provisions are discussed below.

1. Section 103 deals with the penalty for applying false trade mark, trade description, etc. and imposes punishment with imprisonment for a term which shall not be less than six months but which may extend to three years and with fine which shall not be less than fifty thousand rupees but which may extend to two lakh rupees.
2. Section 105 prescribes enhanced penalty on second and subsequent conviction for offences committed under sections 103 and 104 and imposes punishment with imprisonment which shall not be less than one year but which may extend to three years and with fine which shall not be less than one lakh rupees but which may extend to two lakh rupees.
3. Section 106 provides penalty for removing piece goods, etc., in violation of the provisions of Section 81 dealing with stamping of piece goods, cotton yarn and thread. This section provides for forfeiture of goods to the government and fine upto ₹ 1000.

4. Section 107 makes it an offence if a person falsely represents a trade mark as registered. It has been clarified that use of symbols like "R" in circle in relation to unregistered trade mark would constitute an offence. The punishment for such offences is imprisonment for a term which may extend to three years or with fine or with both. It is also clarified that where the mark in question is registered under the law of the country outside India, the use of the word or other expression to denote such registration in foreign country is permissible.
5. According to section 108, the use of any words which would lead to the belief that a person's place of business is officially connected with the Trade Mark Office shall be treated as offence and be punishable with imprisonment for a term which may extend to two years or with fine or with both.
6. Section 109 contains provisions for penalty for falsification of entries in the register. This offence is punishable with imprisonment not exceeding two years or with fine or with both.

Section 114 deals with offences by companies and provides that where a person committing offence is a company, every person in charge of and responsible to the company for the conduct of its business at the time of commission of an offence will be liable. Where a person accused proves that the offence was committed without his knowledge or he has exercised all due diligence to prevent the commission of such offence, he will not be liable. However, where it is proved that an offence has been committed with the consent or connivance or is attributable to any neglect of any Director, Manager, Secretary or any other officer of the company, he shall be deemed to be guilty of the offence. Explanation to this section defines a company as to mean body corporate and includes a firm or other association of individuals. The explanation also defines director in relation to a firm, as to mean a partner in the firm.

Relief in Suits for Infringement/Passing Off

Civil Litigation : A suit can be initiated either under the law of passing off or for infringement under the Trade Marks Act, 1999 depending on whether the trade mark is unregistered, pending registration or registered respectively.

- **Jurisdiction and Venue :** The suit for passing off and/or infringement can be initiated either in the District Court or in the High Court depending on the valuation of the suit. The suit can be at the place where the rights holder or one of the rights holders actually and voluntarily reside or work for gain or carries on business.
- **Elements of the Complaint :** In the complaint, the rights holder is required to demonstrate that (a) the alleged infringing act involves a mark that is identical or similar to a trade mark of the rights holder; (b) the infringing representation of a trade mark is being used in connection with goods or services and might lead to confusion in public regarding the origin of the infringing goods/services; (c) the unlawful act interfered with the trade mark holder's rights of exclusive use or caused the rights holder economic loss

Section 135 expressly stipulates that the relief which a Court may grant in any suit for infringement or for passing off referred to in Section 134 includes injunction (subject to such terms, if any, as the court thinks fit) and at the option of the plaintiff, either damages or an account of profits, together with or without any order for the delivery up of the infringing labels and marks for destruction or erasure.

Ex-parte Interim Injunction : Most Indian Courts will grant *ex-parte* interim injunctions. *Ex-parte* interim injunction is a temporary injunction granted without any notice to the infringer restraining him from using the infringing mark during the pendency of the trial. This injunction is normally granted at the early stages of the trial and many a times on the first date of hearing itself, provided that the rights holder is able to establish its rights before the Court and prove the gravity of the offence, merits immediate consideration.

An interlocutory order for any of the following matters can also be passed, namely:—

- (a) for discovery of documents;
- (b) preserving of infringing goods, documents or other evidence which are related to the subject-matter of the suit;
- (c) restraining the defendant from disposing of or dealing with his assets in a manner which may adversely affect plaintiff's ability to recover damages, costs or other pecuniary remedies which may be finally awarded to the plaintiff.

The Court shall not grant relief by way of damages (other than nominal damages) or on account of profits in any case—

- (a) where in a suit for infringement of a trade mark, the infringement complained of is in relation to a certification trade mark or collective mark; or
- (b) where in a suit for infringement the defendant satisfies the court—
 - (i) that at the time he commenced to use the trade mark complained of in the suit, he was unaware and had no reasonable ground for believing that the trade mark of the plaintiff was on the register or that the plaintiff was a registered user using by way of permitted use; and
 - (ii) that when he became aware of the existence and nature of the plaintiff's right in the trade mark, he forthwith ceased to use the trade mark in relation to goods or services in respect of which it was registered.

However, the Courts are restrained from granting relief by way of damages (other than nominal damages) or on account of profit in any case where the infringement complained of relates to certification mark or collective mark or where the defendant satisfies the Court that when he used the mark, he was unaware or had no reasonable ground of belief that the trade mark is registered one and when he came to know of existence and nature of plaintiff's right, he stopped the use of the trade mark.

The distinction between a suit based on infringement and that based on passing off was explained by the Supreme Court in *Kaviraj Pandit Durga Dutt Sharma v. Navratna Pharmaceutical Laboratories*, AIR 1965 SC 980. It was explained that "while an action for passing off is a common law remedy being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another, that is not the gist of an action for infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trade mark for the vindication of the 'exclusive right to the use of the trade mark in relation to those goods'. The use by the defendant of the trade mark of the plaintiff is not essential in an action for passing off, but is the sine qua non in the case of an action for infringement."

It was further noticed that "where the evidence in respect of passing off consists merely of the colourable use of a registered trade mark, the essential features of both the actions might coincide, in an action for infringement, the plaintiff must, no doubt, make out that the defendant's mark is so close either visually, phonetically or otherwise and the Court should reach the conclusion that there is an imitation" in which event it would be established that the plaintiff's rights are violated.

The grant of an injunction is a right expressly provided by the Trade Marks Act, 1999. The rules governing the grant of injunctions in trade mark cases are based on the provisions contained in Sections 36 to 42 of the Indian Specific Relief Act, 1963 and Order 39 Rules 1 and 2 read with Section 151 of the Code of Civil Procedure (*Century v. Roshanlal* AIR 1978 Del. 250).

In *Midas Hygiene Industries (P) Ltd. v. Sudhir Bhatia and Ors.*, AIR 2004 SC 186, it was held that the law on

the subject is well settled. In cases of infringement either of trade mark or of copyright, normally an injunction must follow. Mere delay in bringing action is not sufficient to defeat grant of injunction in such cases. The grant of injunction also becomes necessary if it *prima facie* appears that the adoption of the mark was itself dishonest.

In an action for infringement where the defendant's trade mark is identical with the plaintiff's mark, the Court will not enquire whether the infringement is such as is likely to deceive or cause confusion. The test, therefore, as to likelihood of confusion or deception arising from similarity of marks is the same both in infringement and passing off actions [See *Ruston & Hornsby Ltd. v. The Zamindara Engineering Co.*, AIR 1969 SC 304].

In *Ramdev Food Products Pvt. Ltd. v. Arvindbhai Rambhai Patel and Ors.*, AIR 2006, it was held that a *prima facie* case of irreparable injury has been made out by the Appellant. It may not be necessary to show more than loss of goodwill and reputation to fulfill the condition of irreparable injury. If the first two pre-requisites are fulfilled, irreparable loss can be presumed to have taken place.

It was further held that the grant of an interlocutory injunction is in exercise of discretionary power and hence, the Appellate Courts will usually not interfere with it. However, Appellate Courts will substitute their discretion if they find that discretion has been exercised arbitrarily, capriciously, perversely, or where the court has ignored settled principles of law regulating the grant or refusal of interlocutory injunctions. [*Wander Ltd. v. Antox India P. Ltd.*, (1990) Supp SCC 727; *Seema Arshad Zaheer v. MC of Greater Mumbai* (2006) 5 SCALE 263]

In *Laxmikant V. Patel v. Chetanbhai Shah and Anr.*, AIR 2001 SC 763, it was stated:

A person may sell his goods or deliver his services such as in case of a profession under a trading name or style. With the lapse of time such business or services associated with a person acquire a reputation or goodwill which becomes a property which is protected by Courts. A competitor initiating sale of goods or services in the same name or by imitating that name results in injury to the business of one who has the property in that name. The law does not permit any one to carry on his business in such a way as would persuade the customers or clients in believing that the goods or services belonging to someone else are his or are associated therewith. It does not matter whether the latter person does so fraudulently or otherwise. The reasons are two. Firstly, honesty and fair play are, and ought to be, the basic policies in the world of business. Secondly, when a person adopts or intends to adopt a name in connection with his business or services which already belongs to someone else, it results in confusion and has propensity of diverting the customers and clients of someone else to himself and thereby resulting in injury.

The Delhi High Court in *Toyota Jidosha Kabushiki Kaisha v. Deepak Mangal & Others*, 2010 (43) PTC 161(Del.), held that plaintiff is not entitled to the discretionary relief as prayed for by him. He has not been able to make any *prima facie* case in his favour for injunctioning the defendant from using the trade mark "PRIUS" on which the defendant is admittedly the registered proprietor and owner since 2002. Principles of equity and fair play also do not find favour with the plaintiff. The balance of convenience in fact lies in favour of the defendant. If at this stage i.e. after business growth of more than seven years, the defendant is injunctioned from using his trade name under which he is selling his auto accessory products, he would suffer huge business loss which would probably bring to a close not only his business reputation but all his legitimate financial expectations. On the other hand no irreparable loss or injury will be suffered by the plaintiff as admittedly the plaintiff is not in the market.

Plaintiff has given up all claims if any on the use of the mark "PRIUS" as he has knocked the doors of the Court after an unexplainable delay of more than six and half years. None of the ingredients for continuing of the interim injunction in favour of the plaintiff arise. If injunction is allowed to continue, the loss to be suffered

by the defendant would become irreparable as his business would come to stand still. In these circumstances, balance of convenience is also in favour of the defendant. The application of the defendant under Order 39 Rule 4 CPC is accordingly allowed and the interim ex parte injunction granted is set aside.

Recently in *Proctor & Gamble Co. & Anr v. Shipra Laboratories (November, 2011)*, the Delhi High Court held that it is not in dispute that the defendant has been using the trade mark SAFE GUARD for sale of antiseptic creams. There is practically no difference between the trade mark SAFEGUARD and SAFE GUARD since no person is likely to notice the space between the words SAFE and GUARD...

The Court observed that in any case, the defendant has no legal right to use the trade mark SAFEGUARD or any other mark identical or deceptively similar to this registered trade mark of the plaintiff in respect of any of the products for which registration has been granted. The plaintiffs, therefore, are entitled to an appropriate injunction, restraining the defendant from using the trade mark SAFE GUARD in respect of the product for which registration has been granted to it by Registrar of Trade marks in India.

Criminal Litigation: The Trade Marks Act, 1999 provides for remedies for infringement under the criminal laws too. The police have the power to *suo motu* conduct raids and seizure operations. However, the use of such powers by the police is minimal.

Under the criminal law, should the rights holder not be aware of the details (name, address, dates of infringement, etc.) of the infringers, it is advisable to procure a general search and seizure warrant from the local magistrate and thereafter organize search and seizure operations in that area. In the alternative, should the rights holder be aware of the details of the infringer a complaint can be lodged with the police authorities and raids organized accordingly. In a criminal proceeding, the litigation is between the State and the infringer and therefore the rights holder has a limited role to play. The maximum imprisonment that an infringer can get under the Trade Marks Act, 1999 is up to three years with a fine of up to ₹ two lakhs.

Provisions under the Customs Laws : Besides the civil and the criminal remedies mentioned herein above, there are also certain provisions under the trade mark law and the customs law which prohibit the importation of infringing goods in India. The Customs authorities have promulgated guidelines known as the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007, under which the rights holder can record their registered trade marks with the Customs authorities. These guidelines authorize the Custom officials to seize goods infringing the trade marks of the rights holder at the border without obtaining any orders from the Court.

These rules also empower the Custom officers to destroy the suspended goods under official supervision or dispose them outside the normal channels of commerce after it has been determined that the goods detained have infringed the trade marks of the rights holder and that no legal proceeding is pending in relation to such determination. These rules also prohibit the re-exportation of the goods infringing trade marks in an unaltered state.

Safeguards to be Taken by the Proprietor of a Registered Trade Mark to Protect his Rights

The proprietor of a registered trade mark has to take some safeguards to protect his rights. He should use and renew the trade mark regularly and in time. If the trade mark is misused by others he should file a suit for infringement and passing off and also take criminal action.

MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS (1891) AND THE PROTOCOL RELATING TO THAT AGREEMENT (1989)

Introduction

The system of international registration of marks is governed by two treaties:

The Madrid Agreement, concluded in 1891 and revised at Brussels (1900), Washington (1911), The Hague (1925), London (1934), Nice (1957), and Stockholm (1967), and amended in 1979, and the Protocol relating to that Agreement, which was concluded in 1989, with the aim of rendering the Madrid system more flexible and more compatible with the domestic legislation of certain countries which had not been able to accede to the Agreement.

The Madrid Agreement and Protocol are open to any State which is party to the Paris Convention for the Protection of Industrial Property. The two treaties are parallel and independent and States may adhere to either of them or to both. In addition, an intergovernmental organization which maintains its own Office for the registration of marks may become party to the Protocol. Instruments of ratification or accession must be deposited with the Director General of WIPO. States and organizations which are party to the Madrid system are collectively referred to as Contracting Parties.

The system makes it possible to protect a mark in a large number of countries by obtaining an international registration which has effect in each of the Contracting Parties that has been designated.

Who May Use the System?

An application for international registration (international application) may be filed only by a natural person or legal entity having a connection, through establishment, domicile or nationality, with a Contracting Party to the Agreement or the Protocol.

A mark may be the subject of an international application only if it has already been registered with the Trademark Office (referred to as the Office of origin) of the Contracting Party with which the applicant has the necessary connections. However, where all the designations are effected under the Protocol (see below) the international application may be based on a mere application for registration filed with the Office of origin. An international application must be presented to the International Bureau of WIPO through the intermediary of the Office of origin.

The International Application

An application for international registration must designate one or more Contracting Parties where protection is sought. Further designations can be effected subsequently. A Contracting Party may be designated only if it is party to the same treaty as the Contracting Party whose Office is the Office of origin. The latter cannot itself be designated in the international application.

The designation of a given Contracting Party is made either under the Agreement or under the Protocol, depending on which treaty is common to the Contracting Parties concerned. If both Contracting Parties are party to both the Agreement and the Protocol, the designation will be governed by the Agreement, in accordance with the so-called “safeguard clause” (**Article 9sexies of the Protocol relating to Madrid Agreement**).

Where all the designations are effected under the Agreement the international application, and any other subsequent communication, must be in French. Where at least one designation is effected under the Protocol, the applicant has the option of English or French, unless the Office of origin restricts this choice to one of these.

The filing of an international application is subject to the payment of a basic fee (which is reduced to 10% of the prescribed amount for international applications filed by applicants whose country of origin is a Least Developed Country (LDC), in accordance with the list established by the United Nations), a supplementary fee for each class of goods and/or services beyond the first three classes, and a complementary fee for each Contracting Party designated. However, a Contracting Party to the Protocol may declare that when it is

designated under the Protocol, the complementary fee is to be replaced by an individual fee, whose amount is determined by the Contracting Party concerned but may not be higher than the amount which would be payable for the registration of a mark with its Office.

International Registration

Once the International Bureau receives the international application, it carries out an examination for compliance with the requirements of the Agreement, the Protocol, and their Common Regulations. This examination is restricted to formalities, including the classification and comprehensibility of the list of goods and/or services; any matter of substance, such as whether the mark qualifies for protection or whether it is in conflict with an earlier mark, is left to each designated Contracting Party to determine. If there are no irregularities, the International Bureau records the mark in the International Register, publishes the international registration in the WIPO Gazette of International Marks, and notifies it to each designated Contracting Party.

Refusal of Protection

These Contracting Parties may examine the international registration for compliance with their domestic legislation and, if some substantive provisions are not complied with, they have the right to refuse protection in their territory. Any such refusal, including the indication of the grounds on which it is based, must be communicated to the International Bureau, normally within 12 months from the date of the notification. However, a Contracting Party to the Protocol may declare that, when it is designated under the Protocol, this time limit is extended to 18 months. Such a Contracting Party may also declare that a refusal based on an opposition may be communicated to the International Bureau even after this time limit of 18 months.

The refusal is communicated to the holder, recorded in the International Register and published in the Gazette. The procedure subsequent to a refusal (such as an appeal or a review) is carried out directly between the administration or court of the Contracting Party concerned and the holder, without any involvement of the International Bureau. The final decision concerning the refusal must, however, be communicated to the International Bureau, which records and publishes it.

Effects of an International Registration

The effects of an international registration in each designated Contracting Party are, as from the date of the international registration, the same as if the mark had been deposited directly with the Office of that Contracting Party. If no refusal is issued within the applicable time limit, or if a refusal originally notified by a Contracting Party is subsequently withdrawn, the protection of the mark in question is, from the date of the international registration, the same as if it had been registered by the Office of that Contracting Party.

Protection may be limited with regard to some or all of the goods or services or may be renounced with regard to only some of the designated Contracting Parties. An international registration may be transferred in relation to all or some of the designated Contracting Parties and all or some goods or services.

Advantages of the Madrid System

The system of international registration of marks has several advantages for trademark owners. Instead of filing many national applications in all countries of interest, in several different languages, in accordance with different national procedural rules and regulations and paying several different (and often higher) fees, an international registration may be obtained by simply filing one application with the International Bureau (through the Office of the home country), in one language (either English or French) and paying only one set of fees.

Similar advantages exist when the registration has to be renewed; this involves the simple payment of the necessary fees, every 10 years, to the International Bureau. Likewise, if the international registration is assigned to a third party or any other change, such as a change in name and/or address, has occurred, this may be recorded with effect for all the designated Contracting Parties by means of a single procedural step.

DOMAIN NAMES

Domain names are the human-friendly form of Internet addresses. A domain name is a unique name that identifies a website. For example, the domain name of the Tech Terms Computer Dictionary is "techterms.com." Each website has a domain name that serves as an address, which is used to access the website.

Whenever we visit a website, the domain name appears in the address bar of the web browser. Some domain names are preceded by "www" (which is not part of the domain name), while others omit the "www" prefix. All domain names have a domain suffix, such as .com, .net, or .org. The domain suffix helps identify the type of website the domain name represents. For example, ".com" domain names are typically used by commercial website, while ".org" websites are often used by non-profit organizations. Some domain names end with a country code, such as ".dk" (Denmark) or ".se" (Sweden), which helps identify the location and audience of the website

When we access a website, the domain name is actually translated to an IP address, which defines the server where the website located. This translation is performed dynamically by a service called (DNS). Domain names are formed by the rules and procedures of the Domain Name System (DNS). Technically, any name registered in the DNS is a domain name.

It is common-place for traders to have their electronic mail address and use the same in respect of their goods /services as trade name. In other words the domain name is being used as a trade name or trade mark, and the Registrar will, subject to the usual criteria of the Act, permit domain names to be registered as trade marks if otherwise registerable.

Elements of the domain name such as ".com" or ".co.in" are considered to be totally non-distinctive, much in the same way as "Ltd" and "Plc". As a general rule, one should consider whether the remainder of the mark is descriptive or non-distinctive; if so, there is likely to be an objection under Section 9(1)(a) of the Act.

WIPO Internet Domain Name Process

Domain names while designed to serve the function of enabling users to locate computers in an easy manner, they have acquired a further significance as business identifiers and, as such, have come into conflict with the system of business identifiers that existed before the arrival of the Internet and that are protected by intellectual property rights.

The tension between domain names, on the one hand, and intellectual property rights, on the other hand, have led to numerous problems that raise challenging policy questions. These policy questions have new dimensions that are a consequence of the intersection of a global, multipurpose medium, the Internet, with systems designed for the physical, territorial world.

In 1999, WIPO published its Report on the First WIPO Internet Domain Name Process, focusing on issues raised inter alia by the intersection of trademarks and domain names. The WIPO recommendations from the First Report were largely implemented by the Internet Corporation for Assigned Names and Numbers (ICANN), and have resulted in implementation of a successful administrative system for resolving domain name disputes involving trademarks and a system of best practices for domain name registration authorities, designed to avoid such conflicts.

However, a number of issues were identified as being outside the scope of the First WIPO Process, and required further consultation and resolution.

The Second WIPO Internet Domain Name Process was initiated at the request of the Member States of WIPO. The Second WIPO Process concerns a range of identifiers other than trademarks and is directed at examining the bad faith and misleading registration and use of those identifiers as domain names. These other identifiers, which form the basis of naming systems used in the real or physical world, are:

- International Nonproprietary Names (INNs) for pharmaceutical substances, a consensus-based naming system used in the health sector to establish generic names for pharmaceutical substances that are free from private rights of property or control;
- The names and acronyms of international intergovernmental organizations (IGOs);
- Personal names;
- Geographical identifiers, such as indications of geographical source used on goods, geographical indications, and other geographical terms;
- Trade names, which are the names used by enterprises to identify themselves.

The international legal framework for the protection of these other identifiers is not as developed as it is for the protection of trademarks. In some cases, for example, geographical indications and trade names, elements of international protection exist, but they do not constitute a complete system that is uniformly applied throughout the world. In other cases, for example, personal names and the names of geographical localities, such as cities, used outside the context of trade in goods, there are no clear elements of an international framework.

The Report finds that there is considerable evidence of the registration and use of the identifiers examined in the Report as domain names by persons who might be considered not to be properly entitled to use the identifiers in question. Moreover, it is clear from the comments received by WIPO in the process leading to the Report that the registration of these identifiers as domain names by such persons offends much sensitivity. For example, many commentators considered that the registration as domain names of the names of eminent political, scientific or religious persons, or the names of countries, cities or indigenous peoples, by parties without any association with the persons, places or peoples concerned, was unacceptable.

The possibility of registering these identifiers as domain names is a on sequence of the first-come, first-served, highly automated and efficient nature of the stem used for domain name registration, which does not involve any screening of domain name applications. That same system has also allowed the tremendous growth that has taken place in the use of the Internet, while acting as the means of preserving universal connectivity on the Internet.

While the sensitivities offended by the registration and use of the identifiers considered in this Report by unconnected parties must be acknowledged, the insufficiencies of the current international legal framework must also be recognized. It is for the international community to decide whether it wishes to address any of these insufficiencies in order to establish an adequate legal basis to deal with the practices that might be considered to be unacceptable. Chapter Two of the Report outlines the instruments at the disposal of international community for this purpose.

These instruments include self-regulation, the deployment of the contractual system within the DNS that allows ICANN to ensure certain uniform rules with respect to domain name registries, registrars and registrants, and the more traditional instrument of the treaty. These instruments are not exclusive, but can be

used in combination. Thus, the UDRP represents a deployment, through the contractual relations that make up the ICANN system, of established rules relating to trademark protection that have been developed in widely accepted treaties. It will be for the international community to choose not only whether it wishes to make new rules to deal with any of the identifiers examined in this Report, but also how it may wish to develop such rules and implement them.

The specific findings and recommendations made with respect to the various identifiers examined in this Report are:

- (i) For INNs, which are examined in Chapter Three of the Report, it is recommended that a simple mechanism be established which would protect INNs against identical domain name registrations. The mechanism would allow any interested party to notify WIPO that a domain name registration is identical to an INN, whereupon WIPO would, in conjunction with the World Health Organization (WHO), verify the exact similarity between the domain name and the INN and notify this to ICANN, which would, in turn, notify the registrar with which the registration was made that the domain name registration should be cancelled.
- (ii) For the names and acronyms of IGOs, which are examined in Chapter Four of the Report, it is recommended that States, as the constituents of IGOs, should work towards the establishment of an administrative dispute-resolution procedure, akin to the UDRP, where an IGO could bring a complaint that a domain name was the same or confusingly similar to the name or acronym of the IGO, that it has been registered without legal justification and that it likely to create a misleading association between the holder of the domain name registration and the IGO in question.
- (iii) For personal names, which are the subject of Chapter Five of the Report, it was found that there no existing international norms dealing with their protection and that national legal systems provide for a wide diversity of legal approaches to their protection. The sensitivities offended by the registration of personal names as domain names by parties unconnected with the persons in question is recognized, and it is suggested that the international community needs to decide whether it wishes to work towards some means of protection of personal names against abuse of domain name registrations.
- (iv) For geographical identifiers, which are dealt with in Chapter Six, it is recognized that certain norms exist at the international level which prohibit false and deceptive indications of geographical source on goods and which protect geographical indications, or the names of geographical localities with which goods having particular characteristics derived from that locality are associated. However, these rules apply to trade in goods and may require some adaptation to deal with the perceived range of problems with the misuse of geographical indications in the DNS. Furthermore, the lack of an international agreed list of geographical indications would pose significant problems for the application of the UDRP in this area because of the need to make difficult choices of applicable law. It is suggested that the international framework in this area needs to be further advanced before an adequate solution is available to the misuse of geographical indications in the DNS. As far as other geographical terms are concerned, the Report produces considerable evidence of the widespread registration of the names of countries, places within countries and indigenous peoples as domain names by persons unassociated with the countries, places or peoples. However, these areas are not covered by existing international laws and a decision needs to be taken as to whether such laws ought to be developed.
- (v) For trade names, which are the subject of Chapter Seven, the situation is similar to that of geographical indications, insofar as certain international norms exist for the protection of trade names, but fundamental problems exist in identifying across differing national approaches what

constitutes a protectable trade name, and consequently, in avoiding highly complex choices of applicable law on a global medium. It is recommended that no action be taken in this area.

LESSON ROUND UP

- A trade mark provides protection to the owner of the mark by ensuring the exclusive right to use it or to authorize another to use it in return for payment.
- With the advent of WTO, the law of trade marks is now modernized under the Trade Marks Act of 1999 which provides for the registration of service marks and introduces various other provisions in conformity with the Trade Mark Law in developed countries.
- The current law of trade marks contained in the Trade Marks Act, 1999 and is in harmony with two major international treaties on the subject, namely, The Paris Convention for Protection of Industrial Property and TRIPS Agreement, to both of which India is a signatory.
- Under the Act, Central Government appoints Controller-General of Patents, Designs, and Trade Marks, the Registrar of Trade Marks for the purposes of the Trade Marks Act 1999.
- The registration procedure in India is based on the 'first to file' system. It is therefore important that the rights holder applies for the registration of its mark as soon as possible.
- The registration of a trade mark confers on the registered proprietor of the trade mark the exclusive right to use the trade mark in relation to the goods or services in respect of which the trade mark is registered. While registration of a trade mark is not compulsory, it offers better legal protection for an action for infringement
- The meaning of infringement has been enlarged as more actions shall be taken as constituting infringement which are listed in Section 29. The Act has simplified the provisions in relation to assignment of unregistered trade mark without goodwill providing that an unregistered trade mark may also be assigned with or without goodwill.
- The Act contains provisions relating to registered users and empowers the Registrar to vary or cancel registration as registered user on the grounds stipulated therein.
- The primary function of a collective mark is to indicate a trade connection with the Association or Organisation. To be registerable, the collective mark must be capable of being represented graphically and meet other requirements as are applicable to registration of trade marks in general.
- The function of a certification trade mark is to indicate that the goods or services comply with certain objective standards in respect of origin, material, mode of manufacture of goods or performance of services as certified by a competent person.
- The proprietor of a registered trade mark has to take some safeguards to protect his rights. He should use and renew the trade mark regularly and in time. If the trade mark is misused by others he should file a suit for infringement and passing off and also take criminal action.
- The system of international registration of marks is governed by two treaties: the Madrid Agreement, and the Protocol relating to that Agreement. An application for international registration (international application) may be filed only by a natural person or legal entity having a connection, through establishment, domicile or nationality, with a Contracting Party to the Agreement or the Protocol.
- In 1999, WIPO published its Report on the first WIPO Internet Domain Name Process, focusing on issues raised inter alia by the intersection of trademarks and domain names.

SELF TEST QUESTIONS

1. Enumerate the salient features of the Trade Marks Act, 1999.
2. Distinguish between the following:-
 - (a) Trade mark and property mark
 - (b) Trade mark and certification mark
 - (c) Assignment and transmission
3. Explain the following terms under the Trade Marks Act, 1999:-
 - (a) Well-known trade mark
 - (b) Certification trade mark
 - (c) Collective mark
 - (d) Permitted use
4. Who may apply for a trade mark? Briefly explain the provisions relating to registration process of a trade mark.
5. The registration of a trade mark confers on the registered proprietor of the trade mark the exclusive right to use the trade mark in relation to the goods or services in respect of which the trade mark is registered. Discuss.
6. What are the grounds for refusal of registration of a trade mark?
7. What is infringement? What actions under the Trade Marks Act, 1999 constitute infringement of a trade mark?
8. What remedies are available to the owner of the mark in the case of infringement of his trade mark?
9. What is the position of an unregistered trade mark under the Trade Marks Act, 1999?

Lesson 8

COPYRIGHT

LESSON OUTLINE

- Introduction
- Meaning of Copyright
- Works in which Copyright Subsists
- Author & Ownership of Copyright
- Term of Copyright
- Copyright Societies & Copyright Board
- Assignment and Licensing of Copyright
- Registration of Copyright
- Infringement of Copyright
- Remedies against Infringement of Copyright
- Appeals
- International Conventions
- Lesson Round Up
- Self Test Questions

LEARNING OBJECTIVES

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. Unlike the case with patents, copyright protects the expressions and not the ideas. There is no copyright in an idea.

Just as you would want to protect anything that you own, creators want to protect their works. Copyright ensures certain minimum safeguards of the rights of authors over their creations, thereby protecting and rewarding creativity.

Creativity being the keystone of progress, no civilized society can afford to ignore the basic requirement of encouraging the same. Economic and social development of a society is dependent on creativity. The protection provided by copyright to the efforts of writers, artists, designers, dramatists, musicians, architects and producers of sound recordings, cinematograph films and computer software, creates an atmosphere conducive to creativity, which induces them to create more and motivates others to create.

Often students are taught the value of original thinking and the importance of not plagiarizing the works of others. The objective of the study lesson is to make them realize the ethical/moral aspects involved in using materials protected by copyright, besides increase their knowledge and understanding of the copyright law as such, why copyright law exists and where it all started and the key changes that have occurred in the domain of copyright.

INTRODUCTION

The idea of Copyright protection only began to emerge with the invention of printing, which made it for literary works to be duplicated by mechanical processes instead of being copied by hand. This led to the grant of privileges, by authorities and kings, entitling beneficiaries exclusive rights of reproduction and distribution, for limited period, with remedies in the form of fines, seizure, confiscation of infringing copies and possibly damages.

