

**PROFESSIONAL
PROGRAMME**

**GROUP 1
ELECTIVE PAPER 4.3**

INTELLECTUAL PROPERTY RIGHTS - LAW & PRACTICE



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

STUDY MATERIAL

PROFESSIONAL PROGRAMME

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PROPERTY RIGHTS –
LAW & PRACTICE**

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PROFESSIONAL PROGRAMME

INTELLECTUAL PROPERTY RIGHTS – LAW & PRACTICE

IPRs are becoming more significant on a worldwide scale, however there is a need to raise knowledge of IPRs in India, whether it be in regards to one's own IPRs or respect for others' IPRs. In general, the term "intellectual property rights" refers to a group of intangible assets, such as inventions, works of art, and contributions to the current body of knowledge, that are held and legally shielded from unauthorised use by a person or organisation.

Timely and pertinent updates relating to Intellectual Property Rights (IPRs) is of paramount significance, as it assist the entrepreneurs, professionals, management of organisations etc. to keep track of latest developments in IPRs of various assets and accordingly formulate plans, policies and approaches to obtain IPRs for their products. Further, as latest updates on IPRs makes the stakeholders conversant with different forms of IPRs entering into the industry / market, it fosters innovation and higher earnings, thereby providing an impetus to a nation's economic growth.

With the tremendous rate of technical, scientific, and medical innovation that we are currently witnessing, intellectual property has come to play an increasingly important role. Intellectual property has become one of the largest and fastest-growing legal disciplines in the world, necessitating the need for IP specialists who possess requisite knowledge, expertise and experience in the field of IPRs to deal with various IPR related matters both at national and global levels.

It is heartening to note that IPR has opened up new vistas of opportunities for the Company Secretaries who as Governance Professionals are competent to take up IPR assignments. Moreover, their robust grasp on various pertinent laws and regulations assist them prodigiously in deciphering various IPR Laws and provide optimum solutions.

The Institute of Company Secretaries of India (ICSI), which has consistently played a crucial role in helping its members to develop their capacities, has made the decision to give students a comprehensive education and in this regard, the study material has made sincere endeavours to capture the most recent developments in the field of intellectual property rights and how they are being implemented.

As a result, this study material has been created to give students a broad perspective and in-depth understanding of intellectual property in order to give them a solid foundation on various forms of IPRs- patents, trademarks, copyrights, designs, and geographical indications. The course materials in this study guide have been created in a way that, in addition to meeting the requirements for a future profession in this field, it will help the students to build specialised skills on various areas of IPR.

Intellectual property has broad applications. IPR laws that have a direct bearing on company secretaries' careers have been covered extensively. A self-contained resource has been provided with every effort, and an integrated methodology has been used throughout.

This study material has been published to aid the students in preparing for the Intellectual Property Right Law and Practice which is an Elective Paper of the CS Professional Programme under ICSI Syllabus 2022.

The legislative changes made upto May 31, 2023 have been incorporated in the study material. In addition to the study material, students are advised to refer to the updates provided at the Regulator's website, supplements relevant for the Paper published online by ICSI, Chartered Secretary Journal of ICSI and other relevant publications. Specifically, students are advised to read "Student Company Secretary e-Journal" which covers

regulatory and other relevant developments relating to the Paper which is available at academic portal <https://www.icsi.edu/student-n/academic-portal/>. In the event of any doubt, students may contact the Directorate of Academics at **academics@icsi.edu**

The amendments to law made upto 31st May of the Calendar Year for December Examinations and upto 30th November of the previous Calendar Year for June Examinations shall be applicable.

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PROFESSIONAL PROGRAMME
Group 1
Elective Paper 4.3
INTELLECTUAL PROPERTY RIGHTS –
LAW & PRACTICE
(Max. Marks 100)

SYLLABUS

OBJECTIVE

- To impart expert knowledge on the laws governing the Intellectual Property Rights, various organisations actively involved in Intellectual Property Rights related matters and their role in upholding the interests of the stakeholders by preventing infringement of intellectual property laws and other critical facets.

Level of Knowledge: Expert Knowledge

Detailed Contents

1. **Introduction:** ● Concept of Property vis-à-vis Intellectual Property ● Concept of Property and Theories of Property – An Overview ● Theories of Intellectual Property Rights ● Meaning ● Relevance Business Impact ● Protection of Intellectual Property ● Intellectual Property as an Instrument of Development ● Need for Protecting Intellectual Property – Policy Consideration – National and International Perspectives ● Competing Rationales for Protection of Intellectual Property Rights ● Intellectual Property Rights as Human Right ● Determining Financial Value of Intellectual Property Rights ● Negotiating Payments Terms in Intellectual Property Transaction ● Intellectual Property Rights in the Cyber World ● Paris Convention ● Patent Cooperation Treaty ● WTO- TRIPS ● Harmonisation of CBD and TRIPs.
2. **Types of Intellectual Property:** ● Origin and Development - An Overview ● Copyrights ● Trademarks ● Patents ● Designs ● Utility Models ● Trade Secrets and Geographical Indications ● Bio-Diversity and IPR ● Case Studies / Case Laws related to Intellectual Property Rights.
3. **Role of International Institutions:** ● 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.
4. **Indian Patent Law and its Developments:** ● An Overview ● Concept of Patent ● Product / Process Patents & Terminology ● The Patents Act, 1970 ● Amendments to the Patents Act ● Patentable Subject Matter ● Patentability Criteria ● 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 • Software and Business Method Patenting in India & other Jurisdiction • Patentable Inventions with Special Reference to Biotechnology Products entailing Creation of New Forms of Life • Case Studies / Case Laws related to Patent Laws.

5. **Patent Databases & Patent Information System:** • Patent Offices in India • Importance of Patent Information in Business Development • Patent search through Internet • Patent Databases.
6. **Patent Documentation, Examination and Infringement:** • Lab Notebooks/Log Books/Record Books • Methods of Invention Disclosures • Patent Application and its Contents • Writing of the Patent Document • Publication of Patent Applications • Request for Examination • Process for Examination & Prosecution • Reissue & Re-examination • Literal Infringement • Doctrine of Equivalence and Doctrine of Colourable Variation • Contributory Infringement • Defences to Infringement including Experimental Use • Inequitable Conduct • Patent Misuse • Legal Aspects (Act, Rules, and Procedures).
7. **Trademarks:** • Introduction to Trademarks • The rationale of protection of trademark as (a) an aspect of commercial and (b) of consumer rights • Definition and concept of Trademarks • Kinds of marks (brand names, logos, signatures, symbols, well known marks, certification marks and service marks) • International Legal Instruments on Trademarks • Indian Trademarks Law (The Trade and Merchandise Marks Act, 1958 and Trademarks Act, 1999) • Non Registrable Trademarks • Procedure for Registration of Trademarks • Opposition Procedure • Procedural Requirements of Protection of Trademarks • Content of the Rights • Exhaustion of Rights • Assignment / Transmission / Licensing of Trademarks • Infringement of Trademarks and Right of Goodwill • Passing off Action • Offences and Penalties • International Conventions - Madrid Protocol • Domain Names – Domain Names and Effects of New Technology (Internet) • WIPO Internet Domain Name Process • Case Studies / Case Laws related to Trade Marks.
8. **Copyrights:** • Introduction to Copyright - Conceptual Basis • International Protection of Copyright and Related rights - An Overview (International Convention/Treaties on Copyright) • Nature of Copyright • Indian Copyright Law • The Copyright Act, 1957 with its amendments • Copyright works • Author & Ownership of Copyright • Rights Conferred by Copyright • Assignment • Transmission • Licensing of Copyrights • Neighbouring Rights • 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 • Case Studies / Case Laws related to Copyrights.
9. **Industrial Designs:** • Need for Protection of Industrial Designs • Subject Matter of Protection and Requirements • 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.
10. **Geographical Indications:** • Concept of Appellations of Origin • Indication of Source and Geographical Indication • International Conventions/Agreements • The Geographical Indications of Goods (Registration and Protection) Act, 1999 • Procedure for Registration • Duration of Protection and Renewal • Infringement, Penalties and Remedies • Case Studies / Case Laws related to Geographical Indication.
11. **Layout- Designs of Integrated Circuits:** • The Semiconductor Integrated Circuits Layout-Design Act, 2000 • Conditions and Procedure for Registration • Duration and Effect of Registration • Assignment and Transmission.
12. **Protection of Trade Secrets:** • Meaning of trade secrets • Elements of a trade secret • Best Practices of trade secret protection • Regulatory framework of trade secrets • Case Studies / Case Laws related to Infringement of Protection of Trade Secret.

- 13. Biological Diversity:** ● Introduction ● Significance of biological diversity ● Genetic Diversity ● Species Diversity ● Ecological Diversity ● Biodiversity Agreements ● Impact on Human Beings ● Case Studies / Case Laws related to Biological Diversity.
- 14. Protection of Plant Varieties:** ● Protection of Plant Varieties and Farmers' Rights Authority/Registry ● Registration of Plant Varieties and Essentially Derived Variety ● Duration And Effect of Registration And Benefit Sharing ● Farmers' rights & compulsory licence ● Case Studies / Case Laws related to Protection of Plant Varieties.
- 15. 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 ● Case Studies / Case Laws related to Commercialization of Intellectual Property Rights.

ARRANGEMENT OF STUDY LESSONS
INTELLECTUAL PROPERTY RIGHTS –
LAW & PRACTICE
Group 1 ● Elective Paper 4.3

Sl. No.	Lesson Title
1.	Introduction
2.	Types of Intellectual Property
3.	Role of International Institutions
4.	Indian Patent Law and its Developments
5.	Patent Databases & Patent Information System
6.	Patent Documentation, Examination and Infringement
7.	Trademarks
8.	Copyrights
9.	Industrial Designs
10.	Geographical Indications
11.	Layout- Designs of Integrated Circuits
12.	Protection of Trade Secrets
13.	Biological Diversity
14.	Protection of Plant Varieties
15.	Business Concerns in Commercializing Intellectual Property Rights

LESSON WISE SUMMARY

INTELLECTUAL PROPERTY RIGHTS – LAW & PRACTICE

Lesson 1: Introduction

Human Beings are distinguished from animals by the intellectual capability endowed on them by the Almighty. The Human Beings have thus elevated themselves to the present 'Civilized State' solely on account of exercise of their intellectual capabilities. 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. Intellectual Property relates to information which can be incorporated in tangible objects and reproduced in different locations. For Example, Patents, Designs, Trade Marks and Copyright. The rights accrued on the owner of such property (Intellectual Property) are termed as Intellectual Property Rights (IPR).

The goal of this lesson is to acclimatize student with:

- The concept of property and its evolution.
- The need and importance of protecting intellectual property rights and the legal frame work for regulating such rights.
- The concept of property vis-à-vis Intellectual Property and impart knowledge pertaining to the relevance and business impact of IPR in the changing global business environment.

Lesson 2: Types of Intellectual Property

In the current knowledge-driven, private sector oriented economic development paradigm, the different types of intangible assets of a business are often more important and valuable than its tangible assets. A key subset of intangible assets is protected by what are labelled collectively as intellectual property rights (IPRs). 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 and Copyright

The objective of this lesson is to facilitate the students to get acquainted with:

- The domains of intellectual property in that forms an integral party of economy.
- The forms of the protection, emerging particularly stimulated by the exciting developments in scientific and technological activities with respect to intellectual property.
- 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.

Lesson 3: Role of International Institutions

Intellectual property has a dual nature, i.e. it has both a national and international dimension. For instance, patents are governed by national laws and rules of a given country, while international conventions on patents ensure minimum rights and provide certain measures for enforcement of rights by the contracting states. Strong protection for intellectual property rights (IPR) worldwide is vital to the future economic growth and development of all countries. Since they create common rules and regulations, international IPR treaties, in turn, are essential to achieving the robust intellectual property protection that spurs global economic expansion and the growth of new technologies.

The objective of this lesson is to familiarize students with:

- The dual nature of intellectual property, i.e. both national and international dimension.
- The frame work governing the protection of IP, both the national laws, regulations and international treaties.
- Protection provided by various consolidated international treaties, conventions, organization
- The leading International Instruments and International Institutions concerning Intellectual Property Rights and their impact on the Indian laws providing protection to intellectual Property Rights.

Lesson 4: Indian Patent Law and its Developments

Patent is said to be the most common, important and complicated form of Intellectual Property, as it includes technical and legal aspects. The legal aspects provide an intensive protection from Patent infringement. This is because of its technical-cum-legal nature and the widest and the strongest legal protection one can secure. The Patent Law recognizes the exclusive right of a Patentee to gain commercial advantage out of his invention. This is to encourage the inventors to invest their creative faculties, knowing that their inventions would be protected by law and no one else would be able to copy their inventions for a certain period during which the respective Inventor would have exclusive rights.

The purpose of this lesson is to help students understand the:

- The basics concept of Patent and law governing patents in India.
- Patent law in India, its origin and development.
- In-depth knowledge to the students about patent as intellectual property, its working and its relevance including Assignment & Licensing of Patents and Compulsory Licensing.

Lesson 5: Patent Databases and Patent Information System

In recent years, economists, social science researchers, policymakers, entrepreneurs and professionals have begun to make increasing micro-level and macro-level use of patent information. This is being done to analyse, 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 become necessary. With the rapid expansion of information technology resulting in increasing availability of on-line databases of patent information, the micro- level use of patent information has evolved into a much more strategic use of patent information.

The objective of this lesson is to familiarize students with:

- The concept of patent databases and information system.
- The Intellectual Property Office in India and their importance.
- The need of patent search and its importance in business development.
- The various databases available for conducting patent search both at national and international level.

Lesson 6: Patent Documentation, Examination and Infringement

It is human nature to seek technical solutions whenever we encounter problems, whether in relation to needs of daily life or a quest to explore outer space. Therefore, the growing number on filings of patent applications is an indicator of human inventiveness in diverse technological fields. The patent system offers inventors recognition for their creativity and the possibility of material reward for their inventions. Innovators need well-drafted patent applications if they want to secure the best possible protection for their inventions and reduce the risk of rejection of their applications.

The purpose of this lesson is to help students understand:

- The legal frame work provided for law regulating documentation, and examination of Patent.

- The process relating to Registration, Documentation and Examination of Patents.
- The legal machinery in case of Patent Infringement.

Lesson 7: Trademarks

A trade mark (popularly known as brand name in layman's language) 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.

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.

The goal of this lesson is to make the students conversant with:

- The legal frame work provided for law regulating Trademarks in India.
- The process of application, withdrawal of trademark application.
- Infringement of trademark, Passing Off, Effect of registration.
- The legal frame work pertaining to Trademarks including international treaties and conventions.

Lesson 8: Copyrights

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 as the name suggests arose as an exclusive right of the author on the literature created by him and stop others from copying the same without prior permission of the author. 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.

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 objective of this lesson is to facilitate the students to get acquainted with:

- The legal frame work provided for regulating the laws related to the copyright vested in any artistic or literary work.
- The ethical/moral aspects involved in using materials protected by copyright.
- In depth knowledge of the importance and value of copyright law including assignment, infringement, registration process and its licensing.

Lesson 9: Industrial Designs

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 color of article. Industrial designs make a product attractive and appealing to customers.

Design drives consumer's choice, the appearance of a product can be a key factor in the consumer's purchase decision. In other words, the success or failure of a product may rest, at least partially, on how it looks. Industrial

designs can therefore be very important for both small and medium sized enterprises (SMEs) and larger companies alike, regardless of their sector of activity.

The purpose of this lesson is to help students understand the:

- Legal frame work provided for law regulating protection of designs in India.
- Working of design pertaining to protection, registration and cancellation of industrial designs in India.
- International conventions and treaties that aim to protect and manage industrial designs.
- Practical aspects relating to Step by Step Guide on registration of design in India.

Lesson 10: Geographical Indications

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. 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. These distinctions became so crucial that these areas began to focus on creating these distinctive goods. Rising consumer demand for these products led to the emergence of counterfeit goods, which started to damage the reputation of real goods.

The purpose of this lesson is to acquaint students with:

- The legal frame work provided for law regulating intellectual property embedded in Geographical Indications in India.
- The legal position relating to geographical indications of goods in India.
- The legal machinery including international agreements and conventions governing the registration, renewal, infringement of geographical indications of goods.
- Aspects of the Step-by-Step Guide on Geographical Indication of Goods Registration Process in India that are practically relevant.

Lesson 11: Layout – Designs of Integrated Circuits

Product life cycles are getting shorter across many industries. The time and money needed to acquire intellectual property rights, particularly patents, might be excessive compared to the lifespan of the resulting product. Since products have short life cycles and incorporate numerous technologies covered by various patents, especially when these products constitutes elements of the main product, requirements such as the necessity to designate products with “patent pending” also become impractical.

Integrated circuits are made up of many individual building blocks, each of which is patentable. A unique protection for semiconductor integrated circuit layout-design has become important for the semiconductor industry because patent, copyright, and trade secret law cannot sufficiently protect integrated circuit design

The goal of this lesson is to mske the students conversant with:

- The legal frame work provided for law regulating the protection of semiconductor integrated circuits layout-designs in India.
- The need and purpose of safeguarding circuit designs w.r.t to business.
- Important concepts relating to circuit layout designs, their infringement, license etc.
- To familiarize the students with the legal frame work pertaining to Semiconductor Integrated Circuits Layout-Design Act, 2000.

Lesson 12: Protection of Trade Secrets

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. 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.

The objective of this lesson is to familiarize students with:

- The frame work provided for regulating the intellectual property right vested in Trade Secrets.
- The validity and enforceability of employment clauses to protect trade secrets.
- The importance of keeping trade secret confidential.
- To familiarize the students with the concept of trade secrets within India.
- The treaties and conventions to protect trade secrets.

Lesson 13: Biological Diversity

The term “biodiversity” refers to the diversity of living organisms that originate from all types of source materials as well as the ecological components to which they are connected. Ecosystem diversity, genetic diversity, and species diversity are also included in the biological diversity.

IPR serves two purposes in relation to biodiversity: firstly, it protects products made with particular raw materials found in the biodiversity system, such as the expensive furniture made with Kashmiri wood from a specific species of teak tree found in the Kashmir region and second, it secures products that are directly derived from conventional wisdom, such as the use of Malabar Pepper as a medicine.

As a source of new crop and plant types, medications, herbicides, insecticides, as well as new biotechnological products and processes, the information encoded in genetic resources is becoming increasingly valuable commercially.

The purpose of this lesson is to help the students to understand the:

- The legal frame work provided for regulating the intellectual property right vested in biological diversity.
- Interconnection between IPR and Bio-diversity.
- Interrelationship between Bio Diversity and Traditional Knowledge.
- The international treaties and conventions to protect bio-diversity.

Lesson 14: Protection of Plant Varieties

In order to provide for the establishment of an effective system for protection of plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants it has been considered necessary to recognize and protect the rights of the farmers in respect of their contribution made at any time in conserving, improving and making available plant genetic resources for the development of the new plant varieties. Moreover to accelerate agricultural development, it is necessary to protect plants breeders' rights to stimulate investment for research and development for the development of new plant varieties.

The objective of this lesson is to familiarize the students with:

- The legal frame work provided for law regulating and safeguarding the agricultural innovations.

- The legal machinery to protect and safe keep the plant varieties and native wealth of plant genetic resources.
- The legal frame work pertaining to plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants.
- The rights of the farmers in respect of their contribution made at any time in conserving, improving and making available plant genetic resources for the development of new plant varieties.

Lesson 15: Business Concerns in Commercializing Intellectual Property Rights

Competition law and IP laws are important elements of the legal system that provides a framework for the modern economy. IP law seeks to create monopolies while competition law seeks to prevent monopolistic behavior. On one hand it is necessary to create monopolies through IP law to incentivize innovation and creation, on the other hand there is an important necessity to keep the markets competitive. In the highly competitive world, where a fair competition as well as protection of IPRs are required to ensure growth of the business, it becomes essential to understand the relationship between Intellectual Property Rights and Competition Laws.

This lesson aims to create understanding on the following :

- How to a company should effectively manage their intellectual property rights to improve their competitiveness and strategic advantage.
- The inter-connection between competition law and IPR law.
- The issues that arise pertaining to IPR during sale/purchase of another business.
- The valuation of IP.
- Importance of care and maintenance and due diligence of IPR in a corporate transaction.

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KEY CONCEPTS

- Property ■ Intellectual Property ■ Patents ■ Trade Marks ■ Copyright ■ Design Registration ■ Business Impact ■ Human Right ■ Policy Consideration ■ Patent Cooperation Treaty ■ Paris Convention (1883) ■ TRIPS ■ Convention on Bio-Diversity

Learning Objectives

To understand:

- The concept of property and its evolution.
- The need and importance of protecting intellectual property rights.
- The legal frame work provided for regulating the intellectual property rights.
- The emergence of IPR and its application throughout the globe.
- The concept of property vis-à-vis intellectual property.
- And impart knowledge pertaining to the relevance and business impact of IPR in the changing global business environment.

Lesson Outline

- Concept of Property *vis-à-vis* Intellectual Property
- Concept of Property and Theories of Property – An Overview
- Theories of Intellectual Property Rights
- Meaning, Relevance, Business Impact and Protection of IP
- Intellectual Property as an Instrument of Development
- Need for Protecting Intellectual Property
- National and International Perspectives
- Competing Rationales for Protection of IPR
- Intellectual Property Rights as Human Right
- Determining Financial Value of Intellectual Property Rights
- Negotiating Payments Terms in IP Transaction
- Intellectual Property Rights in the Cyber World
- Patent Cooperation Treaty
- Paris Convention
- WTO - TRIPS
- Harmonisation of CBD And TRIPS
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References (including websites / video links)

CONCEPT OF PROPERTY VIS-À-VIS INTELLECTUAL PROPERTY

Human Beings are distinguished from animals by the intellectual capability endowed on them by the Almighty. The human beings have thus elevated themselves to the present 'Civilized State' solely on account of exercise of their intellectual capabilities.

The property which comes into existence by application of human intellect is termed as Intellectual Property. It is product of :-

1. Intellectual Capabilities; and
2. Labour

Intellectual Property relates to information which can be incorporated in tangible objects and reproduced in different locations. For Example, Patents, Designs, Trade Marks and Copyright. The rights accrued on the owner of such property (Intellectual Property) are termed as Intellectual Property Rights (IPR).

As stated above, 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. It can be divided into two categories:-

1. Industrial property, which includes inventions (patents), trademarks, industrial designs, and geographic indications of source; and
2. 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 distinction between Intellectual Property and other forms of properties 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 properties, namely

- (a) Patent
- (b) Trademark
- (c) Copyright and
- (d) Trade Secret
- (e) Others 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 ambit of Intellectual Property. In recent times the following have been encompassed under IPR:

- (a) Geographical Indications,
- (b) Protection of plant varieties,
- (c) Protection for semi-conductors and integrated circuits, and
- (d) Undisclosed Information have been brought under the umbrella of Intellectual Property.

Intellectual Property Rights are like any other property rights. They allow the creators (or owners) of Patents, Trademarks or Copyrighted works (as the case may be) to benefit from their own respective work or investment in a creation. These rights are outlined in Article 27 of the Universal Declaration of Human Rights (1948) which provides for the right to benefit from the protection of moral and material interests resulting from authorship of

scientific, literary or artistic productions. The importance of Intellectual Property was first recognized in the Paris Convention for the Protection of Industrial Property (1883) and the Berne Convention for the Protection of Literary and Artistic Works (1886). Both treaties are administered by the World Intellectual Property Organization (WIPO).

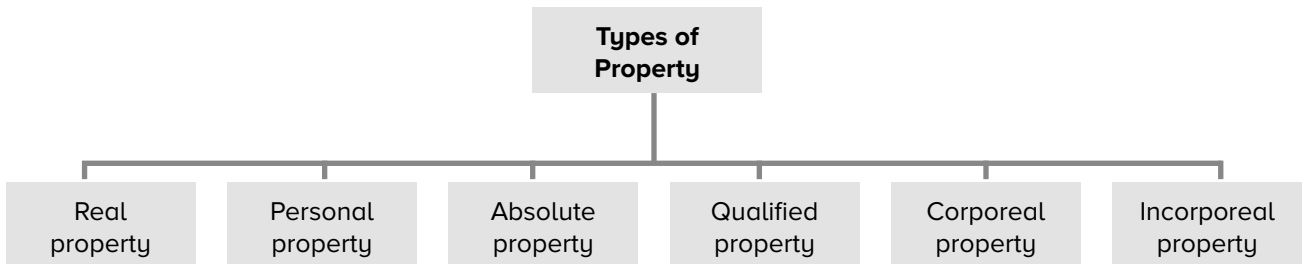
In short, Property Rights in ideas are no different than the ownership of houses, cars and other forms of private property. The rhetoric it builds upon seems convincing at first i.e. you ought to be the exclusive owner of your idea to have the incentive to develop it, the very same way you ought to be the exclusive owner of your land to have incentive to develop it.

CONCEPT OF PROPERTY AND THEORIES OF PROPERTY – AN OVERVIEW

The term “property” signifies the subject matter over which the right of ownership or any less right carved out of ownership is exercised. It has a very wide connotation, it not only includes money and other tangible objects of some value, but it also includes the intangible rights which are considered to be a source or an element of income or wealth. It includes the rights and interests which a human possesses over land (and chattel) and which is to the exclusion of all others. It is the right to enjoy and to dispose of certain things in the way that he pleases to, provided that such use is not prohibited by law. However, there are certain things over which property rights by any single individual (or an entity) cannot be exercised. This includes the sea, the air and the like as they cannot be appropriated. Everyone has a right to enjoy them, but no one has an exclusive right over them.

It is clear, thus, that in case of personal property no person other than its owner, who has an exclusive right over it, can claim any right to use it, or to hinder the owner from disposing it of, so that the property which is considered as an exclusive right over things, contains not only a right to use, but also a right to dispose of such property.

Property can be classified into -



(a) Real property

The property which is fixed permanently to one location is termed as real property. Real property includes within its ambit land, any construction on the land, things growing on the land or existing under the face of land.

(b) Personal property

Personal property is a property belonging to person and in case of personal property no person other than its owner, who has an exclusive right over it, can claim any right to use it, or to hinder the owner from disposing it of, so that the property which is considered as an exclusive right over things, contains not only a right to use, but also a right to dispose of such property.

(c) Absolute property

Absolute property is the one which is owned without any qualification or restriction whatsoever. In case of sale the moment sale deed is executed the transferee becomes absolute owner of the property.

(d) Qualified property

A qualified property consists of special, conditional or interest upon the subject matter. The owner of the qualified property lacks the complete bundle or sets of right bestowed upon the absolute owner. Rights of bailee are one of the suitable examples related to qualified property.

(e) Corporeal Property

A corporeal property signifies a property which is perceptible to the senses, such as, land, house, goods, merchandise and the like.

(f) Incorporeal property

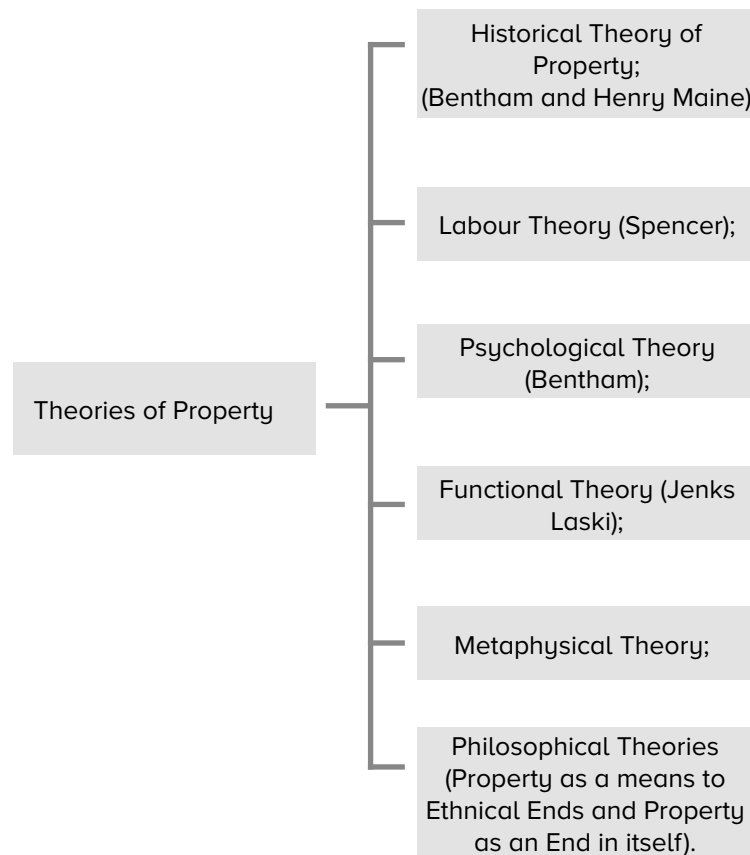
Incorporeal property consists of legal rights, as choses-in-action, easements, and the like.

As regards standard definition of the term property, there are different definitions of the term 'Property' provided in different statutes in India. For instance Section 2(c) of the Benami Transactions (Prohibition) Act, 1988 defines Property as, "Property means property of any kind, whether movable or immovable, tangible or intangible, and includes any right or interest in such property."

Section 2(11) of the Sale of Goods Act, 1930 defines 'Property' as, "Property means the general property in goods, and not merely a special property."

THEORIES OF PROPERTY

Different theories laid down on the concept of "Property" are as follows:

**(a) Historical Theory**

Historical theory that focuses on the origin of the property was propounded by Bentham and Henry Maine was well known supporter of the this theory According to the Historical theory of Property, the concept of Private Property grew out of joint property. It has following main features -

- i. Private property has witnessed slow and steady growth.

- ii. It grew out of collective or joint property.
- iii. First stage of development consisted of natural possession.
- iv. Second stage of development resulted in juristic possession.
- v. Final and last stage of development lead to evolution of concept of ownership.

In the words of Henry Maine, "Private Property was chiefly formed by the gradual disentanglement of the separate rights of individual from the blended rights of the community". In the earlier days, the ownership rights over property were vested in large societies which were chiefly Patriarchal societies. However, with the disintegration of societies and families, there was a gradual evolution of the concept of individual rights. Roscoe Pound in his theory has also pointed out the fact that the earliest form of property was in the nature of group property and it was later on when families partitioned that the existence of individual property came to be recognised.

(b) Labour Theory (Spencer)

This theory of property is also known as '*Positive Theory*' was propounded by Spencer. The underlying principle basis of this theory is that labour of the individuals is the foundation of property. The theory advocates that, a thing (res) is a property and it belongs to the person who takes the pain of bringing into existence. Spencer, who developed the theory on the principle of 'equal freedom' has stated that property is the result of individual labour, and therefore, no person has a moral right to property which he has not acquired by his personal effort.

(c) Psychological Theory (Bentham)

Bentham propounded this theory. According to this theory, property came into existence on account of the acquisitive instinct of the human beings. Every individual has a desire to own and have into his possession things which is the factor responsible for bringing property into existence. According to Bentham, property is altogether a conception of mind and thus it is nothing more than an expectation to derive certain advantages from the object according to one's capacity.

Roscoe Pound also supports Bentham on this school of thought and has observed that the sole basis of conception of Property is the acquisitive instinct of individual which motivates him to assert his claim over objects in his possession and control.

(d) The Sociological Theory/ Functional Theory (Jenks and Laski)

This theory is also known as the '*sociological theory of property*'. It assumes that the concept of Property should not only be confined to private rights, but it should be considered as a social institution securing maximum interests of society. Property is situated in the society and has to be used in the society itself.

According to Jenks, no one can be allowed to have an unrestricted use of his property, to the detriment to others. He thus states that the use of property should conform to the rules of reason and welfare of the community.

According to Laski, who also supports this school of thought, property is a social fact like any other, and it is the character of social facts to alter. Property has further assumed varied aspects and is capable of changing further with the changing norms of society.

(e) The Metaphysical Theory

Kant and Hegel propounded this theory. According to Kant "A thing is rightfully mine when I am so connected with it that anyone who uses without my consent does me an injury." According to Hegel, "property is the objective manifestation of the personality of an individual. In other words property in an object on which person has liberty to direct his will". Kant observed that law of property does not merely seek to protect possessions where there is an actual physical relation between the possessor

and the object, but it goes beyond and considers the personal will of the individual more important in the concept of the property.

(f) Property is the creation of the State

The origin of 'Property' is to be traced back to the origin of 'Law' and the 'State'. Jenks observed that Property and Law were born together and would die together. It means that property came into existence when the State framed Laws. As per this theory, property was non-existent before Law.

According to Rousseau, 'it was to convert possession into property and usurpation into a right that Law and State were founded.' The first who enclosed a piece of land and said – this is mine – he was the founder of real society. He insisted on the fact that property is nothing but a systematic expression of degrees and forms of control, use and enjoyment of things by persons that are recognised and protected by law. Thus, the conclusion is that property was a creation of the State.

Philosophical Theories (Property as a means to Ethical Ends)

In the views of Aristotle, Hegel and Green, Property has never been treated as an end, but always as a means to some other end. According to Aristotle, it may be a means to the end of Good Life of citizens. In the views of Hegel and Green, it may be a means to the fulfillment of the Will without which individuals are not full human. According to Rousseau, Jefferson, Friedman, it may be a means as a pre-requisite of individual freedom seen as a human essence. The supporters of utilitarian tradition treat, accumulation of property as, an end, always meant as a right of unlimited accumulations. Later the concept changed and the utilitarian Bentham held that ultimate end to which all social arrangements should be directed is maximization of the aggregate utility i.e. pleasure minus pain of the members of the society.

Tangible Property

The term 'Tangible property' refers to any type of physical property that can generally be moved (i.e., it is not attached to real property or land), touched or felt. It generally includes items such as furniture, clothing, jewellery, art, writings, household goods etc.

Intangible Property

Intangible property on the other hand refers to some personal property that cannot actually be moved, touched or felt, but instead it represents something of value, such as, negotiable instruments, securities, service and intangible assets, including goodwill etc.

Intellectual Property

Intellectual property is a property which comes into existence by application of human intellect. It is referred as as "Bauddhik sampada" in the Indian context. 'Bauddhik' means related to buddhi or intellect and word 'sampada' means property. When word buddhi gets combined with sampada it amounts to bauddhik Sampada.

The person who is owner of Intellectual property is provided bundle of rights related to the property which has come into existence by application of his intellect. These rights collectively are termed as intellectual Property rights.

'Intellectual Property' is a term which refers to and indicates a number of distinct types of creations of the mind for which law confers certain property rights upon its creator. The jurisprudence developed on the concept of 'Property' has made it abundantly clear that property does not just encompass tangible things, like a house, a car, furniture, currency, investment etc and that these assets are not the only kind of property which are subject matter of protection by law. There are many other forms of intangible properties which are known with the term 'intellectual property' that have been recognised by the law and thus granted protection against any kind of infringement by a person other than its rightful owner or a person authorised by such rightful owner.

Under the Intellectual Property Law, the owners of such intangible property have been granted and conferred with certain exclusive rights over their respective intangible assets/works, these include, musical, literary and artistic works; discoveries and inventions; and words, phrases, symbols, and designs, etc. Patent, Trademark,

Copyright, and Designs rights are the broad four main categories of intellectual properties, though the domain of such assets is expanding with the passage of time.

Exclusive rights are provided to the owners as a reward of the intellect, time, money, skill etc. they used for creation of intellectual property.

Patents

Necessity is mother of invention and inventions are need of hour. The person who invents something having industrial application is granted Patent on the invention. Intellectual Property right related to patents provides bundle of rights related to the invention including the right to use, assign etc. Patents are conferred in order to grant protection to certain new products, processes, apparatus, etc. provided the invention involved in it is non-obvious in nature in light of what already exists or has already been done before, it is not in public domain, and has not been disclosed anywhere in the world at the time of the application for grant of patent.

The invention involved must have a utility i.e. a practical purpose. Patents are territory specific and thus are registrable nationally. However, the Patents granted by European Patent Office is regarded as a 'bundle' of national Patents. Also, there is not yet any single EU-wide patent system which exists till date. Registration of patent provides its owner the right to prevent anyone else (other than the licensed user) from making, using, selling, or importing the invention for 20 years from the date of grant of patent. Patents are enforced by court proceedings.

Trade Marks

A symbol in the form of a logo, words, shapes, jingles etc. which is employed to provide the product(s) or service(s) with a recognizable identity to distinguish them from the competing products is called as a Trade Mark. Trade Marks help in protecting the distinctive identification which make up the marketing identity of a brand. They can be registered by its founder/user nationally as well as internationally, thus enabling him to use such mark on his products along with the symbol ® which reflects the registration status of the symbol.

Trade mark rights can be enforced through court proceedings wherein relief in the form of injunction and/or damages are available. In cases wherein there is an element of counterfeit, the state authorities like the Customs Department, the Police, and even the Consumer Protection Agencies can be approached to assist and provide relief in such cases. An unregistrable trade mark however is symbolised by the use of the letters 'TM' to be used along with the mark. To enforce one's right in respect of such unregistered trade mark in the court of law in case the competitor uses the same or a similar mark to trade his products in the same or a similar field, one has to prove that he/she has put to use such mark prior to the other person against whom the proceedings are brought about.

Copyright

Copyright is used to protect works like original creative works, published articles, sound recordings, films, and broadcasts. The right exists independent of the medium on which the work is recorded, and therefore buying a copy thereof does not confer a right to copy the work. Limited copying in the form of photocopying, scanning, and downloading without permission of the copyright owner is however permissible but only for research activities. Further, publication of excerpts or quotes from the work requires a due acknowledgement of the source from which such excerpts or quotes have been taken. However, a mere idea is outside the domain of the protection of copyright and thus a mere idea cannot be copyrighted, i.e., only the expression of the idea.

Copyright also does not exist for a title, slogan or a phrase, although all these can be registered as a trade mark. Copyright extends to the internet medium as well like the matter published through web pages which are protected by the copyright law, such that permission is required before copying the matter contained therein or even to insert a hyperlink to it.

Unlike many other Intellectual Property Rights, copyright is not necessarily registrable and it arises automatically upon creation of the work itself. Further, copyright can be enforced through the court of law.

Design Registration

Registration of a Design helps in protecting the products which can be distinguished by their mere novel shape or pattern. However, the requirement for registration is that such design itself must be new and thus the element of novelty is of the essence for design registration. Design is registrable both nationally as well as under the EU-wide single registration. Such a right can also be protected through the copyright. Thus, from the aforementioned it is clear that the concept of property is in existence from very ancient period. The concept itself has a very long history and thus many philosophers/thinkers have put down their views on the subject in the form of different schools of thought. These thinkers include philosophers like Bentham, Laski etc. Their philosophies are very helpful and also indispensable to make one understand different aspects of the concept of property. Under the Transfer of Property Act, 1882 which is considered to be the most elaborate statute on the subject of Property does not contain a definition of the term 'Property' itself.

In today's era, not only the things which can be seen or touched but also the things which cannot be touched or seen come within the purview of the term 'property'. This includes ideas, innovation, composition etc. These properties are known as intellectual property.

THEORIES OF INTELLECTUAL PROPERTY RIGHTS

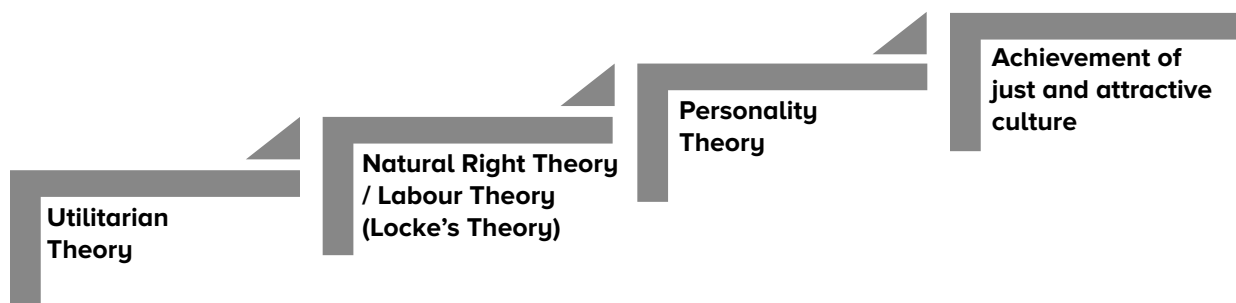
The term "intellectual property rights law" is a very broad term and it now includes and refers to a cluster of legal doctrines that regulate the uses of different sorts of ideas and insignia.

- i. The law of copyright protects different forms of expression which are original, including those contained in novels, movies, musical compositions, and computer software programs.
- ii. Patent law on the other hand protects different kinds of inventions as also some discoveries provided it satisfies the essential conditions for a Patent.
- iii. The Trademark law is framed to protect 'words', 'symbols' etc. that help the consumers identify and distinguish the goods and services of different manufacturers and service providers.
- iv. The Trade-secrets law which is a fairly new branch of Intellectual Property Rights law is intended to protect commercially valuable information for instance, soft-drink formulas, confidential marketing strategies, etc. that the companies would like to conceal and protect from their competitors.

The revenues of many businesses now depend substantially on the Intellectual Property that they possess and the steps that they adopt to protect them. Increasing number legal professionals are also specializing in this particular branch of law. Further, the legislatures around the world are also busy in framing and revising their intellectual property laws. As a result of these emerging trends, scholarly interest in this particular field of law has risen dramatically in the recent years.

Law reviews and journals as also those related to the subject of economics and philosophy, are increasingly focusing on including articles deploying "theories" of intellectual property.

There are many writings which have commented upon the differences and the contest amongst the four approaches. They are-



(1) Utilitarian Theory

Utilitarian Theory has been advocated by economist such as Bentham and Mill and its primary focus is upon attainment of greatest good for greatest number. It says that the any policy made and implemented by any authority should have power of ensuring greatest good for greatest number. Greatest good here refers to utmost welfare and greatest number refers to masses.

The utilitarian guideline says that:-

- (a) Lawmakers' beacon when shaping property rights should be the "maximization of net social welfare". This is essentially the utilitarian thought.
- (b) In respect of the subject of intellectual property, the school of thought, requires that the lawmakers must strike an optimal balance between, the power of exclusive rights to stimulate the creation of inventions and works of art on the one hand, and, the partially offsetting tendency of such rights to curtail widespread public enjoyment of those creations, on the other.
- (c) The danger expressed in respect of this theory is that the creators of such products will be unable to recoup their "costs of expression" i.e. the time and effort devoted by them to writing or composing and the costs of negotiating with publishers or record companies, since copyists are likely to undercut them and persons bear a very low cost of production and thus they can offer identical products to the consumers at a very low price resulting in a loss to the creators of the products.
- (d) If this happens it will disincentivise the creators from making any socially valuable intellectual product.
- (e) This can however be avoided by allocating to the creators (for limited times) the exclusive right to make copies of their creations. The creators of works that are valuable to the consumers will be empowered to charge prices (for allowing anyone to access to their works) which shall be substantially greater than they could in a competitive market. This rationale put forward by the utilitarian thinkers has been used to shape specific doctrines within the field.

(2) Natural Right Theory / Labour Theory (Locke's Theory)

The Natural Right Theory emanates from the proposition that "a person who labors upon resources that are either un-owned or "held in common" has a natural property right to the fruits of his or her efforts and that the state has a duty to respect and enforce that natural right". This idea has been elaborated in the writings of John Locke and is also applicable to the subject of intellectual property, wherein the raw materials in the form of facts and concepts do seem in some sense to be "held in common" and where labor contributes substantially to the value of the finished product. Lockean property entitles :-

- (a) Right to use without harm
- (b) Right to transfer the property
- (c) Right of exclusive usage of the property.

(3) Personality Theory

Personality theory finding place in the writings of Kant and Hegel is that private property rights are crucial to the satisfaction of some fundamental human needs. The law makers thus must create and allocate entitlements to resources in a way that best enables people to satisfy such needs. From this perspective, Intellectual Property Rights may be justified either on the ground that they shield from appropriation or modification artifacts through which authors and artists have expressed their "wills" (an activity thought central to "personhood").

Justin Hughes, taking inspiration from Hegel's Philosophy of Right, laid down following guidelines concerning the proper shape of an Intellectual Property regime (see Hughes, "Philosophy of Intellectual Property"):

- (a) We should be more willing to accord legal protection to the fruits of highly expressive intellectual activities, such as the writing of novels, than to the fruits of less expressive activities, such as genetic research.

- (b) Because a person's "persona" -- his "public image, including his physical features, mannerisms, and history" -- is an important "receptacle for personality," it deserves generous legal protection, despite the fact that ordinarily it does not result from labor.
- (c) Authors and inventors should be permitted to earn respect, honor, admiration, and money from the public by selling or giving away copies of their works, but should not be permitted to surrender their right to prevent others from mutilating or misattributing their works.

(4) Achievement of just and attractive culture theory

The fourth approach is based on the proposition that property rights, in general, and intellectual property rights, in particular, can and should be shaped with the objective to help achieve a just and attractive culture. The approach has some similarities with the utilitarianism, but does not agree to deploy a vision for a society richer than the conceptions of "social welfare" deployed by utilitarians.

An appropriate illustration can be found in Neil Netanel's essay, titled as "Copyright and a Democratic Civil Society." Netanel begins by describing a picture of "a robust, participatory, and pluralist civil society," collaborating with "unions, churches, political and social movements, civic and neighborhood associations, schools of thought, and educational institutions." In such a world described, all persons would enjoy some degree of financial independence coupled with considerable responsibility in shaping their local social and economic environments. Such a civil society is vital, Netanel claims, to the perpetuation of democratic political institutions. Such a society shall not, however, emerge spontaneously; it has to be nourished by the Government.

MEANING, RELEVANCE, BUSINESS IMPACT AND PROTECTION OF INTELLECTUAL PROPERTY

In today's competitive world 'Innovation' is the buzzword and is the main requirement for the survival of every business. Identifying, developing, and leveraging innovations provide a competitive edge to the business and it aids in its long-term success as well. There is a misnomer that Intellectual property is limited to technology companies. However, the fact is that it is a necessity and is very much valuable for every business which invests huge sums in its research and development programmes in order to create new and useful indigenous products and services.

Thus, a company ought to be proactive in implementing its IP solutions to identify novel innovations, and thus increase its revenues. A well-defined IP goal not only helps in achieving business objectives but also helps in positioning the company/organisation as a business leader in the marketplace. With growth in its business revenues, company's IP strategy can include protection of certain unique aspects of its assets which may also result in fostering innovations to explore new geographies. This can be achieved through licensing or joint ventures to create novel solutions and that satisfy the unmet needs of the society.

There is also a need for a company to evaluate its existing Intellectual Property in order to ensure that it is in line with its business objectives. Such an activity helps the company to identify new ways to leverage the Intellectual Property through licensing opportunities available to it. Companies must always be on a lookout for some new avenues to expand their product offerings, increase their sales revenue, and foray into new markets.

It is a well-known fact that an organization's success largely depends upon its Patent portfolio apart from various other Intellectual Property assets, such as, designs, trademarks, and copyrights. Thus, every organization must ensure maximisation of its intellectual property portfolio which can be done through effective portfolio management policy. Furthermore, an organization must also understand its patent portfolio in tandem with its competencies and opportunities available in the market. There is a necessity to identify areas wherein the organization can license its patent portfolio or otherwise divest to gain some financial returns. A coherent and properly implemented patent strategy can aid the organization to manage its patent portfolio. To list a few points which an organisation ought to ponder while framing and implementing its Patent portfolio:

- (a) Identify the Patents held by the organization.
- (b) Identify the gaps (white space analysis).

- (c) Framing of an investment strategy that helps the organisation to enhance its Patent Portfolio.
- (d) Develop ways to effectively manage and develop the patent portfolio.

An effective understanding of the key components of a Patent can also help an organization to manage and grow its patent portfolio. It is critical to understand the Patent landscape which starts with conducting an audit of organization's intellectual property assets. An effective market research is involved in understanding the strength of the patent portfolio in light of the competition and technology available on date. With an understanding of its patent portfolio, an organization must also identify the white spaces to drive more growth and revenues. Some of the points which an organisation must ask itself while carrying out white gap analysis are as follows:

- (a) What are the areas wherein it can invest its research and development fund in order to build an effective patent portfolio?
- (b) What are the areas wherein it can draw a competitive advantage by granting license?
- (c) Does the technology pose a threat from the competition?
- (d) What are the possibilities for a merger or acquisition?

Out-licensing patented technologies is an essential part of an Organisation's strategy to effectively manage its IP and draw more revenues from it. Therefore, an organization must conduct its patent analysis in order to identify the technology and exploit it further for licensing. Needless to say that a detailed patent analysis helps an organisation identify opportunities for out-licensing the technology and potential infringement issues.

The IP strong portfolio of a company acts not only as a shield but also as a sword. It helps in protecting company's innovations to drive long term revenues and improve market position. Thus, safeguarding its intellectual property is very critical for every organisation and the same cannot be overlooked or its importance undermined. Intellectual property helps an organisation develop and maintain its long-term revenue streams and also increases its shareholder's value.

Innovations are crucial for the success of every business and they can be patented in order to ensure that the competitor is prevented from exploiting the invention during the patent period. One of the many ways available to protect one's innovation is to file a patent for it. A patent is in the form of grant of an exclusive right to commercially exploit an inventor which is granted by the Patents Office. Generally, the term of a patent is 20 years from the date of filing of the application. The right conferred by Patent is not only to commercially exploit the invention, but also to exclude others from making, using, and selling the invention in the country where the protection is sought. Once granted a Patent, the Patentee i.e. the Patent owner can grant licences to others allowing them to make use of invention and sell the products made of it.

As already demonstrated above, innovations are very crucial and important for the long-term financial success of any business. It makes an organization more competitive than its competitors. Thus, the Organizations need to appreciate and comprehend the importance of building a strong intellectual property portfolio and use it effectively to devise effective business strategies in order to achieve long term success in the marketplace. Building a strong IP portfolio helps the organizations to market their product or services to the customers

In order to remain ahead in the competition, the entrepreneurs/innovators must strive to continue to evolve their product portfolio and maintain consistent quality of their products and services. An effective use of intellectual property also prevents any competitor in that particular business or industry from taking any undue advantage of its goodwill in the marketplace. Without a protection of such kind, the innovators and entrepreneurs can't reap benefits of their inventions and would thus not be incentivised to focus on research and development activities. Intellectual property rights help the innovators at every stage of the business development, competition, and expansion strategy.

Conferment of exclusive rights under different forms of IPs provides an incentive for the innovations taking place in diverse industries, especially the technology space. The growth witnessed in the recognition and importance of technology innovations has made everyone realize that there is a need to create a strong IP system. A strong and effective IP system helps the nation encourage free flow of information and technology. Thus, IP plays a very important role in encouraging the inventors by rewarding them for their ideas, and thus driving productive

growth. IP rights provide an incentive to the innovator to exploit and commercialize their innovations in the marketplace.

The whole process leads ultimately to more innovations and improvement in the existing technology. Therefore, the organizations are increasingly realizing the importance of Intellectual Property assets as it involves a significant percentage of company's valuation during the processes of mergers and acquisitions. Drawing force from the fact that IP provides a high rate of return and also a competitive advantage to its holder, companies are protecting their IP assets from the competitors. There is also an international system for defining, protecting, and enforcing intellectual property rights. Some of the treaties and bodies involved in this include, the Trade-Related Aspects of Intellectual Property Rights (TRIPs), World Intellectual Property Organization (WIPO), World Trade Organization (WTO), etc.

The return on Intellectual Property assets can be maximized by developing a strong patent portfolio that helps in attaining significant portion of the earnings through licensing.

In conclusion, organizations should effectively embrace their patent portfolio management strategy to reap maximum advantage. Big Corporates are continuing with their strategy to invest large sums of money in research and development of products and services in order to build a patent portfolio to realize returns on their investment.

INTELLECTUAL PROPERTY AS AN INSTRUMENT OF DEVELOPMENT

Though the importance of the subject of Intellectual Property Rights has increased with time, it is still not a global phenomenon. The significance and importance accorded to it differs from one country to the other. Chief factors responsible for this difference are:

- (a) The amount of resources that different countries allocate and spend towards creation of intellectual assets; and
- (b) The amount of protected knowledge and information that is used in the process of production. A useful indicator to measure the magnitude of resources devoted towards creation of new knowledge and information is the country's expenditure on research and development activities.

Statistics make it clear that developing countries tend to spend much less on R&D activities as compared to the Developed countries.

In general, one of the major factors responsible for increase in R&D funding is the growing importance and participation of the private sector which has also resulted in an increased reliance on IPR protection by the private players seeking state protection from any encroachment on their intellectual property rights. This is not only beneficial for such private entities but also the State since it helps in creation and dissemination of further knowledge and information in the society. However, it has been observed that such R&D funding by the private players is predominant in developed countries only.

The other way in which IPRs influence economic activity in a country is through the use of proprietary knowledge and information — owned by both domestic as well as foreign residents — in both production and consumption. Data reveals that in countries with relatively low-income generation, the share of agricultural output is comparatively higher than the share of income earned through services. This also suggests that the IPRs, relating to agricultural processes and products, are more important in developing countries than in developed countries.

Traditionally, the relevance of Intellectual Property Rights in the agricultural research has been very minimal. This is on account of the fact that Intellectual Property Rights were mostly concentrated towards protection of the outcome of industries as against the agriculture per se. Furthermore, most of the R&D carried out in the agricultural sector was by the public sector institutions in both developed as well as developing countries. For instance, the development and dissemination of the technology which led to the Green Revolution in India did not pose any substantial conflicts around the subject of IPR. Moreover, there is still reluctance in the developing nations to accept grant of Patent in the agriculture sector.

In India, since the early 1980s, there has been a significant shift in the national policy towards agricultural research. After having tried and made continuous efforts towards public funding for R&D activities in agriculture, the budgets allocation has been rationalized. At the same time, the participation of the private sector in agricultural R&D has grown by metes and bounds. In the developed nations, about one-half of the agricultural R&D is funded by the private sector

Therefore, it is clear that the increased participation of the private players in agricultural research, has fostered a trend towards increased reliance on IPRs. In the developed nations, most private agricultural R&D is conducted by the firms which itself has increased the relevance of IPRs for developing countries' agricultural sectors as an increasing share of new seeds and farming technologies is now becoming proprietary. In addition, IPR issues are becoming even more complex as researchers in the developed world sometimes rely on biological and genetic material originating in the gene-rich developing world. In manufacturing, although its share in total output is similar among low, middle, and high-income countries, this does not prove that the underlying technologies and products are similar. However, very little systematic research has been done in this context and it is thus difficult to evaluate how important or unimportant IPRs are for the developing countries' manufacturing sectors. In respect of the services, copyright protection affects mainly the industries like software production, publishing, and entertainment.

In the 1990s, copyright protection had gained importance for its role in protecting digital information on the Internet. The protection of digital content is still not a moot point or an issue in the developing countries, where computer and network penetration is much lower as compared to the industrial developed countries. In the early 1998, there were, for example, only 0.2 Internet host per 1000 inhabitants in developing countries compared to 31 in developed countries.

Notwithstanding all this, with a consistent trend towards liberalization of telecommunications services and the plummeting costs of computing and telecommunications technologies, there is an expectation for a sustained growth of the Internet in developing countries as well and thus increased relevance of Copyright protection with regard to the digital content on a worldwide basis. The economic significance of all these forms of IPRs is revealed in the legal claims filed against the party violating such rights and cannot otherwise be estimated.

NEED FOR PROTECTING INTELLECTUAL PROPERTY – POLICY CONSIDERATION – NATIONAL AND INTERNATIONAL PERSPECTIVES

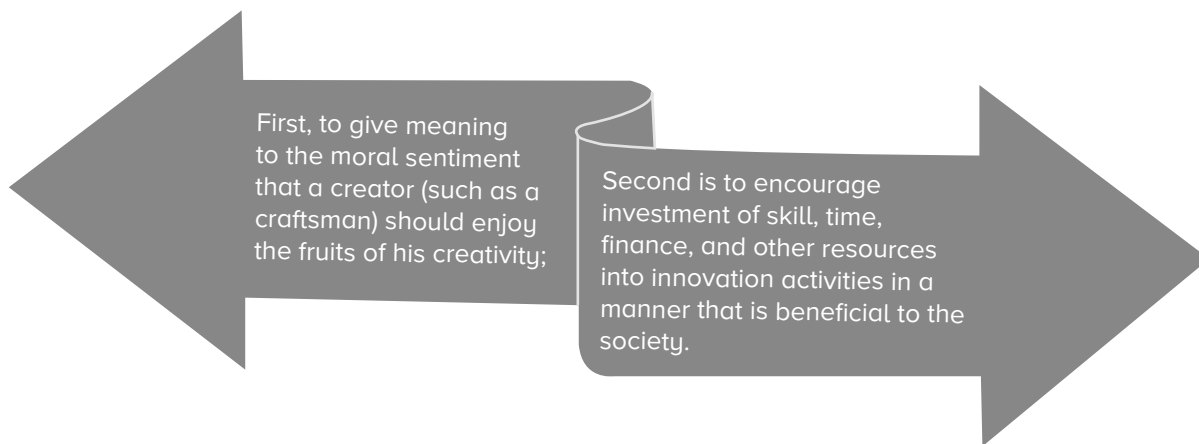
Protection of IPR, from the international perspective, is about the difference in the protection afforded by the developing and developed countries. While, developed countries normally bear the brunt of IPR related policies, developing countries are exposed as vulnerable and sentimental. Developing nations are sensitive to the standards of IPR protection set by the TRIPs and the tendency to extend this bilaterally which involves an element of reciprocity. Therefore, such countries maintain that different economic sophistication calls for different levels of IPR protection.

The stand of developing nations has been that under the norms set by TRIPs, there is a need to include steps that enables the marginalized developing countries to lessen the heavy social cost imposed by the TRIPs standards, and increase the gains accruing from higher international IPR protection. Different thinkers have different views on the subject. Some believe that the key motivation behind introduction of TRIPs was the desire of the developed nations to protect their accrued competitive technological advantage in the face of the threats and opportunities of globalisation. For them, a harmonized IPR regime serves as a powerful political tool enabling the Multi-National Corporations to internationalize the different phases of production without jeopardizing IPR protection. Therefore, it is felt that the ultimate and the intended outcome of TRIPs is, to consolidate the global hegemony of a few developed nations. By challenging the political limits of national sovereignty, TRIPs provisions require that member states should provide higher protection to the IPRs thus providing some leverage to the developed states to enhance the standards under their bilateral negotiations. Such a move has been called as a drive to overcome pre-existing territorial limitations on intellectual property rights. An illustrative case herein is the United States. The percentage value of U.S. intellectual property exports skyrocketed in the second half of the twentieth century, and thus U.S. got concerned about erosion of its competitiveness caused by the widespread "piracy" occurring in the developing countries. Thus, there was

a thinking that by reducing piracy, the U.S. would recapture the revenue involved diverting it to enhance profit taking. For most of the developing nations, adopting a Western-style IPR regime is not a desirable change as the same is not likely to bring in any tangible benefits to it.

The term “Intellectual property (IP)” signifies the inventions, devices, new varieties of designs and other intellectual properties that are brought into existence through the exercise of “mental or creative labour” by the human beings. “Intellectual Property Rights (IPR)” is an umbrella term which is employed to describe the legal status and the protection that allows people to own intellectual properties – the intangible products of their creativity and innovation imbedded in physical objects – in the form that they own physical properties. Under the TRIPs Agreement, IPR refers to copyright and related rights, trademarks, geographical indications, industrial designs, patents, integrated circuit layout designs, protection of undisclosed information and anti-competitive practices in contractual licenses.

The reasons behind grant of protection to such intellectual property are twofold.



These purposes are achieved through grant of certain time-bound exclusive right and protection in respect of his intellectual property such that he can control the use of such property.

IPR as a concept has been discussed and debated throughout since inception and with globalisation the debate has become increasingly controversial and confrontational with different stakeholders voicing their concerns. Thus, there arose a need to settle the disputes by laying down a law for IPR protection which is applicable in the international framework. The scholars have also made their contribution in giving a shape to the IPR law. They have also debated the validity and legitimacy of IPR from different perspectives.

National Perspective

The Indian government has provided the exclusive right of intellectual property to safeguard the originality of inventors’ works. The simplest form of intellectual property is an intangible work of human imagination. This intellectual property contains rights centred on copyright, patents, trademarks, trade names, industrial designs, and merchandise. Maintaining intellectual property rights is crucial for the quality, safety, and effectiveness of all pharmaceutical products and services. For the certification and identification of products in a large market, it serves as a standard authority and certification body. The privileges granted to individuals over the works of their imaginations are known as intellectual property rights.

India has robust IP laws and a strong IP jurisprudence. The legal framework does reflect the underlying policy orientation and national priorities, which have evolved over time, taking into account development needs and international commitments. An all-encompassing IPR Policy will promote a holistic and conducive ecosystem to catalyze the full potential of intellectual property for India’s economic growth and socio-cultural development, while protecting public interest. Such a policy will nurture the IP culture, guiding and enabling all creators and inventors to realize their potential for generating, protecting and utilizing IPRs which would contribute to wealth creation, employment opportunities and business development.

Typically, they grant the creator a limited time, exclusive permission to utilise his or her works. The term “intellectual property” refers to human inventions in the fields of art, literature, science, and industry. This application is crucial for protecting the inventor’s invention and upholding the inventor’s work’s high standards of quality.

As a result of these changes, the government decided to create a roadmap for IPRs in the nation. The National Intellectual Property Rights Policy was put into place to encourage innovation, enhance the business climate, and make it easier to commercially utilise intellectual property. The Policy is in accordance with India’s proclamation that this decade is the “Decade of Innovation”.

On May 12th, 2016, the Union Cabinet approved the Policy. It acknowledges India’s well-established, TRIPS-compliant legal structure to protect IPRs and strives to balance her development objectives by making use of the flexibilities offered by the global regime. The Policy places a special emphasis on spreading knowledge about IPRs and emphasising their value as a marketable financial asset and a tool for the economy.

IPR Policy focus on:

- Improving access to healthcare, food security, and environmental protection, among other areas of critical social, economic, and technological importance.
- fostering creativity and innovation and thereby promote entrepreneurship and enhance socio-economic and cultural development.

The Policy outlines seven goals that are further defined with actions that must be taken by the designated nodal Ministry or Department. The goals are briefly discussed below.

- **IPR Awareness: Outreach and Promotion** – To create public awareness about the economic, social and cultural benefits of IPRs among all sections of society. A nation-wide program of promotion was launched with an aim to improve the awareness about the benefits of IPRs and their value to the rights-holders and the public. It will build an atmosphere where creativity and innovation are encouraged in public and private sectors, R&D centers, industry and academia, leading to generation of protectable IP that can be commercialized. It is also necessary to reach out to the less-visible IP generators and holders, especially in rural and remote areas. The clarion call of the program would be the holistic slogan “Creative India; Innovative India”.
- **Generation of IPRs** - To stimulate the generation of IPR. India has a large talent pool of scientific and technological talent spread over R&D institutions, enterprises, universities and technical institutes. There is a need to tap this fertile knowledge resource and stimulate the creation of IP assets. A comprehensive base line survey or IP audit across sectors will enable assessment and evaluation of the potential in specific sectors, and thus formulate and implement targeted programs. Its main focus is on facilitating researchers and innovators regarding areas of national priority. The corporate sector also needs to be encouraged to generate and utilize IPRs. Steps also need to be taken to devise mechanisms so that benefits of the IPR regime reach all inventors, especially MSMEs, start-ups and grassroots innovators.
- **Legal and Legislative Framework** - To have strong and effective IPR laws, which balance the interests of rights owners with larger public interest. The existing IP laws in India were either enacted or revised after the TRIPS Agreement and are fully compliant with it. These laws along with various judicial decisions provide a stable and effective legal framework for protection and promotion of IPRs. India shall remain committed to the Doha Declaration on TRIPS Agreement and Public Health. At the same time, India is rich in traditional medicinal knowledge which exists in diverse forms in our country, and it is important to protect it from misappropriation.
- **Administration and Management** - To modernize and strengthen service oriented IPR administration. The Offices that administer the different Intellectual Property Rights (IPOs) are the cornerstone of an efficient and balanced IPR system. IPOs now have the twin challenges of making their operations more efficient, streamlined and cost effective, with expanding work load and technological

complexity on one hand, and enhancing their user-friendliness by developing and providing value added services to the user community on the other. The administration of the Copyright Act, 1957 and the Semiconductor Integrated Circuits Layout-Design Act, 2000 is being brought under the aegis of DIPP, besides constituting a Cell for IPR Promotion and Management (CIPAM). This will facilitate more effective and synergetic working between various IP offices, as also promotion, creation and commercialization of IP assets.

- **Commercialization of IPR** - Get value for IPRs through commercialization. The value and economic reward for the owners of IP rights comes only from their commercialization. Entrepreneurship should be encouraged so that the financial value of IPRs is captured. It is necessary to connect investors and IP creators. Another constraint faced is valuation of IP and assessment of the potential of the IPRs for the purpose of marketing it. Efforts should be made for creation of a public platform to connect creators and innovators to potential users, buyers and funding institutions.
- **Enforcement and Adjudication** - To strengthen the enforcement and adjudicatory mechanisms for combating IPR infringements. There is a need to build respect for IPR among the general public and to sensitize the inventors and creators of IP on measures for protection and enforcement of their rights. At the same time, there is also a need to build the capacity of the enforcement agencies at various levels, including strengthening of IPR cells in State police forces. Measures to check counterfeiting and piracy also need to be identified and undertaken. Regular IPR workshops/ colloquia for judges would facilitate effective adjudication of IPR disputes. It would be desirable to adjudicate on IPR disputes through specialized commercial courts. Alternative Dispute Resolution mechanism may also be explored.
- **Human Capital Development** - To strengthen and expand human resources, institutions and capacities for teaching, training, research and skill building in IPRs. In order to harness the full potential of IPRs for economic growth, it is essential to develop an increasing pool of IPR professionals and experts in spheres such as policy and law, strategy development, administration and enforcement. Such a reservoir of experts will facilitate in increasing generation of IP assets in the country and their utilization for development purposes.

IPR and WTO Agreement

The phrase “intellectual property” is a metaphor for a fashionable description of ideas in the form of inventions, artistic works, trade symbols and crucial dimensions. The traditional legal classification of IPR defines the creative output protected by the law, for example, of patents, copyright and trademarks. Significant social, political and technological developments over the past decades have exerted a considerable influence on how IPR is created, exploited and traded and, as a result, legal protection of IPR has become a subject of paramount importance and universal interest in not only the research but also the development and commercialization of emerging technologies.

Thus, Conventional perceptions from economic perspective tend to believe that a strengthened IPR regime annexed to the WTO is a propeller of economic growth. However, since the establishment of the global trading system, it still remains controversial as to whether and how the introduction of the international IPR regime and its infrastructure would generate significant economic growth as originally expected. Developing countries accepted TRIPs agreement with various policy goals. However, the new regime is asymmetric in the sense that it mainly benefits industrialised countries. IPR can either trigger or stifle innovation, and can either promote or hinder economic growth, depending on different national circumstances. Evidence also shows that the full interaction between stronger IPR protection and higher-level technology transfer remains untested. From a legal perspective, concern remains about the ‘universal’ standard of harmonisation which lacks flexibility for developing countries. In a comparative law context, legal transplants of foreign countries have proved practicable over the past decades in some developing countries, but a “fitting-in” process is usually essential to ensure effectiveness of a transplanted law in a unique socioeconomic environment. While legal transplants are feasible, cultural adaptation is essential. In the arena of world intellectual property, intellectual property

law has posed as a radically new form of legal transplant in developing countries since it usually has no counterpart in the indigenous legal traditions. However, the success of transplanted IPR infrastructure depends largely on how indigenous tradition of that imported law is remade in the image of its original model. This reception process in launching a brand-new legal system is, to a great extent, a process of indigenization of the foreign law, and this process cannot be simplified when a cultural gap is significant. In the context of political economy, the TRIPs Agreement represents a successful culmination of several attempts by developed states to consolidate their monopoly position over the global economy. The role of developing states within the TRIPs regime has been vulnerable and the concessions they have made should be enumerated in appropriate ways, such as providing financial aid and offering technical assistance.

Competing Rationales for Protection of Intellectual Property Rights

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-licensed or licensed to others. This creates a very productive cycle of innovation and invention and adds to the revenues of the companies.

Intellectual property laws confer the right to own intellectual assets by its creator and also enables him to make profits from his artistic, scientific and technological creations for a defined period of time. Such rights are applicable to the intellectual creations and not the physical object in which it is embodied. 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 to access such creations. The second is to promote creativity and its dissemination which results in economic and social development.

It is beyond any doubt that knowledge and inventions have played a very important role in the economic growth that we, as humans, have witnessed. This is more evident in the economic development seen in the 1990s. Moreover, factors like increase in global trade itself has contributed in a big way in provided an impetus to forge a connection between intellectual property policies and the trade law. This also 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 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's previous 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.

INTELLECTUAL PROPERTY RIGHTS AS HUMAN RIGHT

Human Rights and Intellectual Property, though two very different set of laws with no apparent connection, have gradually becoming intimate bedfellows. Since inception, the two subjects developed virtually in isolation from each other. But in the last few years, international standard setting activities have begun to map previously uncharted intersections between intellectual property laws on the one hand and human rights law on the other. Exactly how this new-found relationship will evolve is being actively studied – and sometimes even fought over – by states and non-governmental organizations (NGOs) in international venues such as the World Intellectual Property Organization (WIPO), the U.N. Commission on Human Rights and the Sub-Commission on the Promotion and Protection of Human Rights, the World Trade Organization (WTO), the World Health Organization (WHO), and the Conference of the Parties to the Convention on Biological Diversity (CBD). A look at the lawmaking which is underway in these for a prima facie reveals two distinct conceptual approaches to the interface between human rights and the intellectual property.

- (a) The first approach finds that there is a conflict between human rights and the intellectual property rights. This view believes that a regime of strong intellectual property protection undermines and therefore is incompatible with the human rights obligations, especially in the area of economic, social, and cultural rights. In order to resolve this conflict it is suggested the normative primacy of human rights law over intellectual property law should be recognised in areas where specific treaty obligations conflict.
- (b) In the second approach, the Human Rights and the Intellectual Property Rights are seen as concerned with the same fundamental question, i.e., defining the appropriate scope of private monopoly power that gives authors and inventors a sufficient incentive to create and innovate, while ensuring that the consuming public has adequate access to the fruits of their efforts. This school of thought sees Human Rights law and the Intellectual Property Rights law as essentially compatible, although often disagreeing over where to strike the balance between incentives on the one hand and access on the other.

It is also important to understand as to how isolated the two different areas of law were and what caused the recent erosion of that isolation. Some thinkers on the subject have also expressed desire to know as to how did the Intellectual Property Rights law and the Human Rights law remained strangers for so long. The Universal Declaration of Human Rights, 1948 also protects authors' "moral and material interests" in their "scientific, literary or artistic production(s)" as part of its catalogue of fundamental liberties. In the decade of 1960s, a similar provision was inserted in the International Covenant on Economic, Social and Cultural Rights (ICESCR), but the same has now been ratified by nearly 150 nations. Nevertheless, Intellectual Property remained a normative backwater in the human rights pantheon, neglected by treaty bodies, experts, and commentators while other rights emerged from the jurisprudential shadows. These treaties specifically mention about the protections granted to authors and inventors as their "rights."

But the principal reason for the execution of these agreements lies not in deontological claims about inalienable liberties, rather in the economic and instrumental benefits that flow from protecting Intellectual Property products across the national borders. It is also true that both areas of law were preoccupied with more important issues, and neither saw the other as either aiding or threatening its sphere of influence or opportunities for expansion. This evolutionary process resulted in a de facto separation of human rights into categories, ranging from a core set of peremptory norms for the most egregious forms of state misconduct, to civil and political rights, to economic, social and cultural rights. Among these categories, economic, social, and cultural rights are the least well developed and the least prescriptive, having received significant jurisprudential attention only in the last decade.

Human Rights law added little to these two enterprises. It provided neither a necessity nor a sufficient justification for demanding a strong, state-granted intellectual property monopolies (whether bundled with trade rules or not). Nor, conversely, did it function as a potential check on the expansion of Intellectual Property Law.

The Rights of Indigenous Peoples and Traditional Knowledge

Since 1990s, the UN Human Rights machinery started emphasized the rights of indigenous communities. People from such communities who were jointly entitled to the conferment of such rights/privileges started demanding from the states their right of recognition as well as right to control over their culture, including traditional knowledge relating to biodiversity, medicines, and agriculture. From the Intellectual Property law perspective, much of this knowledge was regarded as being part of the public domain, since it did not meet the established subject matter criteria for protection, or because the indigenous communities who created it did not endorse private ownership rules.

By regarding traditional knowledge as effectively un-owned by any single individual or community, the Intellectual Property law made such knowledge vulnerable to an unrestricted exploitation by the outsiders. Many of such outsiders used this knowledge as an upstream input for later downstream innovations that were themselves privatized through Patents, Copyrights, and Plant Breeders' rights. Adding to their pains, the financial and technological benefits of those innovations were rarely shared with the indigenous communities. UN Human Rights bodies sought to cover this hole in the fabric of Intellectual Property law by commissioning a working group and a special rapporteur to create a Draft Declaration on the Rights of Indigenous Peoples, and Principles and Guidelines for the Protection of the Heritage of Indigenous People. These documents adopted a skeptical approach to Intellectual Property protection.

The TRIPS Agreement and Human Rights

The other area of intersection between Human Rights and Intellectual Property is evident in the TRIPS Agreement, which was adopted in the year 1994 as part of the World Trade Organization. TRIPS adopted relatively high minimum standards of protection for all WTO members, including many developing and least developed states whose previous commitment to Patents, Copyrights, and Trademarks was non-existent or at best very minimal. Unlike the previously signed agreements on the subject of Intellectual property, TRIPS provided sufficient checks and balances and also gave teeth to the enforcement agency. Under the TRIPS, non-compliance with the treaty could be challenged through the WTO's hard-edged dispute settlement system, in which rulings by WTO panels and Appellate Body are backed up by the threat of trade sanctions.

The UN Human Rights system turned its attention to TRIPS in the year 2000, just when the treaty's transitional periods were expiring for the developing countries. In August, 2000, the Sub-Commission on the Promotion and Protection of Human Rights adopted a Resolution on Intellectual Property Rights and Human Rights. The resolution adopted an antagonistic approach to the TRIPS. It stressed that "actual or potential conflicts exist between the implementation of the TRIPS Agreement and the realization of economic, social and cultural rights." Such conflicts cut across an exceptionally wide swath of legal terrain, including: (1) the transfer of technology to developing countries; (2) the consequences for the right to food of plant breeders' rights and patenting of genetically modified organisms; (3) bio-piracy; (4) control of indigenous communities' natural resources and culture; and (5) the impact on the right to health from restrictions on access to patented pharmaceuticals.

To address these conflicts, the Sub-Commission had set out an ambitious new agenda for reviewing intellectual property issues within the United Nations, an agenda animated by the principle that human rights must be given "primacy . . . over economic policies and agreements." In the two and a half years since this resolution, the UN Human Rights system responded enthusiastically to the Sub-Commission's invitation by devoting unprecedented attention to intellectual property issues.

Future Trajectories for Human Rights and Intellectual Property

The debate between the advocates of a conflict approach and those asserting a coexistence approach to the intersection of Human Rights and Intellectual Property is unlikely to be resolved anytime soon. To the contrary, the continuing tension between these two competing frameworks is likely to have at least four distinct consequences for the international legal system. The first effect will be an increased incentive to develop soft law human rights norms. For those advocating the primacy of human rights over intellectual property protection rules, it is essential to identify precisely which rights are being undermined. Looking simply at treaty texts,

however, there appear to be few clear-cut conflicts, at least under the narrow conflicts rules of customary international law. But treaty text alone does not tell the whole story. Human rights law is notably elastic, and contains a variety of mechanisms to develop more precise legal norms and standards over time. Advocates endorsing a conflictual approach to intellectual property are likely to press human rights bodies to develop specific interpretations of ambiguous rights to compete with the precise, clearly defined rules in TRIPS.

In addition to creating fuel for future conflicts claims, this pressure may have a side benefit of speeding the jurisprudential evolution of economic, social and cultural rights which is a still underdeveloped area of human rights law. A second paradigm shift that may emerge is the treatment of consumers of intellectual property products as the holders of internationally guaranteed rights. In the world of TRIPS, the producers and owners of intellectual property products are the only “rights” holders. Individuals and groups who consume those products are allocated the (implicitly) inferior status of users. A human rights approach to intellectual property, by contrast, grants these users a status conceptually equal to owners and producers. This linguistic reframing is not simply a matter of semantics. It also shapes state negotiating strategies. By invoking norms that have received the imprimatur of intergovernmental organizations in which numerous states are members, governments can more credibly argue that a rebalancing of intellectual property standards is part of a rational effort to harmonize two competing regimes of internationally recognized “rights,” instead of a self-interested attempt to distort trade rules or to free ride on foreign creators or inventors. This leads to a third consequence of the new intersection between human rights and intellectual property – the articulation of “maximum standards” of intellectual property protection. Treaties from Berne to Paris to TRIPS are all concerned with articulating “minimum standards”. But higher standards are not considered problematic, and nothing in the treaties prevents governments from enacting more stringent domestic intellectual property laws, or from entering into agreements that enshrine such standards.

DETERMINING FINANCIAL VALUE OF INTELLECTUAL PROPERTY RIGHTS

One of the most crucial and distinguishing feature of the legal protection granted by the Intellectual Property law is that it turns intangible assets into exclusive property rights, albeit for a limited period of time. In other words, IP protection makes intangible assets “a bit more tangible” by turning them into valuable exclusive assets which are taken into account in all negotiations that happen around any merger or acquisition transactions that take place between the businesses.

If the innovative ideas, creative designs and powerful brands developed by you are not legally protected by through conferment of IP rights, then the same can be freely and legally put to use by any other enterprise (including the competitor) without any limitation. However, being protected by IP rights, they acquire a substantial concrete value for the enterprise as they entail property rights which cannot be commercialized or otherwise put to use without the owner’s authorization.

The investors, stock market brokers and the financial advisors are now becoming cognizant of this reality and have begun to value IP assets as well. Enterprises worldwide are also increasingly acknowledging value of their IP assets, and, on occasions, have included them in their balance sheet as well. The enterprises (including some SMEs) have started undertaking regular technology and IP audits as well. Infact, in many cases, the enterprises have acknowledged that their IP assets value more than the physical assets held by them. This is often the case with companies operating in knowledge-intensive and highly innovative sectors, or companies which have been into the business for a fairly long period of time and thus their brand-name is itself symbolised with a certain quality of the product by the consumers.

Contrary to the popular belief, the primary reason why firms acquire Intellectual Property is not for any litigation purposes, but to have a legal and transferable proof of ownership to some of their most important intangible assets. Intellectual property audit and valuation helps one to analyse and determine the true value of one’s business and capitalize on assets that one may not be cognizant of being possessed with.

Advantages of Intellectual Property Valuation – The Intellectual Property Rights, such as Patents and Trademarks, which require necessary registration with the concerned authority, provide legal evidence of one’s ownership over such intangible assets while also ensuring one’s peaceful and exclusive right to the use of such property. It gives one the right to exclude others from use of such rights. This means that one is armed with the

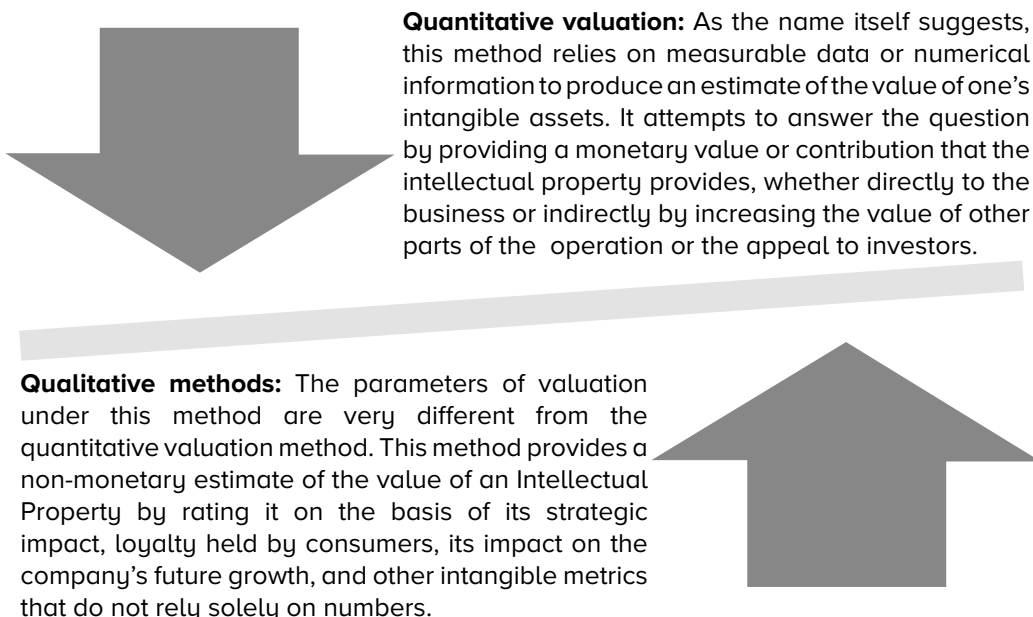
legal remedy against any infringement by the competitor(s). Moreover, it is also an asset which can be profitably licensed or sold to others to provide them with the rights they would otherwise not have, and consequent to these benefits an increase in the total value of one's business.

It can however be very challenging for any organisation to arrive at a precise valuation of its intellectual property. The precise monetary worth of intellectual property can be very challenging to determine, as there are a number of factors that determine the value of the intangible assets under consideration.

At times, the process of valuation of an enterprise's Intellectual Property itself requires registration of such property as a precondition which enables the process of monetizing one's intangible assets. Conducting valuation of one's Intellectual Property has its own significance and advantages. For instance, assessing the value of one's Patent, Trademark or Copyright may simplify the licensing or assignment process, and help one to determine the royalty rates that should be paid as a result of using one's intellectual property assets. Further, ascribing a reasonable valuation to one's intellectual property, if not currently accounted for, increases the overall value of one's business and provides one with collateral for loans and mortgages.

For the start-ups and new businesses, the process of valuation of its intellectual property is statistically an important step and is likely to enhance the outside investment into the venture. The difference between quantitative and qualitative valuations:-

An intellectual property can be valued on various parameters, but the overarching principle guiding the valuation process is, how much of a competitive advantage does one's intellectual property provides over others in the industry. While evaluating the worth of intellectual property, the following two methods of valuation have traditionally been used:



These two kinds of valuation methods should however not be presumed to be contradictory or mutually exclusive; depending on the needs of one's business, one may employ a variation of method that fall into both the categories. It will not be wrong to suggest that the two valuation methods are perhaps the two sides of the same coin. Quantitative and qualitative attempts to tackle the question of firm value from different viewpoints, which may both come in useful depending on the audience in question and the reason for valuation.

In conclusion it can be said that determining value of one's Intellectual property can be a very challenging task and an exhausting process. But obtaining a valuation can result in significant benefits to one's business and thus the need for valuation can neither be underestimated nor be undermined. Following the valuation models described above to break down the process into simple steps and establishing a clear purpose and audience for the valuation, can make valuation manageable.

NEGOTIATING PAYMENTS TERMS IN INTELLECTUAL PROPERTY TRANSACTION

Intellectual Property Transactions

In the global markets today, the nature of products bought and sold has undergone a very significant change. Intellectual Property which is an intangible form of property is now often one of the most significant and valued assets that a company holds, and as such, intellectual property plays a very critical role in the commercial transactions. Drafting, negotiating, interpreting and advising on intellectual property agreements require a special set of legal skills to effectively commercialize, exploit, secure, and license Intellectual Property Rights. Thus, to ensure that one capitalizes on his/her IP to its fullest extent, one needs to be cognizant of the value of different IPs and also be familiar with the nuances of it. Generally, big businesses prefer to outsource the drafting as well as settling payment terms in all their Intellectual Property transactions to the legal experts, who being familiar with such transactions and with a wide range of commercial law subjects as well as relevant provisions of IP law, various regulations applicable to the transaction and well as the commercial best practices in the relevant industry sector, they are the people who are in the best position to suggest on such transactions.

The apparent complexity involved in Intellectual Property transactions is on account of lack of recognition of intangible assets (by certain sections) as something of very high monetary value. Thus, one needs to be made aware of the value of such intangible assets in order to properly comprehend the nature of transaction. One needs assistance in identifying and solving intellectual property-related issues that arise throughout intricate transactions related to the licensing and/or transfer of IP in a merger or acquisition. Assistance is needed in negotiating transfer and licensing of interests in:

- Patents
- Trademarks
- Copyright
- Trade Secrets
- Designs.

Some of the commercial transactions in the intellectual property sphere are:

Licensing - A licensing agreement is in the nature of a partnership agreement between the licensor and the licensee and there is a need for assistance in negotiating the terms of licensing of different IPs, for instance licensing of Patent, licensing of Trademark and Copyright interests. To draft contracts for such transactions, one needs to have experience in:

- Negotiating and drafting licenses as both intellectual property owner and licensee;
- Drafting licenses meticulously to avoid perils that often occur if contingencies are not considered, such as invalidity, transfer and competitive activities.

Acquisitions - Intellectual property is the centre piece of many mergers or acquisitions transactions. It is critical in such transactions to ensure that a detailed due diligence is performed, and the transaction documents adequately address IP ownership, transfers and licensing issues. Therefore, one needs to have experience with all aspects of merger and acquisition transitions, including:

- Negotiating the transfer and licensing of patent, trademark and copyright interests;
- Transactional advice and assistance related to the licensing of IP;
- Document drafting and review;
- Ensuring a complex transaction proceeds smoothly.

The necessary issues that one needs to address before entering into such commercial transactions are:

- Am I selling or buying? Under the transaction who shall be vested with the ownership over the IP rights; what rights shall be transferred and for what use can they be exercised.
- Does the transaction involve transfer of know-how of the technology and post the transaction who shall be the lawful owner and user of the technology.
- What can be the possible litigation between the parties on different aspects of the agreement? In case there is any dispute inter se the parties, how shall they resolve it?

For instance, when you buy a car or a computer, what do you buy? Is it just the machine, and sometimes technical assistance, but not the technology incorporated in the machine, which you do not have rights upon. Similarly, the physical or electronically transfer of goods does not confer upon you any Intellectual Property Rights to that good. Even the source code of a computer program is not transferred when you purchase the right to use / exploit a computer program, if not clearly stated.

INTELLECTUAL PROPERTY RIGHTS IN THE CYBER WORLD

Though both Intellectual Property and the Cyber Law are independent subjects and have their own area of operation, however, the influence of one on the other cannot be denied and the same is becoming all the more evident these days. We live in a world which is dominated by computers and the internet and therefore the world today is appropriately called as the Cyber world. Intellectual Property (IP) equally is an expanding phenomenon with more and more innovations coming to surface, which also acts as a catalyst to the expanding businesses. However, in terms of vintage and history, Intellectual Property is relatively a long standing field of legal practice than the Cyber Law. In the Indian context particularly, Cyber Law emerged only with the passage of the Information Technology Act, 2000, while as an IP law, the Copyright Act was passed in the year 1957.

However, the common theme which runs through both these areas of law is that both have been significantly impacted by the development taking place in the field of technology as also the growth of Internet medium. For instance, a lot of issues cropped up in the area of Copyright law the internet enabled its users to readily reproduce materials available online. In an effort to meet such challenges, the Governments have been, time and again, bringing stringent provisions in the criminal law so as to catch-up with the criminals and thus create deterrence in the society towards such malpractices.

As already stated above Cyber Law is a relatively a new branch of law that draws from many other areas of traditional law and is becoming an increasingly important field in its own way. The issues associated with it are multi-disciplinary and have multiple dimensions to it. It covers criminal as well as civil law issues ranging from financial crimes to cyber bullying. Privacy, control, and access are the subjects with which the lawyers practicing in cyber law regularly engage.

The world today is undergoing an Information and Communication Revolution, which itself is challenging the established institutions & settled practices and in a manner which is difficult to comprehend. The widespread use of computers and internet in the modern businesses, as also in the society (in-general), is a well-known fact. The immense advantages of using computers (and internet) in the business have been felt by all. In fact, it is now perceived that societies cannot function smoothly without the use of Computers and Information Technology. While there have been some obvious advantages of such use, the flip side of it is that there has been a lot of misuse of technology through computer and internet. The most challenging aspect of such misuse is that the usage of computers and internet does not recognise any territorial limits recognised and thus the issue of jurisdiction as well. The emergence of the concept of e-commerce wherein business is conducted on the online medium wherein the biggest advantage is that the businesses can reach out to their customers anywhere in the world. But this itself has given rise to a lot of acts of cyber crimes taking place in the world and it is very difficult to find out the wrong doer on account of the immensity of the cyber space itself.

Cyberspace and IPR concerns

Copyright and Cyberspace - Copyright protection gives the author of work a certain “bundle of rights”, including the exclusive right to reproduce the work in copies, to prepare derivative works based on the copyright work and to perform or display the work publicly.

Public Performance and Display Rights - The right that does get affected is that of display. Display of the work is also done by making copies, which are then retailed or lent out. This also falls under the right to display, which the holder of the copyright has.

Distribution Rights - Copyright Law grants the holder of the copyright the exclusive right to distribute copies of the work to the public by sale or by the transfer of the ownership.

Caching (Mirroring) - It is a violation on the internet. Caching may be local caching and proxy caching. In addition, proxy caching may give rise to infringement of the right of public distribution, public policy, public performance and digital performance.

Protection of Database in India - The Indian Copyright Act 1957 protects “Databases” as “Literary Works” under Section 13(1) (a) of the Act which says that copyright shall subsist throughout India in original literary, dramatic, musical and artistic works. The term computer Database has been defined in the Information Technology Act 2000 for the first time. Section 43 of the IT Act, 2000 provides for compensation to the aggrieved party up to one Crore rupees from a person who violates the copyright and cyberspace norms. Also Section 66 of IT Act, 2000 provides for penal liabilities in such a case.

Internet Protection in India - The internet challenge for the protection of internet is the protection of intellectual property. It is still unclear as to how copyright law governs or will govern these materials (literary works, pictures and other creative works) as they appear on the internet. Section 79 of the IT Act 2000 provides for the liability of ISP’s “Network Service Providers not to be liable in certain case.” Section 79 of the IT Act exempts ISP’s from liability for third party information.

Indian Cyber Jurisdiction - Though it is in nascent stage as of now, jurisprudential development would become essential in the near future; as the internet and e-commerce shall shrink borders and merge geographical and territorial restrictions on jurisdiction. There are two dimensions to deal with.

1. Manner in which foreign courts assume jurisdiction over the internet and relative issues.
2. The consequences of decree passed by a foreign court.

Thus, there is an immense need for the Indian society to be made aware about the necessity of copyright protection in all fronts to prevent any unauthorized use and pilferage of the system. The analysis of copyright in cyberspace reveals a mixed result of new opportunities and threats. Such threats often outweigh the opportunities offered by the cyberspace and necessity arises for increasing regulations of cyberspace to protect copyrights. Further lack of internationally agreed principles relating to copyrights in cyberspace gives ample room for divergent domestic standards.

Cyberspace - Cyberspace can be described as the virtual world interconnecting human beings through computers and telecommunication without regard to the limitations of physical geography. With the onset of the modern technology, more importantly the internet, copyright protection has taken a hit and thus the issues relating to it assumed greater significance. Now-a-days, the protections of Copyright law have been extended to protect internet items too. It protects original work or work that is fixed in a tangible medium i.e. it is written, typed or recorded. Although the current copyright law provides protection to the copyright owners, it has its own shortcomings when it comes to its implementation and enforcement on the Cyber world. Cyberspace is a virtual world, which technically exists only in computer memory, but it is interactive and pulsing with life.

IPR and Cyber Space – While Internet is undoubtedly acclaimed as a major achievement of humankind it cannot be denied that it has come with its own set of challenges. One of the major challenges that it poses is on account of the fact that it has captured the physical market place and has created a new substitute which is the virtual market place. It is thus the responsibility of all IPR owners to protect their IPRs from any mala fide actions

of the miscreants operating on the internet medium by invalidating and reducing such mala fide acts/attempts of such criminals by taking proactive measures. It is important to know about the copyright issues associated with the computer programs/software, computer database and various other works in the cyberspace. Under the TRIPS (Trade Related aspects of Intellectual Property Rights) agreement, Computer Programs also now qualify for Copyright protection just as any other literary work is afforded to.