However, the criticism of the system of privileges led to the adoption of the Statute of Anne in 1709, the first copyright Statute. In the 18th century there was dispute over the relationship between copyright subsisting in common law and copyright under the Statute of Anne. This was finally settled by House of Lords in 1774 which ruled that at common law the author had the sole right of printing and publishing his book, but that once a book was published the rights in it were exclusively regulated by the Statute. This common law right in unpublished works lasted until the Copyright Act, 1911, which abolished the Statute of Anne.

Copyright is a well recognised form of property right which had its roots in the common law system and subsequently came to be governed by the national laws in each country. Copyright as the name suggests arose as an exclusive right of the author to copy the literature produced by him and stop others from doing so. There are well-known instances of legal intervention to punish a person for copying literary or aesthetic output of another even before the concept of copyright took shape. The concept of idea was originally concerned with the field of literature and arts. In view of technological advancements in recent times, copyright protection has been expanded considerably. Today, copyright law has extended protection not only to literary, dramatic, musical and artistic works but also sound recordings, films, broadcasts, cable programmes and typographical arrangements of publications. Computer programs have also been brought within the purview of copyright law.

Copyright ensures certain minimum safeguards of the rights of authors over their creations, thereby protecting and rewarding creativity. Creativity being the keystone of progress, no civilized society can afford to ignore the basic requirement of encouraging the same. Economic and social development of a society is dependent on creativity. The protection provided by copyright to the efforts of writers, artists, designers, dramatists, musicians, architects and producers of sound recordings, cinematograph films and computer software, creates an atmosphere conducive to creativity, which induces them to create more and motivates others to create.

In India, the law relating to copyright is governed by the Copyright Act, 1957 which has been amended in 1983, 1984, 1985, 1991, 1992, 1994, 1999 and 2012 to meet with the national and international requirements. The amendment introduced in 1984 included computer program within the definition of literary work and a new definition of computer program was inserted by the 1994 amendment. The philosophical justification for including computer programs under literary work has been that computer programs are also products of intellectual skill like any other literary work.

In 1999, the Copyright Act, 1957 was further amended to give effect to the provisions of the TRIPs agreement providing for term of protection to performers rights at least until the end of a period of fifty years computed from the end of the calendar year in which the performance took place. The Amendment Act also inserted new Section 40A empowering the Central Government to extend the provisions of the Copyright Act to broadcasts and performances made in other countries subject to the condition however that such countries extend similar protection to broadcasts and performances made in India. Another new Section 42A empowers the Central Government to restrict rights of foreign broadcasting organisations and performers.

The Act is now amended in 2012 with the object of making certain changes for clarity, to remove operational

difficulties and also to address certain newer issues that have emerged in the context of digital technologies and the Internet. Moreover, the main object to amendments the Act is that in the knowledge society in which we live today, it is imperative to encourage creativity for promotion of culture of enterprise and innovation so that creative people realise their potential and it is necessary to keep pace with the challenges for a fast growing knowledge and modern society.

MEANING OF COPYRIGHT AND THE RIGHTS CONFERRED

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. In fact, it is a bundle of rights including, inter alia, rights of reproduction, communication to the public, adaptation and translation of the work. It means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatsoever (*Kartar Singh Giani v. Ladha Singh & Others AIR 1934 Lah 777*).

Section 14 of the Act defines the term Copyright as to mean the exclusive right to do or authorise the doing of the following acts in respect of a work or any substantial part thereof, namely

In the case of literary, dramatic or musical work (except computer programme):

- (i) reproducing the work in any material form which includes storing of it in any medium by electronic means;
- (ii) issuing copies of the work to the public which are not already in circulation;
- (iii) performing the work in public or communicating it to the public;
- (iv) making any cinematograph film or sound recording in respect of the work;

making any translation or adaptation of the work.

Further any of the above mentioned acts in relation to work can be done in the case of translation or adaptation of the work.

In the case of a computer programme:

- (i) to do any of the acts specified in respect of a literary, dramatic or musical work; and
- (ii) to sell or give on commercial rental or offer for sale or for commercial rental any copy of the computer programme. However, such commercial rental does not apply in respect of computer programmes where the programme itself is not the essential object of the rental.

In the case of an artistic work:

- (i) reproducing the work in any material form including depiction in three dimensions of a two dimensional work or in two dimensions of a three dimensional work;
- (ii) communicating the work to the public;
- (iii) issuing copies of work to the public which are not already in existence;
- (iv) including work in any cinematograph film;

making adaptation of the work, and to do any of the above acts in relation to an adaptation of the work.

In the case of cinematograph film and sound recording:

- (i) making a copy of the film including a photograph of any image or making any other sound recording embodying it;

- (ii) selling or giving on hire or offer for sale or hire any copy of the film/sound recording even if such copy has been sold or given on hire on earlier occasions; and
- (iii) communicating the film/sound recording to the public.

In the case of a sound recording:

- To make any other sound recording embodying it
- To sell or give on hire, or offer for sale or hire, any copy of the sound recording
- To communicate the sound recording to the public.

The main objective of the Act is to give protection to the owner of the copyright from the dishonest manufacturers, who try to confuse public and make them believe that the infringed products are the products of the owner. Further, it wants to discourage the dishonest manufacturers from encroaching the goodwill of the owner of the copyright, who has established itself in the market with its own efforts [*Hawkins Cookers Ltd.v. Magicook Appliances Co.*, 00(2002) DLT698].

Unlike the case with patents, copyright protects the expressions and not the ideas. There is no copyright in an idea. In *M/s Mishra Bandhu Karyalaya & Others v. Shivaratanlal Koshal AIR 1970 MP 261*, it has been held that the laws of copyright do not protect ideas, but they deal with the particular expression of ideas. It is always possible to arrive at the same result from independent sources. The rule appears to be settled that the compiler of a work in which absolute originality is of necessary excluded is entitled, without exposing himself to a charge of piracy, to make use of preceding works upon the subject, where he bestows such mental labour upon what he has taken, and subjects it to such revision and correction as to produce an original result.

Whether one book is a copy of the other or not, it was held in *S K Dutt. V. Law Book Co. & Others AIR 1954 All 57*, in deciding the question whether one book is a copy of the other or not the Court has, in one view, to keep in mind the two features of the two books, namely, the external and the internal features. By external features means the get-up and the 'overall' scope of the publication. By internal features means the general lay out of the subject-matter, the manner of the treatment of the subject matter and the amount of material contained in the book.

Works in Which Copyright Subsists

Section 13 of the Copyright Act provides that copyright shall subsist throughout India in certain classes of works which are enumerated in the section. Copyright subsists throughout India in the following classes of works:

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

In *Macmillan and Company Limited v. K. and J. Cooper, AIR 1924 PC 75*, it was held that the word 'original' does not mean that the work must be the expression of original or inventive thought. Copyright Acts are not concerned with the origin of ideas, but with the expression of thought; and in the case of 'literary work, with the expression of thought in print or writing. The originality which is required relates to the expression of the thought; but the Act does not require that the expression must be in an original or novel form, but that the work must not be copied from another work—that it should originate from the author. What is the precise amount of the knowledge, labour, judgement or literary skill or taste which the author of any book or other compilation must bestow upon its composition in order to acquire copyright in it within the meaning of the

Copyright Act cannot be defined in precise terms. In every case it must depend largely on the special facts of that case, and must in each case be very much a question of degree.

In *Camlin Private Limited v. National Pencil Industries*, (2002) Del, Delhi High Court held that copyright subsists only in an original literary work. But it is not necessary that the work should be the expression of the original or inventive thought, for Copyright Act are not concerned with the originality of ideas, but with the expression of thought, and in the case of a literary work, with the expression of thought in print or writing. Originality for the purpose of copyright law relates to the expression of thought, but such expression need not be original or novel. The essential requirement is that the work must not be copied from another work but must originate from the author.

An artistic work means-

- 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; and
- any other work of artistic craftsmanship.

Word “artistic” is merely used as a generic term to include the different processes of creating works set out in the definition section and that provides that a work produced by one such processes, and that its creation involved some skill or labour on the part of the artist, it is protected [*Associated Publishers (Madras) Ltd. v. K. Bashyam alias ‘Arya’ & Another* AIR 1961 Mad. 114 (1962) 1 Mad LJ 258].

What is required for copyright protection in an artistic work is ‘originality’. It is not originality of idea or the theme behind the work but the expression of the work which requires to be original. The originality required as per the Act is a minimum amount of originality. What is prevented under the Copyright Act is making of copies without permission of the author. A copy is one which is either a reproduction of the original or a work which closely resembles the original [*Challenger Knitting Mills v. Kothari Hosery Factory* 2002 PTC (24) 756 Del. (Reg.)].

"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. A musical work need not be written down to enjoy copyright protection.

"Sound recording" means a recording of sounds from which sounds may be produced regardless of the medium on which such recording is made or the method by which the sounds are produced. A phonogram and a CD-ROM are sound recordings.

"Cinematograph film" means any work of visual recording on any medium produced through a process from which a moving image may be produced by any means 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 expression “cinematograph film” in Section 2(f) of the Copyright Act, 1957 includes video film also which has been recorded in VCR. *Entertaining Enterprises & Others v. State of Tamil Nadu & Another* AIR 1984 Mad. 278.

The Bombay High Court in *Fortune Films International v. Dev Anand & Another* AIR 1979 Bom.17, has held that in view of the definitions of “artistic work”, “dramatic work” and cinematograph film”, it would appear that the Copyright Act, 1957 does not recognize the performance of an actor as ‘work’ which is protected by the Copyright Act.

COPYRIGHT PERTAINING TO SOFTWARE

The definition of "Literary work" under section 2 (o) of the Copyright Act, 1957 includes computer programmes, tables and compilations including computer "literary data bases. Computer programme as stated above was included within the definition of "literary work" in 1984 and the new definition of "computer programme" under Section 2 (ff) introduced in 1994 means a set of instructions expressed in words, codes or in any other form, including a machine-readable medium, capable of causing a computer to perform a particular task or achieve a particular result.

Computer programmes (also known as "software") originated with the invention of the computer itself. However, it was only with the advent of Personal Computers (PCs) in the 1980s that software became widely available and the need for protecting software under Copyright law became an issue. In the initial stages, computer programmes were developed by the manufacturers of computers themselves. With the emergence of wide use of PCs, production of software became delinked from manufacturers of computers. Development and manufacturing of software has now become an independent activity and the number of companies engaged in this activity has also increased. It is however the output and variety which has grown manifold which has given rise to problems of enforcement of Copyright in them. While vigorous competition among producers of software has, on the one hand brought about improvement in the quality of computer programmes and brought down the prices, the increased opportunities have also given rise to what is commonly known as "software piracy" - the activity of duplicating and distributing software without authority from the holder of the copyright.

The philosophical justification for including computer programmes within the definition of 'literary work' has been that computer programmes are also products of intellectual skill like any other literary work. Developing a computer programme is an activity which is comparable to the writing of a novel or other literary work excepting that the "language" used as well as its uses are of a very different kind. Though a software can be written by individual programmer, most of the major software's are the outcome of group efforts, where medium to large sized teams spend months or even years to write a programme.

Like the unauthorised copying of literary works, unauthorised copying of computer programmes also attracts the same legal consequences under the Copyright law. However, since the facility of copying a computer software and its duplication is within the easy reach of a potential pirate and since copies of software are indistinguishable from the original, publishers/owners of software are also confronted with daunting problems for safeguarding their interests under the Copyright law when large scale software piracy takes place. Software piracy has assumed enormous proportions in certain countries and has become a friction point in international trade negotiations. Within domestic jurisdictions also software piracy has thrown up serious challenges to enforcement authorities. The Copyright (Amendment) Act, 1994 has tried to address these questions and has incorporated internationally recognised standards and procedures for enforcement of copyright in the field of computer programmes. The relevant provisions have been discussed under remedies against infringement of copyright

AUTHORSHIP AND OWNERSHIP

Copyright protects the rights of authors, i.e., creators of intellectual property in the form of literary, musical, dramatic and artistic works and cinematograph films and sound recordings. Generally the author is the first owner of copyright in a work.

"Author" as per Section 2(d) of the Act means

- In the case of a literary or dramatic work the author, i.e., the person who creates the work.
- In the case of a musical work, the composer.

- In the case of a cinematograph film, the producer.
- In the case of a sound recording, the producer.
- In the case of a photograph, the photographer.
- In the case of any literary, dramatic, musical or artistic work which is computer-generated, the person who causes the work to be created.

In a musical sound recording there are many right holders. For example, the lyricist who wrote the lyrics, the composer who set the music, the singer who sang the song, the musician (s) who performed the background music, and the person or company who produced the sound recording.

A sound recording generally comprises various rights. It is necessary to obtain the licences from each and every right owner in the sound recording. This would, inter alia, include the producer of the sound recording, the lyricist who wrote the lyrics, and the musician who composed the music.

In the case of a government work, government shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein.

In the case of a work made or first published by or under the direction or control of any public undertaking, such public undertaking shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein.

In the case of a literary, dramatic or artistic work made by the author in the course of his employment by the proprietor of a newspaper, magazine or similar periodical under a contract of service or apprenticeship, for the purpose of publication in a newspaper, magazine or similar periodical, the said proprietor shall, in the absence of any agreement to the contrary, be the first owner of the copyright in the work in so far as the copyright relates to the publication of the work in any newspaper, magazine or similar periodical, or to the reproduction of the work for the purpose of its being so published, but in all other respects the author shall be the first owner of the copyright in the work.

In the case of a work made in the course of the author's employment under a contract of service or apprenticeship, the employer shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein.

In the case of a photograph taken, or a painting or portrait drawn, or an engraving or a cinematograph film made, for valuable consideration at the instance of any person, such person shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein.

Term of Copyright

Sections 22 to 29 deal with term of copyright in respect of published literary, dramatic, musical and artistic works; anonymous and pseudonymous; posthumous, photographs, cinematograph films, sound recording, Government works, works of PSUs and works of international organisations.

Literary, dramatic, musical or artistic works enjoy copyright protection for the life time of the author plus 60 years beyond i.e. 60 years after his death. In the case of joint authorship which implies collaboration of two or more authors in the production of the work, the term of copyright is to be construed as a reference to the author who dies last.

In the case of copyright in posthumous, anonymous and pseudonymous works, photographs, cinematograph films, sound recordings, works of Government, public undertaking and international organisations, the term of protection is 60 years from the beginning of the calendar year next following the year in which the work has been first published.

The Copyright (Amendment) Act, 1994 has given special right to every broadcasting organisation known as broadcast reproduction right in respect of its broadcasts. This right is to be enjoyed by every broadcasting organisation for a period of twenty-five years from the beginning of the calendar year next following the year in which the broadcast is made. In terms of Copyright (Amendment) Act, 1999 if any performer appears or engages in any performance, he has a special right in relation to such performance called performers right to be enjoyed for a period of fifty years.

COPYRIGHT OFFICE

Section 9 of the Copyright Act requires for establishment of an office to be called the Copyright Office for the purpose of the Act. The Copyright Office is to be under the immediate control of a Registrar of Copyrights to be appointed by the Central Government, who would act under the superintendence and directions of the Central Government.

Copyright Board

Section 11 of the Act provides for the establishment of the Copyright Board and empowers the Central Government to constitute the same consisting of a Chairman and not less than two, but not more than fourteen members. Chairman of the Board should be a sitting or retired judge of the High Court or a person qualified to be appointed as judge of the High Court. The Registrar of Copyright to act as Secretary of the Copyright Board.

Functions of the Copyright Board

The main functions of the Copyright Board are as under:

1. Settlement of disputes as to whether copies of any literary, dramatic or artistic work or records are issued to the public in sufficient numbers.
2. Settlement of disputes as to whether the term of copyright for any work is shorter in any other country than that provided for that work under the Act.
3. Settlement of disputes with respect to assignment of copyright as dealt with in Section 19A.
4. Granting of compulsory licences in respect of Indian works withheld from public.
5. Granting of compulsory licence to publish unpublished Indian works.
6. Granting of compulsory licence to produce and publish translation of literary and dramatic works.
7. Granting of compulsory licence to reproduce and publish literary, scientific or artistic works for certain purposes.
8. Determination of royalties payable to the owner of copyright.
9. Determination of objection lodged by any person as to the fees charged by Performing Rights Societies.
10. Rectification of Register on the application of the Registrar of Copyright or of any person aggrieved.

The Copyright Board has no powers to limit the user of copyright to any particular territorial area. The appeal against orders passed by the Copyright Board except under Section 6 lies to the High Court within whose jurisdiction the appellant resides or carries on business.

The scope of the powers of the Copyright Board has been explained in the case of *Shri Urmila Charan Gupta v. Shri Charushila Sharan Gupta and Sumitra Nandand Gupta 1983 PTC 84*. In this case it has been held

that if the Board, in its powers, thinks fit or agrees to dispose of the matter of all the 38 books on a single application, no one else is given the right to question its propriety.

Assignment of Copyright

The owner of the copyright in an existing work or the prospective owner of the copyright in a future work may assign to any person the copyright. Section 18 of the Copyright Act provides for the assignment of copyright in an existing work as well as future work. In both the cases an assignment may be made of the copyright either wholly or partially and generally or subject to limitations and that too for the whole period of copyright or part thereof. However, in case of assignment of copyright in any future work, the assignment has the real effect only when the work comes into existence. Section 18(3) explains that an assignee in respect of assignment of the copyright in future work include the legal representative of the assignee, if the assignee dies before the work comes into existence.

Sections 17 and 18 of the Copyright Act, 1957 show where the copyright vests. If a work is done by an author for a consideration for a publisher, the copyright in it would normally vest in the publisher subject to any contract to the contrary, as is provided by Section 17 of the said Act. It can be legitimately said that this Section has been inserted in the Act of 1957, but the rule of law has been same even prior to this statutory provision. Secondly as provided by Section 18, the copyright could be assigned, and if it is so done it would be vested in the purchaser. (*Khemraj Shrikrishnadass v. M/s Garg & Co. and Another AIR 1975 Del 130.*)

Mode of Assignment

Section 19 of the Act provides that an assignment of copyright should be in writing signed by the owner of the copyright. Mere acceptance of remuneration or delivery of manuscript does not constitute an assignment of copyright. Oral assignment is invalid and it is impermissible in law. *Setty v. Dr. Suryakantha U. Kamath K.A. Venugopala Setty v. Dr. Suryakantha U. Kamath AIR 1992 Kar 1.*

Section 19 requires that the assignment should be in writing signed by the assignor or by his duly authorized agent—if the assignment appears from any document and it is signed by the assignor or by his authorized agent the statutory requirement is fulfilled. *Srimagal and Co. v. Books (India) Pvt. Ltd. & Others AIR 1973 Mad 49: (1972) 2 Mad LJ 610.*

Copyright is different from the material object which is the subject of the copyright. So it should be clear that the transfer of the material object does not necessarily involve a transfer of the copyright. The assignment of copyright should specify the assigned work, rights including duration, territorial extent of assignment and the amount of royalty. However, in the absence of duration and territorial extent, the assignment remains valid for a period of five years and within the territory of India.

In case assignee does not exercise his rights within a period of one year from the date of assignment, the assignment in respect of such rights shall be deemed to have lapsed after the expiry of said period, unless otherwise specified in the assignment.

The assignment of copyright in any work contrary to the terms and conditions of the rights already assigned to a copyright society in which the author of the work is a member is void.

The Assignment of copyright in any work to make a cinematograph film does not affect the right of the author of the work to claim an equal share of royalties and consideration payable in case of utilization of the work in any form other than for the communication to the public of the work, along with the cinematograph film in a cinema hall.

The assignment of the copyright in any work to make a sound recording which does not form part of any

cinematograph film does not affect the right of the author of the work to claim an equal share of royalties and consideration payable for any utilization of such work in any form.

Licences

Chapter VI containing Sections 30-32B deal with licences. Section 30 deals with licences by owners of copyright; Section 30A contains provisions regarding application of Sections 19 and 19A; Section 31 provides for compulsory licence in works withheld from public; Section 31A deals with compulsory licences in unpublished Indian works; Section 31B deals with Compulsory Licence for the benefit of disabled; Section 31C deals with statutory licence for cover versions; Section 31D deals with statutory licence for broadcasting of literary and musical works and sound recording; Section 32 deals with licences to produce and publish translations; Section 32A provides for licence to reproduce and publish works for certain purposes; and Section 32B deals with termination of licences.

Licences by Owners of Copyright

Section 30 of the Act empowers the owner of the copyright in any existing work or the prospective owner of the copyright in any future work to grant any interest in the right by licence in writing by him or by his duly authorised agent. However, in the case of a licence relating to copyright in any future work, the licence shall take effect only when the work comes into existence. Explanation to this section clarifies that where a person to whom a licence relating to copyright in any future work is granted, dies before the work comes into existence, his legal representatives shall, in the absence of any provision to the contrary in the licence, be entitled to the benefit of the licence.

Compulsory Licence in Works Withheld from Public

Section 31 provides that if at any time during the term of copyright in any Indian work which has been published or performed in public, a complaint is made to the Copyright Board that the owner of copyright in the work has refused to re-publish or allow the re-publication of the work or has refused to allow the performance in public of the work, and by reason of such refusal the work is withheld from the public or has refused to allow communication to the public by broadcast of such work or in the case of a sound recording; the work recorded in such sound recording, on terms which the complainant considers reasonable, the Copyright Board, after giving to the owner of the copyright in the work a reasonable opportunity of being heard and after holding such inquiry as it may deem necessary, may, if it is satisfied that the grounds for such refusal are not reasonable, direct the Registrar of Copyrights to grant to the complainant a licence to republish the work, perform the work in public or communicate the work to the public by broadcast, subject to payment to the owner of the copyright of such compensation and subject to such other terms and conditions as the Copyright Board may determine.

Compulsory Licence in Unpublished “or Published Works

Section 31A of the Act provides that in the case of any unpublished work or any work published or communicated to the public and the work is withheld from the public in India, the author is dead or unknown or cannot be traced, or the owner of the copyright in such work cannot be found, any person may apply to the Copyright Board for a licence to publish or communicate to the public such work or a translation thereof in any language.

Before making an application to the Copyright Board, the applicant required to publish his proposal in one issue of a daily newspaper in the English language having circulation in the major part of the country and where the application is for the publication of a translation in any language, also in one issue of any daily newspaper in that language.

The Copyright Board after holding such inquiry as may be prescribed, direct the Registrar of Copyrights to grant to the applicant a licence to publish the work or a translation thereof in the language mentioned in the application subject to the payment of such royalty and subject to such other terms and conditions as the Copyright Board may determine, and thereupon the Registrar of Copyrights shall grant the licence to the applicant in accordance with the direction of the Copyright Board.

Compulsory Licence for Benefit of Disabled

Section 31B (1) provides that any person working for the benefit of persons with disability on a profit basis or for business may apply to the Copyright Board in prescribed manner for a compulsory licence to publish any work in which copyright subsists for the benefit of such persons, in a case to which clause (zb) of sub-section (1) of Section 52 does not apply and the Copyright Board shall dispose of such application as expeditiously as possible and endeavour shall be made to dispose of such application within a period of two months from the date of receipt of the application.

The Copyright Board may on receipt of an application inquire, or direct such inquiry as it considers necessary to establish the credentials of the applicant and satisfy itself that the application has been made in good faith and a compulsory licence needs to be issued to make the work available to the disabled, it may direct the Registrar of Copyrights to grant to the applicant such a licence to publish the work.

It may be noted that clause (zb) of sub-section (1) of Section 52 provides that the adaptation, reproduction, issue of copies or communication to the public of any work in any accessible format, by—

- (i) any person to facilitate persons with disability to access to works including sharing with any person with disability of such accessible format for private or personal use, educational purpose or research; or
- (ii) any organisation working for the benefit of the persons with disabilities in case the normal format prevents the enjoyment of such works by such persons:

However, the copies of the works in such accessible format are made available to the persons with disabilities on a non-profit basis but to recover only the cost of production and the organization ensure that the copies of works in such accessible format are used only by persons with disabilities and takes reasonable steps to prevent its entry into ordinary channels of business.

It may be noted that “any organization” includes an organization registered under Section 12A of the Income-tax Act, 1961 and working for the benefit of persons with disability or recognized under Chapter X of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 or receiving grants from the government for facilitating access to persons with disabilities or an educational institution or library or archives recognized by the Government.”

Statutory Licence for Cover Versions

Section 31C (1) provides that any person desirous of making a cover version, being a sound recording in respect of any literary, dramatic or musical work, where sound recordings of that work have been made by or with the licence or consent of the owner of the right in the work, may do so subject to the provisions of this section. However, such sound recordings shall be in the same medium as the last recording, unless the medium of the last recording is no longer in current commercial use.

The person making the sound recordings required to give prior notice of his intention to make the sound recordings in the manner as may be prescribed, and provide in advance copies of all covers or labels with which the sound recordings are to be sold, and pay in advance, to the owner of rights in each work royalties in respect of all copies to be made by him, at the rate fixed by the Copyright Board.

It may be noted that such sound recordings shall not be sold or issued in any form of packaging or with any cover or label which is likely to mislead or confuse the public as to their identity, and in particular shall not contain the name or depict in any way any performer of an earlier sound recording of the same work or any cinematograph film in which such sound recording was incorporated and, further, shall state on the cover that it is a cover version made under this section.

The person making such sound recordings shall not make any alteration in the literary or musical work which has not been made previously by or with the consent of the owner of rights, or which is not technically necessary for the purpose of making the sound recordings. However, such sound recordings shall not be made until the expiration of five calendar years after the end of the year in which the first sound recordings of the work was made.

It may be noted that cover version means a sound recording made in accordance with this Section 31C of the Act.

Statutory Licence for Broadcasting of Literary and Musical Works and Sound Recording

Section 31D provides that any broadcasting organisation desirous of communicating to the public by way of a broadcast or by way of performance of a literary or musical work and sound recording which has already been published may do so subject to the fulfillment of prescribed conditions.

The broadcasting organisation required to give prior notice in prescribed manner of its intention to broadcast the work stating the duration and territorial coverage of the broadcast, and pay to the owner of rights in each work royalties in the manner and at the rate fixed by the Copyright Board.

The rates of royalty for radio broadcasting shall be different from television broadcasting and the copyright Board shall fix separate rates for radio broadcasting and television broadcasting and the broadcasting organisation to pay an advance to the owners of rights.

The broadcasting organisation required to maintain such records and books of account, and render to the owners of rights such reports and accounts; and allow the owner of rights or his duly authorised agent or representative to inspect all records and books of account relating to such broadcast in prescribed manner.

Licence to Produce and Publish Translations

Section 32 entitles any person to apply to the Copyright Board for a licence to produce and publish a translation of a literary or dramatic work in any language after a period of seven years from the first publication of the work. However, in respect of teaching, scholarship or research Section 32(1A) allows any person to apply to the Copyright Board for a licence to produce and publish a translation, in printed or analogous forms of reproduction, of a literary or dramatic work, other than an Indian work, in any language in general use in India after a period of three years from the first publication of such work. Further, where such translation is in a language not in general use in any developed country, such application may be made after a period of one year from such publication.

Termination of Licence

Section 32B of the Act deals with termination of licences and provides that if at any time after the granting of a licence, the owner of the copyright in the work or any person authorised by him publishes a translation of such work in the same language and which is substantially the same in content at a price reasonably related to the price normally charged in India for the translation of works of the same standard on the same or similar subject, the licence so granted shall be terminated. However, such termination shall take effect only after the expiry of a period of three months from the date of service of a notice in the prescribed manner on the

person holding such licence by the owner of the right of translation intimating the publication of the translation.

Copyright Societies

The Copyright (Amendment) Act, 1994 added a new Chapter VII on Copyright Societies. Section 33(1) prohibits any person or association of persons to commence or carry on the business of issuing or granting licences in respect of any work in which copyright subsists or any other rights conferred by the Act. The aforesaid restriction is not applicable to Copyright Societies registered under Section 33(3) of the Copyright Act.

Under clause (3) of Section 33 Central Government has been authorised to register association of persons as copyright society after taking into account the following factors:

- (i) the interests of the authors and other owners of rights under the Copyright Act;
- (ii) the interest and convenience of the public and in particular of the groups of persons who are most likely to seek licences in respect of the relevant rights; and
- (iii) the ability and professional competence of the applicants.

However, an owner of copyright in his individual capacity continues to have the right to grant licences in respect of his own works consistent with his obligations as a member of the registered Copyright society. The Central Government cannot register more than one copyright society to do business in respect of the same class of works.

The Central Government has been empowered to cancel the registration of a Copyright Society if its management is detrimental to the interests of the owners of rights concerned. The registration can also be suspended by the Government for a period of one year if it is necessary in the interest of the owners of the rights concerned and the government has to appoint an administrator to discharge the functions of the Copyright Society.

Administration of Rights of Owner by Copyright Society

Section 34 of the Act empowers a Copyright Society to accept exclusive authorisation from an owner of Copyright to administer any right in any work by issuing licences or collection of licence fee or both. Such authorisation can however be withdrawn by an owner without prejudice to the rights of the Copyright Society.

A Copyright Society is competent to enter into agreement with any foreign society or organisation, administering rights corresponding to rights under the Indian Copyright Act, to entrust such foreign society or organisations the administration in any foreign country of rights administered by the said Copyright Society in India or for administering in India the rights administered in a foreign country by such foreign society or organisation.

Section 34(3) empowers the Copyright Society to:

- (i) issue licences under Section 30 in respect of any rights under the Act;
- (ii) collect fees in pursuance of such licences;
- (iii) distribute such fees among owners of rights after making deductions for its own expenses; and
- (iv) perform any other function consistent with the provisions of Section 35.

Section 35 deals with control over the society by the owner of rights and provides that every Copyright

Society is subject to the collective control of the copyright owners whose rights it administers. It does not include owners of right administered by a foreign society or organisation.

Rights of Broadcasting Organisation and Performers

Chapter VIII of the Act containing Section 37-39A deals with rights of broadcasting organisations and of performers.

Broadcast Reproduction Right

Section 37 entitles every broadcasting organisation to have a special right to be known as "broadcast reproduction right" in respect of its broadcasts for twenty-five years from the beginning of the calendar year next following the year in which the broadcast is made.

As per sub Section (3) of Section 37 during the continuance of a broadcast reproduction right in relation to any broadcast, any person who, without the licence of the owner of the right does any of the following acts of the broadcast or any substantial part thereof,-

- (a) re-broadcasts the broadcast; or
- (b) causes the broadcast to be heard or seen by the public on payment of any charges; or
- (c) makes any sound recording or visual recording of the broadcast; or
- (d) makes any reproduction of such sound recording or visual recording where such initial recording was done without licence or, where it was licensed, for any purpose not envisaged by such licence; or
- (e) sells or gives on commercial rental or offer for sale or for such rental, any such sound recording or visual recording referred to in clause (c) or clause (d) and subject to the provisions of Section 39 deemed to have infringed broadcast reproduction right..

Performer's Right

Section 38 provides that where any performer appears or engages in any performance, he shall have a special right to be known as the "performer's right" in relation to such performance. The performer's right subsist until fifty years from the beginning of the calendar year next following the year in which the performance is made.