IPR Violation in Cyber Space - So far international copyright law was based upon the Berne Convention for the protection of literary and artistic works and the TRIPS (Trade Related Aspects of Intellectual Property Rights) of 1995. Since 1974, the international copyright instruments have been managed by a special United Nations Agency by name WIPO (World Intellectual Property Organisation). WIPO objective as per the treaty is to promote the protection of intellectual property throughout the World through cooperation among the states and where appropriate, in collaboration with other international organizations. WIPO aims at “homogenizing national intellectual property protections with an ultimate eye towards the creation of a unified, cohesive body worldwide international law.”

The General Agreement on Tariffs and Trade (GATT) has also addressed copyright issues, in parallel to WIPO. The Uruguay round of GATT produced TRIPS. The TRIPS Agreement adopts portions of the Berne, Rome and Paris Conventions in enunciating norms for intellectual property laws.

Piracy and the Digital Era

Piracy of the original works by some organized unscrupulous groups is becoming a universal concern now. There is now a consensus amongst different nations on the aspect of need to provide sufficient copyright protection to the original works, though there are some obvious differences that have sharpened over the levels of safeguard. In India, piracy problems are real but the entertainment industry itself has not made any significant efforts in the direction of resolving them.

In India, the law that deals with issues relating to protection of Computer Software(s) is contained in the Copyright Act, 1957. Experience has however shown that the present legal system and the framework around it does not provide adequate means to address all aspects relating to Information Technology (IT). Like the other walks of life, law also has to ramp-up itself in order to meet the newer challenges emerging these days. The Information Technology Act, 2000, in India, which contains a major portion of our Cyber Law, does not lay down sufficient provisions for protection of Intellectual Property Rights of the individuals (and organisations) and to ensure deterrence effect of law in the Cyberspace. While it is a known fact that Copyright violations do occur very frequently on the internet medium, the Copyright Act, 1957 and the Trade Marks Act, 1999 have not created sufficient deterrence in the minds of the violators of law. Therefore, it is felt that the present law perhaps is not an answer to such issues and probably the government would need to bring in some special legislation in order to tackle such issues.

The transformation that has taken place that has moved our attention from the real world to the virtual one is tremendous. We are increasingly and also unconsciously getting dragged into the virtual world thinking that it is safe being oblivious of the actual motives of miscreants operating in it. Thus, there is an urgent need to provide sufficient safeguards to ensure that no wrong goes undetected and unpunished. People share their delicate information online without thinking as to what might be the use of the data collected from them and what if somebody takes an undue advantage of such uploads and uses it to extort money from their victims. This is where the issue of Intellectual Property Rights law and identity protection law comes into the foray of cyber space.

To define Intellectual Property in simple and layman's terms, it refers to the creation of the intellect of a human for which monopoly rights are assigned by the law upon him who is made its lawful owner. Intellectual Property Rights (IPRs) are thus the rights conferred upon the creators of the IP, which includes trademarks, copyright, patents, industrial design rights, and in some jurisdictions even trade secrets. Artistic works including music and literature, as well as discoveries, inventions, words, phrases, symbols, and designs can all be subject of and be protected as intellectual property.

The term 'Cyber Space' is derived from a Science Fiction movie by Mr. Fred Roderick which was published in the year 1920, and the term represents and signifies the virtual world which is something apart from the real

world that we live in. These days, the term is being employed to describe the connection between the people and the internet services. It can be simply called as the “Social Media”. The world today is facing a lot of challenges on account of the surge in ‘Cyber Crimes’ which take place in the virtual space. In India, the problem came to the fore only with the adoption of the Policy of Liberalization, Privatization and Globalisation by the Government. There are different Cyber Crimes that take place and are in the form of Cyber Bullying, Cyber Stalking, Spamming, Ransom ware and various other Malware Attacks.

‘Cyber Security’ denotes the technologies and procedures which are brought in to safeguard the computer networks and the data from unlawful admittance of weaknesses and attacks transported through the internet by cyber delinquents. While ‘Intellectual property’ refers to the creation of human mind, for instance, an invention, a design, a story, a picture, a painting, a song, a design et al, the facets of intellectual property that relates to the Cyberspace are covered by the Cyber Law. Data protection and privacy laws aim to achieve a fair balance between the privacy rights of an individual and the interests of data controllers such as Banks, Electronic mail Service providers etc.

WIPO (World Intellectual Property Organisation) - WIPO is an organization of the United Nations (U.N).

It's activities are of four kinds:-

- (a) Registration;
- (b) Promotion of inter-governmental cooperation in the administration of intellectual property rights;
- (c) Specialized programme activities; and
- (d) Dispute resolution facilities.

In 1996, member countries found it necessary to form a treaty to deal with the protection of copyright evolvement of new technology. The internet poses two basic challenges for IPR administrator, i.e., what to administer and how to administer? One of the basic copyright issues in the internet is determining the border between private and public use. The Copyright Act, 1957 (amended in 1994, 2012) also makes a distinction between reproductions for public use and can be done only with the right holder's permission, whereas the law allows a fair dealing for the purpose of private use, research, criticism or review.

The main point of contention is that TRIPS permits the patenting of biological resources but CBD grants biological resource sovereignty to the nations who own it. Within a single nation, the state's sovereignty is given priority, and the CBD framework may take precedence. However, a sovereign state's jurisdiction is constrained in a dispute with a foreign IPR holder and cannot be used against the IPR holder. Therefore, many contend that TRIPS revokes rights that are granted by CBD. Furthermore, there is worry that patenting genetic resources will promote both ‘biopiracy’ and unsustainable use.

Additionally, TRIPS mandates that patents be offered for all technological domains; as a result, IPRs must be used to protect the use or exploitation of biological resources.

PATENT COOPERATION TREATY

The Patent Cooperation Treaty (PCT) 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. Such an application may be filed by anyone who is a national or resident of a PCT Contracting State. It may generally be filed 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.

The PCT was concluded in 1970, amended in 1979 and modified in 1984 and in 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.

If the applicant is a national or resident of a Contracting State party to the European Patent Convention, the Harare Protocol on Patents and Industrial Designs (Harare Protocol), the Bangui Agreement, or the Eurasian

Patent Convention, the international application may also be filed with the European Patent Office (EPO), the African Regional Intellectual Property Organization (ARIPO), the African Intellectual Property Organization (OAPI) or the Eurasian Patent Office (EAPO), respectively.

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

Filing a PCT application has the effect of automatically designating all Contracting States bound by the PCT on the international filing date. The effect of the international application is the same in each designated State as if a national patent application had been filed with the national patent office of that State.

The procedure under the PCT has numerous advantages for applicants, patent offices and the general public:

- i. applicants have up to 18 months more than if they had not used the PCT to reflect on the desirability of seeking protection in foreign countries, appoint local patent agents in each foreign country, prepare the necessary translations and pay national fees;
- ii. applicants can rest assured that, if their 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;
- iii. on the basis of the international search report and the written opinion, applicants can evaluate with reasonable probability the chances of their invention being patented;
- iv. applicants have the possibility, during the optional international preliminary examination, to amend the international application and thus put it in order before processing by the various patent offices;
- v. the search and examination work of patent offices can be considerably reduced or eliminated thanks to the international search report, the written opinion and, where applicable, the international preliminary report on patentability which are communicated to designated offices together with the international application;
- vi. applicants are able to access fast-track examination procedures in the national phase in Contracting States that have PCT-Patent Prosecution Highway (PCT-PPH) agreements or similar arrangements;
- vii. since each international application is published with an international search report, third parties are in a better position to formulate a well-founded opinion about the potential patentability of the claimed invention; and
- viii. for applicants, international publication on PATENTSCOPE puts the world on notice of their applications, which can be an effective means of advertising and looking for potential licensees. Ultimately, the PCT:
 - brings the world within reach;
 - streamlines the process of fulfilling diverse formality requirements;
 - postpones the major costs associated with international patent protection;
 - provides a strong basis for patenting decisions; and
 - is used by the world's major corporations, research institutions and universities in seeking international patent protection.

The PCT created a Union which has an Assembly. Every State party to the PCT is a member of the Assembly. Among 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 Assembly of the PCT Union has established a special measure to benefit -

1. an applicant who is a natural person and who is a national of and resides in a State that is listed as being a State whose per capita gross domestic product is below US\$ 25,000 (according to the

most recent 10-year average per capita gross domestic product figures at constant 2005 US\$ values published by the United Nations), and whose nationals and residents who are natural persons have filed less than 10 international applications per year (per million population) or less than 50 international applications per year (in absolute numbers) according to the most recent five-year average yearly filing figures published by the International Bureau, and

2. applicants, whether natural persons or not, who are nationals of and reside in a State that is listed as being classified by the United Nations as a LDC. That benefit consists of a reduction of 90 per cent of certain fees under the Treaty.

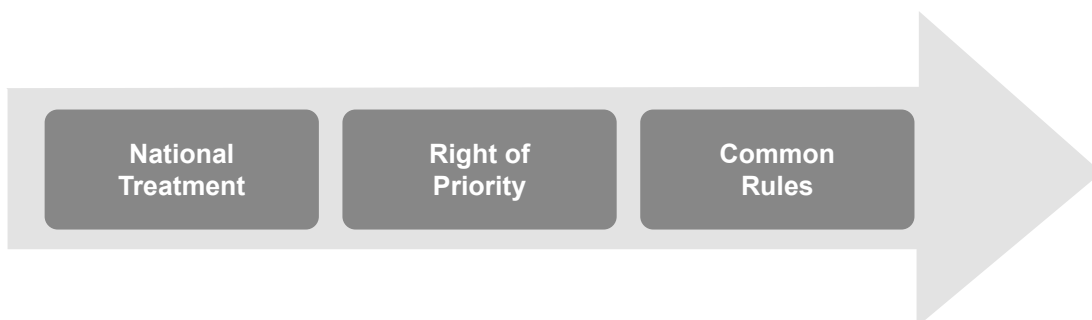
PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY (1883)

WIPO is also responsible for managing the Paris Convention. It was created to bring about some global consistency in intellectual property rules and was adopted on March 20, 1883, in Paris, and it went into effect on July 7, 1884. The Paris Convention applies to industrial property in the widest sense, including patents, trademarks, industrial designs, utility models (a kind of “small-scale patent” provided for by the laws of some countries), service marks, trade names (designations under which an industrial or commercial activity is carried out), geographical indications (indications of source and appellations of origin) and the repression of unfair competition.

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 was amended in 1979. The Convention is open to all States. Instruments of ratification or accession must be deposited with the Director General of WIPO.

The Paris Union, established by the Convention, has an Assembly and an Executive Committee. Every State that is a member of the Union and 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 establishment of the biennial program and budget of the WIPO Secretariat – as far as the Paris Union is concerned – is the task of its Assembly.

The substantive provisions of the Convention fall into three main categories:

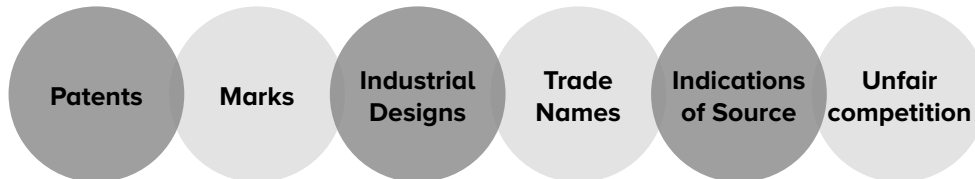


National Treatment - Under the provisions on national treatment, the Convention provides that, as regards the protection of industrial property, each Contracting State must grant the same protection to nationals of other Contracting States that it grants to its own nationals. Nationals of non-Contracting 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 (and utility models where they exist), marks and industrial designs. This right means 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. These subsequent applications will be regarded as if they had been filed on the same day as the first

application. In other words, they will have priority (hence the expression “right of priority”) over applications filed by others during the said period of time for the same invention, utility model, mark or industrial design. Moreover, these subsequent applications, being based on the first application, will not be affected by any event that takes place in the interval, such as the publication of an invention or the sale of articles bearing a mark or incorporating an industrial design. One of the great practical advantages of this provision is that applicants seeking protection in several countries are not required to present all of their applications at the same time but have 6 or 12 months to decide in which countries they wish to seek protection, and to organize with due care the steps necessary for securing protection.

Common Rules - The Convention lays down a few common rules that all Contracting States must follow. The most important are:



- (a) **Patents** - Patents granted in different Contracting States for the same invention are independent of each other: the granting of a patent in one Contracting State does not oblige other Contracting States to grant a patent; 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. The inventor has the right to be named as such in the patent.

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.

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 under certain conditions. A compulsory license (a license not granted by the owner of the patent but by a public authority of the State concerned), based on failure to work or insufficient working of the patented invention, may only be granted pursuant to a request filed after three years from the grant of the patent or four years from the filing date of the patent application, and it must be refused if the patentee gives legitimate reasons to justify this inaction. Furthermore, 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.

- (b) **Marks** - The Paris Convention does not regulate the conditions for the filing and registration of marks which are determined in each Contracting State by 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 effected in the country of origin. The registration of a mark obtained in one Contracting State is independent of its possible registration in any other country, including the country of origin; consequently, the lapse or annulment of the registration of a mark in one Contracting State will not affect the validity of the registration in other Contracting States.

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. Nevertheless, registration may be refused in well-defined cases, such as where the mark would infringe the acquired rights of third parties; where it is devoid of distinctive character; where it is contrary to morality or public order; or where it is of such a nature as to be liable to deceive the public.

If, in any Contracting State, the use of a registered mark is compulsory, the registration cannot be cancelled for non-use until after a reasonable period, and then only if the owner cannot justify this inaction.

Each Contracting State must refuse registration and prohibit the use of marks that constitute a reproduction, imitation or translation, liable to create confusion, of a mark used for identical and similar goods and considered by the competent authority of that State to be well known in that State and to already belong to a person entitled to the benefits of the Convention.

Each Contracting State must likewise refuse registration and prohibit the use of marks that 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. The same provisions apply to armorial bearings, flags, other emblems, abbreviations and names of certain intergovernmental organizations. Collective marks must be granted protection.

- (c) **Industrial Designs**- Industrial designs must be protected in each Contracting State, and protection may not be forfeited on the ground that articles incorporating the design are not manufactured in that State.
- (d) **Trade Names**- Protection must be granted to trade names in each Contracting State without there being an obligation to file or register the names.
- (e) **Indications of Source** - Measures must be taken by each Contracting State against direct or indirect use of a false indication of the source of goods or the identity of their producer, manufacturer or trader.
- (f) **Unfair competition** - Each Contracting State must provide for effective protection against unfair competition.

WTO - TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (TRIPS)

Beyond simply transporting items across borders, trade has developed to include the value it brings to societies. Today's international trade involves a significant amount of value exchanged through innovation, creativity, and branding. Development and trade policy increasingly heavily weighs how to increase this value and make it easier for knowledge-rich commodities and services to move across borders.

The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is the most comprehensive multilateral agreement on intellectual property (IP). The WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), negotiated during the 1986-94 Uruguay Round, introduced intellectual property rules into the multilateral trading system for the first time. It plays a central role in facilitating trade in knowledge and creativity, in resolving trade disputes over IP, and in assuring WTO members the latitude to achieve their domestic policy objectives. It frames the IP system in terms of innovation, technology transfer and public welfare. The Agreement is a legal recognition of the significance of links between IP and trade and the need for a balanced IP system.

The TRIPS Agreement is essential for facilitating intellectual property trade, settling intellectual property trade disputes, and giving WTO members the freedom to pursue their own national goals. The Agreement formally acknowledges the importance of the connections between intellectual property and trade. That was accomplished by the Uruguay Round. The TRIPS Agreement is an attempt to put these rights under common international law and to close the gaps in how they are safeguarded and upheld globally. It provides minimal requirements for enforcement and protection of intellectual property owned by citizens of other WTO members by each government.

WTO countries have a great deal of flexibility under the TRIPS Agreement to customise their methods to IP protection and enforcement to meet their needs and realise public policy objectives. The Agreement gives members plenty of leeway to strike a balance between the long-term advantages of encouraging innovation and the potential short-term costs of restricting access to works of creative genius. Through a variety of procedures

permitted by TRIPS provisions, such as exclusions or exceptions to intellectual property rights, Members can lower short-term costs. Additionally, the WTO's dispute resolution mechanism is accessible in cases of trade disputes involving the application of the TRIPS Agreement.

The TRIPS Agreement addresses five main topics:

- How general rules and fundamental ideas of the global trading system apply to international intellectual property?
- What are the minimum protection criteria for intellectual property rights that members should offer?
- What mechanisms should members offer to defend those rights in their home countries?
- Specific interim framework for resolving intellectual property disputes between WTO members in order to implement TRIPS requirements.
- Special transitional arrangements for the implementation of TRIPS provisions.

HARMONIZATION OF CBD AND TRIPS

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 to 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.

While the TRIPS and the CBD both attempt to legislate some form of intellectual property and technology transfer, the Agreement appear to provide contradictory prescriptions for the control over genetic control over

generic resources and biodiversity. The two Agreements embody and promote conflicting objectives, systems of right and obligations. The core issues is that, in the area of patentable subject matter, benefit sharing, protection of local knowledge, requirements of prior informed consent and role of state.

Major tension between the CBD and the TRIPS is related to the case of National Sovereignty and the Rights of IPR Holders. Through the CBD, countries have the right to regulate access of foreigners to biological resources and knowledge and to determine benefit sharing arrangements. The TRIPS enable persons or institutions to patent a country's biological resources in countries outside country of origin of the resources or knowledge. In this manner TRIPS facilitates the conditions for misappropriation of ownership or rights over living organisms, knowledge and processes on the use of biodiversity. The sovereignty of developing countries over their resources and over their right to exploit or use their resources as well as to determine access and benefit sharing arrangements are compromised. The patent confers exclusive rights on its owner to prevent third parties for making, using offering for sale, selling or importing the patent product and to prevent third parties from using the patent process. This makes it an offence for others to do so, except with the owner's permission, which is usually given only on license or payment royalty.

In brief, it could be rightly argued that the IPRs have the effect of preventing the free exchange of knowledge, of products of the knowledge and their use or production. This system of exclusive and private right is at odds with the traditional social and economic system in which local communities make use of and develop and nurture biodiversity.

Seeds and knowledge on crop varieties and medicinal plants are usually freely exchanged within the community. Knowledge is not confined or exclusive to individuals but shared and held collectively, and passed on and added to from generation to generation and also from locality to locality.

In the benefit sharing arrangements, a key aspect of the CBD is the one, which recognizes the sovereign rights of the states over their biodiversity and knowledge, and thus gives the State the right to regulate access and this in turn, enables the state to enforce its rights on arrangements for sharing benefits. Access where granted, shall be on mutually agreed terms (Art 15.4) and shall be subject to prior informed consent (Art 15.6). Most importantly, each country shall take legislative, administrative or policy measures with the aim of sharing in a fair and equitable way the results of research and development and the benefits arising from the commercial and other utilization of genetic resources with the contracting party providing such resources. Such sharing shall be upon mutually agreed terms.

The TRIPS is a devise with international intellectual property regime that maximizes the potential for both traditional knowledge and modern scientific innovations to contribute to economic progress. To achieve this goal, the TRIPS a need to be reviewed incorporated further;

- i. Establish the concept of community property rights with respect to Traditional Knowledge recognition;
- ii. Recognize communities' rights over their resources and Traditional Knowledge;
- iii. Recognizes safeguards and protect the Traditional Knowledge, innovations, practices and technologies of indigenous and local people and communities;
- iv. Mandate legal protection for Traditional Knowledge;
- v. Recognize the sovereign rights of states over their biodiversity and genetic resources;
- vi. Mandate the principles of prior informed consent and benefit sharing when other countries access the biogenetic resources and local communities.

Such an amendment will restrict the inherent tension between the CBD and the TRIPS. It may also address the conflict between the private rights of IPR holders and the community rights of TK holders.

LESSON ROUND-UP

- Intellectual Property relates to information which can be incorporated in tangible objects and reproduced in different locations.
- Intellectual Property can be divided into two categories viz., 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 etc.
- Property can be classified into Real property and Personal property. It can also be divided into Absolute property and Qualified property, when it consists of Goods and Chattels.
- Under the Utilitarian approach, lawmakers' beacon, when shaping property rights, should be the "maximization of net social welfare". In terms of the IP regime, the approach requires that the lawmakers must strike an optimal balance between, the power of exclusive rights to stimulate the creation of inventions and works of art on the one hand, and, the partially offsetting tendency of such rights to curtail widespread public enjoyment of those creations, on the other.
- The Second approach to the IP rights is that a person who labors upon resources that are either unowned or "held in common" has a natural property right to the fruits of his or her efforts and that the state has a duty to respect and enforce that natural right.
- The Third approach states that private property rights are crucial to the satisfaction of some fundamental human needs.
- The fourth approach is based on the proposition that property rights, in general, and intellectual property rights, in particular, can and should be shaped with the objective to help achieve a just and attractive culture.
- It is a well-known fact that an organization's success largely depends upon its Patent portfolio, apart from various other Intellectual Property assets, such as, designs, trademarks, and copyrights.
- Every organization must ensure maximization of its intellectual property portfolio which can be done through effective portfolio management policy.
- The significance and importance accorded to IP differs from one country to the other. Chief factors responsible for this difference are: (a) The amount of resources that different countries allocate and spend towards creation of intellectual assets; and (b) The amount of protected knowledge and information that is used in the process of production.
- In the developed nations, most private agricultural R&D is conducted by the firms which itself has increased the relevance of IPRs for developing countries' agricultural sectors as an increasing share of new seeds and farming technologies is now becoming proprietary.
- Developed countries normally bear the brunt of IPR related policies, and the Developing countries are exposed as vulnerable and sentimental to the issue.
- Intellectual property laws confer the right to own intellectual assets by its creator and also enables him to make profits from his artistic, scientific and technological creations for a defined period of time.
- 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 to access such creations. The Second is to promote creativity and its dissemination which results in economic and social development.
- Human Rights and Intellectual Property, though two very different set of laws with no apparent connection, have gradually becoming intimate bedfellows. In the last few years, international standard setting activities have begun to map previously uncharted intersections between Intellectual Property law on the one hand and Human Rights law on the other.
- Though both Intellectual Property and the Cyber Law are independent subjects and have their own respective area of operation, however, the influence of one on the other cannot be denied and the same is becoming all the more evident these days.

- Cyber Law is a relatively newer branch of law that draws from many other areas of traditional law and is becoming an increasingly important field in its own way.
- It is the responsibility of all IPR owners to protect their IPRs from any mala fide actions of the miscreants operating on the internet medium by invalidating and reducing such mala fide acts/attempts of such criminals by taking proactive measures.
- In India, the law that deals with issues relating to protection of Computer Software(s) is contained in the Copyright Act, 1957.
- The Information Technology Act, 2000, in India, which contains a major portion of our Cyber Law, does not lay down sufficient provisions for protection of Intellectual Property Rights of the individuals (and organisations) and to ensure deterrence effect of law in the Cyberspace.
- WIPO is an organization of the United Nations (UN). WIPO's activities are of four kinds viz., Registration, Promotion of inter-governmental cooperation in the administration of Intellectual Property Rights, specialized programme activities and lastly Dispute Resolution facilities
- The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is the most comprehensive multilateral agreement on intellectual property (IP). It plays a central role in facilitating trade in knowledge and creativity, in resolving trade disputes over IP, and in assuring WTO members the latitude to achieve their domestic policy objectives.
- The Patent Cooperation Treaty (PCT) 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 Treaty regulates in detail the formal requirements with which international applications must comply.
- The Paris Convention applies to industrial property in the widest sense, including patents, trademarks, industrial designs, utility models (a kind of "small-scale patent" provided for by the laws of some countries), service marks, trade names (designations under which an industrial or commercial activity is carried out), geographical indications (indications of source and appellations of origin) and the repression of unfair competition.
- The TRIPS Agreement and the CBD mutually support and promote the sustainable use of resources. At the implementation level, conflicts between the two Agreements could arise, for instance, in the case of patents claimed over genetic resources (sometimes even in naturally occurring genetic resources), which are protected by the CBD.

GLOSSARY

Real property - The property which is fixed permanently to one location is termed as real property.

Personal property - It is a property belonging to person and in case of personal property no person other than its owner, who has an exclusive right over it.

Absolute property - It is the one which is owned without any qualification or restriction whatsoever.

Corporeal property - A corporeal property signifies a property which is perceptible to the senses, such as, land, house, goods, merchandise and the like.

Incorporeal property - Incorporeal property consists of legal rights, as choses-in-action, easements, and the like.

Property - Property means property of any kind, whether movable or immovable, tangible or intangible, and includes any right or interest in such property. Property means the general property in goods, and not merely a special property.

Tangible property - It refers to any type of physical property that can generally be moved (i.e., it is not attached to real property or land), touched or felt. It generally includes items such as furniture, clothing, jewellery, art, writings, household goods etc.

Intangible property - This on the other hand refers to some personal property that cannot actually be moved, touched or felt, but instead it represents something of value, such as, negotiable instruments, securities, service and intangible assets, including goodwill etc.

Intellectual Property - It is a property which comes into existence by application of human intellect. A term which refers to and indicates a number of distinct types of creations of the mind for which law confers certain property rights upon its creator.

Caching (Mirroring) - It is a violation on the internet. Caching may be local caching and proxy caching. In addition, proxy caching may give rise to infringement of the right of public distribution, public policy, public performance and digital performance.

Cyberspace - Cyberspace can be described as the virtual world interconnecting human beings through computers and telecommunication without regard to the limitations of physical geography.

TEST YOURSELF

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

1. Explain the Commonality and the Distinctive features of Intellectual Property *vis-à-vis* the concept of Property in general.
2. What are the different theories of Property? Explain briefly the rationale and the underlying idea behind them.
3. Elaborate upon the different theories and approaches towards the nature of Intellectual Property Rights.
4. Trace the relevance of Intellectual Property Rights in the businesses today.
5. What are the different aspects that an Organisation need to take into consideration while framing and implementing its Patent portfolio.
6. Explain briefly, the role of Intellectual Property as an effective instrument of Development.
7. What is the distinction between the approaches of Developed nations as compared to developing nations in the matters of protection of Intellectual Property Rights? Also explain in brief, how such approaches are evolving and what the factors responsible for it are?
8. What are the different competing rationales put forward for protection of Intellectual Property?
9. Trace the common features of Intellectual Property Rights and Human Rights.
10. Write a short note on-
 - PCT
 - Convention on Bio-diversity
 - TRIPS
 - Paris Convention

LIST OF FURTHER READINGS

- McJohn, S. M. (2019). Intellectual property. New York: Wolters Kluwer.
- Khan, A. U., & Debroy, B. (2004). Intellectual property rights beyond 2005: an Indian perspective on the debate on IPR protection and the WTO. Kottayam: DC School Press.
- Chakravarty, R., & Gogia, D. (2010). Chakravartys intellectual property law: Ipr. New Delhi: Ashoka Law House.

Types of Intellectual Property

KEY CONCEPTS

■ Intellectual Property ■ Trade and Merchandise Marks Act 1958 ■ Trademarks ■ Copyright ■ Patent ■ Design ■ Utility models ■ Trade Secrets ■ Trade-Related Aspects of Intellectual Property Rights (TRIPS) ■ World Intellectual Property Organization (WIPO) ■ Commercial Courts ■ IP Cells ■ Technology and Innovation Support Centers (TISCs) ■ Patents Facilitation Centre

Learning Objectives

To understand:

- The domains of intellectual property which is an integral party of economy.
- The forms of the protection, emerging particularly stimulated by the exciting developments in scientific and technological activities with respect to intellectual property.
- The important definitions and concepts.
- To provide 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.
- To acclimatize students with the leading International Instruments concerning Intellectual Property Rights.

Lesson Outline

- Introduction
- Intellectual Property vis-à-vis Business: a Rationale of Relativity
- Development of Intellectual Property Regime In India – Overview
- Copyrights
- Trademarks
- Patents
- Designs
- Utility Models
- Trade Secrets
- Geographical Indications
- Bio-diversity and IPR
- Case Law/Case Studies
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References (Including Websites/ Video Links)

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:

- a) Industrial property, which includes inventions (patents), trademarks, industrial designs, and geographic indications of source; and
- b) 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.

INTELLECTUAL PROPERTY VIS-À-VIS BUSINESS: A RATIONALE OF RELATIVITY

In today's world, the abundant supply of goods and services on the markets has made life very challenging for any business, big or small. In its on-going quest to remain ahead of competitors in this environment, every business strives to create new and improved products (goods and services) that will deliver greater value to users and customers than the products offered by competitors. To differentiate their products - a prerequisite for success in today's markets - businesses rely on innovations that reduce production costs and/or improve product quality. In a crowded marketplace, businesses have to make an on-going effort to communicate the specific value offered by their product through effective marketing that relies on well thought-out branding strategies. In the current knowledge-driven, private sector oriented economic development paradigm, the different types of intangible assets of a business are often more important and valuable than its tangible assets. A key subset of intangible assets is protected by what are labelled collectively as intellectual property rights (IPRs). These include trade secrets protection, copyright, design and trademark rights, and patents, as well as other types of rights. IPRs create tradable assets out of products of human intellect, and provide a large array of IPR tools on which businesses can rely to help drive their success through innovative business models. All businesses, especially those which are already successful, nowadays have to rely on the effective use of one or more types of intellectual property (IP) to gain and maintain a substantial competitive edge in the marketplace. Business leaders and managers, therefore, require a much better understanding of the tools of the IP system to protect and exploit the IP assets they own, or wish to use, for their business models and competitive strategies in domestic and international markets.

DEVELOPMENT OF INTELLECTUAL PROPERTY REGIME IN INDIA - OVERVIEW

India remains one of the world's most growing economies in past 20 years and the ballgame of entrepreneurship and industries is a key element for contribution outstanding growth of Indian economy. On one hand, where businesses and their successful run is vital to the growth of economy; on the same hand, a structured set of IP protection helps in the advancement and development of businesses under a hassle free environment. Henceforth, aligning the International practices, India too is having a systemized legal system to take care of IP protection. 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; trademarks 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 two decades around, 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.

India’s engagement on Intellectual Property Rights (IPR) endures, primarily through the Trade Policy Forum’s Working Group on Intellectual Property. In 2016, India released its comprehensive National IP Policy, with its primary focus being on awareness and building administrative capacity. The portfolio of Copyright and Semi- Conductors shifted to the Department of Industrial Policy and Promotion, Ministry of Commerce. The Cell of IP Promotion and Management (CIPAM) was set up and is tasked with implementing the IP Policy and interagency coordination. In 2016, the state of Telangana set up India’s first IP Crime Unit, to combat the menace of internet piracy.

Administrative and Judicial Setup for Intellectual Property Rights in India

Judicial

- a) Commercial Courts
- b) Copyright Board
- c) Alternative Dispute Resolution (ADR)

Enforcement

- a) Police
- b) Custom

Centre and State

- a) IP Cells
- b) Technology and Innovation Support Centers (TISCs)
- c) Patents Facilitation Centre

IP Offices

- a) Patents – Delhi, Kolkata, Chennai, Mumbai
- b) Trademarks - Delhi, Kolkata, Chennai, Mumbai and Ahmedabad
- c) Copyrights – Delhi
- d) Designs – Kolkata
- e) Geographical Indication – Chennai
- f) Semiconductor Integrated Circuits Layout Design Registry (SICLDRS) – Delhi.

COPYRIGHTS

Copyrights protect original works of authorship, such as literary works, music, dramatic works, pantomimes and choreographic works, sculptural, pictorial, and graphic works, sound recordings, artistic works, architectural works, and computer software. With copyright protection, the holder has the exclusive rights to modify, distribute, perform, create, display, and copy the work.

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
- (v) 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;
- (v) 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:

- (i) To make any other sound recording embodying it;
- (ii) To sell or give on hire, or offer for sale or hire, any copy of the sound recording;
- (iii) 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.

In order to qualify under copyright laws, the work must be fixed in a tangible medium of expression, such as words on a piece of paper or music notes written on a sheet. A copyright exists from the moment the work gets created, so registration is required to provide proper protection to one's work and also to prevent the chances of its misuse and unauthorized use.

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 under certain classes whereas in other classes it is 60 years in toto. 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, dramatic, 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 (Moral Right). 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.

Copyright Protection Enforcement

Civil remedies for infringement of copyright.—

- (1) Where copyright in any work has been infringed, the owner of the copyright shall, except as otherwise provided by this Act, be entitled to all such remedies by way of injunction, damages, accounts and otherwise as are or may be conferred by law for the infringement of a right:

Provided that if the defendant proves that at the date of the infringement he was not aware and had no reasonable ground for believing that copyright subsisted in the work, the plaintiff shall 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.

- (2) Where, in the case of a literary, dramatic, musical or artistic work, or, subject to the provisions of sub-section (3) of section 13, a cinematograph film or sound recording, a name purporting to be that of the author, or the publisher, as the case may be, of that work, appears on copies of the work as published, or, in the case of an artistic work, appeared on the work when it was made, the person whose name so appears or appeared shall, in any proceeding in respect of infringement of copyright in such work, be presumed, unless the contrary is proved, to be the author or the publisher of the work, as the case may be.
- (3) The costs of all parties in any proceedings in respect of the infringement of copyright shall be in the discretion of the court.

Protection of separate rights.—

Subject to the provisions of this Act, where the several rights comprising the copyright in any work are owned by different persons, the owner of any such right shall, to the extent of that right, be entitled to the remedies provided by this Act and may individually enforce such right by means of any suit, action or other proceeding without making the owner of any other right a party to such suit, action or proceeding. *(For details refer lesson on Copyright)*

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 63B. 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 63B, 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 judgment not impose any sentence of imprisonment and impose only fine up to ₹ 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 Copyright Act, 1957 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 realize their potential and it is necessary to keep pace with the challenges for a fast growing knowledge and modern society.

TRADEMARKS

A trademark is a word, phrase, symbol, or design that distinguishes the source of products (trademarks) or services (service marks) of one business from its competitors. In order to qualify for protection, the mark must be distinctive. For example, the Nike "swoosh" design identifies athletic footwear made by Nike.

Although rights in trademarks are acquired by use, registration with the Trademark Office under the Trademark Act, 1999 allows you to more easily enforce those rights. Before registering your trademark, conduct a search of federal and state databases to make sure a similar trademark doesn't already exist. This trademark search can help you reduce the amount of time and money you could spend on using a mark that is already registered and trademarked.

The Trade Marks Act 1999 ("TM Act") provides, inter alia, for registration of marks, filing of multi class applications, the renewable term of registration of a trademark as ten years as well as recognition of the concept of well-known marks, etc. It is pertinent to note that the letter "R" in a circle i.e. ® with a trademark can only be used after the registration of the trademark under the TM Act.

Trademarks mean any words, symbols, logos, slogans, product packaging or design that identify the goods or services from a particular source. As per the definition provided under Section 2 (zb) of the TM Act, "trade mark" means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colors.

The definition of the trademark provided under the TM Act is wide enough to include non-conventional marks like color marks, sound marks, etc. As per the definition provided under Section 2 (m) of the TM Act, "mark" includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof.

Accordingly, any mark used business entity in the trade or business in any form, for distinguishing itself from other, can qualify as trademark. It is quite significant to note that the Indian judiciary has been proactive in the protection of trademarks, and it has extended the protection under the trademarks law to Domain Names as demonstrated in landmark cases of *Tata Sons Ltd. vs. Manu Kosuri & Ors.* [90 (2001) DLT 659] and *Yahoo Inc. vs. 1999 PTC 201*].

Points to consider while adopting a Trademark

Any business entity needs to be cautious in selecting its trade name, brands, logos, packaging for products, domain names and any other mark which it proposes to use. One must do a proper due diligence before adopting a trademark. The trademarks can be broadly classified into following five categories:

- Generic
- Descriptive
- Suggestive
- Arbitrary
- Invented/Coined.

Explanation:-

1. Generic marks means using the name of the product for the product, like "Salt" for salt.
2. Descriptive marks means the mark describing the characteristic of the products, like using the mark "Fair" for the fairness creams.
3. Suggestive marks means the mark suggesting the characteristic of the products, like "Habitat" for home furnishings products.
4. Arbitrary marks means mark which exist in popular vocabulary, but have no logical relationship to the goods or services for which they are used, like "Blackberry" for phones.
5. The invented/ coined marks means coining a new word which has no dictionary meaning, like "Adidas".

The strongest marks, are thus the easiest to protect, are invented or arbitrary marks. The weaker marks are descriptive or suggestive marks which are very hard to protect. The weakest marks are generic marks which can never function as trademarks.

India follows the NICE Classification of Goods and Services for the purpose of registration of trademarks. The NICE Classification groups goods and services into 45 classes (classes 1-34 include goods and classes 35-45 include services). The NICE Classification is recognized in majority of the countries and makes applying for trademarks internationally a streamlined process. Every business entity, seeking to register trademark for a good or service, has to choose from the appropriate class, out of the 45 classes.

While adopting any mark, the business entity should also keep in mind and ensure that the mark is not being used by any other person in India or abroad, especially if the mark is well-known. It is important to note that India recognizes the concept of the “Well-known Trademark” and the principle of “Trans-border Reputation”.

Examples of well-known trademarks are Google, Tata, Yahoo, Pepsi, Reliance, etc. Further, under the principle of “Trans-border Reputation”, India has afforded protection to trademarks like Apple, Gillette, Whirlpool, Volvo, which despite having no physical presence in India, are protected on the basis of their trans-border reputation in India.

Enforcement of trademarks rights

Trademarks can be protected under the statutory law, i.e., under the Trade Marks Act and the common law. If a person is using a similar mark for similar or related goods or services or is using a well-known mark, the rightful owner of trademark can file a suit against that person for violation of the IP rights irrespective of the fact that the trademark is registered or not.

Registration of a trademark is not a pre-requisite in order to sustain a civil or criminal action against violation of trademarks in India. The prior adoption and use of the trademark is of utmost importance under trademark laws.

The relief which a Court may usually grant in a suit for infringement or passing off includes permanent and interim injunction, damages or account of profits, delivery of the infringing goods for destruction and cost of the legal proceedings. It is pertinent to note that infringement of a trademark is also a cognizable offence and criminal proceedings can also be initiated against the infringers.

PATENTS

A patent grants proprietary rights on an invention, allowing the patent holder to exclude others from making, selling, or using the invention. Inventions allow many businesses to be successful because they develop new or better processes or products that offer competitive advantage on the marketplace. One could get a patent by filing a patent application with the Patent Office in India.

Patent, in general parlance means, a monopoly given to the inventor on his invention to commercial use and exploit that invention in the market, to the exclusion of other, for a certain period. As per Section 2(1) (j) of the Patents Act, 1970, “invention” includes any new and useful;

- art, process, method or manner of manufacture;
- machine, apparatus or other article;
- substance produced by manufacture, and includes any new and useful improvement of any of them, and an alleged invention.

The definition of the word “Invention” in the Patents Act, 1970 includes the new product as well as new process. Therefore, a patent can be applied for the “Product” as well as “Process” which is new, involving inventive step and capable of industrial application can be patented in India.

The invention will not be considered new if it has been disclosed to the public in India or anywhere else in the world by a written or oral description or by use or in any other way before the filing date of the patent application. The information appearing in magazines, technical journals, books etc, will also constitute the prior knowledge. If the invention is already a part of the state of the art, a patent cannot be granted. Examples of such disclosure are displaying of products in exhibitions, trade fairs, etc. explaining its working, and similar disclosures in an article or a publication.

It is important to note that any invention which falls into the following categories is not patentable:

- (a) frivolous,
- (b) obvious,
- (c) contrary to well established natural laws,
- (d) contrary to law,
- (e) morality,
- (f) injurious to public health,
- (g) a mere discovery of a scientific principle,
- (h) the formulation of an abstract theory,
- (i) a mere discovery of any new property or new use for a known substance or process, machine or apparatus,
- (j) 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,
- (k) a mere arrangement or rearrangement or duplication of known devices,
- (l) a method of agriculture or horticulture, and
- (m) inventions relating to atomic energy or the inventions which are known or used by any other person, or used or sold to any person in India or outside India.

The application for the grant of patent can be made by either the inventor or by the assignee or legal representative of the inventor. In India, the term of the patent is for 20 years. The patent is renewed every year from the date of patent.

Enforcement of Patent Rights

It is pertinent to note that the patent infringement proceedings can only be initiated after grant of patent in India but may include a claim retrospectively from the date of publication of the application for grant of the patent. Infringement of a patent consists of the unauthorized making, importing, using, offering for sale or selling any patented invention within the India. Under the (Indian) Patents Act, 1970 only a civil action can be initiated in a Court of Law. Like trademarks, the relief which a court may usually grant in a suit for infringement of patent includes permanent and interim injunction, damages or account of profits, delivery of the infringing goods for destruction and cost of the legal proceedings.

DESIGNS

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 of 1911 has been replaced by the Designs Act, 2000. 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.

According to section 2 (d) of the Designs Act, 2000-

“Design” means features of shape, pattern, configuration, ornaments or composition of colors or lines which is applied in three dimensional or two dimensional or in both the forms using any of the process whether manual, chemical,

mechanical, separate or combined which in the finished article appeal to or judged wholly by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device.

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 adequate protection to an original industrial design. 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 defense 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.

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.”

Example of registered utility models

- a) Oil Filtering Tool: JP,3157659
- b) Weeding out implement: JP, 3145798, U
- c) Heating Element: JP,3165912, U
- d) Incense Burner Box: JP, 3165903,U

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.”

TRADE SECRETS

It may be confidential business information that provides competitive edge to an enterprise. 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.

Trade secret may be in the form of a :-

- a) formula
- b) practice
- c) process
- d) design
- e) instrument
- f) pattern
- g) commercial methods
- h) compilation of information not generally known.

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.

GEOGRAPHICAL INDICATIONS

Geographical Indication (GI) is a tag or sign used on products for indicating their specific place of origin. It specifies the characteristics, qualities and reputation assumed to be in the product because of its linkage to a particular geographical location. Any sign can be used as a GI only when it has the ability of identifying a product to be originating from a particular place. It can be used for following mentioned things –

- a) Agricultural products e.g. Alphonso Mango, Nagpur oranges
- b) Food stuffs e.g. Roquefort cheese is the unique blue cheese from France
- c) Wine and spirits e.g. Tequilla made from blue agave plant growing in the city of Tequila, Mexico
- d) Handicrafts e.g. Mahdubani Paintings, Kanchipuram Sarees
- e) Industrial products e.g. Darjeeling tea.

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 High Court 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.

BIO-DIVERSITY AND IPR

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:

- a) ecosystem diversity, representing the principal bio geographic regions and habitats;
- b) Species diversity, representing variability at the level of families, genera and species; and
- c) 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 Bio Safety 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 to 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.

CBD and TRIPs

While the TRIPS and the CBD both attempt to legislate some form of intellectual property and technology transfer, the Agreement appear to provide contradictory prescriptions for the control over genetic control over generic resources and biodiversity. The two Agreements embody and promote conflicting objectives, systems of right and obligations. The core issues is that, in the area of patentable subject matter, benefit sharing, protection of local knowledge, requirements of prior informed consent and role of state.

Major tension between the CBD and the TRIPS is related to the case of National Sovereignty and the Rights of IPR Holders. Through the CBD, countries have the right to regulate access of foreigners to biological resources and knowledge and to determine benefit sharing arrangements. The TRIPS enable persons or institutions to patent a country’s biological resources in countries outside country of origin of the resources or knowledge. In this manner TRIPS facilitates the conditions for misappropriation of ownership or rights over living organisms, knowledge and processes on the use of biodiversity. The sovereignty of developing countries over their resources and over their right to exploit or use their resources as well as to determine access and benefit sharing arrangements are compromised. The patent confers exclusive rights on its owner to prevent third parties for making, using offering for sale, selling or importing the patent product and to prevent third parties from using

the patent process. This makes it an offence for others to do so, except with the owner's permission, which is usually given only on license or payment royalty.

In brief, it could be rightly argued that the IPRs have the effect of preventing the free exchange of knowledge, of products of the knowledge and their use or production. This system of exclusive and private right is at odds with the traditional social and economic system in which local communities make use of and develop and nurture biodiversity.

Seeds and knowledge on crop varieties and medicinal plants are usually freely exchanged within the community. Knowledge is not confined or exclusive to individuals but shared and held collectively, and passed on and added to from generation to generation and also from locality to locality.

In the benefit sharing arrangements, a key aspect of the CBD is the one, which recognizes the sovereign rights of the states over their biodiversity and knowledge, and thus gives the State the right to regulate access and this in turn, enables the state to enforce its rights on arrangements for sharing benefits. Access where granted, shall be on mutually agreed terms (Art 15.4) and shall be subject to prior informed consent (Art 15.6). Most importantly, each country shall take legislative, administrative or policy measures with the aim of sharing in a fair and equitable way the results of research and development and the benefits arising from the commercial and other utilization of genetic resources with the contracting party providing such resources. Such sharing shall be upon mutually agreed terms.

The TRIPS is a devise with international intellectual property regime that maximizes the potential for both traditional knowledge and modern scientific innovations to contribute to economic progress. To achieve this goal, we can:-

- (i) Establish the concept of community property rights with respect to Traditional Knowledge recognition;
- (ii) Recognize communities' rights over their resources and TK;
- (iii) Recognizes safeguards and protect the TK, innovations, practices and technologies of indigenous and local people and communities;
- (iv) Mandate legal protection for TK;
- (v) Recognize the sovereign rights of states over their biodiversity and genetic resources;
- (vi) Mandate the principles of prior informed consent and benefit sharing when other countries access the biogenetic resources and local communities.

Such an amendment will restrict the inherent tension between the CBD and the TRIPS. It may also address the conflict between the private rights of IPR holders and the community rights of TK holders.

CASE LAWS/ CASE STUDIES

Sony Corporation vs. K. Selvamurthy, Com. O.S. No. 8464/2018 order dated 18.06.2021

Facts:

This is a plaintiff's suit for an order of permanent injunction restraining the defendant, their officers, Com. O.S. No. 8464/2018 partner, employees, servants, agents, representatives, dealers, successor in title, sister concern, associates, subsidiaries, franchisees, licensees, or any one acting for and on behalf of defendant from using the mark SONY or any other domine name deceptively similar to the plaintiff's well known SONY trade mark as a trade mark, trade name or part of trade name, domine name in relation to its goods, service or in any manner whatsoever. Further, pray for an order directing the defendant to render to plaintiff's an account of profits made by the defendant by selling the impugned goods or services under SONY mark and a decree be passed in favour of plaintiff for the amount thus found due. The plaintiff also sought for damages to the tune of Rs.10,00,000/- and also direction to the defendant to voluntarily withdraw/cancel any trade mark or copyright application filed for any mark similar to the well known trade mark SONY of plaintiff's and to refrain from seeking registration of any mark similar to the well known trade mark SONY of plaintiff's. Further, plaintiff

pray for an order against the defendant seeking to deliver to the plaintiff for destruction all packaging material, advertising and promotional material and other literature, signage, signboards, etc., bearing the mark SONY or any other mark deceptively similar or Com. O.S. No. 8464/2018 identical to the plaintiff's trademark SONY. Further pray for an order against the defendant take steps if any to block online websites that solicits the business of the defendant or incorporate the impugned trademark of the defendant with costs and such other reliefs as this court deems fit to grant in the circumstances of the case.

According to plaintiff in one of the decision rendered on 26.2.1999 the court observed that the opponent's SONY brand is very well known and well accepted in the market. Given these similarities, it is further observed that, we believe that less informed people may confuse the marks, and as the Sony mark is generally well accepted and sought after, the applicant may obtain advantages from that confusion at the expenses of the name that the opponent has in the market. It is plaintiff's further case that its corporation devotes considerable resources towards advertising and promoting the trademark/trade name SONY internationally as well as in India, including in print, television and digital advertisements, billboards, events, and online and social media drives, such as Facebook and Twitter.

The defendant is an Indian National engaged in the business of transport services and car rental services under the name and style of M/s. Sony Tours and Travels at Ulsoor, Bengaluru. The defendant specifically contended that SONY is the nick name of his wife Smt. Kavitha and the name sony as origin in india and sony in tamil and telugu languages means beauty and it is the name of a female/girl, as per the vedic astrology the person with the name sony means a person dedicated to her job and people with the said name like to proceed in an organized way to their objectives and they have faith in spirituality.

The name of his business concerns i.e. Sony Tours and Travels does not cause any manner of confusion or likelihood of confusion the business and services of defendant is entirely defendant from that of the plaintiff's business corporation. The plaintiff who are basically into electronic goods etc., and their trade mark is Sony is also easily distinguishable even though he is in this business since 25 years the plaintiff has filed this suit at present making false allegations.

Issues:

Whether the plaintiff Sony corporation establishes that the use of the mark by the defendant as Sony Tours and Travels in its travel business would take unfair advantage of or is detrimental to the distinctive character or repute of its registered trade mark "Sony" and thereby a registered mark is infringed by the defendant?

Held:

Court held that-

"The nature of business of defendant is entirely different from that of the goods manufactured by the plaintiff SONY corporation. The trade mark of plaintiff corporation is "Sony". Whereas the defendant is using the name as "Sony Tours and Travels". The learned counsel for plaintiff submits that they have objections only with regard to the word "Sony" mentioned in the front of Tours and Travels. Admittedly, plaintiff is not running any tours and travels business. The description of business as transport, packaging and storage of goods, travel arrangement are all nothing but service details associated with manufacture of goods owned by plaintiff company.

According to plaintiff its corporation is having business in electronics and media in as many as 193 countries. It is not the case of plaintiff's corporation that any of its agents are running Sony corporation shop / branch in the same premises of defendant. Under such circumstances it is impossible to imagine that an ordinary man would link the electronic goods of the plaintiff to the travel business of the defendant. By issuing the notice in the year 2002 the plaintiff corporation has set the law into motion and repeated issuance of notice all along for a period of 16 years will not stop the time which begins to run in the year 2002 itself. The silence on part of plaintiff all along for 16 years establishes that no such irreparable injury Com. O.S. No. 8464/2018 has been caused to plaintiff corporation from the defendant usage of the said name Sony Tours and Travels. That apart as I have already stated the defendant herein is running a small business in a compact place. The use of Sony tours and travels by the defendant in respect of its travel business would not be detrimental to the reputation of the trade mark of the plaintiff herein in any manner.

The plaintiff Sony Corporation admittedly filed this suit after lapse of 16 years from the date of issuance of notice which was issued in the year 2002. The plaintiff's corporation has not at all explained this delay. For all these 18 to 20 years admittedly defendant kept on doing its travel business in the same place i.e., Bengaluru. The nature and style of the business of the plaintiff and defendant are altogether different. Admittedly, as per plaintiff's averments and also plaintiff's cause title, the defendant is running its Tours and Travel Com. O.S. No. 8464/2018 business in a compact shop.

He is neither having any franchisee nor any sister concern companies. Under such circumstances, the prayer sought by the plaintiff corporation referred supra appears vague and baseless. There is absolutely no material placed before this court by plaintiff Sony Corporation to establish infringement of trademark by the defendant. In the two photographs produced by the plaintiff itself, which contains hoardings, the name Sony has been painted in two different styles and colour. By looking at the same, no average man of ordinary prudence can even think of connecting the same with the plaintiff's manufacturing business. It is difficult to imagine that an average man of ordinary prudence would associate the goods of the plaintiff's Sony Corporation to that of the business of defendant.

The suit filed by the plaintiff for the relief of permanent injunction and other consequential reliefs is dismissed with cost of Rs. 25,000/-."

Raj Kumar Prasad & anr vs. Abbott Healthcare Pvt Ltd [DEL] FAO(OS) 281/2014 [Decided on 10/09/2014]

Facts:

It is the case of Abbott that the predecessor-in-interest of the registered trademark 'ANAFORTAN' used the same extensively and widely for the medicines manufactured and sold in the market and since September, 2010 Abbott had been doing so. Thus, Abbott had established a good will and reputation in the mark 'ANAFORTAN'. As per Abbott it had sold pharmaceutical products under said trademark in sum of Rs.7.84 crores between September to December, 2010 and 23.047 crores between January and December, 2011. The grievance was that Raj Kumar Prasad, carrying on business as a sole proprietor of Birani Pharmaceuticals, was selling pharmaceutical products containing Camylofin Dihydrochloride under the brand name 'AMAFORTEN'. Concerning the second defendant Alicon Pharmaceuticals Pvt. Ltd. the grievance was that it was manufacturing the medicinal preparations for Raj Kumar Prasad, to be sold under the mark 'AMAFORTEN'. It is the case of Abbott that Raj Kumar Prasad surreptitiously obtained, vide registration No. 1830060 under class 5, the registration of the mark 'AMAFORTEN' for which Abbott intends to file rectification proceedings.

Held:

The view taken by the learned Single Judge is based upon a reading of Section 124 of the Trademarks Act, 1999. The learned Single Judge has held that a registered proprietor of a trademark is entitled to sue a registered proprietor of a trademark if the latter is identical with or nearly resembles the other. Holding that the suit would be maintainable, the learned Single Judge has held that the trademark used by the defendants 'AMAFORTEN' is ex-facie phonetically and visually deceptively similar to that of Abbott 'ANAFORTAN'.

The learned Single Judge has noted that through its predecessors Abbott had been using the trademark 'ANAFORTAN' extensively since the year 1988 and thus has enjoined the defendants from selling its product under the trademark 'AMAFORTEN' or any other mark deceptively similar to that of Abbott.

Ex-facie there is visual and phonetic deceptive similarity in the trademark 'AMAFORTEN' in comparison with the trademark 'ANAFORTAN'. It has to be kept in mind that the competing goods are pharmaceutical preparations, the class of the goods is the same; the consumer is the same and the trade channel is the same. Concededly through its predecessors-in-interest Abbott has inherited the good will and reputation in its trademark 'ANAFORTAN' and would be entitled to protect the same. Whereas through its predecessors-in-interest Abbott is in the market since the year 1988 defendant entered the market somewhere in the year 2012 when the suit was filed. We note that the defendant has consciously not disclosed in the written statement the day it started selling the goods in the market. From the documents filed by the defendants we find that it applied to the Registrar of Trademarks

for registration of the trademark 'AMAFORTEN' on June 17, 2009 and was granted registration on July 12, 2011. Tested on the legal principles laid down by the Supreme Court in the case of Wander Ltd. & Anr. Vs. Antox India P. Ltd reported as 1990 (Supp.) SCC 727, we find no infirmity in the view taken by the learned Single Judge and thus would dismiss the appeal.

Vringo Infrastructure Inc. & Anr. vs. Indiamart Intermesh Ltd. & Ors. I.A. No.2112/2014 in C.S. (OS) No.314 of 2014 dated 5 August, 2014

Facts:

The case are that the present suit for injunction has been filed by Vringo Infrastructure Incorporation, plaintiff, a wholly owned subsidiary of Vringo Incorporation, plaintiff No.2. The plaintiff is alleged to have been founded in 2012 and is engaged in innovation and development of telecommunication technologies and intellectual property. It is alleged that plaintiff's research and development efforts have resulted in filing over 25 patent applications in 2013 apart from the fact that the plaintiffs' intellectual property portfolio consists of patents and patent applications covering technologies pertaining to internet search and search advertising, handsets and telecommunications infrastructure and wireless communications. It is alleged that these patents and the patent applications have either been developed internally by the plaintiff or have been acquired from third parties.

The plaintiff is stated to have been founded in 2006 and till the recent sale of its mobile partnerships and application business in February, 2014, developed and distributed mobile application products and services through partnerships with handset manufactures and mobile network operators. The plaintiff offers its social and video ringtone mobile applications globally through mobile application stores.

In the instant case, the plaintiffs are alleging infringement of patent No.IN 200572 (hereinafter referred as IN '572) which is titled as 'a method and a device for making a handover decision in a mobile communication system'. It is alleged that the aforesaid invention is a method and device for making a handover decision in a mobile communication system comprising of at least one microcell (A, B, C) the coverage area of which is at least one mainly located within the coverage area of another cell (M) as shown herein below in the picture.

The method comprises of measuring at a mobile station, a radio signal transmitted by a base station of a microcell and reporting the measurement results at substantially regular intervals and commanding the mobile stations defined as slow moving mobile stations to switch to the base station of a suitable microcell. The application of this device has been explained with the help of following pictorial positions of a base tower in the context of a mobile handset.

The plaintiff has alleged that defendant ZTE Telecom Indian Private Limited is a private limited company incorporated under the laws of India and is wholly owned subsidiary of defendant. The defendant, ZTE Corporation, is a company incorporated under the laws of the People's Republic of China. It has been alleged that defendant Chinese company, is involved in the manufacturing and selling of telecommunications equipment and devices such as mobile handsets, dongles, tablets, infrastructure equipment and devices, etc. It is alleged that the defendants are infringing the suit patent of the plaintiffs by manufacturing, importing, selling, offering for sale infrastructure equipment including Base Station Controller examples of which are Base Station Controllers bearing Nos. ZTE ZXG10 iBSC and ZTE ZXG10- BSCV2. It is alleged that these infringing products are being installed and serviced by the defendants.

It is the case of the plaintiffs that the suit patent which was originally belonging to Nokia Corporation was assigned to them by a Confidential Patent Purchase Agreement dated 9.8.2012. The necessary documents showing the purchase/assignment of the aforesaid patent in favour of plaintiff were stated to have been placed on record, which are duly registered in countries where the deal was assigned and in some other countries. It is alleged that the plaintiffs have placed on record not only the documents in the form of leaflet, literature, brochure of defendant but also affidavit of a so-called expert person, who has examined the product of the defendants in the light of the patent of the plaintiffs and sworn that the two technologies are the same. It is alleged that analysis of this material will show that there is no marked difference between the technology by the defendant No.4 and the technology which is being used by the plaintiffs.

Issue:

1. Whether the plaintiffs are suffering irreparable loss on account of unhindered infringing material being brought, installed, sold, manufactured by defendant?
2. Should the injunction be granted in favour of plaintiffs due to alleged infringement?

Held:

Court stated that-

“This comparison prima facie, at this stage, cannot be done by the court as it essentially involves scientific evidence which needs great deal of specialized knowledge in telecommunications and experience as to how the cell phone technology functions. This can be opined by an expert, who has experience in the field of telecommunication and help the court in understanding the patent, its technology viz-a-viz the technology which has been adopted by the defendants. Therefore, the plaintiffs have to prima facie prove that the infringer is using the same technology which is patented by them and not the respondents. This onus is very heavy on the plaintiff to be discharged in the first instance. The plaintiffs must establish such acts as will prima facie satisfy the court that there are strong and prima facie reasons for acting on the supposition that the patent is valid.

Therefore, this one sentence in his affidavit that his opinion does not purport to be opinion on the Indian patent law completely, robs his opinion of any value which is sought to be attached to the same by the plaintiffs that their technology which is patented in the form of IN '572 is being infringed by the defendants. Moreover, the affidavit filed by the plaintiffs is in the nature of self favouring admission which is not relevant under Section 21 of the Evidence Act. The said Section makes self harming admissions relevant except in three contingencies which are mentioned in the proviso. Obviously, the case of the plaintiffs does not fall in any of these contingencies.

On the contrary, he only has a degree in business administration and his holding of different assignments and posts only shows that though he was employed by various telecommunications or computer companies, but the nature of work was essentially of a 'generalist', as a management consultant so as to boost the sales of a particular technology or a product rather than that of an expert in telecommunication. He has also not shown any special technical knowledge about the telecommunication or the technology in question and by simply stating that he has written books or research papers would not be good enough to term him an expert in the light of the fact that the opinion of an expert under Section 45 of the Evidence Act, 1872, is relevant.

A perusal of Rule 103 of the Patents Rules, 2003 would show that before a person is qualified to be claimed as a scientific advisor, he must fall in all the three categories which are as under:

- a) He holds a degree in science, engineering or technology or equivalent;
- b) He has at least fifteen years practical or research experience; and
- c) He holds or has held a responsible post in a scientific or technical department of the Central or State Government or in any organization.

The plaintiffs have not been able to make out a prima facie case, which is the first requirement before an injunction is granted in favour of the plaintiffs.

The court relied on decision in *Franz Xaver Huemer vs. New Yash Engineers*; AIR 1997 Delhi 79 has observed that a foreigner, who has registered patents in India and who has not kept them in use in India, thereby seriously affecting market and economy in India, cannot, in equity, seek temporary injunction against others from registering the use of patented device.

Court also stated that a party cannot be permitted to raise an argument which is not even pleaded. Rejoinder is an opportunity given to the plaintiffs for explanation, refutation, implication and not to set up a new case. In any case, even if these averments of the plaintiffs are taken on their face value, it becomes a debatable issue which needs to be adjudicated by the court but prima facie the balance of convenience does not turn out to be in favour of the plaintiffs or rather it turns out to be in favour of the defendants as any restraint on the defendants from manufacturing, selling or distributing the product which they are doing and which according to the plaintiffs is infringement of their patent, would cause harm to them.

If there is no complaint made by the licensee to the original patentee and similarly, no action was brought by the original patentee before assignment to the plaintiffs, it becomes an important fact which cannot be ignored. This becomes a triable issue as to whether the technology of the plaintiffs is being infringed or not by defendant and at this point of time, the court cannot assume that the technology of the plaintiffs is being infringed. Therefore, this also tilts the balance of convenience in favour of the defendants rather than the plaintiffs. On this score also, I must go in favour of the defendants and not in favour of the plaintiffs.

The third condition which must be satisfied before the plaintiffs are granted an injunction against the defendants is that it must establish that non-grant of ad interim injunction to the plaintiffs would result in irreparable loss to the plaintiffs. An irreparable loss is a loss which cannot be compensated in terms of money. Conversely meaning a loss which can be calculable in terms of money or for which money can be adequately compensated, can never be said to be an irreparable loss.

Court stated that the injunction which has been granted in favour of the plaintiffs vide order dated 3.2.2014 ought not to be continued in the instant case on account of the following reasons :-

- (i) That the plaintiffs have not been able to establish a prima facie case about the patent of the plaintiffs being violated by defendant Nos. 3 and 4 from the evidence which has been produced. Therefore, without permitting the parties to adduce evidence, this issue cannot be decided.
- (ii) That the balance of convenience is not in favour of the plaintiffs because the assignor/original patentee, namely, Nokia Telecommunication as well as the licensee to whom the patented technology has been given to be commercially exploited by the plaintiffs, have not chosen to complain about the use of the technology by defendant Nos. 3 and 4, either prior to the assignment or even after the grant of license.
- (iii) That the plaintiffs will not suffer an irreparable loss in case injunction granted stands vacated because the interest of the plaintiffs can be sufficiently protected by the directions passed by the Division Bench in F.A.O. No.573/2013 between the same parties. The conditions specified in the said order at serial No. (iii) to (vii) shall be mutatis mutandis applicable to the facts of the present case as well."

'Tirupati laddu' GI Status Controversy

The famed temple offering known as the "Tirupati laddu" was the subject of an application to the Geographical Indication Registry by the Tirumala Tirupati Devasthanams (hereafter TTD), the temple trust that oversees the richest temple in the world. They asserted that due to the rising demand for "Tirupati laddus," hawkers began making and offering laddus for sale at their own locations under the brand name. Since this practise has been flourishing for a long time, attempts by the TTD's Security and Vigilance division to put an end to it have failed. The TDD defended its request for GI status by arguing that granting the "Tirupati laddu" GI designation will assist reduce the issue since violators will be subject to penalty and punishment under the GI rules. Finally, the laddus were granted the status of GI.

The granting of GI status to the 'laddu' has drawn controversy and received harsh criticism. Many people have questioned the need to appropriate such religious symbols and have been unable to understand TDD's motivation. They contend that if the goal was just to protect the public from being duped by those selling fake laddus, this could have been accomplished by simply making it known that the authentic laddus can only be found inside the temple grounds and nowhere else. Grant of GI seemed to be totally unwarranted.

GIs serve as an appellation or indicator of the geographical origin of the product and are intended to benefit a community of regional producers. This would entail that anyone from Tirupati should be permitted to utilise GI on "Tirupati Laddu" as long as their laddu geographically originates in Tirupati and has the same delicacy and qualities distinctive from the laddu made by the temple trust. This is due to the fact that GIs, as opposed to trademarks and patents, are a communal right. No one person or trust may exercise monopoly power and assert ownership. The submission of applications by a single company is expressly prohibited. Since the TDD is a single entity and does not fairly represent or protect the interests of all laddus producers in Tirupati, this is one of the most important arguments against granting laddus the status of GI.

Additionally, a GI tag's main goal is to advance the economic well-being of local producers of goods. Contrary to this, one of the richest religious organisations in the world has been granted monopolistic rights to the word "Tirupati laddu" as a result of the GI registration of "Tirupati Laddus." While it is crucial to maintain product quality, it would not be appropriate to grant a single entity the rights to a name that has already been used by numerous independent producers over a long period of time. In reality, the GI application may be contested and declared invalid if a product name has devolved into a generic and is widely utilised outside of the country of origin.

A GI grants a region the sole right to use a name for a product with specified properties that are related to its unique location. In light of this, it is said that the "Tirupati laddu" is not deserving of GI classification because it, too, is produced from common ingredients like flour, sugar, butter, cardamom, and dry fruits. As a result, it doesn't have any distinguishing qualities that make it stand out from other laddus. It also doesn't have any special qualities related to Tirupati or the TDD that aren't present in other laddus that are made elsewhere.

It's interesting to note that Section 9(d) of the Act forbids the registration of a geographical indicator if doing so would harm any class of Indian residents' religious sensitivities. As a result, it is paradoxical to deny a request from a religious organisation on the pretext that doing so offends religious emotions. The public has vehemently opposed the famed "Tirupati Laddu" receiving GI status for the reasons indicated above and TDD economic motives were also suspected.

Since then, they have questioned the justification for the "Tirupati laddus" GI designation. This prompted an examination of TTD's application by the Controller General of Patents, Designs, and Trademarks. As a result, even though the application was submitted in March 2008 and the GI status is generally obtained within three to six months, in the instance of the "Tirupati laddu," the GI tag was not issued until September 2009.

In a debate on GIs in Parliament, Minister of State for Commerce Jairam Ramesh acknowledged before the Rajya Sabha that GI applications for items like "Tirupati laddus" and Krishna-Godavari gas, among others, were filed due to a lack of understanding of GIs.

It is obvious that the GI Registry disregarded his observation and continued to attach the GI tag to the "Tirupati Laddu." A scientist from Kerala challenged the granting of GI status to the "Tirupati laddu" through a writ case in the Supreme Court in October 2009, despite numerous requests that the GI Registry review suo motu its decision to do so. In addition to claims that the GI Act has been violated, he also raises concerns about "the prejudice caused to Article 25 of the Constitution" and the "potential devastation to the country."

In case of *R. S. Praveen Raj vs Tirumala Tirupati Devasthanams*, regarding GI tag granted to tirupati laddus , petitioners request to have the Geographical Indications (GI) designation against "Tirupati Laddu" removed was denied by the Geographical Indications (GI) Registry in Chennai. R. S. Praveen Raj, the applicant for rectification, was unable to demonstrate his locus standi or his interest in the registered good. The applicant did not challenge the correction application, according to the court. The tribunal has the right to impose costs in these conditions. Raj was given a month from the order's date to pay Rs 10,000 towards costs. Raj told Business Line that the case was submitted in the public interest and expressed disappointment that the tribunal did not take this into account.

Dassault Systems Solid Works Corp. vs. Spartan Engineering Ind. [CS](COMM) 34/2021 & I.A. 1042/2021

Facts:

The plaintiffs essentially seek injunction against the defendants directly or indirectly using, copying or otherwise dealing with pirated/unlicensed copies of the "SOLIDWORKS" software programme, in which the plaintiffs claim copyright, or its versions or any other software programmes developed by the plaintiffs which may infringe the copyright of Plaintiff's sister concern of M/s Dassault Systemes France and claims to have been established by the aforesaid French company to manage all its affairs with respect to the "SOLIDWORKS" software in India. Plaintiff is stated to be carrying on business in India through Plaintiff.

The “SOLIDWORKS” software is a computer aided design (CAD) software, aimed at modelling and simulating three dimensional (3D) solid products and is stated to cater to the aerospace, defence, automotive, transportation, consumer products and educational industries amongst others.

The “SOLIDWORKS” software programme is in the nature of a compact CAD and computer aided engineering (CAE) software which facilitates development of products in a 3D environment.

The software programme of the plaintiff, as well as the instruction manuals relating thereto are, in the submission of plaintiffs, “literary work” entitled to copyright protection. It is stated that these software programmes were developed by the employees of the plaintiffs for use by the plaintiffs and that, by application of the “work for hire” doctrine, the copyright therein belongs to the plaintiffs, as the employer of the employees who had developed the software.

Plaintiff is, therefore, according to the plaint, the copyright owner in the software programmes which are “works”, within the meaning of the Copyright Act, 1957.

Issue:

Whether the copyright of the software programme belongs to the plaintiffs and is infringed by the defendant?

Held:

Court held that-

“Software infringement is a serious issue, and deserves to be nipped in the bud.”

The Court issued an interim order in favour of Dassault preventing Spartan from using, duplicating, or disseminating any of Dassault’s illegal, unlicensed, or pirated software projects. Additionally, the decision ordered Spartan to format and delete any data that would facilitate the infringement of Dassault’s copyright. In this instance, the plaintiff submitted a tabulated statement that included the Media Access Control (MAC) address, the total number of events of infringement, and the dates of the first and last instances of infringement, as well as an exact copy of the data from its exit lead database to the infringement database portal. A party was charged with breaking both the licence and the end-user licence agreement by utilising the plaintiff’s software. The customer licence and online service agreement violated the plaintiff’s intellectual property rights in the programme. The court only awarded damages and an injunction to the plaintiff for the copyright infringement. Because of the illegal method he employed to allow the Solidworks programme to operate on the computers of people to whom he had distributed copies of the software illegally, the offender did not face additional damages or increased liabilities.

Mr. Anil Gupta and Anr. vs. Mr. Kunal Dasgupta and Ors. [97(2002) DLT 257] (Trade Secrets)

Facts:

The plaintiff claimed that he came up with the concept for creating a reality television show that would feature the process of matchmaking all the way through actual spouse selection, with genuine everyday people taking part in front of a television audience. The Plaintiff had created a unique idea for a television programme where a woman would have the power to choose her husband from among several potential partners. They even chose the name “Swayamvar” for the idea, knowing full well that many people would connect it with the notion of a woman choosing a husband in a public setting and that it would prompt an instantaneous recall and recognition of the mythical Swayamvar, giving the programme a head start.

The plaintiffs registered the relevant concept note for the copyright after coming up with this idea as a concept note, and the copyright was granted in 1997. When the plaintiffs met defendant no. 1 in 1998, they revealed sensitive information about the idea of a one-page “swayamvar,” and the defendant eagerly responded. But later in 2000, the plaintiff was astounded to discover the identical idea published in a newspaper story about the launch of the programme known as “Shubh Avivah’s” by defendant no. 2, which according to the plaintiffs, was akin to the idea they had conceived. Therefore, the plaintiffs went to court and requested the necessary injunctions against the defendants, citing the violation of their copy’s copyright.

Issues:

- 1) Can there be a copyright in an idea, subject matter, themes, and plots, which existed in the public domain?
- 2) Could there be a violation of copyright if the theme is the same as that which existed in the public domain but is presented and treated differently?

Held:

The Court held that the concept developed and evolved by the plaintiff was the result of the work done by the plaintiff upon the material, which may be available in the public domain. However, what made the concept confidential was the fact that the plaintiff had used his brain and thus produced a unique result applying the concept. The Court granted an injunction.

The effort to maintain secrecy may be undertaken through adoption of an appropriate policy, adequate documentation and legal instruments such as non-disclosure agreement. To prevent the misuse of trade secrets, it is generally a prudent business practice to enter into non-disclosure agreements. Trade secrets are considered the owner's property and therefore there is no rule of public interest, which invalidates an agreement that prevents their transfer against the owner's will.

The Indian Contract Act, 1872, provides a framework of rules and regulations governing the formation and performance of a contract in India. It deals with the legality of non-compete covenants and stipulates that an agreement, which restrains anyone from carrying on a lawful profession, trade or business, is void to that extent.

Agreement in restraint of trade is defined as the one in which a party agrees with any other party to restrict his liberty in the present or the future to carry on a specified trade or profession with other persons not parties to the contract without the express permission of the latter party in such a manner as he chooses. Negative covenants operative during the period of contract when the licensee is bound to serve the licensor exclusively are not regarded as restraint of trade and do not fall under Section 27 of the Act.

Section 27 of the Act implies that, to be valid, an agreement in restraint of trade must be reasonable as between the parties and consistent with the interest of the public. Recently, in an appeal (*Homag India Pvt. Ltd. vs. Mr. Ulfath Ali Khan and IMA AG Asia Pacific PTE. Ltd*) preferred against trial judge's order on appellant's application for temporary injunction in a suit filed to restrain the defendants from dealing or transacting in any manner utilizing Homag India's confidential information / trade secret.

Homag India's case was that, Mr. Ulfath Ali Khan had to maintain, as per the signed letter of appointment, confidentiality of the information of plaintiff's business both during the course of employment and also thereafter. He was not expected to take up employment with any competitor of Homag India for a period of one year after termination of his employment or resigning from services. But Mr Ulfath Ali Khan committed breach of the terms of employment by working for IMA AG Asia Pacific, more so when the services of Mr. Khan with the plaintiff was subsisting.

The trial judge dismissed the application for temporary injunction against IMA AG Asia Pacific on the ground that there was no privity of contract between the plaintiff and the second defendant. Karnataka High Court held that the absence of a contract (and its breach) between Homag India and the second defendant IMA AG Asia Pacific does not assume nonexistence of an actionable right. The court relied on the *Saltman Case Saltman Engineering Co Ltd vs. Campbell Engineering Co Ltd 1948 (65) RPC 203*, wherein it was held that-

The maintenance of secrecy, according to the circumstances in any given case, either rests on the principles of equity, that is to say the application by the court of the need for conscientiousness in the course of conduct, or by the common law action for breach of confidence, which is in effect a breach of contract.

Thus there are three sets of circumstances out of which proceedings may arise –

- Where an employee comes into possession of secret and confidential information, in the normal course of his work and either carelessly or deliberately passes that information to an unauthorized person.

- Where an unauthorized person (such as a new employee) incites such an employee to provide him with such confidential information; and
- Where, under a license for the use of know-how, a licensee is in breach of a condition, either expressed in any agreement or implied from conduct, to maintain secrecy in respect of such know-how and fails to do so.

The court took into account the materials relied upon by Homag India, in particular the letter of agreement and agreement of contract between the first and the second defendant, to prima facie establish that the second respondent IMA AG Asia Pacific has infringed the legal rights of the appellant Homag India.

Maharashtra Hybrid Seed Co and Anr vs. Union of India and Anr, on 9th January, 2015 (Protection of Plant Varieties and Farmers' Rights)

Issue:

Whether sale or disposal of hybrid seeds will amount to sale or otherwise disposal of the “propagating or harvested material” of the parent lines and consequently destroy their novelty under Section 15(3) (a) of the Act?

Held:

A) Whether Hybrid Seeds Obtained By Crossing Parent Lines Be “Propagating Or Harvested Material” Of the Parental Lines?

Petitioner: The hybrid seeds, obtained by crossing the parental lines, are distinct in traits and characteristics from the parent lines and cannot be considered as propagating or harvested material of the parental line varieties. It was contended that the propagating/harvested material of a variety will mean any part of a plant or seed, which is capable of regeneration into a plant having the same characteristics as that of the original plant. Since regeneration of hybrid seed will result in hybrid plant variety that is distinct from the parent line varieties (and not result in the parent lines), the hybrid seeds obtained by crossing of parent lines cannot be said to be “propagating or harvested material” of the parental lines.

Judgment: The expression “harvested material” has not been defined under the Act, but the expression “propagating material” has been defined under Section 2(r) of the Act and reads as under:- “(r) “propagating material” means any plant or its component or part thereof including an intended seed or seed which is capable of, or suitable for, regeneration into a plant;”

A plain reading of the aforesaid definition indicates that an intended seed or a seed which is capable of, or suitable for, regeneration into a plant will be a propagating material of the plant. In order to fall within the definition of the expression “propagating material” all that is required is that a seed or intended seed should be capable of, or suitable for, regeneration into a plant. The word “regeneration” means to germinate or to grow into a plant.

The expression “harvested material of such variety” includes all material that has been harvested from the plant. Accordingly, “the seeds are harvested from the parent lines; such seeds may not propagate the parental lines, but nonetheless, are harvested materials of those lines”. The Court, therefore, dismissed the petitioners’ argument viz., a hybrid seed does not fall within the definition of “propagating material” as it is incapable of regenerating any of the parent line varieties.

B) Whether Development And Sale Of Hybrid Seeds Amounts To Exploitation Of The Parental Lines?

Petitioner: It was submitted that the development and sale of hybrid seeds will not amount to exploitation of the parental lines. It was contended that the words “disposed of” as used in Section 15(3) of the Act, cannot be read in isolation and will not include self-use and ought to be read synonymous to ‘sale’. Further, the word “disposal” contemplates transferring of title from one party to another party. In the instant case, the title of parent lines were not parted with or transferred to third parties. Therefore, the sale of hybrid seeds will not amount to disposal of parent lines.

Judgment: Sale of the harvested material of varieties (like the hybrid seed which will not germinate into either of the parent varieties) amounts to “exploitation of such variety”. Further, “...admittedly, the petitioners sell and dispose of hybrid seeds. Since such seeds have been held to be propagating material/harvested material of the parent lines, the parent lines cannot be deemed to be novel under Section 15(3) (a) of the Act.

C) Effect of the Expression “Deemed”

Petitioner: Referring to similar statutes in US and EU, it was argued that the aforesaid statutes provide a legal fiction that the parent lines will be deemed to be or considered to be known if the hybrid was sold or otherwise disposed of. The Act doesn’t have a similar provision. Therefore, the parent lines cannot be considered to be known if the hybrid seeds were sold.

Judgment: The word “deemed” in the opening sentence of Section 15(3) of the Act must be read in the context of the legislative intent viz., a plant variety, the propagating material or harvested material of which is sold or otherwise disposed of will be precluded from being claimed as novel if sold/otherwise disposed of prior to the specified period. The argument comparing the Act and the EU & US statutes was thus negated.

D) Application of Mischief Rule

The Court applied the mischief rule of interpretation and held as follows:

“35. In my view, a plain reading of Section 15(3) of the Act would indicate that if the seeds of parent lines have been commercially sold, the breeders cannot claim the parent lines to be novel. As I see it, even if one was to consider that language of Section 15(3) of the Act was ambiguous on the issue, the same would have to be resolved against the petitioners. This is so because it is well settled that in case of ambiguity in the language of a statute, a purposive interpretation that furthers the intention of the Legislature must be adopted. The Legislative intent of the Act is to protect the rights of the farmers’ and plant breeders. India had ratified the TRIPS agreement and, therefore, was obliged to protect the intellectual property rights in certain plant varieties. The protection as envisaged under the Act is to provide certain exclusive rights for a specified period of time.....

In other words, the Parliament in its Legislative wisdom considered that providing exclusivity as specified under Section 24(6) of the Act was sufficient protection to the plant breeders. If the provisions of Section 15(3) of the Act are read in a manner as suggested by the petitioners, the effect would be to extend that period of protection many times over. In the first instance, a breeder would get protection in respect of the hybrid variety and assuming that there are two parent lines, the breeder could just before the expiry of the Registration Certificate. In respect of a hybrid variety, register one of the parent variety and thus, extend its period of exclusivity for a further period of 15/18 years because protection of even one parent line would practically ensure exclusive rights in relation to the hybrid variety. In the same manner, before expiry of the registration period of that parent line, the breeder could register the other parent line as a new variety. In this manner a breeder could extend the protection for a period up to maximum 45/54 years instead of 15/18 years as contemplated under the Act. Clearly, this is not the legislative intent of the Parliament.”

E) Reliance on Article 6(1) Of International Union for Protection of New Varieties of Plants (UPOV) Convention (1991)

Article 6(1) of the 1991 Act of the UPOV Convention contains words which are similar to Section 15(3) of the Act. The Administrative and Legal Committee of UPOV had earlier concluded in a similar dispute that the novelty of the parent lines was lost by commercial exploitation of its hybrid.

M/s Chembra Peak Estates Limited vs. State of Kerala & Others W P (Civil) No. 3022 of 2008 (I) (Bio-Diversity)

This is a matter in which the Kerala High Court directed the Revenue authorities to seek the opinion of the SBB regarding the ecological balance of the private coffee estate at Muttill in Wayanad before proceeding with the acquisition of the estate for setting up a mega food park. Justice T.R. Ramachandran Nair ordered that this should be completed within two months. The park was being set up by the Kerala Industrial Infrastructure Development Corporation (KINFRA) with funds the Union Government.

There were some very interesting arguments that were raised in the course of this PIL. The government pleader argued that the state government has got power (under Section 37) to declare an area as a 'biodiversity heritage site'. Since they had chosen not to do so, there can be no objection to any land acquisition of the area.

The court nonetheless made mention of Sections 23 and 24 of the BD Act. According to the court, Section 23 makes clear that it is amongst the functions of the SBB to advise the State Government on matters related to biodiversity conservation.

And as per Section 24, an SBB has the power to restrict certain activities in the state that might be going against the objectives of conservation. In the context, the court hinted that if the Government were to consider the inputs of the SBB on concerns of biodiversity conservation, the authorities may be compelled to reconsider the land acquisition of a biodiversity-rich area for commercial activities.

LESSON ROUND-UP

- 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.
- 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.
- A key subset of intangible assets is protected by what are labelled collectively as intellectual property rights (IPRs).
- On one hand, where businesses and their successful run is vital to the growth of economy; on the same hand, a structured set of IP protection helps in the advancement and development of businesses under a hassle free environs.
- Before understanding the regulatory regime of Intellectual Property domestically as well as internationally, let us understand the various types of Intellectual Property along with their origin and development.
- Copyrights protect original works of authorship, such as literary works, music, dramatic works, pantomimes and choreographic works, sculptural, pictorial, and graphic works, sound recordings, artistic works, architectural works, and computer software.
- With copyright protection, the holder has the exclusive rights to modify, distribute, perform, create, display, and copy the work.
- A trademark is a word, phrase, symbol, or design that distinguishes the source of products (trademarks) or services (service marks) of one business from its competitors. In order to qualify for patent protection, the mark must be distinctive. For example, the Nike "swoosh" design identifies athletic footwear made by Nike.

- A patent grants proprietary rights on an invention, allowing the patent holder to exclude others from making, selling, or using the invention. Inventions allow many businesses to be successful because they develop new or better processes or products that offer competitive advantage on the marketplace.
 - Art, process, method or manner of manufacture;
 - Machine, apparatus or other article;
 - Substance produced by manufacture, and includes any new and useful improvement of any of them, and an alleged invention.
- 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.
- 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.
- 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.”
- 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.
- In order to have a comprehensive legislation for registration and for providing adequate protection to geographical indications and accordingly the Parliament has passed 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 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 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.

GLOSSARY

Intellectual property (IP) - It 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 rights protect the interests of creators by giving them property rights over their creations.

Copyright - It 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.

Computer programme - It 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.

Trademark - A trademark is a word, phrase, symbol, or design that distinguishes the source of products (trademarks) or services (service marks) of one business from its competitors. In order to qualify for protection, the mark must be distinctive.

Patent - A patent grants proprietary rights on an invention, allowing the patent holder to exclude others from making, selling, or using the invention. Inventions allow many businesses to be successful because they develop new or better processes or products that offer competitive advantage on the marketplace.

Invention - As per the Patents Act, 1970, it includes the new product as well as new process.

Design - It means features of shape, pattern, configuration, ornaments or composition of colors or lines which is applied in three dimensional or two dimensional or in both the forms using any of the process whether manual, chemical, mechanical, separate or combined which in the finished article appeal to or judged wholly by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device.

Utility model - 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.

Trade Secrets - It is confidential business information that provides competitive edge to an enterprise. 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.

Geographical Indication (GI) - It is a tag or sign used on products for indicating their specific place of origin. It specifies the characteristics, qualities and reputation assumed to be in the product because of its linkage to a particular geographical location.

Bio-diversity - 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.

TEST YOURSELF

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

1. Write a brief note discussing the relativity between Intellectual Property and Business.
2. '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 the light of this statement, write down a brief note on the recent development taken place in the regulatory regime of Intellectual Property in India.
3. What are points one should consider while adopting a Trademark?
4. Discuss the process for the enforcement of Patent Rights.
5. Write a short note on with relevant cases and examples.
 - Patent
 - Copyright
 - Geographical Indications
 - Trademark
 - Bio-Diversity.

LIST OF FURTHER READINGS

- Mc John, S. M. (2019). Intellectual Property. New York: Wolters Kluwer.
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- <https://www.cbd.int/doc/articles/2002-/A-00308.pdf>
- <https://ipindia.gov.in/patents.htm>
- <https://ipindia.gov.in/designs.htm>
- <https://ipindia.gov.in/gi.htm>
- https://ipindia.gov.in/writereaddata/Portal/Images/pdf/National_IPR_Policy_English.pdf
- <https://plantaauthority.gov.in/>

KEY CONCEPTS

- Intellectual property ■ Paris Convention ■ Berne Convention ■ WIPO ■ PCT ■ TRIPS ■ UCC ■ UNESCO
- National Treatment ■ Contracting States

Learning Objectives

To understand:

- The dual nature of intellectual property, i.e. national and international dimensions.
- The frame work governing the protection of IP, national laws, regulations and international treaties.
- The role of various consolidated international treaties, conventions, organization in providing protection to the Intellectual Property rights.
- The important international instruments and related concepts.
- The leading International Instruments and Institutions pertaining Intellectual Property Rights and their impact on the Indian laws governing to the Intellectual Property Rights.

Lesson Outline

- Introduction
- International Instruments
- The Berne Convention
- Universal Copyright Convention
- The Paris Convention
- Patent Co-operation Treaty
- TRIPS Agreement
- The World Intellectual Property Organization(WIPO)
- UNESCO
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References (Including Websites / Video Links)

INTRODUCTION

Intellectual property has a dual nature, i.e. it has both a national and international dimension. For instance, patents are governed by national laws and rules of a given country, while international conventions on patents ensure minimum rights and provide certain measures for enforcement of rights by the contracting states. Strong protection for intellectual property rights (IPR) worldwide is vital to the future economic growth and development of all countries. Since they create common rules and regulations, international IPR treaties, in turn, are essential to achieving the robust intellectual property protection that spurs global economic expansion and the growth of new technologies.

List of some leading Instruments concerning Intellectual Property Rights is as below:

1. The Paris Convention for the Protection of Industrial Property (1883)
2. The Berne Convention for the Protection of Literary and Artistic Works (1886)
3. The WIPO Copyright Treaty (WCT)
4. The Patent Cooperation Treaty (PCT)
5. Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure
6. The Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement
7. The Hague Agreement Concerning the International Deposit of Industrial Designs
8. The Trademark Law Treaty (TLT)
9. The Patent Law Treaty (PLT)
10. Treaties on Classification
11. Special Conventions in the Field of Related Rights: The International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (“the Rome Convention”)
12. Other Special Conventions in the Field of Related Rights
13. The WIPO Performances and Phonograms Treaty (WPPT)
14. The International Convention for the Protection of New Varieties of Plants
15. The Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”) and WIPO-WTO Cooperation.

INTERNATIONAL INSTRUMENTS

S.No.	International Instrument	Summary
1	The Paris Convention for the Protection of Industrial Property, 1883	The Paris Convention for the Protection of Industrial Property, signed in Paris, France, on 20 March 1883, was one of the first intellectual property treaties. It established a Union for the protection of industrial property. The Convention is still in force. The substantive provisions of the Convention fall into three main categories: national treatment, priority right and common rules.

S.No.	International Instrument	Summary
2	The Berne Convention for the Protection of Literary and Artistic Works, 1886	The Berne Convention, adopted in 1886, deals with the protection of works and the rights of their authors. It provides creators such as authors, musicians, poets, painters etc. with the means to control how their works are used, by whom, and on what terms. It is based 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 that want to make use of them.
3	The WIPO Copyright Treaty (WCT) Signed 1996, Effective 2002	The WIPO Copyright Treaty (WCT) is a special agreement under the Berne Convention which deals with the protection of works and the rights of the authors in the digital environment. In addition to the rights recognized by the Berne Convention, certain economic rights are also granted. The Treaty also deals with two subject matters to be protected by copyright: <ul style="list-style-type: none"> (i) computer programs, whatever the mode or form of their expression; and (ii) compilations of data or other material (“databases”).
4	The Patent Cooperation Treaty (PCT), 1970	The Patent Cooperation Treaty (PCT) 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. Such an application may be filed by anyone who is a national or resident of a PCT Contracting State. It may generally be filed 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.
5	Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, 1977	Adopted in 1977, the Budapest Treaty concerns a specific topic in the international patent process: microorganisms. All states party to the Treaty are obliged to recognize microorganisms deposited as a part of the patent procedure, irrespective of where the depository authority is located. In practice this means that the requirement to submit microorganisms to each and every national authority in which patent protection is sought no longer exists.
6	The Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement, 1891	The Madrid System for the International Registration of Marks is governed by two treaties: <p>The Madrid Agreement, concluded in 1891 and revised at Brussels (1900), Washington (1911),</p> <p>The Hague (1925), London (1934), Nice (1957) and Stockholm (1967), and amended in 1979, and The Protocol relating to that Agreement, concluded in 1989, which aims to make the Madrid system more flexible and more compatible with the domestic legislation of certain countries or intergovernmental organizations that had not been able to accede to the Agreement.</p> <p>States and organizations party to the Madrid system are collectively referred to as Contracting Parties.</p>

S.No.	International Instrument	Summary
		The system makes it possible to protect a mark in a large number of countries by obtaining an international registration that has effect in each of the designated Contracting Parties.
7	The Hague Agreement Concerning the International Deposit of Industrial Designs, 1925	<p>The Hague Agreement Concerning the International Deposit of Industrial Designs, also known as the Hague system provides a mechanism for registering an industrial design in several countries by means of a single application, filed in one language, with one set of fees. The system is administered by WIPO.</p> <p>The Hague Agreement consists of several separate treaties, the most important of which are: the Hague Agreement of 1925, the London Act of 2 June 1934, the Hague Act of 28 November 1960 (amended by the Stockholm Act), and the Geneva Act of 2 July 1999.</p> <p>The original version of the Agreement (the 1925 Hague version) is no longer applied, since all states parties signed up to subsequent instruments. The 1934 London Act formally applied between a London act states that did not sign up to the Hague and/or Geneva Act in relation with other London act states until October 2016. Since 1 January 2010, however, the application of this act had already been frozen.</p>
8.	Trademark Law Treaty (TLT), 1994	The aim of the Trademark Law Treaty (TLT) is to standardize and streamline national and regional trademark registration procedures. This is achieved through the simplification and harmonization of certain features of those procedures, thus making trademark applications and the administration of trademark registrations in multiple jurisdictions less complex and more predictable.
9.	The Patent Law Treaty (PLT), 2000	The Patent Law Treaty (PLT) was adopted in 2000 with the aim of harmonizing and streamlining formal procedures with respect to national and regional patent applications and patents and making such procedures more user friendly. With the significant exception of filing date requirements, the PLT provides the maximum sets of requirements the office of a Contracting Party may apply.
10.	Treaties on Classification, 1957	As early as the nineteenth century, it was recognized that in all the major fields of industrial property — patents, trademarks and industrial designs — it was essential to create classification systems. The reasons were, immediately, administrative order for handling and registration within national industrial property offices, and, progressively thereafter, organized documentation to create conditions for easier retrieval, examination and other search procedures, and the need for harmonization on an international scale, in order to facilitate and further promote growing international cooperation in these fields. Although the International Patent Classification (IPC) was among the later classification agreements to be signed, it is dealt with below as the first, to reflect its particular worldwide importance, its long antecedents and the volume of documentation that it has generated.