Exclusive Right of Performer

As per Section 38A without prejudice to the rights conferred on authors, the performer's right which is an exclusive right subject to the provisions of the Act to do or authorise for doing any of the following acts in respect of the performance or any substantial part thereof, namely:—

- (a) to make a sound recording or a visual recording of the performance, including—
 - (i) reproduction of it in any material form including the storing of it in any medium by electronic or any other means;
 - (ii) issuance of copies of it to the public not being copies already in circulation;
 - (iii) communication of it to the public;
 - (iv) selling or giving it on commercial rental or offer for sale or for commercial rental any copy of the recording;

- (b) to broadcast or communicate the performance to the public except where the performance is already broadcast.

It may be noted that once a performer has, by written agreement, consented to the incorporation of his performance in a cinematograph film he shall not, in the absence of any contract to the contrary, object to the enjoyment by the producer of the film of the performer's right in the same film. However, the performer shall be entitled for royalties in case of making of the performances for commercial use.

Moral Right of Performer

Section 38B of Act provides that the performer of a performance shall, independently of his right after assignment, either wholly or partially of his right, have the right to claim to be identified as the performer of his performance except where omission is dictated by the manner of the use of the performance; and to restrain or claim damages in respect of any distortion, mutilation or other modification of his performance that would be prejudicial to his reputation.

It may be noted that mere removal of any portion of a performance for the purpose of editing, or to fit the recording within a limited duration, or any other modification required for purely technical reasons shall not be deemed to be prejudicial to the performer's reputation.

Acts not Constituting Infringement of Broadcast Reproduction Right and Performers Right

Section 39 stipulates situations in which no broadcast reproduction right or performer's right shall be deemed to be infringed. These include:

- (a) the making of any sound recording or visual recording for the private use of the person making such recording, or solely for purposes of bona fide teaching or research; or
- (b) the use, consistent with fair dealing of excerpts of a performance or of a broadcast in the reporting of current events or for bona fide review, teaching or research; or
- (c) such other acts, with any necessary adaptations and modifications, which do not constitute infringement of copyright under Section 52.

International Copyright

Copyright Protection to Foreign Works

The Copyright Act applies only to works first published in India, irrespective of the nationality of the author. However Section 40 of the Act empowers the Government of India to extend the benefits of all or any of the provisions of the Act to works first published in any foreign country. The benefits granted to foreign works will not extend beyond what is available to the works in the home country and that too on a reciprocal basis i.e. the foreign country must grant similar protection to works entitled to copyright under the Act. The term of Copyright in India to the foreign work, will not exceed that conferred by the foreign country.

Government of India has passed the International Copyright Order, 1958. According to this order any work first published in any country which is a member of the Berne Convention or the Universal Copyright Convention will be accorded the same treatment as if it was first published in India.

Conditions of Copyright Protection

The following are the requisites for conferring copyright protection to works of international organisations:

- (a) The work must be made or first published by or under the direction or control of the International Organisation.

- (b) There should be no copyright in the work in India at the time of making or on the first publication of the work.
- (c) If the work is published in pursuance of an agreement with the author, such agreement should not reserve the author any copyright in the work or any copyright in the work should belong to the organisation.

Power of Central Government to Apply Chapter VIII to Broadcasting Organisations and Performers in Certain Other Countries

Section 40A inserted by the Copyright (Amendment) Act, 1999 provides that subject to the satisfaction of Central Government that a foreign country (other than a country with which India has entered into a treaty or which is a party to a Convention relating to rights of broadcasting organisations and performers to which India is a party) has made or has undertaken to make such provisions, if any, as it appears to the Central Government expedient to require, for the protection in that foreign country, of the rights of broadcasting organizations and performers as is available under this Act, it may, by order, published in the Official Gazette, direct that the provisions of Chapter VIII shall apply:

- (a) to broadcasting organizations whose headquarters is situated in a country to which the order relates or, the broadcast was transmitted from a transmitter situated in a country to which the order relates as if the headquarters of such organisation were situated in India or such broadcast were made from India;
- (b) to performances that took place outside India to which the order relates in like manner as if they took place in India;
- (c) to performances that are incorporated in a sound recording published in a country to which the order relates as if it were published in India;
- (d) to performances not fixed on a sound recording broadcast by a broadcasting organisation the headquarters of which is located in a country to which the order relates or where the broadcast is transmitted from a transmitter which is situated in a country to which the order relates as if the headquarters of such organisation were situated in India or such broadcast were made from India.

Section 40A (2) also provides that the order so made by the Central Government may provide that:

- (i) the provisions of Chapter VIII shall apply either generally or in relation to such class or classes of broadcasts or performance or such other class or classes of cases as may be specified in the order;
- (ii) the term of the rights of broadcasting organisations and performers in India shall not exceed such term as is conferred by the law of the country to which the order relates;
- (iii) the enjoyment of the rights conferred by Chapter VIII shall be subject to the accomplishment of such conditions and formalities, if any, as may be specified in that order;
- (iv) chapter VIII or any part thereof shall not apply to broadcast and performances made before the commencement of the order or that Chapter VIII or any part thereof shall not apply to broadcasts and performances broadcast or performed before the commencement of the order;
- (v) in case of ownership of rights of broadcasting organisations and performers, the provisions of Chapter VIII shall apply with such exceptions and modifications as the Central Government, may having regard to the law of the foreign country, consider necessary.

Power to Restrict Rights of Foreign Broadcasting Organisations and Performers

Section 42A provides that if it appears to the Central Government that a foreign country does not give or has

not undertaken to give adequate protection to rights of broadcasting organisations or performers, the Central Government may, by order, published in the Official Gazette, direct that such of the provisions of this Act as confer right to broadcasting organizations or performers, as the case may be, shall not apply to broadcasting organizations or performers whereof are based or incorporated in such foreign country or are subjects or citizens of such foreign country and are not incorporated or domiciled in India, and thereupon those provisions shall not apply to such Broadcasting organizations or performers.

Registration of Copyright

Chapter X of the Act containing Sections 44 to 50A deal with various aspects of registration of copyright. The mechanism for registration of copyright has been contemplated under Section 44 of the Act. It is evident from the provisions of the aforesaid section that registration of the work under the Copyright Act is not compulsory and is not a condition precedent for maintaining a suit for damages, if somebody infringes the copyright. Registration is not a prerequisite for acquisition of a copyright (*Nav Sahitya Prakash & Others v. Anan Kumar & Others AIR 1981 All 200*).

Sections 44 and 45 of the Act is only an enabling provision and the provisions contained therein do not affect common law right to sue for infringement of the copyright, therefore, registration of the work under the Act is not compulsory and that registration is not a condition precedent for maintaining a suit for damages for infringement of copyright (*R. Madhavan v. S K Nayar AIR 1988 Ker 39*). The only effect of registration is what is stated in Section 48, to wit, that it shall be prima facie evidence of the particulars entered in the register. There is no indication in any of the provisions of the Act, read individually or a whole, to suggest that registration is condition precedent to subsistence of copyright or acquisition of ownership thereof.

There is no section in the Copyright Act, 1957, to the effect that the author can have no right or remedy unless the work is registered. *Satsang and Another v. Kiron Chandra Mukhopadhyay & Others AIR 1972 Cal 533*. In *Jayanthilal M. Munoth and Ors. v. M. Durairajan, [2006] 132 Com Cases 797(Mad)* where a petition was filed for infringement of copyright and the same was challenged by the respondents on the ground that that there was no registration of copyright. The Court held that registration of copyright was not a pre-condition for filing a suit or for launching prosecution for violation of copyright.

The Register of Copyrights is to be maintained by the Copyright Office to enter the names or titles of works and the names and addresses of authors, publishers and owners of copyright. The Register of Copyrights is to be kept in six parts, namely, Part I Literary works other than computer programmes, tables and compilations including computer data bases and dramatic works; Part II Musical works; Part III Artistic works; Part IV Cinematograph films; Part V Sound Recording; and Part VI Computer programmes, tables and compilations including computer data bases.

Chapter VI of the Copyright Rules, 1956, as amended, sets out the procedure for the registration of a work. Copies of the Act and Rules can be obtained from the Manager of Publications, Publication Branch, Civil Lines, Delhi or his authorised dealers on payment. The procedure for registration is as follows:

- Application for registration is to be made on Form IV (Including Statement of Particulars and Statement of Further Particulars) as prescribed in the first schedule to the Rules ;
- Separate applications should be made for registration of each work;
- Each application should be accompanied by the requisite fee prescribed in the second schedule to the Rules ; and
- The applications should be signed by the applicant or the advocate in whose favour a Vakalatnama or Power of Attorney has been executed. The Power of Attorney signed by the party and accepted by the advocate should also be enclosed.

Each and every column of the Statement of Particulars and Statement of Further Particulars should be replied specifically.

Both published and unpublished works can be registered. Copyright in works published before 21st January, 1958, i.e., before the Copyright Act, 1957 came in force, can also be registered, provided the works still enjoy copyright. Three copies of published work may be sent along with the application. If the work to be registered is unpublished, a copy of the manuscript has to be sent along with the application for affixing the stamp of the Copyright Office in proof of the work having been registered. In case two copies of the manuscript are sent, one copy of the same duly stamped will be returned, while the other will be retained, as far as possible, in the Copyright Office for record and will be kept confidential. It would also be open to the applicant to send only extracts from the unpublished work instead of the whole manuscript and ask for the return of the extracts after being stamped with the seal of the Copyright Office.

When a work has been registered as unpublished and subsequently it is published, the applicant may apply for changes in particulars entered in the Register of Copyright in Form V with prescribed fee.

INFRINGEMENT OF COPYRIGHT

Copyright protection gives exclusive rights to the owners of the work to reproduce the work enabling them to derive financial benefits by exercising such rights. If any person without authorisation from the owner exercises these rights in respect of the work which has copyright protection it constitutes an infringement of the copyright. If the reproduction of the work is carried out after the expiry of the copyright term it will not amount to an infringement

In *Penguin Books Ltd., England v. M/s India Book Distributors & Others AIR 1985 Del. 29*, it was observed that whenever there is misappropriation of intellectual property of which the primary beneficiary is the copyright owner there is infringement of copyright. Copyright is a property right. Throughout the world it is regarded as a form of property worthy of special protection in the ultimate public interest. The law starts from the premise that protection would be as long and as broad as possible and should provide only those exceptions and limitations which are essential in the public interest.

Section 51 of the Act contemplates situations where copyright in a work shall be deemed to be infringed. As per this section copyright in a work is infringed when any person without a licence granted by the owner of the copyright or the Registrar of Copyright or in contravention of the conditions of a licence so granted or of any condition imposed by a competent authority does —

- (1) anything for which the exclusive right is conferred upon the owner of the copyright, or
- (2) permits for profit any place to be used for the communication of the work to public where such a communication constitutes an infringement of the copyright in the work, unless he was not aware and had no reasonable ground for believing that such communication would be an infringement of copyright.
- (3) when any person (i) makes for sale or hire or lets for hire or by way of trade display or offers for sale or hire, or (ii) distributes either for the purpose of trade or to such an extent as to affect prejudicially the owner of the copyright, or (iii) by way of trade, exhibits in public, or (iv) imports into India any infringing copies of the work.

However, import of one copy of any work is allowed for private and domestic use of the importer. Explanation to Section 51 clarifies that the reproduction of literary, dramatic, musical or artistic work in the form of cinematograph film shall be deemed to be an infringing copy.

The copyright in a work shall be deemed to be infringed by any person who, without the consent of the owner of the copyright, does anything, the sole right to do which is conferred on the owner of the copyright. *Kartar Singh Giani v. Ladha Singh & Others AIR 1934, Lah 777 (DB)*.

The concept of honest and concurrent user found in Section 12(3) of the 1958 Act for securing concurrent registration is totally irrelevant as defence in a suit for infringement and copyright arising out of a different Act, namely, 1957 Act (*M/s Power Control Appliances & Others v. Sumeet Machines Pvt. Ltd. (1994) 2 SCC 448*).

In *Ushodaya Enterprises Ltd v T.V. Venugopal, 2001 PTC 727*, the division bench of the Andhra Pradesh High Court held that even though the defendant has registered the carton under the Trademark Act, that may not come to the aid of the defendant as the case of the plaintiff is that it owns a copyright of the artistic work under the Copyright Act and no registration is required for the same. Thus the court held that the plaintiff was justified in alleging infringement of his artistic work.

One of the surest test to determine whether or not there has been a violation of copy right is to see if the reader, spectator, or the viewer after having read or seen both the works would be clearly of the opinion and get an unmistakable impression that the subsequent work appears to be a copy of the first. In other words, dealing with the question of infringement of copy right of the applicant's work by the respondent's work, the Court is to test on the visual appearance of the object and drawing, design, or artistic work in question and by applying the test viz., 'lay observer test' whether to persons who are not experts in relation to objects of that description, the object appears to be a reproduction. If to the 'lay observer', it would not appear to be reproduction, there is no infringement of the artistic copy right in the work. A bare look at these two artistic works 'Sharp' and 'Sharp tools'. Moreover, the work 'sharp' in the work of the appellant is embedded in a semi-circle design with rays emitting from it as if it were a rising Sub; whereas, in the respondent's work it is plainly 'Sharp Tools' with no design super imposing it. Judging by the eye alone, they appear to Court to be totally different. One does not think that any one looking at these two works would say that they are similar in any manner nor do any one would say the design, the lay-out and the manner in which the words written in the works of the respondent was on obvious imitation, much less an imitation of the appellant's work. Applying the various tests set out above, it cannot be said that the respondent had committed an act of piracy by way of copying the copyright of the appellant. As rightly pointed out by the Copyright Board that there can be no copyright in the word or words, but the right can only be in the artistic manner in which the same is written, and in this case the works were totally dissimilar. [*Associated Electronic & Electrical Industries (Bangalore) Pvt. Ltd. v. M/s Sharp Tools AIR 1991 Kar 406*].

M/s. Video Master & another v. M/s. Nishi Productions & others, 1998(3) Bom. CR 782. The given case examined the circumstances under which the exhibition of film by various modes infringed copy rights. The plaintiff was assigned video playback and cable T.V rights and he objected to the defendants being given the satellite broadcasting rights. The Court observed that there were various modes of communication to public and each one was separate and divisible. It was held that each of the modes of communication could exist in different persons at the same time without infringing copy right of the other.

The *Bombay High Court in Hindustan Lever Ltd., v. Nirma Private Limited, Ahmedabad, AIR 1991* held that the dissimilarities were totally inadequate to wipe out general impression of the unwary purchaser. Thus, there was prima facie infringement of copyright. The case dealt with the infringement of the copyright in the label when there were only few changes made in the colourable imitation of label.

In *Eastern Book Company & Others v. Navin J. Desai & Another 2001 PTC (21) 57 Del.*, Delhi High Court has held:

Copyright is a limited monopoly having its origin in protection. There cannot be any monopoly in the subject matter which the author has borrowed from public domain. Others are at liberty to use the same material. Material in which no one has a copyright is available to all. Every man can take what is useful from the, improve, add and give to the public the whole comprising the original work with his additions and improvements. Under the guise of the copyright, the plaintiffs cannot ask the Court to restrain the defendants from making this material available to public. Judgements/orders published by the plaintiffs in their law reports 'Supreme Court Cases' is not their original literary work but has been composed of, compiled and prepared from and reproduction of the judgements of the Supreme Court of India, open to all. Merely by correcting certain typographical or grammatical mistakes in the raw source and by adding commas, full stops and by giving paragraph numbers to the judgement will not their work as the original literary work entitled to protection under the Copyright Act. Plaintiffs, therefore, have no copyright in the judgements published in their law reports. There being no copyright in the plaintiffs, there is no question of the defendant infringing any alleged copyright. Plaintiffs have failed to make out any prima facie case in their favour and are, therefore, not entitled to any relief in the application.

In *Godrej Soaps (P) Ltd. v. Dora Cosmetics Co.* 2001 PTC (21) 407 Del. It was held that the Delhi High Court held that where the carton was designed for valuable consideration by a person in the course of his employment for and on behalf of the plaintiff and the defendant had led no evidence in his favour, the plaintiff is the assignee and the legal owner of copyright in the carton including the logo.

Crowning Glory carton was designed for valuable consideration by a person who produced the said work in the course of his employment with advertising company under a contract of service for and on behalf of the plaintiff. By the reason of the circumstances in which the said artistic work was produced, the plaintiff is the owner of the legal and equitable title in the artistic work. As a matter of abundant caution the copyright in the carton was assigned to the plaintiff. Plaintiff has proved that it is the assignee of the copyright in the carton for 'Crowning Glory'

Statutory Exceptions

Certain exceptions to infringement have been stipulated by the Copyright Act. The object of these exceptions is to enable the reproduction of the work for certain public purposes, and for encouragement of private study, research and promotion of education. The list of acts which do not constitute infringement of copyright has been provided under Section 52 of the Act. These include

(i) A fair dealing with literary, dramatic, musical or artistic work, not being a computer programme, for the purposes of—

- private or personal use, including research;
- criticism or review, whether of that work or of any other work;
- reporting of current events and current affairs, including the reporting of a lecture delivered in public.
- It may be noted that storing of any work in any electronic medium including the incidental storage of any computer programme which is not itself an infringing copy for the said purposes, shall not constitute infringement of copyright.

(ii) The making of copies or adaptation of a computer programme by the lawful possessor of a copy of such computer programme, from such copy in order to utilise the computer programme for the purposes for which it was supplied; or to make back-up copies purely as a temporary protection against loss, destruction or damage in order only to utilise the computer programme for the purpose for which it was supplied.

(iii) the doing of any act necessary to obtain information essential for operating inter-operability of an independently created computer programme with other programmes by a lawful possessor of a computer programme provided that such information is not otherwise readily available.

(iv) the observation, study or test of functioning of the computer programme in order to determine the ideas and principles which underline any elements of the programme while performing such acts necessary for the functions for which the computer programme was supplied.

(v) the making of copies or adaptation of the computer programme from a personally legally obtained copy for non-commercial personal use.

(vi) the transient or incidental storage of a work or performance purely in the technical process of electronic transmission or communication to the public.

(vii) transient or incidental storage of a work or performance for the purpose of providing electronic links, access or integration, where such links, access or integration has not been expressly prohibited by the right holder, unless the person responsible is aware or has reasonable grounds for believing that such storage is of an infringing copy.

It may be noted that if the person responsible for the storage of the copy has received a written complaint from the owner of copyright in the work, complaining that such transient or incidental storage is an infringement, such person responsible for the storage shall refrain from facilitating such access for a period of twenty-one days or till he receives an order from the competent court refraining from facilitating access and in case no such order is received before the expiry of such period of twenty-one days, he may continue to provide the facility of such access.

(viii) the reproduction of any work for the purpose of a judicial proceeding or for the purpose of a report of a judicial proceeding.

(ix) the reproduction or publication of any work prepared by the Secretariat of a Legislature or, where the Legislature consists of two Houses, by the Secretariat of either House of the Legislature, exclusively for the use of the members of that Legislature.

(x) the reproduction of any work in a certified copy made or supplied in accordance with any law for the time being in force;

(xi) the reading or recitation in public of reasonable extracts from a published literary or dramatic work.

(xii) the publication in a collection, mainly composed of non-copyright matter, bona fide intended for instructional use, and so described in the title and in any advertisement issued by or on behalf of the publisher, of short passages from published literary or dramatic works, not themselves published for such use in which copyright subsists. However, not more than two such passages from works by the same author are published by the same publisher during any period of five years.

In the case of a work of joint authorship, references in this clause to passages from works shall include references to passages from works by any one or more of the authors of those passages or by any one or more of those authors in collaboration with any other person.

(xiii) the reproduction of a literary, dramatic, musical or artistic work—

- by a teacher or a pupil in the course of instruction; or
- as part of the questions to be answered in an examination; or
- in answers to such questions.

(xiv) the performance, in the course of the activities of an educational institution, of a literary, dramatic or musical work by the staff and students of the institution, or of a cinematograph film or a sound recording if the audience is limited to such staff and students, the parents and guardians of the students and persons connected with the activities of the institution or the communication to such an audience of a cinematograph film or sound recording.

(xv) the causing of a recording to be heard in public by utilising it,-

- in an enclosed room or hall meant for the common use of residents in any residential premises (not being a hotel or similar commercial establishment) as part of the amenities provided exclusively or mainly for residents therein; or
- as part of the activities of a club or similar organisation which is not established or conducted for profit;
- as part of the activities of a club, society or other organisation which is not established or conducted for profit.

(xvi) the performance of a literary, dramatic or musical work by an amateur club or society, if the performance is given to a non-paying audience, or for the benefit of a religious institution.

(xvii) the reproduction in a newspaper, magazine or other periodical of an article on current economic, political, social or religious topics, unless the author of such article has expressly reserved to himself the right of such reproduction.

(xviii) the storing of a work in any medium by electronic means by a noncommercial public library, for preservation if the library already possesses a non-digital copy of the work.

(xix) the making of not more than three copies of a book (including a pamphlet, sheet of music, map, chart or plan) by or under the direction of the person in charge of a non-commercial public library for the use of the library if such book is not available for sale in India;

(xx) the reproduction, for the purpose of research or private study or with a view to publication, of an unpublished literary, dramatic or musical work kept in a library, museum or other institution to which the public has access.

However, where the identity of the author of any such work or, in the case of a work of joint authorship, of any of the authors is known to the library, museum or other institution, as the case may be, the provisions of this clause shall apply only if such reproduction is made at a time more than sixty years from the date of the death of the author or, in the case of a work of joint authorship, from the death of the author whose identity is known or, if the identity of more authors than one is known from the death of such of those authors who dies last;

(xxi) the reproduction or publication of-

- any matter which has been published in any Official Gazette except an Act of a Legislature;
- any Act of a Legislature subject to the condition that such Act is reproduced or published together with any commentary thereon or any other original matter;
- the report of any committee, commission, council, board or other like body appointed by the Government if such report has been laid on the Table of the Legislature, unless the reproduction or publication of such report is prohibited by the Government;
- any judgement or order of a court, tribunal or other judicial authority, unless the reproduction or

publication of such judgment or order is prohibited by the court, the tribunal or other judicial authority, as the case may be.

(xxii) the production or publication of a translation in any Indian language of an Act of a Legislature and of any rules or orders made thereunder-

- if no translation of such Act or rules or orders in that language has previously been produced or published by the Government; or
- where a translation of such Act or rules or orders in that language has been produced or published by the Government, if the translation is not available for sale to the public:
- however, such translation contains a statement at a prominent place to the effect that the translation has not been authorised or accepted as authentic by the Government.

(xxiii) the making or publishing of a painting, drawing, engraving or photograph of a work of architecture or the display of a work of architecture.

(xxiv) the making or publishing of a painting, drawing, engraving or photograph of a sculpture, or other artistic work falling under sub-clause (iii) of clause (c) of Section 2, if such work is permanently situate in a public place or any premises to which the public has access.

(xxv) the inclusion in a cinematograph film of-

- any artistic work permanently situate in a public place or any premises to which the public has access; or
- any other artistic work, if such inclusion is only by way of background or is otherwise incidental to the principal matters represented in the film.

(xxvi) the use by the author of an artistic work, where the author of such work is not the owner of the copyright therein, of any mould, cast, sketch, plan, model or study made by him for the purpose of the work. However, he does not thereby repeat or imitate the main design of the work.

“(xxvii) the making of a three-dimensional object from a two-dimensional artistic work, such as a technical drawing, for the purposes of industrial application of any purely functional part of a useful device;

(xxviii) the reconstruction of a building or structure in accordance with the architectural drawings or plans by reference to which the building or structure was originally constructed . However, the original construction was made with the consent or licence of the owner of the copyright in such drawings and plans.

(xxix) in relation to a literary, “dramatic, artistic or” musical work recorded or reproduced in any cinematograph film the exhibition of such film after the expiration of the term of copyright therein .However, the provisions of sub-clause (ii) of clause (a), sub-clause (a) of clause (b) and clauses (d), (f), (g), (m) and (p) shall not apply as respects any act unless that act is accompanied by an acknowledgment-

- identifying the work by its title or other description; and
- unless the work is anonymous or the author of the work has previously agreed or required that no acknowledgement of his name should be made, also identifying the author.

(xxx) the making of an ephemeral recording, by a broadcasting organisation using its own facilities for its own broadcast by a broadcasting organisation of a work which it has the right to broadcast; and the retention of such recording for archival purposes on the ground of its exceptional documentary character.

(xxxi) the performance of a literary, dramatic or musical work or the communication to the public of such work

or of a sound recording in the course of any bona fide religious ceremony or an official ceremony held by the Central Government or the State Government or any local authority. However, religious ceremony including a marriage procession and other social festivities associated with a marriage.

“(xxxii) the adaptation, reproduction, issue of copies or communication to the public of any work in any accessible format by any person to facilitate persons with disability to access to works including sharing with any person with disability of such accessible format for private or personal use, educational purpose or research; or any organisation working for the benefit of the persons with disabilities in case the normal format prevents the enjoyment of such works by such persons. However, the copies of the works in such accessible format are made available to the persons with disabilities on a non-profit basis but to recover only the cost of production and the organization shall ensure that the copies of works in such accessible format are used only by persons with disabilities and takes reasonable steps to prevent its entry into ordinary channels of business.

It may be noted that “any organization” includes and organization registered under Section 12A of the Income-tax Act, 1961 and working for the benefit of persons with disability or recognized under Chapter X of the Persons with Disabilities (Equal Opportunities, Protection or Rights and full Participation) Act, 1995 or receiving grants from the government for facilitating access to persons with disabilities or an educational institution or library or archives recognized by the Government.”.

(xxxiii) the importation of copies of any literary or artistic work, such as labels, company logos or promotional or explanatory material, that is purely incidental to other goods or products being imported lawfully.

Remedies against Infringement of Copyright

Protection of rights under the copyright law, which is basically a negative right is as much a problem of complying with the mandatory provisions of the procedural law as the effective exercise of investigative and adjudicatory functions by the enforcing authorities and the courts.

Section 54 to Section 62 of the Copyright Act provide for civil remedies under the Act. Section 55 provides that where copyright in any work has been infringed, the owner of the copyright can, except as otherwise provided in the Act, be entitled to all remedies like injunctions, damages and accounts as are conferred by law for the infringement of a right. However, if the defendant proves that at the date of the infringement he was not aware and had no reasonable ground to believe that copyright subsisted in the work, the plaintiff will not be entitled to any remedy other than an injunction in respect of the infringement and a decree for the whole or part of the profits made by the defendant by the sale of the infringing copies as the court may, in the circumstances, deem reasonable.

In *Zee Telefilm Limited v. Aalia Productions & Others* 2000 PTC 382 Bom. there was a dispute relating to transfer of copyright in TV serial ‘India’s Most Wanted’. It was held that in the absence of any specific rights assigned by the defendants in respect of concept/script/story/synopsis/structure and/or format of programme, the plaintiffs cannot seek injunction against the defendant. The assignment agreement executed between the plaintiff and the defendants as regards structure, format, concept, synopsis and script vague and uncertain, the plaintiffs are not entitled to any interim relief.

The case of *Hawkins Cookers Ltd. v. Magicook Appliances Co.*, 100(2002) DLT698 discussed the grant of permanent injunction to the plaintiff for restraining the defendant from using a label for pressure cookers, which was deceptively similar to the registered trade mark ‘HAWKINS’ of the plaintiff – On non-appearance of the plaintiff, an *ex-parte* order was passed and it was ruled that, the unjust enrichment by the infringing party, was a mischief and the plaintiff was to be protected from it as per Section 55 of the Copyright Act, 1957. Hence permanent injunction was granted.

In any civil proceedings under the Copyright Act for infringement of copyright, it is the District Court which will have jurisdiction over such matters. Section 62 (2) further provides that notwithstanding anything contained in the Civil Procedure Code, 1908 or any other law for the time being in force, the District Court within the local limits of whose jurisdiction the person instituting the suit is actually or voluntarily residing or carrying on business or personally working for gain will have jurisdiction in the matter.

Administrative remedies consist of moving the Registrar of Copyrights under Section 53 to ban the import of infringing copies into India and the delivery of infringing copies confiscated to the owner of the copyright.

Criminal remedies provide for the imprisonment of the accused or imposition of fine or both, seizure of infringing Copies and delivery of infringing copies to the owner of the copyright. Prior to the maximum punishment for infringement of copyright under Section 63 of the Copyright Act, 1957 was one year's imprisonment and fine. These punishments were enhanced by the Copyright (Amendment) Act, 1984 with a view to curbing widespread piracy in video-taping and musical records. Under these provisions, a person who knowingly infringes or abets the infringement of copyright in a work or any other right conferred by the Copyright Act, is punishable with imprisonment for a term of not less than six months but which may extend to three years and fine which shall not be less than ₹ 50,000/-, but which may extend to ₹ 2,00,000/-. However, the court has the discretion to reduce the minimum term of imprisonment and the minimum fine for adequate and special reasons. For the second and subsequent convictions, the minimum term of imprisonment has been prescribed as one year and the minimum fine ₹ 1,00,000/-. The amendment in 1994, has further restricted the discretion of the court to impose lesser penalties than the minimum prescribed in the Act. The imposition of lesser penalties than the minimum prescribed in the Act has been restricted to cases where the infringement has not been made for gain in the course of trade and business. In other words, courts have been given a discretion to impose a lesser penalty where the infringement is of a technical nature and not motivated by business considerations.

Section 54 defines the term owner of copyright. In *Rupendra Kashyap v. Jiwan Publishing House* 1996 PTC (16) 439 Del., it was held that CBSE is a public undertaking; examination papers are literary work made under the direction and control of CBSE and applicability of Section 17(dd) of Copyright Act is squarely attracted to the facts of the case. CBSE is the first owner of the copyright in the examination papers on which examinations are conducted by it.

In another case Allahabad high Court has held that the copyright in the question papers set for the High School and Intermediate examinations belongs to the paper-setters and since this copyright neither belonged to nor has been assigned to the Board, the notification which declares that 'copyright of the question papers set at the examinations conducted by Board shall vest in the Board' is clearly bad. Simply by issuing a notification under the Intermediate Education Act, the State Government could not arrogate to itself or to the Board a right which neither of them possessed under the law relating to copyright, embodied in the Copyright Act of 1957 (*Agarwala Publishing House v. Board of High School and Intermediate Education & Another* AIR 91: 1996 All LJ 550).

Section 58 entitles the owner of the copyright to initiate proceedings for the possession of infringing copies and other materials related thereto. In this context, the section clarifies that all infringing copies of any work in which copyright subsists and all plates used or intended to be used for the production of such infringing copies shall be deemed to be the property of the owner of the copyright.