S.No.	International Instrument	Summary
11.	Special Conventions in the Field of Related Rights: The International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (“the Rome Convention”), 1961	The Rome Convention secures protection in performances for performers, in phonograms for producers of phonograms and in broadcasts for broadcasting organizations. WIPO is responsible for the administration of the convention jointly with the International Labour Organization (ILO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO).
12.	Other Special Conventions in the Field of Related Rights, (1971, 1974)	<p>Besides the Rome Convention of 1961, a basic legal instrument discussed in the previous section, two other international instruments have been drawn up with regard to certain related rights. These are the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, concluded in Geneva in October 1971 and generally referred to as “the Phonograms Convention,” and the Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite, concluded in Brussels in May 1974 and known briefly as “the Satellites Convention.” These two Conventions are also within the area of related rights, and their purpose is to protect producers of phonograms and broadcasting organizations, respectively, against certain prejudicial acts that have been widely recognized as infringements or acts of piracy.</p> <p>With regard to the Rome Convention, the Phonograms Convention and the Satellites Convention may be regarded as special agreements, the conclusion of which is reserved for Contracting States insofar as the agreements grant to performers, producers of phonograms or broadcasting organizations more extensive rights than those granted by the Rome Convention, or contain other provisions not contrary to that Convention (Article 22 of the Rome Convention).</p>
13.	The WIPO Performances and Phonograms Treaty (WPPT), 1980	<p>The WIPO Diplomatic Conference on Certain Copyright and Neighboring Rights Questions, held in Geneva in December 1996, adopted two treaties: the WIPO Copyright Treaty (the third section dealt with in this chapter) and the WIPO Performances and Phonograms Treaty (WPPT).</p> <p>In view of the technological developments of the 1980s, as also in the field of copyright, it was recognized that guidance in the form of recommendations, guiding principles and model provisions would no longer suffice, and that binding new norms were indispensable. The WCT and the WPPT were prepared in parallel at the same Diplomatic Conference.</p>
14.	The International Convention for the Protection of New Varieties of Plants, 1961	<p>The International Union for the Protection of New Varieties of Plants (UPOV) is an intergovernmental organization with headquarters in Geneva (Switzerland).</p> <p>UPOV was established by the International Convention for the Protection of New Varieties of Plants. The Convention was adopted in Paris in 1961 and it was revised in 1972, 1978 and 1991.</p>

S.No.	International Instrument	Summary
		<p>UPOV's mission is to provide and promote an effective system of plant variety protection, with the aim of encouraging the development of new varieties of plants, for the benefit of society.</p>
15.	<p>The Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS") and WIPO-WTO Cooperation, 1994</p>	<p>Uruguay Round Agreement: TRIPS Trade- Related Aspects of Intellectual Property Rights.</p> <p>The TRIPS Agreement is Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, signed in Marrakesh, Morocco on 15 April 1994.</p> <p>Desiring to reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade.</p> <p>Recognizing, to this end, the need for new rules and disciplines concerning:</p> <ul style="list-style-type: none"> (a) the applicability of the basic principles of GATT 1994 and of relevant international intellectual property agreements or conventions; (b) the provision of adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights; (c) the provision of effective and appropriate means for the enforcement of trade-related intellectual property rights, taking into account differences in national legal systems; (d) the provision of effective and expeditious procedures for the multilateral prevention and settlement of disputes between governments; and (e) transitional arrangements aiming at the fullest participation in the results of the negotiations. <p>Recognizing the need for a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods.</p> <p>Recognizing that intellectual property rights are private rights.</p> <p>Recognizing the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives.</p> <p>Recognizing also the special needs of the least- developed country Members in respect of maximum flexibility in the domestic implementation of laws and regulations in order to enable them to create a sound and viable technological base.</p>

S.No.	International Instrument	Summary
		<p>Emphasizing the importance of reducing tensions by reaching strengthened commitments to resolve disputes on trade-related intellectual property issues through multilateral procedures.</p> <p>Desiring to establish a mutually supportive relationship between the WTO and the World Intellectual Property Organization (referred to in this Agreement as “WIPO”) as well as other relevant international organizations.</p>

THE BERNE CONVENTION

The Berne Convention deals with the protection of works and the rights of their authors. It is based 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 that want to make use of them.

- (1) The three basic principles are the following:
 - (a) Works originating in one of the Contracting States (that is, works the author of which is a national of such a State or works first published in such a State) must be given the same protection in each of the other Contracting States as the latter grants to the works of its own nationals (principle of “national treatment”).

Under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), the principles of national treatment, automatic protection and independence of protection also bind those World Trade Organization (WTO) Members not party to the Berne Convention. In addition, the TRIPS Agreement imposes an obligation of “most-favored-nation treatment”, under which advantages accorded by a WTO Member to the nationals of any other country must also be accorded to the nationals of all WTO Members. It is to be noted that the possibility of delayed application of the TRIPS Agreement does not apply to national treatment and most-favored obligations.
 - (b) Protection must not be conditional upon compliance with any formality (principle of “automatic” protection).
 - (c) Protection is independent of the existence of protection in the country of origin of the work (principle of “independence” of protection). If, however, a Contracting State provides for a longer term of protection 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.
- (2) The minimum standards of protection relate to the works and rights to be protected, and to the duration of protection:
 - (a) As to works, protection must include “every production in the literary, scientific and artistic domain, whatever the mode or form of its expression” [Article 2(1) of the Convention].
 - (b) Subject to certain allowed reservations, limitations or exceptions, the following are among the rights that 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, dramatic-musical and musical works,
 - the right to recite literary works in public,
 - the right to communicate to the public the performance of such works,

- the right to broadcast (with the possibility that a Contracting State may provide for a mere right to equitable remuneration instead of a right of authorization),
- the right to make reproductions in any manner or form (with the possibility that a Contracting State may permit, in certain special cases, reproduction without authorization, provided that the reproduction does not conflict with the normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author; and the possibility that a Contracting State may provide, in the case of sound recordings of musical works, for a right to equitable remuneration),
- 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. Under the TRIPS Agreement, an exclusive right of rental must be recognized in respect of computer programs and, under certain conditions, audiovisual works.

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, deformation or other modification of, or other derogatory action in relation to, the work that would be prejudicial to the author’s honor or reputation.

- (c) As to the 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 or her 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 the work. Under the TRIPS Agreement, any term of protection that is calculated on a basis other than the life of a natural person must be at least 50 years from the first authorized publication of the work, or – failing such an event – 50 years from the making of the work. However, this rule does not apply to photographic works, or to works of applied art.
- (3) The Berne Convention allows certain limitations and exceptions on economic rights, that is, cases in which protected works may be used without the authorization of the owner of the copyright, and without payment of compensation. These limitations are commonly referred to as “free uses” of protected works, and are set forth in Articles 9(2) (reproduction in certain special cases), 10 (quotations and use of works by way of illustration for teaching purposes), 10bis (reproduction of newspaper or similar articles and use of works for the purpose of reporting current events) and 11bis (3) (ephemeral recordings for broadcasting purposes).
- (4) The Appendix to the Paris Act of the Convention also permits developing countries to implement non-voluntary licenses for translation and reproduction of works in certain cases, in connection with educational activities. In these cases, the described use is allowed without the authorization of the right holder, subject to the payment of remuneration to be fixed by the law.

The Berne Union has an Assembly and an Executive Committee. Every country that is a member of the Union and 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 establishment of the biennial program and budget of the WIPO Secretariat – as far as the Berne Union is concerned – is the task of its Assembly.

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 is open to all States. Instruments of ratification or accession must be deposited with the Director General of WIPO. WTO Members, even those not party to the Berne Convention, must comply with the substantive law provisions of the Berne Convention, except that WTO Members not party to the Convention are not bound by the moral rights provisions of the Convention.

UNIVERSAL COPYRIGHT CONVENTION

The Universal Copyright Convention (UCC), adopted in Geneva, Switzerland, in 1952, is one of the two principal international conventions protecting copyright; the other is the Berne Convention.

The Universal Copyright Convention of 1952 provides a simple and ingenious solution to this problem. It prescribes that the formalities required by the national law of a contracting state shall be considered to be satisfied if all the copies of a work originating in another contracting state carry the symbol ©, accompanied by the name of the copyright owner and the year of first publication.

If it were to be as universal as its title claims, the Convention not only had to recognize copyright as a human right but also to act as a kind of bridge between the world's different legal and social systems. As an attempt to devise a legal common denominator which would foster respect for the rights of creators and also encourage the international circulation of literary, scientific and artistic works, the UCC had a dual thrust.

Before the Second World War, steps had already been taken to remedy the paradoxical situation whereby the United States was cut off, legally speaking, from the countries of Europe and Asia which since 1886 had become signatories to the Berne Convention – the International Convention for the Protection of Literary and Artistic Works.

The UCC was developed by United Nations Educational, Scientific and Cultural Organization (UNESCO) as an alternative to the Berne Convention for those states which disagreed with aspects of the Berne Convention, but still wished to participate in some form of multilateral copyright protection. These states included developing countries as well as the United States and most of Latin America. The former thought that the strong copyright protections granted by the Berne Convention overly benefited Western, developed, copyright-exporting nations, whereas the latter two were already members of the Buenos Aires Convention, a Pan-American copyright convention that was weaker than the Berne Convention. The Berne Convention states also became party to the UCC, so that their copyrights would exist in non-Berne convention states. In 1973, the Soviet Union joined the UCC.

The United States only provided copyright protection for a fixed, renewable term, and required that in order for a work to be copyrighted it must contain a copyright notice and be registered at the Copyright Office. The Berne Convention, on the other hand, provided for copyright protection for a single term based on the life of the author, and did not require registration or the inclusion of a copyright notice for copyright to exist. Thus the United States would have to make several major modifications to its copyright law in order to become a party to it. At the time the United States was unwilling to do so. The UCC thus permits those states which had a system of protection similar to the United States for fixed terms at the time of signature to retain them. Eventually the United States became willing to participate in the Berne convention, and change its national copyright law as required. In 1989 it became a party to the Berne Convention as a result of the Berne Convention Implementation Act of 1988.

Under United States law authors could only be protected if they carried out certain administrative formalities such as registering their work with the US Copyright Office. This legislation had affinities with that relating to industrial property, which only recognized an inventor's rights if his or her invention had been registered. This requirement stood in the way of the United States' accession to the Berne Convention, which enshrines the principle that a work is protected purely by virtue of its creation.

There was thus no legal mechanism whereby a work originating in the United States could be protected in Japan or in the countries of Western Europe, or whereby a work originating in the latter countries could be protected in the United States except when the requirements of American law were observed.

Ratified by the United States and by almost all the states parties to the Berne Convention, the UCC has successfully served its purpose as a pathway of communication between different legal systems, while also improving the international protection of intellectual works.

Under the Second Protocol of the Universal Copyright Convention (Paris text), protection under U.S. copyright law is expressly required for works published by the United Nations, by UN specialized agencies and by the Organization of American States (OAS). The same requirement applies to other contracting states as well.

Berne Convention states were concerned that the existence of the UCC would encourage parties to the Berne Convention to leave that convention and adopt the UCC instead. So the UCC included a clause stating that parties which were also Berne Convention parties need not apply the provisions of the Convention to any former Berne Convention state which renounced the Berne Convention after 1951. Thus any state which adopts the Berne Convention is penalised if it then decides to renounce it and use the UCC protections instead, since its copyrights might no longer exist in Berne Convention states.

The creators of the UCC set themselves another goal in relation to the universality asserted by its title. They wished to anticipate and provide for the prospect following the Second World War of a considerable increase in the number of sovereign states as a consequence of decolonization. Legal norms for the protection of authors should be sufficiently flexible and open to accommodate states at different stages of development, or states belonging to different economic and social systems. These norms could thus not be as precise and restrictive as those of the Berne Convention, while nevertheless providing sufficient recognition of authors' rights.

The 1952 Convention satisfies these two conditions. Its protective norms are expressed in the form of general principles which can be given different shades of interpretation depending on the specific identity of each state. The Convention limits the term of protection of copyright to twenty-five years after an author's death, thus permitting the accession of the USSR. But correlatively the Convention provides for the works of the citizens of each contracting state the same protection in other contracting states as it does for the works of authors belonging to those states. The prohibition of any discrimination in a given state between authors who are nationals of that state and foreign authors who may invoke the Convention is evidence of a universal concept of the protection of intellectual works.

Article 3 of convention states that-

1. Any Contracting State which, under its domestic law, requires as a condition of copyright, compliance with formalities such as deposit, registration, notice, notarial certificates, payment of fees or manufacture or publication in that Contracting State, shall regard these requirements as satisfied with respect to all works protected in accordance with this Conventions and first published outside its territory and the author of which is not one of its nationals, if from the time of the first publication all the copies of the work published with the authority of the author or other copyright proprietor bear the symbol © accompanied by the name of the copyright proprietor and the year of first publication place din such manner and location as to give reasonable notice of claim of copyright.
2. The provisions of paragraph 1 of this article shall not preclude any Contracting State from requiring formalities or other conditions for the acquisition and enjoyment of copyright in respect of works first published in its territory or works of its nationals wherever published.
3. The provisions of paragraph 1 of this article shall not preclude any Contracting State from providing that a person seeking judicial relief must, in bringing the action, comply with procedural requirements, such as the complainant must appear through domestic counsel or that the complainant must deposit with the court or an administrative office, or both, a copy of the work involved in the litigation; provided that failure to comply with such requirements shall not affect the validity of the copyright, nor shall any such requirement be imposed upon a national of another Contracting State if such requirement is not imposed on nationals of the State in which protection is claimed.
4. In each Contracting State there shall be legal means of protection without formalities the unpublished works of national of other Contracting states.

5. If a Contracting State grants protection for more than one term of copyright and the first term is for a period longer than one of the minimum periods prescribed in Article IV, such State shall not be required to comply with the provisions of paragraph 1 of this Article III in respect of the second or any subsequent term of copyright.

Article 4 of convention states that -

1. The duration of protection of a work shall be governed, in accordance with the provisions of Article II and this article, by the law of the Contracting State in which protection is claimed.
2. The term of protection for works protected under this Conventions shall not be less than the life of the author and twenty-five years after his death.

However, any Contracting State which, on the effective date of this Conventions in that State, has limited this term for certain classes of works to period computed from the first publication of the work, shall be entitled to maintain these exceptions and to extend them to other classes of works. For all these classes the term of protection shall not be less than twenty-five years from the date of the first publication.

Any Contracting State which, upon the effective date of this Convention in that State, does not compute the term of protection upon the basis of the life of the author, shall be entitled to compute the term of protection from the date of the first publication of the work or from its registration prior to publication, as the case may be, provided the term of protection shall not be less than twenty-five years from the date of first publication, as the case may be, provided the term of protection shall not be less than twenty-five years from the date of first publication or from its registration prior to publication, as the case may be.

If the legislation of a Contracting State grants two or more successive terms or protection, the duration of the first shall not be less than one of the minimum periods specified above.

3. The provisions of paragraph 2 of this article shall not apply to photographic works or to works of applied art; provided, however, that the term of protection in thos Contracting States which protect photographic works, or works of applied art in so far as they protected as artistic works, shall not be less than ten years for each of said classes of works.
4. No Contracting state shall be obliged to grant protection to a work for a period longer than that fixed for the class of works to which the work in question belongs, in the case of unpublished works by the law of the Contracting State of which the author is a national, and in the case of published works by the law of the Contracting State in which the work has been first published. For the purposes of the application of the preceding provision, if the law of any Contracting State grants two or more successive terms of protection, the period of protection of that State shall be considered to be the aggregate of those terms. However, if a specified work is not protected by such State during the second or any subsequent term for any reason, the other Contracting States shall not be obliged to protect it during the second or any subsequent term.
5. For the purposes of the application of paragraph 4 of this article, the work of a national of a Contracting State, first published in a non-Contracting State, shall be treated as though first published in the Contracting State of which the author is a national.
6. For the purposes of the application of paragraph 4 of this article, in case of simultaneous publication in two or more Contracting States, the work shall be treated as though first published in the State which affords the shortest term; any work published in two or more Contracting States within thirty days of its first publication shall be considered as having been published simultaneously in said Contracting States.

The 1952 Convention created a legal structure which could accommodate the United States, the USSR, the industrially developed countries and the developing countries. It also influenced its predecessor, the Berne

Convention. Fruitful cooperation led to the closer alignment of the two Conventions, which were revised in 1971. This revision gave concrete form to the twofold movement initiated in 1952 by the UCC: furtherance of the legal rights of creators and acknowledgement of the specific needs of developing countries.

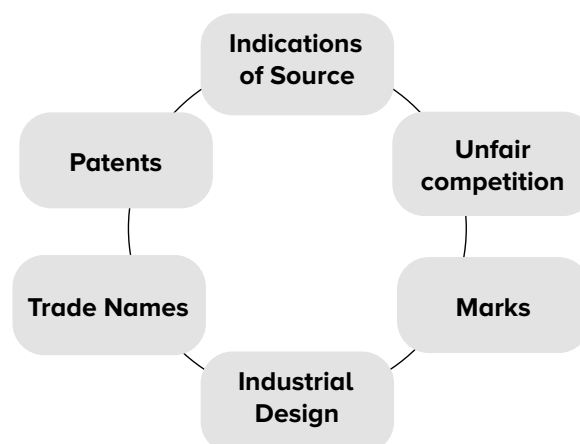
Since almost all countries are either members or aspiring members of the World Trade Organization (WTO), and are thus conforming to the Agreement on Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPS), the UCC has lost significance.

THE PARIS CONVENTION

The Paris Convention applies to industrial property in the widest sense, including patents, trademarks, industrial designs, utility models (a kind of “small-scale patent” provided for by the laws of some countries), service marks, trade names (designations under which an industrial or commercial activity is carried out), geographical indications (indications of source and appellations of origin) and the repression of unfair competition.

The substantive provisions of the Convention fall into three main categories: national treatment, right of priority, common rules.

- (1) 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 other Contracting States that 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.
- (2) The Convention provides for the right of priority in the case of patents (and utility models where they exist), marks and industrial designs. This right means 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. These subsequent applications will be regarded as if they had been filed on the same day as the first application. In other words, they will have priority (hence the expression “right of priority”) over applications filed by others during the said period of time for the same invention, utility model, mark or industrial design. Moreover, these subsequent applications, being based on the first application, will not be affected by any event that takes place in the interval, such as the publication of an invention or the sale of articles bearing a mark or incorporating an industrial design. One of the great practical advantages of this provision is that applicants seeking protection in several countries are not required to present all of their applications at the same time but have 6 or 12 months to decide in which countries they wish to seek protection, and to organize with due care the steps necessary for securing protection.
- (3) The Convention lays down a few common rules that all Contracting States must follow. The most important are:



- a. **Patents** - Patents granted in different Contracting States for the same invention are independent of each other: the granting of a patent in one Contracting State does not oblige other Contracting States to grant a patent; 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.

The inventor has the right to be named as such in the patent.

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.

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 under certain conditions. A compulsory license (a license not granted by the owner of the patent but by a public authority of the State concerned), based on failure to work or insufficient working of the patented invention, may only be granted pursuant to a request filed after three years from the grant of the patent or four years from the filing date of the patent application, and it must be refused if the patentee gives legitimate reasons to justify this inaction. Furthermore, 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.

- b. **Marks**- The Paris Convention does not regulate the conditions for the filing and registration of marks which are determined in each Contracting State by 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 effected in the country of origin. The registration of a mark obtained in one Contracting State is independent of its possible registration in any other country, including the country of origin; consequently, the lapse or annulment of the registration of a mark in one Contracting State will not affect the validity of the registration in other Contracting States.

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. Nevertheless, registration may be refused in well-defined cases, such as where the mark would infringe the acquired rights of third parties; where it is devoid of distinctive character; where it is contrary to morality or public order; or where it is of such a nature as to be liable to deceive the public.

If, in any Contracting State, the use of a registered mark is compulsory, the registration cannot be canceled for non-use until after a reasonable period, and then only if the owner cannot justify this inaction.

Each Contracting State must refuse registration and prohibit the use of marks that constitute a reproduction, imitation or translation, liable to create confusion, of a mark used for identical and similar goods and considered by the competent authority of that State to be well known in that State and to already belong to a person entitled to the benefits of the Convention.

Each Contracting State must likewise refuse registration and prohibit the use of marks that 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. The same provisions apply to armorial bearings, flags, other emblems, abbreviations and names of certain intergovernmental organizations.

Collective marks must be granted protection.

- c. **Industrial Designs** - Industrial designs must be protected in each Contracting State, and protection may not be forfeited on the ground that articles incorporating the design are not manufactured in that State.
- d. **Trade Names** - Protection must be granted to trade names in each Contracting State without there being an obligation to file or register the names.
- e. **Indications of Source**- Measures must be taken by each Contracting State against direct or indirect use of a false indication of the source of goods or the identity of their producer, manufacturer or trader.
- f. **Unfair competition**- Each Contracting State must provide for effective protection against unfair competition.

The Paris Union, established by the Convention, has an Assembly and an Executive Committee. Every State that is a member of the Union and 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 establishment of the biennial program and budget of the WIPO Secretariat – as far as the Paris Union is concerned – is the task of its Assembly.

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 was amended in 1979.

The Convention is open to all States. Instruments of ratification or accession must be deposited with the Director General of WIPO.

PATENT CO-OPERATION TREATY

The Patent Cooperation Treaty (PCT) 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. Such an application may be filed by anyone who is a national or resident of a PCT Contracting State. It may generally be filed 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 party to the European Patent Convention, the Harare Protocol on Patents and Industrial Designs (Harare Protocol), the Bangui Agreement, or the Eurasian Patent Convention, the international application may also be filed with the European Patent Office (EPO), the African Regional Intellectual Property Organization (ARIPO), the African Intellectual Property Organization (OAPI) or the Eurasian Patent Office (EAPO), respectively.

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

Filing a PCT application has the effect of automatically designating all Contracting States bound by the PCT on the international filing date. The effect of the international application is the same in each designated State as if a national patent application had been filed with the national patent office of that State.

The international application is subjected to an international search. That search is carried out by one of the competent International Searching Authorities (ISA) under the PCT and 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. In addition, a preliminary and non-binding written opinion on whether the invention appears to meet patentability criteria in light of the search report results is also issued.

The international search report and written opinion are communicated to the applicant who, after evaluating their content, may decide to withdraw the application, in particular where the content of the report and opinion suggests that the granting of patents is unlikely, or the applicant may decide to amend the claims in the application.

If the international application is not withdrawn, it is published by the International Bureau, together with the international search report. At the same time, the written opinion is made available on PATENTSCOPE.

Before the expiration of 22 months from the priority date, the applicant has the option to request a Supplementary International Searching Authority (SISA) (an ISA willing to offer this service) to carry out an additional search of relevant documentation, specifically focusing on documents in the particular language in which that authority specializes. The goal of this additional search is to reduce the likelihood of further documents coming to light in the national phase that would make granting the patent unlikely.

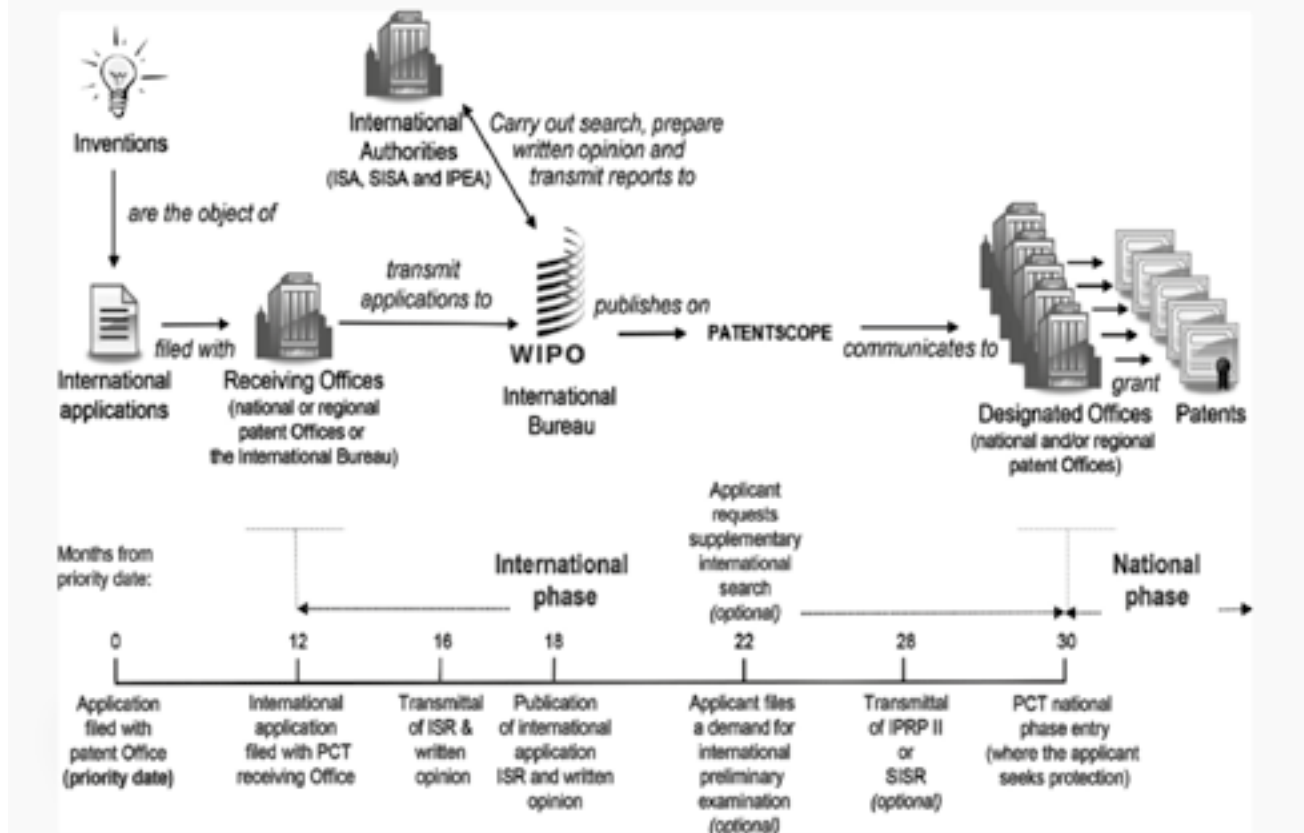
An applicant that decides to continue with the international application with a view to seeking national (or regional) patents can, in relation to most Contracting States, wait until the end of the thirtieth month from the priority date to commence the national procedure before each designated office by furnishing a translation (where necessary) of the application into the official language of that office, paying to it the necessary fees and acquiring the services of local patent agents.

If the applicant wishes to make amendments to the application – for example, in order to address documents identified in the search report and conclusions made in the written opinion – and to have the potential patentability of the “as-amended” application reviewed – an optional international preliminary examination may be requested. The result of the preliminary examination is an international preliminary report on patentability which is prepared by one of the competent International Preliminary Examining Authorities (IPEA) under the PCT and which contains a preliminary and non-binding opinion on the patentability of the claimed invention. It provides the applicant with an even stronger basis on which to evaluate the chances of obtaining a patent and, if the report is favorable, a stronger basis on which to continue with the application before national and regional patent offices. If no international preliminary examination has been requested, the International Bureau establishes an international preliminary report on patentability on the basis of the written opinion of the ISA and communicates this report to the designated offices.

The procedure under the PCT has numerous advantages for applicants, patent offices and the general public:

- (i) applicants have up to 18 months more than if they had not used the PCT to reflect on the desirability of seeking protection in foreign countries, appoint local patent agents in each foreign country, prepare the necessary translations and pay national fees;
- (ii) applicants can rest assured that, if their 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;
- (iii) on the basis of the international search report and the written opinion, applicants can evaluate with reasonable probability the chances of their invention being patented;
- (iv) applicants have the possibility, during the optional international preliminary examination, to amend the international application and thus put it in order before processing by the various patent offices;
- (v) the search and examination work of patent offices can be considerably reduced or eliminated thanks to the international search report, the written opinion and, where applicable, the international preliminary report on patentability which are communicated to designated offices together with the international application;
- (vi) applicants are able to access fast-track examination procedures in the national phase in Contracting States that have PCT-Patent Prosecution Highway (PCT-PPH) agreements or similar arrangements;
- (vii) since each international application is published with an international search report, third parties are in a better position to formulate a well-founded opinion about the potential patentability of the claimed invention; and
- (viii) for applicants, international publication on PATENTSCOPE puts the world on notice of their applications, which can be an effective means of advertising and looking for potential licensees.

Overview of PCT System



Source - PCT FAQ's, WIPO

The PCT procedure includes:

1. **Filing:** You file an international application with a national or regional patent Office or WIPO, complying with the PCT formality requirements, in one language, and you pay one set of fees.
2. **International Search:** An "International Searching Authority" (ISA) (one of the world's major patent Offices) identifies the published patent documents and technical literature ("prior art") which may have an influence on whether your invention is patentable, and establishes a written opinion on your invention's potential patentability.
3. **International Publication:** As soon as possible after the expiration of 18 months from the earliest filing date, the content of your international application is disclosed to the world.
4. **Supplementary International Search (optional):** A second ISA identifies, at your request, published documents which may not have been found by the first ISA which carried out the main search because of the diversity of prior art in different languages and different technical fields.
5. **International Preliminary Examination (optional):** One of the ISAs at your request, carries out an additional patentability analysis, usually on a version of your application which you have amended in light of content of the written opinion.
6. **National Phase:** After the end of the PCT procedure, usually at 30 months from the earliest filing date of your initial application, from which you claim priority, you start to pursue the grant of your patents directly before the national (or regional) patent Offices of the countries in which you want to obtain them.

Ultimately, the PCT:

- brings the world within reach;
- streamlines the process of fulfilling diverse formality requirements;
- postpones the major costs associated with international patent protection;
- provides a strong basis for patenting decisions; and
- is used by the world's major corporations, research institutions and universities in seeking international patent protection.

The PCT created a Union which has an Assembly. Every State party to the PCT is a member of the Assembly. Among 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 Assembly of the PCT Union has established a special measure to benefit (1) an applicant who is a natural person and who is a national of and resides in a State that is listed as being a State whose per capita gross domestic product is below US\$ 25,000 (according to the most recent 10-year average per capita gross domestic product figures at constant 2005 US\$ values published by the United Nations), and whose nationals and residents who are natural persons have filed less than 10 international applications per year (per million population) or less than 50 international applications per year (in absolute numbers) according to the most recent five-year average yearly filing figures published by the International Bureau, and (2) applicants, whether natural persons or not, who are nationals of and reside in a State that is listed as being classified by the United Nations as a LDC. That benefit consists of a reduction of 90 per cent of certain fees under the Treaty.

The PCT was concluded in 1970, amended in 1979 and modified in 1984 and in 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.

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:-

- a) the reduction of distortions and impediments to international trade,
- b) promotion of effective and adequate of intellectual property rights, and
- c) 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 organizations);
- (ii) Trade marks including service mark;
- (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, and 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 exempted 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 re-broadcasting 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 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 6bis 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 10bis 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. Measures to implement these provisions shall not prejudice prior trademark rights that have been acquired in good faith. Under certain circumstances, continued use of a geographical indication for wines or spirits may be allowed on a scale and nature as before. Members availing themselves of the use of these exceptions must be willing to enter into negotiations about their continued application to individual geographical indications. The exceptions cannot be used to diminish the protection of geographical indications that existed prior to the entry into force of the TRIPS Agreement. The TRIPS Council shall keep under review the application of the provisions on the protection of geographical indications.

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 order 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 order 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 IPIC Treaty, the TRIPS Agreement clarifies and/or builds on four points. These points relate to –

- a) the term of protection (ten years instead of eight, Article 38),
- b) the applicability of the protection to articles containing infringing integrated circuits (last sub clause of Article 36), and
- c) 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 IPIC 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, which 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

Intellectual properties are given protection in India under enactments given below. Remedies falling under the various acts fall under the civil and criminal remedy.

Sl No.	Act	Civil Remedy	Criminal Remedy
1	The Copyrights Act, 1957	✓	✓
2	The Trade Marks Act, 1999	✓	✓
3	The Patents Act, 1970	✓	✓

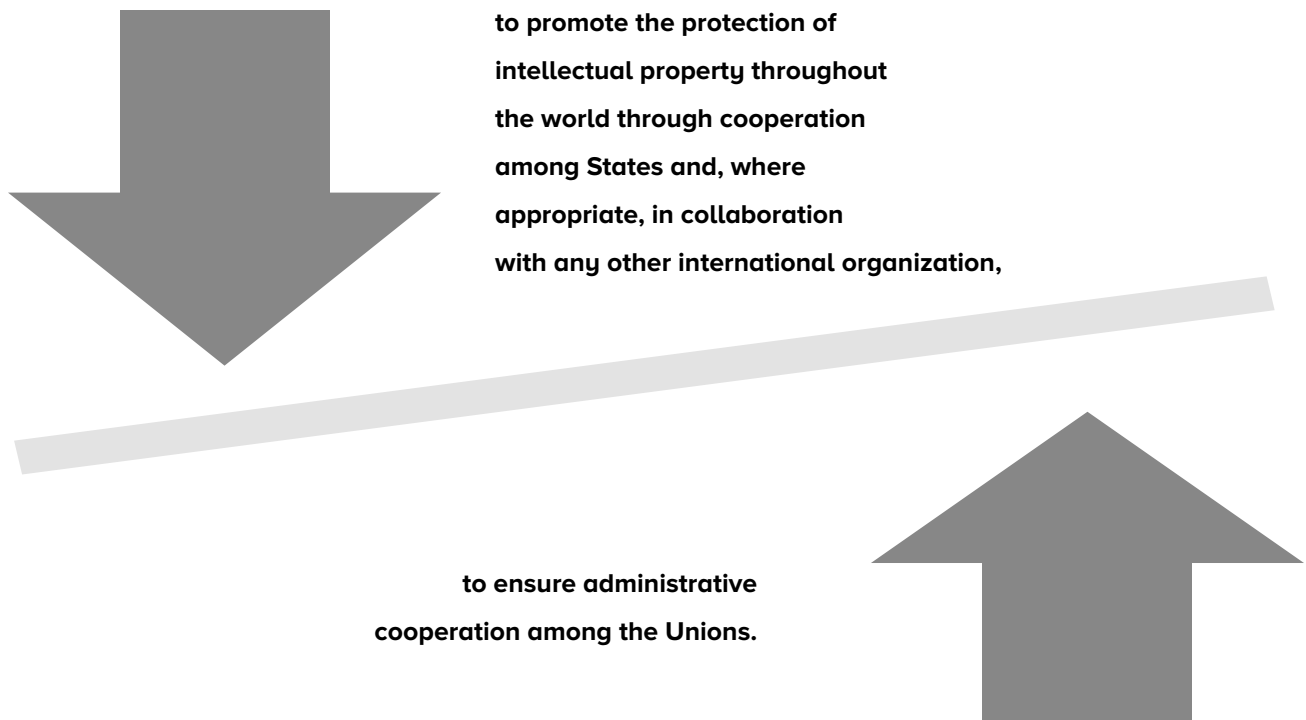
Sl No.	Act	Civil Remedy	Criminal Remedy
4	The Designs Act, 2000	✓	✓
5	Semiconductor Integrated Circuits Layout Design Act, 2000	✓	✓
6	The Geographical Indications of Goods (Registration & Protection) Act, 1999	✓	✓
7	The Protection of Plant Varieties and Farmer's Rights Act, 2001	✓	✓
8	The Biological Diversity Act, 2002	✓	✓

THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

The World Intellectual Property Organization (WIPO) is one of the 15 specialized agencies of the United Nations (UN). WIPO was created in 1967 “to encourage creative activity, to promote the protection of intellectual property throughout the world”.

WIPO currently has 191 member states, administers 26 international treaties, and is headquartered in Geneva, Switzerland. The current Director-General of WIPO is Daren Tang Heng Shim. 188 of the UN member states as well as the Cook Islands, Holy See and Niue are members of WIPO. Non-members are the states of Federated States of Micronesia, Nauru, Palau, Solomon Islands and South Sudan. Palestine has permanent observer status.

The objectives of the Organization are:



Functions of the organization

In order to attain the objectives, the Organization, through its appropriate organs, and subject to the competence of each of the Unions:

shall promote the development of measures designed to facilitate the efficient protection of intellectual property throughout the world and to harmonize national legislation in this field;

shall perform the administrative tasks of the Paris Union, the Special Unions established in relation with that Union, and the Berne Union;

may agree to assume, or participate in, the administration of any other international agreement designed to promote the protection of intellectual property;

shall encourage the conclusion of international agreements designed to promote the protection of intellectual property;

shall offer its cooperation to States requesting legal-technical assistance in the field of intellectual property;

shall assemble and disseminate information concerning the protection of intellectual property, carry out and promote studies in this field, and publish the results of such studies;

shall maintain services facilitating the international protection of intellectual property and, where appropriate, provide for registration in this field and the publication of the data concerning the registrations;

shall take all other appropriate action.

WIPO- Development Agenda

In October 2004, WIPO agreed to adopt a proposal offered by Argentina and Brazil, the “Proposal for the Establishment of a Development Agenda for WIPO”—from the Geneva Declaration on the Future of the World Intellectual Property Organization. This proposal was well supported by developing countries. The agreed “WIPO Development Agenda” (composed of over 45 recommendations) was the culmination of a long process of transformation for the organization from one that had historically been primarily aimed at protecting the interests of right holders, to one that has increasingly incorporated the interests of other stakeholders in the international intellectual property system as well as integrating into the broader corpus of international law on human rights, environment and economic cooperation.

A number of civil society bodies have been working on a draft Access to Knowledge (A2K) treaty which they would like to see introduced.

In December 2011, WIPO published its first World Intellectual Property Report on the Changing Face of Innovation, the first such report of the new Office of the Chief Economist. WIPO is also a co-publisher of the Global Innovation Index.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (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 endeavors 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 has a dual nature, i.e. it has both a national and international dimension.
- For instance, patents are governed by national laws and rules of a given country, while international conventions on patents ensure minimum rights and provide certain measures for enforcement of rights by the contracting states.
- Strong protection for intellectual property rights (IPR) worldwide is vital to the future economic growth and development of all countries.
- List of some leading Instruments concerning Intellectual Property Rights is as below:
 - The Paris Convention for the Protection of Industrial Property
 - The Berne Convention for the Protection of Literary and Artistic Works
 - The WIPO Copyright Treaty (WCT)
 - The Patent Cooperation Treaty (PCT)
 - Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure
 - The Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement
 - The Hague Agreement Concerning the International Deposit of Industrial Designs
 - The Trademark Law Treaty (TLT)
 - The Patent Law Treaty (PLT)
 - Treaties on Classification
 - Special Conventions in the Field of Related Rights: The International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations ("the Rome Convention")
 - Other Special Conventions in the Field of Related Rights

- The WIPO Performances and Phonograms Treaty (WPPT)
- The International Convention for the Protection of New Varieties of Plants
- The Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”) and WIPO/WHO Cooperation
- The Berne Convention deals with the protection of works and the rights of their authors. It is based 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 that want to make use of them.
- The Universal Copyright Convention (UCC), adopted in Geneva, Switzerland, in 1952, is one of the two principal international conventions protecting copyright; the other is the Berne Convention.
- The Paris 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.
- The Patent Cooperation Treaty (PCT) is an international patent law treaty, concluded in 1970. It provides a unified procedure for filing patent applications to protect inventions in each of its contracting states.
- A patent application filed under the PCT is called an international application, or PCT application.
- The World Intellectual Property Organization (WIPO) is one of the 15 specialized agencies of the United Nations (UN). WIPO was created in 1967 “to encourage creative activity, to promote the protection of intellectual property throughout the world”.
- 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.

GLOSSARY

Moral rights - Those rights that include the right to claim authorship of the work and the right to object to any mutilation, deformation or other modification of, or other derogatory action in relation to, the work that would be prejudicial to the author’s honor or reputation.

Free uses - The Berne Convention allows certain limitations and exceptions on economic rights, that is, cases in which protected works may be used without the authorization of the owner of the copyright, and without payment of compensation. These limitations are commonly referred to as “free uses” of protected works.

International Searching Authority - ISA (one of the world’s major patent Offices) identifies the published patent documents and technical literature (“prior art”) which may have an influence on whether your invention is patentable, and establishes a written opinion on your invention’s potential patentability.

Rental Rights - It means 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.

Geographical indications - They 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.

Manner contrary to honest commercial practices - It 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.

TEST YOURSELF

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

1. Discuss in brief at least five leading International Instruments concerning Intellectual Property Rights.
2. Write a note on Berne Convention.
3. Write a note on Patent Co-Operation Treaty.
4. What are the areas of Intellectual Property covered under TRIPS?
5. Discuss the Protection of Undisclosed Information under TRIPs agreement.
6. What is WIPO – Development Agenda?
7. Explain the procedure under PCT.
8. Write a short note on-
 - WIPO
 - UNESCO
 - PCT

LIST OF FURTHER READINGS

- Mc John, S. M. (2019). Intellectual property. New York: Wolters Kluwer.
- Khan, A. U., & Debroy, B. (2004). Intellectual property rights beyond 2005: an Indian perspective on the debate on IPR protection and the WTO. Kottayam: DC School Press.
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- Flanagan, A., & Montagnani Maria Lillà. (2010). Intellectual property Law: Economic and social justice perspectives. Cheltenham: Edward Elgar.
- Wadehra, B. L. (2017). Law relating to Intellectual Property. Delhi: University law Publishing Co. Pvt. Ltd.
- WIPO. (2000). World Intellectual Property Declaration. Geneva.

OTHER REFERENCES (Including Websites / Video Links)

- <https://ipindia.gov.in>
 - <https://en.unesco.org/courier/news-views-online/universal-copyright-convention>
 - https://www.wipo.int/treaties/en/registration/pct/summary_pct.html
 - <https://www.wipo.int/pct/en/faqs/faqs.html>
 - <https://www.wipo.int/pct/en/highlights/>
 - https://www.wipo.int/treaties/en/ip/paris/summary_paris.html
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Indian Patent Law and its Developments

Lesson 4

KEY CONCEPTS

■ Patent ■ Patentee ■ TRIPS ■ Sequence Listing ■ National Phase ■ Start up ■ Novelty ■ Innovation ■ Inventive step ■ Industrial Application ■ Prior Art ■ Claim ■ Specification ■ Patent Agent ■ Patent Application ■ Compulsory Licence ■ Assignment ■ Business Methods ■ Computer Software ■ Biotechnology ■ Microorganisms ■ Morality ■ Patentable Subject Matter

Learning Objectives

To understand:

- The basics of Patent and law governing patent in India.
- Patent law, its origin and development.
- The important definitions and concepts.
- The concept of patent as intellectual property, its working and its relevance.
- The Patent law in India and spell out the procedural mechanism involved in obtaining a Patent, besides explaining the concepts of Assignment & Licensing of Patents and Compulsory Licensing.

Lesson Outline

- An Overview
- Concept of Patent
- Product / Process Patents & Terminology
- Patents Act, 1970
- Amendments to The Patents Act, 1970
- Patent Rules
- Patentable Subject Matter and Patentability Criteria
- Duration of Patents – Law and Policy Consideration
- Elements of Patentability
- Procedure for Filing of Patent Application and Types of Applications
- Procedure for Opposition
- Revocation of Patents
- Ownership and Maintenance of Patents
- Assignment and Licencing of Patents
- Working of Patents – Compulsory Licensing
- Patent Agent – Qualification and Registration Procedure
- Software and Business Method Patenting in India and other Jurisdiction
- Patentable Invention w.r.t Biotechnology and New Forms of Life
- Case Law/Case Studies
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References (Including Websites / Video Links)

AN OVERVIEW

Legislative Provisions Regulating Patents

The term 'Patent' acquired a statutory meaning in India under the Patents Act, 1970 (hereinafter 'the Act' in short). The Act and the Rules framed under it, i.e. the Patent Rules, 2003 (hereinafter 'the Rules' in short), regulate the subjects like the grant, the operative period, the revocation, infringement etc. of the Patents. The Act was last amended in the year 2005 and the Rules were last amended in the year 2019 for the purposes of making contemporary adjustments in the Patent Law in India.

The Patents under the Act are granted by the Controller to the Inventor(s) for a period of 20 years. It is an exclusive right to make use, exercise and bend his invention. The Act conveys to the Inventor substantive rights and secures to him the valuable monetary right which he can enforce for his own advantage either by using it himself or by conveying the privileges to others. He receives something tangible, something which has present existing value which protects him from some competition and is a source of gain and profit.

The Patent Law recognizes the exclusive right of a Patentee to gain commercial advantage out of his invention. This is to encourage the inventors to invest their creative faculties, knowing that their inventions would be protected by law and no one else would be able to copy their inventions for a certain period during which the respective Inventor would have exclusive rights.

In the case of *Bishwanath Prasad Radhey Shyam v. Hindustan Metal Industries*, (1979) 2 SCC 511, it was held by the Hon'ble Supreme Court of India that 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 expiry of a fixed period of the monopoly passes into the public domain.

Administration of Patents Act, 1970

The Patents Act, 1970, as last amended in the year 2005, and the Patent Rules, 2003 (last amended in the year 2019) are administered by the Controller General of Patents, Designs & Trade Marks under the control and supervision of the Ministry of Commerce & Industry, Department of Industrial Policy & Promotion, Government of India, Udyog Bhavan, New Delhi.

Criteria for securing a Patent - The main criteria for securing a Patent is that the invention which is to be protected:

- Should be novel,
- Should have inventive step (otherwise referred to as non-obvious), and
- Should have utility.

It is to be noted that simplicity of an invention is not a bar for securing a Patent. In other words, the fact that the invention is very simple will not stand in the way of securing a Patent for the invention, provided, it satisfies the above mentioned three essential elements. For example, the popularly used gem clips, velcro, cellophane tape, post-it notes, self-sealing bags etc. are simple inventions, yet they have been patented. These were patented when they were developed years back. Even though these inventions look very simple, they satisfy all the three essential elements mentioned above for securing a Patent. In other words, even though an invention may look very simple, if it satisfies the novelty, inventive step and utility requirements, the said invention will be the subject matter for securing a Patent.

CONCEPT OF PATENT

Nature of a Patent: A Patent is a grant (in the form of a document) by the Government, given for disclosing a new invention by an Inventor or a group of Inventors or otherwise an applicant. Once the Patent is issued, it gives to the Inventor or the applicant, as the case may be, an exclusive right to sell, manufacture and use the invention disclosed in the Patent. The legal exclusive right in the Patent can be exercised by the Inventor/applicant only in the country which grants the right. This right can be exercised only for a limited period of time,

normally known as the 'Term of the Patent'. Therefore, on the expiry of the Term of the Patent, the invention becomes a public property.

Patent vis-à-vis Property Rights: A Patent is akin to a property, like a car, a house or a business. When one receives a Patent, the person would have achieved something that few have accomplished. Therefore, securing a Patent is an achievement worthy of celebration. When someone infringes the Patent of others, it is similar to the act of stealing somebody's car, house or business. For the term prescribed under the Patents Act, 1970, the legal rights under the Patent are the property of the Patent Holder, provided the Patent is in force, meaning that the prescribed renewal fees are paid within the prescribed period.

Rights vested on the Patentee: Patent represent one of the most powerful Intellectual Property Rights. These rights can be a very important economic tool if used effectively and diligently. For instance, Patent rights can bring a substantial income through the manufacture or licensing of the invention covered in the Patent. Patent also represents a long-term security. Patent provides a right to the Patentee to prevent a third party from commercially using the patented invention without the permission of the Patentee.

Role of Patents: Patent gives the Patentee the right to take legal action to prevent others from commercially exploiting the patented invention in the country which grants the Patent without the permission of the Patentee (Proprietor). The grant of a Patent for an invention however does not guarantee the merit of the invention disclosed therein. The country that grants the Patent does not guarantee the legitimacy of the Patent. The Government does not give any financial or any other award/assistance to the Inventor(s)/Patentee(s) along with the grant of the Patent. It is left to the Patentee to commercially exploit the Patent and make profit from it.

Objective of securing a Patent: It is commonly believed that securing a Patent automatically brings in Wealth and Prosperity. This is not correct. Securing a Patent is only one aspect of the process that may lead to success if one is able to commercially use the invention. Though each invention is different but the objectives of securing a Patent protection for the inventions are basically the same, they are:

- **To make money:** One has to evaluate the invention and its potential to be converted into wealth.
- **To gain security:** It is required to protect the invention from any unauthorized commercial use.
- **To gain knowledge:** Learning the patenting process is easy and when mastered, it can save one from substantial professional charges. Furthermore, through the knowledge thus gained one can extend the life of the Patent and consequently the earnings from it.
- **To be innovative:** Patenting can be an enjoyable exercise because it motivates one to innovate new things and to make them succeed.

Therefore, the success of a Patent would depend upon the actions taken by the Patentee. Although the basic purpose of granting a Patent is to encourage inventive activities, in practice, this system is formulated and revised from time to time in the context of political, socio-economic and industrial environment of a nation, so as to safeguard the interests of the nation.

Benefits of establishing a Legal framework around Patents

Patent is said to be the most common, important and complicated form of Intellectual Property, as it includes technical and legal aspects. The legal aspects provide an intensive protection from Patent infringement. This is because of its technical-cum-legal nature and the widest and the strongest legal protection one can secure. However, it should be remembered that similar benefits are also present in other forms of IP. The contribution of the Patent system in stimulation of inventions is in following ways:

- Rights accrued to work the invention covered under a Patent for a limited period provides an important incentive for inventive and innovative activities. If the inventions which are the fruits of R & D are not protected by Patents, they would be available for free exploitation by anyone, including those who have not invested in such R & D activity. The inventive organisation and the personnel, under these circumstances, will be placed in a disadvantageous position.
- A Patent system of rewarding the inventor and/or the Patentee is based on the idea that the grant of monopoly will automatically secure him a reward which will be commensurate with the value of his

intellectual input and the investment made for the development of the invention. If the invention is commercially viable, the inventor should be able to exploit it or sell the Patent, thereby making profit. However, if on the other hand, if it is not commercially viable, he would gain nothing. In practice, even if the invention is good, owing to the factors beyond the control of the inventor, the inventor might not be able to make a profit out of his Patent. But in certain other cases, the reward for the Patent secured for his invention might be out of all proportions. The aspiration for an economic reward is undoubtedly an important factor for activating and stimulating creative activities.

- If the Patentee has no financial resources to work the invention commercially, he can grant license or assign the rights in the Patent to others for its commercialization and obtain financial gain.
- Securing Patents will help the inventor(s)/Patentee(s) to protect his invention, while developing the knowledge to make it commercially viable with the assistance of a third party, if required, with the legal protection of the invention. Such a position protects the inventor(s)/applicant(s) from an unfair competition.
- Securing a Patent would enable the inventor to establish an official record of the invention.
- In order to obtain a Patent, the invention has to be disclosed in detail in the Patent Document (Specification). The Patent law also stipulates that the invention should not be made open to public before the date of filing of the application for Patent. Therefore, in most cases, the information contained in a Patent document is the first available information on the particular subject which is not available from any other source. Therefore, the Patent documents are rich, latest and unique source of technological information in the world.
- The information contained in the Patent Documents can be freely used for R & D purposes at any point of time anywhere in the world, including the country which has granted the Patent and where it is still in force. Such a use will not constitute an infringement. A Patent that has lapsed becomes public property and therefore can also be commercially utilized even in the country which has granted the Patent by anyone without fear of any infringement.
- Thus, the Patent system enables the dissemination of valuable technological information for the benefit of society.
- The Inventor(s)/Patentee(s) can secure a Patent for his invention and then make the protected invention freely available to the public without demanding any benefits. In such a situation, if there is a misuse or abuse of the rights in the Patent, the inventor(s)/ Patentee(s) can initiate legal proceedings to prevent such misuse or abuse. On the other hand, if such a protection has not been secured then the inventor will remain a silent spectator to the abuse(s) or misuse of the invention.

The fact that Patent documents are open to the public and are freely exchanged marks the difference between the Patent system from other proprietary rights relating to technical subject matter such as trade secrets and knowledge. There is a school of thought which believes that the Patent system prevents dissemination of free scientific information, as was the practice earlier. In this context, it is to be noted that the Patent System only assists in a free exchange of scientific information. By securing a Patent, it is not mandatory that the Patentee should charge any fees for commercializing the invention disclosed therein. An inventor can make available the invention developed to those interested for commercialization without charging any fees. In such a situation, if somebody misuses or abuses the rights in the Patent, the inventor(s)/Patentee(s) can initiate legal proceedings for prevention such misuse or abuse. On the other hand, if such a protection has not been secured, then the inventor will remain as a silent spectator to the abuse(s) or misuse(s) of the invention.

One of the important objectives of the Patent System is to disseminate the information disclosed in a Patent as early as possible. In this context, it should be noted that many countries in the world publish the contents of Patent documents (Patent Specification) on the expiry of 18 months from the date of filing or the priority date, whichever is earlier. The main objective of this publication is to make available the information to the interested public early, instead of keeping the information confidential for a long time. Consequent to the Patent System getting popular and the examination of the Patent documents getting complicated due to the complicated technologies involved, the publication of Patent documents was getting delayed. To avoid such a situation,

an early publication of the information contained in Patent applications has been adopted globally. In this context, it should also be noted that India has also adopted the procedure of such publication after 18 months. A provision to this effect has been incorporated in the Patents (Amendment) Act, 2002 and has been brought into force from May, 2003.

PRODUCT / PROCESS PATENTS & TERMINOLOGY

Section 5 of the Patents Act, 1970 (as it stood prior to its repeal under the Patents (Amendment) Act, 2005) provided for grant of Process Patents only in certain categories of inventions. It may be noted here that under the Patents 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 State's legislation in a manner of its own choice.

The TRIPs Agreement under Article 27.1 stipulates that Patents shall be available for any invention, 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 Patents Act, 1970 was amended in the year 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 Section 5 clarified that "chemical process" includes biochemical, biotechnological and microbiological processes. Subsequently, Section 5 of the Patents Act, 1970 was repealed by the Patents (Amendment) Act, 2005 that came into force from 01.01.2005, thereby paving the way for Product Patents too.

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, 1970 has been amended keeping in view the development of technological capability in India, coupled with the need for integrating our intellectual property system with international practices and intellectual property regimes. The amendments have also been 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.

THE PATENTS ACT, 1970

The Patents Act, 1970 remained in force (in its pristine form) for about 24 years without any change, i.e. till December 1994. Being a landmark legislation in the field of industrial development in India, the basic philosophy of the Act is that Patents are to be 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 the Patentee to enjoy a monopoly for the importation of the Patented article into the country. The said philosophy is being implemented through introduction of concepts like Compulsory Licensing, Registration of only Process Patents for food, medicine(s) or drug(s), 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 to 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.

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 1st January 1995. Accordingly, an Ordinance effecting certain changes in the Act was promulgated on 31st December 1994, which ceased to operate after six months. Subsequently, another Ordinance was promulgated in the year 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 earlier. However, such applications were to be examined only after 31st December 2004. Meanwhile, the applicants could be allowed Exclusive Marketing Rights (EMR) to sell or distribute these products in India, subject to fulfillment of certain conditions.

India amended its Patents Act again in the year 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 Patent 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 & agro chemicals. This Ordinance was later replaced by the Patents (Amendment) Act 2005 on 4th April, 2005 which is in force now and having effect from 1st January 2005.

Salient Features of the Act.-

- a) 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.
- b) 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.
- c) However, the use or exploitation of a Patent may be affected by other laws of the country which has awarded the Patent.
- d) These laws may relate to health, safety, food, security, etc. Further, existing Patents in similar area may also come in the way.
- e) A Patent in the law is a property right and hence, can be gifted, inherited, assigned, sold or licensed.
- f) 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.
- g) 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 of India, the object of the 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, the Patent Law provides an incentive to the 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.

AMENDMENTS TO THE 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 years 1995, 1999, 2002 and 2005 respectively 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 our Intellectual Property System with international practices

and Intellectual Property Regimes around the world. 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 Patents Act were also amended and these became effective from May, 2003. These rules have been further amended by Patents (Amendment) Rules 2005, Patents (Amendment) Rules 2006, Patents (Amendment) Rules 2012, Patents (Amendment) Rules 2013, Patents (Amendment) Rules 2014, Patents (Amendment) Rules 2015, Patents (Amendment) Rules 2016, Patents (Amendment) Rules 2017 and Patents (Amendment) Rules 2019 respectively. Thus, the Patent (Amendment) Act, 2005 is now fully in force and operative along with the Patents Rules, 2003 (as modified and amended by the aforementioned Amendment Rules).

Patent 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. 20th April 1972. These Rules were amended from time to time till 20th May 2003 when new Patent Rules, 2003 were brought into force by replacing the 1972 rules. As already provided above, these rules were further amended by the Patents (Amendment) Rules, 2005, Patents (Amendment) Rules, 2006, Patents (Amendment) Rules 2012, Patents (Amendment) Rules 2013, Patents (Amendment) Rules 2014, Patents (Amendment) Rules 2015, Patents (Amendment) Rules 2016, Patents (Amendment) Rules 2017 and Patents (Amendment) Rules 2019 respectively.

The Government of India published Patent (Amendment) Rules, 2016 (Rules) vide notification dated May 16, 2015 thereby amending the Patent Rules, 2003. Further to it, in the latest amendments to Patents Rules, 2003, Department of Industrial Policy and Promotion (DIPP) has amended Patent Rules 2003 with effect from 1st December 2017 called as the Patent (Amendment) Rules, 2017 which was further modified in 2019 and came into effect from the date of publication i.e 17th September, 2019. A detailed discussion on Patents (Amendment) Rules, 2016, Patents (Amendment) Rules, 2017 and Patents Rule, 2019 is provided below.

Patent (Amendment) Rules, 2016

The Patents (Amendment) Rules, 2016 which came into force on May 16, 2016 were introduced to gear up and encourage start-ups in different fields in support of the Hon'ble Prime Minister of India's "Startup India Action Plan", and contains some very important amendments with respect to timelines and costs. The said amendments are summarized below:

- 1. Start-ups:** It has been stated that the current fee schedule that is applicable to individuals shall also be applicable to the start-ups. The Rules further define a 'start-up' as any innovative entity incorporated or registered within the last five years and not having annual gross revenue of more than \$3,736,060. However, it has been clarified that an entity formed through reorganization or by dividing an existing business will not be recognized as a start-up. Therefore, any attempt to dress-up as a start-up when one is not has been carefully kept out of the benefit conferred by the said amendment.
- 2. Sequence Listing:** There is now a cap on the fee for sequence listing pages.
- 3. Expedited Examination:** An expedited examination process has now been introduced in case where the applicant is a start-up or if India has been indicated as the International Searching Authority and/ or International Preliminary Examining Authority in the corresponding international application. To avail such expedited examination process the request for a non-published application has to be accompanied by a request for an expedited publication as well (fees defined in the earlier Rules are applicable, as shown in Table 1). Prior to this amendment, an expedited examination process was possible only for a PCT National Phase applications and not for Indian applicants filing direct applications. The Controller has however been vested with discretionary power to restrict the number of expedited examination requests received during an year by way of a notice published in the official journal.

4. **First Examination Report Response:** The time to place an application for grant has been reduced from 12 months to 6 months from the date of receipt of the First Examination Report (FER). An extension of up to three months is also available. The Patent Office issued a subsequent clarification that the time to place an application in order for grant shall remain 12 months for FER's issued before May 16, 2016.
5. **Divisional Application:** A divisional application will be referred for examination at the same time as the parent application. If the parent application has already been referred to an examiner, then a Request for Examination has to be filed at the time of filing the divisional, which will then be published within one month from the date of filing and referred to an examiner within one month from the date of publication.
6. **Hearing:** For applications where a hearing has been scheduled, the number of adjournments has been restricted to two (request for adjournment is to be filed at least three days before the date of hearing) and each adjournment cannot be for more than thirty days. Here again, the Controller has the discretionary powers to decide whether the case is fit for adjournment or not. Written submissions after hearing are to be submitted within fifteen days from the date of hearing. No such provisions existed under the earlier Rules.
7. **Power of Authorization/Attorney (POA):** A deadline has been introduced for POA submission in favor of a Patent Agent (three months from the date of filing).
8. **Time for National Phase Entry:** Even if sufficient cause exists, it is no longer possible to file a National Phase application along with a petition under Rule 138 within one month after the lapse of thirty one months from the priority date.

Patent Amendment Rules, 2017

The Department of Industrial Policy and Promotion (DIPP) had amended the Patent Rules 2003 through the introduction of the Patent (Amendment) Rules, 2017. The said amendment was made effective from 1st December 2017. Under the Amended Rules the definition of "startup" under rule 2(fb) has been substituted with a new definition. A more liberal definition of "startup" has now been incorporated which allows domestic as well as foreign entities to claim benefits, such as, fast-track mechanism and lower fee for filing patents.

According to the Patent (Amendment) Rules, 2017:

"Startup" means:

- (a) an entity in India recognized as a startup by the competent authority under Startup India Initiative.
- (b) In case of a foreign entity, an entity fulfilling the criteria for turnover and period of incorporation/ registration as per Startup India Initiative and submitting declaration to that effect.

It has been provided in the Explanation further that, in calculating the turnover, reference rates of foreign currency of Reserve Bank of India shall prevail.

To understand the reason and rationale of introducing the Patents (Amendment) Rules, 2017 it is important to analyse the change in the definition of "startups". Under the 2016 Amendment Rules, "Startups" were defined as entities which are working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property where more than five years have not been lapsed from the date of incorporation/registration with a maximum turnover of INR 25 crore per year. Now under the Patent (Amendment) Rules, 2017, a "startup" can be any Indian entity recognized as a startup by the competent authority under the Startup India Initiative or a foreign entity that fulfils criteria for turnover and period of incorporation/registration as per Startup India Initiative.

Further, under the "Startup India" Initiative an entity shall be considered as a Startup, if it fulfils following criteria:

1. incorporated as a private limited company or registered as a partnership firm or a limited liability partnership in India;
2. incorporated or registered in India not prior to seven years, however for Biotechnology Startups not prior to ten years;

3. turnover for any of the financial years since incorporation/ registration has not exceeded INR 25 crores;
4. has not been formed by splitting up or reconstruction of a business that was already in existence; and
5. working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

From the aforementioned discussion it can be concluded that the period of incorporation/registration that was 5 years under the 2016 amendment rules has been extended to now 7 years (10 years in case of biotechnology startups) by the 2017 rules. Further, foreign companies can now claim benefits if they fulfill the above mentioned criteria with respect to turnover and period of registration as per “Startup India” Initiative. Moreover, to claim benefits for filing patents, the Indian entity should be recognized as a startup by a competent authority under the “Startup India” Initiative, whereas a foreign entity may provide equivalent documents as an evidence for fulfilling criteria for turnover and period of incorporation/registration as per “Startup India” Initiative along with a declaration to that effect.

The Patents (Amendment) Rules, 2019

The Central Government published the amended rules on 17th September 2019 which are based on the objections and the suggestions received from the public in respect of the amended draft rules as issued on 5th December 2018.

1. The first Amendment states that the changes in The Patents (Amendment) Rules, 2019 shall come into force from the date of its publication in the Official Gazette.
2. The second Amendment states changes in Rule 6 sub-rule (1), that is;
In the former rule, the scanned copies of original documents were also required to be submitted by electronic transmission, whereas in the amended rule the requirement of scanned copies of original document has been omitted.
3. The third Amendment states changes in rule 7 sub-rule (1), that is;
In the amended rule, the second proviso widens the scope by including startups as an option for small entities, whereas the former rule mentioned only small entities.
4. The fourth Amendment states changes in clause (b), sub-rule (1) of rule 24C of the former amended draft (Dec 2018), that is;
In the amended rule (2019), clause (b) has been further revised with the followings clauses along with the Explanations;
 - “(b) that the applicant is a startup; or
 - (c) that the applicant is a small entity; or
 - (d) that if the applicant is a natural person or in the case of joint applicants, all the applicants are natural persons, then the applicant or at least one of the applicants is a female; or
 - (e) that the applicant is a department of the Government; or
 - (f) that the applicant is an institution established by a Central, Provincial or State Act, which is owned or controlled by the Government; or
 - (g) that the applicant is a Government company as defined in clause (45) of section 2 of the Companies Act, 2013 (18 of 2013); or
 - (h) that the applicant is an institution wholly or substantially financed by the Government”

Explanation: For the purpose of this clause, the term ‘substantially financed’ shall have the same meaning as in the Explanation to sub-section (1) of section 14 of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971 (56 of 1971); or

- (i) that the application pertains to a sector which is notified by the Central Government on the basis of a request from the head of a department of the Central Government: Provided that public comments are invited before any such notification; or
- (j) that the applicant is eligible under an arrangement for processing a patent application pursuant to an agreement between Indian Patent Office and a foreign Patent Office.

Explanation: The patentability of patent applications filed under clause (j) above will be in accordance with the relevant provisions of the Act.”

5. The fifth Amendment states changes in the FIRST SCHEDULE with respect to the PCT International Application, which are as below:

- (a) The following row has been inserted which mentions that no transmittal fee is payable for the international application:

“48 A	Transmittal fee for International application (for ePCT filing).	–	No fee	No fee	No fee	Not applicable	Not applicable	Not applicable”
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The following row has been inserted to clarify that the Applicant is not required to pay a fees for preparation of certified priority document copy any more:

“49 A	For preparation of certified copy of priority document and e-transmission through WIPO DAS.	–	No fee	No fee	No fee	Not applicable	Not applicable	Not applicable”
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(A column has been inserted in the rows by “Number of the relevant form” keeping it blank, which was not mentioned in the former amended draft rules).

6. The sixth Amendment states changes in the SECOND SCHEDULE Form 18A which are:

- (a) Paragraph 3 has been substituted with clauses as per sub-rule 1, Rule 24C which lists the grounds applicable/available to the applicants who wish to request for an expedited examination.
- (b) Paragraph 4 has been added which lists the Documents that are to be mandatorily submitted as evidence of eligibility for availing expedited examination.

Patent (Amendment) Rule 2021

Patent (Amendment) Rule 2021 *inter alia*, provides that-

In case an application processed by a natural person, startup, small entity or educational institution is fully or partly transferred to a person other than a natural person, startup, small entity or educational institution, the difference, if any, in the scale of fees between the fees charged from the natural person, startup, small entity or educational institution and the fees chargeable from the person other than a natural person, startup, small entity or educational institution, shall be paid by the new applicant along with the request for transfer.

In the case of a small entity, or startup, or educational institution, every document for which a fee has been specified shall be accompanied by Form-28.”

It may be noted that-

“educational institution” means a university established or incorporated by or under Central Act, a Provincial Act, or a State Act, and includes any other educational institution as recognised by an authority designated by the Central Government or the State Government or the Union territories in this regard”.

PATENTABLE SUBJECT MATTER AND PATENTABILITY CRITERIA

Elements of Patentability - A Patent is granted for an invention which may be related to any process or product. An invention is different from a discovery. A discovery is something that already existed but has now been discovered.

Not all inventions are Patentable. An invention must fulfill certain requirements in order to be qualified as Patentable. These requirements are known as 'conditions of Patentability'. The term 'invention' under the Patents Act, 1970 has been defined as '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 mere discovery. The fundamental principle of the 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.

The term '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 the case of *Raj Prakash v. Mangat Ram Choudhary*, AIR 1978 Del 1, it was held that an invention, as is well known, is to find out something or discover something not found or discovered by anyone before. It is not necessary that the invention should be anything complicated. The essential thing is that the inventor was first to adopt it. The principle, 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.

DURATION OF PATENTS - LAW AND POLICY CONSIDERATION

The legal rights accrued by securing a Patent for an invention can be exercised for a limited period, which is specified in the Patent legislation of the country concerned. This period is called as the 'Term of the Patent'. Currently, in all member countries of WTO, including India, the term is twenty years from the date of filing the application. It should be noted that this term is not automatically renewed and depends on the payment of the prescribed annual fee within the stipulated time. If this fee (maintenance fee) is not paid, the Patent will lapse and become the public property. Subsequently, a fresh application for Patent for the said invention cannot be filed, as the novelty of the invention has been lost. Therefore, one has to be very careful to keep the Patent alive by paying the prescribed renewal fee within the time prescribed.

Section 53 of the Patents Act, 1970 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.

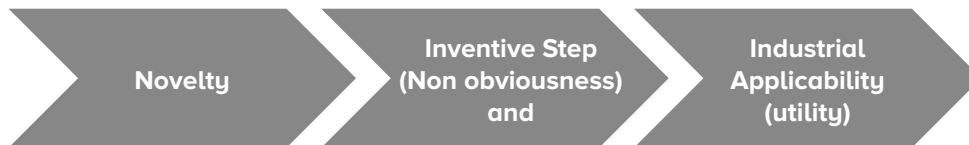
A Patent shall cease to have effect on the expiration of the period prescribed for the payment of any renewal fee, if that fee is not paid within the prescribed period or within such extended period as may be prescribed. Further, on cessation of the Patent right due to non-payment of renewal fee or on 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.

ELEMENTS OF PATENTABILITY

The conditions of Patentability are:



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 Patents Act, 1970 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 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 the case of *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.

Further, in the case of *Ram Narain Kher v. M/s Ambassador Industries*, AIR 1976 Del 87, the Delhi High Court 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 advancement as compared to existing knowledge or having economic significance or both, making the invention non-obvious to a person skilled in that art. Here definition of 'inventive step' has been enlarged to include economic significance of the invention apart from already existing criteria for determining the 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 something 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 following 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.

An invention to be Patentable must be useful. If the subject matter is devoid of utility it does not satisfy the requirement of invention. For the purpose of utility, the element of commercial or pecuniary success has no relation to the question of utility in Patent law. 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. The meaning of usefulness is therefore useful for the purpose indicated by the applicant or patentee whether a non-commercial utility is involved. 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. Speculation or imaginary industrial uses are not considered to satisfy the industrial application requirement.

Non- Patentable Subject Matter

Inventions Non-Patentable.-

Under section 3 of the Patents Act, 1970, the following are not inventions and hence are not considered to be patentable. However, examples given are mere illustrations and may not be conclusive on the subject. Objective decisions may be taken on case to case basis.

(a) An invention which is frivolous or which claims anything obviously contrary to well established laws is not an invention.

Some examples of a frivolous nature and contrary to natural laws are:-

- A machine purporting to produce perpetual motion.
- A machine alleged to be giving output without any input.
- A machine allegedly giving 100% efficiency.

- (b) An invention, the primary or intended use or commercial exploitation of which would be contrary to public order or morality or which causes serious prejudice to human, animal or plant life or health or to the environment is not an invention.**

Some examples are:

- a. Any device, apparatus or machine or method for committing theft/burglary.
- b. Any machine or method for counterfeiting of currency notes.
- c. Any device or method for gambling.
- d. An invention the use of which can cause serious prejudice to human beings, plants and animals.
- e. Inventions, the intended use or commercial exploitation of which is found to be injurious to public, animal or plant life or health, such as, a method of adulteration of food.
- f. An invention, the primary or intended use of which is likely to violate the well accepted and settled social, cultural, legal norms of morality, e.g. a method for cloning of humans.
- g. An invention, the primary or proposed use of which would disturb the public order e.g. a device for house-breaking.

However, if the primary or intended purpose or commercial exploitation of a claimed invention is not causing serious prejudice to human, animal or plant life or health or to the environment, such subject matter may be considered to be an invention and may be patentable. For instance, a pesticide.

- (c) The mere discovery of a scientific principle or the formulation of an abstract theory or discovery of any living thing or non-living substance occurring in nature is not an invention.**

- (i) A claim for discovery of scientific principle is not considered to be an invention, but such a principle when used with a process of manufacture resulting in a substance or an article may be considered to be an invention.
- (ii) A scientific theory is a statement about the natural world. These theories themselves are not considered to be inventions, no matter how radical or revolutionary an insight they may provide, since they do not result in a product or process. However, if the theory leads to practical application in the process of manufacture of an article or substance, it may well be patentable. A claim for formulation of abstract theory is not considered to be an invention. For example, the fact that a known material or article is found to have a hitherto unknown property is a discovery and not an invention. But if the discovery leads to the conclusion that the material can be used for making a particular article or in a particular process, then the article or process could be considered to be an invention.
- (iii) Finding out that a particular known material is able to withstand mechanical shock is a discovery and therefore not patentable, but a claim to a railway sleeper made of the material would not fall foul of this exclusion, and would be allowable if it passed the tests for novelty and inventive step. Similarly, finding of a new substance or micro-organism occurring freely in nature is a discovery and not an invention.

- (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 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 invention.**

Section 3(d) provides an explanatory clause to make it more clear which reads as follows:

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

According to this provision, the following are not inventions and hence not patentable:

- (a) Mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance;
- (b) The mere discovery of any new property of a known substance;
- (c) The mere discovery of new use for a known substance;
- (d) The mere use of a known process unless such known process results in a new product or employs at least one new reactant;
- (e) The mere use of a known machine or apparatus.

The explanation to Section 3(d) further clarifies that the salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives of known substance may be considered to be the same substance. It however states that such salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives of such known substance may be considered as patentable only if they differ significantly in properties with regard to efficacy.

The Examiner on a case to case basis applies the test as to what constitutes such salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations and other derivatives to differ significantly in properties with regard to efficacy from the known substance. The complete specification may bring out clearly and categorically in the description, as to how the subject matter differs significantly in properties with regard to efficacy from the known substance thereof, at the time of filing of the application or subsequently by way of an amendment of specification under section 59.

In a recent case in relation to a pharmaceutical substance, the Madras High Court held that efficacy means therapeutic efficacy. It was held that:

— going by the meaning for the word “efficacy” and “therapeutic”... what the patent applicant is expected to show is, how effective the new discovery made would be in healing a disease having a good effect on the body? In other words, the patent applicant is definitely aware as to what is the “therapeutic effect” of the drug for which he had already got a patent and what is the difference between the therapeutic effect of the patented drug and the drug in respect of which patent is asked for.”

“Due to the advanced technology in all fields of science, it is possible to show by giving necessary comparative details based on such science that the discovery of a new form of a known substance had resulted in the enhancement of the known efficacy of the original substance and the derivatives so derived will not be the same substance, since the properties of the derivatives differ significantly with regard to efficacy.” (*Novartis AG Vs. Union of India, W.P. No. 24760/06*)

In the case of *Novartis AG v. Union of India & Ors. (Civil Appeal Nos. 2706-2716 OF 2013)* Arising out of SLP(C) Nos. 20539-20549 OF 2009, decided by Supreme Court on 1st April, 2013, AIR 2013 SC 1312, 1313), the Supreme Court held that the primary purpose of section 3(d), as is evidenced from the legislative history, is to prevent “evergreening” and yet to encourage incremental inventions. “Evergreening” is a term used to label practices that have developed in certain jurisdictions wherein a trifling change is made to an existing product, and claimed as a new invention. The coverage/protection afforded by the alleged new invention is then used to extend the patentee’s exclusive rights over the product, preventing competition. By definition, a trifling change, or in the words of the section “a mere discovery of a new form of a known substance”, can never ordinarily meet the threshold of novelty and inventive step under clauses (j) and (ja) of section 2(1). An invention cannot be characterized by the word “mere”. The word “invention” is distinct from the word “discovery”.

(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 is not an invention.

An admixture resulting in synergistic properties is not considered as mere admixture, e.g., a soap, detergent, lubricant and polymer composition etc, and hence may be considered to be patentable.

A mere aggregation of features must be distinguished from a combination invention. The existence of a combination invention requires that the relationship between the features or groups of features be one of functional reciprocity or that they show a combinative effect beyond the sum of their individual effects. The features should be functionally linked together which is the actual characteristic of a combination invention.

In general, all the substances which are produced by mere admixing, or a process of producing such substances should satisfy the requirement of synergistic effect in order to be patentable. Synergistic effect should be clearly brought out in the description by way of comparison at the time of filing of the Application itself. The subsequent submissions regarding synergism can be accepted in a reply to the office action as a further support of synergy. However, such submitted data may be incorporated in the Specification, subject to the provisions of Section 59.

(f) The mere arrangement or re-arrangement or duplication of known devices each functioning independently of one another in a known way is not an invention.

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. A combination of old known integers may be so combined that by their working inter-relation, they produce a new process or an improved result. Mere collocation of more than one integers or things, not involving the exercise of any inventive faculty, does not qualify for the grant of a patent. (*Biswanath Prasad Radhey Shyam v. Hindustan Metal Industries (1979) 2 SCC, 511*).

A new and useful application of an old principle may be good subject-matter. An improvement on something known may also afford subject-matter; so also a different combination of matters already known. A patentable combination is one in which the component elements are so combined as to produce a new result or arrive at an old result in a better or more expeditious or more economical manner. If the result produced by the combination is either a new article or a better or cheaper article than before, the combination may afford subject-matter of a patent. (*Lallubhai Chakubhai v. Chimantal and Co., AIR 1936 Bom 99*.)

An invention claiming a mere juxtaposition of known devices in which each device functions independently is not considered patentable. Merely placing side-by-side old integers so that each performs its own function independently of the others is not a patentable combination. [As for example: a flour mill provided with sieving means].

However, where the old integers when placed together have some working interrelation, producing a new or improved result, then there could be a patentable subject matter in the working interrelation brought about by the collection of the integers.

When two or more features of an apparatus or device are known, and they are juxtaposed without any interdependence on their functioning, they should be held to have been already known. (*Rampratap v. Bhabha Atomic Research Center, 1976 IPLR 28 P. 35*), e.g., an umbrella with fan (388/Bom/73), bucket fitted with torch, clock and transistor in a single cabinet. These are not patentable, since they are nothing but mere arrangement and rearrangement of items without having any working interrelationship between them and are devices capable of functioning independently of each other.

As for instance, in the case of an application for a patent in respect of an apparatus for producing metallic bellows, the hydraulic machine and the roll forming machine disclosed therein were

functioning as separate machines independently of each other and as such had no novel feature. Hence, there is no invention when a claim is made on known types of hydraulic forming and roll forming machines functioning independently of each other.

A new combination may be the subject matter of a patent although every part of the combination, per se, is old, for here the new article is not the parts themselves but the assembling and working of the parts, together. The merit of a new combination very much depends upon the result produced. Where a slight alteration turns that which was practically useless into what is useful and important, it is fit subject matter for a patent (*Lallubhai Chakkubhai v. Shamaldas Sankalchand Shah, AIR 1934 Bom 407*).

(h) A method of agriculture or horticulture is not an invention.

Examples of subject matters excluded from patentability under this provision are:

- (a) A method of producing a plant, even if it involved a modification of the conditions under which natural phenomena would pursue their inevitable course (for instance a green house).
 - (b) A method of producing improved soil from the soil with nematodes by treating the soil with a preparation containing specified phosphorathioates.
 - (c) A method of producing mushrooms.
 - (d) A method for cultivation of algae.
- (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 is not an invention.**

This provision excludes from patentability, the following:

- (a) **Medicinal methods:** As for example a process of administering medicines orally, or through injectables, or topically or through a dermal patch.
- (b) **Surgical methods:** As for example a stitch-free incision for cataract removal.
- (c) **Curative methods:** As for example a method of cleaning plaque from teeth.
- (d) **Prophylactic methods:** As for example a method of vaccination.
- (e) **Diagnostic methods:** Diagnosis is the identification of the nature of a medical illness, usually by investigating its history and symptoms and by applying tests. Determination of the general physical state of an individual (e.g. a fitness test) is considered to be diagnostic.
- (f) **Therapeutic methods:** The term “therapy” includes prevention as well as treatment or cure of disease. Therefore, the process relating to therapy may be considered as a method of treatment and as such not patentable.
- (g) Any method of treatment of animal to render them free of disease or to increase their economic value or that of their products. As for example, a method of treating sheep for increasing wool yield or a method of artificially inducing the body mass of poultry.
- (h) Further examples of subject matters excluded under this provision are: any operation on the body, which requires the skill and knowledge of a surgeon and includes treatments such as cosmetic treatment, the termination of pregnancy, castration, sterilization, artificial insemination, embryo transplants, treatments for experimental and research purposes and the removal of organs, skin or bone marrow from a living donor, any therapy or diagnosis practiced on the human or animal body and further includes methods of abortion, induction of labour, control of estrus or menstrual regulation.

- (i) Application of substances to the body for purely cosmetic purposes is not therapy.
- (j) Patent may however be obtained for surgical, therapeutic or diagnostic instrument or apparatus. Also the manufacture of prostheses or artificial limbs and taking measurements thereof on the human body are patentable.
- (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 are not inventions.**

The subject matters excluded under this provision are:

- (a) Plants in whole or in part
- (b) Animals in whole or in part
- (c) Seeds
- (d) Varieties and species of plants and animals
- (e) Essentially biological process(es) for production or propagation of plants and animals. Microorganisms, other than the ones discovered from the nature, may be patentable. For instance, genetically modified microorganisms may be patentable subject to other requirements of Patentability.

A new process of preparation of a vaccine under specific scientific conditions, the vaccine useful for protecting poultry against contagious bursitis infection was held to be patentable by the Court on the ratio that the statute does not make a manner of manufacture as un-patentable even if the end products contains a living organism. (*Dimminaco – A.G. Vs. Controller of Patents & Designs and Others*).

Plant varieties are provided protection in India under the provisions of the Protection of Plant Varieties and Farmers' Rights Act, 2002.

- (k) A mathematical or business method or a computer programme per se or algorithms are not inventions and hence not patentable.**
 - a. Under this provision, mathematical methods, business methods, computer programmes per se and algorithms are not considered as patentable subject matter.
 - b. Mathematical methods are considered to be acts of mental skill. A method of calculation, formulation of equations, finding square roots, cube roots and all other methods directly involving mathematical methods are therefore not patentable. With the development in computer technology, mathematical methods are used for writing algorithms and computer programs for different applications and the claimed invention is sometimes camouflaged as one relating to the technological development rather than the mathematical method itself. These methods, claimed in any form, are considered to be not patentable.
 - c. Business Methods claimed in any form are not patentable subject matter. The term "Business Methods" involves whole gamut of activities in a commercial or industrial enterprise relating to transaction of goods or services. With the development of technology, business activities have grown tremendously through e-commerce and related B2B and B2C business transactions. The claims are at times drafted not directly as business methods but apparently with some technical features such as internet, networks, satellites, telecommunications etc. This exclusion applies to all business methods and, therefore, if in substance the claims relate to business methods, even with the help of technology, they are not considered to be a patentable subject matter.
 - d. Algorithms in all forms including but not limited to, a set of rules or procedures or any sequence of steps or any method expressed by way of a finite list of defined instructions, whether for

solving a problem or otherwise, and whether employing a logical, arithmetical or computational method, recursive or otherwise, are excluded from patentability.

- e. Patent applications, with computer programme as a subject matter, are first examined with respect to (b), (c) and (d) above. If the subject matter of an application does not fall under these categories, then, the subject matter is examined with a view to decide whether it is a computer programme per se.
 - f. If the claimed subject matter in a patent application is only a computer programme, it is considered as a computer programme per se and hence not patentable. Claims directed at computer programme products are computer programmes per se stored in a computer readable medium and as such are not allowable. Even if the claims, inter alia, contain a subject matter which is not a computer programme, it is examined whether such subject matter is sufficiently disclosed in the specification and forms an essential part of the invention.
 - g. If the subject matter of a patent application is not found excluded under the foregoing provisions, it shall be examined with respect to other criteria of patentability.
- (l) A literary, dramatic, musical or artistic work or any other aesthetic creation whatsoever including cinematographic works and television productions is not an invention.**

Writings, music, works of fine arts, paintings, sculptures, computer programmes, electronic databases, books, pamphlets, lectures, addresses, sermons, dramatic-musical works, choreographic works, cinematographic works, drawings, architecture, engravings, lithography, photographic works, applied art, illustrations, maps, plans, sketches, three dimensional works relating to geography, topography, translations, adaptations, arrangements of music, multimedia productions, etc. are not patentable. Such works fall within the domain of the Copyright Act, 1957.

- (m) A mere scheme or rule or method of performing mental act or method of playing game is not an invention.**

A mere scheme or rule or method of performing mental act or method of playing game, are excluded from patentability, because they are considered as outcome of mere mental process. For example,

- (a) Method of playing chess.
- (b) Method of teaching.
- (c) Method of learning.

- (n) A presentation of information is not an invention.**

Any manner, means or method of expressing information whether visual, audible or tangible by words, codes, signals, symbols, diagrams or any other mode of representation is not patentable. For example, a speech instruction means in the form of printed text where horizontal underlining indicated stress and vertical separating lines divided the works into rhythmic groups is not patentable. For instance, railway time table, 100 years calendar etc. In the matter of application No. 94/Cal/2002, the Controller held that the Patent system was meant for protecting only one kind of creativity i.e. technological creativity and since the claimed invention relates to business method and method of presenting information, it is not allowed.

- (o) Topography of integrated circuits is not an invention.**

Since protection of Layout Designs of Integrated Circuits is governed separately under the Semiconductor Integrated Circuit Lay-out Designs Act, 2000, three-dimensional configuration of the electronic circuits used in microchips and semiconductor chips is not patentable.

- (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 is not an invention.**

Traditional Knowledge, being knowledge already existing, is not patentable. An example is the antiseptic properties of turmeric for wound healing. Another example is the pesticidal and insecticidal properties of neem. The Examiner conducts an investigation by using the Traditional Knowledge Digital Library (TKDL) and other resources to decide as to whether the claimed subject matter falls within the purview of this provision.

LML Ltd vs . BAJAJ Auto Ltd. [IPAB] TRA/3/2007/PT/DEL Prabha Sridevan, Chairman & D P S Parmar, Technical Member [Decided on 02/05/2013]

Facts:

This is a transfer application for revocation of Patent No.189097 granted to Bajaj Auto Limited. This application has been transferred to Intellectual Property Appellate Board (IPAB) by Hon'ble High Court of Delhi vide order No. C.O.No.3 of 2004 dated 25th May, 2007. The applicant in this case, LML Limited is an Indian company incorporated under the Companies Act, 1956 carrying out their business for several years, inter alia, in the field of motor vehicles including two - wheeled motor vehicles such as motorcycles, motorscooters, mopeds and the like. They received a cease and desist notice from respondent on 12th April 2004. The applicant filed a petition for revocation of patent no 189097 at Hon'ble High Court Delhi (CO.NO.3 of 2004) on 27.04.2004. They are therefore 'person interested' to file this revocation application.

Decision: Application dismissed.

Reason:

We have considered the submissions of the learned counsel for appellant. In the facts of the instant case, it is not disputed that split type shackles have been in use since long prior to the application for the impugned patent. The claimed 'Patent' also used a similar type of mechanism both at the lower end of the rod by which the ceiling fan is hanged and also at the top of the shaft of the fan. The mechanisms have been put in a single piece on both the ends being the lower end of the rod and the upper end of the shaft of the fan.

In order to be patentable an improvement on something known before or combination of different matters already known, should be more than mere workshop improvement. In any opinion, it cannot be said in the instant case, that the patent registered is an inventive step, or that the same is more than a workshop improvement. Furthermore, it is a mere collection of more than one integers or things, not involving the exercise of any inventive faculty as such, the same does not qualify for the grant of patent. It is a device and/or mechanism which had already been in use at the top end of the rod. Merely because the same device and/or mechanism has been made use of the lower end of the rod to couple it with the upper end of the shaft of the fan by using the same mechanism and or device and merely because the two devices have been joined into a single piece on both sides, it cannot be said that it amounts to a new invention. In my opinion, it is an application of a known mechanism which had already been used for all practical purposes. It was obvious to a skilled worker in the field concerned, in the state of knowledge existing at and prior to the date of the patent and was to be found in the literature and/or knowledge then available to him.

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.

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.

We do not find the claimed invention is anticipated by the above referred citations as no clear case is made out by the applicant. This ground therefore fails.

Obviousness

The counsel for applicant submitted that the impugned patent is nothing but a workshop improvement and minor rearrangement of technology that is in the public domain.

The Counsel for the applicant submitted that use of reed valve in the conventional two stroke engine is admitted by the respondent as known (Page 4 para 3 of specification) where carburetor is not directly fixed to the crankcase but it is positioned between crankcase and inlet manifold. Therefore, what emerges from this is that claimed invention is only for an arrangement. According to the counsel claimed invention constitutes nothing more than workshop modification and minor tinkering with well known technology.

The learned counsel submitted that to meet the original challenge of maintaining the monocoque chassis of the scooter and retaining the intake system, chassis shape and engine transmission positioning as it is, patentee decided to place reed valve in a minimum space between the crank case and carburettor housing in the intake system. In order to ascertain obviousness we will now examine the documents relied on by the applicant. We find that UK patent 857575 of Piaggio (1960) which is cited as the closest prior art where carburetor system is directly mounted on the engine intake port 7 engine crank case. This patent does not teach the use of valve between the carburettor conduit 11 and engine intake port 7. Another US Patent 4475487 cited by applicant is related to 'Joint pipe for the carburetor' for a chain saw or portable machine. Here it shows use of two cylinders (1, 3) with a common crank case 3. The carburetor 4 is placed offset to the intake port 8. The carburetor is connected to reed valve through joint pipe 5. This inventive carburetor joint pipe ensures improved mixing of air fuel mixture. This patent does not teach use of any carburetor housing accommodating carburetor, air filter etc. In this case the carburetor is not directly mounted on crank case but is offset rearwardly from intake port 8. It does not disclose that reed valve is adopted to be positioned between crank case and carburetor housing. In fact the reed valve in this patent is placed between crankcase and joint pipe.

US patent 4964381 is for fuel injection features of a two cycle engine for motorcycles. This intake system is different from impugned patent as it does not disclose that reed valve is positioned between crankcase and carburetor housing. The monocoque chassis and engine & transmission located at one side is also not disclosed. We do not agree with the applicant that the claimed invention is mere workshop modification and arrangement. We agree with the respondent that one cannot adopt known (or off the shelf) design/shape of reed valve and its mounting arrangement to any or all types of intake system.

Thus, we find that impugned patent is an inventive improvement over UK 857575 which made the invention in question more useful and efficient. The above analysis of all the documents relied on by the applicant clearly demonstrates that claimed invention is not obvious. This ground therefore also fails.

Insufficiency

The counsel for the respondent submitted that no evidence has been adduced by the applicant to prove that the complete specification does not sufficiently and fairly describe the invention and the method by which it is performed. According to the counsel the test results given at page 6 of the specification compared vehicle fitted with the intake system of prior art with the intake system of invention is extra information which is not essential to design and manufacture the claimed invention. The counsel submitted that respondent and disclosed the invention in compliance with section 10.

We also find the specification has disclosed the invention sufficiently and fairly. In absence of any evidence of the applicant to the contrary we are inclined to disagree with the argument of the applicant in respect of insufficiency. This ground therefore also fails.

Mere arrangement and rearrangement

The learned counsel for the applicant submitted that the alleged invention comprises merely in providing a reed valve between the carburetor housing and the crankcase in two stroke internal combustion engine. The reed valve functions in a conventional as a one way valve as admitted by the respondents.

The carburetor and the crankcase carry out their respective well known and conventional functions. According to the learned counsel for the respondent, they have done in connecting the well known and conventional carburetor directly to the well known and conventional reed valve. These three components continue to carry out their respective functions. Therefore, this constitute a mere arrangement or rearrangement or duplication of known devices each of which carry on their own functions in an independent manner, which according to the learned counsel is not patentable under section 3(f) of the Patents Act, 1970.

The counsel for the respondent admitted that all the parts per se are known but the combination function is different. According to the counsel this novel combination of components parts of improved intake system for two stroke engine used particularly in two wheelers having monocoque chassis and where engine and transmission are disposed substantially to one side of the vehicle cannot be termed as mere arrangement or combination. We find the argument of the respondent convincing as the conventional functions of the individual parts would not suggest the increase in the efficiency and reduction of emission. The impugned claim relates to combination of several parts and not any individual part to part. The positive limitation in the claims makes the invention specifically applicable to the type of two wheelers having monocoque chassis and where engine and transmission are disposed substantially to one side of the vehicle. Accordingly, this cannot be described as mere arrangement and rearrangement.

Therefore, this ground also fails. In view of above analysis and findings we are convinced that applicant has not made out a case for revocation of this patent.

PROCEDURE FOR FILING OF PATENT APPLICATION AND TYPES OF APPLICATIONS

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]

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 post-dated 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 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]

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(5)]

Types of Patent Application

The types of applications that can be filed are:

a) Provisional Application

Indian Patent Law follows first to file system. A provisional application is an application which can be filed if the invention is still under experimentation stage. Filing a provisional specification provides the advantage to the inventor since it helps in establishing a - priority date of the invention. Further, the inventor gets 12 months' time to fully develop the invention and ascertain its market potential and to file the complete specification.

b) Ordinary Application

An application for patent filed in the Patent Office without claiming any priority either in a convention country or without any reference to any other earlier application under process in the office. Such type of application is known as an ordinary application.

c) Convention Application

An application for patent filed in the Patent Office, claiming a priority date based on the same or substantially similar application filed in one or more of the convention countries is known as a convention application. In order to get convention status, an applicant should file the application in the Indian Patent Office within 12 months from the date of first filing of a similar application in the convention country.

d) Pct International Application

An Application filed in India as Receiving Office (RO) under Patent Cooperation Treaty is an international application which can be filed in more than 150 countries by a single application.

e) Pct National Phase Application

When an international application is made according to PCT designating India, an applicant can file the national phase application in India within 31 months from the international filing date or the priority date, whichever is earlier.

f) Patent of Addition

When an invention is a slight modification of the earlier invention for which he has already applied for or has obtained patent, the applicant can go for patent of addition if the modification in the invention is new. One of the benefits of filing patent of addition is that there is no need to pay separate renewal fee for the patent of addition during the term of the main patent and it expires along with the main patent.

g) Divisional Application

When an application claims more than one invention, the applicant on his own or to meet the official objection on the ground of plurality or distinct invention may divide the application and file two or more applications, as the case may be for each of the inventions. This type of application, divided out of the parent one, is known as a Divisional Application. The priority date for all the divisional applications will be same as that of the main (the Parent) Application (Ante-dating).

Where to Apply.- As per Rule 4 of the Patents Rules, 2003, 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 for a Patent Application

- **Filing Procedure:** A patent application shall be filed in 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:** 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. 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 defense 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 defense 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.

Is it necessary to file a provisional application?

Generally, when an invention is not complete an application can be filed with provisional specification which is known as provisional application. This is useful in establishing a priority date for your invention. Moreover, it also gives sufficient time to the applicant to assess and evaluate the market potential of his invention before filing complete specification. However, it is not necessary to file an application with provisional specification and one can file application directly with complete specification.

When is an application for patent published?

Every application for patent is published after expiry of 18 months from the date of its filing or priority date whichever is earlier. However, following applications are not published.

- (a) Application in which secrecy direction is imposed;***
- (b) Application which has been abandoned u/s 9(1) and i.e when a provisional application has been filed and the complete application has not been filed with 12 months from the filing of the provisional application;***
- (c) Application which has been withdrawn 3 months prior to 18 months.***

Request for Examination: 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.

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.

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, whichever is later.

The Office will not examine an application unless it is published and a request for examination is filed. 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 there under;
- (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.

Is there any provision for expedited examination?

Yes, as per Rule 24C of the Patent Rules as amended in 2016, a request for expedited examination can be filed with the prescribed fees in Form 18A along with the fee as specified in the first schedule only by electronic transmission duly authenticated within the period prescribed in rule 24B on any of the following grounds, namely:

- (a) that India has been indicated as the competent International Searching Authority or elected as an International Preliminary Examining Authority in the corresponding international application.***
- (b) that the applicant is a start-up.***
- (c) that the applicant is a small entity.***
- (d) that the applicant is a natural person or in the case of joint applicants, all the applicants are natural persons, then applicant or at least one of the applicants is female.***
- (e) that the applicant is a department of the Government.***
- (f) that the applicant is an institute established by a Central, Provincial or State Act, which is owned or controlled by the Government.***
- (g) that the applicant is a Government company as defined in clause (45) of section 2 of the Companies Act, 2013 (18 of 2013).***
- (h) that the applicant is an institution wholly or substantially financed by the Government.***
- (i) that the application pertains to a sector which has been notified by the Central Government, on the basis of a request from the head of department of the Central Government.***
- (j) that the applicant is eligible under an arrangement for processing a patent application pursuant to an agreement between Indian Patent Office and a foreign Patent Office.***

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 obligations 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 re-filed 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 acceptance 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 Applications 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.

PROCEDURE FOR OPPOSITION

Under the Patents Act, 1970, the provisions regarding 'Opposition proceedings to Grant of Patents' are contained in Chapter V, containing Sections 25 to 28. Under the Act there are two types of opposition proceedings:

- (a) Representation by any person in writing by way of opposition under various grounds stated in section 25(1), and
- (b) by notice of opposition by any person interested, in the prescribed form on any of the grounds enumerated under section 25(2).

The Opposition by representative is required to be decided by the Controller after a hearing while the regular Opposition by any person interested is to be examined by the 'Opposition Board' constituted by the Controller from the staff of the Patent office. The Opposition Board will submit its recommendation to the Controller. The procedure for the first type is contained in Rules 55(1) to (6). The procedure for Opposition by a person interested is contained in Rules 55A to 70.

Representation in writing by any person by way of Opposition [Section 25(1) and Rule 55].- This Opposition can be made only against an application for Patent which has been published, but patent is not granted yet. The representation should be filed in the appropriate office within three months from the date of publication of the application or before the grant of patent whichever is later and should include a statement and evidence, if any, in support of the representation and a request for a hearing, if so desired.

The Controller will consider such representation only when a request for examination of the application has been filed. The Controller along with the evidence submitted and the arguments at the hearing will consider the representation. The Controller may reject the representation and grant the Patent or accept the representation and refuse the grant of Patent within one month from the completion of the proceedings.

If the Controller is of the opinion that the application for Patent should be refused, he will give notice to that effect to the applicant for Patent. On receiving the notice, the applicant should, if he so desires, file his statement and evidence, if any in support of the application within one month from the date of the notice.

On consideration of the statement and evidence, the Controller may either refuse to grant the Patent or require the specification to be amended before the Patent is granted. After considering the representation and submission made during the hearing, if so requested, the Controller will proceed further simultaneously rejecting the representation and granting the Patent or accepting the representation and refusing the grant of the Patent on that application ordinarily within one month from the completion of above proceedings. An appeal shall lie against the order of the Controller to the High court.

Procedure on notice of Opposition under section 25(3) and Rule 55A to 70.- This Opposition can be filed at any time after the grant of Patent but before the expiry of one year from the date of publication of grant. The person filing the notice of opposition must be a person interested. The notice of Opposition is to be given in Form 7 and sent to the Controller in duplicate at the appropriate office. On receipt of the notice of Opposition the Controller will notify the Patentee. He will then constitute an 'Opposition Board' consisting of three officers (see Rule 56) and refer such notice of Opposition along with the documents to that Board for examination and submission of its recommendations to the Controller. The opponent should send a Written Statement in duplicate setting out the nature of the opponent's interest, the facts upon which he bases his case and the relief which he seeks and evidence, if any, along with the notice of Opposition and should deliver to the Patentee a copy of the statement and evidence, if any.

What is time limit for filing the representation for pre-grant opposition? Is it possible to file pre-grant opposition even though there is no request for examination filed?

A representation for pre-grant opposition under section 25(1) of Patents Act, 1970 can be filed, on Form 7A within six months from the date of publication of the application u/s 11A or before the grant of patent.

Yes, it is possible to file representation for pre-grant opposition even though there is no request for examination has been filed. However, the representation will be considered only when a request for examination is received within the prescribed period.

If the Patentee desires to contest the Opposition he should leave at the appropriate office a reply statement setting out fully the grounds upon which the Opposition is contested and evidence, if any, in respect of his case within two months from the date of receipt of the copy of the Written Statement and opponent's evidence, if any, by him under rule 57 and deliver to the opponent a copy thereof.

If the Patentee does not desire to contest or leave his reply and evidence within a period of two months from the date of receipt of the Written Statement of opponent the Patent will be deemed to have been revoked.

The Opponent may within one month from the date of delivery to him of the Patentee's reply statement and evidence under Rule 58 leave at the appropriate office, evidence in reply strictly confined to matters in the Patentee's evidence and should deliver to the Patentee a copy of such evidence.

On the completion of presentation of evidence, if any, and on receiving the recommendation of Opposition Board or at such other time as the Controller may think fit he will fix a date and time for the hearing of the Opposition and will give the parties not less than ten days notice of such hearing and may require members of the Opposition Board to be present at the hearing.

After hearing the parties desiring to be heard or if neither party desires to be heard then without a hearing, and after considering the recommendation of the Opposition Board, the Controller will decide the Opposition and notify his decision to the parties giving reasons therefor.

What is the time limit for filing post-grant opposition in the patent office? Is there any fee for filing post-grant opposition?

The time for filing post-grant opposition is 12 months from the date of publication of the grant of patent in the official journal of the patent office.

Yes, the post grant opposition has to be filed in the prescribed Form 7 along with prescribed fees as mentioned in First Schedule in Patents Rules 2003. The post grant opposition has to be filed by the person interested and not by any other person.

Standard of Proof in Patent Proceedings (Civil).- As to the standard of proof, there is nothing in the Statute to suggest that any standard different from the normal standard of proof required in Civil litigation – that is to say, the balance of probability – should be adopted. But that standard is not an absolute standard. The nature of the issue may affect the kind and the cogency of the evidence necessary to bring the scale down on one side or the other. If something is inherently improbable, more weighty evidence is required to establish that it probably occurred than if it were inherently probable. In some cases, the difficulty in ascertaining the truth may demand a particularly careful scrutiny, in others, the quasi-criminal character of the issue, or the quasi-criminal nature of the jurisdiction may demand particular care; and in yet others the gravity of the issue, as for instance, in cases of allegations of fraud, may also require the tribunal of fact to be particularly cautious. (This is a statement from the judgement delivered in the case of *Dunlop Holdings Ltd.'s Appln.*, [1979] RPC 523 at 543 (*Buckley, L.J.*).

Controller's powers:- In Opposition proceedings the Controller has the power of a Civil Court in the matter of summoning witnesses, requiring discovery and production of any document, receiving evidence on Affidavits, issuing Commission for the examination of Witnesses and documents, awarding costs, reviewing his own decision, and setting aside an ex parte order. It would therefore appear that the Controller may exercise these powers as they would be exercised in proceedings in a Civil Court.

Appeal.- An Appeal against an order, decision or direction of the Controller in respect of an Opposition lies to the High Court. This would apply to any interlocutory order as well. A cross appeal is necessary where a respondent desires to contest that the actual decision of the hearing officer should be varied.

Leave to file further evidence on appeal may be allowed only if it is shown that there are special circumstances to justify the introduction of further material in the Opposition at that stage. It must be shown, first, that the material sought to be adduced in evidence was not in the possession of the opponents at the time of the original hearing, and second, that they could not with the exercise of reasonable diligence have obtained possession of it for use at the original hearing.

Where a person has made and filed an affidavit for the purpose of being used in a matter pending before the court, he cannot be exempted from cross-examination by the withdrawal of the affidavit. A party who has given notice to lead an affidavit is not entitled to withdraw it in order to avoid cross-examination. This is also applicable where the person making the affidavit is not a party to the proceeding.

REVOCAION OF PATENTS

General.- Although a Patentee has the exclusive right of making, using or selling the invention, the validity of the Patent is not guaranteed by the Government, as is made clear in the form of the grant itself, and in section 13(4) of the Act. This is a basic principle of Patent law accepted in all the Patent Acts in India as well as in England. The reason is not far to seek. A Patent is a kind of limited monopoly granted to the true and first inventor as a reward for the creation of something new and useful which might ultimately benefit the public. Questions whether the Patentee is the true and first inventor, whether what he has claimed as an inventor is really new, or merely what is already known dressed up on a new form, whether he has disclosed the invention completely so that a person skilled in the art could use the invention after the expiry of the term without employing further inventive skill, are all questions which can seldom be finally determined at the application stage by the Patent office. The public should therefore be given an opportunity to challenge the validity of the grant if the Patent does not fulfil any of the conditions laid down under the Act for the grant of monopoly.

The Act provides various grounds for and modes of revocation of a Patent. They may be classified as under:

- (a) Revocation in the public interest by the Central Government *suo motu* (Section 66).
- (b) Revocation of Patents relating to atomic energy by the Controller (Section 65).
- (c) Revocation by Controller for non-working of the Patent (Section 85).
- (d) Revocation by the High Court on petition for failure to comply with the request of the Central Government to use the invention [Section 64(4) and (5)].
- (e) Revocation by a person interested or of the Central Government or on a counter claim in a suit for infringement of Patent by the High Court on any of the grounds stated under section 64(1).

(i) Revocation of Patent in Public Interest (Section 66)

Where the Patent or the mode in which it is exercised is mischievous to the State or generally prejudicial to the public, it may be revoked under the provisions of Section 66. Before revocation the Patentee will be given an opportunity of being heard. The question whether a particular Patent is mischievous to the State or prejudicial to the public is to be decided by the Central Government. A declaration to the effect will be made in the Official Gazettee and thereupon the Patent will be deemed to be revoked. It is to be noted that a revocation of a Patent under Section 66 is final and is not appealable.

(ii) Revocation of Patents Relating to Atomic Energy (Section 65)

Section 20(1) of the Atomic Energy Act, 1962 provides that no Patent shall be granted for inventions which in the opinion of the Central Government are useful for or relate to the production, control or disposal of atomic energy or which relate to the production or use of any radioactive substance. The machinery for enforcement of this provision is contained in section 65 of the Patents Act, 1970.

Where an application for a patent is for an invention relating to atomic energy, the Central Government may direct the Controller to refuse to proceed further with the application, and where a Patent has been granted, to revoke the Patent. The Controller will give notice to the applicant in the case of an application, and to the Patentee and other interested persons whose names are entered in the register, in the case of a Patent granted. He will also give the parties an opportunity of being heard. The Controller, instead of refusing the application or revoking the Patent, may permit and amendment of the specification in order to overcome the objection. This may be possible only where the specification can be so amended as to leave the amendment specification beyond the scope of section 20 of the Atomic Energy Act. It may again be noted here that no appeal lies against the decision of the Controller under section 65.

(iii) Revocation by Controller For Non-Working of the Patent (Section 85)

The conditions necessary for revocation of Patent are the following:

- (a) A compulsory licence has been granted in respect of the Patent;

- (b) Two years have passed since the date of ordering the first compulsory licence;
- (c) In spite of the compulsory licence or licenses being granted, the Patented invention has not been worked in India or that reasonable requirement of the public in respect of the patented invention has not been satisfied, or that the patented invention is not available to the public at a reasonably affordable price.

If the above conditions are satisfied, the Central Government, or any interested person may make an application to the Controller for an order to revoke the Patent. The Controller, if satisfied that the grounds for revocation have been established, may make an order revoking the Patent and publish the fact. Every application for revocation shall ordinarily be decided within one year of its being presented to the Controller.

(iv) Revocation by the High Court On Petition For Failure to comply with the Request of the Central Government to use the Invention [Section 64(4) And (5)].

Under Section 64(4), the Central Government may petition the High Court to revoke a Patent on the ground that the Patentee has failed to comply with its request to use the patented invention for purposes of Government on reasonable terms. What constitutes use for the purposes of Government is defined under Section 99. If the High Court is satisfied that the Patentee has without reasonable cause failed to comply with the request of the Central Government to use the invention in question, it may order revocation of the Patent. What constitutes reasonable terms will depend upon the circumstances of each case.

Although Section 99 refers to use of the invention for the purposes of Government which includes, besides the Central Government, the State Government and Government Undertakings also, Section 64(4) can be invoked only by the Central Government. Where, therefore, a Patentee has refused to use the invention for any State Government or Government Undertaking, the Patent can be revoked under Section 64(4) only if the request to use was made by the Central Government.

(v) Revocation by the High Court Under Section 64(1)

Section 64 of the Patents Act, 1970 provides as, “Subject to the provisions contained in this Act, 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 on a counter-claim in a suit for infringement of the patent by the High Court on any of the following grounds, that is to say-.....”

Grounds of Revocation of Patent.- There are 17 grounds enumerated under section 64(1) of the Patents Act under which a Patent may be revoked. These can be classified under the following heads:

- (a) Grounds relating to rights of the Patentee and his conduct:
 - (i) Patentee not entitled to the Patent [Section 64(1)(b)].
 - (ii) Patent wrongfully obtained as against the person entitled [Section 64(1)(c)].
 - (iii) Patent obtained by false suggestion or representation [Section 64(1)(j)]
 - (iv) Failure to disclose information regarding foreign applications [Section 64(1)(m)].
 - (v) Non-compliance with directions for secrecy [Section 64(1)(n)].
 - (vi) Amendment of specification obtained by fraud [Section 64(1)(o)].
- (b) Grounds relating to the invention and its quality:
 - (i) Subject of a claim not an invention [Section 64(1)(d)].
 - (ii) Subject of a claim not a patentable invention [Section 64(1)(k)].
 - (iii) Invention claimed was secretly used before the priority date [Section 64(1)(l)].
 - (iv) Invention claimed already the subject of a prior grant [Section 64(1)(a)].

- (v) Invention lacks novelty having regard to prior knowledge or prior use [Section 64(1)(e)].
 - (vi) Invention is obvious or does not involve inventive step having regard to prior knowledge or prior use [Section 64(1)(f)].
 - (vii) Invention not useful [Section 64(1)(g)].
 - (viii) Invention claimed was anticipated having regard to the knowledge, oral or otherwise within any local or indigenous community in India or elsewhere [Section 64(1)(q)].
- (c) Grounds relating to the description of the invention:
- (i) Invention not sufficiently described [Section 64(1)(h)].
 - (ii) Claims not clearly defined and not fairly based [Section 64(1)(i)].
 - (iii) The complete specification does not disclose or wrongly mention the source or geographical origin of biological material used for the invention [Section 64(1)(p)].

Amendment of specification instead of revocation.- A Patent very often contains more than one claim. It may so happen that not all the claims are invalid. Under section 64(1) the whole Patent can be revoked even if only one of the claims happens to be invalid. Where the Patent is held invalid, the court has power to allow the specification to be amended instead of revoking the Patent (Section 58). But the scope of amendment is limited as only amendments which are in the nature of disclaimer, correction or explanation will be allowed (Section 59). The court may also permit the grant of the Patent to the petitioner in certain circumstances.

Discretion of the Court: The Court has a discretion to revoke or not to revoke a patent under section 64(1). This appears to follow from the use of the words "... a patent ... may ... be revoked".

Standard of proof required: The Court will not allow grants, which have on the evidence been proved to be invalid, to remain on the register. The court is not concerned with proof beyond reasonable doubt which is required in criminal cases, but with the normal standard required in civil cases, namely proof based on the balance of probabilities. A Patent should not be defeated after a long lapse of time, when the challenge is based on oral testimony which is hard to check. If, therefore, the subject-matter, utility and novelty are to be found, the Court will do everything to uphold a patent, and not defeat it.

OWNERSHIP AND MAINTENANCE OF PATENTS

Nature of Patent Rights.- A Patent is a statutory grant conferring certain exclusive rights on the grantee for a defined period, subject to certain conditions. In some respect it may be considered as a species of property. A Patent grant gives the Patentee the exclusive right to make or use the patented article or use the patented process. As a consequence flowing from this he can prevent all others from making or using the patented article or using the patented process. A patent monopoly not only entitles the holder to exploit the invention without competition during the period of patent protection, it also enables him to enter the market, on the expiry of the monopoly in a strong position. A patentee has also the power to assign the patent, grant licences under, or otherwise deal with it for any consideration. These rights created by statute are circumscribed by various condition and limitations.

PROVISIONS OF SECTION 48, 49 AND 50

Section 48: Subject to the other provisions contained in this Act, and the conditions specified in section 47, a Patent granted under this Act shall confer upon the Patentee:

- (a) Where the subject-matter of the Patent is a product, the exclusive right to prevent third parties, who do not have his consent, from the act of making, using, offering for sale, selling or importing for those purposes that product in India.

- (b) Where the subject matter of the Patent is a process, the exclusive right to prevent third parties, who do not have his consent, from the act of using that process and from the act of using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India.

Elements of the Right

- (a) The right conferred under this section is an exclusive right, whether product or process.
- (b) No third party can exercise the Patentee's right without the Patentee's consent.
- (c) The rights conferred, in respect of a Product Patent, are the act of making, using, offering for sale, selling or importing for those purposes the Patented product in India.
- (d) In respect of a Process Patent, the act of using that process, using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India.
- (e) The product obtained by using the patented process is not one in respect of which no Patent shall be granted under this Act. In other words, no Process Patent will be granted if the resulting product is non- patentable under the Act.

Right to use and exercise the Patent: Section 48 confers on the Patentee the exclusive right to make, use, exercise, sell or distribute the Patented article or substance in India, or to use or exercise the method or process if the Patent is for a process. This right can be exercised either by the Patentee himself or by his agents or licensees. It is made expressly clear in the section that the rights granted under the section are subject to the other provisions of the Act. In the case of Patents granted under the present Act they are in addition subject to the conditions specified in Section 47. There are many provisions of the Act which impose various limitations and restrictions on the general rights conferred by Section 48.

Make, use or exercise: Make, use, exercise or sell the invention, comprehend the manner of exploitation appropriate to all manners of manufacture; if a Product it can be made, if a Process it can be used, if an Operating Mechanism it can be exercised to secure the promised result, and whenever there is an end product, that can be sold.

Payment of Renewal fee: The Patent will be in force only so long as the renewal fees prescribed are paid from time to time within the prescribed period or within such extended period as may be prescribed. No renewal fee is payable for a patent of addition while the main Patent is in force.

Restoration of lapsed Patent: Where a Patent has lapsed due to non-payment of renewal fee, the Patentee may have the Patent restored on following the procedure laid down under Sections 60 and 61 and Rules 84 to 86. There are certain limitations imposed on a Patent restored.

Exercise of Patent right: The rights conferred by the Patent may be exercised by the Patentee, his agents or licensees. The term 'Patentee' means the person for the time being entered on the Register as the Grantee or Proprietor of the Patent. Thus, it is only the person entered in the Register as Proprietor of the Patent and his agents and licensees who can exercise the Patent rights.

Right to transfer Patent rights (Section 70): A Patentee has the power to assign, grant licences under, or otherwise deal with the Patent for any consideration. If he is a co-owner of the Patent, he can assign any share of the Patent or grant licences to others to use the Patent only with the consent of the co-proprietors or under the directions of the Controller. The power to transfer the Patent rights is also subject to any rights vested in any other person of which notice is entered on the register.

Surrender of Patents: A Patentee has a right to surrender his Patent. If the Patentee or any other person is not interested in working the Patent, it may be advisable to surrender the Patent to avoid possible revocation proceedings and consequent liability to pay costs.

Rights of co-owners *inter se*: When a Patent is granted to two or more persons, each of the co-owners, in the absence of any agreement to the contrary, is entitled to an equal undivided share in the Patent. Each of them is entitled, by himself or through his agents, to the rights conferred by Section 48 without accounting to the

others. This is, of course, subject to any agreement to the contrary. A co-proprietor of a Patent, however, cannot assign any share in the Patent or grant a licensee thereunder without the consent of other co-owners. This is also subject to any agreement to the contrary. Where consideration is not given, the co-owner may apply to the Controller in the prescribed manner who may then issue directions as to the sale, or lease of the Patent, or any interest therein, or the grant of any licence thereunder or the exercise of any right under Section 50. Thus, a co-owner can exercise the right to assign or licence the Patent only with the consent of the other co-owners or under the directions of the Controller.

ASSIGNMENT AND LICENSING OF PATENTS

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 PATENTS- COMPULSORY LICENSING

Working Of Patented Inventions – General Principles

Section 83 dealing with the general principles applicable to the working of a 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 an 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

A Compulsory Licence is a licence granted by the Government to a third party to use the Patented invention and other forms of Intellectual Property so as to restrict the rights of the Patentee for the purpose of stopping the abuse/misuse of the rights by the property holder and to prevent the negative effect of such action on the public. Governments have been given the power to grant Compulsory Licences to meet the circumstances consequent on threatened misuse/abuse of the rights granted to the Patentee for safeguarding the interests of public. The question of abuse/misuse of the right secured arises only when the Patentee fails to take all the reasonable, possible steps and initiatives to commercialize the Patented invention within a reasonable possible period and does not make the Patented product available at an affordable cost; the other situation is a national emergency.

Abuse or misuse of rights granted by Patents is a common phenomenon in all the countries in the world. Such abuse or misuse may take various forms, such as: (i) meeting the demand of the Patented product solely by importation and not manufacturing it locally which discourage/prejudice establishment of new industry or the development of existing industry in the country which grants the Patent; (ii) refusing to grant licence to work the invention locally under affordable and reasonable terms and conditions and; (iii) imposing restrictive conditions on their use, sale or lease or the Patented articles, thereby prolonging the commercial working of the Patented invention thereby causing delay in the society gaining the fruits of the invention.

To remedy the abuse/misuse of the patented rights, provisions relating to grant of Compulsory License and revocation of the Patents have come to in existence in almost all the countries in the world. It would be necessary while considering the grant of Compulsory Licence that all circumstances of each case are taken care of and the decision arrived at should balance the interests of the Patentee and the general public. Therefore, it is very essential that the decision is derived at judiciously.

Therefore, in order to meet a situation when a Patentee abuses/misuses the rights granted, the Patents Act provides for the grant of Compulsory License in certain circumstances. The provisions for Compulsory Licences 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.

Accordingly, Sections 84 to 92 of the Patents Act, 1970 deal with the subject of grant of Compulsory Licence. All conceivable circumstances have been covered under Section 84 of the Act. The circumstances are:

- That the reasonable requirements of the public with respect to the Patented invention have not been satisfied; or
- That the Patentable invention is not available to the public at a reasonable affordable price; or
- That the Patented invention is not worked in the territory of India.

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.

Every such application should contain a statement setting out the nature of the applicant's interest together with such particulars as may be prescribed and the fact upon which the application is based.

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.

An application to the Controller for an order under Section 84, 85, 91, 92, or 92A has to be made in the prescribed Form 17 (for grant of Compulsory Licence) or Form 19 (for revocation of Patent for non-working). 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 license the applicant is willing to accept.

PATENT AGENT-QUALIFICATION AND REGISTRATION PROCEDURE

Patent Agents- The work relating to drafting of Patent 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'. The work related to all this is extremely complicated involving a highly technical and legal issues. To handle all these aspects successfully, it is not only very essential to have the knowledge of Patent law and practice, but also high intelligence and expertise. Usually, such assignments are handled by well qualified, experienced and registered Patent Attorneys, though the Patents Act does not specify that the above actions have to be handled through said registered Patent agents. Sections 125 to 132 of the Patents Act, 1970 and Rules 108-120 of the Patents Rules, 2003 lay down provisions regarding the Patent Agents.

Recognizing the importance of maintaining a high standard of efficiency and professional integrity, the government has incorporated certain prescribed qualifications for those persons who desire to practice as registered Patent Agents. Accordingly, only those persons who satisfy the prescribed qualifications and registered under the Act are allowed to practice as Patent Agents before the Controller of Patents.

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 particulars, 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.

The Act also stipulates that 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 prescribed fee.

It is of particular interest to note that by the amendment effected to Section 126(1), by virtue of a person being an advocate would not make such a person registerable under the Act, as a Patent Agent. A person desirous to appear in the qualifying examination of Patent Agents should make a request to the Controller at the Patent Office along with the fee. The person can choose an office convenient to him, namely at Chennai, Mumbai, Delhi or Kolkata for submitting the application and also indicating the office where he would like to appear for the examination.

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))]

The Controller periodically notifies about the date of conducting the examination for qualifying as Patent Agents. The notification is normally done in the Patent Office Journal and other news papers for the information of the interested persons. The information is also given in the notice boards of the various Patent Offices. In actual practice, the Controller conducts the examination, if sufficient number of applications is received from interested persons.

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, the candidate's name shall be entered in the register of Patent Agents and he shall be issued a certificate of registration as a Patent Agent.

Details to be included in an Application for 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 in 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 the 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 certified professional 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 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.

SOFTWARE AND BUSINESS METHOD PATENTING

A patent protects an invention that provides a fix for a technological issue. The patent holder has certain exclusive rights with regard to the utilisation of his invention within the stated time period (often 20 years) during which this protection is accessible. In exchange, the patent holder must make his idea publicly known, adding to the global body of technical knowledge. By rewarding the inventor for his creative works, patent protection aims to promote economic and scientific advancement.

Business Method

Business Method Patents are a type of patent that are given for a novel business practise. Teaching techniques, sales techniques, financial services, investment services, marketing and advertising techniques, among others, are among the processes or procedures that can be patented under this category.

Business Method Patent includes new forms of e-commerce, insurance, tax compliance, and other commercial practises that are disclosed and claimed. There have been numerous evaluations looking into whether or not it is suitable to patent business techniques because business method patents are a relatively new type of patent. Every business has its own strategy, set of objectives, and method for achieving those objectives. The strategy may include how they sell their goods, how they value and weigh their customers, how they conduct business transactions, especially financial ones, and other similar things. Businesses spend a significant lot of their efforts trying to innovate and create new and distinctive systems. These businesses want to make sure that their novel approaches and processes are safeguarded. One method of safeguarding such systems is through business method patents. Thus, Business Method Patents aid inventors or businesses in preventing or halting the use of their original concepts and labour by rivals or other businesses.

Computer Software

Computer technology plays an increasingly important role in our society today. It enters more areas of our life, not only in technological environments and offices, but also in daily surroundings, such as household appliances, cars, watches and toys.

A computer cannot operate without instructions. These instructions, so-called computer programs or software, may be incorporated in the computer (for example, ROMs). But often, they are created, reproduced and distributed in media which are separate from the computer hardware, such as diskettes or CD-ROMs.

Hardware the technical feature of which is characterized by software. Software embodied on a machine readable medium. Software through network (Interactive game software downloaded from an Internet server)

The investments needed for the creation of computer programs are often very high. On the other hand, once created, it is generally possible to reproduce computer programs easily at very low cost. Therefore, without appropriate protection against unauthorized copying and use, producers of computer programs would not be able to regain their investments and thus, the creation and development of this technology may be hampered. This is why, during the 1970s and the first half of the 1980s, intensive international discussions regarding the protection of computer programs took place, mainly aiming at resolving the question of whether such protection should be provided under copyright law or patent law, or possibly under a sui generis system of protection. Today, it is generally accepted worldwide that computer programs should be protected under copyright. This is reflected in Article 10(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and Article 4 of the WIPO Copyright Treaty (WCT).

Patentability of Computer Software and Business Methods

Business Method Patents have also been discussed internationally and are a part of the WIPO accord. According to the WIPO Business Method's classification of nations, Patents are categorised into a variety of classes, the majority of which are defined as belonging to the G06Q class-

“Data processing systems or methods, specially adapted for administrative, commercial, financial, managerial, supervisory or forecasting purposes; systems or methods specially adapted for administrative, commercial, financial, managerial, supervisory or forecasting purposes, not otherwise provided for”

Article 27.1 of the TRIPS Agreement provides that, in principle, “patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application.” Article 27.2 and 3 of that Agreement specify certain inventions that Members may exclude from patentability. They are “inventions the commercial exploitation of which is necessary to protect order public or morality,” “diagnostic, therapeutic and surgical methods for the treatment of human or animals” and “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.” Further, Members should provide for the protection of plant varieties either by patents or by an effective sui generis system or by any combination of those.

In short, the TRIPS Agreement does not expressly provide the exclusion of computer programs in general or business methods in general from patentability. On the other hand, neither the term “invention” nor the term “technology” is defined under the TRIPS Agreement.

In effect, in certain countries, patents have been granted to inventions concerning financial services, electronic sales and advertising methods and business methods, including business methods performed on the Internet. In the United States of America, a business methods for managing an investment portfolio was found patentable subject matter in *State Street Bank & Trust v. Signature Financial Group* 149 F. 3d 1368 (Fed. Cir. 1998). Further, patents are also granted to the inventions such as a system called “virtual sales personnel” and a method of gripping a golf putter. In Europe, in the *SOHEI case T769/92, OJ 1995, 525*, the Boards of Appeal of the European Patent Office (EPO) decided that a computer system involving a number of independent management tasks, including financial and inventory management and a system operation method, was patentable subject matter. In those countries where a patentable invention should have a technical character, since those inventions are often executed by a computer system, drawing a line between inventions that belong to a field of technology and non-inventions is not an easy task.

In some countries, claims defining a computer program itself or a computer program embodied on a machine readable medium (such as diskettes and CD-ROMs) are accepted. This is due to the fact that software products are often marketed in the form of computer readable media or directly over the Internet, separately from the computer hardware. In order to prevent unauthorized commercialization of such software products, it is felt necessary to claim the software itself or a machine-readable medium storing the software that performs the claimed functions.

In general, patent law is applicable to inventions in any field of technology without discrimination. In that sense, patent law is technology neutral. In most countries, the question is not whether software and business methods in general are patentable or not. Rather, the inquiry is what software-related inventions are and business method-related inventions that merit patent protection under national/regional patent laws.

SOFTWARE AND BUSINESS METHOD PATENTING IN VARIOUS JURISDICTIONS

India

The Patents (Amendment) Act 2002 (No. 38 of 2002) came into effect on 20th May, 2003. It amended the definition of invention under section 2(1)(j) as “invention” means a new product or process involving an inventive step and capable of industrial application; and as per section 2(1)(ja) “inventive step” means a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art.

Further, section 2(1)(ac) states that ““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)(l) defines “new invention” in The Indian Patents Act, 1970 as follows:

“New invention” means 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;

The Patents (Amendment) Act, 2002 also introduced explicit exclusions from patentability under section 3 for Computer Related Inventions (CRIs) as under:

- (k) a mathematical or business method or a computer programme per se or algorithms;

The new guidelines state that computer programmes cannot be patented until the inventor can prove that the invention also includes hardware in its compilation. Instead of concentrating on the manner in which the innovation is claimed, the examiner should concentrate on the fundamental idea behind it. The claims must be correctly analysed and construed; if they only describe an algorithm, a mathematical method, or a business method, they must be rejected. However, the tests listed below will determine whether a patent should be awarded if the claims incorporate a computer programme.-

- Novel hardware is required, and the examiner should proceed to assess the invention's patentability if the claim incorporates both hardware and software;
- A claim should be rejected if it is only based on software;
- If this is not the case and the claim also refers to hardware, the examiner should move on to the next steps in determining patentability.

Accenture Global service GMBH vs. Assistant Controller of Patents and Designs

The method to create a data mapping account was the claimed innovation in this case, and the argument against it was that it was difficult to identify the method's technological outcome. Following investigation, it was determined that the invention is not software in and of itself but rather a system that combines software and online services. Therefore, it was given a patent because it did not fall under the exception of Section 3k of the Patents Act, 1970.

Facebook Patent

A technique "for generating dynamic relationship-based content, personalised for members of the web-based social network" was claimed as having patentable status by Facebook in 2009. The argument against the patentability of the method was that it was merely an algorithm that had been implemented through software. The defendant was satisfied that because the invention uses a technical procedure and produces a technical result, section 3k of the Patents Act, 1970 does not apply to it.

In 2017, Facebook received yet another patent on a technique for granting third-party applications access to user profiles kept by Facebook. According to Facebook's specification, the present invention has advantages like checking the privacy settings associated with the user profile, giving third party applications access based on the privacy settings, and personalising user content data. It also has hardware limitations and offers technical improvements. Thus, the patent was authorised.

Google Patent

Phrase identification in an information retrieval system was the invention that Google sought to patent. The argument was that since it followed logical processes and was a simple mathematical procedure, section 3k applied. The invention, according to Google, offers a technical solution to the technical challenge of how to automatically find terms in a document collection. As a result of the technical advancement above prior art, a patent was subsequently obtained.

Apple Patent

A "method for browsing data items with respect to a display screen associated with a computing device and an electronic device" was claimed by Apple in 2009 as an invention. Apple responded to the criticism that it is software and therefore a computer programme in and of itself by stating that "although the steps of the method can be performed by means of software but the method constitutes a practical application of this software to produce a useful result bringing an improved technical effect while presenting advantages and overcoming drawbacks of known techniques."

China

The Chinese Patent Law aims to "protect patent rights for inventions" and to "promote the development and innovation of science and technology." As in the case of the TRIPS Agreement, Article 22 of the Chinese Patent Law states that any invention for which patent rights may be granted "must possess novelty, inventiveness and practical applicability." According to Rule 2 of the Implementing Regulations of the Chinese Patent Law, the term "invention" means "any new technical solution relating to a product, a process or improvement thereof."

Under the Chinese Patent Law, certain inventions are not patentable. Inventions that are “contrary to the laws of the State or social morality or are detrimental to public interest” are expressly excluded from patentability. Further, in accordance with Article 25, the following subject matter is excluded from patent protection:

- (i) scientific discoveries;
- (ii) rules and methods for mental activities;
- (iii) methods for the diagnosis or for the treatment of diseases;
- (iv) animal and plant varieties; and
- (v) substance obtained by means of nuclear transformation.

Therefore, computer programs and business methods as such are not expressly excluded from patentability in China, as long as they are “inventions,” meaning “any new technical solution relating to a product, a process or improvement thereof.” However, in connection with computer programs and business methods, attention should be paid to non-patentable subject matter, “rules and methods for mental activities.”

The Examination Guidelines, issued by the State Intellectual Property Office (SIPO), provide further explanation about the term “rules and methods for mental activities” under the Law, and clarifies how computer-implemented inventions are treated under the Chinese Patent Law.

According to the Examination Guidelines, “methods and systems of organisation, production, business operation and financial management,” “methods for teaching and training,” “methods for games and entertainment” and “computer programs as such” all fall under “rules and methods for mental activities,” and thus are not patentable subject matter. They clarify that if a patent application for an invention involves only a computer program per se, or merely a computer program recorded on a carrier (such as a magnetic disk, CD-ROM or any other machine-readable storage medium), so far as the computer program itself is concerned, regardless of the form in which it appears, a patent will not be granted.

In short, in China, in order for a software-related invention being patentable subject matter, it is stressed that a software-related invention should have a technical feature utilizing technical means (utilizing laws of nature), solve any technical problem and produce any technical effect.

The above criteria would also be applicable to business-methods. That is, certain business methods that are combined with technical means to solve any technical problem and produce any technical effect may be patentable subject matter.

Europe

In Europe, the European Patent Convention (EPC), provides procedures for filing a single patent application before the European Patent Office (EPO) which may grant a European patent with effect in the Contracting State(s) designated by the applicant. Currently, 27 States are members of the EPO.

Article 52 of EPC expressly excludes “computer program per se” and “methods of doing business *per se*” from patentable subject matter. Although there is no definition of the term “invention” in the EPC, it is generally understood that inventions under the patent law should have a technical character. For example, methods of controlling an industrial process, processing of data representing physical entities (temperature, size, shape etc.) and internal function of the computer itself are considered to have a technical character. A computer system used in the field of finance may have a technical character if the process is based on technical consideration of how a computer works (for example, improvement of security), rather than a simple consideration of how financial system works.

In short, “computer program-related” inventions and “business method-related” inventions that have a technical character are patentable subject matter. When assessing whether the claimed invention has a technical character, it should be determined by the claimed invention as a whole. Therefore, the invention may comprise a mixture of technical and non-technical features.

Further, the case law under the EPC established that, in order to involve an inventive step, computer program-related inventions and business method-related inventions should make a technical contribution to the state

of the art. For example, if an invention lacks a technical problem to be solved but involves only aesthetic or commercial problem, no inventive step can be acknowledged.

The new features of a computer-related invention are often realized by means of a new computer program run by a specific computer, computer network or other conventional programmable apparatus. Following the decision by a EPO Boards of Appeal, claims in a patent application may take the form of a method of operating a computer or other apparatus, a computer or other apparatus set up to execute the method (loaded with the program), or a computer program itself, including a computer program embodied on a machine readable media.

At the European Union (EU) level, the draft Directive on the Patentability of Computer- implemented Inventions has been discussed in view of harmonizing the interpretation of patentability requirements with respect to computer software- related inventions, including the business methods that are implemented via computer, among the EU member States. The differences between the text of the first draft proposed by the European Commission in February 2002, which basically followed the practice established by the EPO, and the text adopted by the European Parliament with various amendments on September 24, 2003 show divergent views concerning this topic among the stakeholders in Europe.

United States of America

Under the law of the United States of America, there is no specific exclusion of software or business methods from patentable subject matter. The law states that the subject matter, to be capable of being patented, must be a useful process, machine, manufacture or composition of matter. In case of *Diamond v. Chakrabarty*, 447 US 303 (1980) according to the Supreme Court, the Congress intended the statutory patentable subject matter to include “anything under the sun made by man,” but laws of the nature, natural phenomena and abstract ideas are three specific areas which are not patentable.

This means that, if the claimed invention is more than a manipulation of an abstract idea, that is, a practical application of an abstract idea, it is patentable subject matter. In the case in *re Alappat*, 33.F.3d 1526 (Fed. Cir. 1994) the Court of Appeals for the Federal Circuit (CAFC) found that an invention including a software program (mathematical algorithm) to create a smooth display of numeric data on an oscilloscope was patentable subject matter, because the claimed invention as a whole was a practical application providing a “useful, concrete and tangible result.”

Noting that a business method exception does not exist under US patent law, the CAFC decided, in the *State Street Bank Case* 149 F. 3d 1368 (Fed. Cir. 1998), that the same patentability criteria should apply to inventions in any field, including business methods. Therefore, in the United States of America, whether the invention concerns a business method or not and whether the invention has a technical character or not are not relevant to the determination of patentable subject matter. Business method inventions, which provide a useful, concrete and tangible result, are recognized as eligible for patent protection, although it does not mean that all such inventions would be patented. Needless to say, other substantive requirements, such as novelty, non-obviousness and utility requirements must be complied with.

The *State Street Bank* decision in 1998 significantly affected business. Companies began to file more patent applications to protect their financial innovations and e-commerce related innovations. Facing the reactions by the private sector, the United States Patent and Trademark Office (USPTO) responded with various initiatives, such as the establishment of “Electronic Information Center,” collection of larger and more complete prior art with respect to business methods, training examiners and the creation of new patent classification, class 705 (Data processing: Financial, business practice, management, or cost/price determination).

Japan

Japanese patent law draws on both European and American precedent. Therefore, it adopts the test of technical contribution at the review level similar to that of the EU, even though it provides a lenient definition of invention that can readily provide for software patentability.

As a country with civil law, Japan lacks case law to serve as precedent. As a result, administrative guidelines and statutes, particularly those issued by the Japanese Patent Office, contain important patent law like Guidelines for Computer Software Related Inventions.

However, it acknowledges software as a statutory invention that is treated as a product innovation. As a result, even computer programmes that are not stored on any kind of medium can now be considered “product inventions.” It stipulates that information processing by software must be precisely defined using hardware resources and produced by a concrete method in which software and hardware resources are cooperating in order to qualify for patentability. Additional requirements for patentability are listed in the Software Guidelines, including -

- (1) enabling thorough description,
- (2) ministerial ordinance,
- (3) statutory innovation, and
- (4) innovative step.

A message management device, an auction centre apparatus, and a support system for managing condominium buildings have all been ruled unpatentable by two Japanese courts because they were “something at which a person skilled in the art could have easily arrived.”

PATENTABLE INVENTION W.R.T BIOTECHNOLOGY AND NEW FORMS OF LIFE

Biotechnology exploits biological materials, living or non-living, and is broadly classified as classical and modern biotechnology. The age-old fermentation process for producing alcohol, isolation of antibiotics from moulds or other micro-organisms are only a few examples of classical biotechnology. Modern biotechnology started with the gene splicing technology or genetic engineering which developed in the late seventies of the last century. By using genetic engineering, many useful things like human insulin, human growth factors, monoclonal antibodies, etc. have been developed.

The biotechnological inventions therefore include products and/ or processes of gene engineering technologies, methods of producing organisms, methods of isolation of microorganisms from culture medium, methods of mutation, cultures, mutants, transformants, plasmids, processes for making monoclonal antibodies, cell lines for making monoclonal antibodies, etc. While on the one side, biotechnological inventions have resolved many problems and branched out to several fields, on the other side, they have invoked many debates. The application of genetic engineering in plants and animals has resulted in exciting and yet debatable technological developments such as transgenic plants, animals and isolation of human genes for using them to produce medicaments.

History of Patenting Biotechnology in India

Till 2002, as per the prevailing practice in the Patent Office, patents were not granted for inventions relating to –

- (a) living entities of natural or artificial origin,
- (b) biological materials or other materials having replicating properties,
- (c) substances derived from such materials, and
- (d) any processes for the production of living substances/entities including nucleic acids.

However, patents could be granted for processes of producing non-living substances by chemical processes, bioconversion and microbiological processes using micro-organisms or biological materials. For instance, claims for processes for the preparation of antibodies or proteins or vaccines consisting of non-living substances were allowable.

India joined the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure on 17th December 2001. Consequently, section 10 of the Act was amended in 2002 to provide for deposition of the biological material and its reference in the patent application in case the invention relates to a biological material which is not possible to be described in a sufficient manner and which is not available to the public. The Patents Act, 1970 was amended by the Patents (Amendment) Act, 2005 paving the way for the grant of product patents in any field of technology including biotechnology with certain exceptions keeping in view the national policy to protect the public interest. The Act, as amended, recognizes the International Depository Authorities (IDAs) under the Budapest Treaty.

Provisions under Indian Laws governing patenting of Biotechnology

The following sections of the Patents Act, 1970 are emphasised in the context of examination of applications in biotechnology and allied fields:

- I. Section 2 (1) (j): Novelty, inventive step & industrial applicability of products or processes,
- II. Section 3 (b): Inventions contrary to morality or which cause serious prejudice to human, animal or plant life or health or environment,
- III. Section 3 (c): Discovery of any living thing or non-living substance occurring in nature,
- IV. Section 3 (d): Mere discovery of new form of known substance which does not result in enhancement of known efficacy or mere discovery of any new property or new use for a known substance,
- V. Section 3 (e): Mere admixture resulting only in aggregation of the properties,
- VI. Section 3 (h): Method of agriculture and horticulture,
- VII. Section 3 (i): Method of treatment and diagnosis,
- VIII. Section 3 (j): Plants and animals in whole or any part thereof other than microorganisms, but including seeds, varieties and species, and essentially biological processes,
- IX. Section 3 (k): Computer programs per se and algorithms, mathematical methods,
- X. Section 3 (p): Inventions which are in effect traditional knowledge,
- XI. Section 10 (4): Sufficiency of disclosure and the best method of performing the invention, and
- XII. Section 10 (5): Unity of invention and clarity, succinctness and support of the claims

Essential Requirements

Essential Requirements for obtaining a Biotechnology Patents in India are as follows:



Novelty

In the case of biotechnological inventions the assessment of novelty shall be carried out in the same manner as for other inventions. For the purpose of ascertaining novelty during the examination, the prior art is to be construed as prescribed under Section 13 (read with Sections 29 to 34) of the Act. The Manual of Patent Office Practice & Procedure has set out the guidelines for assessment of novelty of inventions that may be referred to.

According to Section 2 (1) (j) of the Act, an “invention” means a new product or process involving an inventive step and capable of industrial application. An invention will be patentable only if it is new in the light of prior art, or is not anticipated by prior art. The prior art includes all information and knowledge relating to the invention, which is available in any publication before the date of priority of the patent application. For the purpose of examination, an invention will not be new if it forms part of the prior art or has entered the public domain. For anticipation, such publication must be before the date of priority of the patent application. Also, any application for patent filed in India, but published after the date of filing of a subsequent application for patent in India claiming the same subject matter shall be treated as a prior art (i.e. prior claiming) to the said subsequent application provided that the previous application has earlier priority date.

Morality

Biotechnology deals with living subject matters and involves alteration of genomic materials of an organism. Such change may influence or may have a deep impact upon the environment or the human, animal or plant life or may involve serious questions about morality. Hence, adequate care should be taken while examining the inventions vis-a-vis their primary or intended use or commercial exploitation and it should be carefully dealt so that the subject-matter must not be contrary to public order, morality or causes serious prejudice to human, animal or plant life or health or to the environment.

A few non limiting examples may further clarify the issues:-

- (a) a process for cloning human beings or animals;
- (b) a process for modifying the germ line of human beings;
- (c) a process for modifying the genetic identity of animals which are likely to cause them suffering without any substantial medical or other benefit to man or animal, and also animals resulting from such process;
- (d) a process for preparing seeds or other genetic materials comprising elements which might cause adverse environmental impact;
- (e) uses of human embryos for commercial exploitation.

Industrial Applicability

As per Section 2(1) (ac) of the Act, the expression “capable of industrial application”, in relation to an invention, means that the invention is capable of being made or used in an industry”. Further, Section 64 (1) (g) of the Act provides that a patent is liable to be revoked if the invention is not useful.

To be patentable an invention must be useful and capable of industrial application. The specification should disclose the usefulness and industrial applicability of an invention in a distinct and credible manner unless the usefulness and industrial applicability of the invention is already established, either in explicit or in implicit manner.

In the context of the gene sequences, it may be said that whatever ingenuity is involved in discovering a gene sequence, one cannot have a patent for it or a protein encoded by it unless it is disclosed how it can be used. It is therefore necessary to consider whether the invention claimed has a useful purpose, and whether the specification identifies any practical way of using it.

Inventive Step

The Manual of Patent Office Practice & Procedure has set out the guidelines for assessment of Inventive Step of inventions (Chapter 8, Para 08.03.03) that may be referred to. An invention should possess an inventive step

in order to be eligible for patent protection. As per the Patents Act, an invention will have inventive step if the invention involves

- (a) technically advanced as compared to existing knowledge; or
- (b) having economic significance; or
- (c) both, and that makes the invention not-obvious to a person skilled in the art.

Patentable Subject Matter

- (a) Usually the biotechnology applications comprise the claims relating to the following subject matters:
 - (a) Polynucleotides or gene sequences (product and/or process),
 - (b) Polypeptides or protein sequences (product and/or process),
 - (c) Vectors (e.g., plasmids) (product and/or process),
 - (d) Gene constructs or cassettes and gene libraries,
 - (e) Host cells, microorganisms and stem cells (product and/or process), transgenic cells,
 - (f) Plants and animals tissue culture (product and/or process),
 - (g) Pharmaceutical or vaccine compositions comprising microorganisms, proteins, polynucleotides (product and/or process),
 - (h) Antibodies or antigen binding fragments thereof (monoclonal or polyclonal),
 - (i) Diagnostic kits and tests, and
 - (j) Diagnostic tests (products/process) such as a test for the detection of a mutation in a gene/protein which might be associated with a particular condition such as protein expression or a disease.

Micro-organisms and Patent Law

Microbiological inventions include new products, processes, uses and compositions involving biological materials. These inventions cover methods to isolate and obtain new organisms, improve their character, modify them and find their new and improved uses. Patenting of new micro-organisms is based on their differences with the characters and uses of micro-organisms as available in the prior art. Known micro-organisms are restricted to new uses, wherever patent law permits such a protection. The same is the case with genetically modified micro-organisms. Genes and gene products are treated similar to chemical compositions. Patenting of animal and human genes quite often attracts issues regarding public order and morality.

Section 3 of the Patents Act specifies inventions which are not patentable. The relevant provisions of that Section are as below:

- Section 3(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.”
- Section 3(j): “plants and animals in whole or any part thereof other than microorganisms but including seeds, varieties and species and essentially biological processes for production or propagation of plants and animals.”

The above provisions clearly identify micro-organisms as patentable subject matter, provided they fulfil the prescribed criteria.

In the *Dimminaco AG vs. Controller of Patents*, the Calcutta High Court held in 2002 that a patent on a micro-organism is valid. The court ruled that the Act did not preclude a living end product from being patented.

In case a biological material described in the specification is not available to the public and cannot be described adequately as per the provisions of the Act, such material shall be deposited with the International Depository Authority under the Budapest Treaty, on or before the date of filing.

Is there any additional requirement for filing of patent applications in respect of microbiological inventions?

In addition to the various forms required to be filed at the time of filing the patent application, the applicant is also required to deposit the new strain of a microorganism if used in the invention disclosed in the patent specification, in a recognized depository which assigns a registration number to the deposited microorganism, before filing for the patent application. This number needs to be quoted in the patent application.

The International Depository Authority in India are:

- Microbial Type Culture Collection and Gene Bank (MTCC) Chandigarh. For further information on Microbial Type Culture Collection and Gene Bank (MTCC) please visit <https://mtccindia.res.in/>
- Microbial Culture Collection (MCC), Pune For further information on NCCS please visit <http://www.nccs.res.in/g>) Reference to such biological material shall be made in the Specification within three months from the date of filing, giving all the available characteristics of the material required for it to be correctly identified or indicated including the name, address of the depository institution and the date and number of the deposit of the material at the institution.

In the case of Biotechnology related inventions, reference to the relevant sequence ID (SEQ ID), if any, shall be mentioned in the description/claims of the specification.

Is it essential to deposit biological material in the international depository authority? Is there any International Depository Authority in India?

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. If such biological material is already known, in such case it is not essential to deposit the same.

There is an International Depository Authority in India located at Chandigarh which is known as Institute of Microbial Technology (IMTECH). The more details regarding the said depository authority can be accessed from its website <http://imtech.res.in/>

Are there any specific instructions to inventors in respect of filing for patent applications where their invention lies in biological material?

The Patents Act, 1970 as well as the Biological Diversity Act, 2002 stipulates that the source and geographical origin of the biological material should be clearly disclosed in the patent specification. Further, according to the provision of Section 6 of the Biological Diversity Act, if the biological material used in the invention is from India, permission from the National Biological Authority has to be obtained by the applicant, and the same should be submitted to the Patent Office before the grant of patent.

Article 27.3 of the TRIPS Agreement states that Members may also exclude from patentability:

- diagnostic, therapeutic and surgical method for the treatment of humans or animals;
- plants and animals other than micro-organisms, and essentially biological processes for the production of plants and animals other than non-biological and microbiological processes.

Thus, Article 27.3 of the TRIPS Agreement clearly excludes plants and animals from being patented, but regards micro-organisms as different from plants and animals. While naturally occurring micro-organisms should not

qualify for patenting, micro-organisms involving human intervention and utility are patentable subject matter under the TRIPS Agreement, provided they meet the prescribed patentability criteria. Universally, as practised by most patent offices, new micro-organisms isolated for the first time from the natural surrounding can only be patented if they differ in character from the known micro-organisms and find a new or improved use or function. The issue has been discussed and debated in Europe for a number of years. In many countries, including European countries, USA, Republic of Korea, Japan and China, patenting of micro-organisms is not an issue. Claims to microorganisms have been allowed on the grounds that they are the products of micro-biological processes.

CASE LAWS

Dimminaco AG vs. Controller of Patents and Designs, (2002) I.P.L.R. 255 (Cal)

In 2002, the Hon'ble Calcutta High Court, in its decision in '*Dimminaco AG vs. Controller of Patents and Designs*', opened the doors for the grant of patents to inventions where the final product of the claimed process contained living microorganisms. The court concluded that a new and useful art or process is an invention, and where the end product (even if it contains living organism) is a new article, the process leading to its manufacture is an invention. The Dimminaco case was related to a process for the preparation of a live vaccine for protecting poultry against Bursitis infection. The Controller of Patents had refused the application for grant of patent on the ground that the vaccine involved processing of certain microbial substances and contained gene sequence. The Controller had decided that the said claim was not patentable because the claimed process was only a natural process devoid of any manufacturing activity and the end-product contained living material.

The Hon'ble High Court held that the word "manufacture" was not defined in the statute therefore, the dictionary meaning attributed to the word in the particular trade or business can be accepted if the end product is a commercial entity. The court further held that there was no statutory bar in the patent statute to accept a manner of manufacture as patentable even if the end product contained a living organism. The court asserted that one of the most common tests was the vendibility test. The said vendibility test is satisfied if the invention results in the production of some vendible item or it improves or restores former conditions of a vendible item or its effect is the preservation and prevention from deterioration of some vendible product. In other words, a vendible product means something, which can be passed on from one man to another upon the transactions of purchase and sale. The said test would be satisfied if the invention resulted in the production of some vendible item or it improved or restored the former conditions of the vendible item or its effect was the preservation and prevention from deterioration of some vendible product. The court further stated that the vendible product meant something which could be passed on from one man to another upon transaction of purchase and sale. In other words, the product should be a commercial entity.

Shogun Organics Ltd. vs. Gaur Hari Guchhait & Ors. CS (COMM) 201/2017 dated 14 August, 2019 (PATENT)

Facts:

The Plaintiff - Shogun Organics Limited, a company engaged in the research, manufacture and sale of mosquito repellents has filed the present suit seeking a permanent injunction restraining infringement of its Patent IN-236630 (IN'630). The patent relates to a "Process for manufacturing D-trans Allethrin," which is used as an active ingredient in mosquito repellents and other mosquito control products. The claim of the Plaintiff is that it researched and developed a six-step process for synthesis of D-trans Allethrin, which is an insecticide. The explanation of the process is given in the specification and the claims. The patent was applied for on 10th May, 2007 and the date of grant was 13th November, 2009. A pre-grant opposition was filed by Defendant.

After the grant of patent, the Plaintiff conducted investigations, which revealed that the Defendants were selling D-trans Allethrin in India by themselves and through various distributors, retailers, etc. The active ingredient was

also sold to manufacturers of other mosquito repellents such as coils and sprays under the brands Maxo, Mortein, etc. It was further revealed to the Plaintiff that Manaksia Ltd. was granted a registration under Section 9(4) of the Insecticides Act, 1968 for indigenous manufacture of D-trans Allethrin. Owing to the fact that Manaksias licence was under Section 9(4), which is a follow-on licence unlike a new/original licence, the Plaintiff suspected that the process of the Defendants would be identical to that of the Plaintiff.

According to the plaintiff, it was awarded registration in 1997 under section 9(3) of the Insecticides Act of 1968. In 2009, the defendant received registration under Section 9(4) of the Act. According to the plaintiff, the defendant's registration is essentially a follow-on registration. Shogun Organics Ltd. is the only applicant registered under section 9(3) of the Act for the indigenous manufacture of D-trans-allethrin technology in India, according to the letter dated February 9, 2011, provided by CIBRC. The manufacturing method of the applicant must be identical to the registrant's under section 9(3) if the applicant submits a registration application under section 9(4) for the same pesticide. As a result, it is very clear that the Defendant was utilising the same procedure as the Plaintiff, and infringement is thus proven. Additionally, reports from HPLC tests and an expert's affidavit were provided. The outcomes of the tests demonstrated that the Defendant is utilising the exact same technology as the Plaintiff.

The defendant claimed that the plaintiff requested a patent in 2007. Whereas the defendant submitted a registration application in 2006 in accordance with section 9(4) of the Insecticides Act of 1968. It is obvious that the patented procedure was previously known to the general public because the defendants and others who worked for them already knew about it.

Issues:

1. Whether the Plaintiff's patent IN 233660 is pre-published and lacks novelty in view of the CIB Registration No. CIR-25,228/97/D-trans Allethrin (TECH) granted to the plaintiff?
2. Whether the defendants have not infringed the plaintiff's registered patent IN 233660?

Held:

Court held that –

“Under Section 104A, whenever the subject matter of a patent is a process, the Court can direct the Defendants to prove that the process used by the Defendants is different from the patented process.

Any patent that discloses a novel process would not contain an analysis of the process itself. It would merely discuss the prior art, mention the advantages of the inventive process and disclose the exact process sought to be patented. The disclosure of the process is different from an external analysis of the process as to how it is novel and inventive. The latter was contained in the expert testimony of the Plaintiff's witness. The Plaintiff's witness also analyses the results obtained from the HPLC and the manner in which the retention time of isomers is similar in both the samples. These test results are not dislodged in cross-examination. The authenticity of the test results is also not questioned.

The court relied on the ratio in Lallubhai Chakubhai case. It stated that-

In a case to which the Indian Patents and Designs Act applies, if you have an article manufactured under a secret process and that article is of such a character that nobody by examining it can find out the secret of that manufacture, then the sale of that article in public cannot amount to public user of the process. That is the case here, and therefore in my judgment the defendant has not succeeded in showing that the process of the plaintiff had been publicly used prior to the issue of the letters patent.

Unless and until there is a clear disclosure of the process itself in the prior art, it cannot be held that the patent is prior published. There is no evidence by the Defendant to rebut the Plaintiffs case of infringement. The Defendants have thus failed to discharge their onus.

The language of Section 30 now makes it clear that the disclosure to a Government Department or to any other authority, not just of the patentee, but by any other person would not constitute prior publication. The language is person-neutral. It cannot be said from a reading of the provision that only disclosure by the patentee/applicant is covered under Section 30. It is also well settled that preparatory steps taken for launching a product, either by the Plaintiff or by the Defendants cannot be held to constitute disclosure unless and until there was public disclosure of the same.

It is held that the Plaintiff is entitled to a permanent injunction restraining the Defendants from manufacturing, selling or offering for sale D-trans Allethrin which infringes the suit patent IN-236630.”

Bajaj Auto Limited vs. TVS Motor Company Limited JT 2009 (12) SC 103

Dispute over Patent for the Use of Twin-Spark Plug Engine Technology – Speedy disposal of Intellectual property rights cases- The Supreme Court of India by this landmark judgment has directed all the courts in India for speedy trial and disposal of intellectual property related cases in the courts in India. In two-year-old dispute involving two companies, which have been locked in a patent dispute over the use of a twin-spark plug engine technology, the Supreme Court observed that suits relating to the matters of patents, trademarks and copyrights are pending for years and years and litigation is mainly fought between the parties about the temporary injunction. The Supreme Court directed that hearing in the intellectual property matters should proceed on day to day basis and the final judgment should be given normally within four months from the date of the filing of the suit. The Supreme Court further directed to all the courts and tribunals in the country to punctually and faithfully carry out the aforesaid orders.

Bayer Corporation vs. Union of India 162 (2009) DLT 371

Bayer Corporation, instead of filing a suit for infringement, filed an inventive writ petition in the Delhi High Court desiring that since the applications of Cipla “SORANIB” allegedly infringed its patent, its (Cipla’s) marketing approval application under the Drugs Act should not even be processed or entertained. It is for the first time that an attempt is made to link drug approval to patent infringement in India. However, the Delhi High Court, denying the injunction, imposed a substantial cost of Rs. 6.75 Lakh to deter any such future attempts.

Novartis vs. Union of India [Civil Appeal nos. 2706-2716 OF 2013 (Arising out of SLP(C) nos. 20539-20549 of 2009]

Rejection of a patent for a Drug which was not ‘inventive’ or had an superior ‘efficacy’- Novartis filed an application to patent one of its drugs called ‘Gleevec’ by covering it under the word invention mentioned in Section 3 of the Patents Act, 1970. The Supreme Court rejected their application after a 7 year long battle by giving the following reasons: Firstly there was no invention of a new drug, as a mere discovery of an existing drug would not amount to invention. Secondly Supreme Court upheld the view that under Indian Patent Act for grant of pharmaceutical patents apart from proving the traditional tests of novelty, inventive step and application, there is a new test of enhanced therapeutic efficacy for claims that cover incremental changes to existing drugs which also Novartis’s drug did not qualify. This became a landmark judgment because the court looked beyond the technicalities and into the fact that the attempt of such companies to ‘evergreen’ their patents and making them inaccessible at nominal rates. Along with Section 48 of the (Indian) Patent Act, 1970 establishes a Patent Linkage Mechanism under which no market approval for a drug can be granted if there a patent subsisting over that drug. It also claimed that CIPLA’s “SORANIB” is a “Spurious Drug” as defined under the Drugs Act, for which market approval cannot be granted. The Hon’ble High Court of Delhi held that there is no Drug- Patent Linkage mechanism in India as both the Acts have different objectives and the authority to determine patent standards, is within the exclusive domain of the Controller of Patents. Moreover, the patent linkage will have undesirable effect on the India’s Policy of Public Health. It further held that the market approval of a drug does not amount to infringement of patent. Therefore, the patent infringement cannot be presumed, it has to be established in a court of law. Such adjudication is beyond the jurisdiction of Drug Authorities. On the issue of “SORANIB” being a spurious drug, the court held that CIPLA’s “SORANIB” cannot come under the category of spurious goods as there is no e4.

Nuziveedu Seeds Ltd. And Ors. vs. Monsanto Technology LLC and Ors. (Supreme Court of India, Case No.: Civil Appeal nos.4616-4617 of 2018)

Whether the summary invalidation of Monsanto's patent was valid?

The Supreme Court allowed the appeal filed by Monsanto and held that summary adjudication of a technically complex suit requiring expert evidence also, at the stage of injunction in the manner done, was certainly neither desirable nor permissible in the law. The suit involved complicated mixed questions of law and facts with regard to patentability and exclusion of patent which could be examined in the suit on basis of evidence. The Supreme Court was satisfied that the Division Bench ought not to have disposed of the suit in a summary manner by relying only on documents extracted from the public domain, and not even filed as exhibits in the suit, much less examination of expert witnesses, in the facts of the present case. It was observed that the issues raised were complicated requiring technological and expert evidence with regard to issues of chemical process, biochemical, biotechnical and microbiological processes and more importantly whether the nucleic acid sequence trait once inserted could be removed from that variety or not and whether the patented DNA sequence was a plant or a part of a plant etc. are again all matters which were required to be considered at the final hearing of the suit. The court was satisfied in the facts and circumstances of the case that the nature of the injunctive relief granted by the Single Judge was in order and merits no interference during the pendency of the suit and the suit was remanded to the learned Single Judge for disposal in accordance with law.

Telefonaktiebolagetlm Ericsson (publ) vs. Xiaomi Technology & Ors, CS (OS) 3775/2014, (Delhi High Court)

In December 2014, Ericsson had filed a suit against Xiaomi in India for the alleged infringement of the 8 standard-essential patents. The Delhi High Court granted an ex-parte injunction on the sale, manufacture, advertisement, and import of Xiaomi's devices. Xiaomi claimed that its latest devices in the Indian market (as of December 2014), the Mi3, Redmi1S and Redmi Note 4G, contained Qualcomm chipsets, which implemented technologies licensed by Ericsson. Xiaomi subsequently challenged the injunction before a Division Bench of the Delhi High Court, which issued temporary orders to allow Xiaomi to resume the sale, import, manufacture, and advertisement of its mobile devices subject to the following conditions: Xiaomi would only sell devices having Qualcomm chips and Xiaomi would deposit Rs. 100 towards royalty for every device it imported to India from the date of the launch of the device in India to January 5, 2015. This amount was to be kept in a fixed deposit for three months during the proceedings of the case.

Novartis A.G. & Anr vs. Cipla Ltd, CS (OS) 3356/2014, (Delhi High Court)

In another patent litigation case, Delhi High court barred Indian generic drug maker Cipla from making or selling generic copy of Novartis's "Onbrez" by giving temporary injunction to Novartis. Citing famous Roche vs Cipla case, the court observed that Novartis has a strong prima facie case and as the validity of the patent is not seriously questioned, there is a clear way out to grant injunction. Further, the court observed that Cipla did not provide any figures about the "inadequacy or shortfall in the supply of the drug." Earlier Cipla launched its generic version of Indacaterol in October claiming "urgent unmet need" for the drug in India.

Without going conventional way, Cipla, also approached the Department of Industrial Policy and Promotion (DIPP) to exercise its statutory powers under Section 66 and Section 92 (3) to revoke Indian Patents IN222346, IN230049, IN210047, IN230312 and IN214320 granted to Novartis AG for the drug Indacaterol. Cipla argued on the basis of 3 main points i.e. "epidemic" or a "public health crisis" of COPD, unable to manufacture the same in India by Patentee and high cost of patented drug.

Vringo Infrastructure Inc, & Anr. vs. ZTE Corporation & Ors. FAO(OS) 369/2014 (Delhi High Court)

In January 2014, Vringo and Vringo Infrastructure filed a patent infringement suit in the Delhi High Court against ZTE, over the alleged infringement of its patent IN200572.

In February 2014, the Delhi High court granted an ad-interim ex-parte injunction restraining ZTE from importing, selling, advertising, installing or operating devices that comprise the infringing components. The High court

also appointed local commissioners to inspect ZTE's premises and instructed customs authorities to detain ZTE's shipments that may contain such devices and to notify Vringo. In March 2014, ZTE appealed against the injunction, which was vacated on August 5 the same year with ZTE being ordered to deposit Rs. 17.85 crore to the court.

The suit is sub judice now. As of August 2014, ZTE had filed for the revocation of IN200572 on grounds of it not being innovative as well as for violating some statutory provisions under Section 64 of the Indian Patents Act.

Dr Snehlata C. Gupte vs. Union of India & Ors [W.P. (C) No 3516 and 3517 of 2007] Delhi High Court]

What shall be the actual date of grant of a patent?

This case was instrumental in determining when a patent can said to be granted under the Patent Act 1970 (the Act). This lack of clarity led to a scrutiny of the relevant provisions the Act and also the existing process with a time gap between the grant and the issuance of the patent certificate. The Delhi High Court, while holding that the date of grant of a patent is the date on which the Controller passes an order to that effect on the file, noted that the language, "a patent shall be granted as expeditiously as possible" (u/s 43) does point out that a patent has to be granted once it is found that either the application is not refused in a pre-grant opposition or otherwise is not found in contravention of any provision of the Act.

At the core of the legal challenge was the existing process, which resulted in a time gap between the grant of a patent and the issue of the patent certificate. The court held that the date of the grant of a patent is the date on which the controller passes an order to that effect on the file i.e. on the day in which the Controller makes a decision to grant a patent. The issue of a certificate at a later date is then nothing more than a mere formality.

The court also came down strongly against the practice of filing serial pre-grant oppositions. through aliases, a practice now fairly common in most pharmaceutical patent cases.

Therefore, the decision taken by the Controller on the file is the determining event for ascertaining the date of grant of patent and the acts of sealing of the patent and entering the same in the Register are ministerial acts evidencing the grant of patent.

Symed Labs Limited vs. Glenmark Pharmaceuticals Limited & Anr, FAO(OS) 405/2014 (Delhi High Court)

In another case of SYMED Labs vs. Glenmark Pharmaceuticals, Symed Labs Ltd. had sued Glenmark Pharmaceuticals Laboratories before the Delhi High Court for allegedly infringing two of its patents: IN213062 & 213063. First patent was granted for "Novel intermediates for Linezolid and related compounds" while the '063 patent was granted for "A novel process for the preparation of linezolid and related compounds. While declaring the judgment on 9th Jan 2015, the judge convinced that the Plaintiff has got good prima facie case in favour of SYMED. Further the judge decided that protection to the patent processes ought to be granted to the Plaintiff as damages will not be an efficacious remedy. Thus, there will be irreparable loss and injury because of the long uninterrupted use of patents, the balance of convenience also lies in favour of the Plaintiff. Thus the judge granted an ad interim injunction restraining Glenmark from manufacturing, selling, offering for sale, advertising or directly or indirectly dealing in the production of Linezolid manufactured in a manner so as to result in infringement of the Plaintiff's registered Patents.

Maj. (Retd.) Sukesh Behl & Anr. vs Koninklijke Phillips, FAO(OS) No.16 OF 2014 (Delhi High Court)

In this litigation case, Sukesh Behl made a counter claim for revocation of the suit Patent No. 218255 under Section 64(1)(m) of the Patents Act, 1970 (for short "the Patents Act") for non-compliance of the provisions of Section 8. Earlier in another suit Koninklijke Phillips sought for permanent injunction restraining Sukesh Behl from infringing its patent and for other incidental reliefs. While delivering the judgement, the judge answered the question of whether the failure to comply with the requirement of Section 8 of the Patents Act would invariably lead to the revocation of the suit patent under Section 64(1)(m) of the Patents Act, the word "may" employed in

Section 64(1) indicates that the provision is directory and raises a presumption that the power of revocation of patents conferred under Section 64(1) is discretionary. Citing Chemtura case, the judge hold that the power to revoke a patent under Section 64(1) is discretionary and consequently it is necessary for the Court to consider the question as to whether the omission on the part of the plaintiff was intentional or whether it was a mere clerical and bonafide error. Finally, the judge dismiss the plea of Sukesh Behl for revocation of said patent under section 64 (1)(m).

LESSON ROUND-UP

- A Patent is a grant by the Government, given for disclosing a new invention by an Inventor or a group of Inventors or otherwise an applicant.
- Simplicity of an invention is not a bar for securing a Patent.
- Patent gives the Patentee the right to take legal action to prevent others from commercially exploiting the patented invention in the country which grants the Patent without the permission of the Patentee (Proprietor).
- Patents (Amendment) Rules, 2016 were introduced to gear up and encourage start-ups in different fields. A more liberal definition of “startup” has now been incorporated under the Patent (Amendment) Rules, 2017 which allows domestic as well as foreign entities to claim benefits, such as, fast-track mechanism and lower fee for filing patents.
- The main criteria for securing a Patent is that the invention which is to be protected must be novel, should have an inventive step and should have utility.
- 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.
- ‘Inventive step’ is a feature of an invention that involves technical advancement as compared to existing knowledge or having economic significance or both, making the invention non-obvious to a person skilled in that art.
- An invention to be Patentable must be useful. If the subject matter is devoid of utility it does not satisfy the requirement of invention.
- The complete specification is a techno-legal document which fully and particularly describes the invention and discloses the best method of performing the invention.
- Under the Patents Act, 1970, the provisions regarding ‘Opposition proceedings to Grant of Patents’ are contained in Chapter V, containing Sections 25 to 28.
- Where the Patent or the mode in which it is exercised is mischievous to the State or generally prejudicial to the public, it may be revoked under the provisions of Section 66.
- Under Section 64(4) of Patents Act, 1970, the Central Government may petition the High Court to revoke a Patent on the ground that the Patentee has failed to comply with its request to use the patented invention for purposes of Government on reasonable terms.
- There are 17 grounds enumerated under section 64(1) of the Patents Act under which a Patent may be revoked.
- 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.
- A Compulsory Licence is a licence granted by the Government to a third party to use the Patented invention and other forms of Intellectual Property so as to restrict the rights of the Patentee for the purpose of stopping the abuse/misuse of the rights by the property holder and to prevent the negative effect of such action on the public.
- The work relating to drafting of Patent 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’.

- Sections 125 to 132 of the Patents Act, 1970 and Rules 108-120 of the Patents Rules, 2003 lay down provisions regarding the Patent Agents.
- Business Method Patents are a type of patent that are given for a novel business practise. Teaching techniques, sales techniques, financial services, investment services, marketing and advertising techniques, among others, are among the processes or procedures that can be patented under this category.
- A computer cannot operate without instructions. These instructions, so-called computer programs or software, may be incorporated in the computer (for example, ROMs). But often, they are created, reproduced and distributed in media which are separate from the computer hardware, such as diskettes or CD-ROMs.
- Hardware the technical feature of which is characterized by software. Software embodied on a machine readable medium. Software through network (Interactive game software downloaded from an Internet server)

GLOSSARY

Startup - It means: (a) an entity in India recognized as a startup by the competent authority under Startup India Initiative; or (b) In case of a foreign entity, an entity fulfilling the criteria for turnover and period of incorporation/ registration as per Startup India Initiative and submitting declaration to that effect.

Invention - Under the Patents Act, 1970 has been defined as ‘a new product or process involving an inventive step and capable of industrial application.’ (Section 2(1)(j)).

New invention - It 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.

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.

Diagnostic methods - Diagnosis is the identification of the nature of a medical illness, usually by investigating its history and symptoms and by applying tests. Determination of the general physical state of an individual (e.g. a fitness test) is considered to be diagnostic.

Therapeutic methods - The term therapy “includes prevention as well as treatment or cure of disease. Therefore, the process relating to therapy may be considered as a method of treatment and as such not patentable.

Provisional Specification - 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.

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.

Assignment - 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.

Business Method Patents - They are a type of patent that are given for a novel business practise. Teaching techniques, sales techniques, financial services, investment services, marketing and advertising techniques, among others, are among the processes or procedures that can be patented under this category.

Biotechnological Inventions - The biotechnological inventions therefore include products and/ or processes of gene engineering technologies, methods of producing organisms, methods of isolation of microorganisms from culture medium, methods of mutation, cultures, mutants, transformants, plasmids, processes for making monoclonal antibodies, cell lines for making monoclonal antibodies, etc.

TEST YOURSELF

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

1. Discuss the Concept of Patent in brief.
2. What are the elements of Patentability?
3. Write a note on the Procedure for Filling of Patents
4. Discuss various types of Applications for Patents.
5. What is the Procedure for Opposition under Patents Act, 1970?
6. Write a note on Compulsory Licensing.
7. Explain the inter-relationship between Micro-organisms and Patent Law.
8. With the help of case laws explain the concept of Patents.
9. Write a note on software and business method patenting?
10. Explain how Software and business method patenting works in various jurisdictions.

LIST OF FURTHER READINGS

- The Patent Act, 1970 and rules made therein as amended.
- Guidelines for examination of Biotechnology applications for Patents, Office of the Controller General of Patents, Designs and Trademarks.
- Patentability of Computer Software and Business Methods, WIPO/IP/BIS/GE/03/7.
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OTHER REFERENCES (Including Websites / Video Links)

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- <https://www.wipo.int/patents/en/>
- https://www.wipo.int/edocs/mdocs/sme/en/wipo_ip_bis_ge_03/wipo_ip_bis_ge_03_7-main1.pdf
- https://ipindia.gov.in/writereaddata/Portal/Images/pdf/Final_FREQUENTLY_ASKED_QUESTIONS_-_PATENT.pdf
- <https://ipindia.gov.in/writereaddata/images/pdf/report-of-technical-expert-group.pdf>
- <https://www.wipo.int/patents/en/topics/biotechnology.html>
- https://www.wipo.int/wipo_magazine/en/2013/04/article_0007.html
- https://ipindia.gov.in/writereaddata/Portal/IPOGuidelinesManuals/1_38_1_4-biotech-guidelines.pdf

KEY CONCEPTS

■ Patent ■ Patent Offices ■ Patent Database ■ Patent Information ■ Patent Information System ■ Territorial Jurisdiction ■ State of Art Search ■ Bibliographic Search ■ Patent Family Search ■ English Equivalent Patent Search ■ Assisted Search ■ Cross-Licensing ■ Compulsory Licensing ■ Patent Pool ■ WIPO ■ InPass ■ Patent Cooperation Treaty ■ Pre-Application Searches (PAS) ■ Patent Monitoring

Learning Objectives

To understand:

- The concept of patent databases and information system.
- The Intellectual Property office in India and familiarizing the students with the same.
- The importance of patent information in business development.
- The need of patent search and its importance.
- The various databases available for conducting patent search.

Lesson Outline

- Introduction
- Patent Offices in India
- Territorial Jurisdiction for Patent Applicants
- Patent Information
- Patent Documents
- Patent Information System
- Services offered by Patent Information System
- Importance of Patent Information in Business Development
- Patent Databases
- Various types of Searches using Patent document
- Importance of Patent Search
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References (Including Websites / Video Links)

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 Indian Patent Office is in responsibility of upholding Indian patent law, and among many other things, it is in charge of overseeing the administration of patents, the tenure of patents, and patent renewal.

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. Dr. Unnat P. Pandit has assumed charge as CGPDTM recently.

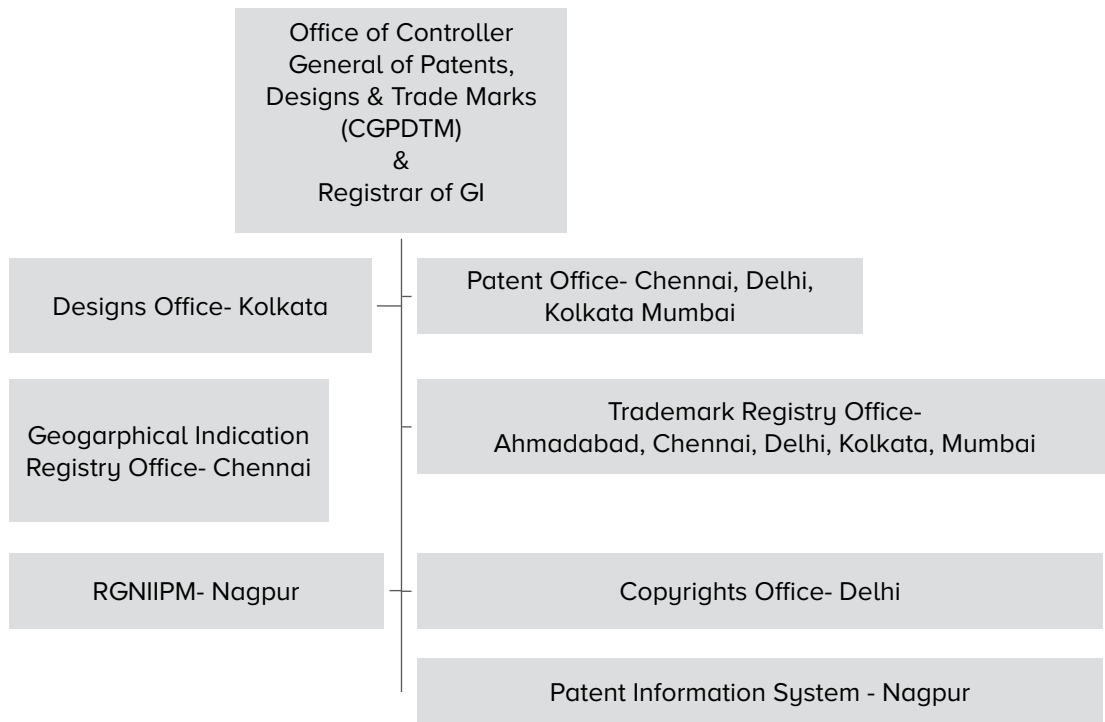
The Patent information System (PIS) and National Institute of Intellectual Property Management (NIIPM) located at Nagpur also come under the superintendence of CGPDTM. PIS maintains a comprehensive collection of patent specifications and patent related literature on a worldwide basis to meet the need 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.

Does patent office help in finding users for patent?

The Patent Office has no role beyond grant of patent. Since patents are private rights the patent owner is responsible for commercializing the patent either himself or through licensee. However, the information relating to grant of patent is published in the Patent Office journal and also published on the Patent Office website which is accessible to the public worldwide. This certainly may help the applicant to attract potential user or licensee. The patent office also compiles and updates a list of patents which are lapsed / ceased in India

Organizational Structure of Intellectual Property Offices in India.



DETERMINING TERRITORIAL JURISDICTION FOR PATENT APPLICANTS

An application for a patent in India must be filed before the Patent Office having appropriate jurisdiction. The jurisdiction of the relevant office is determined based on one of three criteria, as follows:

- The place of residence, domicile or business of the applicant (or the first mentioned applicant, in case there are joint applicants), or
- The place from where an invention actually originated, or
- For foreign applicants, the address for service in India given by the applicant, or the address of the patent agent on record.

It must be emphasized that the jurisdiction of the patent office for the purpose of administrative and prosecutorial actions pertaining to a patent differs from the jurisdiction of the courts for the purpose of enforcing patent (that includes filing of infringement suits). The jurisdiction for filing and infringement suit is determined by the conditions laid down under section 104 of the Indian Patents Act of 1970 and Section 20 of the Civil Procedure Code, 1908.

What is Territorial Jurisdiction?

Territorial Jurisdiction refers to the power of the court to preside over cases arising out of or a person/ company having domicile/ registered office within the defined territories of the court's jurisdiction.

As per Section 20 of the Civil Procedure Code, 1908, the defendant must dwell, do business, or personally work for gain within the jurisdiction of the court, where the cause of action first arises, in whole or in part. Separately, decisions made by the Patent Office may be challenged before the relevant High Court. The Patent Office where the patent application is lodged determines the High Court's jurisdiction.

Illustration-

If A, a patent holder, wants to file a suit against B for patent violation, then A will have to file a case in the court of territorial jurisdiction, where B has their office, reside, or work for gains. Patents officers' decision or order can be challenged in the High Court of jurisdiction, where the patent application was originally filed.

Office	Territorial Jurisdiction
Patent Office Branch, Chennai	The States of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and the Union Territories of Pondicherry and Lakshadweep.
Patent Office Branch Mumbai	The States of Maharashtra, Gujarat, Madhya Pradesh, Goa and Chhattisgarh and the Union Territories of Daman and Diu & Dadra and Nagar Haveli.
Patent Office Branch, New Delhi	The States of Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan, Uttar Pradesh, Uttaranchal, Delhi and the Union Territory of Chandigarh.
Patent Office, HO Kolkata	The rest of India

Does Indian Patent give protection worldwide?

No. Patent protection is a territorial right and therefore it is effective only within the territory of India. There is no concept of global patent. However, filing an application in India enables the applicant to file a corresponding application for same invention in convention countries or under PCT, within or before expiry of twelve months from the filing date in India. Patents should be obtained in each country where the applicant requires protection of his invention.

WHAT IS PATENT INFORMATION?

Technical details contained in patent documents as well as information about them that is pertinent to law and business are collectively referred to as "patent information."

In recent years, economists, social science researchers, policymakers, businessmen and professionals have begun to make increasing micro-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.

Purpose of 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.

Having patent information handy can be vital in many ways. For example, one can use it to-

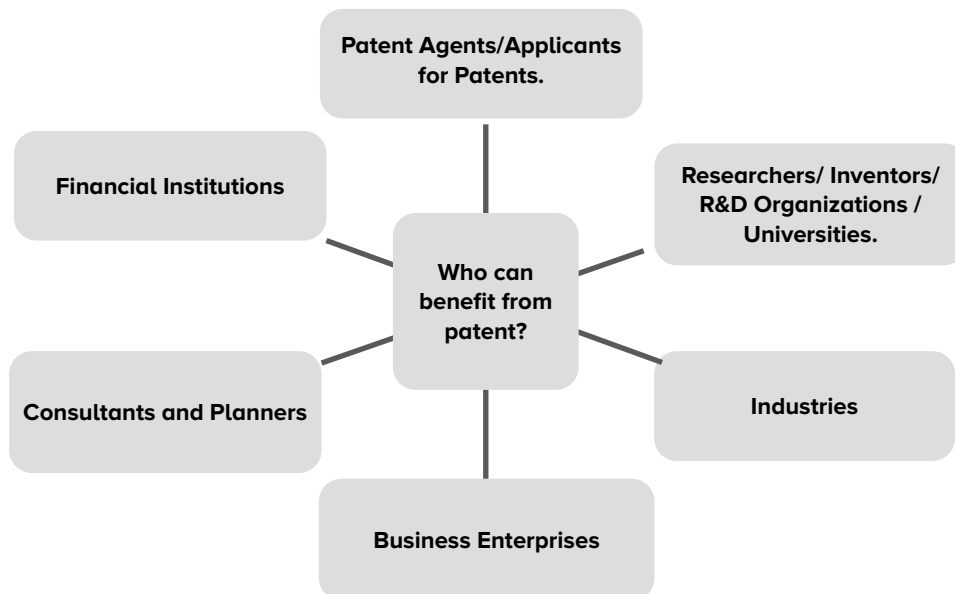
- Find what is in existence and what can be further worked on.
- Keep a detailed track of the market competitors or locate potential partners.
- Avoid infringing on other people's patents.

It is absolutely pertinent that every nation's patenting procedure must include the publication of patent papers. The whole technical information of an innovation is detailed in patent filings. About 60 million patent documents have been published so far and each year nearly one million new ones appear. As a result, patent papers are the most comprehensive single source of technological knowledge everywhere.

Government of India, Ministry of Commerce and Industry, Department of Industrial Policy and Promotion established Patent Information System (PIS), in the year 1980 with the objectives-

- To obtain and maintain a comprehensive collection of patent specification and patent related literature on a worldwide basis to meet the needs for technological information, of various users in R&D establishments, Government Organizations, Industries, Business, Inventors and other users.
- To provide technological information contained in patents through, search services and patent copy supply service.

Who can Benefit From Patent Information?



Patent information can be beneficial for-

- A. Researchers/Inventors/R & D Organizations / Universities** - Researchers, inventors etc. can benefit from the patent information as it helps them:
- To avoid duplication of research.
 - To access state of the art before initiating a Research Project.
 - To find ready solution to technical problems in ongoing research.
 - To keep up-to-date knowledge about the technology.
- B. Industries-** Industries can be at an advantage, as patent information can help them:
- To improve existing technology for producing newer/better/cheaper products.
 - To find a ready solution to technological problems.
 - To assess the state of the art before initiating the project.
 - To identify and evaluate suitable technologies for adaptation/transfer.

- C. Business Enterprises-** It is advantageous for business enterprises to use the help of patent information as it helps them :
- To identify new products for marketing, licensing or distribution.
 - To locate patent owners and identify competitors.
 - To avoid possible infringement problems.
 - To locate areas of investment.
- D. Consultants and Planners-** It is beneficial for consultants and planners to use the help of patent information, as it gives them the edge, by helping them:
- To assess a technology for viability.
 - To undertake technology forecasting by identifying the trend of inventions in a given technology field.
 - To advise industry/R & D organization/financial institutions on issues relating to the technology.
- E. Financial Institutions-** In today's day and age, financial institutions have to rely on patent information :
- To assess a technology/ research project for financial support.
 - To monitor viability and progress of aided projects.
- F. Patent Agents/Applicants for Patents-** Patent agents or applicants can be at an advantage, as patent information will help them:
- To ascertain patentability and other aspects like opposition, infringement, revocation and other proceedings under the Patent Law.
 - To provide professional assistance to the Inventors/Applicants.

WHAT ARE PATENT DOCUMENTS?

Patent document 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 Patent documents consists of-

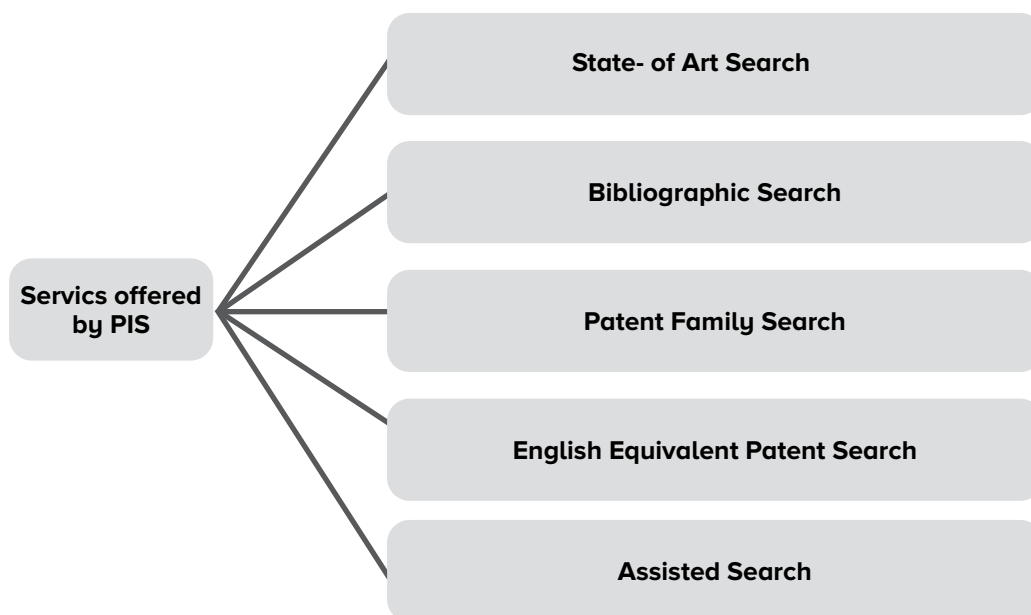
- A First Page- This consists of basic information of the invention, such as title and the name of the inventor
- Detailed description of the Invention- This indicates what are the current day uses and the benefits it has to offer, in comparison to that already existence. It also specifies the construction of the structure.
- Drawings
- Claims- It contains a clear and a concise definition of what the patent will be legally protecting

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. The Patent Information System (PIS) was established in 1980 by the Government of India at Nagpur with the objective to obtain and maintain a comprehensive collection of patent specification and patent related literature on worldwide basis to meet the needs of technological information of various users in R & D establishments, Government organizations, Industries, businesses, Inventors and other users and to provide technological information contained in patents through search services and supply of copies of patent specifications.

SERVICES OF PATENT INFORMATION SYSTEM

A Wide variety of Patent Information services are readily available at **Rajiv Gandhi National Institute of Intellectual Property Management (PIS), Nagpur**. All correspondence in respect of patents/ inventions, etc, is kept confidential by PIS.

The List of Services which was offered by PIS are as under:



1) *State - of Art Search :*

- Identifies current level of technical development in user's special area.
- Avoid expensive and unnecessary duplicate developments.
- Assess risk of infringing a patent.
- Search terms including keywords, Inventor name, Applicant name, and Classification symbols.
- Charges approx. Rs. 2000/- + Rs. 20 per document reported.

2) *Bibliographic Search :*

- Identifies the Inventor/ Applicant.
- Provides bibliographic status of the patent.
- Provides bibliographic data of patent documents retrieved.
- Search terms including inventor name, Applicant name and Classification symbols are used.
- Country coverage extends to more the 60 countries.
- Charges Rs. 500/- + Rs. 5 per document reported.

3) *Patent Family Search :*

- Identifies global picture of protection of invention.
- Indicates the existence of corresponding patent elsewhere.
- Helps in estimating the importance of the invention.

- Provides bibliographic details of the desired family members.
 - Country coverage extends to more than 60 countries reporting data to EPIDOS-INPADOC database.
 - Charges for providing bibliographic data of a family member, a uniform, rate of Rs. 50/- per family member located will be levied.
- 4) *English Equivalent Patent Search* :
- Identifies the patent family member in English language.
 - Identifies English language Equivalent for Non-English patent.
 - The country coverage extends to more than 60 countries reporting data of EPIDOS-INPADOC data base.
 - Charges: Rs. 50/- for locating one English language equivalent/family member.
- 5) *Assisted Search* :
- Users will be allowed to use CD-ROM data of PIS, Nagpur to conduct search & also overseas data bases on internet can be accessed.
 - General assistance in performing search will be provided.
 - Charges: Rs. 250/- per hours per person of the facilities used.