Moral Rights — Author's Special Right

Apart from remedies for infringement of copyright, the Act expressly provides for the protection of special rights of the author known as moral rights. Under Section 57 of the Act an author of copyright work can

restrain or claim damages in respect of any distortion or mutilation of the work or any other action in relation to the said work which would be prejudicial to his honour or reputation. These rights can be exercised even after the assignment of the copyright. They can be enforced by an action for breach of contract or confidence, a suit for defamation, or passing off, as the case may be.

Anton Piller Injunctive Relief in India

Besides traditional remedies the non-traditional forms of remedies like, Anton Piller Order, interlocutory injunction, etc, have assumed more popularity nowadays.

The first use of such order was made by *Templeman J, in EMI v. Pandit, (1975) 1All E R 418*, to protect the offending evidences from being destroyed. However, it was only after the case of *Anton Piller KG v. Manufacturing Process, (1976) 1All E R 779.418*, that it gained recognition and popularity.

The statutes governing intellectual property in India like Copyright Act, 1957, Trade Marks Act, 1999; Patents Act, 1970 (as amended by Patents (Amendment) Act, 2005, Designs Act, 2000 etc. stipulate the rights that are available to the intellectual property owner, besides containing a sound mechanism to prevent the infringement of intellectual property rights. The remedies available for protection of IPR are broadly classified into civil and criminal remedies.

The orders in line of Anton Piller order are made under the head of civil remedies. The application of Anton Piller order in India is still in a nascent stage. There is not much case-laws debating over the aspects of Anton Piller order. One of the earliest case that dealt with the concept of Anton Piller order, though cursorily was *National Garments v. National Apparels, (1990) PTC98*.

In *Bucyrus Europe Ltd. v. Vulcan Industries Engineering Co. Pvt. Ltd., 2005(30) PTC 279*, the court observed that an Anton Piller order can be passed in the following situations:

- Where the plaintiff has an extremely strongly prima facie case;
- Where the actual or potential damage to the plaintiff is very serious.
- Where it was clear that the defendant possessed vital evidence; and
- There was a real possibility that the defendant might destroy or dispose of such material so as to defeat the ends of justice.

The purpose of Anton Piller order is the preservation of evidences.

The application of Anton Piller order in India is still in nascent stage and lot many questions are still left unanswered.

APPEALS

An appeal under the the Copyright Act, 1957 lies against (a) certain orders of magistrate & (b) against orders of Registrar of Copyrights and Copyright Board:-

As per Section 71 of the Act any person aggrieved by an order under sub-section (2) of Section 64 or Section 66 may, within thirty days of the date of such order, appeal to the court to which appeals from the court making the order ordinarily lie, and such appellate court may direct that execution of the order be stayed pending disposal of the appeal.

Section 72(1) provides that any person aggrieved by any final decision or order of the Registrar of Copyrights may, within three months from the date of the order or decision, appeal to the Copyright Board.

Any person aggrieved by any final decision or order of the Copyright Board, not being a decision or order made in an appeal under sub-section (1), may, within three months from the date of such decision or order, appeal to the High Court within whose jurisdiction the appellant actually and voluntarily resides or carries on business or personally works for gain :

However, no such appeal shall lie against a decision of the Copyright Board under Section 6.

INTERNATIONAL CONVENTIONS

The first multilateral agreement on copyright is the Berne Convention which was concluded in 1886 and was meant for providing protection to literary and artistic works. A country joining the Convention has to provide copyright protection to literary and artistic works of member countries in its own territory and also entitled for enjoying reciprocal protection from others. The Berne Convention was revised seven times in 1896 (at Paris), 1908 (at Berlin), 1928 (at Rome), 1948 (at Brussels), 1967 (at Stockholm) and 1971 (at Paris) and finally in 1978. Among these, the 1971 revision (the Paris Act) is of particular importance to the developing countries as it provided special concessions to these countries in making translations and reproduction of foreign literary works for educational purposes. Ninety countries are at present member of the Berne Convention.

The post Second World War era saw the emergence of the need for protecting copyright on an universal basis. Till then countries in the North America were not party to the Berne Convention and copyright protection in these countries were governed by various national and regional agreements.

In August, 1952 the Intergovernmental Copyright Conference was convened in Geneva which led to the adoption of another historical copyright convention, namely the Universal Copyright Convention (UCC). The UCC is not a substitute for the Berne Convention. Rather it tried to establish the link between the countries on the Bern Union and those in North America. India is a member of both the Berne Convention and the UCC.

TRIPS Agreement negotiated at the Uruguay Round of General Agreement on Tariffs and Trade (GATT) in 1994 came into effect on 1 January 1995. The text comprises 73 articles grouped in seven different parts. The standards for specific IPRs such as copyright and related rights are discussed under articles 9-14.

LESSON ROUND UP

- Copyright is a well recognized form of property right which had its roots in the common law system and subsequently came to be governed by the national laws in each country.
- Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. In fact, it is a bundle of rights including, inter alia, rights of reproduction, communication to the public, adaptation and translation of the work.
- In India, the law relating to copyright is governed by the Copyright Act, 1957 which has been amended in 1983, 1984, 1985, 1991, 1992, 1994, 1999 and 2012 to meet with the national and international requirements
- Under the Copyright Act, 1957 copyright subsists throughout India in the following classes of works: Original literary; dramatic, Musical and artistic works; Cinematograph films; and Sound recordings.
- The definition of “Literary work” under the Copyright Act, 1957 includes computer programmes, tables and compilations including computer “literary data bases.”
- Literary, dramatic, musical or artistic works enjoy copyright protection for the life time of the author plus 60

years beyond i.e. 60 years after his death. In the case of copyright in posthumous, anonymous and pseudonymous works, photographs, cinematograph films, sound recordings, works of Government, public undertaking and international organisations, the term of protection is 60 years from the beginning of the calendar year next following the year in which the work has been first published.

- The Act provides for the establishment of the Copyright Board and empowers the Central Government to constitute the same consisting of a Chairman and not less than two, but not more than fourteen members.
- The owner of the copyright in an existing work or the prospective owner of the copyright in a future work may assign to any person the copyright. Section 18 of the Copyright Act provides for the assignment of copyright in an existing work as well as future work.
- An assignment of copyright should be in writing signed by the owner of the copyright.
- The Act empowers the owner of the copyright in any existing work or the prospective owner of the copyright in any future work to grant any interest in the right by licence in writing by him or by his duly authorised agent.
- Central Government has been authorised to register association of persons as copyright society. The Central Government cannot register more than one copyright society to do business in respect of the same class of works. The Act empowers a Copyright Society to accept exclusive authorisation from an owner of Copyright to administer any right in any work by issuing licences or collection of licence fee or both.
- The Act recognises rights of broadcasting organisations and of performers. The Act entitles every broadcasting organisation to have a special right to be known as "broadcast reproduction right" in respect of its broadcasts for twenty-five years from the beginning of the calendar year next following the year in which the broadcast is made.
- The Copyright Act applies only to works first published in India, irrespective of the nationality of the author. However the Act empowers the Government of India to extend the benefits of all or any of the provisions of the Act to works first published in any foreign country.
- Government of India has passed the International Copyright Order, 1958. According to this order any work first published in any country which is a member of the Berne Convention or the Universal Copyright Convention will be accorded the same treatment as if it was first published in India.
- The registration of the work under the Copyright Act is not compulsory and is not a condition precedent for maintaining a suit for damages, if somebody infringes the copyright.
- Act contemplates situations where copyright in a work is deemed to be infringed and provides for civil remedies, administrative remedies and criminal to the owner of the copyright in the event of infringement.
- Apart from remedies for infringement of copyright, the Act expressly provides for the protection of special rights of the author known as moral rights.
- Besides traditional remedies, the non-traditional forms of remedies like, Anton Pillar Order, interlocutory injunction, etc, have assumed more popularity nowadays.

SELF TEST QUESTIONS

1. Briefly explain the term "copyright" and the rights conferred by the copyright.
2. There is no copyright in an idea. Explain.
3. The philosophical justification for including computer programmes within the definition of "literary work" has been that computer programmes are also products of intellectual skill like any other literary work. Discuss

4. Copyright protects the rights of authors. How an author has been defined under the Copyright Act?
5. Write short notes on the following:
 - (a) Assignment of copyright
 - (b) Copyright societies
 - (c) Term of copyright
 - (d) Broadcast and reproduction right
 - (e) Anton piller order
6. Briefly explain the procedure relating to registration of copyright. Is registration of the work compulsory under the Copyright Act?
7. What do you mean by performer's right? What are the exclusive rights of a performer under the Copyright Act?
8. Who is authorized to constitute the Copyright Board? Enumerate the functions of the Copyright Board.
9. Briefly outline the remedies available to a copyright owner when his copyright is infringed?
10. Can copyright be assigned? If so, what is the mode of assigning copyright?

This image shows a blank sheet of white paper with horizontal black ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

Lesson 9

INDUSTRIAL DESIGNS

LESSON OUTLINE

- Concept of Design
- What is a Design
- Registrable Design
- Novelty & Originality
- Registration of Design
- Procedure for Registration
- Period of Protection
- Procedure for Cancellation of Design
- Copyright under Design
- Piracy and Penalties
- Assignment of Designs
- Lesson Round Up
- Self Test Questions

LEARNING OBJECTIVES

Industrial design play an important role in the trading of consumer goods or products. Industrial designs are what makes a product attractive and appealing; hence, they add to the commercial value of a product and increase its marketability. Today, industrial design has become an integral part of consumer culture where rival articles compete for consumer's attention. It has become important therefore, to grant to an original industrial design adequate protection. When an industrial design is protected, this helps to ensure a fair return on investment. An effective system of protection also benefits consumers and the public at large, by promoting fair competition and honest trade practices.

That apart, protecting industrial designs helps economic development, by encouraging creativity in the industrial and manufacturing sectors and contributes to the expansion of commercial activities and the export of national products.

Students should be well versed with the provisions of the design legislation in India so as to understand what an industrial design is; why to protect industrial designs; how can industrial designs be protected; and how extensive is industrial design protection. Besides, they should be well versed with the application filing procedure as required under the law.

CONCEPT OF DESIGN

Industrial designs belong to the aesthetic field, but are at the same time intended to serve as pattern for the manufacture of products of industry or handicraft. An industrial design is the ornamental or aesthetic aspect of a useful article, which must appeal to the sense of sight and may consist of the shape and/or pattern and/or colour of article. An industrial design to be protectable, must be new and original. Industrial designs are protected against unauthorised copying or imitation, for a period which usually lasts for five, ten or 15 years.

Textile designs were the first to receive legal protection. As early as in 1787 the first Act for design protection was enacted in Great Britain for the encouragement of the arts of design. This was an experimental measure extending protection for a limited duration. Shortly thereafter its life was extended and it was made perpetual. In 1839 the protection under the Act was enlarged to cover "Designs for Printing other woven Fabrics".

In the same year another Act was passed for design protection for articles of manufacture generally: An Act to secure to Proprietors of Designs for Articles of Manufacture the Copyright of such Designs for a limited period of time. The legislative process for design protection took rapid strides thereafter. A consolidating and updating measure was enacted in 1842. An Act to consolidate and amend the laws relating to the Copyright of Designs for ornamenting Articles of manufacture-repealed all the earlier statutes referred to above.

It is significant to note that when the designs law was codified in 1842 and took its modern day shape, copyright protection had not yet been extended to drawings, paintings and photographs. This came only twenty years later with the enactment of the Fine Arts Copyright Act, 1862. Codification of copyright law was nowhere in sight and came only seventy years later with the enactment of the Imperial Copyright Act, 1911. Until 1883, the statutes relating to patents, designs and trade marks remained separate. They were combined in a single enactment by the Patents, Designs, and Trade Marks Act, 1883, which repealed all the then existing statutes in the three areas. Soon trade marks law parted company and was separately enacted as the Trade Marks Act, 1905, leaving patents and designs to remain together. The Patents and Designs Act, 1907 consolidated the enactments relating to patents and designs.

The first designs legislation enacted in India for the protection of Industrial Designs was the Patents and Designs Protection Act, 1872. It was enacted to supplement the Act of 1859 passed by the Governor General of India for granting exclusive privileges to inventors and added protection for Industrial Design. The Act of 1872 was passed to extend similar privileges to the inventors of "any new and original pattern and design" in British India, though for a very shorter duration. It included in the term "new manufacture" any new and original pattern or design, or the application of such pattern or design to any substance or article of manufacture". The Act, however, left undefined the expression new pattern or design.

The Inventions and Designs Act, 1898, which consolidated and amended the law relating to the protection of inventions and designs contained provisions relating to designs in a separate part. The (British) Patents and Designs Act, 1907, became the basis of the Indian Patents and Designs Act, 1911. The provision relating to patents under the Indian Patents and Designs Act, 1911, were repealed by the Patents Act, 1970 – a post-Independence updation and consolidation of the patent law. The design provisions of the Indian Patents and Designs Act, 1911 continued, with some consequential amendments, with the title as the Designs Act, 1911. The new Designs Act, 2000 has been passed by the Parliament to make the Design Law in India TRIPS compliant.

What is a Design?

Design as per Section 2(d) of the Designs Act, 2000 means only the features of shape, configuration, pattern or ornament or composition of lines or colour or combination thereof applied to any article whether two

dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye, but does not include any mode or principle or construction or anything which is in substance a mere mechanical device, and does not include any trade mark, as defined in clause (v) of sub-section of Section 2 of the Trade and Merchandise Marks Act, 1958, property mark or artistic works as defined under Section 2(c) of the Copyright Act, 1957.

What is Not a Design?

As stated in the definition of the design above, design does not include:

- (i) any trademark, as defined in Section 2(zb) of the Trademarks Act, 1999, or
- (ii) any property mark, as defined in Section 479 of the Indian Penal Code, 1860, or
- (iii) any artistic work, as defined in Section 2(c) of the Copyright Act, 1957.

[Artistic Work means

- (i) A painting, sculpture, drawing (including a diagram, map, chart or plan), an engraving or a photograph, whether or not any such work possesses artistic quality.
- (ii) Any work of architecture i.e. any building or structure having an artistic character or design or any mode for such building or structure.
- (iii) Any work of artistic craftsmanship (Section 2(c)).

An illustrative list of non-registrable designs is as under:

- book jackets, calendars, certificates, forms and other documents.
- dress making patterns, greeting cards, leaflets, maps and plan cards.
- post cards, stamps and medals.
- labels, tokens, cards and cartoons.
- any principle or mode of construction of an article.
- mere workshop alterations of components of an assembly.
- mere change in size of article.
- flags, emblems or signs of any country.
- layout designs of integrated circuits.

Registrable Design

A design is capable of being registered only if it is new or original.

Novelty: A design shall be considered to be new when it has not been disclosed to the public, anywhere in India or in any other Country, by publication or by use or in any other way, prior to the filing date or priority date.

A design shall be considered new if it is significantly distinguishable from known designs or combination of known designs. [Section 4]

Originality: Original in relation to a design, means

- (a) originating from the author of design, and
- (b) includes the cases, which though old in themselves yet are new in their application. [Section 2(g)]

For instance, the figure of Taj Mahal is centuries old. But if a person conceives for the first time, the idea of making a flower vase or an ash tray in the form of figure of Taj Mahal, that may be an original design and shall be registrable.

Application and Registration of Design

Section 5 provides that the Controller may, on the application of any person claiming to be the proprietor of any new or original design not previously published in any country and which is not contrary to public order or morality register the design under the Act. Every application for registration is required to be in the prescribed manner and accompanied by the prescribed fee. A design when registered shall be registered as of the date of the application for registration.

As per Section 7, the Controller shall, as soon as may be after the registration of a design, cause publication of the prescribed particulars of the design to be published in the prescribed manner and the design be open to public inspection. Under Section 9 of the Design Act, the Controller grants a certificate of registration to the proprietor of the design when it is registered.

The important purpose of design Registration is to see that the artisan, creator, originator of a design having aesthetic look is not deprived of his bonafide reward by others applying it to their goods.

PROCEDURE FOR REGISTRATION OF DESIGNS

Where to Apply

Any person claiming to be the proprietor of any new or original design may apply for registration. An application for registration of a Design shall be addressed to the Controller of Designs, the Patent Office at Kolkata, or at any of its branch offices at New Delhi, Mumbai and Chennai. A proprietor may be from India or from a Convention Country.

Type of Applications

(a) *Ordinary application.*

An ordinary application does not claim priority.

(b) *Reciprocity application.*

A reciprocity application claims priority of an application filed previously in a convention country. Such an application shall be filed in India within six month from the date of filing in Convention Country. This period of six months is not extendable. [Section 5, 44]

Substitution of Applicant or Joint Claiming

Name of an applicant can be substituted or a joint claim can be made for an applied design, if the following requirements are met:

- (a) The claim for substitution is made before the design has been registered; and
- (b) Right of claimant shall be created only by:
 - (i) an assignment;
 - (ii) agreement in writing made by the applicant or one of the applicants; or
 - (iii) operation of law; and
- (c) The design under consideration shall be identified in the assignment or agreement specifically by reference to the number of application for registration; or

- (d) The rights of the claimant in respect of the design have been finally established by a Court.

A request for substitution of applicant shall be filed in Form-2 along with the required fee. If the above said requirements are fulfilled and the Controller is satisfied that upon registration of design, the claimant would be entitled to any interest in the design, the Controller may direct that the application shall proceed:

- (i) in the names of the claimant(s); or
- (ii) in the names of the claimant(s) and the applicant or the other joint applicant(s), as the case may be.

However, in case of joint applicants, the Controller shall not pass such direction without the consent of the other joint applicant(s). [Section 8]

CONTENTS OF APPLICATION

Application Form

(a) An application shall be filed in Form-1, along with the prescribed fees, stating the full name, address, nationality, name of the article, class number and address for service in India. Foreign applicants are also required to give an address for service in India, which could be the address of their Agent in India. In case of foreign applicants, it is mandatory to give an address for service in India. Unless, such an address is given, the Office shall not proceed with the application.

(b) The class to which the article belongs shall be mentioned correctly in Form-1. Under the Designs Rules, 2001, articles have been classified in the Third Schedule based on Locarno Classification. It may be noted that for registering a design in more than one class, a separate application is required to be filed for each class.

(c) The application shall be signed either by the applicant or by his authorized agent/legal representative. In India, only a registered patent agent or a legal practitioner can be appointed as an authorised agent.

(d) In case, the applicant has already registered a design in any other class of articles, the fact of such registration along with the registration number shall be mentioned in Form-1. [Sections 5, 6, 43, 44, Rules 4, 9, 10]

A Design Application may be filed personally by an applicant or through a patent agent/legal practitioner. If the application is filed through a patent agent/legal practitioner, a power of authority shall be submitted, along with the application. General Power of Attorney is also acceptable. [Section 43, Rule 9]

Priority Document

A reciprocity application shall be accompanied by a copy of the design application filed in the Convention Country. Such copy shall be duly certified by the Official Chief or Head of the Organisation in which it was filed. If the priority document was not filed with the application, the same may be filed within an extended period of three months. Extension may be sought by filing Form-18 along with the prescribed fee. [Section 44, Rule 2(d), 15]

Representation Sheet

(a) The representation sheet of an article needs to be prepared diligently and shall be filed along with the application, in duplicate. The Designs Rules require that four copies of the representation shall be filed along with the application. However, as the records are digitised and processed electronically, two copies of the representation shall suffice.

(b) Representation means the exact representation of the article for which registration is sought. A representation may contain more than one page.

Representation shall be exactly similar drawings, photographs, tracings including computer graphics or specimens of the design. The Controller may require a specimen of the article to be submitted at the time of examination, in rare cases. [Rule 11, 14, 12]

Classification of Designs

- (a) For the purpose of registration of designs, articles are classified into thirty-one classes and a miscellaneous class 99, as described in the Third Schedule of The Design Rules, 2001.
- (b) The appropriate class shall be clearly identified with reference to The Third Schedule and shall be mentioned in Form 1. In case of any ambiguity, the Controller may decide the same, if necessary, in consultation with the applicant.
- (c) When a Design Application is for an article with multiple utilities, the application may be made with depiction of an article in any one or more of the utilities. For instance, in case of a design of pen cum torch, the applicant is at liberty to apply in the class relating to pen, torch, pen-torch, or file two applications in different classes for better protection.
- (d) The classification of articles under the Third Schedule is based on the International Classification of Industrial Designs according to the Locarno Agreement. However, India is not a signatory to the agreement.
- (e) Ordinarily, the name of article should be common/familiar in the Trade or Industry and shall be analogous to the representation of the article. If the name of article is not common, the applicant may state the purpose for which the article is intended to be used, in Form-1 and representation sheet, so as to enable the Office to correctly decide the classification and facilitate search. [Section 5(3), Rule 10, 11]

Address for Service

- (a) An address for service in India shall be given by every person in any proceeding under the Act or Rules.
- (b) Change in address for service before a design has been registered shall be effected by filing a petition under Rule 46 with the prescribed fee, along with the fresh Form-1.
- (c) Any change in address for service for a registered design shall be effected by filing Form-22 with the prescribed fee.
- (d) Unless an address for service is given, the Controller shall not proceed with the application.
- (e) An address for service shall include e-mail of the agent/applicant. [Rule 4, 31, 46]

Processing & Examination of the Application

On receipt of an application, the Office accords a date and serial number to the application. This serial number, upon registration, becomes the registration number of the design. The application for registration of a design is referred by the Controller of Designs to an Examiner of Designs for conducting examination as to:

- (a) whether the application and the documents satisfy the formal requirements, and
- (b) whether such design as applied to an article is registrable, under the provisions of the Designs Act, 2000 and Designs Rules, 2001. [Section 5(1)]

Formality Check

The Examiner determines whether:

- (a) the application is in prescribed format?

- (b) the prescribed fee has been paid?
- (c) the name, address, and nationality of the applicant is mentioned?
- (d) address for service is given in the application form?
- (e) declaration of proprietorship is given in the application form?
- (f) representation sheet is in a manner as prescribed in Rule 14?
- (g) power of authority, if applicable, is filed?
- (h) in case of reciprocity application:
 - (I) the application was filed within the prescribed time?
 - (II) the priority document was filed at the time of filing? If not, whether the priority document was filed within the extendable period of three months along with the prescribed form and fees?
 - (III) the application was filed by the same applicant? If not, whether the assignment document has been filed?

When the application is deficient in respect of (g), the Examiner reports the deficiency to the Controller, who communicates the statement of objections to the applicant. Such an application shall proceed for substantive examination only after compliance of the objections. The applicant may comply with the deficiencies within three months from the date of communication of the statement of objections or respond to the objections, failing which the application shall be treated as withdrawn.

Substantive Examination

Substantive examination is carried out to determine whether the design under consideration is:

- (a) 'a design' under the Act?
- (b) new or original?
- (c) prejudicial to public order or morality?
- (d) prejudicial to the security of India? [Section 2 (d), 2(g), 5(1), 46]

The Controller shall consider the report of Examiner on registrability of a design as applied to an article and if it is registrable, the same shall be registered forthwith. The registration certificate shall be issued and sent to the applicant at the earliest.

If upon consideration of the report, the Controller is of the opinion that there are objection(s) adverse to the applicant or the application requires some amendment(s), a statement of objections shall be communicated to the applicant or to his agent at the address for service by the Controller.

The defects shall be corrected and the application resubmitted for acceptance within six months or within the extended period from the official date of the application. [Section 5(1), Rule 18]

Registration & Publication

Once an application is registered, it is published in the Patent Office Journal ordinarily within one month. The registration number is same as the application number. The date of registration of an ordinary application is the date of filing of the application. In case of reciprocity application, the date of registration is the date of filing of application in the Convention Country. [Section 7]

Certificate of Registration

Upon registration, the Controller issues a certificate of registration to the proprietor of the design. The

certificate is sent by registered post to the address for service. No hand delivery of certificate of registration is allowed. [Section 9]

Register of Designs

All the registered designs are entered in the Register of Designs maintained at Patent Office, Kolkata. The register is available to public for inspection and an e-register is also available at the official website. [Sections 10, 26; Rules 30, 37, 38, 41]

Cancellation of Registration of a Design

(a) The registration of a design may be cancelled at any time after the registration of the design on a petition for cancellation in Form 8, along with the prescribed fee.

(b) Such petition may be filed at any of the four Patent Offices. Such petitions filed in Offices other than Kolkata, are transmitted to the Kolkata Patent Office. However, at present, all further proceedings of cancellation take place only at Patent Office, Kolkata and hence all communications relating to cancellation petitions are required to be communicated to that office.

(c) The petition for cancellation of registration of a design may be filed on any of the following grounds:

- (i) that the design has been previously registered in India;
- (ii) that it has been published in India or in any other country prior to the date of registration;
- (iii) that the design is not a new or original;
- (iv) that the design is not registrable under this Designs Act;
- (v) that it is not a design as defined under Section 2(d).

Procedure

(a) The petition for cancellation shall be accompanied by a statement and evidence setting out the facts based upon which the petition is filed. The statement shall also state the nature of applicant's interest so as to determine, whether the petitioner is a person interested.

(b) The fact of filing of a petition for cancellation of registration of a design is published in the Official Journal.

(c) On receipt of a petition for cancellation, the Controller shall send a copy of the petition along with statement and evidence to the registered proprietor at the earliest.

(d) If the registered proprietor desires to oppose the petition, he shall file at Patent Office, Kolkata, a counter statement and evidence, if any, setting out fully the grounds upon which he intends to oppose the petition, within one month from the date of intimation by the Controller, and deliver a copy to the Petitioner, simultaneously. This period of one month is extendable by a maximum of three months, by filing a petition for extension with the required fee.

(e) After receipt of counter statement and evidence, if any, from the registered proprietor, the Petitioner may file his reply statement and evidence, by way of affidavits, within one month from the date of delivery of the registered proprietor's counter statement and evidence. Reply evidence of the petitioner shall be strictly confined to matters in the evidence of the registered proprietor. This period of one month is extendable by a maximum of three months, by filing a petition for extension with the required fee. The petitioner shall deliver a copy of his reply statement and evidence to the registered proprietor, simultaneously.

(f) No further evidence shall be delivered by either party, except with the leave or direction of Controller.

(g) Where a document is in a language other than English and is referred to in any statement or evidence,

an attested translation thereof in duplicate in English should be furnished.

(h) After completion of the filing of statement and evidence by the Petitioner and Registered Proprietor, the Controller shall give at least ten days' notice for hearing.

(i) On receipt of the notice of hearing, if either party desires to be heard, a notice of intention to attend the hearing shall be filed in Form 20.

(j) The Controller may refuse to hear any party which has not given such notice and fee.

(k) If either party intends to rely on any publication at the hearing, not already mentioned in the petition for cancellation, statement or evidence, he shall give to the other party and to the Controller a notice of his intention to do so, together with details of such publication. Such notice shall be given at least five days' in advance.

(l) After hearing the parties, or if neither party desires to be heard, then without a hearing, the Controller shall decide the petition and issue a speaking order. The decision of Controller shall be notified to the parties and shall be published in the Official Journal.

(m) Subsequent entries, if necessary, shall be made in the Register of Designs. [Section 19, Rule 29]

Provisions of Copyright Act as Applied to a Design

A creator of a design shall keep in mind the following provisions of the Copyright Act, 1957:

- (a) Copyright shall not subsist under the Copyright Act in any design which is registered under the Designs Act.
- (b) Copyright in any design, which is capable of being registered but which has not been so registered shall cease as soon as any article to which the design has been applied has been reproduced more than fifty times by an industrial process, by the owner of the copyright, or with his license, by any other person. [Section 15 of The Copyright Act, 1957]

Period of Protection

The duration of a design registration is initially ten years from the date of registration but in cases where claim to priority has been allowed, the duration is ten years from the priority date. This initial period of ten years may be extended by a further period of 5 years, if the registered proprietor applies for extension in prescribed manner. [Section 11]

Rights in Lapsed Design, Which Has Been Restored

A proprietor shall have no right to institute a suit or proceeding in respect of piracy of design or infringement of the copyright, which has been committed between the date on which the design ceased to have effect and the date of restoration of the design. [Section 14]

Piracy of Registered Design

Piracy of a design means the application of a design or its imitation to any article belonging to the class of articles in which the design has been registered for the purpose of sale or importation of such articles without the written consent of the registered proprietor. Publishing such articles or exposing them for sale with knowledge of the unauthorized application of the design to them also involves piracy of the Design.

The proprietor of the design gets exclusive right to apply the design to the article in a class in which the design is registered. During the existence of copyright over any design, other persons are prohibited from using the design except or with the permission of the proprietor, his licensee or assignee. The following activities are considered to be infringement:

- (i) to apply for the purpose of sale the design or any fraudulent imitation of it to any article in any class of articles in which the design is registered;
- (ii) to import for sale any article to which the design or fraudulent or obvious imitation of it, has been applied;
- (iii) to publish or to expose for sale knowing that the design or any fraudulent or obvious imitation of it has been applied to it. [Section 22]

Penalties

A registered proprietor can institute a suit for injunction as well as recovery of damages against any person engaged in piracy of the registered design. Such legal proceedings can be instituted from the date of registration and till the expiry of copyright. However, in case of reciprocity application, the registered proprietor can claim damages only from the actual date on which the design is registered in India.

If any person commits piracy of a registered design, as defined in Section 22, he shall be liable to pay for a payment of a sum not exceeding ₹25,000/- recoverable as contract debt. However, the total sum recoverable in respect of any one design shall not exceed ₹ 50,000/-.

The suit for injunction/damages shall not be instituted in any Court below the Court of District Judge. [Section 2(c),11,22.]

In a case between *Ampro Food Products v. Ashok Biscuit Works*, AIR 1973 AP 17, the appellant manufactured biscuits with AP embossed on them. The respondent also manufactured biscuits with identical design except that letters AB were embossed on them, in place of AP. The suit claimed injunction bringing a charge of piracy of design. Issuing a temporary injunction, the Court held that in such cases the defence cannot argue that the appellant's registered design was not new or original if no steps had been taken earlier seeking cancellation of the registration of the design.

In a case between *Hindustan Lever Ltd. V. Nirma Pvt. Ltd.*, AIR 1992 Bom 195, the plaintiff alleged infringement of its registered trade mark, passing off, and infringement of the copyrights in original artistic work and sought permanent injunction to restrain the defendant from using the impinged carton in relation to soaps or detergent powder.

The defence took the plea that the said label was in fact a design that could be registered under the Designs Act, and the fact that it was not so registered makes copyrights if any, under the copyright Act non-existent when the article to which the design has been applied was reproduced fifty times by industrial process. The Court ruled that a label to be put on a carton for the goods is not a design.

Assignment of Designs

Section 30 of the Design Act, 2000 read with Rules 32, 33, 34 and 35 of the Design Rules, 2001, recognizes the contracts relating to assignment of designs and provides procedure for the recordal thereof. Section 30(1) of the Design Act states that where a person becomes entitled by assignments, transmission or other operation of law to the copyright in a registered design, he may make application in the prescribed form to the Controller to register his title. Section 30(3) of the Design Act, 2000 makes it clear that for an assignment to be valid, it must be in writing and the agreement between the parties concerned has to be reduced to the form of an instrument embodying all the terms and conditions governing their rights and obligation, and the application for registration of title under such instrument is filed in the prescribed manner with the Controller within the stipulated time- that being within six months from the execution of the instrument. Section 30(4) of the Design Act, 2000 states that the absolute right to assign the design rights lie with the person registered as proprietor of the design.