Did you know?

The Patent Copy Supply Services provides documents in the following manner-

- 1) Indian Patents - Xerox copy of Indian Patent is supplied @ Rs. 30/- + Rs. 4/- per page.
- 2) Foreign Patent- Copy of foreign patent, available in-house, is supplied @ Rs. 300/- per patent foreign patents not available in-house: Copy procured from WIPO, Geneva, is supplied @ Rs. 30/- per patent document.
- 3) Abstract/Claim- Copy of abstract/claim is supplied @ Rs. 25/- per abstract/claim.

Documents are supplied in the language of their publication. No translation facility is available at PIS, Nagpur. However, on demand, English language family member can be supplied using English Equivalent Patent Search.

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 'Teorya Resheniya Izobreatatelskikh Zadatch', 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 market place;
- 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.

When two parties enter into a cross-licensing contract, they agree to award each other patent licences. Such agreements essentially entail the sharing of crucial, patent-protected information between two parties wherein each of them wants to advance their own technological advancements by sharing their respective technology with one another.

The agreement could be a private one, between two particular corporations or a small group of businesses. It might be a public arrangement like a patent pool, in which IP administration is distributed among a sizable number of patent owners who also own the same patents.

Illustration-

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.

What is a patent pool?

Patent pool is an arrangement between two or more patent owners to pool their patents and licences either among themselves or to a third party on predetermined licencing conditions is known as a patent pool. They serve as a method for gaining patent rights jointly. Thus, a patent pool is created when more than two businesses cross licence their patents with regard to a specific technology.

A patent pool's goal is to encourage innovation by making patent licences simple to obtain. Patent pools and multilateral cross-licensing agreements can be distinguished by the fact that in the former, a third party who is unable to contribute any innovation can still benefit from the pool simply by being a member, whereas in the latter, only the party to the agreement can benefit as per the agreement.

Advantages of Cross-licensing:

1. Ensures mutual technology exchange to enhance products.
2. Reduces the price of product development.
3. Boosts growth by establishing IP sharing networks.
4. Lowers transactional expenses.
5. Provides protection from upcoming patentable inventions.
6. Assists in avoiding time-consuming legal battles over infringement allegations.

Disadvantages of Cross-licensing:

1. It may enable competitor to imitate patented product.
2. Dependency on other for growth.
3. Creates barriers for new and upcoming entrants.
4. It may lead to unhealthy growth of competition in marketplace.

Global Cases of Cross Licensing include-

Nokia and Lenovo: *Nokia, on April 7, 2021 declared, that it has reached a multi-year, cross-technology patent licence agreement with Lenovo. In accordance with the contract, Lenovo will pay Nokia a net balancing amount. The agreement's terms are kept private. The agreement resolves all pending patent litigation and other proceedings between the two parties, in all jurisdictions.*

Google and Samsung Electronics: *In January 2014, these two industry titans struck a comprehensive cross-licensing deal that covers both already-issued patents and those that are filed during the following 10 years. The partnership strengthened relations between the company that created the Android operating system and the biggest smartphone producer in the world at the time.*

Google and SAP: *A long-term patent cross licencing agreement between Google and SAP has been reached at. Both businesses joined the LOT Network in 2014, a community-based patent licencing arrangement created to lessen for its members the escalating practise of IP privateering and patent troll*

lawsuits. They disclosed a long-term patent cross-licensing arrangement in October 2015, which covered numerous product and software patents.

Apple and Microsoft: Since the late 1990s, these corporations have had a long-standing cross-licensing arrangement. The agreement includes both design patents (aesthetic hardware/software characteristics) and worldwide utility patents (technical software features). Although technical and design patents are broadly covered by the licencing agreement between the companies, it nonetheless offers some protection against exact product duplication in the form of an “anti-cloning” clause.

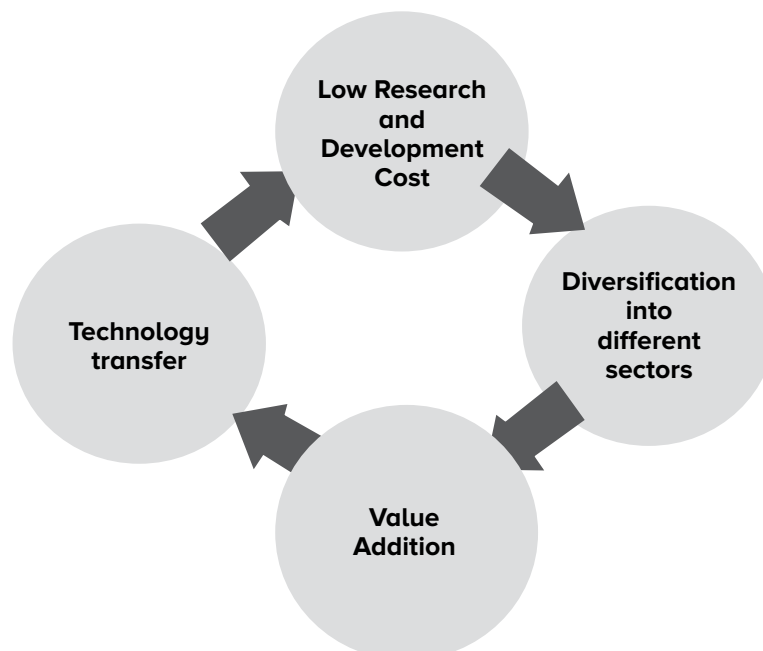
Supporting Mergers and Acquisitions (M&A)

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 own its choices to decide which of the companies the best merger or acquisition target is.

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.

Merger is a technique to acquire outstanding inventors, scientists, information, and a collection of legal rights on the IP assets in numerous technology businesses.

Advantages of Patent information in instances of Mergers-



1. **Low Research and Development Cost-** Buying already developed technology rather than spending a fortune on personnel costs is the simplest way to boost the company's productivity and assets. This lowers research and development costs.
2. **Diversification into different sectors-** Purchasing pre-existing resources while investigating new market sectors is not only cost-efficient but also gives the acquirer a broader portfolio.
3. **Value Addition-** Adds value to the firm portfolio by transferring ownership of the selling company's entire intellectual property portfolio and any associated goodwill to the buyer.

For example, due to the goodwill associated with the name, Walmart chose not to change the trade name of Flipkart (trademark) after acquiring it. In addition, the purchase of Motorola by Google Inc., which gave the Google total ownership over Motorola's patents, thereby adding value to a company's asset portfolio.

4. **Technology transfer-** It enables appropriate exploitation and aids parties in making the most of their shared assets and resources, such as intellectual property.

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

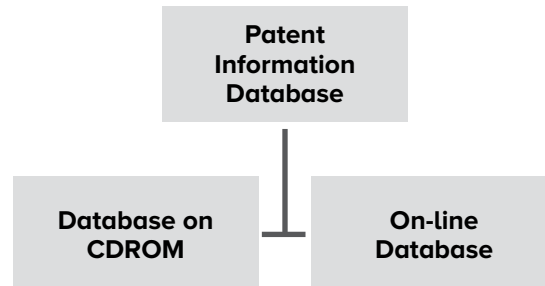
It has been repeatedly shown that a small number of highly prolific inventors drive technological development and a much larger numbers of researchers produce only one or two patents in any laboratory or company. Patent analysis, such as a co-inventor brain map, can show the key inventors who are vitally 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, 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>)

What is the Patent Cooperation Treaty (PCT)?

The PCT is an international treaty with more than 150 Contracting States which are bound with certain formal requirements set out in the Treaty and Regulations. The PCT makes it possible to seek patent protection for an invention simultaneously in a large number of countries by filing a single –international patent application instead of filing several separate national or regional patent applications however, granting

of patents remains under the control of the national or regional patent offices after the corresponding – national phase application has been filed and the national phase application is assessed as per patent law of that jurisdiction. As per Indian Patent Act 1970 as amended and the Patents Rules 2003 as amended by (amendment) rules 2016, any PCT international application may be filed designating India and it shall deemed to be an application if the corresponding national phase application has also been filed.

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.

InPass or Indian patent advanced search system is a portal to search for and get data on Indian patents that have been issued and those that are still pending. Users of the tool can view the status of any Indian application as well as specifics of the pertinent papers submitted to the patent office, giving them access to the application's prosecution history.

InPass is the most reliable resource for locating data on Indian patents. While conducting patent searches on commercial databases is simpler and more thorough than those on other freely accessible databases, certain paid databases lag in delivering comprehensive information on Indian patent publications. Inventors and researchers can rely on the system to retrieve patent information at different levels. The approach makes it easy to search for both granted and published patent applications individually.

In compared to the EPO's ESPACENET and the USPTO's PatFT & AppFT, the InPass search interface is fairly user-friendly and shares some similarities with WIPO's Field combination search page. InPass enables users to get or filter search result sets using a variety of restrictions, including assignee name, applicant name, IPC code, application date, etc. A search strategy may be created to locate the pertinent search set depending on the searcher's objectives.

Is Indian patent database searchable? How can one find out whether an invention is already Patented?

The person concerned can perform a search free of cost on Indian Patent database consisting of published patent applications and granted patents. The said database is available on Patent Office website as inPASS http://ipindiaservices.gov.in/public_search.

Further, the website (www.ipindia.gov.in) contains innovative tools under DYNAMIC UTILITIES which gives information about the patent applications at various stages of processing.

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.
- European patents - applications (EP-A): 1979-present, updated weekly.
- European patents - issued (EP-B): 1980-present, updated weekly.
- WIPO (World Intellectual Property Organization) PCT publications (WO): 1990-present, updated weekly.
- Patent Abstracts of Japan (JP): 1976-present, updated weekly.

A number of commercial and non-profit providers also offer free patent information databases online. Certain commercial service 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.

Though free on-line patent databases are available and anyone can access these databases, nevertheless, it is pertinent that a persons killed 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.

Did you know?

That Google has created the most well-known, free database available through a private company. The database contains patent filings compiled from the major patent offices all over the world.

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.

Freedom to Operate Search

Before a breakthrough product or innovation is introduced to the commercial market, an FTO search also known as a right to use or patent clearance search is carried out to prevent patent infringement.

An FTO investigation is restricted to just issued or current patents, excluding expired or abandoned patents. To make sure that the suggested technique or product does not violate any other currently existing patents, the FTO search also examines both the granted patents and pending patent applications.

For instance, it is usually a great idea to do a patent search first in the country itself if an inventor plans to introduce a product or technique in India. Finding any potentially valid patents in the Indian Territory and learning about their legal standing can be greatly aided by the patent search.

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 organizations).

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.

Evidence of Use Search

The term “evidence of use search” refers to the proactive exploration by certain businesses and organisations of items or procedures that violate their patent rights. Companies and organisations search for proof of how a patent is being used in a way that violates the searcher’s exclusive patent rights by looking at comparable patents when they come across such items or methods. When the patent is issued and reaches maturity, this kind of search is conducted.

Patent Monitoring

For new businesses, patent monitoring is a useful and reasonably priced tool for keeping a current picture of the intellectual property rights of their rivals. Patent monitoring comprises conducting periodic patent searches to keep tabs on the state of existing established property rights, market competition, and desired technological domains. This might enable the early identification of potentially problematic patent applications filed by rivals, stop expensive duplication of work, and improve the protection of one’s own patent rights.

WHY IS PATENT SEARCH NECESSARY?

Filing a patent is an expensive process. Besides the official fees, the fees of the patent attorney or agent also need to be considered. Imagine spending money on trying to get a patent, only to find out that your invention was never patentable! A patent search avoids this situation.

Besides financial reasons, there are several other compelling reasons for conducting a search before filing a patent application in India or globally.

When you know what else is accessible, a patent search might help you improve your concept. You may assess the novelty and utility of your innovation by looking for related patents, and you can make any necessary adjustments.

Reasons:

1. A patentability assessment can help you understand whether your invention is patentable and if so, how far can it be protected. For example, computer programs, per se, are non-patentable but computer programs that are manifested in a useful way can be patented.
2. A patent search can help a company, researcher or an institution, around 30% of R&D budget, as the search will identify already existing patents, which in tune will help them not invest money developing that specific invention.
3. A patent search reveals the prior art in your field of invention. This will come in handy when drafting the patent specification. The knowledge of prior art will help you determine if your invention has any value addition over the prior arts. This will reduce the chances of rejection by the Patent Office.
4. If your invention has no value addition then understanding the prior art will help you refine your invention so as to make it patentable.

5. The patent search can also reveal certain companies who are keen on obtaining patents in the field of technology relating to your invention. In such cases, it gives you the lead on which companies to contact for licensing of your invention.
6. Ordinarily, every Applicant wants his patent to become commercial and therefore a source of finances. A patent search not only reveals inventions similar to your invention but also the commercial value of the invention in the economy. Based on this you can determine the commercial value of your invention.
7. A patent search helps in submitting a patent application for your work You may validate whether your work is original by conducting a patent search to see what others in your sector are up to. This is the initial phase of submitting a patent application.
8. Another important reason for conducting a patent search is that while applying for a patent, the applicant needs to describe his entire invention. Even if his patent gets rejected, his application would be considered prior art, open for all to see. This means that competitors can get free access to his hard work. A patent search helps avoid such a situation. Even if your invention is not patentable according to law, you can use it as a trade secret and gain revenue.
9. A patent search may help one to go through and find an opportunity to improvise the on the already existing.
10. Gain insights into future competitor product launches; determining which countries are being considered for manufacturing or marketing products.
11. Gain insights into future competitor product launches; determining which countries are being considered for manufacturing or marketing products.

In conclusion, although anybody may perform a patent search using free patent databases, it's crucial that a searcher with experience is assigned the job. The issue is that doing a patent search necessitates laborious, repetitive searching through a variety of patent and non-patent literature. Unskilled individuals would not be able to adequately search the enormous body of literature that has to be searched. A competent person is also aware of the significance of a patent's claims. When a patent that is comparable to your invention already exists, the claims of the patent are extremely important; in this situation, it is necessary to examine the claims of the patent to assess how similar the two are.

GLOBAL DATABASES

PATENTSCOPE

PATENTSCOPE is run by the World Intellectual Property Organization (WIPO), the specialized agency of the United Nations that deals with intellectual property (IP) issues. PATENTSCOPE is a truly global resource which lets one access patent information from many different countries. WIPO has developed a dedicated tool using state-of-the-art neural machine translation technology. It contains a huge amount of information. It includes-

- Patent applications under the Patent Cooperation Treaty, the global patent system which WIPO operates.
- Patent documents from participating regional patent offices, including the African Regional Intellectual Property Organization (ARIPO), the Eurasian Patent Organization (EAPO) and the European Patent Office (EPO).
- Patent documents from many national patent collections, including China, Japan, the Republic of Korea and the United States.

Altogether, there are tens of millions of documents in PATENTSCOPE and it is growing all the time.

Key Features-

- a) The PATENTSCOPE homepage features a simple search window. Just type in a term to search the patent title, date, number, abstract, inventor and applicant for every document in the system.
- b) One can choose one of seven other preset search fields in the Field Combination Interface, including full-text searching of many documents.
- c) One can narrow down their search by specifying particular national, regional or international data collections within PATENTSCOPE. One can sort search results by application or publication date, or relevant search terms.
- d) Whichever language one use to search, one can find relevant documents in more than a dozen languages.
- e) PATENTSCOPE includes a sophisticated multilingual search tool called CLIR. One can use this to search for up to five keywords.
- f) CLIR will automatically look for synonyms of the keywords in the original search language, then search for translations of those keywords and synonyms in many other languages, so one can be sure of finding all relevant results.
- g) The tool has been “trained” exclusively on patent texts, making it particularly accurate and reliable.
- h) With the free WIPO Translate tool, one can translate any patent documents from and to 14 different language pairs.
- i) Other free translation tools have also been integrated into PATENTSCOPE, so you can also translate documents using
 - Google Translate,
 - Microsoft Bing Translator, and
 - Baidu Translate.

ESPACENET

Espacenet offers free access to more than 130 million patent documents worldwide, containing information about inventions and technical developments from 1782 to today. It has a user-friendly interface available in almost all European languages. It enables users with little or no experience in patent searching to obtain an overview of the state of the art, to follow new developments or to find out who invented what.

New Espacenet, a substantially revised and improved version of Espacenet with state-of-the-art features and enhanced functionality, was released in November 2019.

Espacenet is a free patent search tool accessible to beginners and experts. Supporting information can help you understand whether a patent has been granted and if it is still in force.

It can be used to:

- search and find patent publications
- machine-translate patent documents
- track the progress of emerging technologies
- find solutions to technical problems
- see what competitors are developing.

Coverage by Espacenet-

The worldwide database contains information on published patent applications and granted patents from over 100 patent-granting authorities. It covers various methods of searches. They are -

- By Coverage, codes and statistics
- By bibliographic coverage
- By full-text coverage.

Key Features-

- Extensive coverage by the tool in various forms.
- Inexpensive, since it is a free tool launched by European Patent Office (EPO).
- Multilingual advanced search in languages English, French and German.
- Option to choose office/language for the Espacenet interface – with access to 38 offices, multiple languages and countries.
- It provides for Machine translation:
 - Espacenet will translate from English, French and German into 28 other EU languages (and vice versa).
 - Espacenet will also translate Chinese, Russian, Japanese and Korean into English, and vice versa.
- Database of Patent families and cited patents.
- It provides a Claims tree, which is the visualisation of the hierarchy of a patent's claims.

GLOBAL DOSSIER

Global Dossier is established by USPTO. It is a set of business services aimed at modernizing the global patent system and delivering benefits to all stakeholders through a single portal/user interface. Through this secure service, users have access to the file histories of related applications from participating IP Offices, which currently include the IP5 Offices.

By using this service, users can see the patent family for a specific application, containing all related applications filed at participating IP Offices, along with the dossier, classification, and citation data for these applications. This service also provides Office Action Indicators to help users identify applications that contain office actions, a Collections View for saving documents and applications for review later on in the session, and the ability to download the documents in an application.

The Global Dossier Public Access Dossier service is a secure, online access to the file histories of related applications from participating IP Offices, which currently include the IP5 Offices.

By using this service, users can see the patent family for a specific application, containing all related applications filed at participating IP Offices, along with the dossier, classification, and citation data for these applications. This service also provides Office Action Indicators to help users identify applications that contain office actions, a Collections View for saving documents and applications for review later on in the session, and the ability to download the documents in an application.

Key Features-

- Global Dossier provides a simple information about the Patent family members such as their application number, applicant's name.

- It also provides more detailed access to the file wrapper of the family members including all the prosecution history and associated documents.
- It provides Cooperative Patent Classification (CPC) and International Patent Classification (IPC) Symbols associated with applications.
- It provides abstract, title, standardized applicant names, and application number.
- It provides machine translation, annotation, and sorting capabilities.
- It provides application name, filing dates, inventor, as well as IPC, CPC information.
- It provides access to Invention specification, claims, and other related text.
- It provides access to the prosecution history of all members of Patent Family.

INCOPAT GLOBAL PATENT DATABASE

IncoPat is a patent database provider from China with a collection of patents from 120 authorities and is updated daily. The platform integrates functions like patent search, analysis, online cooperation and monitoring. It also facilitates the processing of value-added data like legal status, litigation's, corporate business information, technology operations, custom records, communication standards, declassified national defense patents, etc. IncoPat provides over 300 searchable fields, 50 analytical templates and 100 customized analytical fields for users to search and analyze patents. For example, the field on Technical Efficiency will support users to search or analyze patents on intelligent car technologies improving safety or lowering cost.

In addition to commonly provided semantic search or AI search on patent databases, IncoPat uses a proprietary DNA analysis technology, combining the technologies of AI, NLP and knowledge mapping to recognize key parts and relationships of a specific invention. Before running the search results, the system will display the input technology contents into a knowledge mapping showing the parts of the invention and relationships between inventions. Users will then operate on the map to revise those parts and relationships. This enables users to understand the process of AI search and optimize the process by editing the knowledge map. For the AI search results, IncoPat supports text comparison between the results with the input contents to show users the effect of the results.

Key Features-

- a) IncoPat provides 11 types of search features, including Simple Search, Advanced Search, Citation Search, Batch Search, Citation Search, Legal Search, AI Search, Semantic Search, Extended Search, Graph Search, and Chemical Search.
- b) Search Language- All patents' titles, abstracts and full-text are translated into English and Chinese to support searching and analyzing. Non-Latin text, such as Japanese and Korean can also be searched.
- c) AI Search for novelty, invalidation and clearance searches -Use of technology Knowledge Map and AI to identify the core structure in patent document and basic element of patent DNA. Knowledge Map to realize invention contents accurate identification and accurate matching
- d) Graph Search- Supports users to search design patents. Users could upload a picture and select Locarno Classification to carry out design similarity search.
- e) Semantic Search by using Operator RAD/RPD- User can combine manual search together with semantic technology to rank the patent search results e.g. RAD=(CN1325248C) AND TI=(laminated), the search results will comprise patents with titles containing laminated and similar to CN1325248C with the application date earlier than CN1325248C. The results will be in order according to the similarity to CN1325248C. RPD means the patents similar to the target patent with publication dates earlier than the target patent.

- f) Technical Efficiency Search- IncoPat uses NLP technology, machine deep learning together with manual intervention. It extracts content on function and efficiency from patents' abstracts, description contents and generates technical efficiency after simplification and normalization. Currently, technical efficiency index is applied to only Chinese patents.
- g) IncoPat provides the technical efficiency sentences and phrases, which can assist users to conduct indexing more effectively.

AUSPAT

AusPat is IP Australia's search database that allows inventors, industry and researchers to access patent applications filed and granted in Australia. IP Australia is the Australian Government agency that administers intellectual property (IP) rights and legislation relating to patents, trademarks, designs and plant breeders' rights. IP Australia has a wealth of patent data dating back to the inception of the patent office in 1904. In 2008 this information was consolidated into one search system for Australian patent data - AusPat.

AusPat is the comprehensive search system for Australian patent data, providing a single point of enquiry for information on Australian patents in a free online patent search tool. There are many ways you can search, including by:

- Invention title
- Applicant
- Inventor
- World Intellectual Property Organization (WIPO) or Patent Cooperation Treaty (PCT) number
- Filing date
- Priority date.

eDossier is inbuilt in AusPat. It provides customers with access to a suite of documents relating to the prosecution of patent applications dating back to 2006 and which are open to public inspection (OPI). This enhancement provides customers with the ability to access the following documentation online:

- requests for examination
- examination reports
- responses to examination reports
- amendments
- search results

eDossier- eDossier is a feature that displays documents associated with a case file. It can be found in the application details page. Key features are-

- view a suite of documents relating to the prosecution of patent applications dating back to 2006 which are open to public inspection (OPI).
- select documents for viewing/saving/printing.
- select and retrieve multiple available documents for viewing and/or downloading to a single bookmarked PDF (you may be asked to confirm you are a person as a security measure).
- sort documents by alphabetical order, date, type, status or file size.
- subscribe to our email notification service to receive early advice of changes to an application's case file.
- submit relevant material (s27, s28) relating to an application.

J-PLATPAT

J-PlatPat (Japan Platform for Patent Information) is a free of charge service for searching industrial property information over the Internet.

It provides industrial property information such as Japanese publications on patents, utility models, designs, and trademarks issued by the Japan Patent Office (JPO) and other foreign publications.

Additionally, it provides JPO dossier information, which allows easy viewing of the current progress of applications going through the examination process.

J-PlatPat also plays a significant and fundamental role in Japan as a patent information infrastructure that provides industrial property information through the internet with enhanced search functions and user interface, which enables users to efficiently find the industrial information they are seeking.

Key Features-

- Bibliographic data and classification are downloadable in a CSV format.
- CSV format files can only be output when there are 100 or fewer search results.
- Patent publications and dossiers are available and downloadable in a PDF.
- It provides J-GLOBAL, which is an online service, provided by the Japan Science and Technology Agency, through which domestic researchers and scholarly articles can be searched. Selecting “J-GLOBAL” in “Document types” and searching makes it possible to search J-GLOBAL for non-patent documents, science technology terms, chemical substances, and materials information.
- Journal of technical disclosure, manual, books, company technical report, proceedings, etc. which are approved to be made available in the J-PlatPat.

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.
- A patent application needs to be filed in its jurisdictional patent office. Keeping in mind territorial jurisdiction is of utmost importance.
- 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 office 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.

GLOSSARY

Territorial Jurisdiction – It refers to the power of the court to preside over cases arising out of or a person/ company having domicile/ registered office within the defined territories of the court's jurisdiction.

Patent document – It 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.

Patent information system (PIS) – It is a system to obtain and maintain a comprehensive collection of patent specification and patent related literature on worldwide basis to meet the needs of technological information of various users.

Cross-licensing – It 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.

Patent pool – An arrangement between two or more patent owners to pool their patents and licences either among themselves or to a third party on predetermined licencing conditions is known as a patent pool.

Patent Cooperation Treaty (PCT) – The PCT is an international treaty with more than 150 Contracting States which are bound with certain formal requirements set out in the Treaty and Regulations. The PCT makes it possible to seek patent protection for an invention simultaneously in a large number of countries by filing a single—international patent application instead of filing several separate national or regional patent applications.

International Patent Classification (IPC) – It 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.

InPass or Indian patent advanced search system – It is a portal to search for and get data on Indian patents that have been issued and those that are still pending.

TEST YOURSELF

(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.

Patent Documentation, Examination and Infringement

Lesson 6

KEY CONCEPTS

- Record Books ■ Specifications ■ Patent Filing ■ Prior Use ■ Inventorship ■ Patent Abstract ■ Claims
- Sufficient Disclosure ■ Examination ■ Patent Cooperation Treaty ■ Publication ■ Examination & Re-examination
- Doctrine of Equivalence ■ Doctrine of Exhaustion ■ Patent Misuse ■ Infringement

Learning Objectives

To understand:

- The legal framework provided for law regulating documentation, and examination of Patent.
- The process relating to Registration, Documentation and Examination of Patents.
- Protection of registered patent in India.
- The legal machinery in case of Patent Infringement.
- Legal frame work pertaining to Patents.

Lesson Outline

- Methods of Invention Disclosure
- Provisional and Complete Specifications
- Patent Application
- Filing of Patent Documents
- Timeline and Workflow of Patent Application and Prosecution
- Publication and Examination of Patent Application
- Important Aspects of Examination
- Examination Process in India
- Examination of Patent Application: Regulatory Regime
- First Examination Report under the Patent Act
- Re-Issue and Re-Examination
- Patent Cooperation Treaty
- Patent Infringement
- Doctrines of Patent Infringement
- Patent Misuse
- Doctrine of Inequitable Conduct
- Suits Concerning Infringement of Patents
- Power of Controller In Case Of Potential Infringement
- Case Laws
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References (Including Websites / Video Links)

INTRODUCTION

Innovation is a worldwide phenomenon, occurring in all parts of the globe and constantly improving our well-being and quality of life. Over the last decade, as shown in WIPO's Global Innovation Index (GII), innovation expenditures worldwide have been growing faster than GDP. In high-income countries, private sector funding drove much of this growth in innovation expenditure, while in middle- and low-income countries, the contribution of public funds in research and development expenditure, could be as high as 75 percent.

It is human nature to seek technical solutions whenever we encounter problems, whether in relation to daily life needs or a quest to explore outer space. Therefore, the growing number on filings of patent applications is an indicator of human inventiveness in very diverse technological fields. The patent system offers inventors recognition for their creativity and the possibility of material reward for their inventions. At the same time, the obligatory publication of patents and patent applications facilitates the spread of new technical knowledge and the acceleration of innovation activities in society as a whole.

In reality, however, the potential benefits offered by the patent system have not been fully enjoyed by innovators in all parts of the world. While there may be many reasons for this, the opportunity to obtain the special skill set needed to draft a patent application that fully captures the potential of a new invention is a challenge in many countries.

Innovators need well-drafted patent applications if they want to secure the best possible protection for their inventions and reduce the risk of rejection of applications. For third parties, well-drafted patents are just as important: they are not only a valuable source of new knowledge, they show the clear demarcation of the scope of the patent protection, helping to avoid the inadvertent infringement of patent rights or to support a challenge to the validity of a patent. For patent offices, receiving applications that are well drafted enables more efficient handling of patent prosecution.

Also, the completeness of the disclosure and the strength of the claims are crucial criteria for the award of the patent. The Act provides a variety of filtering methods that enable an innovation to be patented and preserved for the specified period of time. One such filtering mechanism is the Examiner's review of a patent application and the Controller's subsequent processing.

In order to identify the relevant prior arts for determining uniqueness and inventiveness of an alleged invention throughout the process of examination as per provisions of the Act and Regulations, the Patent Office thoroughly searches several databases for the invention as detailed in the specification.

Notwithstanding the fact that there are available checks and balances in the form of oppositions, revocations, or counter-revocations in infringement lawsuits, the examination system serves as the principal gatekeeper of the patent system.

The common misconception is that obtaining a patent guarantees total protection from infringement. Yet when a patent is in danger, its owners must take more extensive action to safeguard their rights. Patent litigation refers to legal actions taken to defend patents from infringement; the outcomes may include monetary penalties or an injunction prohibiting further infringement.

PATENT DOCUMENTATION

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.

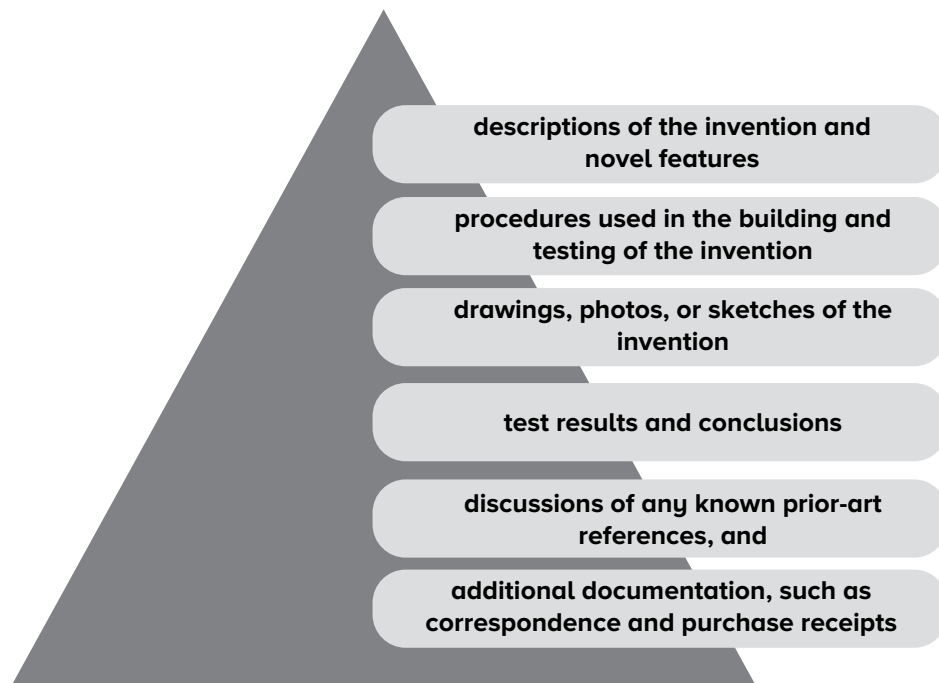
Laboratory notebook is a systematic device for recording all information related to an invention in such a way that it can be used as a key component to develop a case during a patent contestation or patent-related lawsuit.

In most countries, we have a “first to file” system, which means that the right to the grant of a patent lies with the first person to file the patent application for protection of that invention, regardless of the date on which the invention was actually made.

In the US, there is a “first to invent” system. Under this system, priority of invention is awarded to the person who can establish that they made the invention first according to a relatively complex priority of invention calculation. Essentially, in this system, the act of invention is considered to comprise two steps: the “conception” of the invention and the “reduction to practice” of the invention. The conception of the invention has been described as the formation in the mind of the inventor of a definite and permanent idea or concept of invention as it is to be applied in practice. The reduction to practice of the invention can consist of either actual reduction to practice of the invention, which involves building, performing or testing the invention and checking that it works for its intended use, or constructive reduction to practice, which is the filing of a patent application.

In the US, the question of who is the first to invent can arise during interference proceedings at the US Patent and Trademarks Office (USPTO). During interference proceedings a person can defeat another person’s claim to an invention by establishing, through evidence, an earlier date of conception together with diligence in reducing the invention to practice. Laboratory notebooks usually form part of the evidence, which can help establish the date of conception and diligence.

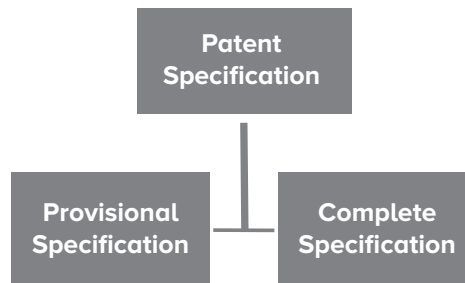
The lab notebook usually includes:



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 -



Provisional and Complete Specifications and Contents

Section 9 and 10 of the Act of 1970, provides for Provisional and complete specifications and Contents of specifications. It states that-

- 1) Where an application for a patent (not being a convention application or an application filed under the Patent Cooperation Treaty designating India) is accompanied by 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.
- 2) Where two or more applications in the name of the same applicant are accompanied by provisional specifications in respect of inventions which are cognate or of which one is a modification of another and the Controller is of opinion that the whole of such inventions are such as to constitute a single invention and may properly be included in one patent, he may allow one complete specification to be filed in respect of all such provisional specifications:

Provided that the period of time specified under sub-section (1) shall be reckoned from the date of filing of the earliest provisional specification.

- 3) Where an application for a patent (not being a convention application or an application filed under the Patent Cooperation Treaty designating India) is accompanied by a specification purporting to be a complete specification, the Controller may, if the applicant so requests at any time within twelve months from the date of filing of the application, direct that such specification shall be treated, for the purposes of this Act, as a provisional specification and proceed with the application accordingly.
- 4) Where a complete specification has been filed in pursuance of an application for a patent accompanied by a provisional specification or by a specification treated by virtue of a direction under sub-section (3) as a provisional specification, the Controller may, if the applicant so requests at any time before grant of patent, cancel the provisional specification and post-date the application to the date of filing of the complete specification.

Content of Specification

Section 10 states that every specification, whether provisional or complete, shall describe the invention and shall begin with a title sufficiently indicating the subject-matter to which the invention relates.

Subject to any rules that may be made in this behalf under this Act, drawings may, and shall, if the Controller so requires, be supplied for the purposes of any specification, whether complete or provisional; and any drawings so supplied shall, unless the Controller otherwise directs, be deemed to form part of the specification, and references in this Act to a specification shall be construed accordingly.

If, in any particular case, the Controller considers that an application should be further supplemented by a model or sample of anything illustrating the invention or alleged to constitute an invention, such model or

sample as he may require shall be furnished before the application is found in order for grant of a patent, but such model or sample shall not be deemed to form part of the specification.

A declaration as to the inventorship of the invention shall, in such cases as may be prescribed, be furnished in the prescribed form with the complete specification or within such period as may be prescribed after the filing of that specification.

Subject to the foregoing provisions of this section, a complete specification filed after a provisional specification may include claims in respect of developments of, or additions to, the invention which was described in the provisional specification, being developments or additions in respect of which the applicant would be entitled under the provisions of section 6 to make a separate application for a patent.

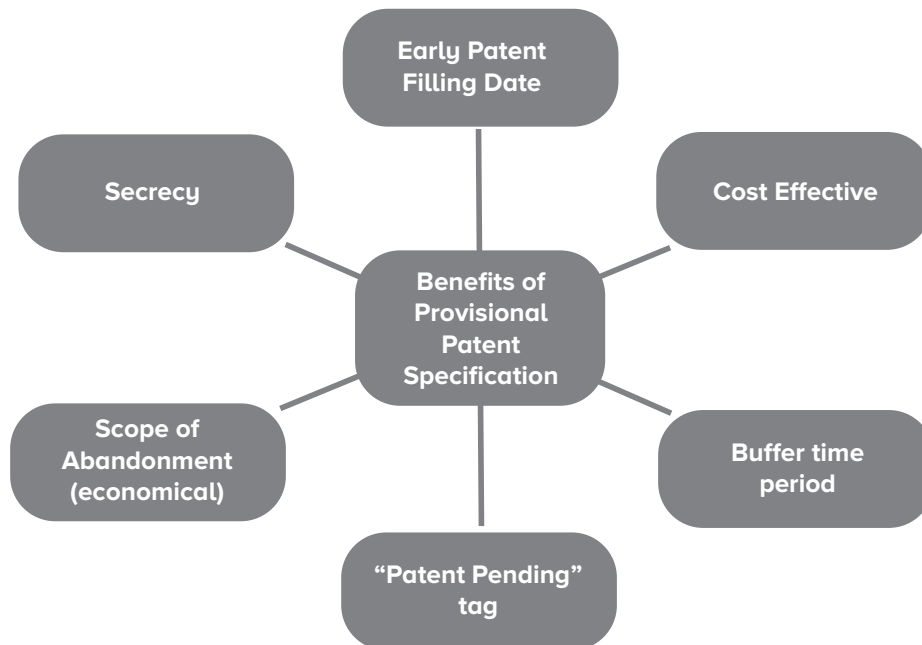
PROVISIONAL SPECIFICATION

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. 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.

A provisional patent specification is a preliminary application before filing a usual patent. It explains the invention in a broad manner but not completely. It is the document which may be filed before a Complete Specification in the Office of the Controller of Patents pertaining to a prospective patent.

It gets the word “provisional” in its name from being incomplete and a predecessor of a complete specification which comes later. Also, although it is not mandatory, it is highly recommended as it has a lot of benefits for the inventor.

Why Should an Inventor File a Provisional Patent Specification?



1. Early Patent Filing Date

On filing of the Provisional Patent Specification the inventor is entitled to an earlier filing date. This is key as it secures the priority date for the applicant. The benefits of this are numerous-

- The fact that similar inventions which are filed after the filing date of the provisional cannot become prior art for the applicants invention.
- If any dispute regarding the ownership of the invention arises, the Patent Office will accept the provisional patent's earlier filing date as the date of filing.

2. Cost Effective

The upfront cost of a Provisional Patent Specification is much lower than that of a complete patent application which saves thousands of rupees for the inventor in terms of professional fees.

Also, as it is technically more lucid (does not contain claims, prior art search and exhaustive and detailed drawings) as compared to the Complete Specification it costs less money and resources to prepare. Provisional Patent Specification can also be prepared by the inventor himself.

3. Buffer time period

When an invention is new, you will not know what to claim protection for. There is a pendency period of twelve months between the provisional patent specification and complete patent specification. This may be used for-

- Researching on the invention regarding its value in the market and commercial viability.
- Improving its features and making it technically more sophisticated.
- further development of claims based on industry research.

4. "Patent Pending" tag

Once the Provisional Patent Specification has been filed the inventor can legally use the tag "Patent Pending" or "Patent Applied" for his or her invention. This tag aids in obtaining funds as the credibility of the invention increases while the business model is being set up in the background. It can be used as a selling proposition

5. Scope of Abandonment (economical)

If the Applicant goes for a provisional specification and then realises that it is not commercially viable or chooses not to get a patent, he might abandon it. But if in the same scenario if he had gone for a complete specification he would have already spent a lot of money on it and the abandonment would have been expensive.

6. Secrecy

As there is no publication of the patent application, the priority date is reserved by maintaining the secrecy.

Essentials of Application under Provisional Patent Specification

An Applicant should remember the following things-

1. It is not a rough draft of the Complete Patent Specification. Whereas it defines the scope of the invention and it is the Provisional Patent Specification on which the following Complete Specification and finally the grant of Patent will be based upon.

All the elements of the invention which are born during the 12 months between the Provisional Patent Specification and Complete Patent Specification filing will not get the earlier priority date. Any addition/ development to the invention after filing **provisional patent specification** which is outside the scope which is set by provisional application will not have the advantage of priority date of provisional application.

2. The inventor/applicant should keep in mind that this is not the 'final' or 'conclusive' step towards securing a patent. It is the initial step in the procedure towards patent registration.

3. It has to be kept in mind that if the time period of twelve months within which the applicant has to file Complete Patent Specification is not adhered to then the patent application will be deemed to be 'abandoned'.
4. Although the confidentiality is maintained after the Provisional Patent Application, complete and adequate disclosures should be made in the Provisional Patent Application as incomplete applications will be disadvantageous for the applicant in the future and his scope of securing a patent may considerably reduce.
5. A rough set of claims should be designed even though they need not be a part of the Provisional Patent Application. This should be done in order to conceptualize the invention and understand the implications of the invention completely.

COMPLETE SPECIFICATION

Section 10(4) states that every complete specification shall--

- 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.
- d) be accompanied by an abstract to provide technical information on the invention: Provided that--
 - (i) the Controller may amend the abstract for providing better information to third parties; and
 - (ii) 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), and if such material is not available to the public, the application shall be completed by depositing 3[the material to an international depository authority under the Budapest Treaty] and by fulfilling the following conditions, namely:--
 - A. 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;
 - B. 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;
 - C. access to the material is available in the depository institution only after the date of the application for patent in India or if priority is claimed after the date of the priority;
 - D. disclose the source and geographical origin of the biological material in the specification, when used in an invention.

Section 10(4A) provides that in case of an international application designating India, the title, description, drawings, abstract and claims filed with the application shall be taken as the complete specification for the purposes of this Act.

Section 10(5) 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.

Priority Dates of Claims of a Complete Specification

There shall be a priority date for each claim of a complete specification. Where a complete specification is filed in pursuance of a single application accompanied by--

- a) a provisional specification; or
- b) a specification which is treated by virtue of a direction under sub-section (3) of section 9 as a provisional specification, and the claim is fairly based on the matter disclosed in the specification referred to in

clause (a) or clause (b), the priority date of that claim shall be the date of the filing of the relevant specification.

and the claim is fairly based on the matter disclosed in the specification referred to in clause (a) or clause (b), the priority date of that claim shall be the date of the filing of the relevant specification.

Where the complete specification is filed or proceeded with in pursuance of two or more applications accompanied by such specifications as are mentioned in sub-section (2) and the claim is fairly based on the matter disclosed—

- a) in one of those specifications, the priority date of that claim shall be the date of the filing of the application accompanied by that specification;
- b) partly in one and partly in another, the priority date of that claim shall be the date of the filing of the application accompanied by the specification of the later date.

Where a complete specification based on a previously filed application in India has been filed within twelve months from the date of that application and the claim is fairly based on the matter disclosed in the previously filed application, the priority date of that claim shall be the date of the previously filed application in which the matter was first disclosed.

Where the complete specification has been filed in pursuance of a further application made by virtue of sub-section (1) of section 16 and the claim is fairly based on the matter disclosed in any of the earlier specifications, provisional or complete, as the case may be, the priority date of that claim shall be the date of the filing of that specification in which the matter was first disclosed.

Where, under the foregoing provisions of this section, any claim of a complete specification would, but for the provisions of this sub-section, have two or more priority dates, the priority date of that claim shall be the earlier or earliest of those dates.

In any case to which sub-sections (2), (3), (3A), (4) and (5) do not apply, the priority date of a claim shall, subject to the provisions of section 137, be the date of filing of the complete specification.

The reference to the date of the filing of the application or of the complete specification in this section shall, in cases where there has been a post-dating under section 9 or section 17 or, as the case may be, ante-dating under section 16, be a reference to the date as so post-dated or ante-dated.

A claim in a complete specification of a patent shall not be invalid by reason only of—

- a) the publication or use of the invention so far as claimed in that claim on or after the priority date of such claim; or
- b) the grant of another patent which claims the invention, so far as claimed in the first mentioned claim, in a claim of the same or a later priority date.

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.

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 relevance or say importance of the specification can be seen in the landmark judgement of the Supreme Court in the case of *Biswanath Prasad Radhey Shyam v. Hindustan Metal Industries*, From the below discussed case, we'll understand that how important is the specification in terms of an invention. When the meaning of a term in a claim is not clear, the description will be relied upon to understand the term in context of what is described in the specification. A complete specification in whole is important for an invention. Essential components of a complete specification are description, claims, drawings, abstract and sequence listings, if any. All these essentials combine to form a complete specification. The goal behind the full disclosure of the invention in the specification part is that a person skilled in the art may be able to perform the invention or more preferably an ordinary person can able to understand the invention upto maximum extent.

CASE STUDY

Biswanath Prasad Radhey Shyam v. Hindustan Metal Industries, AIR 1982 SC1444

Facts:

M/s. Hindustan Metal Industries, respondent herein, (hereinafter called the Plaintiff) is a registered partnership firm carrying on the business of manufacturing brass and German silver utensils at Mirzapur. M/s. Biswanath Prasad Radhey Shyam, appellant herein, (hereinafter called the defendant) is a concern carrying on the business of manufacturing dishes and utensils in Mirzapur. The plaintiff instituted a suit for injunction and damages.

The old method of manufacturing utensils, particularly shallow dishes, was to turn scrap and polish them on some sort of headstock without a tailstock, the utensils either being fixed to the headstock by thermoplastic cement or held in the jaws of a chuck fixed to the head-stock. This system was, however, fraught with risk to the workers inasmuch as the utensils used to fly off from the headstock. Consequently with a view to introduce improvement, convenience speed, safety and better finish, Purshottam Dass, one of the partners of the Plaintiff-firm, invented a device and method for the manufacture of utensils, in 1951. The plaintiff after filing the necessary specifications and claims in the Patent Office, got the alleged invention patented under the Indian Patent and Designs Act, 1911 (hereinafter called the Act), at No. 46368-51 on May 6, 1953 with effect from December 13, 1951 as assignee of the said patent. By virtue of this patent, the plaintiff acquired the sole and exclusive right of using this method and means for the manufacture of utensils. In September 1952, the plaintiff learnt that the defendant was using and employing the device and method of manufacturing of dishes under the former's patent. The plaintiff served a notice upon the defendant asking him to desist from infringing the plaintiff's patent, but the defendant continued to infringe the patent.

Issue:

On the preceding facts, the plaintiff prayed for a permanent injunction restraining the defendant from adopting, imitating, employing or in any manner infringing the device of the plaintiff's patent. The plaintiff further prayed for a mandatory injunction requiring the defendant to destroy the articles used for the infringement of his patent. The plaintiff further claimed a decree for Rs. 3,000/- as damages.

Contentions:

The defendant resisted the suit on various grounds, out of those which are material for the decision of these appeals are: that the defendant's firm is an old concern carrying on the manufacture of metal wares since long; that the method covered by the plaintiff's patent, namely, that of a lathe (headstock, adapter and tailstock) has been known and openly and commonly in use in the commercial world all over the country for several decades before the plaintiff's patent; that the alleged invention of the plaintiff was not on the date of the patent, a manner of new manufacture or improvement, nor did it involve any inventive step or ingenuity having regard

to what was known or used prior to the date of the patent; and that the patent has no utility and therefore it was liable to be revoked.

Court's Findings:

As pointed out in *Arnold vs. Bradbury (1871) 6 Ch. A. 706* the proper way to construe a specification is not to read the claims first and then see what the full description of the invention is, but first to read the description of the invention, in order that the mind may be prepared for what it is, that the invention is to be claimed, for the patentee cannot claim more than he desires to patent. In *Parkinson v. Simon (1894) 11 R.P.C. 483* Lord Esher M.R. enunciated that as far as possible the claims must be so construed as to give an effective meaning to each of them, but the specification and the claims must be looked at and construed together.

The findings of the learned trial Judge to the effect that the patent is not a manner of new manufacture or improvement, nor does it involve any inventive step having regard to what was known or used prior to the date of patent, should not have been lightly disturbed by the Appellate Bench. Moreover, the approach adopted by the trial Court was quite in conformity with the basic principles on the subject, noticed in an earlier part of this judgment. The patented machine is merely an application of an old invention, known for decades before 1951, for the traditional purpose of scraping and turning utensils, with a slight change in the mode of application, which is no more than a 'Workshop improvement', a normal development of an existing manner of manufacture not involving something novel which would be outside the probable capacity of a craftsman. The alleged discovery does not lie outside the Track of what was known before. It would have been obvious to any skilled worker in the field, in the state of knowledge existing at the date of patent, of what was publicly known or practised before about this process, that the claim in question viz., mere addition of a lever and bracket did not make the invention the subject of the claim concerned. There has been no substantial exercise of the inventive power or innovative faculty. Thus judged objectively, by the tests suggested by authorities, the patent in question lacked novelty and invention.

Held:

Court started that-

"For all the reasons aforesaid, we have no hesitation in holding that the learned Judges of the Appellate Bench were in error in reversing the findings of the trial Court on Issues 1 and 1-A. The learned trial Judge was right in holding that the patented machine was neither a manner of new manufacture or novel improvement, nor did it involve any inventive step, having regard to what was publicly known or used at the date of the patent. The grant of the patent in question was therefore, invalid and was liable to be revoked on the grounds mentioned in Clauses (d) and (e) of Section 26(1) of the Act."

Patent Abstract

According to Section 10(4) (d) of The Indian Patent Act, every complete specification shall include an abstract to provide technical information on the invention. It shall be indicative of technical field, technical problem resolved, chemical formulae, and designs if any.

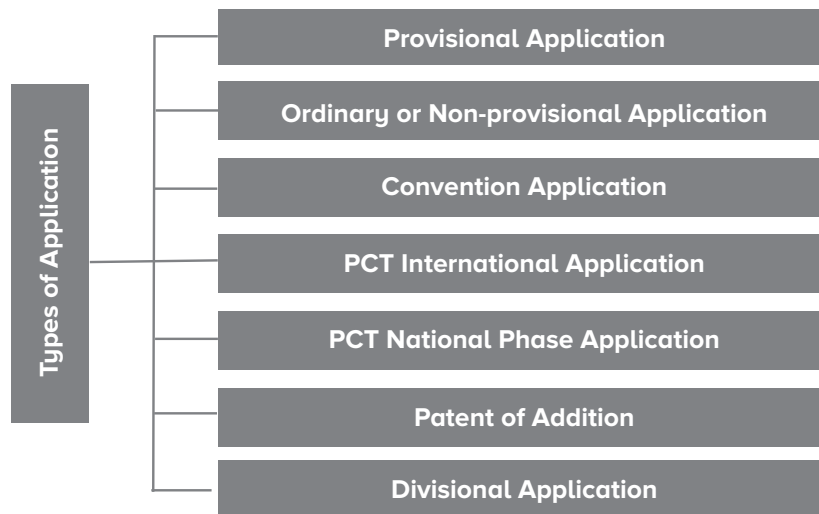
Rule 13(7) of Patent Rules 2003 provides for specification and contents of the abstract. They are as under-

- a) Every complete specification shall be accompanied by an abstract to provide technical information on the invention. The abstract shall commence with the title of the invention.
- b) The abstract shall be so drafted that it constitutes an efficient instrument for the purposes of searching in the particular technical field, in particular by making it possible to assess whether there is a need to consult the specification itself.
- c) The abstract shall contain a concise summary of the matter contained in the specification. The summary shall indicate clearly the technical field to which the invention belongs, technical problem to which the invention relates and the solution to the problem through the invention and principal use or uses of the invention. Where necessary, the abstract shall contain the chemical formula, which characterizes the invention.

- d) The abstract may not contain more than one hundred and fifty words.
- e) If the specification contains any drawing, the applicant shall indicate on the abstract the figure, or exceptionally, the figures of the drawings which may accompany the abstract when published. Each main feature mentioned in the abstract and illustrated by a drawing shall be followed by the reference sign used in that drawing.
- f) The Controller may amend the abstract for providing better information to third parties.

TYPES OF PATENT APPLICATION

A patent application is a request for the issuance of a patent for the innovation that the applicant has claimed and detailed. An application for this purpose typically consists of a description of the invention, as well as any pertinent official documents and correspondence. There are various types of patent applications, and each one serves a certain function. They are-



1. **Provisional Application** - When an invention is still being tested and isn't finalised, a provisional application, often referred to as a temporary application, is submitted. Additionally, as the Indian Patent Office adheres to the "First to File" approach, a preliminary application is sent to the patent office in order to claim priority (known popularly as the First-Come-First-Served-Basis). Technically speaking, the earlier an invention is filed, the less chance there is of any related inventions being considered prior art by the inventor's application. To ensure that the innovation's priority rights are protected, an application for this reason must be meticulously written and include a concise description of the invention.
2. **Ordinary or Non-Provisional Application** - This kind of application is submitted when neither the applicant nor the application is being filed in accordance with any earlier convention application. It must be backed up with a thorough complete specification that accurately describes the innovation. It can be done via-
 - i) *Direct Filing* - In which the Indian Patent Office receives the complete specification without a corresponding provisional specification.
 - ii) *Subsequent Filing* - This method claims priority from the submitted provisional specification and involves filing a complete specification after the relevant provisional specification.
3. **Convention Application** - When claiming a priority date based on an application that was filed in any of the convention nations that is identical to or substantially similar to it, a convention application is filed. An applicant must submit an application to the Indian Patent Office within a year of the date on which a comparable application was first submitted in the convention country in order to qualify for a status of convention. Simply put, a convention application gives the applicant the right to assert priority in all convention countries.

4. **PCT International Application** - A PCT application is an international application. The application opens the door for a streamlined patent application process in numerous nations at once, even though it does not permit for the grant of an international patent. It is subject to the Patent Cooperation Treaty and may be recognised in as many as 142 nations. By submitting this application, you can prevent copies of your innovation from being made in the specified nations. This application can be submitted at the following locations in India:
 - The Indian Patent Office (IPO), which serves as the receiving office.
 - The International Bureau of WIPO, either upon the receipt of a foreign filing permit from IPO or six and twelve months following the submission of an application in India.

In contrast to other applications, it grants the application a 30-31-month window from the international filing date or the priority date to entry into other nations, giving the applicant more time to assess the viability of the invention.
5. **PCT National Phase Application** - An applicant must submit a national phase application in each country where protection is desired, according to accepted practise. Within 31 months of the priority date or the international filing date, whichever is earlier, the same must be filed. Each member country has the option of extending the time restriction through national laws. The title, description, abstract, and claims as submitted in the international application under PCT shall be regarded as the Full Specification with regard to the National Phase Application. In addition, the rules for submitting and processing a regular patent application are also used here.
6. **Patent of Addition** - If the applicant finds an innovation that is merely a modest modification of the invention for which the applicant has already applied for or been granted a patent, the applicant must file this application. A separate renewal fee shouldn't be paid during the primary patent's term because a patent of addition is only granted after the parent patent has been granted. Also, it must be granted for a period of time equal to the duration of the patent for the primary invention; as a result, it expires with the first patent. The application for a patent of addition was filed on the date of this document's filing. Only if the innovation doesn't require a significant creative step may it be filed.
7. **Divisional Application** - If a particular application makes claims for more than one invention, the applicant may decide to partition the application and submit two or more applications. These applications' priority dates are the same as those of the parent application.

Is it mandatory to obtain prior permission from the Patent Office to file application for patent outside India or abroad? Also, under what circumstances, it is necessary to obtain a prior permission from the Patent Office?

Ordinarily, under the following circumstances, it is not necessary to obtain prior permission from the Patent Office to file patent application abroad:

- ***Applicant is not Indian resident and invention is originated abroad about.***
- ***If the applicant is Indian resident and filed patent application has been in India before filing the application outside India and six weeks period is over from that date.***
- ***The invention does not belong to Atomic Energy or defence purpose.***

Residents of India require prior permission to apply for patents outside India under section 39 of the Patents Act, 1970 under following circumstances:

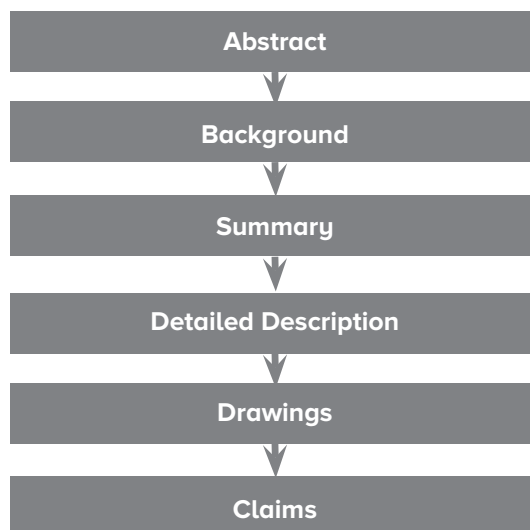
- ***The applicant or inventor is Indian resident,***
- ***Applicant does not wish to file patent application in India prior to filing outside India,***
- ***If the applicant is Indian resident, a patent application has been filed in India and six weeks period is not yet over from that date,***
- ***The invention relates to atomic energy or defence purpose.***

However if the invention is relevant for Defence or Atomic Energy purpose, no permission shall be granted without the consent of Central Government.

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:



How can one register for online filing of patent application?

To register for filing of patent application, the user is required to obtain the Class II/III digital signature. After obtaining the digital signature, the user can register himself on the CGPDTM website by creating his user ID and password.

One can file patent applications through comprehensive online filing system at <https://ipindiaonline.gov.in/epatentfiling/goForLogin/doLogin>. More information for filing online application is available on the website of Patent Office i.e. www.ipindia.gov.in.

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.

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]

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.

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.

The true and first inventor(s), his assignee, or their legal representative – can apply for patent with a provisional or a complete specification either themselves or through an agent by duly submitting the application form – at the appropriate office. In India, there are 4 offices, namely Delhi, Mumbai, Chennai & Kolkata and depending on the address of the applicant where he resides, has his domicile, or has a place of business or the place from where invention actually originated, the appropriate office is applicable.

In case of foreign applicants, who don't have domicile, place of business in India, place of business or address for service in India of the patent agent appointed by them is the determining factor for appropriate office. Specific state wise details can be accessed here: <http://ipindia.nic.in/ipr/patent/patjurid.htm>.

The date of first filing of a patent application is called the priority date. In the patent system of first to file, this date becomes important and if there are two patents/ patent applications with same/substantially similar subject matter, the earlier priority date patent application/patent survives the other. If filing has to be done in other countries, the priority of the initially filed application (parent application) can be taken and filed in respective countries/regions. The subsequent applications shall have the same priority date as the parent application and are referred to as family members of the initial application and each other. The application process is generally similar but the format of application may differ from country to country and the applicant ordinarily cannot file without professional assistance of a patent agent or attorney in that country/region.

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 drafter will need to gather technical information and ideas about the invention from its inventors, as well as insight into business considerations that may come from other sources, such as the applicant's managers or marketing executives. The technical information will mainly be provided in writing – that is, as

invention disclosures, sketches, technical drawings, laboratory reports, manuscripts of (unpublished) papers, prototypes, etc.

The patent agent will learn over time which approach offers the best results for different types of clients. In any event, the patent agent should always attempt to have at least one meeting either in person or by telephone 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.

Illustration

The patent agent understands that the invention involves pipes A, B and C. The inventor disclosed that the common edge formed by the combination of pipes A and B was burned before pipe C was attached. The patent drafter may want to ask the inventor whether the surface could be prepared in any way other than burning. If so, then the invention may be broader than only burning the surface material. The patent drafter may, for example, want to ask whether the surfaces can be burned before attaching pipe A to pipe B or whether they must be combined first.

4. Inventorship

A patent application as filed is required to include the name(s) of the inventor(s). Before filing the patent application, the patent agent should ask their client who is/are the inventor(s) and then confirm whether the inventor(s) indicated by the client qualify for inventorship or not. The patent agent should keep in mind that the would-be inventor(s) indicated by the client may not always be entitled as true inventor(s).

Does meaning of inventorship remain same throughout different jurisdiction?

Although the definition of inventorship differs across jurisdictions, the general test is that person's creativity should have led in some way to the features of the claimed invention that distinguish it from the prior art.

For example, in the United States, a person who contributed to the conception of the invention is entitled to be an inventor, while someone else who merely acted under the direction of that person is not. Similarly, in Japan, only a person who has substantially engaged in the creative process of the claimed invention is entitled to be an inventor.

Whereas, a supervisor who simply manages inventors, a person who simply follows instructions from a researcher to collect data or conduct experiments, or a person who merely provided funds and facilities to the inventor may not be so entitled.

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

The claims define the scope of exclusive patent protection in terms of the technical features of the invention. The claims are the legally operative part of a patent application and whether or not an invention meets the patentability requirements is determined on the basis of the claims. Claims must be clear and concise, as well as fully supported by the description.

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.

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.

Due to 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.

A patent claim is indisputably the most important part of a patent specification. It defines the boundary of the patent. To break it down, a patent claim defines exactly what is claimed by the invention and therefore what is sought to be protected. It clearly lays down what the patent does and does not cover. Simply put, the extent of protection conferred by a patent is defined by the patent claims. A claim is usually expressed as a statement of technical facts expressed in legal terms, defining the scope of the invention sought to be protected.

Why is a patent claim so important?

The preceding paragraph would have made the immense importance of a patent claim evident. A patent claim is that part of the specification, which after the patent is granted, tells third parties what they can and cannot do insofar as the invention is concerned. The exclusive right conferred by the grant of a patent is defined by a patent claim. Any mistake in drafting patent claims could result in an utterly useless patent. Only the patent claims define the scope of protection granted by a patent. The rest of the patent specification only helps explain the invention in detail. Claims define the contours of legal rights when the patent is granted. Section 10 (4) (c) of the Patents Act, 1970 states that every complete specification must end with a patent claim or patent claims that defines the scope of the invention for which protection is claimed.

How to draft a patent claim?

There is no straightjacket formula for drafting a patent claim. Drafting patent claims depends on each invention. It depends on what protection the Applicant seeks to claim on that invention. Depending on the protection sought by the applicant the claim may be constructed in a broad or narrow manner in reference to existing prior art. However, care must be taken to ensure that the patent claims are neither too broad (it cannot include what the applicant has not invented) nor too narrow (where the applicant may lose out on a necessary protection). Given the difficult nature of drafting patent claims, it is clear that drafting expertise is required to draft proper patent claims. It is always better to engage professional services to draft a patent specification.

What are the types of patent claims?

Essentially, claims are of two types: Independent claims and Dependent claims.

1. Independent claims:

They are 'standalone' claims that do not bear reference to any other claim. It contains a preamble and all the elements necessary to define the invention. The first claim is usually an independent claim that sets the tone for the protection claimed by the invention. Independent claims are usually broader as compared to the dependent claims so as to prevent potential infringers from circumventing the independent claim in any which way.

Independent Claims may be of three types:

- A claim for a thing
- A claim for a method of making a thing
- A claim for a method of using a thing.

2. Dependent Claims:

Dependent claims always bear reference to an earlier claim or independent claim and limit their scope. Dependent claims are therefore relatively narrow as they limit the scope of an earlier claim. Further, dependent claims refine the scope of protection sought for an invention. Additionally, it may contain additional non-essential features and even the minute aspects and optional features that are not described in the independent claim.

CASE LAWS

In ***Patent Application No. 7795/DELNP/2007, order dated May 9, 2019*** it was stated that reason for patent rejection was the lack of clarity and conciseness. It was decided that the claims were unclear since different meanings of the invention were provided in separate claims. Determining the invention's breadth was challenging due to the numerous distinct claims. Moreover, the preamble of the claims made no mention of the function or object of the claimed device. Several statements list various methods that are unclear in terms of their structural characteristics. Regarding the assertions, there was no support in the description. The claims were ambiguous because certain structural elements were missing.

Press Metal Corporation Limited V. Noshir Sorabji Pochkhanawalla (1982 PTC 259 (Bom)),

It was held that – "It is the duty of a patentee to state clearly and distinctly the nature and limits of what he claims. If the language used by the patentee is obscure and ambiguous, no patent can be granted, and it is immaterial whether the obscurity in the language is due to design or carelessness or want of skill. It is undoubtedly true that the language used in describing an invention would depend upon the class of person versed in the art and who intend to act upon the specifications. In the present case, the invention is described in an obscure and ambiguous language, and on this ground, the patent is liable to be refused".

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 description discloses the invention sufficiently clearly and completely to the extent that a person skilled in the art will be able to carry out the claimed invention. To improve the readability of the description, it usually contains several sections. While the format of the description is not the same across jurisdictions, in general, the following elements appear on the description.

1. The title of the invention, as appearing in the request, concisely identifies and broadly describes the invention for which patent protection is sought.
2. The technical field to which the invention relates may then be specified.
3. The background art in the field of the invention will be set out next, which can be useful for the understanding of the invention.
4. This is followed by a summary of the invention, which outlines its full scope and how it has solved the problem of the background art.
5. The description then briefly explains the drawings.
6. Finally, the description discloses greater detail of the claimed invention by way of examples (embodiments), making reference to the drawings. These examples often play an important role in meeting the support requirement and the enablement requirement

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.

Enablement Requirement

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. EPO and USPTO enablement requirements-

According to Article 29(1) of the TRIPS agreement, the signatory nations of the agreement must include a requirement for patent applicants to provide disclosure so that an expert in the field can use the innovation. According to Article 29(1), nations may also decide to include a legal provision requiring the disclosure of the best mode.

For instance, just the enabling condition must be met according to the European Patent Convention (Article 83). The enablement condition as well as the best mode requirement must be satisfied before the patent is granted in both the United States of America (35 U.S.C. 112) and India [Section 10(4) of the Act].

3. Drawings

The drawings provide visual support in describing the invention and often facilitate better understanding of the claimed invention. They may include figures, tables, flow charts and diagrams. A representative drawing is usually positioned on the front page of a published patent document.

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 laws require that a patent applicant to furnish at least one patent drawing (sometimes referred to as a patent illustration) of the invention whenever the invention is capable of illustration by way of a drawing. Said another way, whenever a drawing would assist in the understanding of an invention one need at least one patent drawing. The easiest best way to create a better, strong application is to include many patent drawings.

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 abstract is a summary (a digest) of the invention limited to a certain number of words. It typically includes key features recited in the claims and is primarily an aid for those conducting patent searches and readers of patent documents, delivering an overview of the invention.

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.

FILING OF PATENT DOCUMENTS

As per Rule 9 of the Patent Rules, 2003, all documents and copies of the documents, except affidavits and drawings, filed with patent office, shall –

- be typewritten or printed in Hindi or English (unless otherwise directed or allowed by the Controller) in large and legible characters not less than 0.28 centimetre high with deep indelible ink with lines widely spaced not less than one and half spaced only upon one side of the paper;
- be on such paper which is flexible, strong, white, smooth, non-shiny, and durable of size A4 of approximately 29.7 centimetre by 21 centimetre with a margin of at least 4 centimetre on the top and left hand part, and 3 centimetre on the bottom and right hand part thereof;
- be numbered in consecutive Arabic numerals in the centre of the bottom of the sheet; and
- contain the numbering to every fifth line of each page of the description and each page of the claims at right half of the left margin.

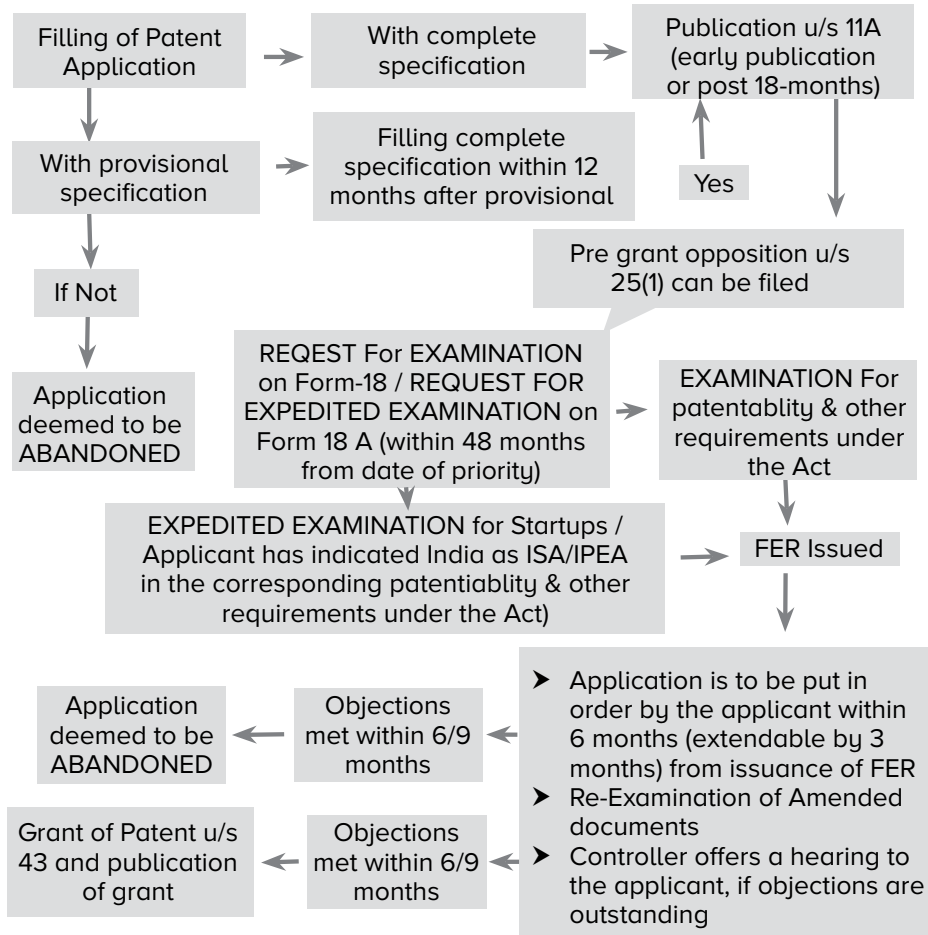
Any signature which is not legible or which is written in a script other than English or Hindi shall be accompanied by a transcription of the name either in Hindi or English in capital letters.

In case, the application for patent discloses sequence listing of nucleotides or amino acid sequences, the sequence listing of nucleotides or amino acid sequences shall be filed in computer readable text format along with the application, and no print form of the sequence listing of nucleotides or amino acid sequences is required to be given.

Additional copies of all documents shall be filed at the appropriate office as may be required by the Controller. Names and addresses of applicant and other persons shall be given in full together with their nationality and such other particulars, if any, as are necessary for their identification.

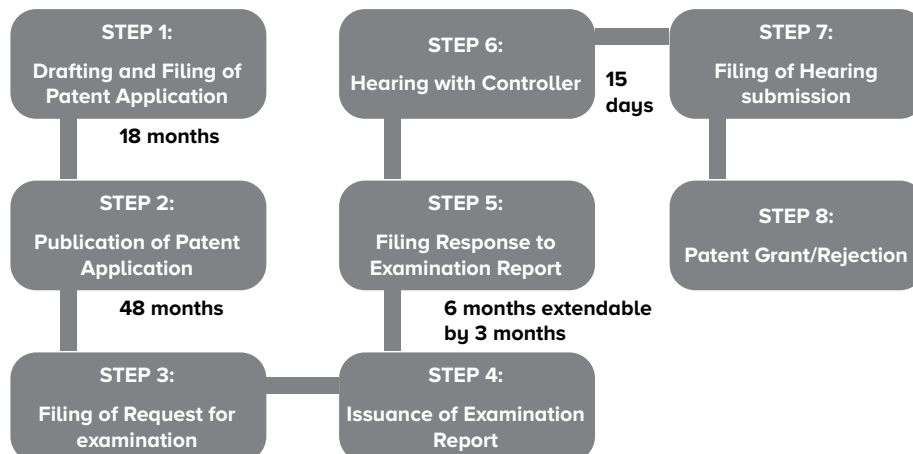
PATENT WORKFLOW

Patent Flow Chart



Source - https://ipindia.gov.in/writereaddata/Portal/News/237_1_Patent_FlowChart_09June2016.pdf

TIMELINE OF PATENT PROSECUTION



The submission of a patent application with the Indian Patent Office is the first step in every patent prosecution. After filing, the office checks the paperwork to ensure that all requirements have been met. In order to determine if the invention satisfies the three fundamental criteria for patentability—novelty, inventiveness, and industrial applicability—a technical analysis of the application is next conducted. The application is carefully examined during this examination stage by the examiner who is an expert in the relevant technical field. If the examiner has any concerns about the application's formal requirements or patentability, he or she will include those concerns in an examination report and send it to the applicants or their agents for a timely response.

Following are some of the important time lines during the prosecution of a patent application.

Filing of Complete Specification following provisional specification (Form 2)	Within 12 months of filing of provisional specification
Statement and undertaking regarding foreign applications (Form 3)	Within 6 months of filing of application
Request for Examination (Form 18)	Forty eight months from the date of filing of filing or priority, whichever is earlier
Declaration of Inventorship (Form 5)	With the complete specification or within one month from the date of filing of complete specification
Time for replying to the first examination report (FER)	6 months from the date of issuance of the FER, extendable upto 3 months, total 9 months
Pre-grant Opposition (Form 7A)	after publication of the application and any time before the grant of patent
Post-grant Opposition (Form 7)	One year from the date of publication of grant of patent
Reference to deposit of biological material	Within 6 months from the date of filing of application
Furnishing information relating to working of patent (Form 27)	Working statement regarding the working of patented inventions in a calendar year is required to be submitted for every granted patent within 3 months from the end of every calendar year i.e 31st March of every year. Therefore for submission of working statements for calendar year 2017 due date is 31st March 2018.

Does the Patent Office keep information of the invention secret?

Yes. All the patent applications are kept secret upto 18 months from the date of filing or priority date whichever is earlier and thereafter they are published in the Official Journal of the Patent Office which is published every week and also available on the IPO website. After its publication, public can inspect the documents and also may take the photocopy thereof on payment of the fee as prescribed.

PUBLICATION AND EXAMINATION OF PATENT APPLICATION

Usually a patent application is published in the Official Patent Office Journal after the lapse of 18 months from the date of filing of the application or the priority claimed date, whichever is earlier. This publication includes all pertinent details related to the application. It includes the title, abstract, application number and name and address of the applicant. After this publication a patent application becomes open for public scrutiny.

When is an application for patent published?

Every application for patent is published after expiry of 18 months from the date of its filing or priority date whichever is earlier. However, following applications are not published.

- A. Application in which secrecy direction is imposed.**
- B. Application which has been abandoned u/s 9(1) and i.e when a provisional application has been filed and the complete application has not been filed with 12 months from the filing of the provisional application.**
- C. Application which has been withdrawn 3 months prior to 18 months.**

According to Section 11A of Patents Act, 1970 no application for patent shall ordinarily be opened to the public for such period as may be prescribed.

The applicant may, in the prescribed manner, request the Controller 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 shall publish such application as soon as possible.

Every application for a patent shall, on the expiry of the period specified under sub-section (1), be published, except in cases where the application—

- (a) in which secrecy direction is imposed under section 35; or
- (b) has been abandoned under sub-section (1) of section 9; or
- (c) has been withdrawn three months prior to the period specified under sub-section (1).

In case a secrecy direction has been given in respect of an application under section 35, then, it shall be published after the expiry of the period prescribed under sub-section (1) or when the secrecy direction has ceased to operate, whichever is later.

The publication of every application under this section 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 under this section—

- (a) the depository institution shall make the biological material mentioned in the specification available to the public;
- (b) the patent office may, on payment of such fee as may be prescribed, make the specification and drawings, if any, of such application available to the public.

On and 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 the invention had been granted on the date of publication of the application:

Provided that the applicant shall not be entitled to institute any proceedings for infringement until the patent has been granted:

Provided further that the rights of a patentee in respect of applications made under sub-section (2) of section 5 before the 1st day of January, 2005 shall accrue from the date of grant of the patent:

Provided also that after a patent is granted in respect of applications made under sub-section (2) of section 5, the patent-holder shall only be entitled to receive reasonable royalty from such enterprises which have made significant investment and were producing and marketing the concerned product prior to the 1st day of January, 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.

Is there any provision in the Patents Act for early publication? Can any invention be patented after publication or display in the public exhibition?

Yes, the applicant can make a request for early publication in Form 9 along with the prescribed fee. After receiving such request the Patent Office publishes such application within a period of one. Generally, an invention which has been either published or publicly displayed cannot be patented as such publication or public display leads to lack of novelty. However, under certain circumstances, the Patents

A0Ωct provides a grace period of 12 months for filing of patent application from the date of its publication in a journal or its public display in an exhibition organised by the Government or disclosure before any learned society or published by applicant. The detailed conditions are provided under Chapter VI of the Act (Section 29-34).

WHO CAN FILE THE REQUEST FOR EXAMINATION IN INDIA AND HOW?

In India a request for patent examination (RFE) may be filed by:



the patent applicant of the patent application or

by any other interested person

Filling out Form 18 will initiate the request for examination. The interested party (third party) must provide the necessary proof of his involvement in the specific patent application.

Form-18 has to be filed, specifying the details of the patent applicant or other interested party, application number, title, date of filing and publication date together with the specified fees.

It is crucial to adhere to the patent office deadlines. Otherwise it is advisable to file the request for inspection, when filing patent application.

Before the expiration of the allotted 31 months, it is advisable to submit an express request for patent examination for any national phase application or PCT international application entering India.

REQUEST FOR EXAMINATION

Is patent application once filed examined automatically?

A patent application is not examined automatically after its filing. The examination is done only after receipt of the request of examination in Form 18 either from the applicant or from third party or Form 18A for expedited examination (under conditions as prescribed in the Rules).

Section 11B states that, no application for a patent shall be examined unless the applicant or any other interested person makes a request in the prescribed manner for such examination within the prescribed period.

In case of an application in respect of a claim for a patent filed under sub-section (2) of section 5 before the 1st day of January, 2005 a request for its examination shall be made in the prescribed manner and within the prescribed period by the applicant or any other interested person.

In case the applicant or any other interested person does not make a request for examination of the application for a patent within the period as specified under sub-section (1) or sub-section (3), the application shall be treated as withdrawn by the applicant:

Provided that—

- (i) he applicant may, at any time after filing the application but before the grant of a patent, withdraw the application by making a request in the prescribed manner; and
- (ii) in a case where secrecy direction has been issued under section 35, the request for examination may be made within the prescribed period from the date of revocation of the secrecy direction.

Expedited Examination

Rule 24C provides for Express or Expedited Examination. The Patents Act, 1970 provides for examination of patent application only on filing of request for examination by the applicant or any other interested person (section 11 B). This request can be filed on Form-18 with prescribed fee at any time within 48 months from the date of priority or from the date of filing of the application, whichever is earlier. The patent application is referred to the examiner strictly in order of the requests filed. The examiner to whom the application is referred for examination has to submit his report to the Controller ordinarily within a period of one month from such reference but not exceeding three months from such reference [Rule 24B (2)].

Who can file for Expedited Examination?

Below given can file for express or expedited examination-

- (a) India has been indicated as the competent International Searching Authority or elected as an International Preliminary Examining Authority in the corresponding international application; or
- (b) that the applicant is a startup; or
- (c) that the applicant is a small entity; or
- (d) that if the applicant is a natural person or in the case of joint applicants, all the applicants are natural persons, then the applicant or at least one of the applicants is a female; or
- (e) that the applicant is a department of the Government; or
- (f) that the applicant is an institution established by a Central, Provincial or State Act, which is owned or controlled by the Government; or
- (g) that the applicant is a Government company as defined in clause (45) of section 2 of the Companies Act, 2013; or
- (h) that the applicant is an institution wholly or substantially financed by the Government;
- (i) that the application pertains to a sector which is notified by the Central Government on the basis of a request from the head of a department of the Central Government;
- (j) that the applicant is eligible under an arrangement for processing a patent application pursuant to an agreement between Indian Patent Office and a foreign Patent Office.

Except where the application has already been published under sub-section (2) of section 11A or a request for publication under rule 24A has already been filed, a request for expedited examination shall be accompanied by a request for publication under rule 24A.

Where the request for expedited examination does not comply with the requirements of this rule, such a request shall be processed in accordance with the provisions contained in rule 24B, with an intimation to the applicant, and shall be deemed to have been filed on the date on which the request for expedited examination was filed.

The Controller shall refer the request for expedited examination along with the application and specification and other documents to the examiner, in respect of the applications where the request for expedited examination has been received, in the order of filing of such requests.

Provided that a request for expedited examination under this rule filed by a startup shall not be questioned merely on the ground that the startup ceased to be a startup after having filed an application for patent due to the lapse of more than five years from the date of its incorporation or registration, or the turnover subsequently crossed the financial threshold limit, as defined.

The period within which the examiner shall make the report under sub-section (2) of section 12, shall ordinarily be one month but not exceeding two months from the date of reference of the application to him by the Controller.

The period within which the Controller shall dispose of the report of the examiner shall be one month from the date of receipt of such report by the Controller.

A first statement of objections along with any document, if required, shall be issued by the Controller to the applicant or his authorised agent within fifteen days from the date of disposal of the report of examiner by the Controller.

Reply to the first statement of objections and subsequent reply, if any, in respect of an application where the request for expedited examination was filed, shall be processed in the order in which such reply for such application is received.

The time for putting an application in order for grant under section 21 shall be six months from the date on which the first statement of objections is issued to the applicant.

The time for putting an application in order for grant under section 21, as prescribed in sub-rule (10) may be further extended for a period of three months on a request for extension made in Form 4 along with the prescribed fee, made to the Controller before the expiry of the period specified under sub-rule (10).

The Controller shall dispose of the application within a period of three months from the date of receipt of the last reply to the first statement of objections or within a period of three months from the last date to put the application in order for grant under section 21 of the Act, whichever is earlier: Provided that this time limit shall not be applicable in case of pre-grant opposition. Notwithstanding anything contained this rule, the Controller may limit the number of requests for expedited examination to be received during the year by way of a notice to be published in the official journal.

Did you know?

In 2019, the Indian Patent Office (IPO) and the Japan Patent Office (JPO) commenced a Bilateral Patent Prosecution Highway (PPH) pilot program. Patent Prosecution Highways (PPH) are designed to expedite the patent application process. This is accomplished by a system of information exchange across offices, or occasionally even nations. In the form of a bilateral agreement with the Japanese Patent Office, India has a PPH pilot programme (JPO). The three-year trial term for this pilot initiative started in November 2019.

This program is designed to prove to be advantageous to both applicants and patent offices. According to this, an applicant can speed up the prosecution process in a second patent office by using favourable examination results from one patent office. By allowing patent offices to effectively reuse or depend on the examination performed by other patent offices, patent applications can be processed more quickly. It shortens the prosecution process' workload and timetable. The patent office where protection is sought retains the authority to grant or deny a patent.

What is start up criteria? What are the benefits provided by the Government of India to Start-up applicants for filing patent applications?

Start-up means an entity, incorporated or registered in India under the Start-up India: Stand-Up India” initiative of the Government of India.

Government of India provides the following benefits to Start Ups in filing patent application in India under Scheme for Facilitating Start-ups Intellectual Property Protection (SIPP):

- ***An entity qualifying as a start-up under Stand-Up India initiative of the Government of India can avail the facility of expedited examination.***
- ***The Government reimburses the expenditure to the facilitator who assists the start-up for filing and prosecuting the patent application to the extent of Rs.10,000/- Office of CGPDTM, INDIA.***

IMPORTANT ASPECTS OF EXAMINATION

Few important aspects are to be kept in mind while requesting an examination. They are-

Understanding the invention

The Complete Specification describing the invention is a techno-legal document. It should fully and particularly describe the invention and the method by which it is to be performed i.e. the description of the method or

the instructions for the working of the invention as contained in the complete specification are by themselves sufficient, full and particular 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.

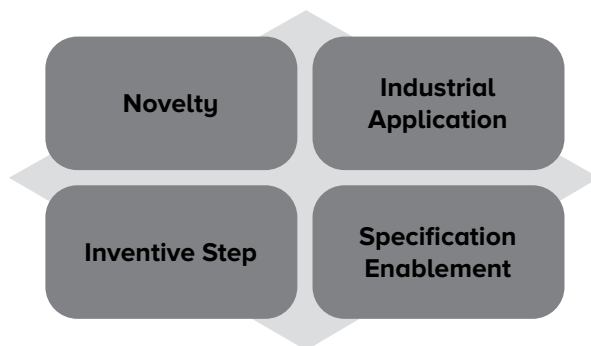
If the applicant mentions biological material in the invention and it is not possible to describe the same in the complete specification in the manner described in clauses (a) and (b) of section 10(4), and if such material is not available to public, the requirement of sufficiency of disclosure shall be completed by depositing such material in an International Depository Authority under the Budapest Treaty. The same shall be deposited not later than the date of filing, however, the reference number to the deposit shall be made in the specification within 3 months from the date of filing the application.

The complete specification shall contain the details of such deposition and the source and geographical origin of the biological material.

The technical advance, synergistic effect and efficacy of the claimed invention must be substantiated properly in the body of specification as well as by way of suitable examples.

Patentability Criterion

Below given are the patentability criteria on the basis on which patent examination is done. They are:-



Novelty

An invention is considered new (novel) if it has not been anticipated by publication in any document anywhere in the world, or prior claimed in an application for patent in India, or form part of the knowledge, oral or otherwise, available within any local or indigenous community in India or elsewhere, or used; before the date of filing of patent application or date of priority, whichever is earlier, that is, the subject matter has not fallen in the public domain or that it does not form part of the state of the art.

Followings are the general principles relating assessment of Novelty:

- a. An invention is considered as new if it is not anticipated by prior publication, prior use or prior public knowledge.
- b. For the purpose of determining novelty, an application for Patent filed at the Indian Patent Office before the date of filing of complete specification of a later filed application but published after the same is considered for the purposes of prior claiming.
- c. While ascertaining novelty, the Examiner takes into consideration, inter alia, the following documents:
 - Documents which have been published before the date of filing of complete specification.
 - Such Indian Patent Applications which have been filed before the date of filing of complete specification and published on or after the date of filing of the complete specification, but claims the same subject matter.

- Documents which have been published before in a transaction of a learned society or exhibited before in an authorized manner as designated by the Government within one year from the date of such filing.
- d. A prior art will be considered as anticipatory if all the features of the invention under examination are present in the cited prior art.
- e. The prior art should disclose the invention either in explicit or implicit manner.
- f. Mosaicking of prior art documents is not followed in the determination of novelty.
- g. A generic disclosure in the prior art may not necessarily take away the novelty of a specific disclosure.
- h. A specific disclosure in the prior art takes away the novelty of a generic disclosure.
- i. In a case where a prior art is cited as an anticipation in the Examination Report, which is not deemed to be an anticipation by reason on Section 29-34, the onus of proving is on the applicant.

CASE LAWS

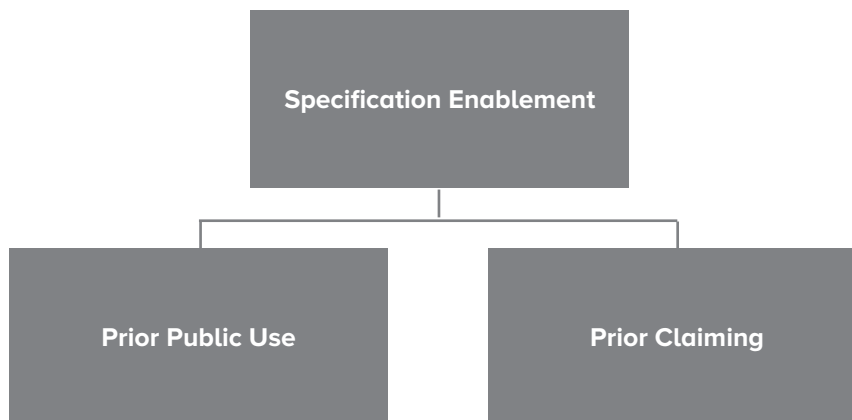
M/s. Crompton Greaves Ltd. Mumbai vs. M/s. Bharat Heavy Electricals Ltd. Hyderabad, on patent application No.221/BOM/96 (184657)

In this case, it was held by the Controller that the ground that the invention was publicly known or publicly used in India was not established by the opponent since the photo copies submitted by the opponent stated mainly the terms and conditions of a contract to supply 3900 KVA and 5400 KVA traction transformers. The photocopies of work order did not define any constructional features of the traction transformer. A mere statement by the opponent company that they are the first in the field of manufacturing alone can not stop the applicant company from obtaining a patent unless the opponents establish that they were manufacturing an identical product before the date of filing.

Monsanto company v. Coramandal Indag Products (P) Ltd. (1986) (1 SCC 642: AIR 1986 712: 1986 PTC 195 SC)

It was held that the invention was publicly known since its formula was published in the report of the International Rice Research Institute in the year 1968 and its common name But achlor was published in the same report in the year 1969

Novelty covers both Prior Public Use and Prior Claiming-



Prior Public Use

Prior public use of the invention before the date of filing of application destroys the novelty of the invention. However, there is an exception to this general rule. The Act provides that if an invention has been publicly worked in India within one year before the priority date by the patentee or applicant for the patent or by any third person from whom he derives the title or by the person who has obtained a consent to work the invention and such working of invention was only for the purpose of reasonable trial and it was necessary to effect such trial or working in public in view of the nature of the invention then such working of invention does not anticipate the invention (Section 32).

In case of a prior disclosure by the inventor, the Patents Act provides a one-year grace period for filing a patent application if the invention has been described in front of a learned society or published during the transactions of such learned society. The grace period is also available for conducting reasonable trials such as data generation for regulatory approval; it is not available where an invention is being sold or commercially worked in India. However, any use or publication of an invention after filing a provisional patent application in India will not be considered anticipation. Similarly, the grounds relating to public display [Sections 31(a), 31(b) and 31(c)], public working (Section 32) and traditional knowledge [Section 3(p)] are major considerations when determining novelty. An invention can also be anticipated by knowledge, either oral or in any other form existing in a local or indigenous community in India or elsewhere.

The general factors considered for anticipation assessment may be relevant in selection invention cases. In selection inventions, the selection of specific dimensions, ranges of values or parameters within (prior) larger areas based on new characteristics and unknown properties are considered to be invention. While the Indian Patent Office (IPO) does not expressly state that selection patents are unpatentable in India, a combined reading of Sections 3(d) and 2(1)(j) appear to have a strict standard regarding patentability of selection invention.

What does it mean to “claim priority” of an earlier patent application?

Generally, patent applicants who wish to protect their invention in more than one country usually first file a national or regional patent application with their national or regional patent Office, and within 12 months from the filing date of that first application, they file their international application under the PCT. The effect of claiming the priority of an earlier patent application is that a patent shall not be invalidated by reasons of any acts accomplished in the interval, such as another filing, the publication or sale of the invention.

CASE LAWS

Farbwerke Hoechst Aktiengesellschaft Vormals Meister Lucius and Bruning a Corporation and Ors. vs. Unichem Laboratories and Ors. (11.07.1968 - BOMHC) AIR1969Bom255

The Court stated that to anticipate a patent, a prior publication or activity must contain the whole of the invention impugned; i.e., all the features by which the particular claim attacked is limited. In other words, the anticipation must be such as to describe, or be an infringement of the claim attacked.

Monsanto Co. v. Coromandel Indag Products (P) Ltd. 1986 A.I.R. 712

In this case, it was held that “to satisfy the requirement of being publicly known as used in clauses (e) and (f) of section 64(1), it is not necessary that it should widely be used to the knowledge of the consumer public. It is sufficient if it is known to the persons who are engaged in the pursuit of knowledge of the patented product or process either as men of science or men of commerce or consumers.”

Public Claiming

Section 13 - Search for anticipation by previous publication and by prior claim-

- (1) The examiner to whom an application for a patent is referred under section 12 shall make investigation for the purpose of ascertaining whether the invention so far as claimed in any claim of the complete specification.
- (2) 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.

As per Rule 29, procedure in case of anticipation by prior claiming.—

When it is found that the invention so far as claimed in any claim of the complete specification, is claimed in any claim of any other specification falling within clause (b) of sub-section (1) of section 13, the applicant shall be so informed and shall be afforded an opportunity to amend his specification.

If the applicant's specification is otherwise in order for grant and an objection under clause (b) of sub-section (1) of section 13 is outstanding, the Controller may postpone the grant of patent and allow a period of two months for removing the objection.

In order to prove prior claiming of the invention, compliance with the following conditions is examined:

- (i) That the application 'X' where the invention has been claimed in a claim prior to the application 'Y' claiming alleged invention, has been filed in India.
- (ii) The application 'X' must have been filed or claiming a priority earlier to the priority date of application 'Y' in question.
- (iii) The application 'X' should have been published on or after the date of application ('Y') in question.

CASE LAWS

Pfizer Products Inc. vs. The Controller of Patent and Designs (21.08.2020 - IPAB): (OA/2/2016/PT/MUM)

IPAB in this case stated that in order to have valid objection about anticipation by prior claiming, the following has to be established [section 13(1)(b)]:

- a. That there is an invention for which an application for patent has been made in India (hereinafter referred to as 'the first application').
- b. The second invention for which a patent has been granted is "claimed in any claim" of the complete specification of the first application.
- c. The first application is published after the priority date of the claim of the patentee.
- d. The claim of the first application has a priority date that is earlier than the claim of the patentee.

It was further stated that with regard to section 13(1)(b) of the impugned order is not sustainable that for the purpose of prior claiming, "the claims" of the Indian Prior art have to be mapped with the claims of the Indian applications/patents.

Centron Industrial Alliance Private Limited v. Harbans Lal Malhotra and Sons Private limited, [DPD, Vol.1, p 133], patent No. 123140

The Controller held that the later application (filed on 15th September, 1969) claiming a method of manufacturing superior quality blades of razors and like instruments which consists atomic or molecular deposition in vacuum of a thin film of particles of a corrosion resistant material on the cutting edge or edges of the blades of the said instruments and thereafter coating the said blade with polytetrafluoroethylene. The claimed method is anticipated by prior claiming in an earlier application (filed on 14th March, 1969)

claiming a method of manufacturing, superior quality blades of razors and like instruments defined, which included coating the blades with polytetrafluoroethylene, characterized in that the said method consisted of atomic or molecular deposition in vacuum of a thin film of particles of a corrosion resistant material on the cutting edge or edges of the blades of the said instruments before coating the said blades with said polytetrafluoroethylene.

Inventive Step

Inventive step is decided in accordance with the provisions of section 2(1)(ja) of the Indian Patents Act, 1970.

As per 2(1)(ja), “inventive step” means a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art.

The Intellectual Property Appellate Board on inventive step and exclusions:

“When the patentee explains that there is an inventive step which is a technical advance compared to the existing knowledge (state-of-the-art) or that it has economic significance that would not give him the right to a patent as such. ‘The inventive step’ must be a feature which is not an excluded subject itself. Otherwise, the patentee by citing economic significance or technical advance in relation to any of the excluded subjects can insist upon grant of patent thereto. Therefore, this technical advance comparison should be done with the subject matter of invention and it should be found it is not related to any of the excluded subjects.”

Accordingly the following points need to be objectively judged to ascertain whether the invention does have inventive step or not:

- a. Identify the inventive concept of the claim in question;
- b. Identify the “person skilled in the art”, i.e. competent craftsman or engineer as distinguished from a mere artisan;
- c. Identify the relevant common general knowledge of that person at the priority date;
- d. Identify what, if any, differences exist between the matter cited as forming part of the “state of the art” and the inventive concept of the claim or the claim as construed.

CASE LAWS

Ajay Industrial Corporation vs. Shiro Kamas of Iberaki City (AIR 1983 Del 496.)

In this case, it was stated that the specification and claims had all to be read together and reasonably and benevolently construed. In the absence of any technical or expert evidence either indicating that these

statements were wrong or that the article produced incorporated no new devices to get over these defects, it could not be held that the patent embodied no new discovery or invention. It was held that the appellant had not discharged the onus that lay on it to establish that the respondent’s patent could not have been registered and, therefore, needed to be revoked.

Biswanath Prasad Radhey Shyam v. Hindustan Metal Industries, AIR 1982 SC 1444

It was held that “The expression “does not involve any inventive step” used in Section 26(1)(a) of the Act and its equivalent word “obvious”, have acquired special significance in the terminology of Patent Law. The ‘obviousness’ has to be strictly and objectively judged. For this determination several forms of the question have been suggested. The one suggested by Salmond *L. J. in Rado v. John Tye & Son Ltd.* is apposite. It is: “Whether the alleged discovery lies so much out of the Track of what was known before as not naturally to suggest itself to a person thinking on the subject, it must not be the obvious or natural suggestion of what was previously known.”

It was also observed that “Another test of whether a document is a publication which would negative existence of novelty or an “inventive step” is suggested, as under: “Had the document been placed in the hands of a competent craftsman (or engineer as distinguished from a mere artisan), endowed with the common general knowledge at the ‘priority date’, who was faced with the problem solved by the patentee but without knowledge of the patented invention, would he have said, “this gives me what I want?”.

Industrial Applicability

The third criteria of patentability are that the invention should be capable of industrial application. It is defined in Section 2 (1)(ac) of the Patents Act, 1970.

Section 2 (1) (ac) “Capable of Industrial application”, in relation to an invention, means that the invention is capable of being made or used in an industry.

Essentials for an invention to be capable of industrial application

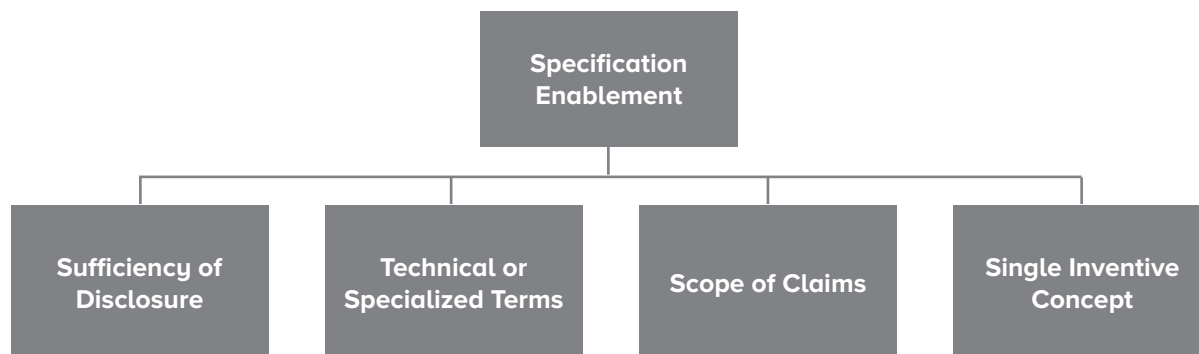
- If the subject matter is devoid of industrial application it does not satisfy the definition of “invention” for the purpose of the Act. Ordinarily, “Industry” is taken in its broad sense as including any useful and practical, as distinct from intellectual or aesthetic activity. It does not necessarily imply the use of a machine or the manufacture of a product and covers such thing as a process for dispersing fog or a process of converting energy from one form to another.
- Vague and speculative indication of possible objectives that might or might not be achievable by carrying out further research with the tool as described may not be sufficient for fulfilment of the requirement of industrial applicability. The purpose of granting a patent is not to reserve an unexplored field of research for an applicant.
- Methods of testing are generally regarded as capable of industrial application if the test is applicable to the improvement or control of a product, apparatus or process which itself is capable of industrial application. It is therefore advisable to indicate the purpose of the test if this is not otherwise apparent.
- Processes or articles alleged to operate in a manner which is clearly contrary to well-established physical laws, such as perpetual motion machines, are regarded as not having industrial application.
- An invention for a method of treatment of the human or animal body by surgery or therapy or of diagnosis practiced on the human or animal body is not taken to be capable of industrial application.
- Parts /pieces of the human or animal body to be used in transplants are objected as not being capable of industrial application.

Illustration

- An application relating to a scheme for exchanging all or part of a prison sentence for corporal punishment was held to lack industrial applicability and also to be a method for doing business.
- A method for effecting introductions with a view to making friends was held not to be industrially applicable, even though it could be carried out by a commercial enterprise. It was also found to be excluded as a method of doing business. In a patent for a photo-booth camera was held that the folded optical path as described and claimed could not give rise to the claimed narrowing of the depth of field. As a result, the hearing officer held that the invention could not work as described and claimed, and so lacked industrial applicability.

Specification Enablement

Specification enablement includes –



Sufficiency of Disclosure

In the patent system, the sufficiency of disclosure is a prerequisite. The method a patent specification is written may vary slightly depending on the jurisdiction, but all require that the disclosure be sufficient.

Also the applicant is required to disclose the source and geographical origin of such materials as used in the invention, subject to provisions of section 10(4). For details please refer to the guidelines on biotech and Traditional Knowledge.

The description should not contain passages which confuse the scope of the invention.

Where particular description or drawings do not exemplify the invention claimed, for example, where they are included by way of explaining the invention or for comparison or where they relate to prior art, the description should make this clear.

CASE LAWS

The Controller rejected **Patent Application No. 201611017772 in an order dated June 12, 2019**, citing “Sufficiency of Disclosure u/s 10(4)” as one of the reasons. The description stated that “in an exemplary implementation, the presentation of cultural similarity and/or environmental fitment can be determined based on a cultural evaluation of an individual’s attributes, and comparison of such evaluation with cultural aspects of other users in a selected career,” but certain details, such as how the cultural aspects of an individual were evaluated, what the cultural attributes are, etc., were not disclosed. In light of the aforementioned, the controller was of the opinion that complete specification did not satisfy Section 10(4) of the Act’s requirements.

TATA Global Beverages Limited vs. Hindustan Unilever Limited and Ors. (18.10.2012 - IPAB) : Decided On: 18.10.2012 in TRA/1/2007/PT/MUM

In this case it was held that the sufficiency requirement is met if at least one way of working the invention is clearly indicated enabling the skilled person to carry out the invention. The applicant only submitted that in the absence of any control data of the colour of the starting material, the specification lack in establishment of any “improvement” related thereto. It is not necessary for the purpose of section 10(4) that the disclosure of a patent be adequate to enable the skilled person to carry out all conceivable ways of operating the invention. If the best method known to the patentee is disclosed it satisfies the requirement of sufficiency. Since the appellant has not contested the reproducibility of the example of the patent in question we find it sufficient for the purpose of section 10.

Farbwerke Hoechst Aktiengesellschaft Vormals Meister Lucius and Bruning a Corporation and Ors. vs. Unichem Laboratories and Ors. (11.07.1968 - BOMHC) AIR 1969 Bom 255,

In this case, the Court while discussing the sufficiency of disclosure stated the Halsbury's branches of insufficiency of description "(1) the complete specification must describe "an embodiment" of the invention claimed in each of the claims and that the description must be sufficient to enable those in the industry concerned to carry it into effect "without their making further inventions"; and (2) that the description must be fair i.e. it must not be unnecessarily difficult to follow.

The specification and claims are addressed to those with a high degree of knowledge of the field of science to which they relate, particularly when they relate to chemistry and allied subjects. It is not necessary to describe processes on the Claims to a specification when they are part of the common knowledge available to those skilled in the science who can, after reading them, refer to the technical literature on the subject for the purpose of carrying them into effect. "An embodiment" of the invention is, therefore, in my opinion, sufficiently described in the plaintiffs patent and that description is not unnecessarily difficult to follow, it being sufficient to enable the invention to be carried into effect "without making further inventions".

Technical or Specialized Terms

Points to be kept in mind while using specialised terms-

- The description should be as clear and straightforward as possible, with the avoidance of unnecessary technical jargon.
- Foreign terms may be used only where there is no English equivalent.
- Terms already having an established meaning should not be used differently, if this is likely to cause confusion.
- The use of proper names or similar words to refer to materials or articles is undesirable in so far as such words merely denote origin, or where they may relate to a range of different products.
- The product should be sufficiently identified, without reliance on the word, to enable the invention to be carried out by the skilled person.
- A trade name or mark should not be used in a specification since it is an indication of origin rather than of composition or content and on that account cannot properly be used to describe an article.

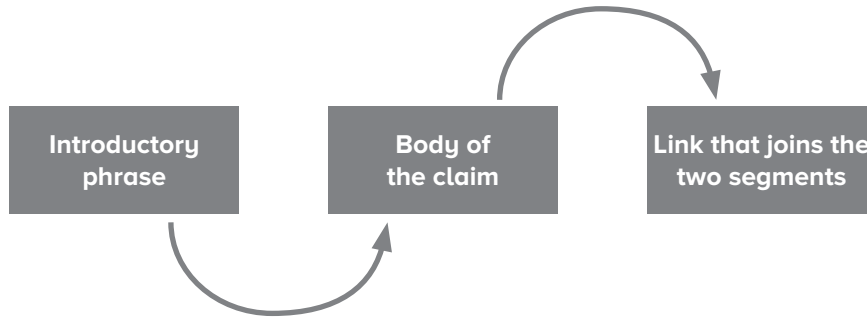
Scope of Claims

As the value of a patent depends largely upon the scope of the claims, special care is necessary to ensure that the claims are not allowed to include either more or less than what the applicant desires to protect by his patent and must be fairly based on the matter disclosed in the specification. Therefore, claims must not be too extensive so as to embrace more than what the applicant has disclosed in the complete specification. A claim, which is too wide, may encroach upon the subject matter, which may be in public domain or belong to others.

Passages which confuse the scope of the invention or claims that are unspecific (e.g. those claiming "Any novel matter...") is prejudicial to clarity of claims.

A claim shall be for the protection of either a product or process or apparatus or all of them, as the case may be, and shall be in one sentence according to the standard practice.

A claim usually consists of three parts:



1. Introductory phrase- The introductory phrase identifies the category of the invention and sometimes the purpose (For example, a machine for waxing paper, a composition for fertilizing soil).
2. Body of the claim- It is the specific legal description of the exact invention, which is sought to be protected.
3. The linking consists of words and phrases such as:
 - Which comprises
 - Including
 - Consisting of
 - consisting essentially of

Illustration

“A data input device” is the introductory phrase, “comprising” is the linking word, and the rest of the claim is the body. “A data input device comprising; an input surface adapted to be locally exposed to a pressure or pressure force, a sensor means disposed below the input surface for detecting the position of the pressure or pressure force on the input surface and for outputting an output signal representing said position and; an evaluating means for evaluating the output signal of the sensor means.”

Single Inventive Concept

Section 10(5) mandates that the claim/ claims of the complete specification shall relate to a single invention, or to a group of inventions linked so as to form a single inventive concept.

In other words when there is a group of inventions in a specification they should be linked by a single concept which is inventive or there should be a technical relationship among the claimed inventions, which makes the inventive contribution over the prior art. To fulfil the requirement of unity of invention each claim of a complete specification should share a single common technical relationship which is inventive.

The determination whether a group of inventions is so linked as to form a single inventive concept is made without regard to whether the inventions are claimed in separate claims or as alternatives within a single claim.

Lack of unity of invention may be directly evident “a priori,” that is, before considering the claims in relation to any prior art, or may only become apparent “a posteriori,” that is, after taking the prior art into consideration.

Illustration

Independent claims to A + X, A + Y, X + Y can be said to lack unity a priori as there is no subject matter common to all claims. In the case of independent claims to A + X and A + Y, unity of invention is present a priori as A is common to both claims.

However, if it can be established that A is known, there is lack of unity a posteriori, since A (be it a single feature or a group of features) is not a technical feature that defines a contribution over the prior art.

EXAMINATION PROCESS IN INDIA

The Process of examination starts with filing a request for examination. Unlike publication, this is not an automatic process. Only after receiving the Request for Examination (RFE) the controller transfers the patent application to the patent examiner. The request for examination has to be made within 48 months from the date of priority or filing whichever is earlier.

What happens to a patent application once it is examined?

After examination, the Patent office issues an examination report to the applicant which is generally known as First Examination Report (FER). Thereafter the applicant is required to comply with the requirements within a period of 6 months from the date of FER which can be extended by 3 months. In case, the application is found to be in order for grant, the patent is granted, provided there no pre-grant opposition is filed or pending. A letter patent is issued to the applicant. However, in case a pre-grant opposition is pending, the further action is taken after disposition of the pre-grant opposition.

ALLOCATION OF APPLICATION TO EXAMINER FOR EXAMINATION

Once the request for examination is received and the application has been published, the Controller shall refer the particular application to an examiner for conducting examination and search in accordance with section 12 and 13 of the Patents Act, 1970. Before such reference the controller has to take the following points into consideration. In order of filing of request: Reference of patent application shall be strictly in accordance with the sequential order of filing of the request for examination.

EXAMINATION OF PATENT APPLICATION: REGULATORY REGIME

The examination of patent application is conducted in accordance with the provisions of section 121 of the Patents Act, 1970. After the patent application is filed and subsequent to the filing of the request for examination as well as the publication of the same, the Controller shall refer the application and the specification and other documents related thereto to an examiner for making a report to him in accordance with the provisions of the Act and the rules made there under.

Section 12 states that when a request for examination has been made in respect of an application for a patent in the prescribed manner under sub-section (1) or sub- section (3) of section 11B, 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 this Act and of any rules made thereunder;
- b. whether there is any lawful ground of objection to the grant of the patent under this Act 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 under sub-section (1) shall ordinarily make the report to the Controller within such period as may be prescribed.

The search needs to be conducted in accordance with section 132 of the patents Act, 1970. However, it is evident that section 12(1) [(a) to (d)] mandate applicability of the entire Patent Act and the Rules made there under for the

purpose of examination of the patent application. The examiner has to submit the report of such examination to the Controller on the matters specified under therein accordingly.

FIRST EXAMINATION REPORT UNDER THE PATENT ACT

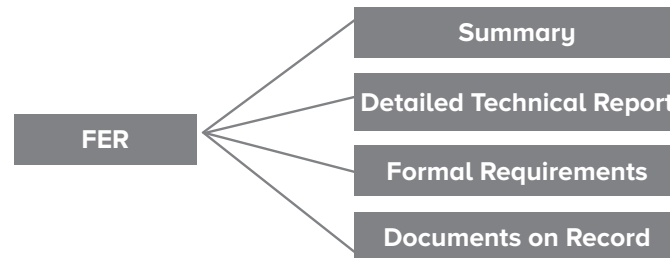
After reviewing the patent application, the Patent Office sends the patent applicant an examination report, commonly referred to as the First Examination Report (FER). This is delivered to the controller by the examiner. It frequently comprises prior art that is related to the innovation being claimed. In this context, prior art refers to earlier published works that are comparable to the claimed innovation. It is not required to be bought commercially. There is only proof that the alleged invention is already well-known.

Within a year of the FER's issuance, the applicant must respond to any objections and put the application in order for grant (First Examination Report).

The application is regarded to have been abandoned in this instance as well if the response to the examination report is not submitted within the allotted time period of 12 months.

If a third party does not submit or maintain a pre-grant objection after the patent application is determined to be in order for grant, the patent is issued.

The First Examination Report [FER] is divided into 4 parts, namely:



- **Summary** - This section of the report follows the basic details of the patent applications. There are some requirements of the Patent Act which the patent application is expected to mandatorily fulfill. So the status of the Patent application regarding whether or not it fulfills the requirements under the Act are mentioned in a summarized form.
- **Detailed Technical Report** - The detailed justifications for the objections listed in the summary (section above) are provided in the second portion of the Examination report. It is further separated into two sections:
 1. *List of Documents* – The patent and non-patent literature (prior arts) that are comparable to the current patent application (to be reviewed) are referenced in the list of documents cited section along with their priority and publication dates, respectively.
 2. *Detailed Observation*- The explanation and pertinent prior arts, such as D1, D2, and so on, are included with the reasons for objection to the patent application. The sections dealing with inventive step, non-patentability, adequate disclosure, and definitiveness challenges, the section along with corrective steps are mentioned herein.
- **Formal Requirements**- In this section, the detail related to the formal requirements is mentioned. This section lists the pending forms, official requirements and the correction required (if any) in the format of specification is mentioned.
- **Documents on Record**- This section mentions the list of documents along with their docket number and docket date on which the examination report is based along with the last date for filing the response to the FER.

RE-ISSUE AND RE-EXAMINATION

After the grant of patent, every patentee has to maintain the patent by paying renewal fee every year as prescribed in the schedule I.

For first two years, there is no renewal fee. The renewal fee is payable from 3rd year onwards. In case the renewal fee is not paid the patent will be ceased. To keep a patent in force renewal fees is payable at the expiration of second year from the date of the patent or of any succeeding year. In other words renewal fee has to be every year up to the completion of 20 years. Renewal fees can be paid beyond the due date within a period of 6 prescribed fees. If a patent is granted later than two years from the date of filing of the application, the fees which have become due in the meantime may be made within a period of 3 months from the date of recording the patent in the register. This time is also extendable by 6 months as described earlier.

INTERNATIONAL FILING

Patent Cooperation Treaty

The PCT is an international treaty with more than 150 Contracting States which are bound with certain formal requirements set out in the Treaty and Regulations. The PCT makes it possible to seek patent protection for an invention simultaneously in a large number of countries by filing a single –international patent application instead of filing several separate national or regional patent applications however, granting of patents remains under the control of the national or regional patent offices after the corresponding – national phase application has been filed and the national phase application is assessed as per patent law of that jurisdiction.

As per Indian Patent Act 1970 as amended and the Patents Rules 2003 as amended by (amendment) rules 2016, any PCT international application may be filed designating India and it shall deemed to be an application if the corresponding national phase application has also been filed.

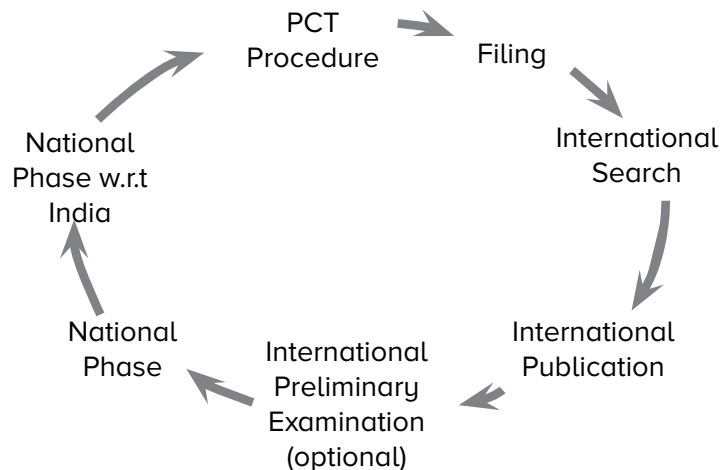
Advantages of the Patent Cooperation Treaty

The PCT System has many advantages for an applicant, for the patent Offices and for the general public:

1. You have up to 18 months more than if you had not used the PCT to reflect on the desirability of seeking protection in foreign countries, to appoint local patent agents in each foreign country, to prepare the necessary translations and to pay the national fees;
2. If your international application is in the form prescribed by the PCT, it cannot be rejected on formal grounds by any PCT Contracting State patent Office during the national phase of the processing of the application;
3. The international search report and written opinion contain important information about the potential patentability of your invention, providing a strong basis for you to make business decisions about how to proceed;
4. You have the possibility during the optional international preliminary examination to amend the international application, enter into dialogue with the examiner to fully argue your case and put the application in order before processing by the various national patent Offices;
5. The search and examination work of patent Offices in the national phase can be considerably reduced due to the international search report, the written opinion and, where applicable, the international preliminary report on patentability that accompany the international application;
6. You may be able to fast-track examination procedures in the national phase in Contracting States that have PCT-Patent Prosecution Highway (PCT-PPH) agreements or similar arrangements;
7. Since each international application is published together with an international search report, third parties are in a better position to evaluate the potential patentability of the claimed invention;

8. For an applicant, international publication online puts the world on notice of your invention. You may also highlight your interest in concluding licensing agreements on PATENTSCOPE, which can be an effective means of advertising and looking for potential licensees;
9. You also achieve other savings in document preparation, communication and translations because the work done during the international processing is generally not repeated before each Office (for example, you submit only one copy of the priority document instead of having to submit several copies); and
10. If your invention appears to be not patentable at the end of the international phase, you may abandon the PCT application and save the costs you would otherwise have incurred by directly seeking protection in foreign countries, appointing local patent agents in each foreign country, preparing the necessary translations and paying the national fees.

Procedure of obtaining Patent via PCT



The PCT procedure includes:

1. **Filing:** File an international application with a RO/IN national patent Office or directly with International Bureau (IB) of WIPO, complying with the PCT formality requirements and fees. In India PCT application are filed at appropriate patent offices decided on the basis of territorial limits (Rule 4, Indian Patent Act 1970 as amended and patent Rules 2003 as amended).
2. **International Search:** An International Searching Authority (ISA) identifies the published patent documents and technical literature (prior art) which may have an influence on whether your invention is patentable, and establishes a written opinion on your invention's potential patentability. Indian Patent office, Delhi Branch performs the function of ISA on receipt of prescribed fee specified in Fifth Schedule of patent act 1970 as amended and patent rules 2003 as amended.
3. **International Publication:** After expiration of 18 months from the earliest filing date (Priority Date), the content of your international application is disclosed to the world.
4. **International Preliminary Examination (optional):** One of the ISAs on request carries out an additional patentability analysis, usually on an amended version of your application. Indian Patent office, Delhi Branch performs the function of International Preliminary Examination (IPEA) on receipt of prescribed fee specified in Fifth Schedule of patent act 1970 as amended and patent rules 2003 as amended.

5. **National Phase:** After the end of the international PCT procedure, usually at 30/31 months from the earliest filing date of your initial application, from which you claim priority, you start to pursue the grant of your patents directly before the national (or regional) patent Offices of the countries in which you want to obtain them.
6. **National Phase w.r.t India:** In India, 31 months is maximum time limit to enter national phase. To enter national phase an application corresponding to an international application is made in Form 1.

PATENT INFRINGEMENT

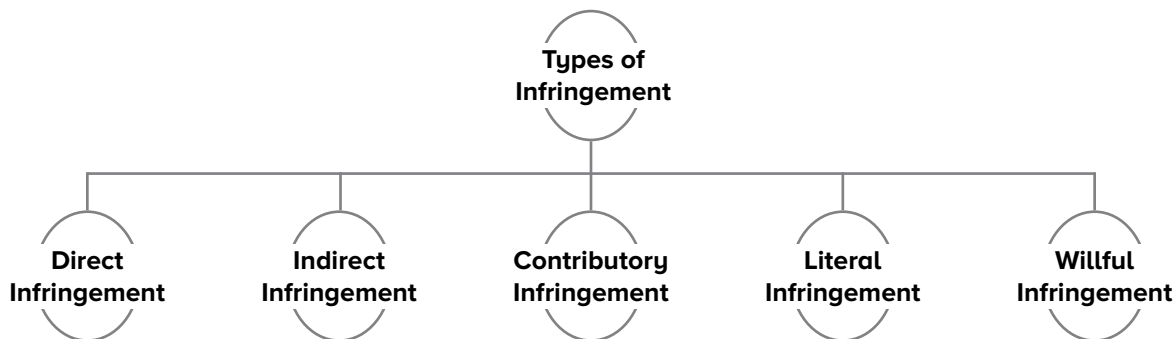
Patent infringement means the violation of the exclusive rights of the patent holder. As discussed earlier, patent rights are the exclusive rights granted by the Government to an inventor over his invention for a limited period of time. In other words, if any person exercises the exclusive rights of 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. Patent infringement occurs when another party makes, uses, or sells a patented item without the permission of the patent holder. The patent holder may choose to sue the infringing party to stop his or her activities, as well as to receive compensation for the unauthorized use. Since intellectual property is governed by statutory law, the patent holder must sue the unauthorized party in court of law.

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:



Types of Patent Infringement

There are different ways a patent could be infringed. Some of the types of patent infringements includes:



(a) Direct Infringement

This occurs when a product covered by a patent is manufactured without permission. 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.

CASE LAW***Larami Corp. vs. Amron (1993)***

In this case, a patented water gun by Amron was violated by Larami Corporation. The allegedly infringing product was a toy named SUPER SOAKERS that, in contrast to the claimed idea, had a “elongated housing containing a chamber therein for a liquid,” was detachable and removable. The court ruled that the SUPER SOAKERS manufactured by Larami did not violate Amron’s patent, since it was different from the plaintiff’s product.

(b) Indirect Infringement

An indirect infringer may induce infringement by encouraging or aiding another in infringing a patent. Indirect patent infringement suggests that there was some amount of deceit or accidental patent infringement in the incident.

Illustration

A holds a patent for a device and B manufactures a device which is substantially similar to 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 person C indirectly infringes A’s patent. Further, if such a product is knowingly sold or supplied, it may lead to “contributory infringement”.

(c) Contributory Infringement

The other party becomes vicariously liable for the actions of the infringer when there is an intended involvement or help by one party in an act of infringement.

It is a form of indirect infringement in which an individual or business is held accountable for an infringement even if they haven’t actively taken part in the infringing actions. In light of this, it occurs when a party sells a good that they are aware is used in an infringing good. Typically, this product will not have any commercial value apart from the fact that it is used in the infringement.

When a seller offers a part or component that, while not infringing on its own, has a specific application as a component of another machine or composition that does infringe on a patent, that seller is deemed to have committed contributing infringement.

Illustration

Person X is selling a chair that has been patented. Given that the chair is protected by a patent, which stipulates that it must have legs among other things. Given that adding legs will be necessary to make the chair useable. Person X, who is selling the chair without legs may be in direct violation as contributory infringement. The Person X is nonetheless responsible as long as creating infringing chairs was the recipient’s objective and the supplier knew it, even if the chairs are not converted into such goods (perhaps because the patentee steps in before that may happen).

(d) Literal Infringement

This exists if there is a direct correspondence between the words in the patent claims and the infringing device. Even if an invention does not literally infringe the patent, it may still infringe under the doctrine of equivalents.

A device that performs the substantially same task in substantially the same way to achieve substantially the same result infringes the patent under this doctrine. If the court finds Infringement, it must still determine whether the Infringement was willful.

(e) Willful Infringement

Willful Infringement involves intentional disregard for another's patent rights and encompasses both direct and intentional copying and continued Infringement after notice. Patent users and inventors should employ patent attorneys to ensure that the use of a patent is valid and non-infringing. Even if Infringement is later found, the attempt to secure a legal opinion is evidence that the Infringement was not willful.

If the court finds that the Infringement was willful, the infringer faces a substantial financial penalty; a willful infringer may end up paying triple the amount of actual damages suffered by the patent holder, as well as the plaintiff's attorneys' fees.

Illustration

A, knowing about B's patented invention of sound system devises his own version of sound system which is a replica of B's invention knowing well that his acts were in violation of the B's patent. It is said to be willful infringement on part of A.

Exceptions of Infringement

The law however enumerates certain exceptions to Infringement:

1. **Scientific, 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.

2. **Doctrine of Exhaustion:** The first sale doctrine, often known as the doctrine of exhaustion, refers to the idea that a patent holder's rights are exhausted once their work is sold without restriction. This doctrine states that a patentee loses control over a particular product when it is first sold without restriction.

A patent holder has officially used the rights to prevent others from making, using, selling, offering for commercialization in the region of patent issue, or bringing an innovation into the region of patent issue by making the first sale of the patent creation, and has thus reaped the benefits associated with a patent. This is the justification for the rights being exhausted upon the sale of the protected product. This has been discussed in detail further in the chapter.

3. **Foreign Vessels, Aircraft or Land Vehicles Exception:** The Paris Convention states that a patent's rights may not extend to the use of a protected innovation when a vessel is on board when it momentarily or unintentionally enters the water, provided that the invention is solely used to meet the needs of the vessel.

When a foreign vessel, flying machine, or land vehicle momentarily or accidentally enters the country's territory, the patent rights are not violated when the protected creation is used only for the needs of such foreign vessels, flying machines, or land vehicles and their accessories.

Given that the ships, aircraft, or land vehicles do not remain in the local seas or the territory of the country indefinitely, the phrase “temporary” includes both unintentional and unintended entry as well as intentional and usual entry into a port. This unique situation benefits ongoing global transit and lowers tensions between governments over the treatment of ships carrying their flag.

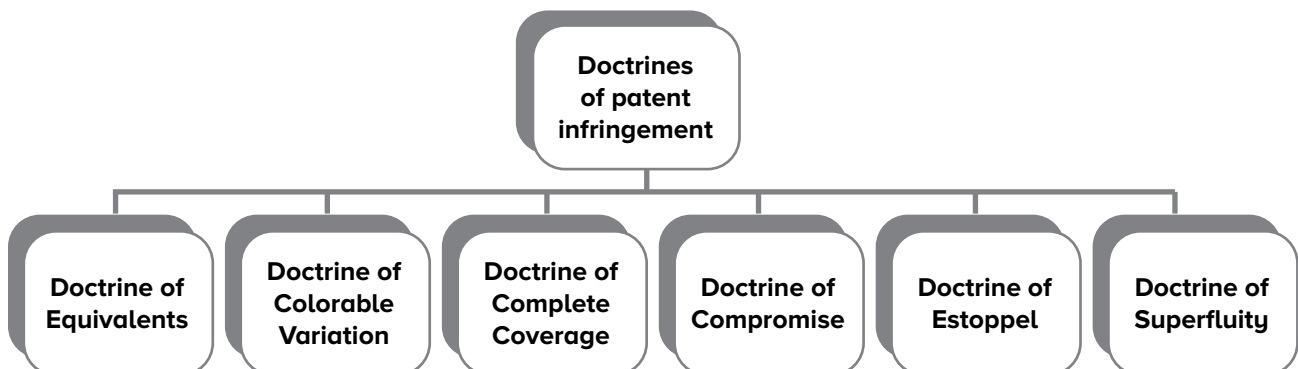
4. **Private and Non-business Use Exception:** A patent does not grant private use rights or a monopoly over commercial activity. The government has the authority to grant a Compulsory License (CL) to an outsider in order to use the protected creation in order to limit the privileges of the patentee with the aim of preventing the mishandling/abuse of the rights by the property holder and to prevent any adverse effects of such activity on the general public. This is the case in cases where a patentee is neither using nor distributing the innovation for benefit. When the licensed invention is not promoted in India, is not widely available at reasonable prices, or is not produced in sufficient quantities, the concept of CL becomes crucial. Currently, it is believed that the CL arrangement is the best way to increase access to restricted medications.
5. **Prior-Use or Regulatory-Use Exemption:** This exemption, which is also known as the “Bolar Provision,” is one of the statutory safeguards against the infringement of patent rights or patent infringement that allows generic drug manufacturers to successfully develop and submit the data necessary to obtain marketing authorization for patented products anywhere in the world without the consent of the patent holder. This clause enables general manufacturers or producers to sell and make their goods prior to the patent’s expiration. In any case, the exemption does not consider the use of protected drugs to obtain a license to manufacture and market the generic drug prior to the expiration of the patent period.
6. **Exhaustion of Patent Rights:** When a licenced work or innovation is marketed without any restrictions, the benefits of the patent owner are said to have been exhausted, according to the doctrine of exhaustion. According to this doctrine, the patent owner’s control over a protected product is diminished by the major unhindered sale of such product.

The first sale of the patent creation allowed the patent owner to legitimately use the rights to prevent others from using, offering, making, or selling for commercial purposes in the Patent territory issued to bring innovation or invention into the area of Patent issue, and as a result, the patent owner has earned the benefits associated with a patent. This is the explanation for why the rights exhaust upon the sale of the protected product.

7. **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] This has been discussed in detail further in the chapter.

DOCTRINES OF PATENT INFRINGEMENT

There are five ways to justify a case of patent Infringement:



Sometimes the end user is not even aware that he or she is using a patented item unlawfully. Other times, there are too many people using the item to sue all of them. Rather than suing end users, it might be best to sue those who are knowingly trying to infringe on a patent.

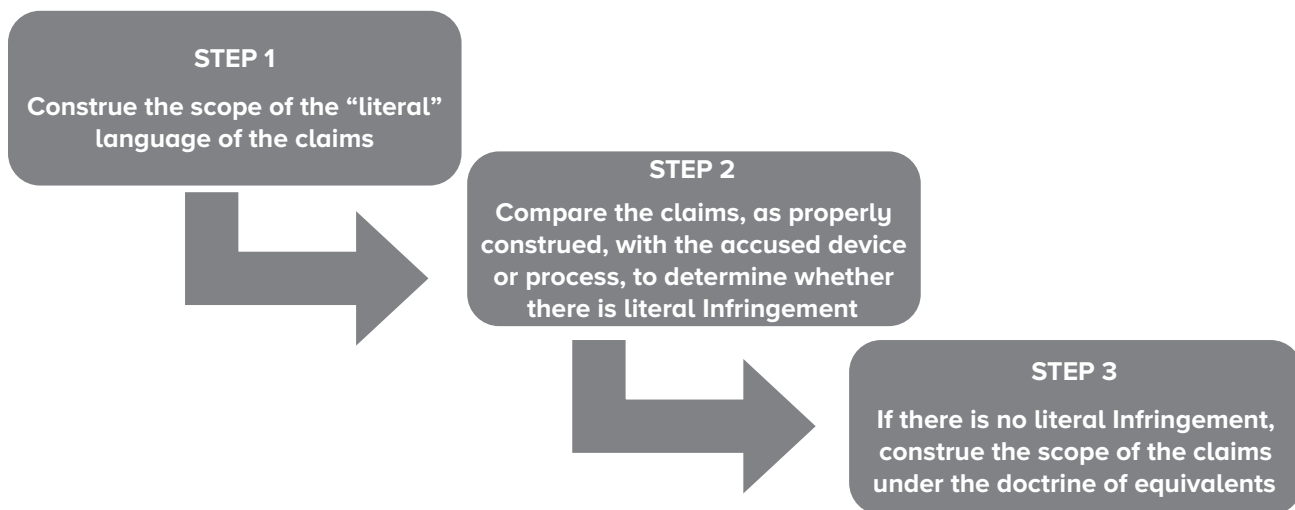
Doctrine of Equivalents

Patent Infringement generally falls into two categories: literal Infringement and Infringement under the doctrine of equivalents. The term “literal Infringement” means that 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:



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.

Position of Doctrine of Equivalents in India

CASE LAW
<i>Ravi Kamal Bali vs. Kala Tech and Ors. [2008] (38) PTC435 (Bom)</i>
The idea of doctrine of equivalents was first introduced in India in this case. of The plaintiff filed a patent infringement lawsuit against Kala Tech, the defendant, seeking an interim injunction barring Kala Tech from producing, marketing, or distributing tamper-evident locks or seals as it would constitute a patent

infringement. He contended that Kala Tech's accomplish the same task, in basically the same manner and delivers the same outcome so contributing to the infringement. Regardless of the fact that the interim injunction was not granted, the significance of the case resides in the fact that it was the first time the theory of equivalents was debated in India, despite the temporary injunction not being granted.

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.

CASE LAW

Lektophone Corporation vs. 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 devise also had a central paper cone, but the cone was smaller than that of the patented devise and that constituted colorable alteration. The court held that because colorable alterations of the manufacturer's devise, it would not accomplish the object specified in the patent claims and hence did not infringe upon the patent holder's claims.

Doctrine of Complete Coverage

According to the doctrine of complete coverage, when a claim is interpreted, such interpretation must also be viewed in the context of assessing both literal and analogous infringement. The owner of a patent must demonstrate in court by the submission of proof that the claimed infringer has manufactured, sold, or used a methodology that is directly related to the original patented invention.

Doctrine of Compromise

Regarding the preservation of an invention's and utility model's patent rights, the doctrine of compromise is a fundamental premise. The limitation system, as represented by Germany, and the perimeter limitation system, as represented by England and the United States, are the two typical world practises in the technique of describing and assessing the claim of patent right protection.

Doctrine of Estoppel

Doctrine of estoppel is a notion that was developed in England and has since been incorporated into common law in practically all international courts. In a broad sense, the theory of estoppel principle states that no other interpretation is permitted beyond the date of publication of a technical statement.

Doctrine of Superfluity

A fundamental principle known as the doctrine of superfluity also goes by the name of the exclusion of superfluous technological elements. The doctrine omits the obvious additional technical features recorded in the patented independent claims when describing the patented claims and determining the patent right protection, and only considers the necessary and the most significant technical features when determining the patent right protection.

PATENT MISUSE

Under US Patent Law, when patent owners misuse their legal privileges, which generally occurs with utility patents, they interfere with legitimate trade and commerce. For those who are accused of patent infringement, it serves as their first line of defence. The aim of the alleged infringer when facing a lawsuit from a patent holder is to demonstrate that the patent holder is utilising its patent advantages to hinder competition. When a patent holder improperly tries to broaden the patent's purview in a way that has an anti-competitive effect, this is referred to as patent misuse.

A patentee cannot use a patent to get market benefits that go beyond the statutory patent right by violating the prohibition on patent misuse. The defence of patent misuse is not available to a presumed infringement merely because a patentee engages in some type of improper economic conduct, and patent misuse needs more than just aggressive litigation strategies or disagreement as to whether or not an accused product truly infringes.

CASE LAW

B. Braun Med., Inc. vs. Abbott Labs, 124 F.3d 1419, 1426 (Fed. Cir. 1997.)

In this case, it was upheld that when the district court enters a declaratory judgment that the patent is unenforceable due to misuse, it could then exercise its discretion to hold a hearing to allow Abbott to state a substantive claim upon which it is entitled to recover damages. In this regard, contrary to the district court's opinion, monetary damages may not be awarded "under a declaratory judgment counterclaim based on patent misuse," because patent misuse simply renders the patent unenforceable. In other words, the defense of patent misuse may not be converted to an affirmative claim for damages simply by restyling it as a declaratory judgment counterclaim. The patent misuse doctrine is an extension of the equitable doctrine of unclean hands, whereby a court of equity will not lend its support to enforcement of a patent that has been misused.

DOCTRINE OF INEQUITABLE CONDUCT

In the United States, this principle is referred to as the duty of candour as mentioned in 37 CFR §1.56 (commonly referred to as Rule 56) and it requires the inventor and anyone else involved in the filing and prosecution of a patent application to disclose to the US Patent and Trademark Office (PTO) all information that they know to be relevant to the patent application in the form of an Information Disclosure Statement (IDS).

They rely on two major principles-



It is crucial to comprehend why these two components are accorded such a high priority. The applicant's arguments are heavily relied upon by the court when a patent application is filed. In this situation, the court is left with little choice but to accept the applicant's arguments as accurate, relevant, and sincere. The overall concept is that the patent applicant and the patent office should have a direct contact. In the *ex-parte* process of patent prosecution, the accuracy and completeness of the filings are not checked or verified by an opposing party. Misrepresentation, failure to disclose anything, and the submission of misleading information are examples of unequal conduct type behaviour.

As the Patent and Trademark Office (PTO) will heavily rely on the statements made by the patent applicant about the issues that will be dealt with in the patent prosecution process, it stipulates rules that the patent applicant discloses material facts of the patent application in good faith and with candour.

Indian Scenario

Section 8 of the Indian Patents Act, 1970 is very similar to the doctrine of inequitable conduct of United States, which requires applicants for Indian patents to submit “full descriptions” of international patent applications that are for the same or essentially the same invention as those being submitted for Indian patents. As long as specific foreign applications are filed by the claimant, by any person who derives the title from him or by any person from whom the title is derived, such “detailed information” would have to be submitted.

This clause gives The Controller the authority to seek information that corresponds to overseas applications at any time while the Indian patent application is being prosecuted. In the event that international applications are submitted after the declaration and undertaking have been submitted, the applicant must provide the specifics of those applications within six months of the international application’s submission.

SUITS CONCERNING INFRINGEMENT OF PATENTS

CHAPTER XVIII deals with suits concerning infringement of Patents

Jurisdiction

Section 104 of the Act provides for jurisdiction in case of infringement. It states no suit for a declaration under section 105 or for any relief under section 106 or for infringement of a patent shall be instituted in any court inferior to a district court having jurisdiction to try the suit:

Provided that where a counter-claim for revocation of the patent is made by the defendant, the suit, along with the counter-claim, shall be transferred to the High Court for decision.

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.

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 defendant carries on his business; or
- (b) 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 in case of suits concerning 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. Section 104A states that in any suit for infringement of a patent, where the subject matter of patent is a process for obtaining a product, the court may direct the defendant to prove that the process used by him to obtain the product, identical to the product of the patented process, is different from the patented process if,—

- a) the subject matter of the patent is a process for obtaining a new product; or

- b) there is a substantial likelihood that the identical product is made by the process, and the patentee or a person deriving title or interest in the patent from him, has been unable through reasonable efforts to determine the process actually used:

Provided that the patentee or a person deriving title or interest in the patent from him, first proves that the product is identical to the product directly obtained by the patented process.

In considering whether a party has discharged the burden imposed upon him by sub-section (1), 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.

Power of court to make declaration as to non-infringement

Under section 105, notwithstanding anything contained in section 34 of the Specific Relief Act, 1963, any person may institute a suit for a declaration that the use by him of any process, or the making, use or sale of any article by him does not, or would not, constitute an infringement of a claim of a patent against the patentee or the holder of an exclusive licence under the patent, notwithstanding that no assertion to the contrary has been made by the patentee or the licensee, if it is shown-

- a) that the plaintiff has applied in writing to the patentee or exclusive licensee for a written acknowledgment to the effect of the declaration claimed and has furnished him with full particulars in writing of the process or article in question; and
- b) that the patentee or licensee has refused or neglected to give such an acknowledgment.

The costs of all parties in a suit for a declaration brought by virtue of this section shall, unless for special reasons the court thinks fit to order otherwise, be paid by the plaintiff.

The validity of a claim of the specification of a patent shall not be called in question in a suit for a declaration brought by virtue of this section, and accordingly the making or refusal of such a declaration in the case of a patent shall not be deemed to imply that the patent is valid or invalid.

A suit for a declaration may be brought by virtue of this section at any time after the publication of grant of a patent, and references in this section to the patentee shall be construed accordingly. The validity of a claim of the specification of a patent shall not be called in question in a suit for a declaration brought by virtue of this section, and accordingly the making or refusal of such a declaration in the case of a patent shall not be deemed to imply that the patent is valid or invalid.

A suit for a declaration may be brought by virtue of this section at any time after the publication of grant of a patent], and references in this section to the patentee shall be construed accordingly.

Power of court to grant relief in cases of groundless threats of infringement proceedings

Where any person (whether entitled to or interested in a patent or an application for a patent or not) threatens any other person by circulars or advertisements or by communications, oral or in writing addressed to that or any other person, with proceedings for infringement of a patent, any person aggrieved thereby may bring a suit against him praying for the following reliefs, that is to say—

- (a) a declaration to the effect that the threats are unjustifiable;
- (b) an injunction against the continuance of the threats; and
- (c) such damages, if any, as he has sustained thereby.

Unless in such suit the defendant proves that the acts in respect of which the proceedings were threatened constitute or, if done, would constitute, an infringement of a patent or of rights arising from the publication of a complete specification in respect of a claim of the specification not shown by the plaintiff to be invalid, the court may grant to the plaintiff all or any of the reliefs prayed for.

Explanation.—A mere notification of the existence of a patent does not constitute a threat of proceeding within the meaning of this section.

Defences, etc., in suit for infringement

As per Section 107, 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 defence.

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 defence that such making, using, importation or distribution is in accordance with any one or more of the conditions specified in section 47.

WHAT DOES NOT CONSTITUTE INFRINGEMENT?

Certain acts not to be considered as infringement. They are-



1. 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 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;



2. importation of patented products by any person from a person who is duly authorised under the law to produce and sell or distribute the product, shall not be considered as an infringement of patent rights.

Section 107A in the act incorporates Bolar provision and provision for parallel imports.

What is Bolar Provision?

Bolar provision allows manufacturers to begin the research and development process in time to ensure that affordable equivalent generic medicines can be brought to market immediately upon the expiry of the product patent.

For private, non-commercial use, or to support research or experimentation, the bolar provision, or more precisely the bolar exemption, may be viewed as a particular kind of experimental use exception.

The Bolar Provision is a legal strategy for preventing patent infringement. An innovation is either used or sold by a third party for specific reasons for more study and development after it is created. Due to the implementation of the Bolar rule, generic drug manufacturers who want to grow their business in the market soon after the expiration of the innovator company's patents have the time and opportunity to perform research on the product while the patent is still in effect.

In India, the Bolar provision is comparatively broader than its US equivalent. While the US provision restricts the safe harbour available to generic manufacturers to making, using, offering for sale or selling the patented invention solely for uses that are reasonably related to the development and submission of information under US federal law in the United States only, its Indian counterpart does not specify such territorial limits. Thus, a sale, even if outside India, will fall within the sweep of Section 107A, if it is reasonably related to the development and submission of information required for regulatory approval under the law of the country in which the sale takes place.

CASE LAWS

Roche Products INC. v/s Bolar Pharmaceutical Co. before the Federal Circuit, USA, 1984

The concept was first originated in this case. For the experimental purpose of determining the bioequivalence of their product, with the goal of creating a generic version of the patent product, Bolar used a patented chemical of Roche. Due to a very evident corporate purpose, the Federal Circuit did not recognise this experimental usage. The Hatch Waxman Act, found in 35 U.S.C. 271(e)(1), reads that for utilization sensibly identified with the improvement

and accommodation of data under a Federal Law directing assembling, use, or clearance of medications or veterinary organic items, it would not be a demonstration of encroachment to make, use inside the USA or import into the USA a protected creation... this provision was later known as Bolar provision or Bolar Exception.

Bayer Corporation v. Union of India & Ors., and Bayer Intellectual Property GMBH & Anr v. Alembic Pharmaceutical Ltd., (2019)

In this case, the Court was of the opinion that the interpretation canvassed by Bayer is strained and artificial. Once it is held that patented inventions can be sold for the purpose of carrying on research which fulfils the regulatory requirements of India, there cannot be any bar or an interpretation narrowing the scope of such sale. What is important is the purpose of the sale, i.e. objective of carrying on experiment, research and developing information (in the form of reports, outcomes etc.). If the purpose of the sale is to ultimately exploit the patented invention and either work upon it or “work around” or work it through research so as to be prepared to apply for the patent for approval to market it once the patent tenure ends, there can be no impairment of the patentee’s rights.

Section 107-A supports export as a legitimate component of the bolar exemption in accordance with the TRIPS agreement, international standards, and Article 47, 21 of the Indian Constitution. Exporting therefore falls under Section 107-A’s “bolar exception” and is allowed for research and clinical trials.

What are Parallel Import Provisions?

Parallel import provisions are provided in section 107 A (b) of the Patents Act, which says that importation of patented products by any person authorized by the Patentee will not be considered as an Infringement. Therefore 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 meant to control the price of patented product.

Unauthorized purchases of non-falsified goods from another nation made by the owner of intellectual property are known as parallel imports. Parallel goods, sometimes known as “grey goods,” are involved in international trade and intellectual property issues. The premise behind parallel imports is that all available intellectual property rights have been used. The depletion of intellectual property rights is one of the rights’ limitations. The resale, renting, loan, and other contractual uses of IP-protected products on the domestic and international markets shall be governed by the owner when a commodity has been distributed with the consent of the IP owner.

Parallel imports take place when real goods are produced illegally, without the consent of the seller who owns the trademark, patent, or other intellectual property rights over such goods, with the intention of competing with the manufacturer’s products which he initially sold internationally at a lower price. Parallel import is the practise of bringing legal goods produced with permission from the owner of the rights into another nation by an unlicensed manufacturer. The lawfulness of parallel imports in the country is decided by the exhaustion regimes adopted by the importing country. It relies greatly on Doctrine of Exhaustion, which varies from country to country.

Doctrine of Exhaustion

According to this doctrine, the owner of the items loses control over further sales once a legal contract has been signed. The owner’s exclusive right to sell the intellectual property is “exhausted” after the first sale and cannot be used again in relation to the same domain. This argument claims that the copyright holder will not be able to profit by controlling the delivery and resale of such products after the first selling of the products and adequate payment of the copyright holder. There are still limitations imposed at a certain area on this hypothesis. Although the International Exhaustion Doctrine is specifically supported by Indian trademark and patent law, there is still debate about whether it applies to protected goods.

Global Scenario

Australia: Permits the parallel import of a limited number of goods, with the exception of books, automobiles, and music and programming CDs.

USA: It became legal by creating a reliable point of reference.

Hong Kong: Prior to the modification on July 6, 2007, parallel importation was legal or permitted in Hong Kong under the trademark and copyright laws.

Japan: The sale of reimported CDs is prohibited under the intellectual property rights laws of Japan, and audiovisual products that are marketed for export cannot be sold domestically.

Singapore: Products with copyrights and trademarks may be parallel imported there. Additionally, it facilitates the parallel import of patented goods.

New Zealand: It prohibits the parallel import of patented products.

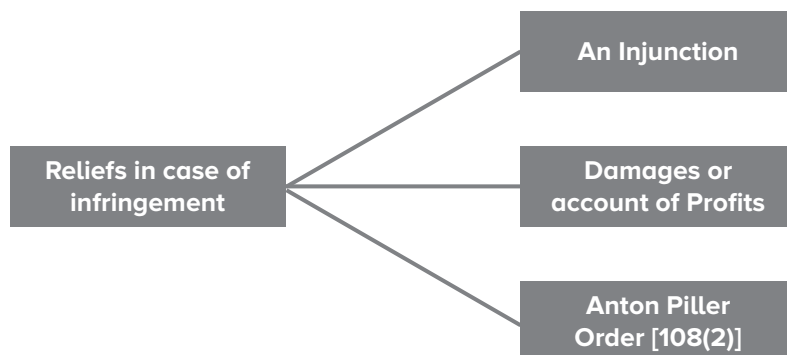
CASE LAW

Merch Sharp & Dohme Corp & Anr v. Sanjeev Gupta & Ors, 2019, CS(COMM) 823/2018

Court held that the argument that manufacture for the purposes of export is not covered by this provision is contrary to a plain textual reading of the provision. On a reasonable reading, “making”, “using”, “offering for sale”, and “selling” of the patented product in India are each covered by Section 48(a) of the Act. The phrase «importing for those purposes» refers to import of the patented product for the enumerated purposes, e.g. using, offering for sale, or selling in India. The certificate of validity of the patent granted by this Court, coupled with several decrees and injunctions protecting the suit patent, lead to a conclusion that the questions of balance of convenience and irreparable injury must also be decided in favour of the plaintiffs.

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–



The court may also order that the goods which are found to be infringing and materials and implement, the predominant use of which is in the creation of infringing goods shall be seized, forfeited or destroyed, as the court deems fit under the circumstances of the case without payment of any compensation.

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** - It 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.
- **Temporary or interim injunction** - It 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 someone from doing some thing or mandatory, i.e. when they compel, command or order some persons to do something.

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

CASE LAWS

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 `Rs.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 case.

Novartis AG and Anr v. Mehar Pharma and Anr, 2005(30) PTC (Bom),

In this case, 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.

Mareva Injunction

It refers to injunctions that prohibits the Defendant from taking assets out of the country or from using them or disposing of them in a way that would make the Plaintiff's enforcement of the decree, if one were to be granted, a simple brutum fulmen (an ineffectual legal judgment).

In India, Mareva injunctions may be granted in accordance with Order 38 Rules 5 and 6 or Order 39 Rule 1 of the CPC. The requirements for obtaining a Mareva order, which is essentially an interlocutory injunction, are similar to those for obtaining any interim injunction: a *prima facie* case, the balance of convenience, and irreparable harm. The exact requirements have been spelled out in detail over time and include:

1. A cause of action must exist at the moment the order is to be granted, and the plaintiff must have a solid argument.
2. The Defendant must possess assets that are subject to the Court's authority.
3. The plaintiff must be granted the injunction if the balance of convenience favours her.
4. The Plaintiff must demonstrate that the Defendant lacks probity and that there is a genuine danger of wealth dissipation.
5. There hasn't been a delay in submitting the injunction application.

CASE LAWS**Mareva Compania Naviera SA and International Bulkcarriers SA, [1980] 1 All ER 213**

Mareva Injunction was first issued in this case. In this case, the Defendants were prohibited from using their funds in Bank of London to pay the Plaintiff's claims, should they be able to establish them, according to an order that the Court of Appeal granted the Plaintiffs on an ex-parte motion.

Raman Tech. & Process Eng. Co. v. Solanki Traders Appeal (Civil) 6171 of 2001

The Supreme Court in this case defined the nature and boundaries of the injunction, emphasising that it should only be applied in limited circumstances and with strict adherence to the law in order to protect the Plaintiff's and Defendant's rights. It is not intended to be utilised by the Plaintiff as a means of turning his unsecured debt into a secured one, as a means of pressuring the Defendant into settling, or as a means of giving the Plaintiff priority over the Defendant's assets. Also, the defendant's ability to conduct business should not be impacted without adequate proof. Mareva injunctions are typically given earlier in the process, but even if they are, they are still considered interlocutory because they simply provide supplementary relief to the primary or substantive relief and are not final.

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.

CASE LAW

Biswanath Prasad Radhey Shyam vs. Hindustan Metal Industries. AIR SC 1978.

The Supreme Court of India has laid down the following guidelines to determine Infringement of a patent based on the above case. They are-

- (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;
- (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 Piller Order

The Anton Piller order is frequently referred to as the legal plaintiffs' nuclear weapon. The reason for this is because this remedy is quite strong and provides an immediate, one-step solution to the issue of the plaintiff's IP infringement. They are a type of evidence preservation civil search warrant. In order to locate and preserve evidence that it fears might otherwise be lost, the offended party rushes to court and requests an examination and unannounced search of the alleged wrongdoer's property. By use of this *ex-parte* order, a Court Commissioner may be appointed to go to the defendant's property, search it, and confiscate any infringing products.

The order is made without consulting the alleged wrongdoer or the opposing party in order to preserve the element of surprise and guarantee the preservation of necessary evidence.

CASE LAWS

Anton Piller KG vs. Manufacturing Process, (1976) 1 All ER 779

In this case, first ever Anton Pillar Orders were issued. Court distinguished the remedy from regular search warrants by requiring serving of orders and the Defendant's consent and established the legal framework. This type of order was recognised and given the term Anton Pillar Orders as a result of this case.

Essentials to be considered while considering issue of Anton Piller Order-

1. The Plaintiff must have a strong prima facie case;
2. The potential or actual damage must be of a serious nature;
3. The Defendants must be shown to have incriminating documents or items in their possession, and there must be clear evidence that they may destroy such evidence before further legal action is taken against them; and

4. The issuance of such an order must not harm the Defendant or his case.

The form of the order makes it plain that the court is not ordering or granting anything equivalent to a search warrant. The order is an order on the defendant in personam to permit inspection. It is therefore open to him to refuse to comply with such an order, but at his peril either of further proceedings for contempt of court - in which case, of course, the court will have the widest discretion as to how to deal with it, and if it turns out that the order was made improperly in the first place, the contempt will be dealt with accordingly - but more important, of course, the refusal to comply may be the most damning evidence against the defendant at the subsequent trial.

Bucyrus Europe Ltd. vs. Vulcan Industries Engineering Co Pvt Ltd., 2005 (30) PTC 279

In this case, Court held that such an order can be passed in the following situations :

- (i) where the plaintiff has an extremely strong prima facie case,
- (ii) where the actual or potential damage to the plaintiff is very serious, and
- (iii) where it was clear that the defendant possessed vital evidence,
- (iv) there was a real possibility that the defendant might destroy or dispose of such material so as to defeat the ends of justice, and
- (v) the purpose of Anton Filler order is the preservation of evidence.

Before passing an Anton Filler order, some safeguards are also to be observed like asking the plaintiff to give an undertaking in damages in case the plaintiff is wrong and the defendant suffers damages as a result of the execution of the order. However, before the Court will grant an Anton Filler order, the plaintiff must be able to convince the Court that he has a strong case and that the order is indeed essential to the ends of justice.

John Doe Order or Ashok Kumar Order

A John Doe order is a kind of pre-infringement injunction intended to protect the author's IP rights in creative works like music and movies. The John Doe order is also known as the Rolling Anton Pillar, Anton Pillar, or Ashok Kumar order. The Court of Queen's Bench in the United Kingdom created the idea of a John Doe order as an extraordinary equitable remedy where an injunction order is issued against an unidentified defendant, enabling the plaintiff to search and seize the infringer's establishments with the intention of preserving evidence that might be disfigured.

In order to keep up with novel issues, the John Doe order concept has evolved throughout time. In India, intellectual property rights have been recognized as protecting the rights of people who invest in research and development, and the government has passed many laws to safeguard the rights of investors and researchers, including the Copyrights Act of 1957 and the Patent Act of 1970.

Indian Scenario (Ashok Kumar Orders)

When the defendants are primarily unidentified, the "John Doe order," also known as the "Ashok Kumar order" in India, is made. Actions are taken to restrain such unidentified persons. While the conventional practise was that such defendants' specifics should be known, Order 39 Rule 2 of the Civil Procedure Code, when read in conjunction with Section 151 of the CPC and covered by the Specific Relief Act of 1963, gives the Court the authority to make such an order.

The order invokes *quia timet* meaning 'because he fears' injunctions once it has been passed. As a result, *quia timet* is reiterated, and it is emphasized that one should never forget their rights, even when it is clear that they will be infringed. A *quia timet* remedy enables the person that has been wronged to defend its intellectual property rights before the actual violation occurs.

CASE LAW***Taj Television Ltd. and ors. vs. Rajan Mandal and ors. ([2003] F.S.R. 22),***

The Hon'ble Delhi High Court issued the first-ever John Doe decision prohibiting the streaming of the FIFA World Cup by unlicensed cable providers. The first ex-parte interim order, known as John Doe's/Ashok Kumar's order, was issued, enabling the plaintiff to search and seize the tools and devices of unidentified defendants. This was the beginning of the practise of issuing orders against unidentified defendants. Also, a injunction order was issued against unidentified parties who might be in a position to violate the plaintiff's legitimate rights.

Conditions to pass John Doe Order

In India, courts issue John Doe orders in compliance with Order 39, Regulations 1 and 2 of the Civil Procedure Code, 1908 (CPC), as well as Section 151 of the CPC and the Specific Relief Act, 1963's provisions relating to permanent injunctions. The Court can only issue a John Doe order if certain conditions are satisfied.

The following are some of the conditions that have been mentioned in various legal rulings:

- A prima facie case must be established by the plaintiff(s).
- The plaintiff(s) must also show that if the John Doe order is not passed, he or she will suffer real or probable damage or irreparable losses.
- The plaintiff should win on the balance of convenience.

Norwich Pharmacal Order

These order maybe passed if a third party has unintentionally become involved in the matter at hand, the Norwich Pharmacal Order may be made against them to compel them to produce pertinent information and documents. Bringing such individuals to their attention increases the likelihood, if not the certainty, of the papers and information that must be released. These records assist the Court in reaching a decision when an Applicant files a lawsuit against others who are alleged to have participated in wrongdoing against the Applicant.

This order is only issued when it is thought to be in the interests of justice. The two most frequent uses of it are to determine who makes for the best defendant or to gather evidence to support a claim. Information may be obtained at any point during a court case, but it cannot be used to influence proceedings in another country.

Illustration

In a matter between A and B organizations Z may be able to provide information pertaining to it if Z is connected to a case involving A and B in any manner but is not actually a likely participant in the case. Then this order can be issued fir fishing of such information

CASE LAW***Norwich Pharmacal Co. vs. Customs and Excise Commissioners, 1974***

First Norwich Pharmacal Order was issued in this case. In this case, the proprietor and exclusive licensee of a patent. Herein unidentified importers of the substance into the UK violated the exclusivity of patent. The Norwich Pharmacal Co. filed a lawsuit against the Excise Commissioners to compel the production of information that would reveal the chemical's importer and, consequently, those who violated the patent.

According to the House of Lords, a judge could order an innocent third party to help the person who is experiencing harm by providing them with information about illegal behaviour if they have knowledge of it. Due to the legal precedent set by the case, disclosure orders against innocent third parties are now referred to as Norwich Pharmacal orders in the UK.

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]

Right of licensee under section 84 to take proceedings against infringement

According to Section 110, any person to whom a licence has been granted under section 84 shall be entitled to call upon the patentee to take proceedings to prevent any infringement of the patent, and, if the patentee refuses or neglects to do so within two months after being so called upon, the licensee may institute proceedings for the infringement in his own name as though he were the patentee, making the patentee 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.

Restriction on power of court to grant damages or account of profits for infringement

According to Section 111, in a suit for infringement of a patent, damages or an account of profits shall not be granted against the defendant who proves that at the date of the infringement he was not aware and had no reasonable grounds for believing that the patent existed.

Explanation.—A person shall not be deemed to have been aware or to have had reasonable grounds for believing that a patent exists by reason only of the application to an article of the word “patent”, “patented” or any word or words expressing or implying that a patent has been obtained for the article, unless the number of the patent accompanies the word or words in question.

In any suit for infringement of a patent the court may, if it thinks fit, refuse to grant any damages or an account of profits in respect of any infringement committed after a failure to pay any renewal fee within the prescribed period and before any extension of that period.

Where an amendment of a specification by way of disclaimer, correction or explanation has been allowed under this Act after the publication of the specification, no damages or account of profits shall be granted in any proceedings in respect of the use of the invention before the date of the decision allowing the amendment, unless the court is satisfied that the specification as originally published was framed in good faith and with reasonable skill and knowledge.

Nothing in this section shall affect the power of the court to grant an injunction in any suit for infringement of a patent.

Relief for infringement of partially valid specification

As per Section 114, if in proceedings for infringement of a patent it is found that any claim of the specification, being a claim in respect of which infringement is alleged, is valid, but that any other claim is invalid, the court may grant relief in respect of any valid claim which is infringed:

Provided that the court shall not grant relief except by way of injunction save in the circumstances mentioned in sub-section (2).

Where the plaintiff proves that the invalid claim was framed in good faith and with reasonable skill and knowledge, the court shall grant relief in respect of any valid claim which is infringed subject to the discretion of the court as to costs and as to the date from which damages or an account of profits should be reckoned, and

in exercising such discretion the court may take into consideration the conduct of the parties in inserting such invalid claims in the specification or permitting them to remain there.

Scientific advisers

Section 115 states that in any suit for infringement or in any proceeding before a court under this Act, the court may at any time, and whether or not an application has been made by any party for that purpose, appoint an independent scientific adviser to assist the court or to inquire and report upon any such question of fact or of opinion (not involving a question of interpretation of law) as it may formulate for the purpose.

The remuneration of the scientific adviser shall be fixed by the court and shall include the costs of making a report and a proper daily fee for any day on which the scientific adviser may be required to attend before the court, and such remuneration shall be defrayed out of moneys provided by Parliament by law for the purpose.

POWER OF CONTROLLER IN CASE OF POTENTIAL INFRINGEMENT

Section 19 of the Patent Act, 1970 provides that -

- (1) If, in consequence of the investigations required under this Act, 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 shall be inserted in the applicant's complete specification by way of notice to the public, unless within such time as may be prescribed—
 - (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.
- (2) Where, after a reference to another patent has been inserted in a complete specification in pursuance of a direction under sub-section (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.

Review of Controllers' Decision (Procedure)

The statute provides for review of the Controller's decision under section 77 of the Patents Act 1970. The applicant need to file Form 24 within the time limits prescribed in Rule 130. The Controller shall act in accordance with the prescribed norms under Rule 130 and decide that matter on the merit of each case. The Controller, in any proceeding before him under the Patents Act, 1970, shall have the powers of a civil court while trying a civil suit under Code of Civil Procedure, 1908 (5 of 1908). The review under section 77 is dealt in the like manner.

Who may file the review Petition?

Any person considering himself aggrieved—

- by a decree or order from which an appeal is allowed, but from which no appeal has been preferred,
- by a decree or order from which no appeal is allowed.

Grounds for review:

- Discovery of new and important matter or evidence which, after the exercise of due diligence was not within petitioner's knowledge or could not be produced by him at the time when the decree was passed or order made, or
- on account of some mistake or error apparent on the face of the record, or
- for any other sufficient reason.

A party who is not appealing from a decree or order may apply for a review of judgment notwithstanding the pendency of an appeal by some other party except where the ground of such appeal is common to the applicant and the appellant, or when, being respondent, he can present to the Appellate Court, the case on which he applies for the review.

CASE LAWS

Indoco Remedies Ltd vs. Bristol Myers Squibb Holdings, CM APPL. 16257/2020 in FAO(OS) (COMM) 3/2020 & CM APPL. 602/2020

Facts:

Bristol Myers Squibb Holdings Ireland Unlimited Company (hereinafter referred to as “Bristol Myers”), alleging infringement, by the applicant, of Indian patent “IN 247381” (hereinafter referred to as “IN 381”), granted to Bristol Myers, in respect of “Lactam-Containing Compounds and Derivatives thereof, as Factor Xa Inhibitors”. Bristol approached Delhi HC in 2019 requesting an ad-interim injunction against Indoco Remedies (Indoco) for infringing their patent and producing a generic form of the drug called “APIXABID”.

The medicine had already been made (58,000) strips when Indoco applied to the court in 2020 for permission to distribute them on the grounds of “public interest,” particularly during the COVID 19 pandemic.

Indoco said that the medication was substantially less expensive than Bristol Myers’ medication while still being crucial for treating COVID 19.

According to Bristol Myers, Indoco only produced these strips in anticipation of the injunction, and the sale of them cannot be permitted because there has been obvious violation. They also argued that, given the “public interest,” a mandatory licence would be the best course of action.

Held:

Court stated that -

“There is a shortage of Apixaban, and that the drug is needed for COVID-2019 treatment, that cannot empower us to allow clearing of products which infringe the patent of Bristol Myers and, thereby, allow violation of the injunction granted by the learned Single Judge vide her order dated 24th December, 2019, without returning a finding, in the first instance, that the order is prima facie, unsustainable on merits. Grant of interlocutory relief, it is well settled, requires cumulative satisfaction of three indicia of existence of a prima facie case, balance of convenience and irreparable loss to the person seeking interim injunction, were injunction not to be granted.

We are not satisfied that, even cumulatively, the material discloses any such overwhelming public interest, as would justify the grant of the reliefs prayed in the application. Not an iota of material, indicating shortage of “APIXABAN”, qua the requirements of patients in need of the drug, or of the product of the Bristol Myers being prohibitively priced, or, for that matter, not being reasonably affordable, has been placed on record. It has been contended, emphatically, that the plea of shortage, forming one of the main planks of the reasoning of the applicant, is entirely artificial and unsupported by evidence, and we are persuaded to agree with the submission. It is also noteworthy in this regard that the applicant has not placed, on record, any notification, or other official release, by the Government, to indicate that there was a shortage of Apixaban in the market.

Even on the issue of maintainability, we are satisfied that the prayers in the application cannot be granted, we have, additionally, examined the plea of urgency and public interest, but find no merit, whatsoever, therein”

BAJAJ Auto Limited vs. TVS Motor Company Limited JT 2009 (12) SC 103

Facts:

Bajaj Auto Ltd. (Appellants) filed a lawsuit under the Indian Patents Act of 1970 against TVS Motors Pvt. Ltd. (Respondents) before the Madras High Court’s single bench for the infringement of its patent no. 195904, which relates to twin spark plug engine technology in motor vehicles. In order to prevent the respondent from violating the monopoly rights granted by the Indian Patents Act, 1970, the appellant claimed that the respondent had been

granted a perpetual injunction. In order to prevent the respondents from continuing to violate the appellants' patents while the lawsuit is pending, the appellants filed a request for an interim injunction against them. The introduction of TVS Flame was halted when the learned judge of a single bench issued an interim injunction prohibiting the respondents from continuing to infringe the appellant's patent. The respondents appealed the contested interim order to the Madras High Court divisional bench, which the divisional bench properly accepted. The Court of Justice Markandey Katju and Justice Ashok Kumar Ganguly of the Hon'ble Supreme Court of India received a Special Leave Petition (SLP) according to Article 136 of the Indian Constitution.

Issues:

- Whether the patent of Bajaj Ltdw as infringed by TVS.?
- Can patented technology that has undergone advancements be utilised without violating the original patent?

Held:

Court stated that -

"It is those novel features only that he claims to be essential that constitute the so-called "pith and marrow" of the claim. A patent specification should be given a purposive construction rather than a purely literal one derived from applying to it the kind of meticulous verbal analysis in which lawyers are too often tempted by their training to indulge.

The question in each case is: whether persons with practical knowledge and experience of the kind of work in which the invention was intended to be used, would understand that strict compliance with a particular descriptive word or phrase understand that strict compliance with a particular descriptive word or phrase appearing in a claim was intended by the patentee to be an essential requirement of the invention so that any variant would fall outside the monopoly claimed, even though it could have no material effect upon the way the invention worked.

As far as the application of the concept of pith and marrow of the claim, what is stated is that novel feature which is claimed to be essential would constitute the pith and marrow. The novel feature in the invention of the Respondent based on patent No.195904 dated 16.07.2002, varies in very many respects in the novel feature of the Appellant's product based on patent No.196636 dated 25.05.2000.

Such a distinction as between the patented claim and the infringed product is well protected under the provisions of the Patents Act, as has been set out in the various decisions we have no hesitation in holding that in the case on hand, even while holding that the claim of valid patent at the instance of the Respondent can be prima facie accepted, the alleged infringement as against the Appellant cannot be held to have been made out at the instance of the Respondent. Therefore, there is no case made out for grant of interim injunction."

Bayer Corporation vs. Union of India, 162 (2009) DLT 371

Facts:

The Indian Patent Office awarded a patent to Bayer Company (Plaintiff) in 2008 for its cancer medicine "Sorafenib Tosylate," which is used to treat liver and kidney cancer. The Drug Controller of India (Defendants) subsequently issued the first-ever Compulsory License to Natco Pharma in 2012 so that it may create a generic version of this medication. The medicine was being sold by the plaintiff for Rs. 2,80,000 each month for a course, and the defendant pledged to simply make it available for Rs. 8,800. Plaintiff filed a request for a stay of the licence with the Intellectual Property Appellate Board (IPAB), claiming that the licence granted by the DGCI was defective, illegitimate, and unsustainable. Plaintiff was upset that Natco had received a Compulsory License. The IPAB, however, denied the plaintiff's appeal, concluding that the license's reduced price points that made it more accessible to individuals meant that it had been granted in the public interest. The plaintiff then appealed the decision to the Bombay High Court (HC).

Issue:

Whether the DGCI's License was given in line with the Patent Act's rules?

Held:

Court stated that -

“Cipla rightly states that it will use its own brand name and label and therefore there is no question of manufacturing a drug under a name which belongs to another drug. Further, the terms “imitation” and “substitute” occurring in Section 17 B (b) DCA should be read in conjunction with the other words «in a manner likely to deceive». This envisages a situation where a generic manufacturer is passing off its drug as that of the patent holder by way of deception. Cipla states that it is not trying to pass off its drug as that of the appellant. It would be stretching the language of Section 17B (b) DCA to an impermissible limit to hold that all generic versions of patented drugs, for which marketing approval is sought from the DCGI in terms of the DCA, should be considered to be ‘spurious’ drugs.

Much emphasis was laid on Section 2 DCA to suggest that this provision requires the DCGI to account for the Patents Act since the provisions of the DCA are expressly stated to be «in addition to, and not in derogation of, any other law for the time being in force». This submission proceeds on a misconception that the DCGI is required to account for the provisions of the Patents Act. The reference to Section 156 of the Patents Act which states that «a patent shall have to all intents the like effect as against Government as it has against any person», does not mean that the DCGI has to enforce and protect the patent for the product, in respect of which marketing approval is sought, from being infringed. Section 156 only states that the government cannot also infringe a patent. It is a negative obligation on the government not to infringe. It creates no duty or positive obligation on the central government, or any department thereof, to protect a patent from infringement.

Therefore, by accepting Bayer’s contention that every generic drug would be a spurious drug, this court would be subjecting manufacturers of generic versions of patented drugs to prosecution under the DCA although the Patents Act does not provide for such a consequence. This is yet another reason why the attempt at bringing in patent linkage on the basis of the existing provisions of the Patents Act and the DCA cannot be countenanced.”

Novartis AG vs. Union of India (UOI) and Ors. (01.04.2013 - SC) : AIR 2013 SC 1311

Facts:

The pharmaceutical behemoth Novartis, applied for a patent on the anticancer medication Glivec in 1997 on the grounds that it had developed the beta crystalline salt form (imatinib mesylate) of the free base imatinib. Glivec is used to treat chronic myeloid leukaemia (CML) and gastrointestinal stromal tumours (GIST). It is a life-saving medication that is protected by patents in around 35 nations worldwide. Yet, India at the time did not give a patent to agrochemical and pharmaceutical items. According to the TRIPS agreement, the drug products in India become the subject of a patent in the year 2005. Following this, India updated its patent law and began issuing patents for pharmaceutical products.

The Madras Patent Office rejected Novartis’s patent application in 2006 for the medicine Glivec on the grounds that the drug’s pre-existing version, which was already patented outside of India, did not significantly improve upon its therapeutic performance. A known chemical may only be copyrighted if its new forms demonstrate “improved efficacy,” according to Section 3(d) of the Indian Patents (Amendment) Act, 2005, which served as the foundation for the aforementioned decision. The Patent Office determined that the medicine Glivec could not be patented under Section 3(d) of the 2005 Act since it did not exhibit any improved efficacy.

Novartis submitted two writ petitions to the High Court of Madras under Article 226 of the Indian Constitution, one appealing the Madras Patent Office’s decision to deny its request for a patent and the other contesting Section 3(d) of the Indian Patents Act as being in violation of TRIPS, vague, arbitrary, and Article 14 of the Constitution. The Madras High Court denied Novartis’ Writ Petitions, ruling that it lacked the authority to assess whether a domestic statute violated an international treaty and, hence, could not evaluate whether Section 3(d) complied with TRIPS. Regarding Section 3(d), the Amending Act’s goals were to prevent evergreening and give residents convenient access to life-saving medications. As a result, it cannot be regarded as ambiguous and arbitrary.

The Intellectual Property Appellate Board—an appellate authority for the patent controller—began the new phase of the legal dispute. IPAB refused to grant a patent to the medication Novartis because it was covered

by Section 3(d) of the Act despite the beta-crystalline form of imatinib mesylate being regarded a new and innovative step. A Special Leave Petition to the Supreme Court, Novartis contested the aforementioned order.

Issue:

Whether the Appellant's product satisfies the tests and thus qualifies as "invention" within the meaning of Clauses (j) and (ja) of Section 2(1), can its patentability still be questioned and denied on the ground that Section 3(d) puts it out of the category of "invention"?

Held:

Court stated that -

"Section 2(1)(j) defines "invention" to mean, "a new product or ...", but the new product in chemicals and especially pharmaceuticals may not necessarily mean something altogether new or completely unfamiliar or strange or not existing before. It may mean something "different from a recent previous" or "one regarded as better than what went before" or "in addition to another or others of the same kind"⁴⁵. However, in case of chemicals and especially pharmaceuticals if the product for which patent protection is claimed is a new form of a known substance with known efficacy, then the subject product must pass, in addition to Clauses (j) and (ja) of Section 2(1), the test of enhanced efficacy as provided in Section 3(d) read with its explanation.

It is also seen above that even while the Appellant's application for grant of patent lay in the "mailbox" awaiting amendments in the law of patent in India, the Appellant was granted Exclusive Marketing Rights on November 10, 2003, following which Gleevec was marketed in India as well. On its package, the drug was described as "Imatinib Mesylate Tablets 100 mg" and it was further stated that "each film coated tablet contains: 100 mg Imatinib (as Mesylate)". On the package there is no reference at all to Imatinib Mesylate in beta crystalline form. What appears, therefore, is that what was sold as Gleevec was Imatinib Mesylate and not the subject product, the beta crystalline form of Imatinib Mesylate.

In view of the findings that the patent product, the beta crystalline form of Imatinib Mesylate, fails in both the tests of invention and patentability as provided under Clauses (j), (ja) of Section 2(1) and Section 3(d) respectively."

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.
- 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.
- Even though checks and balances in the form of pre- and post- grant oppositions, revocations or counter revocations in infringement suits are available, the examination system acts as a primary gate keeper of the patent system.
- This publication includes all pertinent details related to the application. It includes the title, abstract, application number and name and address of the applicant. After this publication a patent application becomes open for public scrutiny.
- The Patents Act, 1970 provides for examination of patent application only on filing of request for examination by the applicant or any other interested person [section 11B].

- Once the request for examination is received and the application has been published, the Controller shall refer the particular application to an examiner for conducting examination and search in accordance with section 12 and 13 of the Patents Act, 1970.
- The examination of patent application is conducted in accordance with the provisions of section 121 of the Patents Act, 1970.
- Section 10(5) mandates that the claim/ claims of the complete specification shall relate to a single invention, or to a group of inventions linked so as to form a single inventive concept.
- Prior public use of the invention before the date of filing of application destroys the novelty of the invention.
- After the grant of patent, every patentee has to maintain the patent by paying renewal fee every year as prescribed in the schedule I.
- The patentee has choice to pay the renewal fees every year or he can pay in lump sum as well. Further, a request for restoration of patent can be filed within 18 months from the date of cessation of patent along with the prescribed fee. After receipt of the request the matter is notified in the official journal for further processing of the request.
- 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.
- 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.
- Doctrine of Colourable Variation states that 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.
- Doctrine of inequitable conduct is based on two major principles – good faith and candour.
- Bolar provision allows manufacturers to begin the research and development process in time to ensure that affordable equivalent generic medicines can be brought to market immediately upon the expiry of the product patent.
- According to the doctrine of Exhaustion, the owner of the items loses control over further sales once a legal contract has been signed. The owner's exclusive right to sell the intellectual property is "exhausted" after the first sale and cannot be used again in relation to the same domain.
- Mareva refers to injunctions that prohibits the Defendant from taking assets out of the country or from using them or disposing of them in a way that would make the Plaintiff's enforcement of the decree, ineffective.
- Norwich Pharmacal Order maybe passed against a third party that has unintentionally become involved in the matter at hand, to compel them to produce pertinent information and documents.
- Anton Piller Orders are a type of evidence preservation civil search warrant. By use of this ex-parte order, a Court Commissioner may be appointed to go to the defendant's property, search it, and confiscate any infringing products.

GLOSSARY

Laboratory notebook - It 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.

Provisional specification - It is a preliminary application before filing a usual patent. It explains the invention in a broad manner but not completely. The provisional specification is a permanent and independent scientific cum legal document and no amendment is allowed in this.

Patent Abstract - Every complete specification shall include an abstract to provide technical information on the invention. It shall be indicative of technical field, technical problem resolved, chemical formulae, and designs if any.

PCT International Application - A PCT application is an international application. The application opens the door for a streamlined patent application process in numerous nations at once, even though it does not permit for the grant of an international patent. It is subject to the Patent Corporation Treaty and may be recognised in as many as 142 nations.

Patent of Addition - If the applicant finds an innovation that is merely a modest modification of the invention for which the applicant has already applied for or been granted a patent, the applicant must file this application. A separate renewal fee shouldn't be paid during the primary patent's term because a patent of addition is only granted after the parent patent has been granted.

Divisional Application - If a particular application makes claims for more than one invention, the applicant may decide to partition the application and submit two or more applications. These applications' priority dates are the same as those of the parent application.

Claims - The claims define the scope of exclusive patent protection in terms of the technical features of the invention. The claims are the legally operative part of a patent application and whether or not an invention meets the patentability requirements is determined on the basis of the claims. Claims must be clear and concise, as well as fully supported by the description.

Independent Claims - They are 'standalone' claims that do not bear reference to any other claim. It contains a preamble and all the elements necessary to define the invention. The first claim is usually an independent claim that sets the tone for the protection claimed by the invention.

Dependent claims - They always bear reference to an earlier claim or independent claim and limit their scope. Dependent claims are therefore relatively narrow as they limit the scope of an earlier claim. Further, dependent claims refine the scope of protection sought for an invention.

TEST YOURSELF

(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 and types of patent application.

5. What is PCT? Explain the process of obtaining patent through PCT.
6. What is patent infringement? Explain it with the help of proper provisions under Patent Act, 1970 and case laws.
7. What are important aspects of examination?
8. What are the exception in case of alleged patent infringement?
9. Explain Doctrine of Equivalent with the help of examples and case laws.
10. Write a short note on the following-
 - First Examination Report (FER)
 - Claims
 - Anton Piller Order and Manerva Injunction
 - Patent Misuse
 - Doctrine of Exhaustion

LIST OF FURTHER READINGS

- Bare Act – Patent Act, 1970, rules and regulations made thereunder.
- WIPO Patent Drafting Manual Second edition.
- Manual of Patent Office Practice and Procedure -2019.
- Patent Office Procedures.

OTHER REFERENCES (Including Websites / Video Links)

- <https://ipindia.gov.in/patents.htm>
- https://ipindia.gov.in/writereaddata/Portal/Images/pdf/Manual_for_Patent_Office_Practice_and_Procedure_.pdf
- <https://www.wipo.int/portal/en/index.html>
- <https://patentscope.wipo.int/search/en/search.jsf>

KEY CONCEPTS

- Trademark ■ Protection of Trademark ■ Marks ■ International Legal Instruments ■ Indian Trademarks Law
- Registration ■ Opposition ■ Grounds for Refusal ■ Infringement ■ Assignment & Transmission ■ Offences
- Penalties ■ Madrid Agreement ■ Domain Names

Learning Objectives

To understand:

- The legal framework provided for law regulating Trademarks in India.
- Trademarks Act 1999 and rules made therein.
- The important definitions and concepts.
- The legal framework pertaining to Trademarks including international treaties and conventions.

Lesson Outline

- Introduction & Historical Perspective
- The Rationale of Protection of Trademark
- Definitions and Concept of Trademarks
- Different Kinds of Marks
- International Legal Instruments on Trademarks
- Indian Trademarks Law
- Registration of Trade Marks
- Procedure for Registration
- Opposition to Registration & Procedure
- Grounds for Refusal to Registration
- Infringement of Trade Marks
- Case Laws
- Assignment & Transmission
- Offences Penalties
- International Conventions - Madrid Agreement
- WIPO Internet Domain Name Process
- Domain Names
- Case Laws
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References (Including Websites / Video Links)

INTRODUCTION

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.

What is a Trademark?

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) trade mark means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours; and--

- (i) in relation to Chapter XII (other than section 107), a registered trade mark or a mark used 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, as the case may be, and some person having the right as proprietor to use the mark; and***
- (ii) in relation to other provisions of this Act, a mark used or proposed to be used 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, as the case may be, 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, and includes a certification trade mark or collective mark;***

"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.***

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.

The recent Trademark Rules in force are Trade Mark Rules, 2017. 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 trademarks which qualify for registration under the Act and Rules.

The salient features of the Trade Marks Act, 1999 *inter-alia* include:



Providing for registration of trade mark for services, in addition to goods.



Amplification of definition of trade mark to include registration of shape of goods, packaging and combination of colours.



All 42 international classification of goods and services (as earlier used) now applicable to India as well.



Recognition of the concept of “well-known trade marks”



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.



Widening the scope of infringement of trademarks. For instance, use of a registered trademark 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 trademark.



Criminal remedies in case of falsification of trademarks.



Recognition of use of trade mark by even an unregistered licensee.



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. Subsequent to various amendments taken place in year 2002 and again in 2010, the trademark rules are now replaced with Trade Mark Rules, 2017.

Trade Mark Rules, 2017

The Trade Mark Rules, 2017 have been notified and have come into effect from March 6, 2017. These Rules, which replace the erstwhile Trade Mark Rules 2002, will streamline and simplify the processing of Trade Mark applications.

Some salient features of the revamped Rules are as follows:

- Number of Trade Mark (TM) Forms have been reduced from 74 to 8.
- To promote e-filing of TM applications, the fee for online filing has been kept at 10% lower than that for physical filing.
- Based on stakeholder's feedback, the fees for Individuals, Start-ups and Small Enterprises have been reduced from that proposed in the draft Rules – i.e. only Rs 4,500 as against Rs 8,000 for e-filing of TM applications proposed at the draft stage.
- Modalities for determination of well-known trademarks have been laid out for the first time.
- The provisions relating to expedited processing of an application for registration of a trade mark have been extended right upto registration stage (hitherto, it was only upto examination stage).
- Over all fees have been rationalized by reducing the number of entries in Schedule I from 88 to just 23.
- Applicant categories introduced with inbuilt discount for small applicants.
- Modalities for service of documents from applicants to the Registry and vice-versa through electronic means have been introduced to expedite the process; e-mail has been made an essential part of address for service to be provided by the applicant or any party to the proceedings so that the office communication may be sent through email.
- Hearing through video conferencing has been introduced.
- Number of adjournments in opposition proceedings has been restricted to a maximum of two by each party, which will help dispose off matters in time.
- Procedures relating to registration as Registered User of trademarks have also been simplified.

Concept of sound trade Marks introduced

It may be recalled that the examination time for a TM application has already been brought down from 13 months to just 1 month in January 2017; this is despite a stupendous 35% jump in TM filings in 2015-16 vis a vis the previous year. The new Rules should give a boost to the Intellectual Property Regime in India.

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 trademark 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 and Ors. Vs Whirlpool Co. and anr. (1996) 5 SCC 714*

In this case The Whirlpool Corporation has been the owner and exclusive user of the “whirlpool” trademark ever since 1937. For their electrical products, which included washing machines, they used the aforementioned trademark. Whirlpool Corporation had its trademark registered in India in 1956, and it was periodically renewed. However, in 1977, the company neglected to renew it, and as a result, the registration became null and void. In order to market machines, the American multinational firm the Whirlpool Corporation and the Indian company TVS Whirlpool (respondents, initially the plaintiffs) formed a joint venture in 1987. Before this, whirlpool-branded machines were sold to the US embassy in India.

The registration for the present appellants was given in 1992. The appellants invited dealers for washing machines bearing the Whirlpool logo in 1994. The respondents learned that the washing machine they bought from the appellants was of lower quality than the washing machines they produced. This infuriated the respondents, who then brought a passing-off lawsuit and requested the issuance of an interlocutory injunction. In 1994, the Delhi High Court’s learned single judge issued a temporary injunction. In 1995, the court’s division bench upheld the learned single judge’s decision following an appeal. Aggrieved by this, the appellants filed a suit with the Hon’ble Supreme Court. The suit is a passing off action brought by the plaintiff-respondents to restrain the defendant appellants from manufacturing selling, advertising or in any way using the trade mark ‘WHIRLPOOL’ in any other trade mark deceptively or confusingly similar to the trade mark of ‘WHIRLPOOL’ in respect of their goods.

The question in this case was whether or not the respondents, who are not the registered owners of the “whirlpool” trademark regarding washing machines, can continue their action for passing off against the registered proprietor of a trademark? Whether or not a trans-border reputation was acquired by respondent? Whether such trans-border reputation transcends the territorial boundaries or not?

Court stated that –

“An infringement action is available where there is violation of specific property right acquired under and recognised by the statute. In a passing-off action, however, the plaintiffs right is independent of such a statutory right to a trade mark and is against the conduct of the defendant which leads to or is intended or calculated to lead to deception. Passing-off is said to be a species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation which another has established for himself in a particular trade or business. The action is regarded as an action for deceit. The tort of passing-off involves a misrepresentation made by the trader to his prospective customers calculated to injure, as a reasonably foreseeable consequence, the business or goodwill of another which actually or probably, causes damages to the business or good of the other trader...”

The Supreme Court observed that the “Whirlpool Corporation had been using the trademark previous to the appellants since 1937 that too in 65 countries where they have been in business. Whereas appellants had just applied for the trademark in 1986. The concept and principle on which passing off action is grounded is that a man is not to sell his own goods under the pretence that they are the goods of another man. Applying this principle & the reasons already stated we have prima facie come to the conclusion that the appellants have acquired reputation & goodwill in respect of its goods bearing trade mark ‘WHIRLPOOL’ in this country. Even though the appellants have no connection with the respondents, they are using the mark ‘WHIRLPOOL’ for their products. Prima facie it appears to us that buyers are likely to be deceived or confused as to the origin and source of the goods. They will believe that the product is manufactured by the respondents, an impression not founded in truth. The limitation will pass off as genuine. No one can be permitted to trade by deceiving or misleading the purchasers or to unauthorisedly divert to itself the reputation and goodwill of others. Under Section 27(2) an action for passing off against registered user of trade mark is maintainable at the instance of a prior user of the same, similar or identical mark. Since such a remedy is available against the registered user of a trade mark, an interim injunction restraining him to use the mark can also be granted to make the remedy effective.”

Supreme Court upheld the Delhi High Court’s decision based on the aforementioned grounds.

TYPES OF TRADEMARKS

Trademarks can be classified into-

- **Collective mark-** It 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 (9 of 1932) which is the proprietor of the mark from those of others. For instance, the Red Cross uses this type of labelling to distinguish its members and services from those of other groups with a like mission. Additionally, it prevents others from using their brand because they already have a solid international reputation.
- **Well known trademark-** 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.
- **Certification trademark-** it 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. A Certification Mark is used by an authorised user, not the owner, unlike the other forms of trademarks. The “duty of neutrality” prohibits these certification bodies from awarding this mark for their personal purposes, adding an additional degree of protection.

- **Service Marks** - Although it resembles a product mark, a service mark is intended to identify a service as opposed to a product. The primary function of the service mark is to set its owners apart from those of other services. Given that they identify services, trademark applications filed under trademark classes 35 to 45 may be referred to as service marks. Examples are Hilton Hotels and Emirates Airlines.
- **Trade Names** - Trade names are utilised to identify a business as a whole as opposed to highlighting a particular service or commodity. Multinational firms, which host a number of trademarks under their trade name, are particularly prone to this. Example, Nestle, a trade brand holding numerous trademarks, including Maggie.
- **Sound Mark** - A sound mark is a noise that can be connected to a good or service coming from a specific vendor. People must be able to quickly and easily recognise the service, product, or show that the sound stands for in order for it to be registered as a sound mark. Sound logos, sometimes known as audio mnemonics, are most frequently heard at the start or finish of commercials. The IPL theme song is the most well-known sound brand in India.