The Copyright in the design is only protected if the same is statutorily recognized under the provisions of the Designs Act, 2000. Similarly, the rights acquired by third parties by way of assignments or licenses are only made effective if the same is duly registered in accordance with the provisions of the Act and the Rules framed there-under. There is no concept of common law license under design law.

LESSON ROUND UP

- An industrial design is the ornamental or aesthetic aspect of an article. The design may consist of three-dimensional features, such as the shape or surface of an article, or of two-dimensional features, such as patterns, lines or colour.
- The Designs Act of 1911 is now replaced by the Designs Act, 2000. The new Act complies with the requirements to TRIPS and hence is directly relevant for international trade. Industrial Design law deals with the aesthetics or the original design of an industrial product.
- An industrial design to be protectable must be new and original. The total time of a registered design is 15 years. Initially the right is granted for a period of 10 years, which can be extended, by another 5 years.
- The important purpose of design Registration is to see that the artisan, creator, originator of a design having aesthetic look is not deprived of his bonafide reward by others applying it to their goods.
- A design is not eligible registration if it (a) is not new or original; or (b) has been disclosed to the public anywhere in India or in any other country by publication in tangible form or by use in any other way prior to the filing date, or where applicable, the priority date of the application for registration; or (c) is not significantly distinguishable from known designs or combination of known designs; or (d) comprise or contains scandalous or obscene matter.
- The registration of a Design may be cancelled at any time after the registration of the Design on a petition for cancellation in Form 8, along with the prescribed fee.
- A proprietor shall have no right to institute a suit or proceeding in respect of piracy of design or infringement copyright, which has been committed between the date on which the design ceased to have effect and the date of restoration of the design.
- Piracy of a Design means the application of a design or its imitation to any article belonging to the class of articles in which the design has been registered for the purpose of sale or importation of such articles without the written consent of the registered proprietor.
- A registered proprietor can institute a suit for injunction as well as recovery of damages against any person engaged in piracy of the registered design.

SELF TEST QUESTIONS

(These are meant for recapitulation only. Answers to these questions are not required to be submitted for evaluation).

1. What is a design under the Designs Act, 2000? What is the difference between copyright and design?
2. What is the object of registration of designs? What are the essential requirements for the registration of a design under the Designs Act, 2000?
3. What is the duration of design registration? Can it be extended?

4. Is registration compulsory for obtaining design protection? What designs are not eligible for registration under the Designs Act, 2000?
4. Enumerate the general procedure for registering a design?
5. What constitutes piracy of a registered design? What penalties have been provided for piracy of a registered design under the Designs Act, 2000?

Lesson 10

GEOGRAPHICAL INDICATIONS

LESSON OUTLINE

- Introduction
- Meaning and Nature of Geographical Indications
- Registration
- Conditions & Procedure for Registration
- Offences and Penalties
- Lesson Round Up
- Self Test Questions

LEARNING OBJECTIVES

A geographical indication is a sign used on goods that have a specific geographical origin and possess qualities, reputation or characteristics that are essentially attributable to that place of origin. Most commonly, a geographical indication includes the name of the place of origin of the goods. Agricultural products typically have qualities that derive from their place of production and are influenced by specific local factors, such as climate and soil.

Geographical indications are protected in accordance with international treaties and national laws. Under the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), there is no obligation for other countries to extend reciprocal protection unless a geographical indication is protected in the country of its origin. India, as a member of the World Trade Organization (WTO), enacted the Geographical Indications of Goods (Registration & Protection) Act, 1999.

It is important for the students to know the legal position relating to geographical indications of goods in India; why do geographical indications need protection and how geographical indications are protected; who are entitled for registration; which of the geographical indications cannot be registered; and when is a registered geographical indication said to be infringed etc.

INTRODUCTION

A product's quality, reputation or other characteristics can be determined by where it comes from. Geographical indications (GIs) are place names (in some countries also words associated with a place) used to identify products that come from these places and have these characteristics (for example, "Champagne", 'Scotch whisky' "Tequila" or "Roquefort").

Geographical indications serve to recognize the essential role geographic and climatic factors and/or human know-how can play in the end quality of a product. Like trademarks or commercial names GIs are also IPRs, which are used to identify products and to develop their reputation and goodwill in the market. The Agreement on Trade Related Aspects of Intellectual Property (TRIPS), prescribes minimum standards of protection of GIs and additional protection for wines and spirits. Articles 22 to 24 of Part II Section III of the TRIPS prescribe minimum standards of protection to the geographical indications that WTO members must provide. Moreover, TRIPS leaves it up to the Member countries to determine the appropriate method of implementing the provisions of the Agreement (including the provisions on GIs) within their own legal framework (Article 1.1).

Notably, under the Agreement on Trade Related Aspects of Intellectual Property (TRIPS), countries are under no obligation to extend protection to a particular geographical indication unless that geographical indication is protected in the country of its origin. India did not have such a specific law governing geographical indications of goods which could adequately protect the interest of producers of such goods. This resulted into controversial cases like turmeric, neem and basmati. In the case of turmeric, in March 1995, a US Patent was granted to two NRIs at the University of Mississippi Medical Centre Jackson, for turmeric to be used as wound healing agent. This patent was challenged by CSIR at the USPTO on the ground of "Prior Art" claiming that turmeric has been used for thousand years for healing wounds and rashes and hence this was not a new invention. Even CSIR presented an ancient Sanskrit text and a paper published in 1953 in the Journal of the Indian Medical Association as documentary evidence. Upholding the objections, the US patent office cancelled the Patent.

In the case of neem, patents were granted to the US Company WR Grace & Co. for extraction and storage processes. The Indian Government filed a complaint with the US Patent Office accusing WR Grace of copying an Indian Invention but later on they realized that the US based company had in fact created a new invention for the neem extraction process and the patent was not based on traditional knowledge and hence government withdrew its complaint.

The third case which triggered a lot of controversy was granting of a US-patent to Texas based Rice Tec Inc who claimed that this invention pertains to a novel breed of rice plants and grains. The USPTO granted the patent on 'Basmati Rice Lines and Grains' in September 1997 after three years examination and accepted all the 20 claims put forward by them. India challenged the patent. A team of agricultural scientists screened several research papers, reports and proceedings of seminars, conferences, symposia, journals, news papers and archives for relevant supporting information to establish the existence of prior art in this area in India. The documentary evidences against the claim Nos. 15, 16 and 17 of the company for novelty were so strong that Rice Tec had to withdraw these claims. The company further withdrew 11 claims. Thus only five of the Rice Tec's original 20 claims survived the Indian challenges. The patent granted simply gives three hybrid varieties Bas 867, RT 1117 and RT 1121. The new rice has nothing to do with basmati. Importantly, none of the claims granted by the patent pertain to basmati rice as a generic category. Also, the Rice Tec. application was for a patent and not for basmati as a trade mark, so there is no question of Rice Tec getting exclusive rights to use the term basmati. The patent granted, therefore, neither prevents Indian Basmati from being exported to the US nor puts it at a disadvantage in the market.

It may be pointed out here that under US patent laws a patent can not be challenged until after it has been granted, unlike in India where notice is given inviting objections to the patent before it is granted. Therefore, India could challenge the patent only after it was granted.

To prevent such unfair exploitation, it became necessary to have a comprehensive legislation for registration and for providing adequate legal protection to geographical indications. Accordingly the Parliament enacted a legislation titled the Geographical Indications of Goods (Registration and Protection) Act, 1999 which came into force with effect from 15th September 2003. The present geographical indications regime in India is governed by the Geographical Indications of Goods (Registration & Protection) Act, 1999 and the Geographical Indication of Goods (Regulation and Protection) Rules, 2002.

The Object of the Geographical Indications of Goods (Registration and Protection) Act, 1999 is three fold, firstly by specific law governing the geographical indications of goods in the country which could adequately protect the interest of producers of such goods, secondly, to exclude unauthorized persons from misusing geographical indications and to protect consumers from deception and thirdly, to promote goods bearing Indian geographical indications in the export market.

This Act is administered through the Geographical Indications Registry established in Chennai under the overall charge of the Controller General of Patents, Designs and Trade Marks. Appeal against the Registrar's decision would be to the Intellectual Property Appellate Board established under the Trade Marks legislation.

Some commodities that have been recently granted the status of a Geographical Indication by the Government of India include Gir Kesar Mango, Bhalia wheat, Kinhal Toys, Nashik Valley wine, Monsoon Malabar Arabica Coffee, Malabar Pepper, Alleppy Green Cardamom and Nilgiris Orthodox Tea. Other examples include Darjeeling Tea, Mysore Silk, Paithani Sarees, Kota Masuria, Kolhapuri Chappals, Bikaneri Bhujia and Agra Petha.

SALIENT FEATURES

The salient features of Geographical Indications of Goods (Registration & Protection) Act, 1999 are as under:

- (a) Definitions and interpretations of several important terms like "geographical indication", "goods", "producers", "packages", "registered proprietor", "authorized user" etc.
- (b) Provision for the maintenance of a Register of Geographical Indications in two parts-Part A and Part B and use of computers etc. for maintenance of such Register. While Part A will contain all registered geographical indications, Part B will contain particulars of registered authorized users.
- (c) Registration of geographical indications of goods in specified classes.
- (d) Prohibition of registration of certain geographical indications.
- (e) Provisions for framing of rules by Central Government for filing of application, its contents and matters relating to substantive examination of geographical indication applications.
- (f) Compulsory advertisement of all accepted geographical indication applications and for inviting objections.
- (g) Registration of authorized users of registered geographical indications and providing provisions for taking infringement action either by a registered proprietor or an authorized user.
- (h) Provisions for higher level of protection for notified goods.
- (i) Prohibition of assignment etc. of a geographical indication as it is public property.
- (j) Prohibition of registration of geographical indication as a trademark.

- (k) Appeal against Registrar's decision would be to the Intellectual Property Appellate Board established under the Trade Mark legislation.
- (l) Provision relating to offences and penalties.
- (m) Provision detailing the effects of registration and the rights conferred by registration.
- (n) Provision for reciprocity powers of the registrar, maintenance of Index, protection of homonymous geographical indications etc.

Definitions

Section 2 of the Act defines the terms used in the Act. The definition of some notable terms is given below:

Authorised User

“Authorised user” means the authorised user of a geographical indication registered under Section 17. [Section 2(1) (b)]

Any person claiming to be a producer of the goods in respect of which a geographical indication has been registered may apply for registration as an authorized user

Geographical Indication

“Geographical indication” in relation to goods means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be.

It may be noted that any name which is not the name of a country, region or locality of that country shall also be considered as the geographical indication if it relates to a specific geographical area and is used upon or in relation to particular goods originating from that country, region or locality, as the case may be. [Section 2(1) (e)]

Goods

“Goods” mean any agricultural, natural or manufactured goods or any goods of handicraft or of industry and includes food stuff. [Section 2(f)]

Indication

“Indication” includes any name, geographical or figurative representation or any combination of them conveying or suggesting the geographical origin of goods to which it applies. [Section 2(1) (g)]

Producer

“Producer” in relation to goods, means any person who,-

- (i) if such goods are agricultural goods, produces the goods and includes the person who processes or packages such goods;
- (ii) if such goods are natural goods, exploits the goods;
- (iii) if such goods are handicraft or industrial goods, makes or manufactures the goods,

- (iv) and includes any person who trades or deals in such production, exploitation, making or manufacturing, as the case may be, of the goods. [Section 2(1) (k)]

Registrar

“Registrar” means the Registrar of Geographical Indications referred to in Section 3. [Section 2(1) (o)]

Under Section 3 of the Act Registrar of Geographical Indications is the Controller General of Patents, Designs and Trade Marks appointed under sub-section (1) of Section 3 of the Trade Marks Act, 1999.

Registration of Geographical Indications

Section 8 of the Act provides that a geographical indication may be registered in respect of any or all of the goods, comprised in such class of goods as may be classified by the Registrar and in respect of a definite territory of a country, or a region or locality in that territory, as the case may be.

The Registrar may also classify the goods under in accordance with the International classification of goods for the purposes of registration of geographical indications and publish in the prescribed manner in an alphabetical index of classification of goods.

Any question arising as to the class within which any goods fall or the definite area in respect of which the geographical indication is to be registered or where any goods are not specified in the alphabetical index of goods published shall be determined by the Registrar whose decision in the matter shall be final.

Who are Entitled for Registration?

As per Section 11 any association of persons or producers or any organisation or authority established by or under any law representing the interest of the producers of the concerned goods can apply for the registration of a geographical indication.

The Applicant has to be a legal entity and should be representing the interest of producers of the goods applied for. Any such organisation or association being not that of the producers may have to prove that they represent the interest of producers. Any Applicant Authority also has to prove that they represent the interest of producers.

An application for registration of a geographical indication is to be made in writing, along with the prescribed fees (as specified under First Schedule), and should be addressed to the Registrar of Geographical Indications. [Rule 12 &, 13]

Jurisdiction: The Geographical Indication Registry is situated at *Geographical Indications Registry, Intellectual Property Office Building, G.S.T. Road, Guindy, Chennai – 600032* having all-India Jurisdiction. Application or any other document may be filed directly in the GI Registry, Chennai, or may be sent by post or registered post or speed post or courier services.

Filing of Application

- (i) An Indian application for the registration of a geographical indication can be made in triplicate in Form GI – 1(A) for single class and in GI – 1 (C) for multiple classes.
- (ii) A Convention Application shall be made in triplicate in Form GI – 1(B) for single class and in GI – 1 (D) for multiple classes.
- (iii) Power of Attorney, if required.
- (iv) An Application shall be signed by the applicant or his agent.

Contents of Application

The application should include the requirements and criteria for processing a GI application as specified below:

- A statement as to how the geographical indication serves to designate the goods as originating from the concerned territory of the country or region;
- The class of goods;
- geographical map of the territory or locality in which goods are produced;
- The particulars of appearance of the geographical indication;
- Particulars of producers;
- An affidavit of how the applicant claims to represent the interest in the GI;
- The standards benchmark for the use or other characteristics of the GI;
- The particulars of special characteristics;
- Textual description of the proposed boundary;
- The growth attributes in relation to the GI pertinent to the application;
- Three certified copies of the map of the territory, region or locality ;
- Particulars of special human skill involved , if any;
- Full name and address of the association of persons or organization;
- Number of producers; and
- Particulars of inspection structures, if any, to regulate the use of the GI. [Rule 32].

On receipt of the application, a number is allotted. Thereafter, the examiner scrutinizes the application to check whether it meets the requirements of the GI Act and the Rules. Deficiencies if any found through a preliminary examination would be communicated by the Examiner to the Applicant. The deficiencies need to be complied within the time limit mentioned in the communication. [Rule 31]

Upon compliance of the deficiencies, the Registrar shall ordinarily constitute a Consultative Group of experts (not more than seven representatives) to ascertain the correctness of the particulars furnished in the Statement of Case. The Consultative Group is chaired by the Registrar of Geographical Indications. [Rule 33]

After issuance of the Examination Report, submissions of the applicant would be considered. If no further objection is raised, the application would be accepted and published (within three months of acceptance) in the Geographical Indications Journal. [Rule, 34 & 38]

After advertisement of a Geographical Indication in the Geographical Indications Journal, any person may within three months oppose the registration of an application for GI. This period may be extended by a period, not exceeding one month, by making an application to the Registrar along with the prescribed fee. Such an application for extension shall be filed before the expiry of the period of three months. The Notice of Opposition shall be filed only before the Registrar of Geographical Indications at Chennai. [Section 14, Form GI-2]

Registration

If no opposition is filed within the period specified or where an opposition is filed and it is dismissed and the

appeal period is over, the Registrar registers the geographical indication in Part A of the Register unless the Central Government otherwise directs.

On the registration of a geographical indication, the Registrar shall issue each to the applicant and the authorised users, if registered with the geographical indication, a certificate sealed with the seal of the Geographical Indications Registry. The date of filing of the application shall be deemed to be the date of registration.

It may be noted that where registration of a geographical indication is not completed within twelve months from the date of the application by reason of default on the part of the applicant, the Registrar may, after giving notice to the applicant in the prescribed manner treat the application as abandoned unless it is completed within the time specified in that behalf in the notice. [Section 16]

Duration of Registration

According to Section 18, a registered geographical indication shall be valid for 10 years and can be renewed from time to time on payment of renewal fee.

Any person aggrieved by an order or decision of the Registrar may prefer an appeal to the intellectual property appellate board (IPAB) within three months. [Section 31]

Benefits of Registration

Geographical Indications registration gives to the registered proprietor and its authorised users, the legal right to the exclusive use of the GI and also the right to obtain relief in case of its infringement. Exclusion of unauthorized persons from misusing GI would ensure that genuine products of the rightful producers are marketed.

Prohibition of Registration of Certain Geographical Indications

For registrability, the GI must fall within the scope of the definition of the expression “geographical indication” as given under Section 2 (1) (e) of GI Act. In addition, such a GI should not fall within the purview of prohibitions contained in Section 9 which are as follows:

- (a) the use of which would be likely to deceive or cause confusion; or
- (b) the use of which would be contrary to any law for the time being in force; or
- (c) which comprises or contains scandalous or obscene matter; or
- (d) which comprises or contains any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India; or
- (e) which would otherwise be disentitled to protection in a court; or
- (f) which are determined to be generic names or indications of goods and are, therefore, not or ceased to be protected in their country of origin, or which have fallen into disuse in that country; or
- (g) which, although literally true as to the territory, region or locality in which the goods originate, but falsely represent to the persons that the goods originate in another territory, region or locality, as the case may be;

shall not be registered as a geographical indication.

It may be noted that “generic names or indications”, in relation to goods, means the name of a goods which, although relates to the place or the region where the goods was originally produced or manufactured has lost

its original meaning and has become the common name of such goods and serves as a designation for or indication of the kind, nature, type or other property or characteristic of the goods.

However, in determining whether the name has become generic, account shall be taken of all factors including the existing situation in the region or place in which the name originates and the area of consumption of the goods.

Offences & Penalties

Chapter VIII of the Act details certain acts as offences punishable by imprisonment or with fine or with both. The legislature has taken a strong view of infringement, piracy, falsification, misrepresentation and has now made them penal offences. The chapter apart from listing penalties for the above-mentioned offences also details the penalty and procedure of prosecution.

The following are the acts deemed as offences:

In the context of offences, what constitutes the meaning of “applying geographical indication has been dealt with in Section 37 and the expression geographical indication has been defined in Section 2 (1) (e).

Section 38 list two kinds of offences namely:-

- (a) falsifying a GI and
- (b) falsely applying a GI.

- The penalty for falsification of GIs and the circumstances in which a person applies false GI are enumerated in Section 39.
- Selling goods to which false GI is applied as outlined in Section 40.
- Enhanced Penalty for subsequent convictions for the offences of falsifying, falsification of GIs or selling goods with false GIs.
- Falsely representing a GI as registered as listed in Section 42. Misrepresenting the GI as Registered, which has not been actually registered is an Offence.
- Improperly describing a place of business as connected with the GIs Registry as listed in Section 43.
- Falsification of entries in the Register as listed in Section 44.
- No offence in certain cases as provided under Section 45.
- Exemption of certain persons employed in ordinary course of business as provided under Section 46.
- Procedure where invalidity of registration is pleaded by the accused as provided in Section 18.

Cognizance of Certain Offences – Search & Seizure

Under Section 50(2) it has been clearly stated that no court inferior to that of a Metropolitan Magistrate or judicial Magistrate of first class shall try an offence under this Act.

Sub-section (3) lays down that the offences stated under Sections 39, 40 and 41 shall be cognizable. Section 39 provides penalty for applying false geographical indications; Section 40 provides penalty for selling goods to which false geographical indication is applied; and Section 41 stipulates enhanced penalty on second or subsequent conviction respectively.

Sub-section (4) enacts that a police officer not below the rank of Deputy Superintendent of Police or equivalent, if he is satisfied that a cognizable offence has been committed or is likely to be committed, may search and seize- without warrant- the goods, die, block, machine, parts, plates, or other instruments or things involved in the commission of the offence, and whenever found shall be produced before the magistrate at the earliest.

However, the proviso to sub section (4) clearly mandates that the police officer before making any search and seizure shall obtain the opinion of the Registrar on the facts involved in the offence relating to the GI and shall abide by the opinion of the Registrar.

In addition to the above, the Registered Proprietor or Authorised User can obtain relief in respect of infringement of the Geographical Indications in the manner provided by this Act.

Offences by Companies

As per Section 49 when an Offence is committed by a Company, the Company as well as person responsible in the company for conducting the business of the Company shall be liable and punished accordingly.

LESSON ROUND UP

- A geographical indication points to a specific place, or region of production, that determines the characteristic qualities of the product which originates from that place. It is important that the product derives its qualities and reputation from that place. Like trade marks or commercial names, geographical indications are also IPRs, which are used to identify products and to develop their reputation and goodwill in the market.
- TRIPS Agreement prescribes minimum standards of protection to the geographical indications that WTO members must provide. Notably, under the Agreement on Trade Related Aspects of Intellectual Property (TRIPS), countries are under no obligation to extend protection to a particular geographical indication unless that geographical indication is protected in the country of its origin.
- India did not have a specific law governing geographical indications of goods which could adequately protect the interest of producers of such goods. This resulted into controversial cases like turmeric, neem and basmati.
- To prevent such unfair exploitation, it became necessary to have a comprehensive legislation for registration and for providing adequate legal protection to geographical indications. Accordingly the Parliament enacted a legislation titled the Geographical Indications of Goods (Registration and Protection) Act, 1999
- The legislation is administered through the Geographical Indication Registry under the overall charge of the Controller General of Patents, Designs and Trade Marks.
- “Geographical indication” in relation to goods under the Act means an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be.
- Any person claiming to be a producer of the goods in respect of which a geographical indication has been registered may apply for registration as an authorized user. “Authorised user” means the authorised user of

a geographical indication registered under Section 17.

- Geographical indication may be registered in respect of any or all of the goods, comprised in such class of goods as may be classified by a region or locality in that territory, as the case may be.
- Any association of persons or producers or any organisation or authority established by or under any law representing the interest of the producers of the concerned goods can apply for the registration of a geographical indication.
- A registered geographical indication shall be valid for 10 years and can be renewed from time to time on payment of renewal fee. The Act places prohibition on registration of certain geographical indications.
- The legislature has taken a strong view of infringement, piracy, falsification, misrepresentation of geographical indications and has now made them penal offences.

SELF TEST QUESTIONS

(These are meant for recapitulation only. Answers to these questions are not required to be submitted for evaluation).

1. What is a geographical indication? How is a geographical indication different from a trade mark? List out the examples of possible Indian Geographical Indications?
2. What is the legal position relating to geographical indications of goods in India?
3. Who can apply for the registration of a geographical indication? What is the benefit of registration of geographical indications? Who is a registered proprietor of a geographical indication?
4. Discuss the procedure for registration of geographical indications?
5. When is a registered geographical indication said to be infringed? Who can initiate an infringement action?
6. Is registration of a geographical indication compulsory and how does it help the applicant? How long the registration of geographical indication is valid?

[illegible]

Lesson 11

PROTECTION OF TRADE SECRETS

LESSON OUTLINE

- Introduction
- Legislation Governing Trade Secrets
- Protection under TRIPS Agreement
- What Causes a Business to Lose Trade Secret Protection
- Lesson Round Up
- Self Test Questions

LEARNING OBJECTIVES

Knowledge is what happens to information when human ingenuity is applied to it. Information alone does not confer competitive advantage. Knowledge does. It is human ingenuity that turns information into knowledge and gives it value. And it is this knowledge that is the underlying value of the intellectual property or capital of an organization—its relationships, know-how, confidential business information and trade secrets.

Today more than ever, intellectual property also includes confidential business information, trade secrets, know-how and key business relationships. The various statutes that have been enacted provide an adequate mechanism of protection to intellectual property rights. However, some ideas cannot be patented and indeed, some innovators do not want to patent their ideas as for instance trade secret or confidential information. If a trade secret is really kept a secret, the monopoly on an idea or product may never end. Once the information is leaked and goes into the public domain, it is lost forever.

Too often, beyond applying for patents on new inventions or trademarks on new brands, little real attention is paid to protecting or securing this less formal type of intellectual property and consequently the information goes into the hands of the rival competitors of the business enterprises. The study lesson explains the importance of trade secrets to the business enterprises whether small, medium or large and why this key strategic asset needs to be protected

A trade secret is any kind of information that is secret or not generally known in the relevant industry giving the owner an advantage over competitors. Generally, it has been stated that any information that can be used in the operation of a business or other enterprise and that is sufficiently valuable to afford an actual or potential economic advantage over others is a trade secret. Examples of trade secrets include formulas, patterns, methods, programs, techniques, processes or compilations of information that provide one's business with a competitive advantage.

The precise language by which a trade secret is defined varies by jurisdiction (as do the precise types of information that are subject to trade secret protection). However, there are three factors that (though subject to differing interpretations) are common to all such definitions: a trade secret is some sort of information that (a) is not generally known to the relevant portion of the public, (b) confers some sort of economic benefit on its holder (which means this benefit must derive specifically from the fact that it is not generally known, not just from the value of the information itself), and (c) is the subject of reasonable efforts to maintain its secrecy.

Trade secrets are not protected by law in the same manner as trademarks or patents. Probably one of the most significant differences is that a trade secret is protected without disclosure of the secret. A trade secret might be a patentable idea but not always. Unlike patent, a trade secret does not have to pass the test of novelty; nevertheless the idea should be somewhat new, unfamiliar to many people including many in the same trade.

Trade secrets are not registered like other forms of intellectual property and are not creatures of statutes. Instead, the judicial system of each country determines the requirements for obtaining trade secrets protection. In India, trade secrets are not covered under any law.

The TRIPS Agreement under Article 39 protects trade secrets in the form of "undisclosed information", and provides a uniform mechanism for the international protection of trade secrets. Such information must be a secret, i.e. not generally known or readily accessible to person within the circles that normally deal with all kinds of information in question. Also, the information must have commercial value because it is secret and the information must be subject to reasonable steps by its owners to keep it secret.

TRIPS Agreement requires the member countries to provide effective remedies for trade secret misappropriation including:

- injunctive relief;
- damages; and
- provisional relief to prevent infringement and to preserve evidence.

Trade secrets are by definition not disclosed to the world at large. So long as trade secret remains a secret, it is valuable for the company. Once the information enters the public domain, it is lost forever. Therefore, companies should take every precaution to keep the information secret. Instead, owners of trade secrets seek to keep their special knowledge out of the hands of competitors through a variety of civil and commercial means, not the least of which is the employment or confidentiality agreements and/or non-disclosure agreements. In exchange for the opportunity to be employed by the holder of secrets, a worker will sign an agreement not to reveal his prospective employer's proprietary information. Often, he will also sign over rights to the ownership of his own intellectual production during the course (or as a condition) of his employment. Violation of the agreement generally carries stiff financial penalties, agreed to in writing by the

worker and designed to operate as a disincentive to going back on his word. Similar agreements are often signed by representatives of other companies with whom the trade secret holder is engaged in licensing talks or other business negotiations.

If a trade secret is well protected, there is no term of protection. Trade secret protection can, in principle, extend indefinitely and in this respect offers an advantage over patent protection, which lasts only for a specified period. It is equally possible that a company may decide not to patent as for instance formula for Coca-Cola which is considered to be one of the best well protected trade secrets.

Companies often try to discover one another's trade secrets through lawful methods of reverse engineering on one hand and less lawful methods of industrial espionage on the other. Acts of industrial espionage are generally illegal in their own right under the relevant governing laws, of course. The importance of that illegality to trade secret law is as follows: if a trade secret is acquired by improper means (a somewhat wider concept than "illegal means" but inclusive of such means), the secret is generally deemed to have been misappropriated. Thus if a trade secret has been acquired via industrial espionage, its acquirer will probably be subject to legal liability for acquiring it improperly. (The holder of the trade secret is nevertheless obliged to protect against such espionage to some degree in order to safeguard the secret. As noted above, under most trade secret regimes, a trade secret is not deemed to exist unless its purported holder takes reasonable steps to maintain its secrecy.)

The test for a cause of action for breach of confidence in the common law world is set out in the case of *Coco v. A.N. Clark (Engineers) Ltd.*, (1969) R.P.C. 41:

- the information itself must have the necessary quality of confidence about it;
- that information must have been imparted in circumstances imparting an obligation of confidence;
- there must be an unauthorized use of that information to the detriment of the party communicating it.

The "quality of confidence" highlights the fact that trade secrets are a legal concept. With sufficient effort or through illegal acts (such as break and enter), competitors can usually obtain trade secrets. However, so long as the owner of the trade secret demonstrates that reasonable efforts have been made to keep the information confidential, the information remains a trade secret and is legally protected as such. Conversely, trade secret owners who do not demonstrate reasonable effort at protecting confidential information, risk losing the trade secret even if the information is obtained by competitors illegally. It is for this reason that trade secret owners shred documents and do not simply recycle them. Presumably an industrious competitor could piece together the shredded documents again. Legally the trade secret remains a trade secret because shredding the document is considered to have kept the quality of confidence of the information.

INTERNATIONAL TRADE AND TRADE SECRETS

In technology transfer a trade secret may be far more valuable than a patent. Some times a trade secret is not really a secret and may not be of much value either. In a technology package some part is usually unprotected information, even so the best way of obtaining this unprotected information is to buy from the suppliers. Companies must be assured trade secret protection, which they are enjoying in their respective countries under the international licencing agreements. As mentioned earlier, the value of a trade secret lies in its secrecy. If a company cannot ensure protection of its trade secrets in a foreign country, it will not do business in that country. Every company should therefore, take some important measures to protect its trade secrets.

A checklist for the identification of potential trade secrets owned by a manufacturing company has been devised which inter alia includes:

- (i) technical information/research and development;
- (ii) proprietary technology information;
- (iii) proprietary information concerning research and development;
- (iv) formulas;
- (v) compounds;
- (vi) prototypes;
- (vii) processes;
- (viii) laboratory notebooks;
- (ix) experiments and experimental data;
- (x) analytical data;
- (xi) calculations;
- (xii) drawings- all types;
- (xiii) digrams- all types;
- (xiv) design data and design manuals;
- (xv) R&D reports-all types;
- (xvi) R&D know-how and negative know-how (i.e. what does not work);
- (xvii) Production/ process information;
- (xviii) Proprietary information concerning production/process etc.

Some experts suggest that it may be prudent for the companies to conduct an intellectual property audit to identify the protectable business information. This will help the companies to assess the value of the information useful for their business. The intellectual property audit is the starting point for the development of a trade secrets protection programme as company's portfolio of trade secrets is constantly changing. Some information becomes obsolete, new information is created which is extremely valuable and may be protected.

Once the audit is complete, the next step is to determine appropriate level of security necessary to protect different types of trade secret. There are six factors which need to be taken into consideration while determining whether information owned or used by a company is a trade secret in terms of the necessary level of security to ensure adequate protection of those trade secrets. These are:

- The extent to which the information is known outside the company.
- The extent to which the information is known by employees and others involved in the company.
- The extent of measures taken by the company to guard the secrecy of the information.
- The value of the information to the company and the competitors.
- The expenditures by the company (time, money, effort) in developing the information.
- The ease or difficulty with which the information could be properly acquired or duplicated by others.

LESSON ROUND UP

- A trade secret is any kind of information that is secret or not generally known in the relevant industry giving the owner an advantage over competitors.
- Unlike patent, a trade secret does not have to pass the test of novelty; nevertheless the idea should be somewhat new, unfamiliar to many people including many in the same trade.
- Trade secrets are not protected by law in the same manner as trade marks or patents. In India, trade secrets are not covered under any law.
- The TRIPS Agreement provides protection to trade secrets in the form of “undisclosed information” providing a uniform mechanism for the international protection of trade secrets.
- Trade secrets are by definition not disclosed to the world at large. So long as trade secret remains a secret, it is valuable for the company. As for instance formula for Coca-Cola which is considered to be one of the best well protected trade secrets. Once the information enters the public domain, it is lost forever.
- If a trade secret is well protected, there is no term of protection. Trade secret protection can, in principle, extend indefinitely and in this respect offers an advantage over patent protection, which lasts only for a specified period.

SELF TEST QUESTIONS

These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.

1. What is a trade secret?
2. How are trade secrets protected?
3. How long can trade secrets protection last? Is there any legislation governing trade secrets?
4. The TRIPS Agreement provides protection to trade secrets. Explain.
5. What causes a business to lose trade secret protection?

[illegible]

Lesson 12

KEY BUSINESS CONCERNS IN COMMERCIALISING INTELLECTUAL PROPERTY

LESSON OUTLINE

- Competition and Confidentiality Issues
- Care & Maintenance of Confidential Information
- Employee Confidentiality
- Intellectual Property Issues in the Sale of Business
- Assignment of Intellectual Property Rights
- Technology Transfer Agreements
- Legal Auditing of Intellectual Property
- Due Diligence of Intellectual Property Rights
- Lesson Round Up
- Self Test Questions

LEARNING OBJECTIVES

Competition and intellectual property law are closely linked, as intellectual property law rewards innovation by granting exclusive rights, the competition law ensures that companies do not restrict freedom to compete or exploit market power with anti-competitive consequences. The laws dealing with restrictive trade practices in India are contained under the Patents Act and the Competition Act.

The value of a trade secret lies in its secrecy. If a company cannot ensure protection of its trade secrets in a foreign country, it will not do business in that country. Every company should therefore, take some important measures to protect its trade secrets.

Assignment agreements are of considerable importance in IPR since they allow the intellectual property owners to transfer their intellectual property for commercial returns, ensuring that the intellectual property can be used for monetary gain.

The basic legal document is the licence agreement for transfer of technology. While formulating the licensing agreement, the parties involved should define the technology to be transferred without any ambiguity.

Intellectual property audit involves undertaking a comprehensive review of a company's IP assets, related agreements, relevant policies and compliance procedures. An IP audit helps a business to make an inventory of its IP assets.

The study lesson familiarizes the students with the key business issues that are involved in commercializing intellectual property rights besides legal auditing of intellectual property.

Intellectual Property Rights have become a significant factor in both creating and using ideas that are translated into knowledge and inventions to promote innovation and economic growth. With the advent of an increasingly knowledge-based society, grant of intellectual property rights ensures that innovators and creators have sufficient incentive to bring their works to market and to build on the innovations and creations of others for the benefit of society. As innovation and creativity are essential for sustainable growth and economic development following core conditions enable innovation and encourage economic growth:

- strong standards and effective enforcement of intellectual property rights,
- vigorous competition and contestable markets,
- open trade and investment in a stable economic environment,
- strong and sustainable fundamental research and development infrastructure,
- sound policies and mechanisms to promote interface between science and innovation,
- efficient and transparent regulatory systems, and
- ethics and the rule of law.

Intellectual property protection is one of the central public policy considerations of knowledge based industries and global markets. Rapid changes in key technological, economic and social drivers underscore the importance of intellectual property as it provides an increasingly critical legal and policy instrument for encouraging innovation, stimulating investments needed to develop and market new innovations, and diffusing technology and other knowledge in economically and socially beneficial ways.

Competition and Confidentiality Issues

The principle underlying competition law is that the public interest is best served by competitive markets, which are socially desirable because they lead to an efficient allocation of resources. Competition law seeks to prevent companies from inappropriately creating, enhancing or maintaining market power that undermines competition without offering economic benefits. Market power refers to the ability of firms to profitably cause one or more facets of competition, such as price, output, quality, variety, service, advertising or innovation, to significantly deviate from competitive levels for a sustainable period of time.

Intellectual property law and competition law are therefore two complementary instruments that promote economic efficiency. While Intellectual property laws provide incentives for innovation and technological diffusion by establishing enforceable property rights for the creators of new and useful products, technologies and original works of expression, Competition Laws may be invoked to protect these incentives from anti-competitive conduct that creates, enhances or maintains market power or otherwise harms or distorts competition in a given market.

Since the right to exclude, which is the basis of intellectual property rights, is necessary for efficient, competitive markets, the enforcement of the Competition Law rarely interferes with the exercise of this basic right. However, enforcement action under the Competition Law may be warranted when anti-competitive conduct of the owner of intellectual property creates, enhances or maintains market power so as to cause appreciable adverse impact on competition.

Interface between Intellectual Property Rights and Competition

Intellectual Property Law and competition law are both necessary for the efficient operation of the marketplace. Intellectual property laws provide property rights comparable to those of other kinds of private property, thereby providing incentives for owners to invest in creating and developing intellectual property

and encouraging the efficient use and dissemination of the property within the marketplace.

Similarly, competition law is intended to enhance consumer welfare by promoting competitive markets and consumer choice. Intellectual property laws are also intended to enhance consumer welfare, as businesses are encouraged to innovate and invest in new technologies leading to improved products and lower prices. Brands enable consumers to choose the products they value, which encourages competition among brand owners. The promotion of a competitive marketplace through the application of competition law is thus consistent with the objectives underlying intellectual property law.

Accordingly, competition and intellectual property law are closely linked, as intellectual property law rewards innovation by granting exclusive rights, the competition law ensures that companies do not restrict freedom to compete or exploit market power with anti-competitive consequences. However, from the traditional point of view, the situation may be different for those companies whose intellectual property assets give them a strong position in a given market to the extent enabling them to restrict the competition in that market. But it is now accepted that, since they do not necessarily, or even very often, create legal or economic monopolies, intellectual property laws do not necessarily clash with competition laws because the goods and services produced using intellectual property compete in the marketplace with other closely-substitutable goods and services.

In most instances, competition and intellectual property laws can be seen as complementary, seeking to promote innovation to the benefit of consumers and the economy. However, in situations where intellectual property owners are in a position to exert substantial market power or to engage in anti-competitive conduct, the conflict between the two becomes apparent. In these instances, owners of intellectual property rights seek to extend the scope of the right beyond that intended by the intellectual property Law. The key issue in such situations therefore, is to find out an appropriate balance between intellectual property and competition laws.

The challenge for competition authorities in such situations is, how to minimize the anti-competitive effects of Intellectual Property Rights while respecting their existence and the societal goals they are meant to promote.

Mention must be made that most competition laws contain exemptions or exceptions designed to ensure that they do not negate rights explicitly granted by respective intellectual property laws. However, the fact that intellectual property laws grant exclusive rights of exploitation does not imply that intellectual property rights are immune from competition law intervention. Competition law is in particular applicable to agreements whereby the owner of intellectual property rights licenses another undertaking to exploit intellectual property rights.

Competition Issues in Intellectual Property Licensing

Typically intellectual property is one of the components in a production process and derives value from its combination with complementary factors. This integration can lead to more efficient exploitation of the intellectual property, benefiting consumers through reduction of costs and introduction of new products. Such arrangements also increase the value of intellectual property to developers of technology. By potentially increasing the expected returns from intellectual property, licensing increases the incentive for its creation and thus promotes greater investment in research and development.

In majority of cases, licensing is pro-competitive because it facilitates the broader use of a valuable intellectual property right by third parties. If an intellectual property owner licenses, transfers or sells the IP

to a company or a group of companies that would have been actual or potential competitors without the arrangement, and if this arrangement creates, enhances or maintains market power, the competition authorities may seek to challenge the arrangement under the appropriate provisions of the Competition Law. However, in assessing whether a particular licensing arrangement involves competition issue, the competition authorities the worldover examine whether the terms of the arrangement serve to create, enhance or maintain the market power of either the licensor or the licensee and thereby reduce competition substantially or unduly relative to that which would have likely existed in the absence of such arrangement.

Thus, Licensing arrangements raise concerns under the competition laws if they are likely to affect adversely the prices, quantities, qualities, or varieties of goods and services either currently or potentially available. Licensing agreements which, directly or indirectly, restrict the ability or incentive of any of the parties, to carry out independent R&D, may also have anti-competitive effects, because such agreements can reduce potential competition in the technology and innovation markets, which would have existed in the absence of the agreement.

Restrictive Practices under Intellectual Property Licensing

The term restrictive practice signifies non-governmental measures used by companies to strengthen their position in a given market. In the context of IPRs, these practices can hamper or distort competition in given market. Competition and anti-trust laws deal with such business practices and prohibit them when it is established that they have the effect of distorting or preventing competition in a given market.

The concept of unfair competition has been also recognised under the Paris Convention for the Protection of Industrial property which comprises not only infringement of industrial property but also all other acts which adversely affect the business relations of a person. The provisions of the Paris Convention contain a broad stipulation that any act of competition contrary to honest practices in industrial and commercial matters constitutes an act of unfair competition. These provisions affirm the foundation of fair competition as being honest practices or good morals and set out three kinds of acts which are deemed typically unlawful in international trade and therefore, must be prohibited.

UNCTAD Code of Conduct on Transfer of Technology under Chapter IV has also recognised some practices as restrictive practices. In India, the Monopolies and Restrictive Trade Practices Act, 1969, the Patents Act, 1970 and Competition Act, 2002 prohibit the use of restrictive practices in business agreements.

KINDS OF RESTRICTIVE PRACTICES

As discussed above, restrictive trade practices under the guise of intellectual property licensing can always be corrected by competition authorities. Following are some of the restrictive practices mainly used in the intellectual property licensing agreements.

1. Restrictions after expiration of Industrial Property Rights or Loss of Secrecy of Technical Know-how

The expiration of the term of patent in an intellectual property licensing agreement signifies that the knowledge and invention covered by such patent enters into public domain and any interested party can use such patent without any obligation. Where the supplier of the technology imposes any restriction after the expiration of the term of intellectual property rights, such restriction is deemed to be the restrictive trade practice.

The real problem arises in the case of package licensing, where the restrictions or payment obligations are artificially prolonged beyond the life time of the main patent by referring to the expiry of the last improvement patent or by basing restrictions on patents actually not exploited by the

licensee. The problem may also arise when the secret know-how loses its secret character before the expiration of the agreement.

2. Restrictions after Expiration of Arrangements

The use of such clauses in intellectual property licensing will generally oblige licensee to pay royalties during the entire duration of manufacture of product or the application of the process involved, without specifying any time limit. Sometimes these clauses also contain restrictions to be continued even after the expiration of the agreement, for example, restrictions on competition, restriction on Research and Development activities and specially, the obligation of the licensee to keep secret and not to make use of the confidential information even after the expiration of the life of the arrangement.

3. Restrictions on Research and Development

Such restrictions generally involve limitations on the research and development policies and activities of the licensee. The use of such clauses affects directly or indirectly the possibilities for the technological development capabilities of the licensee. Such provisions also restrict the freedom of licensee to undertake its own Research and Development programmes. These restrictions also cover such provisions which are in direct competition with Research and Development activities of the licensor.

The restrictions on Research and Development activities of licensee company have also been declared as restrictive practice under the UNCTAD Code. The provisions of the code identified such clauses as restricting the licensee from undertaking R&D activities directly to absorb and adapt the transferred technology to suit local conditions or restriction on initiation of R&D programmes in connection with new products, processes or equipment.

4. Non-Competition Clauses

The Non-competition clause in intellectual property licensing includes the restriction on freedom of licensee company to enter into arrangements to use or purchase the competing technologies or products not furnished or designated by the company supplying technology. These clauses directly or indirectly affect the acquiring company's capability of competition. Some of the non-competition clauses which may have direct effect, oblige the licensee company not to manufacture or sell competing products or not to acquire competing technology. Non-competition clauses which may have indirect effect, oblige the licensee not to cooperate with competing enterprises or to pay higher royalties if it sells or manufactures competing products.

5. Tie-in Arrangements

Tie-in clauses in an intellectual property licensing requires the licensee to obtain raw materials, spare parts, intermediate products for use with licensed technology, only from the licensor or its nominees. These clauses also oblige the licensee to use personnel designated by the licensor. The main reason behind the use of tie-in clauses by the licensor seems to be based on the fact that it wants to preserve an exclusive right to supply necessary processed or semi-processed inputs, to maintain quality control, and to expand their profit margin.

The tie-in clauses generally result in a monopoly control of the supply of equipment and other inputs by supplying enterprises, leading to "transfer pricing", "transfer accounting" or "uneconomic output". By virtue of this exclusive position, the licensor charges higher price than for comparable equipment and other inputs that could otherwise be obtained elsewhere. The use of tying clauses not only affects production costs through the overpricing of inputs but may have important indirect effect on

the import substitution, export diversification and growth efforts of licensee.

6. Export Restrictions

Export restrictions may include conditions restricting or prohibiting the export of products manufactured by the transferred technology. These conditions restrict the export of such products to certain markets or permission to export to certain markets and requirement of previous permission for exports.

The restrictions having direct impact involve complete restriction on the export of products. In some cases the licensor imposes restrictions on licensee as to prohibit or permit the export to one or more specified countries or areas. These restrictions may also include prohibition or permission to export only specified goods.

Indirect export restrictions cover a wide range of restrictions. Amongst others, the important indirect export restrictions include the prior approval of licensor to export the goods manufactured by the imported technology, including the requirement of primary responsibility for the domestic market or higher royalties on output designated for export. Such restrictions also require the licensee to export its product on predetermined prices or quality control. In some other cases obligations are imposed to sell its product exclusively to the licensor or to export only through licensor or its designated agents.

7. Price Fixing

Price fixing clause in an intellectual property license involves the practices where the licensor reserves the right to fix the sale or resale price of the product manufactured by the imported technology. The price-fixing clauses may cover the price determined by the licensor on goods produced with the help of transferred technology. Price-fixing may also involve horizontal price cartels between several technology suppliers or several technology recipients.

8. Restrictions on Field of Use, Volume or Territory

Restrictions on the field of use authorises licensor to restrict the use of the technology or reserve some uses of technology for self-exploitation or exploitation by third parties. The practices concerning the volume restrictions may consist of minimum production requirements or maximum output. The volume of production may also be controlled by higher royalties to be paid beyond a certain production quota or to produce by manufactured goods in a prescribed package with a certain weight. Therefore, such type of restrictions on the production may prevent the licensee company from producing enough for export.

The volume restrictions are generally used by the licensor to preserve its competitive position in a given market. Moreover, where the protected technology covers manufacturing rather than product itself, the licensee's capability to compete in world market with the transferred technology may actually be hindered by the volume restrictions.

While licensing restraints such as territorial or field-of-use limitations appear restrictive of competition, they may in fact serve pro-competitive ends by promoting licensing, and thus the dissemination and more efficient exploitation of the technology. Licensing agreements containing such restraints do not normally fall within the scope of Competition law infringements because such restraints may not be viewed as restrictions of competition as such.

9. Grant-back Provisions

The grant-back provisions provide for flow of technical information and improvements to the licensor. These provisions oblige the licensee company to transfer to the licensor of technology, free of cost, any invention or improvement made in the imported technology. The grant-back provisions may be characterised as 'unilateral', 'exclusive or non-exclusive'.

A unilateral grant-back provision establishes unilateral flow of technical information or improvement by licensee without any reciprocal obligation of the licensor. Therefore, such provisions oblige the licensee to provide to the licensor all future improvements made in the technology, on unilateral basis. While in the case of an exclusive grant back clause, though the licensee may be allowed to freely use the invention and improvement developed by it, yet the licensee is prohibited from transferring or licensing the same to the third party. Such clauses restrict the right of the licensee to license or transfer the invention developed through its own R&D activities.

The main reason behind the inclusion of grant-back provision appears to be rooted in the free of cost grant-back. Generally, the grant-back is not remunerated and thus, licensor has the advantage of securing access to all improvements made by the licensee. In this situation, the licensor receives the improved technology without sharing its risk or contributing in recipient's financial burdens. Therefore, these provisions constitute an abusive use of the licensor's dominant position and deprive the licensee of any possibility of improving its competitive position in the given market.

There are often pro-competitive reasons for including grant back provisions in an intellectual property licensing, and these generally do not pose competition concerns, especially where they are non-exclusive in nature. They may, however, have an adverse impact on competition, where they substantially reduce the incentives of the licensee to engage in R&D and thereby reduce innovation.

10. Exclusive Sales and Representation Arrangements

Such practices prohibit the freedom of the licensee company not only to organise its own distribution system, but also prohibit the licensee company from entering into exclusive sales or representative contract with any third party, other than the licensor or a party designated by the licensor. In other words, licensee company becomes handicapped and dependent on the licensor's distribution channels.

Safeguards against Unfair Competition under Multilateral Agreements

A number of multilateral agreements in the field of intellectual property deal with unfair competition in intellectual property transactions.

The Paris Convention for Protection of Industrial Property provides for efficient protection against unfair competition. Article 17 of the Berne Convention for the Protection of Literary and Artistic Works makes clear that the Convention does not prohibit the application of national administrative control - this formulation may apply to competition laws. The Paris Convention allows the grant of compulsory licences to prevent abuses resulting from the exercise of the exclusive rights conferred by patents.

WTO agreement on Trade-related Aspects of Intellectual Property Rights expressly recognise the role of competition policy in ensuring that IPRs promote economic growth and innovation. Article 40.2 of the TRIPS agreement provides that "Nothing in this Agreement shall prevent members from specifying in their legislation licensing practices or conditions that may in particular cases constitute an abuse of intellectual property rights having an adverse effect on competition in the relevant market". It allows member countries "to adopt, consistently with the other provisions of this Agreement, appropriate measures to prevent or control such practices ... in the light of the relevant laws and regulations of that member ...". The repression of anti-competitive practices associated with IPRs is therefore assigned to national competition laws and

policies.

In this context, the need for international cooperation has also been emphasized under TRIPs agreement. In particular, consultations among member countries are envisaged, *inter alia* through the supply of publicly available non-confidential information. In this regard, Article 8 stipulates that appropriate measures consistent with the provisions of the Agreement may be needed to prevent the abuse of IPRs or practices which unreasonably restrain trade or adversely affect the transfer of technology.

Article 40 affirms the right of member countries to specify in their legislations licensing practices or conditions that may in particular cases constitute an abuse of intellectual property rights having adverse effects on competition in the relevant market and to adopt, consistently with other provisions of the Agreement, appropriate measures to prevent or control such practices which may include, for example, exclusive grant-back conditions, conditions preventing challenges to validity, and coercive package licensing. This article also includes a provision under which a member state seeking competition policy action against a firm under the jurisdiction of another member state can seek consultations with that member, which is required to cooperate through the supply of relevant publicly available non-confidential information and confidential information, subject to domestic law and to agreements for safeguarding confidentiality of such information.

Article 31 of TRIPs agreement lays down conditions limiting the use of patents without authorization of the IPR holder, including both uses by Governments or by third parties i.e. through compulsory licenses. However, certain exceptions from these conditions are made if the unauthorized use is permitted in order to remedy a practice determined to be anti-competitive after judicial or administrative process.

Intellectual Property and Competition: Indian Position

As mentioned above, the laws dealing with restrictive trade practices in India are contained under the Patents Act and the Competition Act. The relevant provisions of these legislations are discussed herein below:

The Patents Act, 1970

The Patents Act, 1970 under Section 140 and 141 deals with avoidance of certain restrictive conditions and determination of certain contracts, respectively. Section 140 makes it unlawful to insert in any contract for or in relation to the sale or lease of a patented article or an article made by a patented process; or in licence to manufacture or use a patented article; or in a licence to work any process protected by a patent, a condition the effect of which may be -

- (a) to require the purchaser, lessee, or licensee to acquire from the vendor, lessor, or licensor or his nominees, or to prohibit him from acquiring or to restrict in any manner or to any extent his right to acquire from any person or to prohibit him from acquiring except from the vendor, lessor, or licensor or his nominees any article other than the patented article or an article other than that made by the patented process; or
- (b) to prohibit the purchaser, lessee or licensee from using or to restrict in any manner or to any extent the right of the purchaser, lessee or licensee, to use an article other than the patented article or an article other than that made by the patented process, which is not supplied by the vendor, lessor or licensor or his nominee; or
- (c) to prohibit the purchaser, lessee or licensee from using or to restrict in any manner or to any extent the right of the purchaser, lessee or licensee to use any process other than the patented process; or
- (d) to provide exclusive grant back, prevention to challenges to validity of patent and coercive package licensing.

Section 140(2) provides that a condition of the nature referred to in clause (a) or (b) or (c) above shall not cease to be a condition merely because the agreement containing it has been entered into separately, whether before or after the contract relating to the sale, lease or licence of the patented article or process. In proceedings against any person for the infringement of a patent, it shall be a defence to prove that at the time of the infringement there was in force a contract relating to the patent and containing a condition declared unlawful by section 140. However, it will not be applicable to the plaintiff who is not a party to the contract and proves to the satisfaction of the court that the restrictive condition was inserted in the contract without his knowledge and consent, express or implied.

The provisions of Section 140 shall not affect a condition in a contract by which a person is prohibited from selling goods other than those of a particular person; validate a contract which, but for this section would be invalid; and affect a condition in a contract for the lease of, or license to use, a patented article, by which the lessor or licensor reserves to himself or his nominee the right to supply such new parts of the patented article as may be required or to put or keep it in repair.

Section 141 provides that any contract for the sale or lease of a patented article or for licence to manufacture, use or work a patented article or process, or relating to any such sale, lease or license, may at any time after the patent or all the patents by which the article or process was protected at the time of the making of the contract has or have ceased to be in force, and notwithstanding anything to the contrary in the contract or in any other contract, be determined by the purchaser, lessee, or licensee as the case may be, of the patent on giving three months notice in writing to the other party.

Competition Act, 2002

The Competition Act, 2002 prohibits an enterprise or association of enterprises or person or association of persons from entering into any agreement in respect of production, supply, distribution, storage, acquisition or control of goods or provision of services, which cause or is likely to cause an appreciable adverse effect on competition within India. Section 3(2) declares such anti competitive agreement to be void. Thus the Act reduces the whole agreement as 'void' if it contains anti-competitive clauses having appreciable adverse effect on competition. The Act also specifies conditions, the presence of which shall be presumed to have an appreciable adverse effect on competition.

Section 3(3) provides that following kinds of agreement between any person or enterprise or association of enterprises or practice carried on, or decision taken by them, including "cartels", in relation to identical or similar trade of goods or services, to be presumed as having appreciable adverse effect on competition which –

- (a) directly or indirectly determines purchase or sale prices;
- (b) limits or controls production, supply, markets, technical development, investment or provision of services;
- (c) shares the market or source of production or provision of services by way of allocation of geographical area of market, or type of goods or services, or number of customers in the market or any other similar way; and
- (d) directly or indirectly results in bid rigging or collusive bidding.

It has been clarified that any agreement entered into by way of joint ventures shall not be prohibited by Section 3(1) if such agreement increases efficiency in production, supply, distribution, storage, acquisition or control of goods or provisions of services.

In terms of Section 3(4) of the Act, any agreement amongst enterprises or persons at different stages or

levels of the production chain in different markets, in respect of production, supply, distribution, storage, sale or price of, or trade in goods or provision of services, including - tie-in agreement; exclusive supply agreement; exclusive distribution agreement; refusal to deal; resale price maintenance; shall be treated as an agreement in contravention of section 3(1) if such agreement causes or is likely to cause an appreciable adverse effect on competition in India.

In any case, Section 3 of the Competition Act, 2002 does not restrict 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 various IPR statutes as recognized under the Competition Act, 2002 viz. the Copyright Act, 1957; the Patents Act, 1970; the Trade and Merchandise Marks Act, 1958 or the Trade Marks Act, 1999; the Geographical Indications of Goods (Registration and Protection) Act, 1999; the Designs Act, 2000; the Semi-conductor Integrated Circuits Layout-Design Act, 2000.

However, competition issue may arise where the owner of intellectual property imposes unreasonable restraints under intellectual property licensing agreement.

Care and Maintenance of Confidential Information

Intellectual Property rights are key elements needed to maintain a competitive edge in the market in today's dynamic and competitive business environment. Intellectual property is a business asset, an integral part of the business process. Effective acquisition, management and protection of intellectual property can mean the difference between success and failure in businesses today. It is important that companies take appropriate steps to protect this valuable asset so as to get the possible commercial results from its ownership.

The various statutes that have been enacted provide an adequate mechanism of protection to intellectual property rights. In the case of patents, a patent can provide an inventor/corporates with a 20-year government approved monopoly and once his 20 years of protection is up, it can be freely exploited for the good of society. However, some ideas cannot be patented and indeed, some innovators do not want to patent their ideas as for instance trade secret or confidential information.[Today more than ever, intellectual property also includes confidential business information, trade secrets, know-how and key business relationships].

If a trade secret is really kept a secret, the monopoly on an idea or product may never end. But once the genie's out of the bottle, like a champagne cork, you won't get it back in, it is lost forever and the companies are unlikely to extract sufficient damages from whoever breaches confidentiality. Trade secrets are free—just prevent the secret being disclosed. Though it is difficult indeed, but not impossible. Famous successful examples include the recipe for Coca-Cola and the formulation of the alcoholic beverage Chartreuse, which is only known by two monks.

The need to protect these vital assets is more critical than ever. Knowledge has become the key strategic differentiator. If it is valuable to the company, it is valuable to its competitors as well. Most sophisticated business enterprises (whether small, medium, or large) recognize the need to protect this vital intellectual property. But little real attention is paid to protecting or securing these less formal types of intellectual property. It has been observed that many companies surprisingly are oblivious to the fact that these vital intellectual assets are walking out their front door on a daily, weekly or monthly basis, and heading across the street to rival competitors.

It is important for them to recognize this reality and take steps like creating awareness of the need to protect the company's most valuable strategic assets without which no effective risk management program can be initiated; take stock of company's core intellectual property. What know-how differentiates them from their

rivals and gives them a strategic advantage over them in the market place? Do they have any trade secrets or unique technical expertise or processes that are worth protecting? And who owns these key strategic assets?

Besides, when executives or key employees leave the organisation, the fundamental question arises what knowledge or information can the employer legitimately claim as its own, and what knowledge or information can the executive or employer take away with impunity? To mitigate the risk employers can take the following steps:-

- 1. Make Confidentiality a Cultural Value** - Take the confidentiality of key intellectual property seriously. Make the secrecy of their key intellectual assets a cultural value in the organization by treating this information as confidential at all times.
- 2. Revisit Contracts** - Ensure that all its employee and contractor agreements include appropriate confidentiality, intellectual property, and non-competition clauses.

Establish a proprietary rights policy – Develop and put in place a Proprietary Rights Policy tailored to the company's requirements, and enforce it.

Conduct exit interviews – Too often employee departures particularly those of executives and senior employees are managed casually and informally. At the time of departure, remind the employee of his or her duty to ensure they leave all the employer's confidential information behind, and that they have erased, deleted and wiped all their personal lap tops, cell phones and other electronic devices clean of the company's proprietary information.

Strategies for Protecting Confidential Information

There are two principal sources of leakage of or trade secrets or confidential information to competitors or other third parties: disclosure and departure.

Disclosure - trade secrets can be leaked advertently or inadvertently to competitors or third parties through careless or deliberate disclosure by company representatives. For example, a sales representative or accounts manager meets with a potential supply chain about pooling resources to go after a new market or business opportunity. During the meeting, proprietary and confidential information are disclosed.

The business purpose of the disclosure or exchange of information might be quite legitimate, but the legal effect of disclosing confidential information without the benefit of a confidentiality or non-disclosure agreement could be disastrous. Corporate must make it both a corporate policy and business practice not to engage in commercial negotiations with third parties (whether direct competitors or not) without first ensuring that they have a signed Confidentiality or Non-Disclosure Agreement in place.

Departure – The other source of leakage of confidential business information is the exit of executives or key employees from the organization. After employment ceases, the employee retains the right to use any general skill, experience and knowledge he has acquired in the course of performing his normal duties, in order that he can continue to earn a living. This has to be balanced against the employer's right to protect its confidential information. If the employee has retained any confidential information, he is not entitled to use that information without the employer's authority.

Employment or Confidentiality Agreement

Employees should sign Employment Agreements to generally detail the terms of their employment. These should also include appropriate clauses which restrain the employee from making any unauthorised use or disclosure to third parties of confidential information during their employment and after their employment has

ceased. Agreements should be signed before the employee commences employment. Existing employees should be encouraged to sign confidentiality agreements. However, usually they cannot be forced to do so.

When employees cease employment, the employer should give them a letter confirming this, any monies being paid to them and reminding them of their confidentiality obligations. The employee should also be requested to return all property belonging to the employer and to sign an appropriate acknowledgement confirming that he has done so and will keep information confidential.

If confidential information is to be divulged, a confidentiality agreement should be signed before the disclosure is made. The type of agreement will vary depending upon the nature and context of the disclosure. A simple exchange of letters may be sufficient or a formal confidentiality agreement may be required. In some cases, a confidentiality agreement must be made as a Deed in order to be legally enforceable. This is where there is no consideration expressed for the agreement to keep information confidential.

A confidentiality agreement should include the following acknowledgements:

- the information is secret;
- the disclosure is made to the recipient in confidence;
- the recipient will not disclose the information to others or use the information for their own advantage, without the prior authority of the owner of the information; and
- the unauthorised disclosure of the information could cause loss and damage to the owner of the information and the recipient will be liable for this.

There is no specific legislation in India to protect trade secrets and confidential information. Nevertheless, Indian courts have upheld trade secret protection on basis of principles of equity, and at times, upon a common law action of breach of confidence, which in effect amounts a breach of contractual obligation. The remedies available to the owner of trade secrets is to obtain an injunction preventing the licensee from disclosing the trade secret, return of all confidential and proprietary information and compensation for any losses suffered due to disclosure of trade secrets.