Different types of trademarks that may be registered in India.

- Any name (including personal or surname of the applicant or predecessor in business or the signature of the person), which is not unusual for trade to adopt as a mark.
- An invented word or any arbitrary dictionary word or words, not being directly descriptive of the character or quality of the goods/service.
- Letters or numerals or any combination thereof.
- The right to proprietorship of a trademark may be acquired by either registration under the Act or by use in relation to particular goods or service.
- Devices, including fancy devices or symbols.
- Monograms.
- Combination of colors or even a single color in combination with a word or device.
- Shape of goods or their packaging.
- Marks constituting a 3- dimensional sign.
- Sound marks when represented in conventional notation or described in words by being graphically represented.

THE REGISTRAR OF TRADEMARKS

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 Trademarks

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.

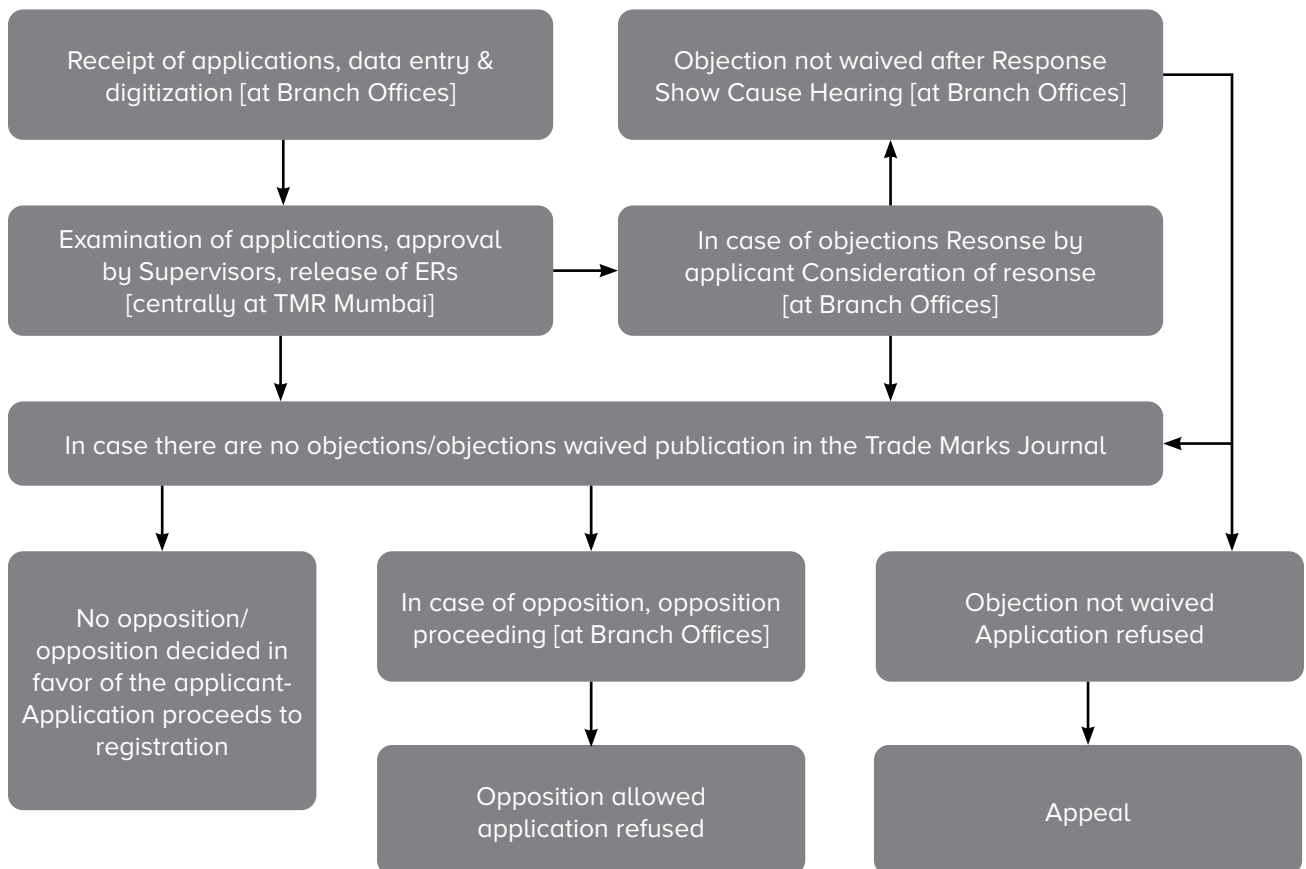
REGISTRATION OF TRADEMARKS

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 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.

Trade Mark Registration Workflow Chart



Source: <https://ipindia.gov.in/workflow-chart.htm>

Processing of TM Application in Trade Mark Registry

At present processing of Trade Mark application is done completely through TM electronic processing System and filing of application is allowed in hybrid mode, i.e. online as well as offline. Currently online filing has reached around 98%. Moreover, all applications received offline get digitized at its initial stage and movement of the file is done through complete electronic mode thereafter.

A brief description of stage wise processing in Trade Mark Registration is as follows -

A. Pre-Examination Processing:

- i. *Filing of application:* A Trade Mark Application may be filed online or offline. After digitization of offline applications, both online and offline applications are merged and proceed further for processing through the Trade Mark system.
- ii. *VIENNA Codification:* If applied mark consists of figurative elements, codification of the figurative elements is done as per VIENNA Agreement and then application moves for examination. Trade Marks applied as word per se directly proceed for examination. It is expected that all applications which may require VIENNA Codification or otherwise should be processed expeditiously and serially as per priority based on the date of filing of application.

B. Examination of Applications:

It may be noted that allotment of applications for the examination is done by the automated system serially on the basis of the date of filing. Examination in Trade Mark Registration is done in two stages, first examination report is prepared by an Examiner and then the application and examination report is forwarded to Examination Controller for approval. Examination Controller evaluates the examination report, and if found proper, approves it and thereafter the examination report is issued to applicant. However, if some deficiency is noted by the Controller, the examination report is reverted/referred back to the concerned Examiner with suggestions for resubmission/re-examination.

At this stage, application may be accepted or an objection may be raised as per provisions of the Trade Mark Act. In case it is accepted, it will be published in Trade Mark Journal, else examination report will be issued to the applicant containing office objections which needs to be replied by the applicant within 30 days from the date of receipt of examination report.

It is expected that examination should be done expeditiously and serially as per priority based on the date of filing of application or if any compliances are required, expeditiously and serially as per priority based the date of last compliance, if any.

C. Post Examination Processing:

- i. *Consideration of Reply:* After receipt of examination report, applicant needs to submit his reply to the office objections within one month time and if he fails to do so, the application is abandoned for want of reply.

If reply is submitted within the prescribed period, the same is considered by the authorized officers for the purpose. Here also, the application is allotted to the authorized officers through the Trade Mark system serially on the basis of the date of filing of the response to the examination report. At this stage, the authorized officer may accept application and the same is to be published in the Trade Mark Journal. In other cases, where the office objections cannot be waived or found not met, a hearing opportunity is offered to the applicants in all those cases where a decision can adversely affect the interest of the applicant, a hearing opportunity is given as per law.

It is expected that if reply is submitted against the office objections, the same should be considered by the authorized officers expeditiously and serially as per priority based the date of filing of response to the examination report.

- ii. *Show-cause hearing*: In case the objection/s raised by the office are not met after consideration of reply to the examination report, the application moves for show cause hearing. In show cause hearing, the hearing notices are issued serially to the applicant/ agent through the system and allotment of the cases to the Hearing officers is also done by the TM system automatically.

The scheduling of applications for hearing should also be done serially based on the date of consideration of reply by the authorized officer.

D. Post Advertisement Processing:

After the acceptance of the mark, trademark is published in Trade Mark Journal. If no opposition is filed within four months from the date of publication of the trademark, the published trademark becomes eligible for registration.

The issuance of registration certificate is done through automated Trade Mark system. The certificate gets automatically issued if no opposition is filed within the prescribed period or where the application has not already been withdrawn by the Registrar of Trade Marks at the request of the applicant.

The Trade Mark once registered is valid for 10 years. The same can be renewed after every 10 years for an indefinite period by paying the prescribed fee on the prescribed form.

E. Opposition:

If the trademark is opposed by any third party after the publication, the same needs to be disposed of as per rules after giving proper hearing opportunity to both the parties. If the opposition is dismissed, the trade mark proceeds for registration and registration certificate is issued to the applicant. In case opposition is allowed, the application gets refused as per law.

It is expected that if any application is opposed, the same should be disposed serially based on the compliance or non-compliance by the party (i.e. Applicant or Opponent) as per provisions of the Trade Marks Act and Rules.

Procedure for disposal of the Rectification proceedings shall be similar to the opposition procedure subject to the provisions of the Trade Marks Act and Rules.

F. Post Registration Trade Mark Management

It is possible for the registered proprietor to record the post registration changes pertaining to proprietor name, address, address for service, assignment or registered user, etc. in the Register of Trade Marks by filing a request on the prescribed form, with the prescribed fee. In case the concerned officer examining the request raises some objections and requires some compliance on part of the applicant, the same should be processed ordinarily within 30 days from the date of compliance by the applicant. It is also a practice of Registry to send one month notice to previous registered proprietor in case any change in proprietorship by way of assignment or transmission is filed by the applicant. In this case, the request can be processed only after expiry of one month notice period as mentioned above.

It is expected that the post registration request shall be examined and processed serially based on the date of filing of the request and date of compliance of the requirements, if any.

The renewal requests received by the Registry are processed through an automated TM system serially based on the date of filing of the request.

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:

The provisions contained in Chapter II starting from Rule 23 to 38 of the Trade Marks Rules, 2017 prescribe the detailed procedure for application of trade marks.

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 Trade Marks Rules, an application for registration of a trade mark may be made on Prescribed Form with prescribed fee as provided in Schedule – I of Trade Mark Rules, 2017 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.

It maybe noted that –

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.

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 one year 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 fide* 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 Rs. 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 trademark.
- (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 wellknown;
 - (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 thereunder.

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 trademark.
- (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.

It maybe noted that –

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.

Being a signatory to the Paris Convention and TRIPS, India recognizes the concept of a well known trade marks.

GROUNDS 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 Mad336*].

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 IPLR7*).

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.

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 trademark 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 trademark is registered.

- (iv) 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.
- (v) 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 trademarks.
- (vi) 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 trademark.
- (vii) There is a right to restrict the import of goods or services marked with a trade mark similar to one's trademark.
- (viii) 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 TRADEMARKS

Infringement, very broadly means taking unfair advantage or being detrimental to the distinctive character or reputation of a trade mark.

“Registered trade mark” is defined 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.

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 trademark if he applies such registered trademark 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 trademark 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 Corp. 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.

CASE LAWS

Raj Kumar Prasad & anr vs. Abbott Healthcare Pvt Ltd [DEL] FAO(OS) 281/2014 Pradeep Nandrajog & Mukta Gupta, JJ. [Decided on 10/09/2014]

Facts:

It is the case of Abbott that the predecessor-in-interest of the registered trademark 'ANAFORTAN' used the same extensively and widely for the medicines manufactured and sold in the market and since September, 2010 Abbott had been doing so. Thus, Abbott had established a good will and reputation in the mark 'ANAFORTAN'. As per Abbott it had sold pharmaceutical products under said trademark in sum of Rs.7.84 crores between September to December, 2010 and 23.047 crores between January and December, 2011. The grievance was that Raj Kumar Prasad, carrying on business as a sole proprietor of Birani Pharmaceuticals, was selling pharmaceutical products containing Camylofin Dihydrochloride under the brand name 'AMAFORTEN'. Concerning the second defendant Aicon Pharmaceuticals Pvt. Ltd. the grievance was that it was manufacturing the medicinal preparations for Raj Kumar Prasad, to be sold under the mark 'AMAFORTEN'. It is the case of Abbott that Raj Kumar Prasad surreptitiously obtained, vide registration No.1830060 under class 5, the registration of the mark 'AMAFORTEN' for which Abbott intends to file rectification proceedings.

Decision: Appeal dismissed

Reason:

The view taken by the learned Single Judge is based upon a reading of Section 124 of the Trademarks Act, 1999. The learned Single Judge has held that a registered proprietor of a trademark is entitled to sue a registered proprietor of a trademark if the latter is identical with or nearly resembles the other. Holding that the suit would be maintainable, the learned Single Judge has held that the trademark used by the defendants 'AMAFORTEN' is ex-facie phonetically and visually deceptively similar to that of Abbott 'ANAFORTAN'.

The learned Single Judge has noted that through its predecessors Abbott had been using the trademark 'ANAFORTAN' extensively since the year 1988 and thus has enjoined the defendants from selling its product under the trademark 'AMAFORTEN' or any other mark deceptively similar to that of Abbott.

Ex-facie there is visual and phonetic deceptive similarity in the trademark 'AMAFORTEN' in comparison with the trademark 'ANAFORTAN'. It has to be kept in mind that the competing goods are pharmaceutical preparations, the class of the goods is the same; the consumer is the same and the trade channel is the same. Concededly through its predecessors-in-interest Abbott has inherited the good will and reputation in its trademark 'ANAFORTAN' and would be entitled to protect the same. Whereas through its predecessors- in- interest Abbott is in the market since the year 1988 defendant entered the market somewhere in the year 2012 when the suit was filed. We note that the defendant has consciously not disclosed in the written statement the day it started selling the goods in the market. From the documents filed by the defendants we find that it applied to the Registrar of Trademarks for registration of the trademark 'AMAFORTEN' on June 17, 2009 and was granted registration on July 12, 2011. Tested on the legal principles laid down by the Supreme Court in the case of *Wander Ltd. & Anr. Vs. Antox India P. Ltd reported as 1990 (Supp.) SCC 727*, we find no infirmity in the view taken by the learned Single Judge and thus would dismiss the appeal.

Easygroup IP Licensing Ltd & Anr vs. Easyjet Aviation Services Pvt Ltd & Anr [DEL] CS(OS) 157/2010 Vipin Sanghi, J. [Decided on 19/08/2013]

Facts:

This suit for grant of permanent injunction restraining infringement of registered trademark, passing off, delivery up and damages has been filed by Plaintiffs no 1 and 2, which are companies incorporated under the laws of England and Wales against defendant no 1, a company incorporated under the Companies Act 1956 and defendant no 2, who is the director of defendant no 1, in respect of the alleged infringement and passing off of the plaintiff's registered trademark "easyJet".

The plaintiff no 1 is the owner and plaintiff no 2 is the licensed user of the registered trademark "easyJet" (hereinafter referred to as the suit trademark). The suit trademark was adopted by plaintiff no 2- which is wholly owned by EasyJet, plc, a company listed on the London Stock Exchange; in the year 1995 in respect of a low cost carrier airline operated by plaintiff no 2. In the year 2000, on account of reorganization of business, the suit trademark was assigned by plaintiff no 2 to plaintiff no 1. Subsequently via Brand License Agreement dated 05.11.2000, plaintiff no 1 licensed the use of the suit trademark to plaintiff no 2.

The plaintiffs allege that the defendant no. 1 company having its principal place of business in Mumbai is trading in the name and style of "EasyJet Aviation Services Limited". It is engaged in facilitating air charters, air craft management as well as buying and selling of aircrafts as middlemen. The plaintiffs allege that defendant no 1 is malafidely using the aforesaid trademark "EasyJet" in relation to services that are identical to those covered by the classification in which the plaintiffs mark "easyJet" is registered.

Decision: Suit decreed

Reason:

A perusal of the trademark registration certificate, Exhibit PW1/36, of the plaintiffs' reveals that the plaintiff's mark "easyJet" was first registered in the United Kingdom in 1995 in respect of class several classes including class 39 which covers the services offered by the plaintiffs and the defendants. Subsequently, the suit trademark was granted registration in India in various classes from 2001 onwards- in class 16 vide Exhibit PW 1/44 dated 07.02.2001 and the most important for the purpose of this suit being class 39, registration whereof was granted on 07.12.2004 vide Exhibit PW1/41. As aforementioned, class 39 includes, but is not restricted to transportation of goods, passenger and travelers by air; airline and shipping services; airport check in service; chartering of aircraft; rental and hire of aircraft etc.

The plaintiff's website www.easyJet.com, went live in 1995. The said website has been accessible to Indians who wish to travel on the plaintiff no 2's airline on its operational routes abroad since 1998. A significant aspect of the plaintiff's business model is its elimination of ticketing agents through its website that provides customers the convenience of booking tickets online as far back as 1998. Exhibit PW1/15 is an article dated 08.03.2001 in the magazine "Economist" stating that several airlines, including the plaintiff no 2's airline, sell up to 90% of their tickets online.

Exhibit PW 1/29 is a printout from an Indian online travel portal www.cleartrip.com showing the details, routes, destinations, flights and company information of the plaintiff's operations. The website cleartrip.com also provides a link to the plaintiff's website. This evidences the fact that even besides the plaintiff's own website, Indians can book tickets on the plaintiff no 2's airline via Indian online travel portals too. Exhibit PW1/10 is a summary of visits from Indian IP addresses to the plaintiff no 2's website. The same shows that between 2008-2010, 28416 bookings were made by clients accessing the website from India.

Furthermore, Exhibit PW1/14 is an article dated 16.11.2000 in the magazine "The Economist" referring to several low cost airlines including plaintiff no 2 and its plan to increase the density of its flights. Exhibit PW 1/19 is a list of top 5 best companies in marketing according to "FORBES Asia" magazine featuring the plaintiff no 2 at fifth position. Exhibit PW1/21 is an article dated 23.07.2001 in International magazine "TIME" discussing the easy group's successful marketing strategy. Similarly exhibits PW1/22, PW1/23 and PW1/24 are write ups in "TIME" magazine about low cost carriers and the plaintiff no 2 airline dated 26.11.2001, 22.05.2002 and 04.08.2002 respectively. The aforesaid demonstrates that the plaintiff no 2 has consistently been covered in international news and magazines as a successful marketing phenomenon. In *Allergan Inc v. Milmet Oftho Industries*, 1997 2 CAL LT, it was held that internationally established reputation is enough to entitle the plaintiff to sue in India, even if he has no business in India.

Keeping in view the aforesaid, I am of the view that the plaintiffs have established prior use of the trademark since 1995 - when it was first registered, and since 1998 when their services became accessible to Indians via their website. In *Caesar Park Hotels & Resorts v. Western Hospitality Services*, AIR 1999 Mad 396, it was held that if the plaintiffs have customers in a country, it can be presumed that they enjoy a reputation in that country. Owing to the fact that Indians could access the plaintiff no 2's services through its website as far back as in 1998, I am of the view that the same is sufficient to constitute prior use. By virtue of Section 28 of the Act, a registered proprietor of the trademark has the exclusive right to the use of the trademark in relation to the goods and services in respect of which the trademark is registered and to obtain relief against infringement of the trademark.

The defendants are using the impugned trademark in respect of identical services covered under class 39 in which the plaintiffs enjoy their registration. Therefore, the action of the defendants squarely amounts to infringement under Section 29. Having already established that the plaintiffs enjoy a considerable amount of reputation, there is no iota of doubt that the use of the suit trademark by the defendants in respect of identical services is likely to cause confusion and mislead the public into believing that the services of the defendant are associated with the plaintiff no 2's airline.

It is also pertinent to note that the suit trademark is a coined word. No explanation has been offered by the defendants as to why they chose the suit trademark. The defendants have chosen not to contest the present proceedings and, therefore, the only valid inference that can be drawn is that the defendants adopted the impugned trademark to ride on the plaintiffs' goodwill and popularity.

In the present case too, the plaintiff no 2 and the defendants are operating in the same sphere of activity. The services provided by the plaintiff no 2 and defendants are identical in nature. Therefore, the likelihood of confusion and deception is strong on account of the public at large associating the defendants' services to be those offered by the plaintiff no 2. The acts of the defendants in using the impugned trademark coupled with a lack of plausible explanation offered by the defendants for the same, leads to the conclusion that the defendants are in fact passing off their services as those of the plaintiffs in an attempt to cash in on the plaintiff's reputation worldwide as well as in India. Accordingly, the suit is decreed in favour of the plaintiffs.

Hawkins Cookers Ltd vs. Murugan Enterprises [DEL] RFA (OS) 09/2008 Pradeep Nandrajog & Siddharth Mridul, JJ. [Decided on 13/04/2012]

Facts:

The appellant is the registered proprietor of the trademark HAWKINS in respect of pressure cookers and parts thereof, including gaskets. The respondent manufactures and sells gaskets under the trademark MAYUR, but on the packaging material indicating "Suitable for: Hawkins Pressure Cookers". Whereas the words suitable

for and Pressure Cookers are printed in black colour, the word Hawkins is printed in red colour and thus it is apparent that the intention is that the word Hawkins catches the eye.

The appellant alleges that by so writing on the packaging material, the respondent is infringing upon its registered trademark. It is the case of the appellant that the gaskets pertaining to pressure cookers are not manufactured by the respondent for any particular brand of pressure cooker, much less Hawkins Pressure Cookers and that the gaskets of pressure cookers can fit any pressure cooker manufactured by any manufacturer, for the reason all pressure cookers have the same dimensions of the mouth and hence the lid size, the only correlation is to the capacity of a pressure cooker i.e. 1 liter, 2 liter etc. Thus, the appellant contends that the respondent cannot use the word Hawkins, which is the trademark of the appellant, in relation to the goods gaskets, forming part of Hawkins pressure cookers for the reason it is not reasonably necessary for the respondent to indicate that the gasket manufactured by it is adaptable to the pressure cookers manufactured by the appellant.

The Single Judge has proceeded on the basis, that as per the evidence, gaskets manufactured by the respondent are specially made, to be fitted in Hawkins Pressure Cookers, a fact noted by the learned Single Judge in paragraph 64 of the impugned decision. As per the appellant, this is not so. The gaskets manufactured by the respondent, as also other manufacturers, are neither designed, nor are capable of being designed, to be used in any particular kind of pressure cooker, for the reason all pressure cookers are so designed that the mouth of the pressure cooker and the corresponding lid is of same dimension; the only variation being with respect to the capacity of a pressure cooker. In other words, a gasket pertaining to a 1 liter capacity pressure cooker would fit all pressure cookers manufactured by all manufacturers.

Decision: Appeal allowed. Defendant directed to modify the package.

Reason:

Now, at the heart of the matter in dispute in the instant appeal is when would it be a case of the use of the trademark being reasonably necessary in order to indicate that the goods are so adapted? The answer has to be found in the meaning of the two words reasonably necessary. Of the various meanings of the word necessary, one meaning is inherent in the situation. Of the various meanings of the word reasonable one meaning is just. Thus, the twin word reasonably necessary would mean that inherent in the situation it would be just; and in the context of Clause (d) of sub-section (2) of Section 30 of the Act, it would mean that where the goods which are claimed to be adaptable to some other goods would entitle the manufacturers of the goods which are adaptable to so indicate by reference to the trademark of the other goods provided it is just to so do and this would mean that the goods claimed to be adaptable are specifically manufactured to be used as a part of the other goods alone. This will not apply where the goods are capable of adaptable use to all goods manufactured by different manufacturers to which they are adaptable. In said circumstance to indicate on the goods that they are adaptable only to the goods of only one manufacturer would be a clear violation of the trademark of the said manufacturer and Section 30 (2) (d) would not come into aid.

Let us illustrate. A manufactures pump sets, having a motor, and a pulley, through the rotation of which, the pump is made to mechanically lift water. The motor, the pulley and the pump are three separate distinct constitutive elements of the pump set. The distance between the motor and the pump is unique to the pump set manufactured by A. B manufactures only pulleys.

These are used by various manufacturers of pump sets, saw mills, and flour mills etc. i.e. wherever electrical energy has to be converted into mechanical energy. The pulleys manufactured by B, which are adaptable to the pump sets manufactured by A, would obviously require B to so inform the consumer, and in such situation, if on the packaging material B were to indicate that the particular pulleys manufactured by him are adaptable to the pump sets manufactured by A this being the only way in which B can inform the buyer, no infringement of A's trade mark would result. To simply state, if A was to sell his pump sets under the trademark CHAMPION, B would be perfectly justified in writing or printing on the packaging material: Suitable for champion pumps. Of course, this would be subject to the condition that B prominently displays his trademark and does not give undue prominence to the word CHAMPION. But, if all the pump sets manufactured by different manufacturers have same distance between the motor and the pump and identical dimensional pulleys are used in all the pump sets, it would not be a case where B would be entitled to print on the packaging material that the pulley manufactured by him is suitable for a particular brand of pump sets. We note that the learned Single

Judge has correctly noted the law: that if in the sale it becomes reasonably necessary for the manufacturer of adaptable goods, to refer to the trademark of the relatable goods, such reference would not amount to an infringement of the trademark under which the relatable goods are sold, but has misapplied the evidence on record. The error committed is by proceeding upon the premise that the evidence establishes that the respondent manufactures gaskets specifically for the special sizes of pressure cookers manufactured by the appellant, ignoring that the evidence is to the contrary. Clarifying that the undisputed evidence brings out that gaskets pertaining to pressure cookers, irrespective of the brand or the manufacturer, are identically designed for pressure cookers of different sizes i.e. smallest gaskets for one liter pressure cookers, bigger gaskets for two liter pressure cookers and yet bigger gaskets for three liter pressure cookers and so on; and thus a gasket of a particular size would fit the lid of all pressure cookers manufactured by different manufacturers of the same relatable size, would mean that it is not reasonably necessary to indicate, for the benefit of the consumer, that the adaptable goods relate to only one particular brand of pressure cookers.

It also needs to be highlighted that it has escaped the attention of the learned Single Judge that while writing: Suitable for Hawkins Pressure Cookers, the respondent has given undue prominence to the word Hawkins by printing it in a distinct red colour and the remaining words of the sentence are printed in black colour. Clarifying that the respondent, may, if it so chooses, indicate on the packaging material of the gasket that the gasket is suitable for all pressure cookers, as is being done by other manufacturers of gaskets, we allow the appeal.

Larsen & Toubro Limited (L&T) vs. Leuci Communications & Ors [DEL] CS (OS) No. 1958/2006 V.K. Jain, J. [Decided on 01/02/2011]

Facts:

The plaintiff-company holds copyright in respect of trademark/logo LT (in a circle) vide Registration No.1169145 dated 24th January, 2003 under Class 9 under 4th Schedule to Trademarks Act, 1999. The plaintiff-company has a number of subsidiary companies which also use the name Larsen & Toubro as a part of their corporate name. The trademark/logo LT is registered in the name of the plaintiff No.1 also in various other classes viz. 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 21, 22, 23, 24, 25, 26, 27, 29, 31 and 33. It is alleged that on 25th September, 2006, Mr Santanu Das, Sales Engineer in the Jamshedpur office of the plaintiff company purchased a charger from a shop in Muzaffarpur in Bihar and found that though the charger was made in China, L&T logo (in a circle) was printed on the top of the carton and it was also found engraved on the charger itself.

It is alleged that use and adoption of the mark L&T by the defendants is likely to cause confusion and give an impression to the public that the defendants are associated with the plaintiff company.

It is also alleged that the defendants have adopted/ copied the mark of the plaintiff in respect of goods mentioned in Class 9 which are covered by the plaintiff's registered mark and have thereby infringed the said trademark. It is also claimed that the whole intention of the defendants in adopting and using the trademark/logo of the plaintiff is to pass off their products as those of the plaintiff and to represent to the public that they are in some way connected with the plaintiff-company. The plaintiff has sought an injunction restraining the defendant from using its trademark/logo LT or any other mark which is deceptively similar to the registered trademark/logo of the plaintiff-company. The plaintiff has also sought injunction restraining the defendant from passing off its goods/products as those of the plaintiff-company. Damages amounting to Rs 20,01,600/- have also claimed by the plaintiff from the defendants. The plaintiff has also sought destruction of the infringing goods and packing material, etc.

Decision: Suit decreed

Reason:

The registration of trademark/logo LT (in a circle) has been granted to the plaintiff-company not only in respect of telephones, but also their parts and accessories. It is difficult to dispute that mobile phones would be included in the list of telephones. A charger of a mobile telephone is an essential accessory and the mobile telephone cannot be charged without using the charger meant for the purpose. Hence, it cannot be disputed that the plaintiff-company holds copyright in mark/ logo LT (written in a circle) in respect of mobile phone chargers and this right is being held by the plaintiff-company continuously since 24th January, 2003, the registration being valid for 10 years.

A perusal of the carton in which the charger was purchased by an employee of the plaintiff-company would show that the mark/logo LT (in a circle) of the plaintiff-company has been simply re-produced on the carton. Though use of the word along with the mark/logo LT in a circle gives an impression that the mark/logo used on the carton was a registered mark/ logo of the manufacturer of the product, the defendants have not come forward to contest the suit and to claim any copyright in the aforesaid mark/logo. Since the plaintiff-company holds copyright in the mark/logo LT (in a circle) in respect of telephone accessories which would include a mobile phone charger, the defendants have no right to use the aforesaid mark/ logo on the carton in which the charger is being sold by them.

A trademark is infringed if either the same mark or a mark deceptively similar to that mark is used, without a license from its proprietor. In the case before this Court, the mark/ logo being used on the carton of the charger being a reproduction of the registered trademark/logo of the plaintiff company, the defendants have infringed the registered trademark/logo of the plaintiff by using that mark on the carton of their charger.

The mark LT, on account of its continuous user by the plaintiff company and considering the multifarious nature of the activities in which the plaintiff company is engaged, has come to be so associated with the plaintiff company and, therefore, anyone coming across a product bearing the name/logo LT is likely to get confused and assume that either this product was being manufactured and/or marketed by plaintiff company and/or that the plaintiff company was somehow or the other associated with the manufacturing/marketing of that product.

If another company uses this trademark/logo of the plaintiff company, the customer, particularly if he happens to be an unwary customer is likely to assume that the company manufacturing and/or marketing the product bearing the mark/ logo LT was either a group company/subsidiary company of the plaintiff or had some kind of arrangement/agreement with it for use of the aforesaid mark/logo.

For the reasons given in the preceding paragraphs, defendant Nos. 7 and 8 are hereby restrained from manufacturing, selling, exporting, distributing or marketing any mobile charger using the registered mark/logo LT (in a circle) of the plaintiff company either on the product or on its packaging. Defendant Nos. 7 and 8 are also directed to destroy within eight weeks all the chargers and packaging, which bear the registered mark/ logo of the plaintiff company. The plaintiff company has not proved any actual damages. Also, the Court needs to take note of the fact that a lot of energy and resources are spent in litigating against those who infringe the trademark and copyright of others and try to encash upon the goodwill and reputation of other brands by passing off their goods and/or services as those of that well known brand.

Considering the nature of the infringement and with a view to dissuade others from indulging into such activities, it is imperative that some punitive damages are awarded to the plaintiff company. I, therefore, award punitive damages amounting to Rs.50,000/- to the plaintiff company against defendant Nos. 7 and 8.

***S.V. Venugopal vs. Ushodaya Enterprises Ltd. & ANR [SC] Civil Appeal Nos.6314-15 of 2001
Dalveer Bhandari & Radhakrishnan, JJ. [Decided on 03/03/2011]***

Facts:

The appellant is the sole proprietor of a firm carrying on business *inter alia* as manufacturers of and dealers in incense sticks (agarbathis) in the name and style of Ashika Incense Incorporated at Bangalore. The appellant started his business in the year 1988 and adopted the mark 'Ashika's Eenadu'. According to the appellant the word 'Eenadu' in Kannada language means 'this land'. In Malayalam and Tamil language it conveys the same meaning. In Telugu language it means 'today'. In consonance with the above meaning the appellant devised an artistic label comprising a rectangular carton in bottle green background with sky-blue border and in the centre, in an oval tricolour, the word 'Eenadu' is written.

The respondent company, who was engaged in the business of publishing a newspaper in Telugu entitled as 'Eenadu', served a cease and desist notice on the appellant which was replied by the appellant on 8.3.1995. The respondent company in the year 1999 filed a suit for infringement of copyrights and passing-off trade mark in the Court of Second Additional Chief Judge, City Civil Court, Hyderabad. The respondent company therein claimed that they have been in the business of publishing a newspaper, broadcasting, financing and developing a film city.

The City Civil Court had granted an *ex-parte* ad interim injunction restraining the appellant from using the expression 'Eenadu' and the same was confirmed on 27.12.1999. On appeal, the High Court of Andhra Pradesh suspended the interim injunction and permitted the appellant to dispose off their finished products to the tune of Rs.1 crore and also permitted the appellant to produce goods that were in the process of manufacture to the tune of Rs. 78 lakhs.

Meanwhile, the trial court partially decreed the suit of the respondent company. The appellant was enjoined from using the words 'Eenadu' in the State of Andhra Pradesh only. Both the parties filed appeals before the High Court of Andhra Pradesh. The learned Single Judge disposed of both the appeals by a common judgment/order where under the appeal filed by the respondent company was dismissed and the appeal filed by the appellant was allowed.

Aggrieved by the said order of the learned Single Judge, the respondent company filed Letters Patent Appeals before the Division Bench of the High Court, which allowed the appeal decreeing the O.S. No.555 of 1999. The Appellant appealed to the Supreme Court.

Decision: Appeal disposed of.

Reason:

Court stated that-

"We have heard the detailed and comprehensive arguments advanced by the learned counsel for the parties.

We place on record our appreciation for the able assistance provided by the learned counsel for the parties in this case.

We have also carefully examined relevant decided Indian, English and American cases.

The respondent company's mark 'Eenadu' has acquired extraordinary reputation and goodwill in the State of Andhra Pradesh. 'Eenadu' newspaper and TV are extremely well known and almost household words in the State of Andhra Pradesh. The word 'Eenadu' may be a descriptive word but has acquired a secondary or subsidiary meaning and is fully identified with the products and services provided by the respondent company. The appellant is a Karnataka based company which has started manufacturing its product in Bangalore in the name of 'Ashika' and started selling its product in the State of Andhra Pradesh in 1995. The appellant started using the name 'Eenadu' for its Agarbathi and used the same artistic script, font and method of writing the name which obviously cannot be a co-incidence. The appellant company after adoption of name 'Eenadu' accounted for 90% of sale of their product Agarbathi.

On consideration of the totality of facts and circumstances of the case, we clearly arrive at the following findings and conclusions:

- (a) The respondent company's mark 'Eenadu' has acquired extraordinary reputation and goodwill in the State of Andhra Pradesh. The respondent company's products and services are correlated, identified and associated with the word 'Eenadu' in the entire State of Andhra Pradesh. 'Eenadu' means literally the products or services provided by the respondent company in the State of Andhra Pradesh. In this background the appellant cannot be referred or termed as an honest concurrent user of the mark 'Eenadu';
- (b) The adoption of the words 'Eenadu' is *ex facie* fraudulent and mala fide from the very inception. By adopting the mark 'Eenadu' in the State of Andhra Pradesh, the appellant clearly wanted to ride on the reputation and goodwill of the respondent company;
- (c) Permitting the appellant to carry on his business would in fact be putting a seal of approval of the court on the dishonest, illegal and clandestine conduct of the appellant;
- (d) Permitting the appellant to sell his product with the mark 'Eenadu' in the State of Andhra Pradesh would definitely create confusion in the minds of the consumers because the appellant is selling Agarbathies marked 'Eenadu' as to be designed or calculated to lead purchasers to believe that its product Agarbathies are in fact the products of the respondent company. In other words, the appellant wants to ride on the reputation and goodwill of the respondent company. In such a situation, it is

the bounden duty and obligation of the court not only to protect the goodwill and reputation of the respondent company but also to protect the interest of the consumers;

- (e) Permitting the appellant to sell its product in the State of Andhra Pradesh would amount to encouraging the appellant to practice fraud on the consumers;
- (f) Permitting the appellant to carry on his business in the name of 'Eenadu' in the State of Andhra Pradesh would lead to eroding extra-ordinary reputation and goodwill acquired by the respondent company over a passage of time;
- (g) Appellant's deliberate misrepresentation has the potentiality of creating serious confusion and deception for the public at large and the consumers have to be saved from such fraudulent and deceitful conduct of the appellant;

Permitting the appellant to sell his product with the mark 'Eenadu' would be encroaching on the reputation and goodwill of the respondent company and this would constitute invasion of proprietary rights vested with the respondent company;

- (h) Honesty and fair play ought to be the basis of the policies in the world of trade and business. 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.

Consequently, the appeals are disposed of in terms of the aforesaid observations and directions."

M/s. Bademiya, Mumbai & Ors vs. Mubin Ahmed Zahurislam [BOM] Notice of Motion No.386 of 2011 in Suit No.292 of 2011 S J Kathawalla, J. [Decided on 25/03/2011]

Facts:

In the present Notice of Motion the plaintiffs have prayed for an order and injunction restraining the defendant from in any manner using in relation to any business of manufacturing and selling or dealing in eatables the trading name "BADEMIYAN" or any other trading name consisting of the word "BADEMIYA" written in any script or the impugned trademark and the impugned logo mark as appearing in the photograph Exhibit-H to the plaint, or any other deceptively similar mark so as to infringe the plaintiffs registered trademark bearing number 641759 in Class-29 and the plaintiffs' registered trademark bearing number 1738175 in Class-42 and to further restrain the defendant from passing off their goods and/or services as those of the plaintiffs. By consent of the parties the Notice of Motion is at the ad-interim stage taken up for final hearing.

The defendant contended that (a) that the plaintiffs' partnership firm is unregistered and hence the suit is not maintainable;(b) that the plaintiffs' trademark is registered under Class-29 for goods and not under Class-42 for rendering services and as the defendant is rendering the services by providing food items, the plaintiffs' trademark is not infringed by using the impugned trademark;(c) that the plaintiffs are carrying on an illegal business without any licenses; and (d) that the defendant's impugned mark is distinct and different from the plaintiffs' trademark.

Decision: Injunction granted.

Reason:

The question whether Section 69(2) is a bar to a suit filed by an unregistered firm even if a statutory right is being enforced or even if only a Common Law right is being enforced came up directly for consideration in this Court in *M/s. Raptokas Brett Co. Ltd. v. Ganesh Property*, [1998] SCC 184. In that case, the Bench clearly expressed the view that Section 69(2) cannot bar the enforcement by way of suit by an unregistered firm in respect of a statutory right or a common law right. On the facts of that case, it was held that the right to evict a tenant upon expiry of the lease was not a right 'arising from a contract' but was a common law right or a statutory right under the Transfer of Property Act. The fact that the plaint in that case referred to a lease and to its expiry, made no difference. Hence, the said suit was held not barred. It appears to us that in that case the reference to the lease in the plaint was obviously treated as a historical fact. That case is therefore directly in point. Following the said judgment, it must be held in the present case too that a suit is not barred by Section 69(2) if a statutory right or a common law right is being enforced.

The next question is as to the nature of the right that is being enforced in this suit. It is well settled that a passing off action is a common law action based on tort (vide *Bengal Waterproof Ltd. v. Bombay Waterproof Manufacturing Company and Anr.*, [1997] 1 SCC 99). Therefore, in our opinion, a suit for perpetual injunction to restrain the defendant not to pass-off the defendant's goods as those of plaintiff's by using the plaintiffs' trade mark and for damages is an action at common law and is not barred by Section 69(2). Likewise, if the reliefs of permanent injunction or damages are being claimed on the basis of a registered trade mark and its infringement, the suit is to be treated as one based on a statutory right under the Trade Marks Act and is, in our view, not barred by Section 69(2). As regards the contention of the defendant that the plaintiffs do not possess any licences or the permissions to carry on the business at the food stall situate at Colaba, Mumbai, the plaintiffs have tendered a compilation of licenses set out in paragraph 13. The said licences show that the plaintiffs are not carrying on the business unlawfully or illegally. An attempt has been made on behalf of the defendant to contend that the plaintiffs are not operating within the scope of the said licences. However, the said issues cannot be decided in this suit and it would be open to the defendant to raise the same before the appropriate authorities/forums.

As regards the contention of the defendant that Class-42 is amended, it is true that pursuant to the said Notification, the description "services for providing food and drink..." is shifted from Class-42 to Class-43. However, prima facie I am of the view that until the plaintiffs apply for the purpose of re-classification of the plaintiffs existing registration in Class-42 and the same is considered and dealt with, the plaintiffs cannot be deprived of any benefit in respect of the existing registration.

The impugned trademark of the defendant is thus visually and phonetically identical or deceptively similar to the plaintiffs registered trademarks. The defendant is, therefore, guilty of infringing the plaintiffs' trademarks registered under Clauses- 29 and 42 of the Trademarks Act, 1999.

Greaves Cotton Limited vs. Mohammad Rafi & Ors. [DEL] CS (OS) No. 395/2008 V.K. Jain, J. [Decided on 03/06/2011]

Facts:

This is a suit for permanent & mandatory injunction, damages, rendition of accounts and delivering up of infringing material. The plaintiff company is engaged in the manufacture of a wide range of industrial products including diesel engines, generating sets, agro equipments, construction equipments and road construction equipments. It is claimed that the word/mark GREAVES is an essential and prominent feature of plaintiff's trade name, corporate name and business style and the trademark GREAVES is the surname of the founder of the plaintiff's predecessor GREAVES COTTON AND COMPANY LIMITED. It is alleged that defendant No.1 who is the proprietor of defendant No.2, made an application for registration of the trademark GREAVES INDIA claiming use of aforesaid mark since 1.12.2004 in respect of self priming pump, monobloc pump, jet pump, shallow well pump, coupled pump, high head coupled pump, diesel pump, which are exactly of the same type as the pumps of the plaintiff company. The plaintiff company sent a legal notice dated 26.12.2007 to the defendant No.1 calling upon it to cease and desist from using the aforesaid mark. In his reply, the defendant claimed to have acquired popularity and publicity through use since 1.12.2004. It is alleged that defendant No.1 is engaged in a business which is similar to the business of the plaintiff company and is dealing in products as that of the plaintiff company, the use of the aforesaid mark by the defendant No.1 would result in causing deception in the market and is likely to lead the purchaser to believe that the products being sold under the marks GREAVES INDIA are manufactured, sold and marketed by the plaintiff company or that the use of the aforesaid mark has been licensed/authorized by the plaintiff company. The defendant No.1 has contested this suit.

Decision: Suit decreed.

Reason:

Court held that -

"It is not necessary that in order to constitute infringement, the impugned trademark should be an absolute replica of the registered trademark of the plaintiff. When the mark of the defendant is not identical to the mark of the plaintiff, it would be necessary for the plaintiff to establish that the mark being used by the defendant

resembles his mark to such an extent that it is likely to deceive or cause confusion and that the user of the impugned trademark is in relation to the goods in respect of which the plaintiff has obtained registration in his favour. It will be sufficient if the plaintiff is able to show that the trademark adopted by the defendant resembles its trademark in a substantial degree, on account of extensive use of the main features found in his trademark. In fact, any intelligent person, seeking to encash upon the goodwill and reputation of a well-established trademark, would make some minor changes here and there so as to claim in the event of a suit or other proceeding, being initiated against him that the trademark being used by him, does not constitute infringement of the trademark, ownership of which vests in some other person. But, such rather minor variations or distinguishing features would not deprive the plaintiff of injunction in case resemblance in the two trademarks is found to be substantial, to the extent that the impugned trademark is found to be similar to the registered trademark of the plaintiff. But, such malpractices are not acceptable and such a use cannot be permitted since this is actuated by a dishonest intention to take pecuniary advantage of the goodwill and brand image which the registered mark enjoys, it is also likely to create at least initial confusion in the mind of a consumer with average intelligence and imperfect recollection. It may also result in giving an unfair advantage to the infringer by creating an initial interest in the customer, who on account of such deceptive use of the registered trademark may end up buying the product of the infringer, though after knowing, either on account of difference in packaging etc. or on account of use of prefixes or suffixes that the product which he is buying is not the product of the plaintiff, but is the product of the defendant.

As noted earlier, the defendant No.1 himself has admitted in his cross examination that he was manufacturing mono-block pumps, jet pumps, shallow well pumps, coupling pumps, high head pumps, and diesel pumps under the trade name GREAVES INDIA. It has also come in deposition of PW- 1, that the defendants are manufacturing self priming pump, mono-bloc pump, jet pump, shallow well pump, coupled pump, high head coupled pump, diesel pump etc. and in his application for registration also the defendant No.1 has claimed use of the mark "GREAVES INDIA" in respect of the above referred products which according to PW-1 are exactly of the same type as are the pumps of the plaintiff company. It thus, stands proved that the mark "GREAVES INDIA" is being used by the defendant No.1 in respect of the same products for which the mark Greaves is being used by the plaintiff company. The defendant before this Court has thus, been manufacturing and selling the same product under the trade name "GREAVES INDIA", which the plaintiff company has been manufacturing and selling under its registered trade mark "GREAVES". By using the word "GREAVES INDIA" the defendant No.1 lifted and adopted the whole of the registered trademark of the plaintiff company, thereby causing infringement of that trade mark.

Mere use of the word "INDIA" would make no difference since the word "GREAVES" is not only an essential but also the main component of the trademark "GREAVES INDIA" being used by the defendant No.1. Use of the word "INDIA" as a suffix and not as a prefix is also a strong indicator that the defendant No.1 wanted to encash upon the popularity, goodwill and reputation of the word "GREAVES" engines not only in India but in many other countries. In fact had the defendant No.1 used the word "INDIA" as prefix even that, in my view would have constituted infringement, in facts and circumstances of this case. It would be pertinent to note here that the defendant No.1 has not given any reason or explanation for use of the word "GREAVES" which is the most essential component of his trademark. During cross examination, he could not even give any meaning to the word "GREAVES". This clearly shows that the adoption of the word "GREAVES" by the defendant was dishonest, actuated with the intention to encash upon the tremendous reputation which the registered trademark of the plaintiff enjoys in the market. It would also be appropriate to note here that "GREAVES" is not a dictionary word and is alleged to be the surname of the founder of the plaintiff company. Neither deletion of a part of a registered trademark nor the prefix or suffix of another word to it would validate the use of the registered mark by an unlicensed user, once it is shown that the part used by the infringer is an essential part of the registered trademark. It also in interest of the consumer that a well established brand such as "GREAVES" is not to be allowed to be used by another person. A person purchasing pumping sets being sold by the plaintiff company under the name "GREAVES", when he comes across the product of the defendant No.1 being sold under the trade name "GREAVES INDIA", on account of imperfect recollection and his not having the product of the plaintiff with him at that time, may form an impression that both the products emanate from the same source and that is why both of them are using the word "GREAVES" for selling similar products. This may cause confusion in the minds of the consumers. Also, if the quality of the product of the defendant No.1 is not found to be as good as the quality of the product of the plaintiff, the consumer may feel cheated; he having paid the price which the product

of the plaintiff commands in the market and he may also form an opinion that the quality of the product of the plaintiff had gone down and that is why the product purchased by him was found to be of inferior quality. For the reasons given in the preceding paragraphs, the plaintiff is entitled to injunction against use of the trademark "GREAVES" by the defendant No.1. The plaintiff is also entitled to mandatory injunction directing the defendant No.1 to withdraw his application submitted to trade mark registry for registration of the mark "GREAVES INDIA". The issues are decided against the defendant No.1 and in favour of the plaintiff.

In view of my finding on other issues, the plaintiff is entitled to injunction and damages as stated above in this judgment. A decree for perpetual injunction is hereby passed restraining the defendant No.1 from manufacturing selling, offering for sale advertising or promoting any self priming pump, monobloc pump, jet pump, shallow well pump, coupled pump, high head coupled pump, diesel pump under the trade mark "GREAVES INDIA" or any other mark which is identical or deceptively similar to the registered trademark GREAVES" of the plaintiff. A decree for mandatory injunction is also passed directing the defendant No.1 to withdraw its application No. 1387589, submitted by it to trademark registry for the registration of the trademark "GREAVES INDIA", within six weeks. A decree for damages amounting to Rs.1 lakh is also passed in favour of the plaintiff and against defendant No.1. The defendant No. 2 is not a legal entity and is only a trade name adopted by defendant No.1. Hence, the suit against defendant No.2 is dismissed. If the amount or damages is not paid within six weeks, the plaintiff will also be entitled to *pendente lite* and future interest @ 6% p.a. on the amount of damages."

Hindustan Unilever Limited vs. Ashique Chemicals & Ors [BOM] Notice of Motion No. 926 of 2010 in Suit No. 862 of 2010 S.J. Vazifdar, J. [Decided on 08/08/2011]

Facts:

The plaintiff seeks a perpetual injunction, restraining the defendants from using, in relation to soaps or detergents, the impugned mark "SunPlus" or the word "Sun" with any prefix or suffix or any other deceptively similar mark or the impugned labels containing the words "Sunplus" or any other deceptively similar labels so as to infringe the plaintiff's registered trademarks or so as to pass off the defendants' goods as and those of the goods of the plaintiff. The plaintiff is the registered proprietor of the words marks "Sun", "Sunlight" and "Sunsilk" under class 3. The marks "Sunlight" and "Sunsilk" are associated with the mark "Sun". The plaintiff is also the registered proprietor of the label marks, which include prominently the word "Sunlight". The plaintiff has admittedly not used the mark "Sun" in India, but the other marks are associated with the word mark "Sun".

Decision: Suit dismissed.

Reason:

The defendant has been using the mark since the year 1997. The defendant has developed a reputation in the market on its own in the State of Kerala. There is nothing to suggest that in the State of Kerala, the mark "Sunlight" had acquired such a reputation that the plaintiff derived advantage merely by trading on the same. The mark "Sun" has not been used for over 60 years. There is a possibility that if the plaintiff's mark had acquired reputation in Kerala, it would have come across the plaintiff's mark which has been widely advertised in a variety of ways, including on television channels, hoardings and in magazines. In that event, the plaintiff would have noticed the defendant mark and adopted proceedings earlier. As it is, the defendants have used the mark for almost fifteen years now. In the result, the plaintiff's action for infringement of the registered mark "Sun" cannot succeed. Nor can the action for passing off in respect of the mark "Sun" succeeds as admittedly it has never been used.

The next question is whether this action can succeed in respect of the mark "Sunlight". I do not consider the defendant's mark "Sunplus" to be deceptively similar to the plaintiff's mark "Sunlight". The mere fact that the marks are prefixed by the letters "Sun" would not indicate deceptive similarity. The marks "Sunlight" and "Sunplus" are phonetically and visually distinct. Moreover, the word SunPlus is written in the stylized manner, I have described earlier, reducing the possibility of confusion. Further, in both the marks the suffix is pronounced and distinct from the prefix. Thus, on the one hand, the word "Sun" has not been used for over 60 years and on the other, there is no deceptive similarity between the words "Sunplus" and "Sunlight". Thus, even if inspection

had been taken by the defendants of the records of the Registrar of Trade Marks, it would have made no difference.

In the circumstances, the Notice of Motion is dismissed with costs fixed at ₹ 10,000/-.

South African Breweries International (Finance) BV & Anr vs. Mohan Goldwater Breweries Ltd. & Anr [DEL] C.S (OS).No. 1073/2002 V.K. Jain, J. [Decided on 31/10/2011]

Facts:

Plaintiff No. 1 is a company registered in Netherlands, whereas plaintiff No. 2 is a company registered in India and is a joint venture company, promoted by SAB Group, to which plaintiff No.1-company belongs. The trademark CASTLE, which was originally adopted and used by Charles Glass, doing business as Glass & Company in respect of beer, in the year 1884. In 1895, Glass & Company was taken over by the South African Breweries Limited, which assigned worldwide rights in the trademark CASTLE to Avalon International Incorporate, which subsequently changed its name to SABMARK International Incorporated. Subsequently, SABMARK International assigned those rights to South African Breweries International Holdings Inc., which, in turn, assigned them to plaintiff No. 1- Company. Plaintiff No. 1 claims registration of the trademark CASTLE and CASTLE label in respect of beer in a large number of countries mentioned in para 6 of the plaint and also claims sale of US\$ 1billion. According to the plaintiffs, the trademark CASTLE is a well-known mark in India and is well-recognized worldwide on account of its extensive availability in various countries and duty free shop of various airports. Plaintiff No. 1 also claims to be sponsoring the South African Cricket team for past 10 years and claims that on account of such wide publicity, Indians would be familiar with the trademark CASTLE. It is also alleged that the plaintiffs have been selling beer in India since 1974, under the trademark CASTLE.

Plaintiff No. 1 applied for registration of CASTLE (label) on 29th April, 1995 and the word mark CASTLE on 6th February, 1996. The registrations have since been granted during pendency of the suit. A notice was sent by the defendants to the plaintiff claiming ownership of the trademark CASTLE PILSNER in respect of beer. They also claimed that the trademark OLD CASTLE and CASTLE were registered in their favour on 30th May, 1972 and 22nd October, 1973 respectively and also claimed that the plaintiffs were passing off their goods as those originating from the defendants and, thereby infringing their registered trademark. On enquiry, the plaintiffs came to know that the trademark registrations in favour of the defendants had been removed from the record of Registrar of Trademarks and in fact, the defendants never sold any product bearing the trademark CASTLE. The plaintiffs have sought an injunction, restraining the defendants from manufacturing, selling, offering for sale or advertising any beer or alcoholic beverages, using the trademark CASTLE. They also sought delivery up of all the goods, packaging material bearing the impugned mark besides damages of Rs 20,00,000/-.

Decision: Permanent injunction granted.

Reason:

Coming to the merits of the case, it has come in the affidavit that the registration of trade marks in favour of defendant No.1, vide registration Nos. 280552 and 291623 had been removed from the trade mark register. The relevant extract from Trade Mark Journals notifying removal of these trademarks was advertised are Ex.PW-1/12 & PW-1/13. A perusal of the advertisement Ex.PW-1/12 in Trade Mark Journal dated 01.01.1992 would show that registered mark No.280552 was removed from the register for non-payment of renewal fee from 01.11.1991 to 16.11.1991. 280552 is the registration whereby the trade mark OLD CASTLE was registered in the name of defendant No.1. Ex.PW-1/13 is the copy of Trade Mark Journal dated 16.01.1991 whereby removal of registration No.291623 from the register, for non-payment of renewal fee, was advertised. 291623 is the registration number whereby the trademark CASTLE was registered in the name of defendant No.1. There is no evidence of the Registrar of Trade Marks having actually renewed the registration of the aforesaid trade marks at any point of time after their removal from the register of trademarks was advertised in Trade Mark Journal. Defendant No.1 has not come forward to contest the suit. More importantly, there is no evidence that registration of the trademarks CASTLE and OLD CASTLE in the name of defendant No.1 subsisted on the date of filing of this suit and thereafter. Therefore, it must necessarily be held that defendant No.1 is

no more the registered proprietor of the trademarks CASTLE and OLD CASTLE the registrations of the aforesaid marks in its favour having already been removed from the register of trade marks on account of non payment of the requisite fee.

Since it is the plaintiff company which first used the trademark CASTLE in India and the registrations in favour of defendant No.1 have already been cancelled, defendant No.1 Company has no right to use this mark and thereby pass off its goods as that of the plaintiff. As regards the trade mark OLD CASTLE, since this mark includes the whole of the trademark of the plaintiff company, the customer coming across beer being sold under the trade mark OLD CASTLE may buy this product assuming, on account of use of the word CASTLE, it to be a product of the plaintiff company. He may, on seeing a bottle/can of beer bearing the trade mark OLD CASTLE genuinely believe that either this product has been manufactured by the plaintiff company or it is being manufactured under licence or in collaboration with it, and that is why the word CASTLE has been used as a part of the trademark under which the product is being sold. Injunction can be sought not only in a case of actual use but also in a case of threatened use of a trademark. The owner of a trademark is well within his right in coming to the Court, for grant of an injunction, the moment he has a genuine apprehension that the defendant is likely to infringe his mark or to pass off his goods as those of the plaintiff. He need not necessarily wait till actual invasion of his rights and the law entitles him to take remedial action, well in time, whenever there is a reasonable threat of his right being invaded. In the case before this Court, the plaintiff did have a valid cause of action to seek injunction since the defendants themselves gave a cease and desist notice to the plaintiff, with respect to use of the mark CASTLE.

For the reasons given in the preceding paragraphs, a decree for permanent injunction is passed restraining defendant No.1 from selling, distributing or marketing beer under the trademark CASTLE and/or OLD CASTLE. However, considering the fact that this is plaintiffs own case that no beer has ever been sold by defendant No.1 under the trade name CASTLE/OLD CASTLE, I do not deem it appropriate to award any damages to the plaintiffs.

***Infosys Technologies Ltd vs. Jupiter Infosys Ltd & Anr. [SC] Civil Appeal Nos. 5743-5745 of 2005
Aftab Alam & R.M. Lodha, JJ. [Decided on 09.11.2010]***

Facts:

In January 2001, the Appellant filed a suit before the Madras High Court for permanent injunction restraining the first respondent from offering shares to the public as claimed in the Initial Public Offer (IPO) using the name "Infosys". The Single Judge of the Madras High Court passed an interim restraint order. The first respondent then filed three separate applications before the Madras High Court, inter alia, under Sections 46 and 56 of the Trade and Merchandise Marks Act, 1958 (the 1958 Act) and prayed for the removal/rectification of the entry in the register of trade mark in respect of trade mark No. 475269 in Class 16 while in the other two applications being O.P. No. 765 of 2001 and O.P. No. 766 of 2001, the first respondent prayed for removal/rectification of trade mark No. 475267 in Class 9 and trade mark No. 484837 in Class 7 respectively.

The appellant opposed these applications on diverse grounds by filing counter affidavits. The Madras High Court framed the issues and transferred that suit to IPAB for deciding the issues. The IPAB proceeded with the matter in light of the issues that were already framed by the High Court and heard the parties. The IPAB in the impugned order while dealing with the plea of limitation raised by the appellant held that the first respondent was the appropriate aggrieved party in the matter in view of the fresh cause of action having arisen to the first respondent on filing of Civil Suit No. 71 of 2001 by the appellant before the Madras High Court. The IPAB in the impugned order held that the trade mark Nos. 475269, 475267 and 484837 have not been used by the appellant for more than a period of five years and one month and the appellant also failed to make out that it had been in manufacturing or trading of the goods for which it had taken Registration Nos. 475269, 475267 and 484837. Consequently, the IPAB allowed the applications made by the first respondent purportedly under Section 46(1)(b) of the 1958 Act and directed the Registrar to remove these registrations from the register. The Appellant challenged the above order before the Supreme Court under Special Leave Petition.

Decision: Appeal allowed. Case remanded to IPAB.

Reason:

Having regard to the order that we intend to make, we are not persuaded to accept the objection raised on behalf of the first respondent that present appeal preferred directly before this Court from the impugned order passed by the IPAB is not maintainable and must be dismissed as such. Pertinently, the notice was issued in the petitions for special leave to appeal to the respondents on November 1, 2004. In response to the said notice the first respondent filed counter affidavit before this Court on March 11, 2005 wherein no specific objection about invocation of jurisdiction of this Court directly has been taken. In the counter affidavit a very vague objection was raised. We are afraid; this is hardly an objection about maintainability. Apart from it, on September 12, 2005 after hearing both parties, special leave was granted by this Court.

In the backdrop of these peculiar facts, in our view, it is not appropriate to relegate the appellant at this distance of time to challenge the impugned order passed by the IPAB in writ petition before the High Court. The objection about maintainability of the appeals is, accordingly, overruled. The moot question which has been debated before us is whether or not, the first respondent is an aggrieved person. That the first respondent filed composite applications under Sections 46 and 56 of the 1958 Act for rectification/removal of the trade mark “Infosys” registered in Classes 7, 9 and 16 is not in dispute.

The position that emerges from the provisions of section 45 and 56 is this. Whether the application is under Section 46 or under Section 56 or a composite application under both Sections, it is a pre-requisite that the applicant must be a person aggrieved. Section 46(1) of the 1958 Act enables any person aggrieved to apply for removal of registered trade mark from the register on the ground of non use as stated in Clause (a) and/or Clause (b). To be an aggrieved person under Section 46, he must be one whose interest is affected in some possible way; it must not be a fanciful suggestion of grievance. A likelihood of some injury or damage to the applicant by such trade mark remaining on the register may meet the test of *locus standi*. In Kerly's Law of Trade Marks and Trade Names (11th edition) at page 166, the legal position with regard to person aggrieved' has been summarized thus: The persons who are aggrieved are all persons who are in some way or the other substantially interested in having the mark removed - where it is a question of removal - from the register; including all persons who would be substantially damaged if the mark remained, and all trade rivals over whom an advantage was gained by a trader who was getting the benefit of a registered trade mark to which he was not entitled. We accept the above statement of law.

In so far as Section 56 is concerned, it provides for varying situations in which the person aggrieved may apply for rectification of the registered trade mark from the register. Although both Sections, namely, Sections 46 and 56 require person aggrieved' to apply for removal of the registered trade mark from the register or rectification of a trade mark in the register, the expression person aggrieved' for the purposes of these two Sections has different connotations. The interpretation of the expression person aggrieved' occurring in Sections 46 and 56 has come up for consideration before this Court on more than one occasion.

In our opinion the phrase “person aggrieved” for the purposes of removal on the ground of non-use under Section 46 has a different connotation from the phrase used in Section 56 for cancelling or expunging or varying an entry wrongly made or remaining in the Register. In terms of Section 46(1), not only that the applicant has to show that he is an aggrieved person as his interest is being affected but the IPAB must also be satisfied, before it directs the removal of registered trade mark, that the applicant is an aggrieved person before it invokes the power in directing the removal of the registered trade mark. This is so because the pre- requisite for exercise of power under Section 46(1) is that the applicant is a person aggrieved.

The question then arises, whether it is sufficient for the applicant to show that he is a person aggrieved when he makes his application or he must continue to remain a person aggrieved until such time as the rectification/removal application is finally decided. In our view, the grievance of the applicant when he invokes Section 46(1) must not only be taken to have existed on the date of making application but must continue to exist when such application is decided. If during the pendency of such application, the applicant's cause of complaint does not survive or his grievance does not subsist due to his own action or the applicant has waived his right or he has lost his interest for any other reason, there may not be any justification for rectification as the registered trade mark cannot be said to operate prejudicially to his interest.

In view of the above, these appeals are allowed in part and the impugned order dated September 9, 2004 is set aside. The applications being TRA Nos. 25 to 27 of 2003 (OP Nos. 764 to 766 of 2001) are restored to the file of Intellectual Property Appellate Board, Chennai for hearing and disposal afresh in accordance with law.

K. Narayanan & Anr. vs. S. Murali [JT 2008 (9) SC 26] Tarun Chatterjee & Harjit Singh Bedi, JJ [Decided on 05.08.2008]

Facts:

The appellants are engaged in the business of manufacturing and selling Banana Chips and had adopted the trade mark A-ONE with respect to the said Banana Chips in 1986. The appellants had applied for registration of the trade mark A-ONE before the Trade Mark Registry at Chennai on 6th of December, 1999 with respect to the Trade Mark A-ONE which is still pending.

The respondent filed three trade mark applications on 24th of January, 2000 before the Trade Mark Registry at Chennai seeking registration as user of the mark A-ONE throughout India since 1995. Thereafter the appellants filed C.S.No 482 of 2001 on 22nd of May, 2001 on the file of the High Court of Madras, seeking an injunction to restrain the respondent from passing off his goods using the trade mark AONE.

On 6th of March, 2002, the learned Single Judge of the High Court dismissed the injunction application and also revoked the leave to sue, granted by it to the appellants. The appellants, being aggrieved by the aforesaid order, preferred appeals before the Division Bench of the High Court, which dismissed the appeal. Against the order of dismissal appellants approached the Supreme Court.

Decision : Appeal dismissed.

Reasons:

In the present case, mere filing of a trade mark application cannot be regarded as a cause of action for filing a suit for passing off since filing of an application for registration of trade mark does not indicate any deception on the part of the respondent to injure business or goodwill of the appellants. Filing of an application for registration of a trade mark does not constitute a part of cause of action in a suit for passing off. The appellants cannot file the suit in the High Court of Madras seeking an injunction to restrain the respondent from passing off his goods using the trade mark A-ONE, based only on the claims made in the trade mark application of respondent filed before the Trade Mark Registry. Before registration is granted for the trade mark, there is no right in the person to assert that the mark has been infringed and that a proposed registration which may, or may not be granted will not confer a cause of action to the plaintiff, whether the application for registration is filed by the plaintiff, or the defendant. For the above said reasons the appeal is dismissed.

Pfizer Products Inc vs. Rajesh Chopra & Ors 127 (2006) DLT 783 Badar Durrez Ahmed, J.

Facts:

The plaintiff company filed a suit against the respondents alleging infringement of its trademark. The plaintiff had alleged in the plaint that the respondents are about to sell the infringed goods in Delhi. On the other hand, the respondents had contended, by way of an application, that the Delhi Court had no territorial jurisdiction as they had not sold the alleged infringed goods in Delhi.

Decision: Application dismissed.

Reason:

The other aspect of the matter is that a threat of selling the offending goods in Delhi would in itself confer jurisdiction in the Courts in Delhi to entertain a suit claiming an injunction in respect thereof. Whether the threat perception is justified or not is another matter which has to be considered and decided upon in the application filed by the plaintiff under Order 39 Rules 1 and 2 or on merits when the suit is taken up for disposal. Insofar as Order 7 Rule 10 is concerned, assuming that whatever is stated in the plaint is correct, one would have to also assume that the threat or the intention of the defendants to sell and offer for sale the offending goods in Delhi is also correct. Therefore, if the threat exists then this Court would certainly have jurisdiction to entertain the present suit.

Gupta and Gupta Pvt. Ltd. vs. Khan Chacha Hyderabad Biryani and Ors. Delhi High Court (06.02.2023)

The plaintiff submits that it has been using the “KHAN CHACHA” trademark continuously since 1972 for food items as well as for providing restaurants services, which are also enlisted on various websites which provide online catering services. It is further asserted in the plaint that the mark “KHAN CHACHA” is inventive and arbitrary with respect to the nature of services for which the mark is listed and in respect of which it is used.

The plaint alleges that the usage of “KHAN CHACHA” by Defendants 1 to 24 infringes the aforementioned registration held by the plaintiff. Defendants 1 to 24 are entities which, according to the plaintiff, are using “KHAN CHACHA” as the names of their respective establishments, thereby infringing the plaintiff’s registered trademarks. Defendants 25 to 26 are entities which provide online services for supply of food and other such items, namely, Zomato Ltd. and Bundl Technologies Private Limited, which functions under the name Swiggy. The plaintiff has sought a decree of injunction against Defendants 1 to 24 from using, advertising or promoting, directly or indirectly, the mark “KHAN CHACHA”. Additionally, the plaint prays that Defendants 25 and 26 be directed to delist/take down the listings bearing “KHAN CHACHA”.

Court held that –

“The plaintiff has made out a clear prima facie case of infringement, in as much as the word mark “KHAN CHACHA” has been registered in the plaintiff’s favour both in class 29 as well as in class 43, with user claim since 1972. Usage of the “KHAN CHACHA” moniker, by any other entities for similar services, would, therefore, clearly infringe the plaintiff’s registered mark within the meaning of Section 29(1) of the Trade Marks Act, 1999.

As such, till the next date of hearing, the following ad interim injunctive reliefs are granted at this stage:

- (i) *Defendants 1 to 24 are restrained from using or advertising, directly or indirectly, any mark which includes the words “KHAN CHACHA”, for services identical or allied to the services covered by classes 29 and 43 of the classification of goods and services for trade mark purposes.*
- (ii) *Defendants 25 and 26 are directed to block access to the websites and Mobile app of Defendants 1 to 24.”*

Renaissance Hotel Holdings Inc. vs. B. Vijaya Sai and Ors. (19.01.2022 - SC) : (2022)5 SCC1

In this case, appeal was filed against the observation of High Court that they did not see any infringement of the Appellant’s trade mark “RENAISSANCE” with that of “SAI RENAISSANCE” of Respondents-Defendants. Also, that no evidence of a trans-border reputation for its mark or of any damage to reputation was presented. Therefore, this appeal was presented. Supreme Court held that that High Court has erred in their opinion and that respondents/defendants had infringed on the appellant/trademark plaintiff’s “RENAISSANCE”. It stated that -

“We are, therefore, of the considered view that the High Court fell in error on various counts. The High Court has erred in taking into consideration Clause (c) of Sub-section (4) of Section 29 of the said Act in isolation without noticing other parts of the said Sub-section (4) of Section 29 of the said Act and the import thereof. The High Court has failed to take into consideration that in order to avail the benefit of Section 30 of the said Act, apart from establishing that the use of the impugned trade mark was not such as to take unfair advantage of or is detrimental to the distinctive character or repute of the trade mark, it is also necessary to establish that such a use is in accordance with the honest practices in industrial or commercial matters.”

Theos Food Pvt. Ltd. and Ors. vs. Theobroma Foods Pvt. Ltd. (29.07.2022 - DELHC) : 2022 SCC OnLine Del 2309

The dispute, in the case, relates to two marks being ‘THEOBROMA’ and ‘THEOS’/‘THEO’S’ used in respect of bakery related products, patisseries, confectionery etc. The competing entities are the Plaintiff Nos. 1 and 2

being 'THEOS FOOD PVT. LTD.' as also 'THEOS PATISSERIE & CHOCOLATARIE' (hereinafter, 'Theos'), which are based out of Delhi and Noida, and the Defendant being 'THEOBROMA FOODS PVT. LTD.' (hereinafter, 'Theobroma'), which is based out of Mumbai, Maharashtra

In the this suit before this Court, Theos seeks permanent injunction restraining Theobroma from infringing the trademark 'THEOS', 'THEO'S' and 'THEO'S PATISSERIE & CHOCOLATARIE', passing off, unfair competition, dilution, blurring, damages, rendition of accounts, and delivery up, and other reliefs. The case of Theos is that Theobroma is using the mark 'THEOS' as a prefix to the names of various food items being sold in the outlets of Theobroma.

Both the parties amicably decided to settle their disputes. Terms of settlement stated that-

"Theobroma is free to expand its outlets under the mark/name 'THEOBROMA' across the country. However, Theos shall be restrained to the Delhi-NCR region, insofar as its goods and services provided under the mark/name 'THEOS'/'THEO'S' is concerned.

Theobroma shall continue to retain all its trademark registrations for 'THEOBROMA' and its registered variants and derivatives, including 'THEOS' and 'THEO', and shall also be entitled to protect and take all enforcement-related steps and opposition-related actions to safeguard its rights in these names and marks.

It was further settled that if Theos shall also not make any online sales outside Delhi-NCR region under the mark/name 'THEOS'/'THEO'S'. If it intends to extend its commercial activities outside the Delhi-NCR region, either in physical or in online mode, the same shall be done under a mark/name which is neither identical nor deceptively similar to 'THEOBROMA'. Theos, however, is free to use a prefix or a suffix along with 'THEOS'/'THEO'S' for such expansion, so long as the totality of the mark/name which is used for such expansion is not identically or deceptively similar or does not create confusion with 'THEOBROMA'.

Theos shall be free to register its own mark 'THEOS'/'THEO'S' as a word mark or in any logo form thereof, and use the same only in respect of goods and services offered in the Delhi-NCR region. The applications or registrations of the said marks by Theos shall be geographically restricted to the Delhi-NCR region."

Airtec Electrovision Pvt. Ltd. vs. Sunil Kumar Saluja (28.01.2022 - DEOR) : FAO (COMM) 182/2021 and CAV 62/2021 & CM Nos. 40967-40968/2021

An appeal was filed against the impugned order of the learned Commercial Court, the has dismissed the appellants/ plaintiff's application under Order XXXIX Rules 1 & 2 CPC to seek an interim injunction against the respondent defendant restraining him from using the trade name and mark "AIRNET". Court dismissed the present appeal on the grounds of no merit and stated that there is no way that anybody can get confused between two marks upon seeing the manner in which they have been used owing to their use, their phonetic similarity, or their logo. Court also stated that-

"We do not find any phonetic similarity in the two marks...Both the marks have to be read and spoken as a whole, and when done so, "EAIRTEC" and "AIRNET" not only are written and spelt differently, but also sound different. The appellant has placed on record the manner in which it is using its mark, which is as 7. On the other hand, the manner in which the respondent defendant is using the mark is as follows:-

8. The appellant/ plaintiff uses, primarily, capital/ uppercase letters to write/ print its mark, with the opening letter 'E' being written in a stylised form, which resembles the mark used to denote the European Currency Euro. On the other hand, the respondent/ defendant uses only lower case letters to write/ print its mark airnet. The logos accompanying the two word marks are also very different. Even, the taglines are different inasmuch, as, under "EAIRTEC", words "the electronic hub" are printed, whereas, under the word mark "AIRNET", words "Choice of India" are printed."

International Society for Krishna Consciousness vs. Iskcon Apparel Pvt. Ltd. and Ors. (06.03.2020 - BOMHC) : (2020 SCC Online Bom 729)

In this case, the Plaintiff is a well-known trust primarily concerned with creating God consciousness/awareness amongst the devotees of Lord Krishna through preaching the message of the Bhagavad-Gita. It is stated the Plaintiff is commonly known/referred to as “ISKCON” and engaged in multifarious activities on the life of Lord Krishna, since last 50 Years.

It is stated that the mark ISKCON, apart from being the abbreviated business name of the Plaintiff, is also used and/or appears on all the advertising material such as calendars, magazines, cards, literature, religious books, t-shirts, clothing, garments, etc., It is stated that over time the Plaintiff has created, adopted and has been using several variants of the mark ISKCON, in which the expression “ISKCON” forms a leading, essential and prominent feature. It is stated that to secure its statutory rights in its ISKCON marks, the Plaintiff has applied for and secured registration of various trade marks in Classes 16, 23 to 25, 35, 41 and 42.

Defendant carrying on business of manufacturing of clothing, textiles, garments, clothing accessories, etc. under the impugned mark/trading name ISKCON Apparel Private Limited containing the expression ISKCON as its only leading, essential and prominent feature. It is stated that a perusal of the said website shows that Defendant may have changed its name from Iskcon Apparel Pvt. Ltd. to Alcis Sports Pvt. Ltd. but is still using the expression “Formerly known as Iskcon Apparel Pvt. Ltd.” on its website.

Court held that –

“The above case shows that that the Plaintiff is the registered proprietor of the and/or and/or ISKCON marks containing ISKCON as one of their leading, essential, distinctive and prominent feature and that the Plaintiff has also acquired rights in its registered ISKCON marks. It is clear that ISKCON is a coined trade mark of the Plaintiff, that is to say that the said term ISKCON did not exists prior to the Plaintiffs adoption and use of the same. Since it is a coined trade mark which is associated exclusively with the Plaintiff, it undoubtedly deserves the highest degree of protection. Prima facie, there is no manner of doubt that the Defendants’ impugned trading name is identical and/or in any event deceptively similar to the Plaintiffs ISKCON marks. Assuming that the name of the Defendant has changed to Alcis Sports Pvt. Ltd, the use of the expression “Formerly known as Iskcon Apparel Pvt. Ltd” on its website amounts to infringement of the Plaintiff’s trademarks and passing off considering the registrations secured and reputation acquired by the Plaintiff in the said ISKCON marks.

In my view, the adoption of the impugned trading name containing the mark ISKCON is deliberate with a view to trade upon the enviable reputation and goodwill acquired by the Plaintiff in the said ISKCON marks. The Plaintiff is likely to suffer injury. The balance of convenience is in favour of the Plaintiffs. The Plaintiffs are also likely to suffer irreparable injury if the Defendants’ acts of infringement and passing off continue.”

Marico Limited vs. Abhijeet Bhansali (15.01.2020 - BOMHC) : COMIP NO. 596 OF 2019

Marico Limited, the Plaintiff is one of the leading players in the Fast Moving Consumer Goods (FMCG) market in India. That one of the Plaintiff’s most well-known trademarks is PARACHUTE under which it markets inter alia its edible coconut oil and has secured registration of its trademark PARACHUTE bearing registration all in Class 29. That the Plaintiff’s PARACHUTE edible coconut oil is 100% pure, natural and unrefined expeller pressed coconut oil; which is (a) unrefined; (b) unbleached (c) non-hydrogenated (d) non-deodorized (e) without solvents and (f) retains all its natural nutrients; that the mark PARACHUTE enjoys immense reputation and goodwill amongst the general public.

That the Defendant is a “YouTuber”/”V-Blogger” who has his own channel titled “Bearded Chokra” on the popular website www.youtube.com. On his channel, the Defendant produces and uploads videos wherein he reviews products of various manufacturers. On or about 1st September 2018, the Defendant published a video titled “Is Parachute Coconut Oil 100% Pure?”

According to the plaintiff, in or about the last week of January 2019, it came across the Impugned video published by the defendant. The Plaintiff is inter alia praying for injunction against the Defendant, restraining him from (i) publishing or broadcasting or communicating to the public the Impugned Video, (ii) disparaging or denigrating the Plaintiff's PARACHUTE COCONUT OIL product or any other product of the Plaintiff or the Plaintiff's business and (iii) infringing the registered trademarks of the Plaintiff.

Court held that –

“The Defendant cannot under the garb of educating/bring the true facts to public, provide misleading information to disparage the Plaintiff's product. Any campaign to educate the members of the public by placing before them the true and correct facts may be welcomed. However, under the garb of educating and/or bringing the correct facts before the members of the public, no one should put misleading information which disparages/discredits or belittles someone else's product or influences the consumer not to buy the said product. Additionally, the unauthorized use of the Plaintiff's registered trademarks by the Defendant in a manner which is detrimental to its distinctive character or reputation cannot ever be in accordance with the honest practices in industrial or commercial matters. Much like the said case, the present Plaintiff has also impugned the entire video of the Defendant. The Impugned Video is consistently riddled with disparaging references to the Plaintiff's product, including inter alia its title, its landing page, the description and the comments posted by the Defendant. However, in the present case, the entire video must go. Having said that, I do not agree with the Plaintiff that a blanket injunction should operate against the Defendant in respect of any of his future works. Whether any content created by the Defendant in the future is disparaging or not is a matter to be decided in the facts and circumstances of the case. In my view, albeit the Plaintiff has made out a case to show that the Impugned Video is objectionable, it would be unfair that the present injunction would apply to a work of the Defendant that has not even been created yet as sought for by the Plaintiff. I am therefore not granting the prayer clause (b) to the Plaintiff. I am also restricting the injunction in prayer clause (a) as mentioned below.

Today, social media influencing is one of the most impactful and effective ways of marketing and advertising. A social media influencer who has or claims to have a sound knowledge on what they claim their niche is and uses that knowledge to influence people in believing and subscribing to the same set of ideas or thoughts they are trying to propagate on social media, have the power to influence people, to change attitudes and mindset. In today's time, when people from all over the world are harnessing the potential of social media influencing, there is a need to understand what these responsibilities are and why they matter so much. Social Media Influencers, whether their audience is significant or small, impact the lives of everybody who watches their content. They do have a responsibility to ensure what they are publishing is not harmful or offensive.

In view of the above, I am satisfied that the Plaintiff has made out a prima facie case for grant of interim reliefs. The balance of convenience is in favour of the Plaintiff. If the injunction as prayed for by the Plaintiff is not granted, the Plaintiff is likely to suffer irreparable harm and injury.”

Starbucks Corporation vs. Copamocha Cafe & Restaurant & Anr CS (COMM) 676/2019

In this Defendants, their partners, proprietors, agents, servants licensees, sub-licensees, franchisees, sub-franchisees, representatives and employees or any one claiming under them, directly or indirectly from infringing the Plaintiff's registered trademark “FRAPPUCCINO” or any other deceptively similar mark in relation to their goods, services and business, rendition of accounts, delivery and possession of impugned goods, menu cards and stationery and damages to the tune of ₹ 2,00,01,000 /-.

It is claimed that the registered trademark “FRAPPUCCINO” has continuously and extensively been used by the Plaintiff company for more than 24 years and is recognized as a well – known trademark falling within the meaning of Section 2(1)(zg) of the Trademarks Act, 1999.

Delhi High Court in this case held that to prevent infringers from unfairly taking advantage of the brand value developed by a brand owner, these intellectual property rights can be enforced as and when necessary. Court

ordered permanent injunction against the Defendant and ruled in favour of the Plaintiff. Additionally, cost of ₹ 7,34,100/- was awarded in favour of the plaintiff and against the Defendants. This decision further establishes the validity of brand owners' reliance on their intellectual property rights.

Starbucks Corporation vs. Sardarbuksh Coffee & Co. & Ors., CS (COMM) 1007/2018

In this case, in 2001, Starbucks, in India, registered their trademark with a word-mark pronounced as STARBUCKS along with a logo visualising “crowned maiden with long hair”. Whereas, the defendant, being a local vendor, initiated his business in 2015, with a name called “Sardarbuksh Coffee & Co”. The wavy lines on the sides of a turban-clad commander's face were part of Sardarbuksh's emblem, which was encircled by a black circle.



Through a letter of demand, the Plaintiff requested that the Defendants replace this logo in 2017. In response, the Defendant switched the colour scheme to black and yellow and carry on with business. The Defendant started operating under the same name in May 2018. Both the Plaintiff and the Defendant offer comparable goods and services. The Plaintiffs filed a suit against the defendants for infringing their trademark by having a deceptively similar mark.

The question in this case was whether the Defendant's mark is deceptively similar to that of the Plaintiff's?

Since, the first and foremost aspect noted by the court was the product both the companies were dealing with as it is an unwritten yet significant rule that if companies to the suit is dealing with a different product, then having a name almost identical still won't be counted as an infringement. However, in our scenario, the product was identical which took the proceeding to the next step.

The Court outlined several standards to establish misleading likeness after citing earlier rulings, including the likelihood and confusion, goodwill, and so forth. They cited the case of National Sewing Thread Co. Ltd. vs. James Chadwick and Bros AIR 1953 SC 357, in which it was decided that the only way to judge if two things are deceptively similar is to put oneself in the customer's position and assume that he is a man of average intelligence. They may be considered deceptively similar if the buyer has trouble telling the two brands apart.

The Delhi High Court ordered the defendants to change their name from “Sardarbuksh Coffee & Co.” to “Sardarji-Bakhsh Coffee & Co.” for 20 locations that have not yet opened. However, the court allowed the use of the current name “Sardarbakhsh Coffee & Co.” for their two running stores.

Moving further, the court observed that the name used by the defendant was, to a large extent, confusing. As a consequence, the court ordered the defendant to change the name of its outlet to “Sardarji-Bakhsh Coffee and Co.” from “Sardarbuksh Coffee & Co”. However, the court provided a privilege to the defendant that if any other third party, in future, uses the word mark “Bakhsh” the defendant can sue them for the same. Now, the defendant operates with the name uttered as “Sardarji-Bakhsh Coffee and Co”.

Samsung Electronics Company Limited and Ors. vs. Kapil Wadhwa and Ors. (17.02.2012 - DELHC): MIPR 2012 (2) 1: 2012 (49) PTC 571 (Del): 2012(4) R.A.J. 13

In this case, the plaintiffs have raised the complaint before this court by preferring a suit for infringement of the trade mark and passing off the mark SAMSUNG. Court held that –

“Section 30(3) of the Trade Marks Act, 1999 acts as an exception to the infringement of registered trade marks as the head note of Section 30 itself speaks for itself which says limits on the effects of registered trademark and the wordings of Section 30(3) in particular also states that the selling of goods in the market or otherwise dealing

in those goods is not an infringement of trademark. The said exception operates in the nature of defence to an infringement wherein the person using the mark in a particular form or dealing otherwise in the goods under the mark can plead that the said goods are lawfully acquired from the market wherein the proprietor has also put the goods in the market or the proprietor has given consent to the effect of such dealings or usage. The provision relating to exhaustion or proprietor's consent is a complete defence to an infringement act. Therefore, the nature and the scope of Section 30(3) is that it operates as a defence to the infringing act and cannot be said to giving any additional right beyond the same."

Coca-Cola Company vs. Bisleri International Pvt. Ltd. and Ors. (20.10.2009 - DELHC) (2010) ILR 2Delhi 278

In this case, the plaintiff is the largest brand of soft drinks operating in 200 countries. The plaintiff appoints bottlers and grants licenses to them to use specific trademarks belonging to it for sale of beverages. The defendant sold the trade marks, formulation rights, know how, intellectual property rights and goodwill etc. of their products THUMS UP, LIMCA, GOLD SPOT, CITRA and MAAZA amongst others to the plaintiff. The present case deals with the product MAAZA only.

Both the companies signed a deed for transferring the rights. Some of the chief clauses of the deeds were:

- Acquisition of goodwill.
- Transfer of the know-how.
- Transfer of the IPR.
- No-use and no-compete clause.

In March 2008, the defendant became aware of the fact that the plaintiff had filed for registration of MAAZA trademark in Turkey. On September 7, 2008 the defendant sent the plaintiff a legal notice repudiating the Licensing Agreement thereby ceasing the plaintiff from manufacturing MAAZA and using its trademarks etc. directly or indirectly, by itself or through its affiliates. As per the plaintiff, the notice claimed that the plaintiff had breached the said agreement by attempting to register MAAZA in Turkey as the agreements/assignments between the parties allowed the plaintiff to use MAAZA in India alone. The notice also stated the defendant's intention to start using the trademark MAAZA in India.

The plaintiff has filed the present suit seeking permanent injunction and damages for infringement of trade mark and passing off as its claim is that the defendant No. 1 has completely ignored the irrevocable and absolute transfer of the trademarks, formulations, intellectual property rights and know-how in favour of the plaintiff.

The question in this case was whether the Plaintiff's trademark has been infringed or not? If infringed then whether to grant the permanent injunction or not? Whether or not Delhi high court has jurisdiction over it or not?

Court held that-

"It is well settled law that exporting of goods from a country is to be considered as sale within the country from where the goods are exported and the same amounts to infringement of trade mark.

The defendant has a factory in Delhi from which it runs a sales and distribution network resembling that in Mumbai. The defendant also holds a sizable market share in and around Delhi. Additionally, it is claimed that Mr. Ramesh Chauhan, the defendant who has been impleaded and with whom the correspondence was exchanged, resides in New Delhi. Therefore, the Delhi high court has the power to entertain the suit.

Since the plaintiff is the registered owner of the trademark MAAZA, hence, it has established a good prima facie case for grant of an injunction, the balance of convenience also lies in favour of the plaintiff and against the defendants. Court was of the opinion that in case no injunction is issued, the plaintiff shall suffer irreparable loss and injury.

As a consequence, the court-ordered interim injunction against the defendant not to use the trademark named “Maaza” in India or abroad.”

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 75 to 85 of the trademarks rules, 2017.

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 TRADEMARK

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 trademark;
- (ii) assigned at the same time to same person as registered trademark;
- (iii) used on same goods as registered trademark.

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 trademark.

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.Ω

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

“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.

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.

The primary function of a collective mark is to indicate a trade connection with the Association or Organization. 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 TRADEMARK

“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)].

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 trademarks.

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 Rs. 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.

What do you mean by Trade Description under Trademark Law?

Trade description under Section 2(1)(za) of Trade Marks Act 1999, 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;**

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 injuncting 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 injuncted 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 Rs. 2,00,000/-.

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.

Milment Oftho Industries v. Allergan Inc. (2004) 20 ILD 74 (SC) ; 2004 (170) ELT 260 (SC) S. N. Variava & H. K. Seema, JJ. [Decided on 7.5.2004]

Facts:

The respondent is the owner of trade mark "Ocuflox" in respect of an eye care product containing 'Ofloxacin' and other compounds. The trade mark was registered in various countries except India. The respondent company had no intention to come to India. The appellant, on the other hand, was selling its product 'Ocuflox' on a medicinal preparation containing Ciprofloxacin HCL to be used for the treatment of the eye and ear. The respondents filed a suit of injunction based on passing off action against the appellants.

The appellants contended in the suit that it had coined the word 'Ocuflox' by taking the prefix 'Ocu' from 'Ocular' and 'Flox' from 'Ciprofloxacin' which was the base constituent of the product and that it had been granted registration by the Food & Drug Control Administration and that its application for the registration of the trade name 'Ocuflox' was pending. The trial court refused to grant injunction on the grounds that the respondent's product was not being sold in India and the appellant had introduced the product first in India. The Division Bench of the Court allowed the appeal of the respondent on the ground that it was the first in the market and granted injunction. The appellants approached the Supreme Court of India by way of an appeal against the order granting injunction.

Decision: Directions given to the trial court to dispose of the matter within 6 months.

Reasons:

While considering the possibility of likelihood of deception or confusion, in present times and particularly in the field of medicines, the courts must keep in mind the fact that nowadays the field of medicine is of an international character. The court has to keep in mind the possibility that with the passage of time, some conflict may occur between the use of the mark by the applicant in India and the user by the overseas company. The court must ensure that public interest is in no way imperilled. Doctors, particularly eminent doctors, medical practitioners and persons or companies connected with medical field keep abreast of latest developments in medicine and preparations worldwide. Medical literature is freely available in the country.

Doctors, medical practitioners and persons connected with the medical field regularly attend medical conferences, symposiums, lectures, etc. It must also be remembered that nowadays goods are widely advertised in newspapers, periodicals, magazines and other media which is available in the country. This results in a product acquiring a worldwide reputation. Thus, if a mark in respect of a drug is associated with the respondents worldwide it would lead to an anomalous situation if an identical mark in respect of a similar drug is allowed

to be sold in India. However, one note of caution must be expressed. Multinational corporations, who have no intention of coming to India or introducing their product in India should not be allowed to throttle an Indian company by not permitting it to sell a product in India, if the Indian company has genuinely adopted the mark and developed the product and is first in the market. Thus, the ultimate test should be who is first in the market.

In the instant case, the marks were the same. They were in respect of pharmaceutical products. The mere fact that the respondents had not been using the mark in India would be irrelevant if they were the first in the world market. The Division Bench had relied upon material which prima facie showed that the respondents' product was advertised before the appellants entered the field. On the basis of that material, the Division bench had concluded that the respondents were first to adopt the mark. If that be so, then no fault could be found with the conclusion drawn by the Division Bench.

However, it was submitted on behalf of the appellants that the respondents were not the first to use the mark. It was submitted that there was no proof that the respondents had adopted the mark and used the mark before the appellants started using the mark in India. These were matters which would require examination on evidence.

Considering the fact that for all these years, because of the injunction order, the appellants had sold their product under some other name, the balance of convenience was that the injunction order be continued and the hearing of the suit be expedited. If on evidence it was proved that the respondents had adopted the mark prior to the appellants' doing so, on the settled law, then the respondents would become entitled to an injunction. However, if on evidence it was shown that the respondents had not adopted the mark prior to its use in India by the appellants, then, undoubtedly, the trial court would vacate the injunction. The Trial Court would undoubtedly then assess the damage which appellants had suffered for having wrongly not been allowed to use the mark for all these years. With the above said directions, the appeal stands disposed of.

Reliance Healthcare Pvt. Ltd. vs. Reliance Medipharma (12.06.2018 - GUJHC): C/AO/65/2018

In this case, the plaintiff is a manufacturer and merchant in pharmaceutical products and all their goods/products are being sold under the trade name/trading style/trademark "RELIANCE" along with the "RX-RELIANCE" logo. It is the case on behalf of the plaintiff that the word "RELIANCE" was originally coined, invented, adopted and used by the plaintiff's predecessor in title viz. Reliance Pharmaceuticals, That the said trade name/trade mark RELIANCE along with the "RELIANCE Rx" logo was registered in the name of M/s. Reliance Pharmaceuticals bearing Trade Mark No. 399188. The word "RELIANCE" has great significance and importance for them since it has acquired high popularity and goodwill in the trade and in the consuming public since the last three decades. It was also further averred that the plaintiff is known through the word "RELIANCE" and the work 'RELIANCE' is denoted and connoted to the plaintiff and their business and the plaintiff has statutory right to the exclusive use of aforesaid registered trademarks in connection with pharmaceutical and medicinal preparations in view of the fact that the plaintiff is the registered proprietor as well as prior user under the Trade Marks Act, 1999.

It was further averred in the plaint that original defendant has been an exclusive distributor and agent of the plaintiff for the region of Maharashtra however distributorship arrangement has been terminated by the plaintiff from 1.10.2014 and they are engaging in marketing and manufacturing of pharmaceutical and medicinal goods under the name and style of 'RELIANCE' along with "RELIANCE Rx" logo and are selling and marketing goods and products with brand names which are structurally, phonetically and visually identical with or deceptively similar to the registered trade marks of the plaintiff. It was also further the case of the plaintiff that the plaintiff perceived in the trade circles and by the consuming public, as being associated with or agents of the plaintiff and the defendant is using the said fact to piggy-back upon the goodwill and are continuing with their illegal use of the trade name 'RELIANCE' as well as the "Rx Reliance" logo and tried to confuse and deceive the trade partners and consuming by adopting a similar and identical trade mark as that of the plaintiff, amounting to infringement and passing off of the said trademark.