Further, a person can be contractually bound not to disclose any information that is revealed to him/her in confidence. The Indian courts have upheld a restrictive clause in a technology transfer agreement, which imposes negative covenants on licensee not to disclose or use the information received under the agreement for any purpose other than that agreed in the said agreement.

Intellectual Property Issues in the Sale of Business

When preparing to sell, many business owners think that their business doesn't have or own any intellectual property unless they have gone through the process of registering a copyright or trademark or procuring a patent. However, items such as domain names, trade secrets, and the special know-how of a business constitute intellectual property which have value and for which the business and/or business owners have rights. Additionally, items such as third-party licenses (Microsoft Office, for example), IT maintenance and support contracts, and web-hosting and development contracts also constitute valuable intellectual property. Proper consideration and handling of these items matter greatly in the sale of a business, as failure to consider or handle them properly can cause problems for the seller at the front and back end of a sale transaction.

Understanding how intellectual property rights are involved with mergers and acquisitions is essential, given how merger and acquisition (M&A) activity in the intellectual property field has come to dominate, both in volume and in value, merger transactions generally. This situation was true in the 1990s, and it is still true

now. The driving force behind a majority of mergers completed during the past decade has been the acquirer's desire to obtain the target's intellectual property assets.

Much of M&A activity takes place when a company wants to obtain the economic benefits of consolidation in a particular industry and it goes out and starts buying its competitors. In the health care industry, for instance, hospitals continue to merge to acquire the economic clout necessary to force insurers to increase their coverage payments to the hospitals.

Issues Involved

The difference between tangible assets (such as inventory and factories) in contrast to intangible, intellectual property assets, methods ordinarily used to value mergers involving tangible assets do not work well when applied to acquisitions of intellectual property. Despite the fact that M&A's involving intellectual property have dominated the merger scene for several years, merger participants are still failing to apply appropriate M&A valuation procedures. The value and importance of intangible assets are the driving force behind national and international mergers and are playing a greater role than ever before in terms of assets received through mergers, acquisitions and takeovers. Among these intangible assets are the traditional intellectual property assets such as patents, trademarks, copyrights, know-how and trade secrets. More recently included in this category and of ever-increasing importance are mask-works and Internet domain names. In the event of a merger or other type of corporate restructuring, the acquiring party should obtain equitable and record ownership of these intangible assets, or at the very least, acquire the appropriate license to use such intellectual property.

It is critical for executives, counsels, accountants and financial advisers to understand the transfer of intellectual property as an essential aspect of a larger transaction, not simply the transfer of intellectual property rights by itself. The transaction should be construed in the context of a sale of an entire business in which those intangible assets are used. Generally, businesses are sold either by the purchase of the stock in a corporation or through a purchase of assets used by the business to be sold. Under either scenario, two basic sets of documents, an "acquisition agreement" and "transfer documents" will be prepared and negotiated.

Acquisition Agreement: An Acquisition Agreement is prepared for the express purpose of detailing those terms and conditions under which either the stock purchase or sale of assets will be sold. The purpose of the Acquisition Agreement is to identify the issues essential to the specific transaction, such as the stock or assets, the purchase price, method of payment, date of closing and any conditions precedent which the seller or buyer is expected to meet prior to the "closing" date. Additionally, in the specific context of intellectual property, the seller will usually be asked to make certain representations and warranties in connection with the intangible assets to be sold. The need to list the assets and liabilities is greater in terms of an asset purchase as opposed to a share purchase, since purchasers of assets will typically acquire those assets set forth in the transfer agreement. On the other hand, share purchases will transfer the entire rights in the intellectual property by operation of law. However, regardless of the nature of the transaction, asset schedules in the context of intellectual property play a key role in determining the representations and warranties to be included in the agreement. In transactions where certain intellectual property is being used both in the business being sold and in the business that the seller is retaining, it will be necessary for the parties to determine who will maintain "record" title to the specific types of intangible assets. For example, the seller may not be willing to relinquish title to its "house" trademark, but willing to include those marks covering certain product lines as part of the overall transaction. In this context, licensing of the specific mark, either by sale and license back to the seller or by imposing an obligation upon the seller to guarantee the grant of a license to seller post-closing. The Representations and Warranties to be incorporated into a typical purchase agreement tend to be one of the more heavily negotiated aspects of any purchase agreement.

Typically included by a seller in its representations and warranties are statements to the effect that the schedule of intangible assets is complete and accurate, it is the rightful owner of such intangible assets, no liens or encumbrances exist with respect to such intangible assets, the intellectual property does not infringe the intellectual property rights of a third party, the buyer is indemnified, seller will assist buyer in performing due diligence in connection with the intellectual property being transferred and other disclosures such as existing licenses, settlement agreements, consent agreements, ongoing litigation, opposition, interference or other actions which may affect the use of the scheduled intellectual property.

Transfer Documents: Transfer documents are generally executed separate and apart from the acquisition agreement discussed above for the purposes of effecting the sale. If the acquisition is structured as a stock purchase, documents transferring the assets generally are not necessary, instead, documents which transfer the stock will allow the buyer to indirectly become the owner of the assets. In the context of intellectual property assets, very often they will be separately transferred to a holding company and either licensed back to the operating company or become the subject of a subsequent sale to the ultimate purchaser. If the transaction is structured as an asset purchase, the intellectual property assets will be either specifically mentioned in the acquisition agreement or become the subject of a separate bill of sale. However, very often intellectual property assets are the subject of a separate agreement in light of the fact that they require recordal of the new owner in the respective jurisdictions in which they are validly owned and used. Furthermore, the forms and requirements for valid transfers differ from country to country and become a matter of public record. The parties to the transaction should anticipate these contingencies and a separate or perhaps several agreements with respect to intellectual property assets should be contemplated.

Sale of Assets: If a party acquires trademark rights by acquiring a business vis-à-vis a sale of assets, it is not unusual for the transfer agreement to forego specifically mentioning trademark or other intellectual property rights. If a business is sold as a going concern, the intent to transfer trademarks and the goodwill associated therewith is presumed, even though not expressly provided for. An exception to this concept lies in the context of transactions between parent corporations and their wholly-owned subsidiaries. Asset-based purchases in this context will not automatically include intellectual property rights, rather, ownership of the intangible assets will remain with the parent corporation unless the underlying agreement expressly provides for transfer to the subsidiary.

Stock Purchase: In the context of a stock purchase acquisition, ownership of trademarks and other intellectual property still remains with the acquired company. Purchase of shares will not affect distinct property rights in intangible assets or other intellectual property to be properly transferred, although a separate agreement is usually necessary to underscore the parties' intentions.

ASSIGNMENT OF INTELLECTUAL PROPERTY RIGHTS

The transfer of ownership in intellectual property is usually effected by a formal assignment. The whole, or part, of an intellectual property right can be assigned. An assignment of intellectual property is a document effecting the transfer of the ownership of intellectual property from one person to another. Assigning the ownership of intellectual property, should always be in writing by means of a formal agreement. Many IP rights cannot be properly assigned without a written document.

Assignment agreements differ from license agreements on the ground that an Assignment agreement actually transfers the ownership of that intellectual property from the assignor to the assignee whereas a license agreement only permits the licensee to use the intellectual property for a given period of time. The provisions governing assignment of intellectual property under the various statutes have been discussed at relevant places in this study material.

Assignment agreements are of considerable importance in IPR since they allow the intellectual property owners to transfer their intellectual property for commercial returns, ensuring that the intellectual property can be used for monetary gain. Intellectual property that is created is utilized and exploited by the Assignment Agreement, where the purchaser or assignee takes benefit of the assignment rights that are created. These assignment agreements give rise to legal and equitable rights in law and purport many issues if they are not carefully constructed as required by law.

Issues relating to ownership of IPR must be carefully considered where employees may be creating IPR outside the scope, time and available resources of the company that they work for. Companies who own valuable IP rights should execute non-disclosure agreements with their employees, agents, or other third parties and make sure to define the term 'confidentiality' and the obligations of the parties not to disclose it. It is prudent to include Assignment Agreement clauses which address issues relating to governing law, jurisdiction, Alternative Dispute Resolution [ADR] to seek speedy resolution of disputes. Intellectual Property Assignment Agreement is a legal contract and required to be in compliance with existing Laws.

It is important, in the field of intellectual property, to define transparent criteria for terms and conditions under which the institution/organization would be the owner of the IPRs and the situation in which the inventor or creator would have the right or privilege to be the owners of the IPRs that they created. The enforceability of Assignment Agreements act as an incentive to these individuals to create new inventions which ultimately benefits society. It is also essential to define the ownership of created intellectual property with relation to employer- employee agreements and contract for service to encourage innovation.

IPR legislations in India provide specific rules, regulations and procedure when dealing with assignment agreements. The Rules/Acts make provisions for registering the Assignment Agreements and their respective schedules also provide for forms through which parties can register their assignment agreements. In order for an Assignment Agreement to be valid and enforceable, it is essential that the Assignment Agreement be recorded as prescribed by the Acts and relevant Rules.

In addition to abiding by the Rules, to avoid ambiguity it is essential to ensure that the agreement clearly defines which person the ownership rests with. The assignment must be concrete and also clarify the tenure for which the individual would be the owner of the intellectual property. This would provide a precaution in case of a potential dispute on the ownership of the intellectual property.

The position of an Assignment Agreement in the intellectual property law of India is one of great consequence despite being a private transaction between the assignor and the assignee. One of the reasons for this is that the law is required to protect the owner of the intellectual property from being defrauded. It must be noted, however, that though the law does provide certain safeguards, the onus of creating a suitable assignment agreement is upon the parties concerned. A valid assignment agreement and one that benefits all parties involved can only come into being if the fundamental issues, some of which have been discussed above, are addressed.

Technology Transfer Agreements

Technology is a complex concept. According to UNIDO Guidelines Paper: "Technology or know-how denotes the sum knowledge, experience and skills necessary for manufacturing a product or products and for establishing an enterprise for this purpose".

In a broader sense, technology is viewed as any systematic or practical knowledge, experience or skills used for – (i) manufacture of products or application of processes; (ii) commercial or management purposes in industry; and (iii) the achievement of any desired result, be it industry or social areas of life.

It is universally recognized that an inflow of technology, whether appropriate or advanced, is necessary into a developing country for ensuring economic self-reliance to main the rate of progress of development. The concept of 'transfer of technology' is a complex phenomenon necessarily involving rights, obligations, privileges and commitments of the parties to the transaction.

The basic legal document is the Licence Agreement for transfer of technology. The other commonly used modes of technology transfer are technical assistance agreement, patents and patent agreement, know-how agreement, engineering services agreement, the trademark agreement and the franchise agreement.

Licence Agreement is a formal instrument that serves several purposes. From it flows the legal rights and obligations of the parties to the transaction. Therefore, it is – (a) a statement of the expectations of the parties that have come to achieve a common specified purpose; (b) a memorandum defining the rights and responsibilities of the parties, ensuring adequate commercial benefits to them; (c) a prescription for resolving conflicts that may be anticipated in certain areas; and (d) a legal document whose provisions and undertakings can be enforced under the laws of the country in the context of which it is framed.

License may be granted for IP that is necessary to further develop, reproduce, make, use, market, and sell products based on the technology to be transferred. The terms and conditions of a licensing agreement determine the success of the technology transfer. Therefore, while formulating the licensing agreement, the parties involved should define the technology to be transferred without any ambiguity. Certain factors to be considered while defining the technology in the licensing agreement include:

- type of the technology i.e. product, process, facility, software, formula, etc.;
- need for additional license for practicing the technology;
- industrial standards or specifications associated with the technology; and
- details required to practice the technology.

Other factors that need to be considered for a successful technology licensing are:

- owner/s of the technology;
- nature of ownership;
- other non-exclusive or exclusive licensing associated with the technology;
- assistance required from the licensor to further develop or practice the technology;
- other IPRs such as trademark, copyright, trade secret, etc. associated with the technology;
- nature of technology (e.g. stand alone technology, platform technology);
- scope of rights expected from the technology license;
- territory and industry in which the technology can be utilized; and
- terms and value of royalty, etc.

Moreover certain restrictive trade practices are mainly used under the guise of intellectual property licensing. As mentioned earlier, these restrictive practices distort competition in given market. A detailed discussion on restrictive practices under intellectual property licensing has been given at page 4 above.

LEGAL AUDITING OF INTELLECTUAL PROPERTY

Definition of an IP Audit

- (i) IP audit is a systematic review of the IP owned, used or acquired by a business so as to assess and manage risk, remedy problems and implement best practices in IP asset management.

- (ii) IP audit involves undertaking a comprehensive review of a company's IP assets, related agreements, relevant policies and compliance procedures.
- (iii) An IP audit helps a business to make an inventory of its IP assets or update it and analyze:
 - (a) How the IP assets are used or unused.
 - (b) Whether the IP assets used by the business are owned by the company or by others.
 - (c) Whether these IP assets are infringing the rights of others or others are infringing on these rights.
 - (d) And determine, in the light of all this information, what actions are required to be taken with respect to each IP asset, or a portfolio of such assets, to serve the relevant business goals of the company.
- (iv) An IP audit seeks to uncover unused or under-utilized assets, to identify any threats to a company's bottom line, and to enable business managers to devise informed business and IP strategies that help maintain and improve its competitive position in the relevant market(s).

TYPES OF IP AUDIT

Generally, there are three types of IP audits: General purpose IP audit, Event driven IP audit and Limited purpose focused IP audit.

(1) General purpose IP Audit

- (a) A general or broad IP audit is done in the following types of contexts:
 - Before establishing a new company it is always important for a start up company to be aware of intangible assets it owns or needs to protect.
 - When a business is considering implementing new policies, standards, or procedures relating to IP.
 - When a business is considering implementing a new marketing approach or direction, or is planning a major reorganization of the company.
 - When a new person becomes responsible for IP management.
- (b) Once a comprehensive IP audit has been undertaken, a smaller effort and expense is needed at regular intervals, such as on an annual basis, so that IP assets are reviewed and appropriate decisions taken, depending on the current and emerging needs of a company.

(2) Event driven IP Audit

Event driven IP Audit is generally much narrower in scope than a broad or general purpose IP audit. Further, the nature and scope of such an audit is determined by the event in question, and the time and resources available for doing it. Event driven IP audit is often called “IP due diligence” when done to assess, as objectively as possible, the value and risk of all or a part of a target company's IP assets. “IP due diligence” is discussed later in the lesson.

(3) Limited Purpose Focused Audits

- (a) A limited purpose audit is typically much narrower in scope than the other two types and is performed under much constrained time schedules. These audits tend to be situational in nature. They are typically used to justify a certain legal position or the valuation of a particular IP.

(b) A limited purpose focused audit is done in the following types of contexts:

(i) Personnel turnover:

Before a major personnel turnover of in-house research and development marketing, especially if it involves disgruntled employees, an IP audit should be done to secure the status of a company's IP assets.

(ii) Foreign IP filings:

Before a company takes up an aggressive program of filing IP applications in other countries, that is, before entering a new market abroad (by way of, say, exporting, or expanding overseas through off-shoring/outsourcing some of its activities, or by licensing, franchising or merchandising) an IP audit helps to sensitize the company to market specific IP laws, rules, customs and practices affecting IP rights.

(iii) Using the Internet for business purposes:

Before having an Internet presence, doing an IP audit helps it to identify the needs of e-commerce and registration of appropriate domain names, etc.

(iv) Significant changes in IP law and practice:

Where there is a significant change or development in IP case law or statutory law in a relevant market it may necessitate review of existing products for possible infringement of the IP rights of others.

(v) Clean room procedures:

The clean room procedure seeks to avoid infringement by ensuring that there is no "access" to copyrighted material of unrelated parties during software development project. Thus, an audit might be necessary to institute, or to review the adequacy of, clean room procedures used in the development of software products so as to reduce the risk of infringing third party copyright.

(iv) Preparing for litigation:

When considering or facing litigation, a company is required to show non-infringement and no access to the work, complete or confirm the chain of title of the underlying IP rights or otherwise complete the documentation of the relevant IP rights.

IP AUDIT TEAM

(i) Who will Conduct an IP Audit?

(a) There is no hard and fast rule as to who should conduct such an audit.

However, for an audit to be effective, it is best done by a team that includes expertise in IP and representatives of the relevant technical areas of the company as may be appropriate for ensuring maximum effectiveness.

(b) The IP audit team should have a basic understanding of the product lines, the relevant business environment and the future plans of the company so that the audit remains focused on IP assets of maximum business relevance.

(ii) External Expertise

The audit team may or may not include external expertise. If it does, then before starting an IP audit, all

external members in the audit team as well as all the internal staff members on the audit team should sign non-disclosure agreements.

PREPARING FOR AN IP AUDIT

1. Clarity About the Purpose

Before the actual conduct of an IP audit, it is a necessary pre-condition that it is clearly understood by all concerned why the audit is being conducted.

- (i) The situations that prompt an audit and the nature and scope of the audit will to some extent depend on why it is being conducted.
- (ii) In addition, the amount of time and money available for conducting an audit will have a bearing on the manner in which the audit is conducted and its eventual outcome.

2. Background Research for Preparing an Audit Plan

Once the purpose of the audit and the available resources for its performance are clear, a major preparatory step for conducting the audit is to understand the company, what it does and where it wants to go. It is an essential pre-condition for preparing an audit plan, which will be the basis of the audit.

(i) What is done in a background research?

- (a) Gathering as much information as possible on the company and its way of doing business.
- (b) Background research will be the basis of the audit and will provide the auditor(s) with the required background information for preparing a plan for conducting an audit that is comprehensive, focused, timely, and cost effective.

(ii) Major issues in a background research

(a) *Internal and external relations and interactions:*

How does the company regularly interact or intend to interact with: such as its employees, vendors, customers, consultants, independent contractors, joint venture partners, competitors, etc., and what role(s) actually IP assets play or would play in these interactions?

(b) *Business strategy:*

- How does the company do its business?
- Does it have written policies in place concerning key aspects of the business?
- Does it follow a certain business model?
- Does it, for example, engage in e-commerce and, if so, how does it fit in with its overall business strategy?

(iii) Importance of IP Assets

The overall importance of IP assets to the business will have following bearing on the audit:-

- (a) Where IP assets are relatively unimportant to the nature of the business as a whole, it might be sufficient merely to confirm that registered IP rights are in good standing and are held in the name of the company.
- (b) On the other hand, where the company's principal assets are IP, it may be necessary to conduct a more thorough assessment of the company's IP portfolio and IP based activities.

(iv) Status of IP management

- (a) What is the company's overall approach to IP management?
- (b) Does it have an in-house intellectual property manager or department and/or does it rely on outside IP expertise?
- (c) Does it have an IP policy or strategy?
- (d) How well informed are its staffs on IP matters?

(v) IP disputes

- (a) Has the company been involved in infringement suits, whether as plaintiffs or defendants?
- (b) Is the company involved in disputes or potential disputes that involve IP rights?

(vi) Financing

Are the IP assets of the company tied to the financing of the company?

3. Preparing an IP Audit Plan

Having done the necessary background research, the next step is to prepare the audit plan.

- (i) This will set out the purpose, the scope, how long it is expected to take, the budget, and who will be responsible for which area of the audit plan.
- (ii) Generally, it will deal with the following:
 - (a) The specific area(s) of the business to be covered e.g., divisions, lines of business, affiliated or non-affiliated agency operations;
 - (b) The scope of the audit e.g., only registered assets or a broader scope;
 - (c) The time table for the audit;
 - (d) The responsible person for each part of the audit;
 - (e) The form of the final audit report to be produced.

CONDUCTING AN IP AUDIT**1. Starting With a Detailed Check List**

- (a) An IP auditor normally starts works from a detailed checklist, which is modified for the type and size of the company's business, relevant IP laws of the relevant countries, desired purpose(s), and the desired outcome(s) of the audit.
- (b) A good checklist minimizes the chances of leaving out one or more relevant steps from the process. Each member of the audit team should be provided the relevant part of the detailed checklist.
- (c) To produce a comprehensive, company-wide IP audit report reflecting the entire development and decision-making process for each of the company's products and processes, the audit team should collect, review, and organize.

The Steps of an IP Audit (in case of M&A)**(i) M&A Non disclosure Agreement (NDA)**

This agreement is designed to protect the confidentiality of information exchanged in connection with the consideration and negotiation of transaction and information exchanged in the course of a party's due

diligence review of the other. NDA can be entered into independently as a stand alone agreement or it can be contained in the MOU for the proposed transaction.

(ii) IP Audit Preparation

- (i) Researching background information on the business.
- (ii) Preparing an IP audit plan, defining the scope of the audit, target intellectual properties, time table of the audit and responsible person(s) for the audit.
- (iii) IP information analysis:

A classical IP audit can be said to be focused principally on two concerns:

- (a) Does the company own all the intellectual properties of concern?
- (b) Does the company infringe on the intellectual property rights of others in the conduct of its business?

- (iv) IP evaluation

In the IP evaluation stage a range of different valuation technologies, including replacement value, discounted cash flows and comparable sales can be used.

- (v) Negotiation

Based on the results of IP analysis and evaluation the proposed dollar range of the value of target intellectual property is exchanged on the negotiation table.

- (vi) Contract formulation

Not only the IP information but also all the agreements that may affect the IP portfolio of the company. It may also have to do or get done relevant IP searches in all key markets.

2. Auditing Different Contracts/Agreements

A key part of an IP audit is to identify and assess the adequacy of relevant provisions in all agreements that concern the protection of IP. These may include the following agreements:

- (i) Licensing agreements
- (ii) Assignment agreements
- (iii) Employment and Independent Contractor Agreements
- (iv) Joint Venture & Collaboration agreements
- (v) R & D Grants
- (vi) Other agreements

Other kinds of agreements that could have a significant impact on a company's IP will include:

- (a) Technology transfer, or know how, or technical assistance agreements;
- (b) Design and development agreements;
- (c) Settlement agreements;
- (d) Franchise agreements;
- (e) Royalty agreements;
- (f) Marketing agreements;
- (g) Distribution/Distributorship agreements;
- (h) Sales representative agreements;

- (i) Consulting or management agreements;
- (j) Outsourcing agreements;
- (k) Maintenance and repair agreements;
- (l) Material transfer agreements;
- (m) Programming agreements;
- (n) Source code escrow agreements (in connection with software).

3. Auditing IP Assets

After auditing agreements, the IP Auditor starts to audit the IP assets of the company. There are four steps for this stage:

(i) Identifying and recording IP assets

In this step, the assets will be initially catalogued and a description will be provided:-

- (a) It is the basic stock taking exercise that will serve to create or update the intangible asset portfolio of a company.
- (b) It will serve to inform the company of its IP assets, which may or may not be used or used differently depending on the goals of the business.

(ii) Determining ownership and legal status of the IP assets

The assets will be evaluated as to whether they are owned by the company and if so, whether they are or should be, protected as IP rights.

- (a) It will include assets created by the company itself, and those that are acquired or used with or without the express consent of third parties.
- (b) It will enable the company to see where, if any, ownership problems exist, why they exist and what should be done to prevent or solve such ownership issues.
- (c) It will also reveal whether adequate systems are in place to protect these assets or, alternatively, whether and what internal obstacles exist to their protection, and whether and how these may be overcome.
- (d) The main subjects the auditor should note with respect to each asset are:-
 - Ownership: The nature of the company's ownership interests (e.g., sole or joint ownership, exclusive or non-exclusive license, the royalty or other costs associated with the license and the estimated legal duration and period of technological usefulness of the asset).
 - Restrictions on use: Any restrictions on the use of the asset (e.g., product or agency related restrictions, territorial restrictions, assignment or transfer restrictions, time restrictions, non-compete clauses)
 - Relevance to business: The relevance of the asset to the core business of the company (e.g., whether the asset is a critical asset or an ancillary asset) and any connection with other key non-IP assets of the company,
 - Encumbrances: Whether the asset has been pledged, or in any other way legally encumbered.
 - Infringement: The potential for a third party claim of infringement or damages due to the company's use of the asset.

(iii) Detecting infringement of IP rights

Review company's policies with respect to the enforcement of its IP rights as well as its own systems for respecting the legal rights of others.

- (a) If the assets are owned by the company then an audit may provide information as to whether they are infringed by others.
- (b) The IP audit may provide information as to assets that the company thinks it owns but in reality it does not and could give rise to problems of third party infringement.

(iv) Taking necessary steps for creating and maintaining IP assets

- (a) An IP audit will reveal where there have been lapses in the administrative, legal and regulatory procedures necessary for creating and maintaining IP assets.
- (b) An IP audit will provide the necessary impetus to take care of such requirements by creating or improving the relevant in-house policies, procedures and management practices.

4: After Completing an IP Audit**(A) Using the results of an IP Audit***(i) IP analysis*

- (a) Evaluate and analyze whether the IP assets are serving the strategic objectives of the company and, if not, what should be done to change that;
- (b) One technique that would help at this stage is to divide the results of the IP inventory into three groups:
 - Group 1: Techniques, innovations, and ideas that are essential to your products and services, and to the markets your company has decided to serve.
 - Group 2: Intellectual assets of real potential but not necessary to your company.
 - Group 3: 'Assets' that seem, on balance, to have no great value to your company or to anyone else.

(ii) Evaluating IP assets

- (a) The results of IP audit will be the basis for evaluation of IP assets;
- (b) Properly valuing the benefits that may accrue from any IP asset requires an assessment of:
 - Speed with which a particular market values and devalues that type of asset.
 - The cost of developing alternative IP assets to fulfill the same or comparable market needs.
 - Royalties being paid for similar assets.
 - Market recognition of the asset.
 - The cost of developing such recognition if it is deficient.

(iii) Overall review on IP assets and IP policy

An IP audit will provide the management of the company with the basic information as to whether its IP assets are being used to attain the company's strategic objectives.

- (a) The management has to check if its business objectives, business model and its IP management policies are in alignment with each other.

- (b) This can be identified by evaluating the relevance and tangible benefits obtained by using or leveraging IP assets that a company owns or has access to.

(iv) Preventing or being prepared for litigation

- (a) A carefully conducted audit may result in a determination that the company's use of its IP violates the rights of a third party.
- (b) Advance warning of infringement allows the company to cease infringing activities, obtain a license or at the least, evaluate its liabilities and defenses.

(v) Business strategy formulation

At this stage of an IP audit the management matches its newly established inventory of IP assets to its strategic business objectives. The objectives include:

- The types of products or services on which the company intends to focus its resources;
- The markets it intends to serve;
- The return on investment it requires in order to satisfy its owners or shareholders.

(B) Building IP Value Through IP Audits

Dynamic IP asset managers have used IP audits to build corporate value in many different ways. Some of the more popular approaches are discussed below:

- (a) Building value in IP asset creation.
- (b) Building value of existing IP assets.
- (c) Reducing costs of third party IP claims.
- (d) Building value from product markets using IP assets.
- (e) Creating non-core revenue streams.
- (f) Creating additional revenue through core business licensing.
- (g) Building value in corporate transactions.
- (h) Reducing costs of unused IP assets.
- (i) Receiving tax deductions for IP asset donations.
- (j) Reducing new product development costs (product clearance).
- (k) Evaluating the IP assets of an acquisition or investment target (due diligence).
- (l) Assessing business direction and strength.
- (m) Discovering unclaimed business opportunities.
- (n) Discovering business expansion opportunities.

The results of the IP audit may add a new dimension to strategy discussions and may lead to new business strategies for the domestic or export markets.

DUE DILIGENCE OF INTELLECTUAL PROPERTY RIGHTS IN A CORPORATE TRANSACTION (IP DUE DILIGENCE)

(a) What is IP due diligence?

- IP due diligence is a part of a comprehensive due diligence audit that is done to assess the

financial, commercial and legal benefits and risks linked to a target company's IP portfolio, typically before it is bought or invested in.

- Before starting the IP due diligence process, a mutual non-disclosure agreement should be signed between (a) the potential acquirer, investor, or creditor and (b) the target company.
- When done properly, IP due diligence provides detailed information that may affect the price or other key elements of a proposed transaction or even aborting the further consideration of the proposed transaction.

(b) Subject?

IP due diligence generally seeks to:

- Identify and locate IP assets, and then assess the nature and scope of the IP to evaluate their benefits and allocate risks associated with the ownership or use of the relevant IP assets; in particular, it seeks to determine whether the relevant IP is free of encumbrances for its intended business use(s).
- Identify problems in and barriers to the transfer, hypothecation or securitization of the IP assets under consideration.
- Identify and apportion between the two parties the expenses incident to the transfer of IP assets under consideration.

(c) When is it done?

IP due diligence is done in the following types of contexts:

(i) Merger & Acquisition or Joint Venture:

An IP audit provides a basis for assessing the risk and value of relevant IP assets in a proposed acquisition or sale of intellectual property, as for example, prior to entering into any serious negotiations for a possible merger or acquisition, divestiture, or a joint venture arrangement. It could lead to a significant increase in the value of the acquired company or the resulting merged entity. On the other hand, such an exercise may significantly reduce the acquisition cost or lead to a cancellation of the acquisition process if the due diligence process reveals major IP risks or IP problems in the target company.

(ii) Financial transactions:

IP due diligence is important before entering into a financial transaction involving IP, such as before an initial public offering or private placement of stock, or significant stock purchase, or before taking of a security interest in IP, as all of these have an impact on the ownership of IP. Through an IP audit, a potential lender will be able to more meaningfully assess a structured IP portfolio as part of its overall analysis of the credit worthiness of a target company.

(iii) Buying or selling a business division or IP transfer:

- Before a company buys or sells a division or a product line, a seller will generally make a series of representations and warranties as to the ownership, non-infringement and marketability of the IP assets linked to the transaction in the ensuing written agreement.
- Before a transfer or assignment of interest in IP, an IP due diligence should be done separately by both parties to ensure that the transfer or assignment meets both their respective business interests.

(iv) Launching a new product or service:

When a significant new product or service is being developed or about to be launched, risk of infringing IP rights of others might be especially high. An IP audit needs to be taken to address any possible infringement or freedom to operate issues linked to new product development and launch of such a product on the market.

(v) IP licensing:

A potential licensor has to ensure, for example, that it actually owns the IP that is sought to be licensed to others. Also, it has to be sure that there are no existing licenses that would interfere with the proposed new license. A potential licensee has to ensure, for example, that the potential licensor has the necessary rights to the IP in question so as to legitimately transfer the rights and that scope and extent of the proposed license will duly serve its intended purpose.

(vi) Bankruptcy, layoffs, etc.:

An IP audit would also be appropriate as a planning tool in advance of any filings for bankruptcy, significant plans for employee layoffs, business closure, or elimination of significant lines of business.

LESSON ROUND UP

- Intellectual Property Rights have become a significant factor in both creating and using ideas that are translated into knowledge and inventions to promote innovation and economic growth. Competition law seeks to prevent companies from inappropriately creating, enhancing or maintaining market power that undermines competition without offering economic benefits.
- Intellectual property law and competition law are both necessary for the efficient operation of the marketplace. Intellectual property laws provide property rights comparable to those of other kinds of private property, thereby providing incentives for owners to invest in creating and developing intellectual property and encouraging the efficient use and dissemination of the property within the marketplace.
- Licensing arrangements raise concerns under the competition laws if they are likely to affect adversely the prices, quantities, qualities, or varieties of goods and services either currently or potentially available. Licensing agreements may also have anti-competitive effects, because such agreements can reduce potential competition in the technology and innovation markets, which would have existed in the absence of the agreement.
- Restrictive trade practices under the guise of intellectual property licensing can always be corrected by competition authorities. Some of the restrictive practices mainly used in the intellectual property licensing agreements are: restrictions after expiration of industrial property rights or loss of secrecy of technical know-how; restrictions after expiration of arrangements; restrictions on research and development; non-competition clauses; tie-in arrangements; export restrictions; price fixing; restrictions on field of use, volume or territory; grant-back provisions; exclusive sales and representation arrangements
- A number of multilateral agreements in the field of intellectual property deal with unfair competition in intellectual property transactions. The laws dealing with restrictive trade practices in India are contained under the Patents Act and the Competition Act.
- Most sophisticated business enterprises recognize the need to protect the confidential information/trade secrets/or know-how. But little real attention is paid to protecting or securing the confidential information. It has been observed that many companies surprisingly are oblivious to the fact these vital intellectual assets are walking out their front door, and heading across the street to rival competitors. It is important for them to recognize this reality and take steps to protect the company's most valuable strategic assets.

- Proper consideration and handling of the intellectual property matter greatly in the sale of a business, as failure to consider or handle them properly can cause problems for the seller at the front and back end of a sale transaction. Understanding how intellectual property rights are involved with mergers and acquisitions is essential given how merger and acquisition (M&A) activity in the intellectual property field has come to dominate, both in volume and in value, merger transactions generally.
- The transfer of ownership in intellectual property is usually effected by a formal assignment. Assigning the ownership of intellectual property, should always be in writing by means of a formal agreement.
- Assignment agreements are of considerable importance in IPR since they allow the intellectual property owners to transfer their intellectual property for commercial returns, ensuring that the intellectual property can be used for monetary gain. Intellectual property that is created is utilized and exploited by the Assignment Agreement, where the purchaser or assignee takes benefit of the assignment rights that are created. These assignment agreements give rise to legal and equitable rights in law and purport many issues if they are not carefully constructed as required by law.
- It is universally recognized that an inflow of technology, whether appropriate or advanced, is necessary into a developing country for ensuring economic self-reliance to main the rate of progress of development. The concept of 'transfer of technology' is a complex phenomenon necessarily involving right obligations, privileges and commitments of the parties to the transaction.
- The basic legal document is the Licence Agreement for transfer of technology. From it flows the legal rights and obligations of the parties to the transaction. License may be granted for IP that is necessary to further develop, reproduce, make, use, market, and sell products based on the technology to be transferred. The terms and conditions of a licensing agreement determine the success of the technology transfer. Therefore, while formulating the licensing agreement, the parties involved should define the technology to be transferred without any ambiguity.
- Intellectual property (IP) audit involves undertaking a comprehensive review of a company's IP assets, related agreements, relevant policies and compliance procedures. Generally, there are three types of IP audits: General purpose IP audit, Event driven IP audit and Limited purpose focused IP audit.
- There is no hard and fast rule as to who should conduct such an audit. However, for an audit to be effective it is best done by a team that includes expertise in IP and representatives of the relevant technical areas of the company as may be appropriate for ensuring maximum effectiveness.
- The IP audit team should have a basic understanding of the product lines, the relevant business environment and the future plans of the company so that the audit remains focused on IP assets of maximum business relevance. Dynamic IP asset managers have used IP audits to build corporate value in many different ways.

SELF TEST QUESTIONS

These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.

1. Intellectual Property Law and Competition Law are both necessary for the efficient operation of the marketplace. Explain the interface between intellectual property rights and competition.
2. Enumerate the competition issues in intellectual property licensing.
3. Briefly list out the restrictive practices used in the intellectual property licensing agreements.
4. A number of multilateral agreements in the field of intellectual property deal with unfair competition in intellectual property transactions. Discuss.

Lesson 13

MANAGEMENT AND VALUATION OF INTELLECTUAL PROPERTY

LESSON OUTLINE

- Management of Intellectual Property
- Strategies for Effective IPR Management
- Intellectual Property – Risk Management
- Valuation of Intellectual Property
- Methods for the Valuation of Intangibles
- Lesson Round Up
- Self Test Questions

LEARNING OBJECTIVES

Effective management of intellectual property enables companies to use their intellectual property rights to improve their competitiveness and strategic advantage. Acquiring intellectual property protection no doubt is crucial, but its effective management provides much more than just protection to an enterprise's inventions, trademarks, designs, copyright or other allied rights.

Exploitation of intellectual property rights can take many forms, ranging from outright sale of an asset, a joint venture or a licensing agreement. Inevitably, exploitation increases the risk assessment.

Valuation is, essentially, a bringing together of the economic concept of value and the legal concept of property. The presence of an asset is a function of its ability to generate a return and the discount rate applied to that return.

Acceptable methods for the valuation of identifiable intangible assets and intellectual property fall into three broad categories. They are market based, cost based, or based on estimates of past and future economic benefits.

The study lesson provides an exposure to the students about the management and valuation of intellectual property assets.

MANAGEMENT OF INTELLECTUAL PROPERTY

In an increasingly knowledge-driven economy, Intellectual Property (IP) is an important key consideration in day-to-day business decisions. New products, brands and creative designs appear almost daily on the market and are the result of continuous human innovation and creativity. Generally, the small and medium companies in India either do not understand the value of their intellectual property assets or are not aware of the intellectual property system or the protection it can provide for their inventions, brands, and designs. As the Intellectual Property forms an important part of companies' assets, its adequate protection is crucial in deterring potential infringement and in turning ideas into business assets with a real market value. In fact, the Intellectual Property system enables companies to profit from their innovative capacity and creativity and enhance their competitiveness.

Companies that dedicate time and resources for protecting their intellectual property can increase their competitiveness in a number of areas, as it prevents competitors from copying or closely imitating a company's products or services; avoids wasteful investment in research and development (R&D) and marketing; creating a corporate identity through a trademark and branding strategy; negotiating licensing, franchising or other Intellectual Property based contractual agreements; increasing the market value of the company; acquiring venture capital and enhancing access to finance; obtaining access to new markets and most important a careful search for conflicting existing Intellectual Property rights, and the examination of application by offices can help an enterprise to avoid conflicts and unnecessary litigation.

Strategies for Effective IPR Management: The effective management of intellectual property assets requires implementation of a comprehensive asset management plan. In this process, one of the most important step is to review the existing intellectual property assets, so as to identify and locate the company's key intellectual property assets such as patents, patentable subject matter, copyrights, trade marks, designs, trade secrets, domain names, mask works, inventions, works of authorship, hardware and devices, depending upon the nature of business. Once the intellectual property assets are identified, it becomes important to determine nature and scope of the company's rights in intellectual property assets, which may range from outright ownership to a license- including contingent rights in intellectual property to be developed in future.

Capitalizing on intellectual property assets so identified require a most constructive approach keeping in view, among others, type of intellectual property assets, the type of business claiming ownership of intellectual property assets, long term and short term goals of the business organization including intended/possible use of intellectual property assets.

Intellectual Property – Risk Management: The ownership and control of intellectual property also attract certain risks and this requires strategies and plans to mitigate those risks. The most important among others being the infringement of rights in intellectual property, the risk management strategy should take into consideration the situations where company's own Intellectual Property Rights (IPRs) may infringe the IPRs of a third party; the company has a valid claim of infringement against a third party. It is also important to analyse the scope of any grant of rights in intellectual property assets, which may include licenses, distribution agreements, reseller arrangements and any other agreement or transaction involving transfer of IPRs that may impact its value.

One of the most important IPR risk management techniques, particularly in respect of trade secrets, is to put in place a system requiring all new employees and consultants to execute a confidentiality agreement. It indeed allows company to establish ownership in IPRs developed by the employees during their employment

and also help company to effectively contest infringement in case employee leaves the organization and discloses the same to new employer.

In nutshell, effective management of Intellectual Property enables companies to use their intellectual property to improve their competitiveness and strategic advantage. Acquiring Intellectual Property protection no doubt is crucial but its effective management provides much more than just protection to an enterprise's inventions, trademarks, designs, copyright or other allied rights.

Effective intellectual property management requires a company to commercialize its inventions and effectively monitor and enforce its intellectual property rights. Indeed, a company's portfolio of Intellectual Property must be viewed as a collection of key assets that add significant value to the enterprise. Thus, effective management of intellectual property may be seen as critical business strategy to maintain sustainable corporate growth and maximisation of shareholder value resulting into the economic growth.

VALUATION OF INTELLECTUAL PROPERTY

Intellectual capital is recognized as the most important asset of many of the world's largest and most powerful companies; it is the foundation for the market dominance and continuing profitability of leading corporations. It is often the key objective in mergers and acquisitions and knowledgeable companies are increasingly using licensing routes to transfer these assets to low tax jurisdictions.

Nevertheless, the role of intellectual property rights (IPRs) and intangible assets in business is insufficiently understood. Accounting standards are generally not helpful in representing the worth of IPRs in company accounts and IPRs are often under-valued, under-managed or under-exploited. Despite the importance and complexity of IPRs, there is generally little co-ordination between the different professionals dealing with an organization's IPR. For a better understanding of the IPRs of a company, some of the questions to be answered should often be:

- What are the IPRs used in the business?
- What is their value (and hence level of risk)?
- Who owns it (could I sue or could someone sue me)?
- How may it be better exploited (e.g. licensing in or out of technology)?
- At what level do I need to insure the IPR risk?

One of the key factors affecting a company's success or failure is the degree to which it effectively exploits intellectual capital and values risk. Management obviously need to know the value of the IPR and those risks for the same reason that they need to know the underlying value of their tangible assets; because business managers should know the value of all assets and liabilities under their stewardship and control, to make sure that values are maintained. Exploitation of IPRs can take many forms, ranging from outright sale of an asset, a joint venture or a licensing agreement. Inevitably, exploitation increases the risk assessment.

Valuation is, essentially, a bringing together of the economic concept of value and the legal concept of property. The presence of an asset is a function of its ability to generate a return and the discount rate applied to that return. The cardinal rule of commercial valuation is: the value of something cannot be stated in the abstract; all that can be stated is the value of a thing in a particular place, at a particular time, in particular circumstances. I adhere to this and the questions 'to whom?' and 'for what purpose?' must always be asked before a valuation can be carried out.

This rule is particularly significant as far as the valuation of intellectual property rights is concerned. More often than not, there will only be one or two interested parties, and the value to each of them will depend

upon their circumstances. Failure to take these circumstances, and those of the owner, into account will result in a meaningless valuation.

For the value of intangible assets, calculating the value of intangible assets is not usually a major problem when they have been formally protected through trademarks, patents or copyright. This is not the case with intangibles such as know how, (which can include the talents, skill and knowledge of the workforce), training systems and methods, technical processes, customer lists, distribution networks, etc. These assets may be equally valuable but more difficult to identify in terms of the earnings and profits they generate. With many intangibles, a very careful initial due diligence analysis needs to be undertaken together with IP lawyers and in-house accountants.

There are four main value concepts, namely, owner value, market value, fair value and tax value. Owner value often determines the price in negotiated deals and is often led by a proprietor's view of value if he were deprived of the property. The basis of market value is the assumption that if comparable property has fetched a certain price, then the subject property will realize a price something near to it. The fair value concept, in its essence, is the desire to be equitable to both parties. It recognizes that the transaction is not in the open market and that vendor and purchaser have been brought together in a legally binding manner. Tax value has been the subject of case law worldwide since the turn of the century and is an esoteric practice. There are quasi-concepts of value which impinge upon each of these main areas, namely, investment value, liquidation value, and going concern value.

METHODS FOR THE VALUATION OF INTANGIBLES

Acceptable methods for the valuation of identifiable intangible assets and intellectual property fall into three broad categories. They are market based, cost based, or based on estimates of past and future economic benefits.

In an ideal situation, an independent expert will always prefer to determine a market value by reference to comparable market transactions. This is difficult enough when valuing assets such as bricks and mortar because it is never possible to find a transaction that is exactly comparable. In valuing an item of intellectual property, the search for a comparable market transaction becomes almost futile. This is not only due to lack of compatibility, but also because intellectual property is generally not developed to be sold and many sales are usually only a small part of a larger transaction and details are kept extremely confidential. There are other impediments that limit the usefulness of this method, namely, special purchasers, different negotiating skills, and the distorting effects of the peaks and troughs of economic cycles. In a nutshell, this summarizes my objection to such statements as 'this is rule of thumb in the sector'.

Cost-based methodologies, such as the "cost to create" or the "cost to replace" a given asset, assume that there is some relationship between cost and value and the approach has very little to commend itself other than ease of use. The method ignores changes in the time value of money and ignores maintenance.

The methods of valuation flowing from an estimate of past and future economic benefits (also referred to as the income methods) can be broken down into four limbs;

- (1) capitalization of historic profits,
- (2) gross profit differential methods,
- (3) excess profits methods, and
- (4) the relief from royalty method.

1. The capitalization of historic profits arrives at the value of IPR's by multiplying the maintainable historic

profitability of the asset by a multiple that has been assessed after scoring the relative strength of the IPR. For example, a multiple is arrived at after assessing a brand in the light of factors such as leadership, stability, market share, internationality, trend of profitability, marketing and advertising support and protection. While this capitalization process recognizes some of the factors which should be considered, it has major shortcomings, mostly associated with historic earning capability. The method pays little regard to the future.

2. Gross profit differential methods are often associated with trade mark and brand valuation. These methods look at the differences in sale prices, adjusted for differences in marketing costs. That is the difference between the margin of the branded and/or patented product and an unbranded or generic product. This formula is used to drive out cashflows and calculate value. Finding generic equivalents for a patent and identifiable price differences is far more difficult than for a retail brand.

3. The excess profits method looks at the current value of the net tangible assets employed as the benchmark for an estimated rate of return. This is used to calculate the profits that are required in order to induce investors to invest into those net tangible assets. Any return over and above those profits required in order to induce investment is considered to be the excess return attributable to the IPRs. While theoretically relying upon future economic benefits from the use of the asset, the method has difficulty in adjusting to alternative uses of the asset.

4. Relief from royalty considers what the purchaser could afford, or would be willing to pay, for a licence of similar IPR. The royalty stream is then capitalized reflecting the risk and return relationship of investing in the asset.

Discounted Cash Flow (“DCF”) Analysis sits across the last three methodologies and is probably the most comprehensive of appraisal techniques. Potential profits and cash flows need to be assessed carefully and then restated to present value through use of a discount rate, or rates. DCF mathematical modelling allows for the fact that 1 Euro in your pocket today is worth more than 1 Euro next year or 1 Euro the year after. The time value of money is calculated by adjusting expected future returns to today’s monetary values using a discount rate. The discount rate is used to calculate economic value and includes compensation for risk and for expected rates of inflation.

With the asset you are considering, the valuer will need to consider the operating environment of the asset to determine the potential for market revenue growth. The projection of market revenues will be a critical step in the valuation. The potential will need to be assessed by reference to the enduring nature of the asset, and its marketability, and this must subsume consideration of expenses together with an estimate of residual value or terminal value, if any. This method recognizes market conditions, likely performance and potential, and the time value of money. It is illustrative, demonstrating the cash flow potential, or not, of the property and is highly regarded and widely used in the financial community.

The discount rate to be applied to the cashflows can be derived from a number of different models, including common sense, build-up method, dividend growth models and the Capital Asset Pricing Model utilising a weighted average cost of capital. The latter will probably be the preferred option.

These processes lead one nowhere unless due diligence and the valuation process quantifies remaining useful life and decay rates. This will quantify the shortest of the following lives: physical, functional, technological, economic and legal. This process is necessary because, just like any other asset, IPRs have a varying ability to generate economic returns dependant upon these main lives. For example, in the discounted cashflow model, it would not be correct to drive out cashflows for the entire legal length of copyright protection, which may be 70 plus years, when a valuation concerns computer software with only a

short economic life span of 1 to 2 years. However, the fact that the legal life of a patent is 20 years may be very important for valuation purposes, as often illustrated in the pharmaceutical sector with generic competitors entering the marketplace at speed to dilute a monopoly position when protection ceases. The message is that when undertaking a valuation using the discounted cashflow modelling, the valuer should never project longer than what is realistic by testing against these major lives.

While some of the above methods are widely used by the financial community, it is important to note that valuation is an art more than a science and is an interdisciplinary study drawing upon law, economics, finance, accounting, and investment. It is rash to attempt any valuation adopting so-called industry/sector norms in ignorance of the fundamental theoretical framework of valuation. When undertaking an IPR valuation, the context is all-important, and the valuer will need to take it into consideration to assign a realistic value to the asset.

LESSON ROUND UP

- In an increasingly knowledge-driven economy, Intellectual Property (IP) is an important key consideration in day-to-day business decisions.. Generally, the small and medium companies in India either do not understand the value of their intellectual property assets or are not aware of the intellectual property system or the protection it can provide for their inventions, brands, and designs.
- The effective management of intellectual property assets requires implementation of a comprehensive asset management plan. In this process one of the most important step is to review the existing intellectual property assets, so as to identify and locate the company's key intellectual property assets
- Once the intellectual property assets are identified, it becomes important to determine nature and scope of the company's rights in intellectual property assets, which may range from outright ownership to a license-including contingent rights in intellectual property to be developed in future.
- The ownership and control of intellectual property also attract certain risks and this requires strategies and plans to mitigate those risks.
- Effective intellectual property management requires a company to commercialize its inventions and effectively monitor and enforce its intellectual property rights.
- Although intellectual capital is the foundation for the market dominance and continuing profitability of leading corporations, nevertheless, the role of intellectual property rights and intangible assets in business is insufficiently understood.
- One of the key factors affecting a company's success or failure is the degree to which it effectively exploits intellectual capital and values risk. Business managers should know the value of all assets and liabilities under their stewardship and control, to make sure that values are maintained.
- Valuation is, essentially, a bringing together of the economic concept of value and the legal concept of property. The presence of an asset is a function of its ability to generate a return and the discount rate applied to that return. There are four main value concepts, namely, owner value, market value, fair value and tax value. There are quasi-concepts of value which impinge upon each of these main areas, namely, investment value, liquidation value, and going concern value.
- Acceptable methods for the valuation of identifiable intangible assets and intellectual property fall into three broad categories. They are market based, cost based, or based on estimates of past and future economic benefits.

- It is rash to attempt any valuation adopting so-called industry/sector norms in ignorance of the fundamental theoretical framework of valuation. When undertaking an IPR valuation, the context is all-important, and the valuer will need to take it into consideration to assign a realistic value to the asset.

SELF TEST QUESTIONS

These are meant for re-capitulation only. Answers to these questions are not to be submitted for evaluation.

1. What is the significance of intellectual property management?
2. Explain the strategies for effective IPR Management.
3. What is valuation? Why is valuation of intellectual property important?
4. Illustrate the methods for the valuation of intangibles.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There is no handwriting or other markings on the paper.

PROFESSIONAL PROGRAMME
INTELLECTUAL PROPERTY RIGHTS

Open Book Examination in Elective Subjects (Paper-9) in Module-III of Professional Programme (New Syllabus) Examination

Professional Programme (New Syllabus) offers five elective subjects in Module III, as mentioned herein below, out of which a student has to opt only one subject to study and qualify that suits his aptitude, interest, ability and career goal:

1. Banking Law and Practice
2. Capital, Commodity and Money Market
3. Insurance Law and Practice
4. Intellectual Property Rights-Law and Practice
5. International Business -Laws and Practices.

There is Open Book Examination (OBE) in all the above five elective subjects from June 2014 onwards. However, in all other subjects/modules of Professional Programme (New Syllabus), students would continue to be examined as per traditional pattern of examinations.

This is to inculcate and develop skills of creative thinking, problem solving and decision making amongst students of its Professional Programme and to assess their analytical ability, real understanding of facts and concepts and mastery to apply, rather than to simply recall replicate and reproduce concepts and principles in the examination.

In OBE, the candidates are allowed to consult their study material, class notes, textbooks, Bare Acts and other relevant papers, while attempting answers, as per the requirement of questions. The emphasis throughout is in assessing the students' understanding of the subject, applying their minds, rather than the ability to memorise large texts or rules or law.

Unlike a conventional/typical examination, which assesses how much information candidates have been able to store in their minds, the success in this type of examination depends on the candidate's ability to understand the question, identify inherent issues, application of various techniques, laws, principles, etc. while solving answers with the help of supporting reference material.

Broad pattern of Question Paper for OBE is as follows:

- Each question paper would contain Six questions carrying 100 marks
- Question No.1 will be of 50 marks based on case study ranging between 3000-4000 words.
- Question No.2 will be of 30 marks based on study of regulatory framework related to the subject.
- Question No.3-6 will be of 5 marks each covering important topics of the syllabus.

Candidates are not allowed to consult their fellow examinees or exchange their study material/notes, etc. with each other in the examination hall.

Candidates are prohibited to bring in any electronic devices, such as laptop, tab, I pad, palmtop, mobile phone, or any other electronic device/ gadget at the examination hall/room. However, they are permitted to use their own battery operated noiseless and cordless pocket calculator with not more than six functions, twelve digits and two memories.

PROFESSIONAL PROGRAMME
ELECTIVE PAPER (9.4)

INTELLECTUAL PROPERTY RIGHTS – LAW AND PRACTICE

Open Book Examination

PRACTICE TEST PAPER

Time Allowed: 3 hours

Maximum Marks: 100

Note: Attempt all questions.

Question No. 1

Read the following case and answer the questions given at the end of the case:

IN THE MATTER OF
ABC Limited (Appellant) Vs.
A& BC Limited (Respondent)

ABC Ltd., the Appellant herein, instituted a Suit No. 4007 of 2013 before the High Court seeking a decree of permanent injunction against A&BC Paper Mills Ltd., the Respondent herein, restraining it from using in any manner as a part of its corporate name or trading style the words " A&BC " or any word which is deceptively similar to "ABC.

The Appellant is a 'company' incorporated and registered under the Indian Companies Act, 1913 and is an existing company under the Companies Act, 2013. It was incorporated in October 1945 with the name 'ABC Ltd.' having 15 other subsidiary companies.

The case of the Appellant is that the word ' ABC ' is its registered trade mark bearing Registration No. 338997, in respect of the goods in Class 12 of the Trade Marks Act, 1999 (hereinafter referred to as 'the Act'). According to the Appellant, the word ' ABC ' is not only a registered trade mark but forms the dominant and significant part of the appellant and other companies of the group. The companies carrying the name 'ABC' are engaged in industrial and trading activities in multiple fields such as manufacture of cars, jeeps, tractors, motor spare parts, farming equipments, chemicals, hotels, real estate, exports, computer software and computer systems, etc. The annual turnover of the appellant and some of its group companies exceeds Rs. 1, 00,000 crore. The annual expenditure for advertisements and market development for sales promotion by the appellant and its group of companies is about Rs. 900 crore. The Appellant has averred that the name and trade mark of ' ABC ' is extremely popular in India and is associated with the products and services of the appellant. It was further averred that the ABC group of companies have a nation-wide network of selling and distributing agents. The name and trade mark "ABC " is prominently used and displayed on all its products and also promotional materials. The further case pleaded by the Appellant is that on 20th August, 2013, it came across a prospectus of the Respondent in respect of its public issue and for the first time the appellant then came to know about the existence of the Respondent and its corporate name. The name of the Respondent is almost the same as that of the Appellant with the only difference in spelling by substituting ' ABC ' for 'A&BC '.

It is the contention of the Appellant that the words are phonetically, visually and structurally almost identical and in any event deceptively similar. In the prospectus of the respondent the words "A& BC " are more prominently written than the rest of the names.

According to the Appellant, the Respondent wishes and intends to fraudulently and wrongfully deceive members of the public into believing that the respondent is the associate of the appellant or in some way connected with the appellant and to trade on the reputation of the appellant. The Appellant apprehends that

by the use of name/words deceptively similar to that of the appellants name as its corporate name the intention of the respondent is to pass-off or likely to pass-off and to enable others to pass-off its business and products as those of the appellant. It is the contention of the Appellant that the Respondent by use of the said words is trading on the goodwill and reputation of the Appellant. The Appellant in the notice issued on 28th August, 2013 had called upon the Respondent to change its name. It had also moved the Securities and Exchange Board of India and various Stock Exchanges in the country drawing their attention to the fact that the respondent was using a deceptively similar corporate name as that of the appellant and to take appropriate action against the respondent.

The Respondent, in its reply to the said notice, took the plea that it has used the name of 'A & BC' honestly and the allegations made by the Appellant that it has dishonestly adopted the said name and style is misconceived. The Respondent, contested the notice by filing a reply affidavit in which it was stated, inter alia, that the deponent is better known as 'A&BC' in the trade circle and he resides in 'A&BC House' named after him. He has been filing income tax returns in the name of A&BC. In the year 1974 he started his sole proprietary business in the name of 'A&BC Radio House'. After about four years, it started a partnership firm in the name of 'A&BC Seeds Company'. The Respondent further averred that on 1st of January, 1982 the said partnership of A&BC Seeds Company was incorporated as Pvt. Ltd Company In The Name of A&BC Seeds Pvt. Ltd. Another proprietary firm by the name 'A&BC Music & Electronics' was started by the respondent in the year 1983 and the same was registered under the Sales Tax Act also.

The Respondent further stated that its products are, in no way similar to the products and businesses of the appellant. The business carried on by the respondent does not overlap with the business of any of the companies enlisted by the Appellant. The Respondent pleads that it has a reputation of its own in the name of 'A&BC' and cannot derive any benefit by the name which is alleged to be similar to that of the Appellant.

Thereafter, the Appellant (ABC Ltd.) filed the suit.

The assertion of the Appellant that the trade mark ABC has come to be identified with the Appellant or the Appellants group of companies in any manner, has been denied by the Respondent. The Respondent has also denied that the name of its company can be said to be deceptively similar to that of the Appellant. The plea of passing-off or likelihood of passing-off of trade or business of the Appellant has been denied. The Respondent has also set up the plea that the balance of convenience is not in favour of the Appellant nor would the appellant suffer irreparable loss in case the injunction is not granted.

An interim injunction passed by single judge of High Court against the Respondent (A&BC Ltd.) as follows:

That pending the hearing and final disposal of this suit, the Respondent by itself, its servants, its agents or otherwise howsoever be restrained by an order of temporary injunction of this Hon'ble Court from in any manner using as a part of its corporate name or trading style the words "A& BC" or any word(s) which are deceptively similar to "ABC" so as to pass-off or to enable others to pass-off the business and/or services of the Respondent as those of the Appellant or as emanating from or affiliated or in some way connected with the Appellant.

The Respondent appeal to the Division Bench of the High Court to set aside the order passed by the learned Single Judge and to vacate the interim order of injunction. After hearing all the submissions, the Division Bench of the High Court uphold the order passed by the learned Single Judge.

Further, the Respondent Appeal to the Supreme Court

Submission of the Respondent's Advocate before the Apex Court: The main thrust of the submissions

of learned counsel for the Respondent, was that the present case is not an action for infringement of trade mark but it is an action in passing-off the business and services. In the absence of any similarity of the goods manufactured or sold by the parties the tests of deception or confusion amongst the consumers does not arise. According to learned counsel, the action in passing-off is not to be considered in the abstract sense; it has to be judged on the facts and circumstances of the case. The learned counsel contended that the respondent has been doing business since 1974 using the trade name "A& BC" in a wide range of products. Therefore, the claim of exclusive user of the name made by the appellant does not arise, at least not at the interlocutory stage, as it depends on evidence to be led in the suit. The learned counsel further submitted that while judging the plea of passing-off, the test to be applied is probability and not mere possibility of confusion or deception. On the facts and in the circumstances of the case, the learned counsel submitted that grant of interim injunction in favour of the Appellant was not warranted.

Submission of the Appellant's Advocate before the Apex Court: Per contra, the learned counsel for the Appellant, contended that the order of interim injunction passed by the learned Single Judge is based on well recognised principles of law which have been aptly applied to the case in hand. Learned counsel further contended that on a bare perusal of the prospectus issued by A & BC Paper Mills Ltd. it is manifest that the Respondent is trying to utilise the tremendous popularity and goodwill associated with the appellant's name 'ABC' in the trade circles. According to him, any man of average intelligence and imperfect recollection is likely to get an impression that the defendant is one of the associated companies of the 'ABC' group. The further contention of the learned counsel was that whatever amount was collected by the Respondent from sale of shares of the company to investors was due to the deceptively similar name given to the respondent company. It was further submitted by the learned counsel for the Respondent that the business activity of the company has not yet commenced. The learned counsel contended that the appellant successfully established a strong prima facie case in its favour and in the circumstances denial of order of interim injunction will result in irreparable loss and injury in its trade and business.

The question that arises before the Supreme Court for determination in this case is, whether, on the facts and circumstances of the case, the High Court committed an error in granting the Appellant's prayer for interim injunction.

In view of the above facts and circumstances answer the following questions:

- (a) 'Passing –off' and 'Infringement' of Trade Marks are same. Critically examine the statement.
- (b) On the facts and circumstances of the case, whether the High Court committed an error in granting order of injunction. Discuss with the support of case law.
- (c) Enumerate the factors which are to be considered by the Court in an action of 'passing-off' of Trade Marks.
- (d) Whether the High Court should apply Anton Piller order, in its injunction order. Discuss the doctrine of Anton Piller order.
- (e) Critically examine the facts and legal position in the above case and draft a reasoned order.

(10 marks each)

Question No. 2

- (a) "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 or the mere discovery of any new property or new use for a known substance or of 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" is not an inventions within

the meaning of Section 3(d) of the Patents Act, 1970. The primary purpose of section 3(d), as is evident from the legislative history, is to prevent “ever greening” of patents and yet to encourage incremental inventions. Discuss with the help of decided case law.

- (b) Explain the rationale for exemption of certain acts which do not constitute infringement of copyright and enjoy statutory exception under Copyright Act, 1957. *(15 marks each)*

Question No. 3

TRIPS Agreement obliges member States exclude from patentability plants and animals other than micro-organisms and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. Comment. *(5 marks)*

Question No. 4

Effective management of Intellectual Property enables companies to use their intellectual property rights to improve their competitiveness and strategic advantages. Discuss the significance of Intellectual Property Management. *(5 marks)*

Question No. 5

Industrial design plays an important role in the trading of consumer goods or products as well as helps economic development by encouraging creativity in the industrial and manufacturing sector. Discuss briefly the legal protection available to a registered design and state the consequences for the piracy of a registered Design? *(5 marks)*

Question No. 6

Undisclosed Information, Trade Secrets or Know-How are vital for business enterprises whether micro, medium or large. These key strategic assets need to be protected. Comment. *(5 marks)*