Court held that-

"The plaintiff that in terms of provisions of Section 2(1) of the Trade Mark Act, 1999 r/w Section 28 of the Act, the appellant - original plaintiff has a statutory protection available against the use of the aforesaid trade-marks "Reliance" by third parties. However, the question which is required to

be considered is whether a person who has got the word name registered which is generic and/or common, can such person have monopoly to use such generic word, solely on getting such generic word registered? The learned Judge has refused the injunction mainly on the ground that word name "Reliance" is a generic word and common in usage and therefore, the plaintiff cannot claim an exclusive right to use of "Reliance" as a constitute of any trade mark. It is cardinal principle of law and even as per the catena of decisions of the Hon'ble Supreme Court as well as this Court nobody can claim exclusive right to use a name which is generic and it is publici juris. As per the dictionary meaning of "Reliance", it means "the state of depending on or trusting in something or someone". Thus, the word mark "Reliance" is a common word and is also generic word having dictionary meaning as observed herein above. Since "Reliance" is deceptive of the words "to rely" use for production of many other goods which daily come to the market, no one can claim monopoly over the use of the said word. Therefore, to allow the plaintiff to obtain proprietary right for the "Reliance" will, in effect, amount to recognizing the word "Reliance" to be exclusive property of the plaintiff. The word "Reliance" cannot be said to be in any manner a coined word and that too with respect to particular product. As such the word "Reliance" can be said to be "Device" and being used in a common parlance and being generic word, the plaintiff alone cannot have monopoly to use the word "Reliance" solely on getting the word "Reliance" registered. As observed herein above, the plaintiff has claimed injunction on the ground of infringement of their registered trade mark/trade name, a word name "Reliance".

The submission on behalf of the plaintiff relying upon Section 2(1)(v) r/w Section 28 is to be considered while reading along with Section 17(2) of the Act, 1999. As per sub-section(2) of Section 17 notwithstanding anything contained in sub-section(1), when a trade mark contains any matter which is common to the trade or is otherwise of a non-distinctive character, the registration thereof shall not confer any exclusive right in the matter forming only a part of the whole of the trade mark so registered. Therefore, as such the learned Judge has rightly refused to grant injunction restraining the defendants from using the name "Reliance" which was claimed by the plaintiff solely on the ground that the plaintiff has got the word name "Reliance" registered and on the ground that the defendants are infringing the said trade mark/trade name/word name. Therefore, we have restricted our order with respect to alleged infringement of the word mark "Reliance" and/or question with respect to the injunction on the ground that whether the plaintiff has an exclusive right to use the word "Reliance" on getting the word name "Reliance" registered in their favour.

As observed herein above, we are of the opinion that the word name "Reliance" is a generic and common word and is not a coined word and/or the word used for a particular project, the plaintiff is not entitled to injunction as prayed for solely on the ground that plaintiff has got word name "Reliance" registered in their favour."

Uniply Industries Ltd. vs. Unicorn Plywood (P) Ltd. [2001(3) SCALE 642; S. Rajendra Babu and K. G. Balakrishnan JJ].

Facts:

The appellant and the respondent were dealers in plywood and plywood products. While the appellant was established in 1996 the respondent was established in 1993. Both did the same business, each of them adding 'UNI' before the word 'PLY' and 'Board'. Each claimed that they had right of trade mark in respect of these products but no clinching evidence to establish their right of trade mark had been brought on record.

Applications of both of them for registration of trade mark under the Trade & Merchandise Marks Act, 1958 were pending investigation. The Supreme Court observed that in the state of material placed before the lower courts, they should have been wary and cautious in granting injunction that affected the trade and business of another person.

Decision:

The Supreme Court observed: There are many precedents that for inherently distinctive marks ownership is governed by priority of use of such marks. The first user in the sale of goods or services is the owner, who is

senior to the others. These marks are given legal protection against infringement immediately upon adoption and use in trade, if two companies make use of the same trade mark and the gist of passing off in relation to goodwill and reputation to goods.

Some courts indicate that even prior sales of goods, though small in size, with the mark are sufficient to establish priority, the test being to determine continuous prior user and the volume of sale or the degree of familiarity of the public with the mark. Bona fide test of marketing, promotional gifts and experimental sales in small volumes may be sufficient to establish a continuous prior use of the mark. But on other occasions courts have classified small sales volumes as so small and inconsequential for priority purposes. These facts have to be thrashed out. In the instant case the courts below had merely looked at what the prior case is and tried to decide without considering various other aspects arising in the matter.

Cadila Health Care Ltd. vs. Cadila Pharmaceuticals Ltd. [2001 CLC 564; B. N. Kirpal, Doraiswamy Raju and Brijesh Kumar JJ (SC)].

Facts:

Both the appellant and the respondent were pharmaceutical firms. In a suit for injunction the appellant claimed that a medicine being sold by the respondent under the name of Falcitab was similar to the drug being sold by it (the appellant) under its brand name of Falcigo and that the drug would be passed off as the appellant's drug Falcigo which is used for the treatment of the same disease in view of the confusing similarity and deception in the names, more so because they were medicines of last resort.

Decision:

The trial court held that the two drugs Falcitab and Falcigo differ in appearance, formulations and price, that they are sold to hospitals and institutions and that there was thus no chance of deception or of confusion specially as the drug was sold to hospitals and institutions and is not meant to be sold to any individual. The appellant's appeal was dismissed by a single Judge of the High Court holding that there was no chance of any passing off one product for the other.

At the special leave stage the Supreme Court did not consider it necessary to interfere with the orders of the High Court but directed the courts below to expedite disposal of the suit. The Court had, however, set out the factors to be kept in mind while dealing with an action for infringement and passing off, especially in cases relating to medicinal products. The Court observed that expression of opinion on merits at this stage would not be advisable.

For deciding the question of deceptive similarity in an action for passing off on the basis of unregistered trade mark the Court directed the trial court to decide the case keeping in view the following factors:

- (a) nature of marks, that is, whether the marks are word marks or label marks or composite marks;
- (b) degree of resemblance between marks phonetically similar and hence similar in idea;
- (c) nature of the goods in respect of which they are used as trademarks;
- (d) similarity in the nature, character and performance of the goods of rival traders;
- (e) class of purchasers who are likely to buy the goods bearing the marks they require, on their education and intelligence and a degree of care they are likely to exercise in purchasing and/or using the goods;
- (f) mode of purchasing the goods or placing orders for the goods and any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

Trademark Infringement and Passing Off Action: Compared

Trademark is essentially adopted to advertise one's product and to make it known to the purchaser. It attempts to portray the nature and quality of a product. And over a period of time when the product becomes popular, temptations sprout up and induce others to pass off a similar or nearly similar product of theirs as that of the original owner, though not in the same words and same symbols, but in a way that makes the gullible

consumer believe the product that he is purchasing is the same as the one on whose quality he has full faith and confidence.

While an action for passing off is a common law remedy for passing off of one's own goods as those of another, action for infringement of a trade mark is a statutory remedy for vindication of one's own exclusive right to the use of trade mark in relation to those goods. The use by the defendant of a trademark is not essential in an action for passing off but is a *sine qua non* in the case of an action for infringement. In a passing off action the plaintiff's right is "against the conduct of the defendant which leads to or is intended to lead to deception. Passing off is said to be a species of unfair trade competition or of actionable unfair trading by which one person, through deception, attempts to obtain an economic benefit of the reputation that the other has established for himself in a particular trade or business. The action is regarded as an action for deceit".

Passing off action depends upon the principle that nobody has a right to represent his goods as the goods of some body else. That is, a man shall not sell his goods or services under the pretense that they were those of another person.

The modern tort of passing off has five elements—(1) a misrepresentation; (2) made by a trader in the course of his trade; (3) to prospective customers of his or ultimate consumers of goods or services supplied to them; (4) which is calculated to injure business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence); and (5) which causes actual damage to a business or goods of the trader by whom the action is brought or will probably do so.

Trade & Merchandise Marks Act, 1958: Under section 28 of this Act, on registration of a trade mark, its proprietor gets exclusive right to use the trademark in respect of the trade mark registered by him. However, in respect of a trademark that has not been registered, by virtue of section 27(1) no person shall be entitled to institute any proceeding to prevent or to recover damages for infringement of unregistered trademark. [For an example of a case how right in a trademark can be decided where two persons are dealing in the same product with one common word say "Uni" in the name of their product but both of which remained unregistered over a period of time see the decision of the Supreme Court in *Uniply Industries Ltd. v. Unicom Plywood (P) Ltd.*, LW: 139.9.2001]

Sections 8 and 10 of the Act use the words "are likely to deceive or cause confusion". The Act does not lay down any criteria for determining what is likely to deceive or cause confusion. "A trade mark is likely to deceive or cause confusion by its resemblance to another mark which is already on the register if it is likely to do so in the course of its legitimate use in the market where two marks are assumed to be in use by traders in the market."

Decisions of Supreme Court:

In *Amritdhara Pharmacy v. Satya Deo.*, [AIR 1963 SC 449] which is the earliest case on the point Amritdhara and Lakshmandhara, were two names in use relating to medicinal preparations which are likely to be purchased by people, both literate and illiterate, for quick alleviation of their suffering. The question was whether the two names Amritdhara and Lakshmandhara are likely to deceive and cause confusion in the minds of buyers. It is said that in such a case the question has to be examined from the point of view of a man of average intelligence and imperfect recollection. To such a man the overall structural phonetic similarity of the two words is likely to deceive or cause confusion. An illiterate villager would go more by the overall structural and phonetic similarity and the nature of the medicine he has previously purchased. Where the trade relates to goods largely sold to illiterate persons a critical comparison of the two words may disclose some point of difference but an unaware purchaser of average intelligence would be deceived by the overall similarity of the two names having regard to the nature of medicine he is looking for. In a passing off action the marks must be compared as a whole: it is not correct to take a part of one word and compare it with a part of another word. Each word must be considered as a whole and compared with the other word as a whole.

The purpose of comparison is for determining whether the essential features of the plaintiff's trademark are to be found in that used by the defendant. The identification of the essential features of the mark is, in essence, a question of fact and depends on the judgment of the court based on the evidence led before it. This view has been followed by the court for over four decades in later cases.

Amritdhara was the trade name of a medicinal preparation that was used for quick alleviation of various ailments. When the respondent had applied for registration of his preparation Lakshmandhara, which was also

a medicinal preparation for the same purpose as the appellant's medicine, the question arose whether the name Lakshmandhara was likely to deceive the public or cause confusion to the trade. The Supreme Court had held that a consumer would go more by the similarity of the two names in the context of the widely known medicinal preparation that he wants for his ailment.

In *Dyechem Ltd. v. Cadbury (India) Ltd.* 2000 (5) SCC 573, the Supreme Court seems to have departed from the principles laid down by the Court in earlier cases. It was observed that 'where common marks are included in the common trade marks, more regard is to be paid to the parts not common and the proper course is to look at the marks as a whole but at the same time not to disregard the parts which are common'.

Commenting on these observations the Supreme Court held in the instant case that the principle applied in *Dyechem* was not correct for the reason that the 'dissimilarities have to be more important than the phonetic similarity in the use of the words Piknik and Picnic. The Court disagreed with the view that 'the principle of phonetic similarity has to be jettisoned when the manner in which the competing words are written is different and the conclusion so arrived at is clearly contrary to the binding precedent of this court in *Amritdhara* case where the phonetic similarity was applied by judging the two competing marks'. The Court held that the decision in *Dyechem* did not lay down the law correctly.

In the Special Leave Petition(C) No.21594 of 2009 decided on 07th September, 2009 in the case of *M/s. Shree Vardhman Rice & Gen Mills vs. M/s Amar Singh Chawalwala* the Supreme Court held that:

"...Without going into the merits of the controversy, we are of the opinion that the 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. Experience shows that in the matters of trademarks, copyrights and patents, litigation is mainly fought between the parties about the temporary injunction and that goes on for years and years and the result is that the suit is hardly decided finally. This is not proper."

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.

TRADEMARK LAW AT INTERNATIONAL REGIME

The evolution of IP laws not only makes domestic laws stronger but also gives owners of various forms of intellectual property access to rights on a global scale. The provisions of the trademark laws of many nations, their evolution, along with how these laws have changed through time defines the international regime. The evolution of Trademark Law in G20 countries including United States of America, United Kingdom, Canada, Brazil and South Africa are covered hereunder.

Trademark Law in the USA

The Federal Trade Mark Act, the first federal law in the United States to protect trademarks, was passed in 1870; however, it was later overturned because it conflicted with the Constitutional provision regarding patents.

With Lanham Act was passed in 1946, US trademark law gained parity with that of England and Germany. The Lanham Act incorporated the idea of examination and added a requirement for applications to be published. The registration of service marks was also authorised for the first time under US trademark law.

As per 15 U.S.C. Section 1127, The term "trademark" includes any word, name, symbol, or device, or any combination thereof— (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown. U.S.C. Section 1127(a), a trademark qualifies for protection, rights to a trademark can be acquired in

one of two ways: (1) by being the first to use the mark in commerce; or (2) by being the first to register the mark with the US Patent and Trademark Office.

Although registration with the PTO is not required for a trademark to be protected, registration does confer a number of benefits to the registering party. Registration gives a party the right to use the mark nationwide, subject to limitations, as per 15 U.S.C. Section 1072. If a party owns the right to a particular trademark, that party can sue subsequent parties for trademark infringement (15 U.S.C. Section 1114 & Section 1125). In case of infringement, plaintiffs can seek injunctions prohibiting additional trademark infringement or dilution under 15 U.S.C. § 1116(a). In addition, a trademark infringement lawsuit may be able to recover money for the plaintiff's losses, the defendant's profits, and the court fees under 15 U.S.C. Section 1117(a).

Trademark Law in the Canada

An act concerning Trade Marks, passed by the Legislative Council and Assembly of Canada in 1860, was their first piece of law before Confederation. The Act made it a misdemeanor to exploit a manufacturer's well-known and regularly used trademark, name, package, or other distinguishing feature with the intent to mislead and create the impression that the items bearing that mark were produced by the mark's owner. The Act of 1861 later repealed the earlier law and took its place. The new act expanded the definition of a trademark and established the first registration system.

All previously passed laws were merged under the Trademarks Act of 1953. In accordance with the Paris Convention of 1883, Canada was allowed to maintain a few unique aspects of its trademark registration process, some of which were modelled after the US system, such as use-based registration. The Trademark Act has undergone numerous revisions over time.

The adoption of uniform international procedures has also made it easier for foreign companies to apply for trademark protection in Canada for their brands and companies. The Trademark Rules have been modified in light of this. The Amended Act and the Regulations both become effective on June 29, 2019.

Trademark Law in the United Kingdom

The Merchandise Marks Act of 1862 was the first law to enforce trademarks. This law specifically declared it unlawful to use another person's merchant mark for financial gain. Eventually, the UK approved the Trademark Registration Act of 1875, creating a mechanism for trademark registration. The owner was given exclusive rights to use the mark and the ability to sue for infringement against unauthorised use after the mark was registered, establishing its status as a trademark and identifying its owner. The first international trademark treaty was signed in 1883 at the Paris Convention for the Protection of Industrial Property, with convention members promising to provide foreign owners with the same protection that they grant their own citizens.

In 1938, England instituted the first registration system based on "intent-to-use." Also, England implemented an application publishing strategy and switched to a system of trademark registration that is examination-based. The Trademark Act of 1938 served as the template for the majority of contemporary systems, including that of US. Following that, the Trademarks Act, 1994, which replaced the earlier laws, came into effect. It included suggestions made in the 1974 Mathys report, a government assessment of trademarks. It brought the UK into compliance with EU and international regulations while considerably streamlining and accelerating the processing of trademark registrations. Contemporary trademarks can now be 3-D, a sound, a colour, or even a scent in addition to words and simple images.

As per Section 1 of the Trademarks Act, 1994, a trademark is defined as *"any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings. The signs include words, designs, letters, numerals, the shape and packaging of goods, symbols, color shades, or a combination of any of these mentioned above. The registration of a trademark must be a sign capable of (i) being represented in a manner that enables competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor; and (ii) distinguishing the goods or services of one undertaking from those of other undertakings."*

Sections 11, 11A, and 12 of the Trademark Act provide a number of grounds for defence, including but not limited to: the use of indications as to the characteristics of goods or services; the use that is necessary to indicate the intended use of a good or service; the use of a person's own name or address, in each case in accordance with honest practices; the use of a later registered trade mark that would not be deemed invalid in invalidity proceedings; and use in connection to goods already placed on the EEA with the trade mark owner's authorization and use when the mark asserted is susceptible to cancellation for non-use (exhaustion). Honest concurrent usage and acquiescence/delay/estoppel are other grounds. There are a number of remedies available for infringing behaviour, including declarations, injunctions, monetary fines or an accounting of profits, delivery up and destruction of products, and publication of the verdict.

Trademark Law in the Brazil

Trademarks in Brazil are governed by Law No. 9279/1996 on Industrial Property. Brazil has also ratified the Nice Agreement Concerning the International Classification of Products and Services for the Purposes of Mark Registration, the Agreement the Trade-Related Aspects of Intellectual Property Rights, and the Paris Convention for the Protection of Industrial Property.

The Industrial Property Law states that obtaining registration confers ownership of a mark, granting the right holder the sole use of the mark across the national area. Owners of trademarks that have not yet been registered with the Brazilian Patent and Trademark Office are nevertheless protected by the law (BPTO). For instance, the right of prior use stipulates that anyone who has been using an identical or similar mark in good faith to distinguish or certify an identical or similar good or service for at least six months as of the date of priority or filing of the application has a preference right to registration.

One trademark registration is sufficient if the products (or services) come under the same class because the Brazilian trade-mark registration system is a single-class system. If not, a trademark application needs to be submitted for each class that needs protection.

According to Brazilian law, any physically discernible unique sign that is not prohibited by the law can be registered as a trademark. Registration of audible, olfactory, tactile, or gustatory markings is not yet conceivable based on this notion.

Only fundamentally unique trademarks are easily registered since the National Institute of Industrial Property (INPI), which is in charge of trademark registration, does not recognise secondary meaning. In order for courts to approve a registration, trademarks that have grown unique over time may need to provide evidence of this secondary meaning.

Signs that are visually recognisable, unique, and not prohibited by law, such as symbols, figures, words, emblems, three-dimensional markings, and position marks, may be registered as trademarks in Brazil. In addition, a non-exhaustive list of marks that cannot be registered as trademarks is provided in Article 124 of the law.

Trademark Law in the South Africa

Trade Marks Statutes were influenced by the British Act of 1875 in all of the Colonies and Republics that would eventually become the Union of South Africa. All of these provincial laws were repealed by the Patent, Designs, Trade Marks, and Copyright Act 9 of 1916. Chapter 3 of this Act, which addresses trademarks, is written in terminology that is remarkably similar to that of the British Act of 1905. The 1916 Act is the cornerstone of current statutory trade-mark law in South Africa. Any registrations received under earlier provincial Acts were included in the registry created by the Act.

For the first time, a trademark was defined in the Act of 1916, and it covered both marks that were already in use and those that were "intended to be employed in relation to goods in respect of which registration was sought." The Nice Agreement Concerning the International Classification of Products and Services for the Purposes of Mark Registration established the International Classification, which was adopted by the Act of 1963. (1957).

The Act's expansion to allow service mark registration was its main alteration. The 1993 Act, which went into force in 1995 and now serves as South Africa's current trademark law, revoked it. The Trade Marks Act, 1993,

provides the definition of a trade mark and establishes the need for distinctiveness that trade marks must meet, as well as South African common law, govern trade markings in that country.

The term 'trademark' and 'work' is defined under Section 2 of the Trademark Act, 1993. A 'mark' is defined to include *'any sign capable of being represented graphically, including a device, name, signature, word, letter, numeral, shape, configuration, pattern, ornamentation, color or container for goods or any combination of the aforementioned'*. According to Section 43, a mark has the ability to distinguish between goods or services provided by members of an association and those provided by non-members in the course of commerce. A registrable trademark must be able to differentiate between the products or services of one person and those of another, according to Section 9. Contrarily, Section 10 identifies the specific mark categories that are ineligible for registration.

According per Section 16 of the Act, a trademark must be registered. The following grounds for cancellation or revocation of registration apply: (i) non-use; (ii) incorrect registration; (iii) incorrect continuation; and (iv) non-payment of renewal costs.

After the trademark is registered, trademark protection becomes effective and is then retroactively enforceable as of the application filing date. If the trade mark is timely renewed every ten years, protection may continue indefinitely.

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 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.”

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.

Cyber squatting

Cybersquatting is the act of registering a domain name that is same as, or confusingly similar to, the trademark of another with the intention of selling (at a profit) the domain name to the trademark owner.

As long as a cyber squatter owns the domain name, the trademark owner cannot register his own trademark as a domain name. Thereby, a cyber squatter breaches the right of the trademark owner to utilize his own trademark. It is relevant to note that there is nothing wrong with the practice of reserving a domain name. Often, cyber squatters register words or phrases they hope will someday be sought after by new companies or new businesses. Such speculative domain name registration, (read, speculative cybersquatting) is very much legitimate.

The problem spawned by cybersquatting is augmented as entrepreneurs try to take advantage of the reputation of others by registering domain names which attract members of the public.

Gulshan Khatri vs. Google Inc. (20.03.2017 - DELHC): O.M.P. (COMM) No. 497 of 2016

Mr. Khatri claims to be the sole Proprietor of M/s. TCI Web Gate. He claims to have “put in a lot of research, intellectual capabilities, hard work, resources, lifetime savings and effort to prepare the content of a search engine.” What Mr. Khatri does not explain is on what basis he adopted a domain name by simply adding the letter ‘e’ to the well-known domain name ‘google’. Nevertheless he managed to get the domain name with an added ‘e’ registered with the .IN Registry.

Google sent Mr. Khatri a cease and desist notice dated 10th September, 2010. Google pointed out that by getting ‘googlee.in’ registered, Mr. Khatri had not only copied its well-known mark Google but had adopted a nearly identical writing style, font, colour scheme and layout. It was a dishonesty and bad faith in adoption and registration of a nearly identical domain name.

In the arbitral proceedings, when a further legal notice sent to Mr. Khatri on 25th November, 2010 failed to elicit a response, Google filed a complaint against him under the .In Domain Name Dispute Resolution Policy (INDRP). Google asked that the infringing domain name be transferred to it and costs awarded. The Arbitrator concluded that ‘googlee.in’ was confusingly similar to Google’s domain name and registered mark. He directed its cancellation. He directed that it be transferred to Google. Matter was then taken to the Court.

It was contented by plaintiff that the defendants had no valid explanation why he chose a domain name that is so nearly identical to what is perhaps the most widely used search engine. It is trite that ‘google’ is also a well-known domain name and mark. The word ‘google’ has metamorphosed into a verb in the English language. You no longer search for something on the net. You ‘google’ it. In fact, as any other net user, he would know that Google indexes more than 8 billion pages and owns 61.8% of the market share in worldwide searches. More than half of the search engine requests come from outside the USA. Google’s products and services reach more than 150 countries including India. It has an Indian domain name: google.in. Google is also registered in India as a trademark (No. 845041) in Class 09 since 12th March, 1999.

Court stated that-

“The Court concurs with the Arbitrator’s conclusions. The domain name and mark ‘google’ is a coined word, distinctive in nature, particularly in relation to the goods and services that it represents. The adoption by Mr. Khatri of a nearly identical mark /domain name ‘googlee.in’ is indeed in bad faith and not merely a coincidence. A glance at his web page (set out in para 6 above) shows how slavish his imitation is of Google’s writing style, font, colour scheme and layout. In sum, Mr. Khatri has no statable defence.

Mr. Khatri was rightly stopped in his tracks by the Arbitrator from continuing with his misadventure. He could not have hoped to get away with exploiting Google’s goodwill and reputation by merely adding an ‘e’ to its domain name. Google rightly cried foul. The petition stands dismissed.”

WORLD INTELLECTUAL PROPERTY ORGANISATION (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 Non-proprietary 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.

DOMAIN NAME–DOMAIN NAMES AND EFFECTS OF NEW TECHNOLOGY (INTERNET)

In India, no legislation explicitly describes cybersquatting or other domain name disputes. The Information Technology Act, 2000 (IT Act), which addresses many cybercrimes, oddly ignores the problem of domain name disputes and cybersquatting. However, domain names may be considered trademarks based on use and brand reputation. In the absence of appropriate law that deals with cybersquatting, victims can initiate an action for passing off and infringement of trademarks under the Trade Marks Act, 1999.

1. **“.IN”Dispute Resolution Policy** – In response to these issues the .IN Dispute Resolution Policy (.INDRP) was formulated by the .IN Registry for the domain name dispute resolution in India. The .INDRP claims

to be in line with internationally accepted guidelines and relevant provisions of the Indian Information Technology Act 2000. Under the National Internet Exchange of India (NIXI), the .IN Registry functions as an autonomous body with primary responsibility for maintaining the .IN ccTLD and ensuring its operational stability, reliability, and security.

Proceedings at the .INDRP can be initiated by any person who considers that the registered domain name conflicts with his legitimate rights or interests on the premise that:

- A. The registrant's domain name is identical or confusingly similar to a name, trademark or service mark in which he has rights; or
- B. the registrant has no rights or legitimate interests in respect of the domain name; and
- C. the registrant's domain name has been registered or is being used in bad faith.

The registrant is required to submit to a mandatory arbitration proceeding if a complaint is filed. The .IN Registry appoints an arbitrator to proceedings in accordance with the Arbitration & Conciliation Act 1996. The arbitrator usually considers the domain name registered and used in bad faith in circumstances when:

- (i) the registrant has acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the registration to the owner of the trademark or service mark, or to a competitor of the complainant, for valuable consideration in excess of the registrant's documented out-of-pocket costs directly related to the domain name; or
- (ii) the registrant has registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that the registrant has engaged in a pattern of such conduct; or
- (iii) the registrant has intentionally attempted to attract Internet users to his website or other online location, by creating a likelihood of confusion with the complainant's name or mark as to the source, sponsorship, affiliation, or endorsement of the registrant's website or of a product or service on the registrant's website.

In the case of *Starbucks corporation v. Mohanraj (Decided on 26th Nov, 2009)* the respondent's domain name www.starbucks.co.in was confusingly similar to the complainant's domain name www.starbuscks.in, it was contended that the domain name of the respondent is identical and confusingly similar to the complainant's domain name. It was also contended that the respondent has no legitimate interest in the domain name. Further it was contended that the mark was used by the respondent in bad faith. The learned arbitrator held that the disputed domain name was confusing, similar and identical to the complainant and that they had right in the trademark. The respondent had registered the domain name in bad faith and so the domain name should be transferred to the complainant

In the case of *Morgan Stanley v. Bharat Jain (Decided on 28th October 2010)* the disputed domain name www.morganstanleybank.co.in was registered by the respondent on June 20, 2010. The complainant contended that the addition of ccTDL «.co.in.» was insufficient to render the disputed domain name dissimilar to the complainant's mark MORGAN STANLEY. Hence the disputed domain name was confusingly similar to the above stated mark.

In the case of *GOOGLE Inc. v. Gulshan Khatri (Decided on 6th May, 2011)*. The complainant filed the instant complaint challenging the registration of the domain name in favor of the respondent the grievance of the complainant was regarding the latter's act of adopting identical and identical domain name and that also in respect of similar services of the respondent.

The learned arbitrator held that the impugned domain name was identical and confusingly to the other prior registered domain name and registered trademark of the complainant and directed the registry to cancel the said domain name forthwith and transfer the said domain name in favor of the complainant.

In 2018, October 10 the .INDRP has restrain the respondent from using the domain name and transfer the domain name in favor of the complainant.

2. **Judicial Precedence** –There has been lot of instances of cybersquatting in the past few years in India. The courts always deal with matters related to domain name dispute and cybersquatting. In India one of the earliest judgments on cybersquatting was from the Bombay High Court in case of *Rediff Communication v. Cyberbooth*. In this case the court was of the opinion that the value and importance of a domain name is like a corporate asset of a company. In this case the defendant had registered the domain name radiff.com which was similar to rediff.com. The Court was of the opinion that internet domain names are of importance and can be a valuable corporate asset and such domain name is more than an Internet address and is entitled to protection equal to a trade mark. The court gave the decision in favor of the plaintiff.

In India, due to the absence of relevant cyber laws, cases are decided within the ambit of trademark laws by interpreting the principle of Passing off with regard to domain names in the court and by the .IN dispute resolution policy in India. On account of the problems Indian jurisdiction faced and the various jurisdictions looked into there is an urgent need to draft a new legislation in India which would expressly deal with cybersquatting and domain name disputes.

CASE LAWS

Satyam Infoway Ltd. vs. Sifynet Solutions Pvt. Ltd. (06.05.2004 - SC) : (2004) 6 SCC 145

In this case, the principal question raised in this appeal is whether internet domain names are subject to the legal norms applicable to other intellectual properties such as trade marks? The appellant which was incorporated in 1995 registered several domain names like www.sifynet, www.sifymall.com, www.sifyrealestate.com etc. in June 1999 with the internationally recognised Registrars, viz the Internet Corporation for Assigned Names and Numbers (ICANN) and the World Intellectual Property Organisation (WIPO). The word 'Sify' is a coined word which the appellant claims to have invented by using elements of its corporate name, Satyam Infoway. The appellant claims a wide reputation and goodwill in the name 'Sify'.

The respondent started carrying on business of internet marketing under the domain names, www.siffynet.net and www.siffynet.com from 5th June 2001. The respondent claims to have obtained registration of its two domain names with ICANN on 5th June, 2001 and 16th March, 2002 respectively.

Coming to know of the use of the word 'Siffy' as part of the respondent's corporate and domain name, the appellant served notice on the respondent to cease and desist from either carrying on business in the name of Siffynet Solutions (P) Ltd. or Siffynet Corporation and to transfer the domain names to the appellant. The respondent refused. The appellant filed a suit in the City Civil Court against the respondent on the basis that the respondent was passing off its business and services by using the appellant's business name and domain name. An application for temporary injunction was also filed. The City Civil Court Judge allowed the application for temporary injunction on the grounds that the appellant was the prior user of the trade name 'Sify', that it had earned good reputation in connection with the internet and computer services under the name 'Sify', that the respondent's domain names were similar to the domain name of the appellant and that confusion would be caused in the mind of the general public by such deceptive similarity. It was also found that the balance of convenience was in favour of granting an injunction in favour of the appellant.

Court held that-

"It is necessary to maintain the exclusive identity which a domain name requires. In other words, either 'Sify' or 'Siffy' must go. Apart from being the prior user, the appellant has adduced sufficient evidence to show that the public associates the trade name SIFY with the appellant. Weighed in the balance of comparative hardship, it is difficult to hold that the respondent would suffer any such loss as the appellant would unless an injunction is granted. The respondent can carry on its business and inform its members of the change of name. We are conscious of the fact that the grant of an

interlocutory order may disrupt the respondent's business. But that cannot be seen as an argument which should deter us from granting relief to the appellant to which we are otherwise satisfied it is entitled.

The High Courts' finding that no prejudice would be caused to the appellant because it had another domain name was a consideration which might have been relevant if there was a case of bonafide concurrent use and where the right to use was co- equal. The doubtful explanation given by the respondent for the choice of the word "Siffy" coupled with the reputation of the appellant can rationally lead us to the conclusion that the respondent was seeking to cash in on the appellant's reputation as a provider of service on the internet. In view of our findings albeit prima facie on the dishonest adoption of the appellant's trade name by the respondent, the investments made by the appellant in connection with the trade name, and the public association of the trade name Sify with the appellant, the appellant is entitled to the relief it claims."

Yahoo!, Inc. vs. Akash Arora and Ors. (19.02.1999 - DELHC) : 78 (1999) DLT 285

In this present case, suit has been instituted by the plaintiff against the defendants seeking for a decree of permanent injunction restraining the defendants, from operating any business and/or selling, offering for sale, advertising and in any manner dealing in any services or goods on the Internet or otherwise under the trademark/domain name 'Yahooindia.Com' or any other mark/domain name which is identical with or deceptively similar to the plaintiff's trademark 'Yahoo!' and also for rendition of accounts and damages.

It was submitted that the plaintiff is the owner of the trademark 'Yahoo!' and domain name 'Yahoo.Com', which are very well-known and have acquired distinctive reputation and goodwill and the defendants by adopting the name 'Yahooindia' for similar services have been passing off the services and goods of the defendants as that of the plaintiff's trademark 'Yahoo!' which is identical to or deceptively similar to the plaintiff's trademark. It was submitted that a domain name/trademark adopted by the plaintiff is entitled to equal protection against passing off as in the case of a trademark.

It was submitted by defendants that the trademark/domain name 'Yahoo!' of the plaintiff is not registered in India and, therefore, there cannot be an action for infringement of the registered mark nor could there be any action of passing off as the services rendered both by the plaintiff and the defendants cannot be said to be goods within the meaning of the Indian Trade Marks Act which is concerned only with goods and not services and thus the decisions relied upon by the counsel appearing for the plaintiff are not relevant for the purpose of deciding the present case. Also, that the word "Yahoo!" is a general dictionary word and is not vented and, therefore, it could not have acquired any distinctiveness and since the defendants have been using disclaimer, there could be no chance of any deception and thus, no action of passing of is maintainable against the defendants.

Court held that-

"The services of the plaintiff under the trademark/domain name 'Yahoo!' have been widely publicised and written about globally.Where services rendered through the domain name in the Internet, a very alert vigil is necessary and a strict view is to be taken for its easy access and reach by anyone from any corner of the globe. There can be no two opinions that the two marks/domain names 'Yahoo!' of the plaintiff and 'Yahooindia' of the defendant are almost similar except for use of the suffix 'India' in the latter. The degree of the similarity of the marks usually is vitally important and significant in an action for passing off for in such a case there is every possibility and likelihood of confusion and deception being caused. When both the domain names are considered, it is crystal clear that the two names being almost identical or similar in nature, there is every possibility of an Internet user being confused and deceived in believing that both the domain names belong to one common source and connection, although the two belong to two different concerns.

the contention of the learned counsel for the defendant that the word 'Yahoo!' is a dictionary word and, Therefore, cannot be appropriated as a domain name/trademark is also misplaced as there are number of such words being used by various companies as their trademarks. The said words although are dictionary words have acquired uniqueness and distinctiveness and are associated with

the business of the concerned company and such words have come to receive maximum degree of protection by courts as was done also in the case of 'WHIRLPOOL'. In N.R. Dongre Vs. Whirlpool Corp.; reported in 1996 PTC (16) Therefore, although the respondents are not the registered proprietor of the 'WHIRLPOOL' in India in respect of washing machines can maintain action of passing off against the appellants in respect of the use of the same which has been registered in their favor in respect of the same goods. In the said decision, it was also held that registration of a trademark under the Act would be irrelevant in an action of passing off.

Therefore, an ad interim injunction is passed in favor of the plaintiff and against the defendants restraining the defendants their partners, servants and agents from operating any business or selling, offering for sale, advertising and/or in any manner dealing in service or goods on the Internet or otherwise under the trademark/domain name 'Yahooindia.com' or any other trademark/domain name which is identical with or deceptively similar to the plaintiff trademark 'Yahoo!' till the disposal of the suit. The defendants and all others acting on their behalf are further restrained from using and/or copying the contents of the programmes of the plaintiff under the domain name 'Yahoo.com'."

LESSON ROUND-UP

- 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.
- 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.
- 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.
- Collective mark 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.
- 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 good will.

- 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.
- Cybersquatting is the act of registering a domain name that is same as, or confusingly similar to, the trademark of another with the intention of selling (at a profit) the domain name to the trademark owner.

GLOSSARY

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.

Mark - It includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof.

Service mark - 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.

Registered trade mark - It means 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 - It is 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.

Collective mark - It is 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.

Well-known trade mark - It 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.

Deceptively similar - A mark shall be deemed to be deceptively similar to another mark if it so nearly resembles that other mark as to be likely to deceive or cause confusion.

Service - It means service of any description which is made available to potential users and includes the provision of services in connection with business of any industrial or commercial matters such as banking, communication, education, financing, insurance, chit funds, real estate, transport, storage, material treatment, processing, supply of electrical or other energy, boarding, lodging, entertainment, amusement, construction, repair, conveying of news or information and advertising.

TEST YOURSELF

(These are meant for recapitulation only. Answer to these questions are not to be submitted for evaluation.)

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 trademark
 - b. Certification trademark
 - c. Collective mark
 - d. Permitted use.
4. Who may apply for a trade mark? Briefly explain the provisions relating to registration process of a trademark.
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 trademark?
7. What is infringement? What actions under the Trade Marks Act, 1999 constitute infringement of a trademark?
8. What remedies are available to the owner of the mark in the case of infringement of his trademark?
9. What is the position of an unregistered trade mark under the Trade Marks Act,1999?
10. What do you mean by Cyber-Squatting?
11. With the help of case laws explain the Domain name disputes in India.
12. Explain the evolution and effect of trademarks law in global sphere.

LIST OF FURTHER READINGS

- Bare Act – Trademarks Act, 1999; rules and regulations made thereunder
- Trade Marks And Passing-Off - Venkateswaran & K.C. Kailasam
- Guidelines- The Madrid Protocol: A route to global branding

Copyrights

KEY CONCEPTS

■ Moral rights performer's rights ■ Neighboring rights ■ John Doe /Jane Doe orders ■ International treaties and conventions ■ Literary and artistic works ■ Computer program ■ Author & ownership of copyright ■ Assignment ■ Licences ■ Copyright societies ■ Foreign works ■ Infringement of copyright ■ Appeals

Learning Objectives

To understand:

- The legal framework provided for regulating the laws related to the copyright vested in any artistic or literary work.
- The Copyright Act, 1957.
- The important definitions and concepts herein.
- The ethical/moral aspects involved in using materials protected by copyright.
- The importance and value of copyright law and why it is essential.

Lesson Outline

- Introduction
- International protection of copyright and related rights
- International conventions and treaties on law relating to copyrights
- Meaning of copyright and the rights conferred
- Nature of copyright protection
- Works in which copyright subsists
- Author & ownership of copyright
- Term of copyright
- Assignment and licensing of copyright
- Copyright societies
- Rights of broadcasting organisation and performers
- International copyright
- Registration of copyright
- Infringement of copyright
- Remedies against infringement of copyright
- John Doe order
- Appeals
- Neighboring rights
- Copyright pertaining to software
- Case Laws
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other references (Including Websites / Video Links)

INTRODUCTION

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 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.

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.

The Copyright Act, 1957 (the 'Act') came into effect from January 1958. The Act has been amended five times since then, i.e., in 1983, 1984, 1992, 1994, 1999 and 2012. The Copyright (Amendment) Act, 2012 is the most substantial. The main reasons for amendments to the Copyright Act, 1957 include to bring the Act in conformity with two WIPO internet treaties concluded in 1996 namely, the WIPO Copyright Treaty ("WCT") and WIPO Performances and Phonograms Treaty ("WPPT"); to protect the Music and Film Industry and address its concerns; to address the concerns of the physically disabled and to protect the interests of the author of any work; Incidental changes; to remove operational facilities; and enforcement of rights. Some of the important amendments to the Copyright Act in 2012 are extension of copyright protection in the digital environment such as penalties for circumvention of technological protection measures and rights management information, and liability of internet service provider and introduction of statutory licenses for cover versions and broadcasting organizations; ensuring right to receive royalties for authors, and music composers, exclusive economic and moral rights to performers, equal membership rights in copyright societies for authors and other right owners and exception of copyrights for physically disabled to access any works.

The 2012 amendments make Indian Copyright Law compliant with the Internet Treaties – the WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT).

Also, while introducing technological protection measures, the amended law ensures that fair use survives in the digital era by providing special fair use provisions. The amendments have made many author-friendly amendments, special provisions for disabled, amendments facilitating access to works and other amendments to streamline copyright administration.

The amendments introduced through Copyright (Amendment) Act, 2012 can be categorized into:

1. Amendments to rights in artistic works, cinematograph films and sound recordings.
2. WCT and WPPT related amendment to rights.
3. Author-friendly amendments on mode of Assignment and Licenses.
4. Amendments facilitating Access to Works.
5. Strengthening enforcement and protecting against Internet piracy.
6. Reform of Copyright Board and other minor amendments.

INTERNATIONAL PROTECTION OF COPYRIGHT AND RELATED RIGHTS

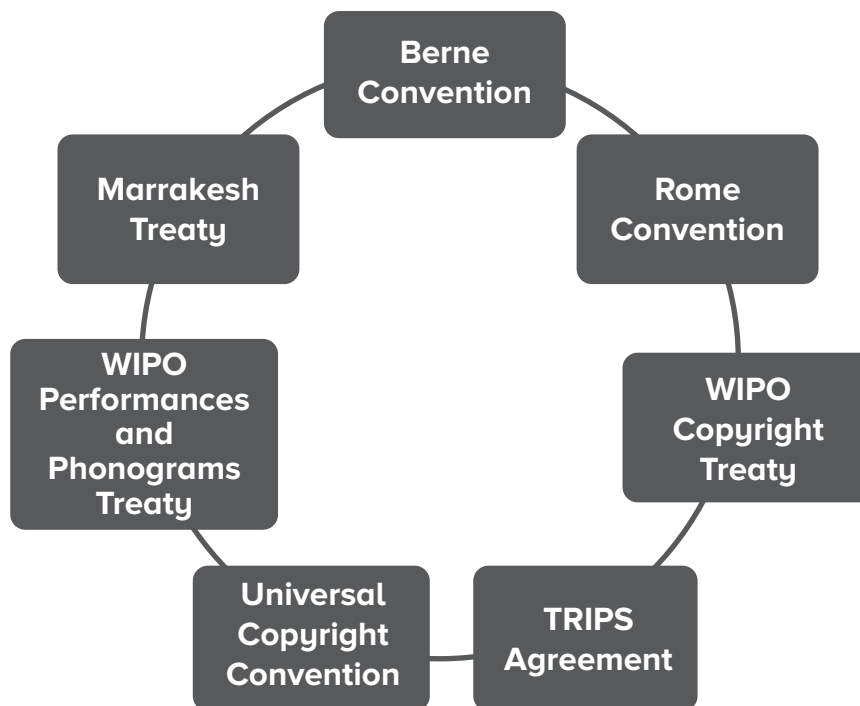
The first international copyright treaties were bilateral: that is, only two countries were involved. These agreements however failed to provide a reliable legal basis for the cross-border trade with protected works as they were limited in scope and varied widely. Therefore, countries gradually turned to multilateral conventions

committing all parties to a single set of obligations, which eventually became the principal means for the international protection of copyright and related rights.

The origin of today's multilateral structure can be found in the universalist movement that originated in France in the middle of the 19th century, even before any bilateral copyright agreement was concluded. Authors and publishers called for a universal recognition of their copyright. A decisive step was the formation of the Association *LittÉraire et Artistique Internationale* at the 1878 literary congress in Paris. Among its main protagonists were such prominent figures as the French poet Victor Hugo. In 1882, the ALAI held a congress in Rome to discuss copyright protection at the international level.

Following the proposal of the German Publishers Association (*Boersenverein der deutschen Buch Indler*), between 1883 and 1886 four meetings took place in Berne to elaborate a text of an international treaty. The Convention for the Protection of Literary and Artistic Works was adopted on September 9, 1886 and signed by ten countries including Belgium, France, Germany, Haiti, Italy, Liberia, Spain, Switzerland, Tunisia and the UK. Today, the Berne Convention remains still of great importance as many of the recent treaties refer directly or indirectly to its provisions.

International Conventions and Treaties on law relating to Copyrights



Berne Convention for the Protection of Literary and Artistic Works (1886)

The Berne Convention, adopted in 1886, deals with the protection of works and the rights of their authors. It provides creators such as authors, musicians, poets, painters etc. with the means to control how their works are used, by whom, and on what terms. It is based 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 that want to make use of them.

The three basic principles are the following:

- Works originating in one of the Contracting States (that is, works the author of which is a national of such a State or works first published in such a State) must be given the same protection in each of the other Contracting States as the latter grants to the works of its own nationals (principle of “national treatment”).

- Protection must not be conditional upon compliance with any formality (principle of “automatic” protection).
- Protection is independent of the existence of protection in the country of origin of the work (principle of “independence” of protection). If, however, a Contracting State provides for a longer term of protection 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.

It states that protection must include “every production in the literary, scientific and artistic domain, whatever the mode or form of its expression” (Article 2(1) of the Convention).

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, deformation or other modification of, or other derogatory action in relation to, the work that would be prejudicial to the author’s honor or reputation.

As to the 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. These limitations or exceptions are commonly referred to as “free uses” of protected works.

Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (1961)

The Rome Convention secures protection in performances for performers, in phonograms for producers of phonograms and in broadcasts for broadcasting organizations. WIPO is responsible for the administration of the convention jointly with the International Labour Organization (ILO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

The Rome Convention secures protection in performances for performers, in phonograms for producers of phonograms and in broadcasts for broadcasting organizations.

1. Performers (actors, singers, musicians, dancers and those who perform literary or artistic works) are protected against certain acts to which they have not consented, such as the broadcasting and communication to the public of a live performance; the fixation of the live performance; the reproduction of the fixation if the original fixation was made without the performer’s consent or if the reproduction was made for purposes different from those for which consent was given.
2. Producers of phonograms have the right to authorize or prohibit the direct or indirect reproduction of their phonograms. In the Rome Convention, “phonograms” means any exclusively aural fixation of sounds of a performance or of other sounds. Where a phonogram published for commercial purposes gives rise to secondary uses (such as broadcasting or communication to the public in any form), a single equitable remuneration must be paid by the user to the performers, to the producers of the phonograms, or to both. Contracting States are free, however, not to apply this rule or to limit its application.
3. Broadcasting organizations have the right to authorize or prohibit certain acts, namely the rebroadcasting of their broadcasts; the fixation of their broadcasts; the reproduction of such fixations; the communication to the public of their television broadcasts if such communication is made in places accessible to the public against payment of an entrance fee.

As to duration, protection must last at least until the end of a 20-year period computed from the end of the year in which (a) the fixation was made, for phonograms and for performances incorporated therein; (b) the performance took place, for performances not incorporated in phonograms; (c) the broadcast took place.

WIPO is responsible, jointly with the International Labour Organization (ILO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO), for the administration of the Rome Convention.

WIPO Copyright Treaty (WCT), 1996

It is a special agreement under the Berne Convention which deals with the protection of works and the rights of their authors in the digital environment. In addition to the rights recognized by the Berne Convention, they are granted certain economic rights.

The Treaty also deals with two subject matters to be protected by copyright:

- i) computer programs, whatever the mode or form of their expression; and
- ii) compilations of data or other material (“databases”).

As to the rights granted to authors, apart from the rights recognized by the Berne Convention, the Treaty also grants:

- *Right of distribution* – It is the right to authorize the making available to the public of the original and copies of a work through sale or other transfer of ownership.
- *Right of rental*- It is the right to authorize commercial rental to the public of the original and copies of three kinds of works: (i) computer programs (except where the computer program itself is not the essential object of the rental); (ii) cinematographic works (but only in cases where commercial rental has led to widespread copying of such works, materially impairing the exclusive right of reproduction); and (iii) works embodied in phonograms as determined in the national law of Contracting Parties (except for countries which, since April 15, 1994, have had a system in force for equitable remuneration of such rental).
- *Right of communication to the public* - It is the right to authorize any communication to the public, by wire or wireless means, including “the making available to the public of works in a way that the members of the public may access the work from a place and at a time individually chosen by them”. The quoted expression covers, in particular, on-demand, interactive communication through the Internet.

As to duration, the term of protection must be at least 50 years for any kind of work. The enjoyment and exercise of the rights provided for in the Treaty cannot be subject to any formality.

WIPO Performances and Phonograms Treaty (1996)

The WIPO Performances and Phonograms Treaty (WPPT) deals with the rights of two kinds of beneficiaries, particularly in the digital environment:

- i) performers (actors, singers, musicians, etc.); and
- ii) producers of phonograms (persons or legal entities that take the initiative and have the responsibility for the fixation of sounds).

As far as performers are concerned, the Treaty grants performers economic rights in their performances fixed in phonograms (not in audio-visual fixations, such as motion pictures). They are-

- *Right of reproduction*- It is the right to authorize direct or indirect reproduction of the phonogram in any manner or form.
- *Right of distribution*- It is the right to authorize the making available to the public of the original and copies of the phonogram through sale or other transfer of ownership.
- *Right of rental*- It is the right to authorize the commercial rental to the public of the original and copies of the phonogram, as determined in the national law of the Contracting Parties (except for countries that, since April 15, 1994, have had a system in force for equitable remuneration of such rental).
- *Right of making available*- It is the right to authorize the making available to the public, by wire or wireless means, of any performance fixed in a phonogram, in such a way that members of the public may access the fixed performance from a place and at a time individually chosen by them. This right covers, in particular, on-demand, interactive making available through the Internet.

As to unfixed (live) performances, the Treaty grants performers: (i) the right of broadcasting (except in the case of rebroadcasting); (ii) the right of communication to the public (except where the performance is a broadcast performance); and (iii) the right of fixation.

The Treaty also grants performers moral rights, that is, the right to claim to be identified as the performer and the right to object to any distortion, mutilation or other modification that would be prejudicial to the performer's reputation.

As far as producers of phonograms are concerned, the Treaty grants them economic rights in their phonograms. They are-

- *Right of reproduction*- It is the right to authorize direct or indirect reproduction of the phonogram in any manner or form.
- *Right of distribution*- It is the right to authorize the making available to the public of the original and copies of the phonogram through sale or other transfer of ownership.
- *Right of rental*- It is the right to authorize the commercial rental to the public of the original and copies of the phonogram, as determined in the national law of the Contracting Parties (except for countries that, since April 15, 1994, have a system in force for equitable remuneration of such rental).
- *Right of making available*- It is the right to authorize making available to the public, by wire or wireless means, a phonogram in such a way that members of the public may access the phonogram from a place and at a time individually chosen by them. This right covers, in particular, on-demand, interactive making available through the Internet.

The term of protection must be at least 50 years. The enjoyment and exercise of the rights provided for in the Treaty cannot be subject to any formality.

Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled (2013)

The Marrakesh Treaty was adopted on June 27, 2013 in Marrakesh and it forms part of the body of international copyright treaties administered by WIPO. It has a clear humanitarian and social development dimension and its main goal is to create a set of mandatory limitations and exceptions for the benefit of the blind, visually impaired, and otherwise print disabled (VIPs).

The Treaty clarifies that beneficiary persons are those affected by a range of disabilities that interfere with the effective reading of printed material. The broad definition includes persons who are blind, visually impaired, or print disabled or persons with a physical disability that prevents them from holding and manipulating a book.

Works "in the form of text, notation and/or related illustrations, whether published or otherwise made publicly available in any media", including audio books, fall within the scope of the MVT regime.

The MVT has a clear structure and provides for specific rules regarding both domestic and cross-border limitations and exceptions.

It requires Contracting Parties to have a limitation or exception to domestic copyright law for VIPs. The rights subject to such limitation or exception are the right of reproduction, the right of distribution, and the right of making available to the public.

The MVT requires Contracting Parties to allow the import and export of accessible format copies under certain conditions. Regarding importation, when an accessible format copy can be made pursuant to national law, a copy may also be imported without rightholder authorization.

The MVT leaves Contracting Parties the freedom to implement its provisions taking into account their own legal systems and practices, including determinations on "fair practices, dealings or uses", provided they comply with their three-step test obligations under other treaties. It includes three elements; any exception or limitation:

- i) shall cover only certain special cases;
- ii) shall not conflict with the normal exploitation of the work; and
- iii) shall not unreasonably prejudice the legitimate interests of the right holder.

There is no requirement to be a member of any other international copyright treaty to join the MVT. Membership is open to Member States of WIPO and to the European Union.

TRIPS Agreement (1995)

The Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, which came into effect on 1 January 1995, is to date the most comprehensive multilateral agreement on intellectual property.

The Agreement states that copyright protection only applies to phrases, ideas, techniques, operating methods, or mathematical concepts. Copyright is granted to all types of works, including musical, dramatic, photographic, sculptural, architectural, choreographic, graphic, sound recording, motion picture, multimedia, computer programmes, and others. For a certain amount of time, the owner of a copyright has the right to prevent others from duplicating, distributing, making derivative works, performing, exhibiting, or utilising the work covered by the copyright. The essence of copyright is originality, which means that the work was created by the copyright owner or claimant. A work of originality, on the other hand, does not have to be innovative. In copyright law, originality does not entail innovation.

In addition to requiring compliance with the basic standards of the Berne Convention, the TRIPS Agreement clarifies and adds certain specific points.

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

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.

Article 10.2 clarifies that databases and other compilations 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.

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.

Related Rights – For related rights, 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 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. The term of protection is at least 50 years for performers and producers of phonograms, and 20 years for broadcasting organizations (Article 14.5).

Universal Copyright Convention (1952)

The Universal Copyright Convention (UCC) is an international instrument which was drawn up in 1952 under the auspices of UNESCO. If it were to be as universal as its title claims, the Convention not only had to recognize copyright as a human right but also to act as a kind of bridge between the world's different legal and social systems.

The Universal Copyright Convention of 1952 provides a simple and ingenious solution to this problem. It prescribes that the formalities required by the national law of a contracting state shall be considered to be satisfied if all the copies of a work originating in another contracting state carry the symbol ©, accompanied by the name of the copyright owner and the year of first publication.

Ratified by the United States and by almost all the states parties to the Berne Convention, the UCC has successfully served its purpose as a pathway of communication between different legal systems, while also improving the international protection of intellectual works.

According to Article 4 of the UCC, the minimum duration was only twenty-five years in general and ten years for photographic and applied art works. Any Contracting State that, as of the UCC's enforceability date, provided for specific classes of works may do so under a transitional provision. The duration had to be computed after the first publication of the work. Reciprocity was introduced, given the diversity of national laws on the duration.

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-

Literary, Dramatic or Musical work (except computer program) [Section 14(a)]	Computer Program [Section 14(b)]	Artistic Work [Section 14(c)]	Cinematograph Film [Section 14(d)]	Sound Recording [Section 14(e)]
To reproduce the work in any material form which includes storing of it in any medium by electronic means.	to do any of the acts specified in clause (a) of Section 14.	to reproduce the work in any material form including- <ul style="list-style-type: none"> ● the storing of it in any medium by electronic or other means; ● depiction in 3-D of a 2-D work; or ● depiction in 2-D of a 3-D work. 	to make a copy of the film, including— <ul style="list-style-type: none"> ● a photograph of any image forming part thereof; or ● storing of it in any medium by electronic or other means. 	to make any other sound recording embodying it including storing of it in any medium by electronic or other means.
To issue copies of the work to the public which are not already in circulation.	to sell or give on commercial rental or offer for sale or for commercial rental any copy of the computer program: Provided that such commercial rental does not apply in respect of computer program where the program itself is not the essential object of the rental.	to communicate the work to the public.	to sell or give on commercial rental or offer for sale or for such rental, any copy of the film.	to communicate the sound recording to the public.

To perform the work in public or communicate it to the public.		to issue copies of the work to the public not being copies already in circulation.	to communicate the film to the public.	
To make any cinematograph film or sound recording in respect of the work.		to include the work in any cinematograph film.		
to make any translation of the work.		to make any adaptation of the work.		
to make any adaptation of the work.		to do in relation to adaptation of the work any of the acts specified in relation to the work in sub-clauses (i) to (iv)		
to do, in relation to a translation or an adaptation of the work, any of the acts specified in relation to the work in sub-clauses (i) to (vi).				

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 encharging 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.

NATURE OF COPYRIGHT PROTECTION

Automatic

Copyright is an unregistered right which subsists automatically as soon as the work that is eligible for protection is created and recorded on some medium.

Originality

The work protected need not be new. However, it must be original in the sense that it is not copied from some other source but is the result of an application of effort by the creator of the work.

Exclusions

Copyright protects the expression of ideas but not the idea or concept underlying a piece of work. For that reason, procedures, methods of operation and mathematical concepts are excluded from copyright protection

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.

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.

According to Section 54, the expression "owner of copyright" shall include—

- a. an exclusive licensee;
- b. in the case of an anonymous or pseudonymous literary, dramatic, musical or artistic work, the publisher of the work, until the identity of the author or, in the case of an anonymous work of joint authorship, or a work of joint authorship published under names all of which are pseudonyms, the identity of any of the authors, is disclosed publicly by the author and the publisher or is otherwise establishment to the satisfaction of the Commercial Court by that author or his legal representatives.

Section 54 defines the term owner of copyright. In *Rupendra Kashyap v. Jiwan Publishing House 1996 PT(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*).

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 organizations.

Section	Term of Copyright	Number of Years
22	Term of Copyright in Published Literary, Dramatic, Musical and Artistic Works	Published within the lifetime of the author until sixty years from the beginning of the calendar year next following the year in which the author dies. In the case of a work of joint authorship, be construed as a reference to the author who dies last.
23	Term of Copyright in Anonymous and Pseudonymous Works	Copyright shall subsist until sixty years from the beginning of the calendar year next following the year in which the work is first published. If identity of author disclosed before the expiry of the said period, copyright shall subsist until sixty years.

24	Term of Copyright in Posthumous Work	Copyright subsists at the date of the death of the author or, in the case of joint authorship, at or immediately before the date of the death of the author who dies last, but which, or any adaptation of which, has not been published before that date, copyright shall subsist until sixty years from the beginning of the calendar year next following the year in which the work is first published or, where an adaptation of the work is published in any earlier year, from the beginning of the calendar year next following that year. Such work shall be deemed to have been published, if it has been performed in public or if any sound recordings made in respect of the work have been sold to the public or have been offered for sale to the public.
26	Term of copyright in cinematograph films	Copyright shall subsist until sixty years, from the beginning of the calendar year next following the year in which the work is first published.
27	Term of copyright in sound recording	Copyright shall subsist until sixty years, from the beginning of the calendar year next following the year in which the work is first published.
28	Term of copyright Government works	Wherein the government is the first owner, copyright shall subsist until sixty years from the beginning of the calendar year next following the year in which the work is first published.
28A	Term of copyright in works of public undertakings	If public undertaking is first owner then copyright shall subsist until sixty years from the beginning of the calendar year next following the year in which the work is first published.
29	Term of copyright in works of international organisations	If section 41 is applicable, copyright shall subsist until sixty years, from the beginning of the calendar year next following the year in which the work is 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 Office has recently been shifted from Ministry of HRD to Ministry of Commerce and Industry.

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 a 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 Del130.*)

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 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.

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 authorized 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.

A copyright society is a registered collective administration society under Section 33 of the Copyright Act, 1957. Such a society is formed by authors and other owners. The minimum membership required for registration of a society is seven. Ordinarily, only one society is registered to do business in respect of the same class of work. A copyright society can issue or grant licences in respect of any work in which copyright subsists or in respect of any other right given by the Copyright Act.

Under clause (3) of Section 33 Central Government has been authorized 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 business of issuing or granting license in respect of literary, dramatic, musical and artistic works incorporated in a cinematograph films or sound recordings shall be carried out only through a copyright society duly registered under this Act. This is a kind of compulsory collective licensing for managing of performing rights. The registration granted to a copyright society shall be for a period of five years and may be renewed from time to time before the end of every five years on a request in the prescribed form and the Central Government may renew the registration after considering the report of Registrar of Copyrights on the working of the copyright society under section 36.

The renewal of the registration of a copyright society shall be subject to the continued collective control of the copyright society being shared with the authors of works in their capacity as owners of copyright or of the right to receive royalty. Every copyright society already registered before the Copyright (Amendment) Act, 2012 came into existence shall get itself registered under this Chapter within a period of one year from the date of commencement of the Copyright (Amendment) Act, 2012.

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.

Registered Copyright Societies in India

The following are the registered copyright societies in India:

- (i) For Literary works associated with Musical Works: The Indian Performing Right Society Limited (IPRS), 208, Golden Chambers, 2nd Floor, New Andheri Link Road, Andheri (W), Mumbai-400 058 (Website: <http://www.iprs.org/>);
- (ii) For Reprographic (photo copying) works: Indian Reprographic Rights Organization (IRRO), 18/1-C, Institutional Area, Near JNU Campus, New Delhi – 110067, (Website: <http://www.irro.in/>)
- (iii) For Performers (Singers) Rights: Indian Singers Rights Association (ISRA) – Registered on 14th June, 2013 – Registered Office-2208, Lantana, Nahar Amrit Shakti.

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:

issue licences under Section 30 in respect of any rights under the Act;

collect fees in pursuance of such licences;

distribute such fees among owners of rights after making deductions for its own expenses; and

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.

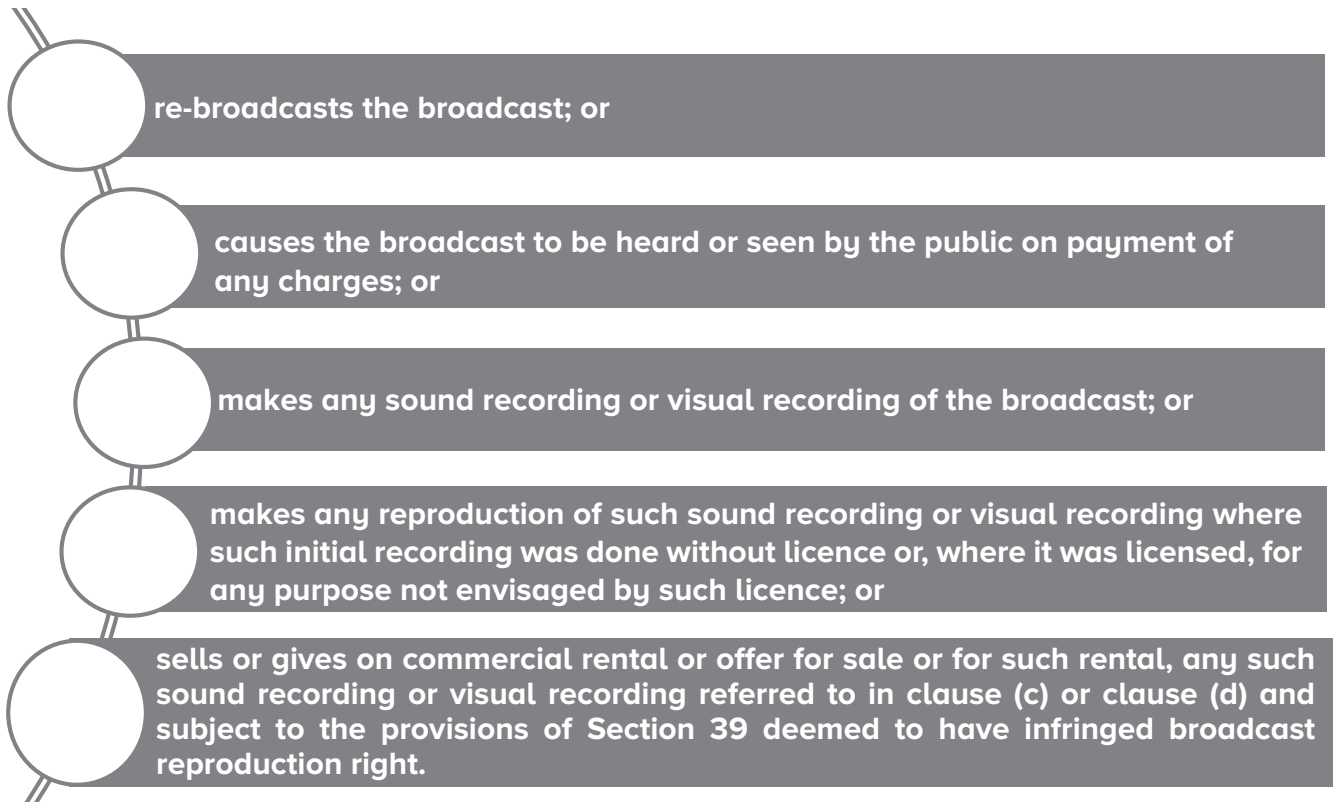
RIGHTS OF BROADCASTING ORGANISATION AND PERFORMERS

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,-

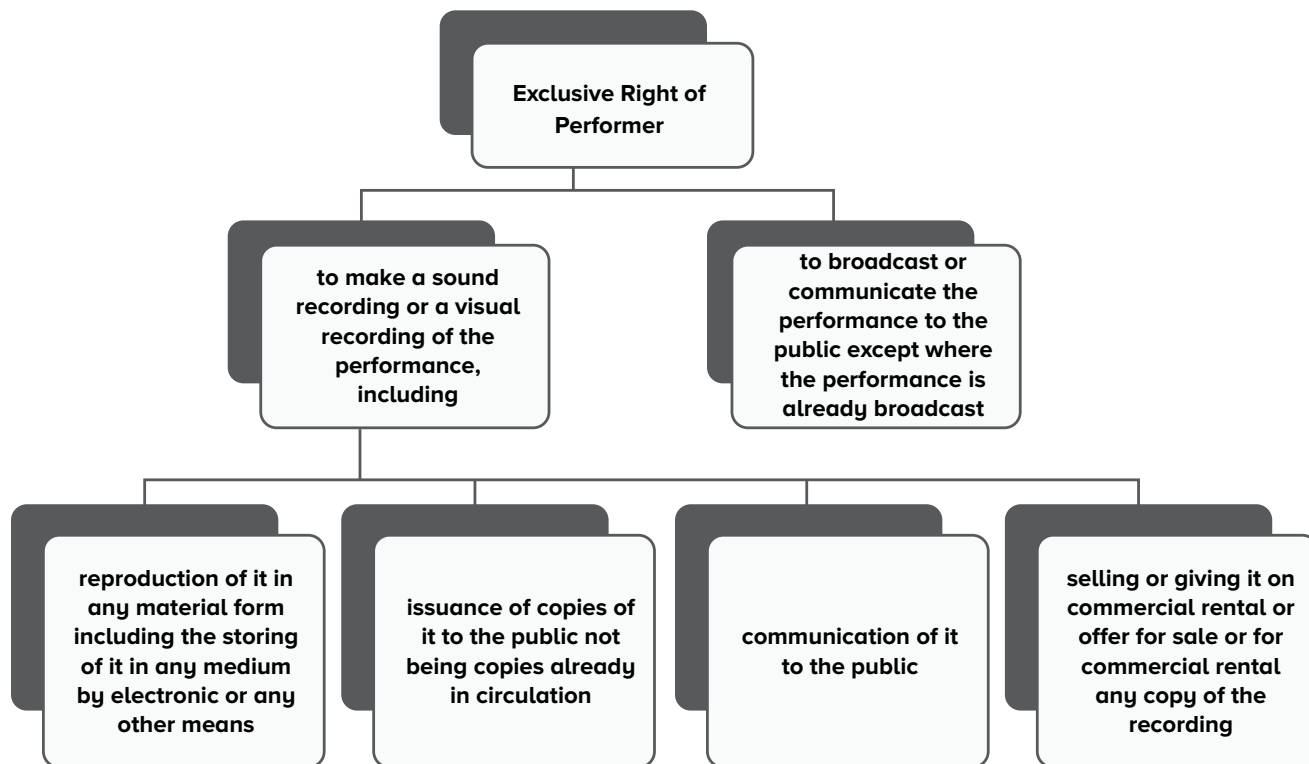


Performer's Right

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 authorize for doing any of the following acts in respect of the performance or any substantial part thereof, namely:–



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:

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

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

such other acts, with any necessary adaptations and modifications, which do not constitute infringement of copyright under Section 52.

INTERNATIONAL COPYRIGHT

Chapter XI of the Act containing Section 40-43 deals International Copyright

Power to extend copyright 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 organization-

The work must be made or first published by or under the direction or control of the International Organisation.

There should be no copyright in the work in India at the time of making or on the first publication of the work.

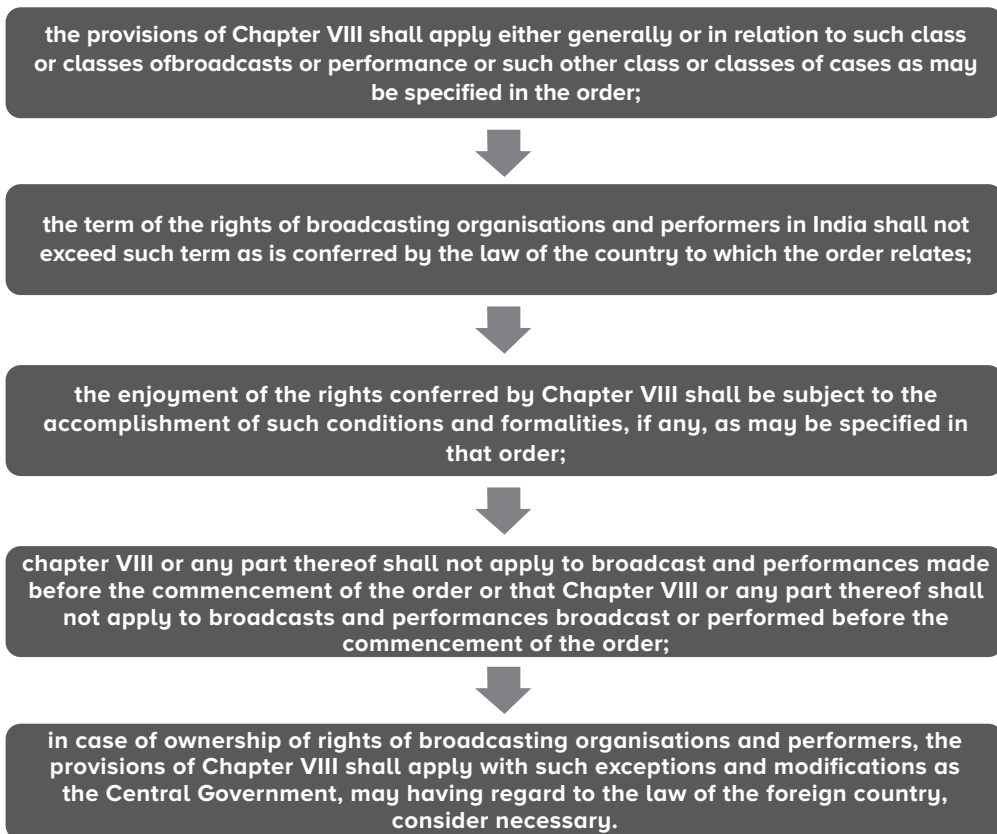
If the work is published in pursuance of an agreement with the author, such agreement should not reserve the author any copyright in the work or any copyright in the work should belong to the organisation.

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:



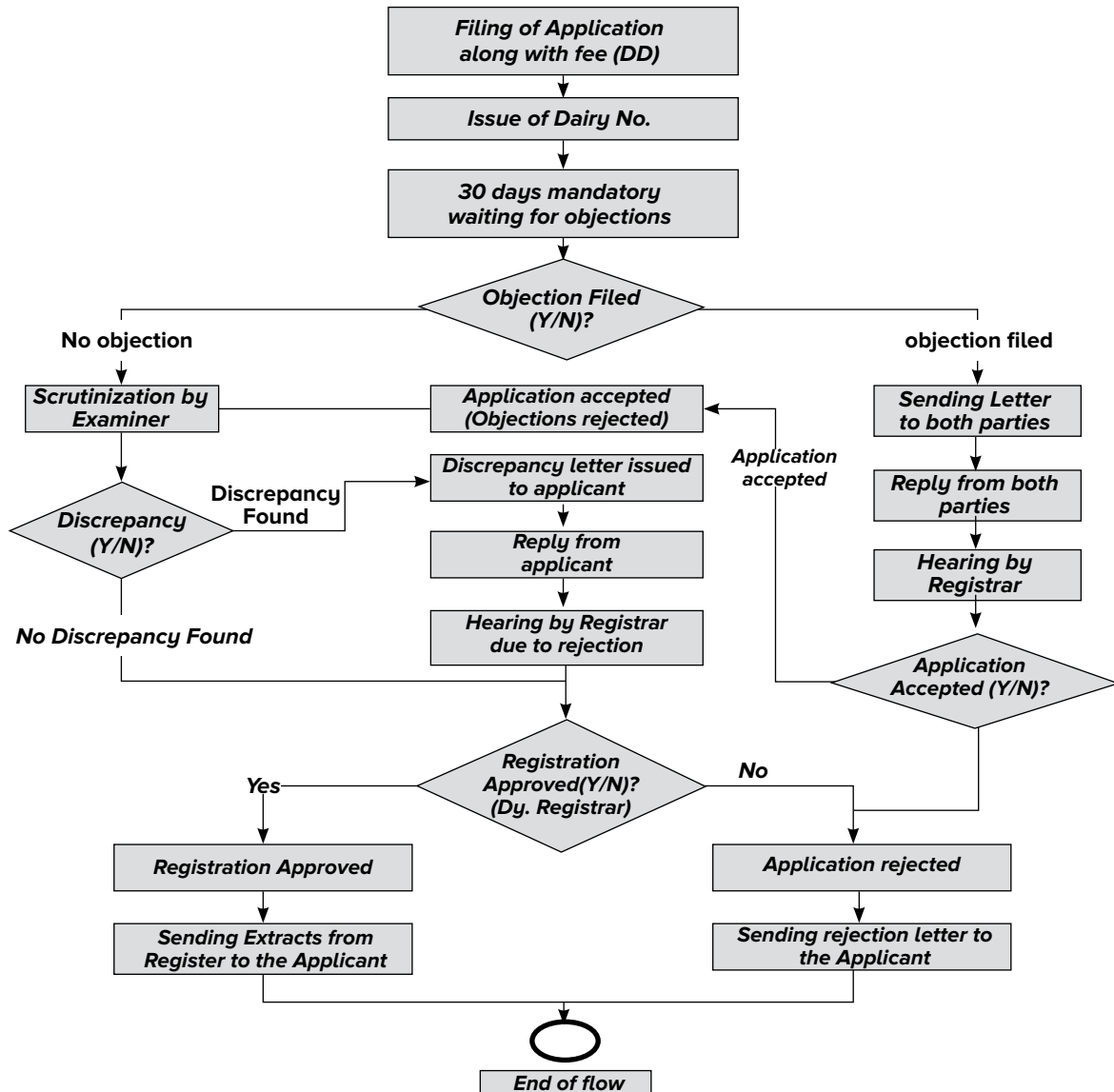
Power to Restrict Rights of Foreign Broadcasting Organisations and Performers

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.

Copyright Registration Workflow



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 closed.

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.

JURISDICTION

Section 62 states, every suit or other civil proceeding arising under this Chapter in respect of the infringement of copyright in any work or the infringement of any other right conferred by this Act shall be instituted in the district court having jurisdiction.

For the purpose of sub-section (1), a district court having jurisdiction shall, notwithstanding anything contained in the Code of Civil Procedure, 1908, or any other law for the time being in force, include a district court within the local limits of whose jurisdiction, at the time of the institution of the suit or other proceeding, the person instituting the suit or other proceeding or, where there are more than one such persons, any of them actually and voluntarily resides or carries on business or personally works for gain

INFRINGEMENT OF COPYRIGHT

Chapter XI of the Act containing Sections 51 to 53A deal with 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 by way of trade, exhibits in public, or
 - iii) 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 Sun; 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 anyone 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 Kar406*].

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; or
 - 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 maybe.
- (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 failing 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.

Resale share right in original copies

According to Section 53A, in the case of resale for a price exceeding ten thousand rupees, of the original copy of a painting, sculpture or drawing, or of the original manuscript of a literary or dramatic work or musical work, the author of such work if he was the first owner of rights under section 17 or his legal heirs shall, notwithstanding any assignment of copyright in such work, have a right to share in the resale price of such original copy or manuscript in accordance with the provisions of this section:

Provided that such right shall cease to exist on the expiration of the term of copyright in the work.

The share referred to in sub-section (1) shall be such as the Commercial Court may fix.

Provided that the Commercial Court may fix different shares for different classes of work:

Provided further that in no case shall the share exceed ten percent, of the resale price.

If any dispute arises regarding the right conferred by this section, it shall be referred to the Commercial Court whose decision shall be final.

REMEDIES AGAINST INFRINGEMENT OF COPYRIGHT

Chapter XII from Section 54 – 62 deals with civil 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 discretion to impose a lesser penalty where the infringement is of a technical nature and not motivated by business considerations.

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.

Eastern Book Company & Ors. vs . D.B. Modak & Anr. Appeal (civil) 6472 of 2004, D/12/12/2007 (AIR 2008 Supreme Court 809, 810)

The judicial pronouncements of the Apex Court would be in the public domain and its reproduction or publication would not infringe the copyright. That being the position, the copy-edited judgments would not satisfy the copyright merely by establishing amount of skill, labour and capital put in the inputs of the copy- edited judgments and the original or innovative thoughts for the creativity are completely excluded. Accordingly, original or innovative thoughts are necessary to establish copyright in the authors work. The principle where there is common source the person relying on it must prove that he actually went to the common source from where he borrowed the material, employing his own skill, labour and brain and he did not copy, would not apply to the judgments of the courts because there is no copyright in the judgments of the court, unless so made by the court itself. To secure a copyright for the judgments delivered by the court, it is necessary that the labour, skill and capital invested should be sufficient to communicate or impart to the judgment printed in SCC some quality or character which the original judgment does not possess and which differentiates the original judgment from the printed one. The Copyright Act is not concerned with the original idea but with the expression of thought. Copyright has nothing to do with originality or literary merit. Copyrighted material is that what is created by the author by his own skill, labour and investment of capital, maybe it is a derivative work which gives a flavour of creativity. The copyright work which comes into being should be original in the sense that by virtue of selection, co-ordination or arrangement of pre-existing data contained in the work, a work somewhat different in character is produced by the author. To claim copyright in a compilation, the author must produce the material with exercise of his skill and judgment which may not be creativity in the sense that it is novel or non-obvious, but at the same time it is not a product of merely labour and capital. The derivative work produced by the author must have some distinguishable features and flavour to raw text of the judgments delivered by the court. The trivial variation or inputs put in the judgment would not satisfy the test of copyright of an author.

Adding, in the copy-edited version the cross-citations to the citation(s) already given in the original text; adding names of cases and cross-citations where only the citation of the case is given; adding citation and cross- citations where only name of the case is given; inserting citation in case history where only the title and year of the impugned/earlier order is given; presenting in their own style the cases when they are cited repeated in the judgment; providing precise references to the quoted matter in the judgment by giving exact page and paragraph number as in the original case source/treatise/reference material; adding margin headings to quoted extracts from statutes/rules, etc., when they are missing from the original text of the judgment; adding the number of the Section/Rule/Article/paragraph to the extract quoted in the original text; adding the names of Judges on whose behalf opinion given ; adding ellipsis “. ” to indicate breaks in quoted extract; supplying the matter inadvertently missed in quoted extracts in the original text of the judgment; changing the text as per corrigenda issued, etc. etc., does not give the Law Journal copyright in the copy-edited judgement.

Win Medicare Pvt Ltd. vs. K. Pharmaceutical Works 126 (2006) DLT 651 Badar Durrez Ahmed, J.**Facts:**

Plaintiff is the manufacturer of BETADINE and also the owner of the design of the bottle and the labels. Defendant also manufactured similar product and marketed the same. The shape of the bottle and the artwork, color combination of the labels etc., were identical with that of the plaintiff. Plaintiff sued for infringement and consequent damages.

Decision: Suit decreed.

Reason:

A comparison of the bottles, of the plaintiff and defendant, clearly shows that the defendant substantially copied the bottle of the plaintiff. Thereby the defendant has adopted an identical and/or substantially similar getup, layout and color combination on its "Povidone Iodine Solution" bottle labels which would amount to the infringement of the copyright which vests with the plaintiff in the said label. In these circumstances, the act and conduct of the defendant would amount to passing off and, therefore, the suit is decreed.

Expar S A & Anr vs. Upharma Laoratorie Ltd. & Anr. [JT 2004 9 (3) 1 SC] Ruma Paul & P. Venkatrama Reddi, JJ. [Decided on 20.02.2004]**Facts:**

The appellants filed a suit for infringement of copyrights, in respect of their medicinal product 'Maloxine', against the respondents in the Delhi High Court and sought injunction against them. The Single Judge of the Court granted an interim injunction against which both the appellants as well as the respondents went in appeal to the Division Bench. The Division Bench allowed the appeal of the respondents and directed the appellants suit to be returned to them for filing before the appropriate court. Against this order of the Division bench the appellants moved the Supreme Court raising an issue whether the High court of Delhi has the jurisdiction under section 69(2) of the Copyrights Act to entertain the suit filed by the appellants.

Decision: Appeal Allowed.

Reason:

The object and reason for the introduction of subsection (2) of section 62 was not to restrict the owners of the copyright to exercise their rights but to remove any impediment from their doing so. Section 62(2) cannot be read as limiting the jurisdiction of the district court only to cases where the person instituting the suit or other proceeding, or where there are more than one such persons, any of them actually and voluntarily resides or carries on business or presently works for gain. It prescribes an additional ground for attracting the jurisdiction of a court over and above the 'normal' grounds as laid down in section 20 of the Code. Even if the jurisdiction of the court were restricted in the manner construed by the Division Bench, it is evident not only from the cause title but also from the body of the plaint that the Appellant No.2 carries on business within the jurisdiction of the Delhi High Court. The appellant no.2 is certainly "a person instituting the suit". The Division Bench went beyond the express words of the statute and negated the jurisdiction of the Court because it found that the appellant no.2 had not claimed ownership of the copyright of the trademark infringement of which was claimed in the suit. The appellant no.2 may not be entitled to the relief claimed in the suit but that is no reason for holding that it was not a person who had instituted the suit within the meaning of section 62(2) of the Act.

Service of a mere notice may not be sufficient to found jurisdiction unless such notice formed an integral part of the cause of action. But a 'cease and desist' notice in a copyright action cannot, particularly in view of section 60 of the Act, be termed to be a 'mere' notice. Such a threat may give rise to the right to institute a suit to counter such threat and to ask for relief on the ground that the alleged infringement to which the threat related was not in fact an infringement of any legal right of the person making such threat.

The impugned decision is accordingly set aside and the matter is remanded to the Division Bench for disposal of the appeals filed by the respondents and appellants on merits.

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 maybe.

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) PTC 98*.

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.

JOHN DOE ORDER

The Indian Courts have not lagged behind in issuing such rulings, and actions have been taken in matters involving secret information, trademark infringement, copyright infringement, and invasion of privacy. The Indian judiciary has taken efforts in the right direction to advance this trend and acknowledge the necessity of such orders to offer relief to victims/parties. To safeguard the plaintiff’s rights and avert any harm, Indian courts have traditionally granted interim orders pursuant to Order 39 Rules 1 and 2 of the Code of Civil Procedure, 1908 (“CPC”). Such temporary orders are also permitted by the laws, such as the Trademarks Act of 1999 and the Geographical Indication of Products Act of 1999.

The common law notion of John Doe/Jane Doe orders, known as Ashok Kumar orders in India, may be able to help in these specific cases when interim instructions are given since enough damage has already been done.

The Anton Piller order has also been passed by the Indian courts, highlighting the importance of the plaintiff’s full and honest disclosure as well as the appointment of Special Officers by the Court within 14 days to provide

report on the alleged illegal sale, marketing, and distribution of the plaintiff's drawings, designs, and get-up. Nonetheless, Justice Ganguly found that the Anton Piller Order is primarily employed for evidence preservation, despite the fact that the fundamental principles for making such orders have been taken from other jurisdictions.

Taj Television Ltd. & Anr. vs. Rajan Mandal & Ors. [(2003) F.S.R. 22]

Facts:

The first plaintiff recently launched a new 24 hour exclusive sports channel "Ten Sports". Owing to its exclusive sports content broadcast in a very entertaining manner, Ten Sports has become a much sought after channel within just a few months of its coming into operation. The channel has bagged rights to some of the major sporting events. The plaintiff in order to market its channel in India entered into distribution arrangement with the second plaintiff. The second plaintiff in turn through its division Cable Division Network ("CDN") enters into agreements with cable operators in India. By virtue of this agreement, cable operators are granted a licence to transmit the Ten Sports channel to a specified number of subscribers within a specified area. Ten Sports has exclusive broadcast rights to telecast the World Cup Football matches in India. The first plaintiff is, therefore, the owner of the broadcast reproduction right as provided under s.37 of the Copyright Act, 1957. It was submitted that the plaintiffs have begun to identify a variety of cable operators/parties/networks who are unauthorizedly transmitting their Ten Sports channel and reaping huge dividends. This has not only caused the plaintiffs loss of revenues in terms of licence fees, but has also impacted their relationship with existing licensees who now do not see the need for paying license fees when they could very well unauthorizedly transmit the signal.

Held:

Court held that, "plaintiffs, has made references to a large number of Canadian, Australian, English and American cases but I would not like to burden this order with all the judgments on which reliance has been placed at this stage. Since "John Doe" orders are passed in the court of Canada, America, England, Australia and in some other countries. The judicial systems of all these countries have basic similarity with our judicial system. Therefore, looking to the extra ordinary facts and circumstances of the case, in the interest of justice the courts in India would also be justified in passing "John Doe" orders.

Undoubtedly the cable operators in India have a long history of violating copyrights. A very large number of court orders are testimony to this. The cable operators are encouraged owing to the unique nature of cable piracy and the unstructured nature of the cable industry, the speed with which any trace of infringement can be erased by the cable operators, enforcement of rights in conservative nature is unlikely to effectively redress the plaintiffs' grievance. At the same time, I am of the opinion that though the court is not powerless to pass John Doe orders in India but in the facts and circumstances of this case the directions given in succeeding paragraphs may protect the interests of the plaintiffs and meet the ends of justice.

On consideration of the totality of facts and circumstances it has become imperative to appoint a Court Commissioner to carry out directions of this case. He is authorised to search the premises of the first to sixth defendants and make an inventory and take into custody all such equipment/wires which is or could be used for the broadcast of the plaintiff's channel. The Court Commissioner may take assistance of technical experts and police officials in carrying out the orders of this court. The SHO of the concerned police stations are directed to render.

He is further authorised to enter the premises of other cable operators and collect necessary evidence by taking photographs and video films who are responsible for broadcasting of the plaintiffs' channel in a clandestine manner and submit a report to this court within three weeks. The court on the basis of the report of the Court Commissioner would consider issuing notices to all alleged violators of the orders of the court. The court after hearing may consider taking appropriate actions both "civil and criminal" against them in accordance with law."

ESPN Software India Private Ltd. vs. Tudu Enterprise and Ors. (18.02.2011 - DELHC) : (CS/OS/384/2011)

Facts:

The case of the Plaintiff is that it has the exclusive rights for India and other territories for telecast of the ICC Cricket World Cup 2011, cricket matches being played in India, Sri Lanka and Bangladesh. The Plaintiff obtained these exclusive rights from the International Cricket Council (ICC).

The Plaintiff is claiming to be the sole and exclusive distributor of three pay channels, namely, ESPN, STAR Sports and STAR cricket Channels in India ("the Channel(s)") having obtained the exclusive right from ESPN STAR Sports ("ESS") the Defendant No. 174 herein, who in turn obtained the same from ESPN (Mauritius) Limited (EML). EML has obtained from ICC Development (International) Limited (ICC) the exclusive right to televise in India till the year 2015 all ICC events including the said ICC Cricket World Cup 2011, being fifty overs International cricket matches, being played in India, Sri Lanka and Bangladesh from February 19, 2011 to April 2, 2011. The Plaintiff also has the exclusive right to televise in India various other international live sporting events including the French Open, Wimbledon, Confederation Cup, FI, Moto GP, various Golfing events, the Olympics events.

It is stated that the said ICC Cricket World Cup 2011 matches are to be televised on STAR Cricket, ESPN and STAR Sports. Approximately 6500 Cable Operators/Multi System Operators across India are claimed to have entered into contracts with the Plaintiff for the right to access the channels of the Plaintiff. Pursuant to these contracts, the Local Cable Operators (LCO's) and Multi Systems Operators (MSO's) are granted a license to transmit the channels of the Plaintiff depending upon their respective subscriber base.

The Defendants are Multi Systems Operator (MSO) and /or Local Cable Operators (LCOs) having their respective Head end(s)/cable network(s) in the cities as set out in the cause title. These Defendants have been unauthorisedly and without entering into contracts either with the distributor of the Plaintiff or with the Plaintiff itself are transmitting over their respective cable networks the channels of the Plaintiff and showing the events to their subscribers on payment and thereby, violating the Plaintiff's broadcast reproducing right granted under the Copyright Act, 1957. The actions of the Defendants in distributing the Plaintiff's signals to other cable operators and cable homes without any license in this regard from the Plaintiff are unlawful and violative of the Plaintiff's broadcast reproduction right.

Issue:

Whether defendant's act of unauthorized broadcasting amounts to infringement?

Held:

Delhi High Court held that –

"The Plaintiff has asserted violation of its rights and violations of the Copyright Act, 1957, the Cable Network (Regulation) Act, 1995 before this Court. It is urged that unauthorized cable transmission of the Plaintiff's channel shall result in irreparable loss and damage to the Plaintiff including subscription loss as well as advertisement revenues in addition, it would encourage other cable operators who have currently procured licenses from the Plaintiff and possessed valid licenses to also transmit unauthorized signals without making necessary payments. It would appear that public interest would also suffered on account of poor programme quality. There is prima facie substance in the Plaintiff's contention that the same would impact the Plaintiffs reputation as well. In support of the grievance that the damage would be irreparable, it is pointed out that the cable industry has an unstructured compensation and it would be impossible to assess the damages which may result on account of unauthorized telecast/broadcast/distribution.

The material placed before this Court would show that the Plaintiff's channels are paid channels not meant to be viewed by persons who are not subscribers through authorized cable operators. Only authorized licenses can use/distribute the encrypted channels. The licensed cable operators use a decoder or a decryption device which have unique numbers given by the Plaintiff to its licensed cable operators. Unauthorised cable operators indulge in illegal capturing of sports signals of the Plaintiff which are the illegally transmitted. Such illegally and unauthorisedly captured signals are then distributed to through their respective network surreptitiously to cable homes attached to them.

There is therefore substance that unlicensed broadcast of the reproduction rights vested in the Plaintiff by operating signals, transmit to India in the foregoing manner is illegal, unfair and deserves to be prohibited.

The Plaintiff has specifically averred that the Defendants in the suit have not signed any licensed agreement and/or direct that the Plaintiff's distributors and as such are not authorized to distribute the channels over their cable operators. As such transmission of these channels is violative of Section 37(3) of the Copyright Act.

Grave and irreparable loss and damage would ensue to the Plaintiff in case interim protection is not granted. Balance of convenience and interest of justice are in favour of the Plaintiff and against the Defendants."

APPEALS

Chapter XIV covers Section 71-73 dealing with Appeals.

Appeals against certain orders of Magistrate

Any person aggrieved by an order made 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 71)

Appeals against orders of Registrar of Copyrights

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 High Court.

Every such appeal shall be heard by a single Judge of the High Court:

Provided that any such Judge may, if he so thinks fit, refer the appeal at any stage of the proceeding to a Bench of the High Court.

Where an appeal is heard by a single Judge, a further appeal shall lie to a Bench of the High Court within three months from the date of decision or order of the single Judge.

In calculating the period of three months provided for an appeal under this section, the time taken in granting a certified copy of the order or record of the decision appealed against shall be excluded. (Section 72)

NEIGHBOURING RIGHTS

Traditionally, neighboring rights have been granted to three categories of beneficiaries: performers, producers of phonograms and broadcasting organizations. The rights of performers are recognized because their creative intervention is necessary to give life, for example, to musical works, dramatic and choreographic works, and motion pictures, and because they have a justifiable interest in legal protection of their individual interpretations. The rights of producers of phonograms are recognized because their creative, financial and organizational resources are necessary to make recorded sound available to the public in the form of commercial phonograms, and because of their legitimate interest in having the legal resources necessary to take action against unauthorized uses, whether it be through the making and distribution of unauthorized copies (piracy) or in the form of unauthorized broadcasting or communication to the public of their phonograms. Likewise, the rights of broadcasting organizations are recognized because of their role in making works available to the public, and in light of their justified interest in controlling the transmission and retransmission of their broadcasts.

The first organized international response to the need for legal protection of the three categories of neighboring rights beneficiaries was the conclusion, in 1961, of the Rome Convention, or more specifically, the "International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations." Unlike most international conventions, which follow in the wake of national legislation and are intended to synthesize existing laws, the Rome Convention was an attempt to establish international regulations in a new field where few national laws existed at the time. This meant that most States would have to draft and enact laws before adhering to the Convention. Since the adoption of the Convention in 1961, a large number of States have legislated in matters related to the Convention, and a number of others are considering such legislation; indeed, the laws of many such States exceed the minimum levels of protection established by the Convention. While there is a widespread view that it is out-of-date and in need of revision or replacement by a new set of international norms in the field of neighboring rights, the Rome Convention remains the international benchmark for protection in this field: for example, the European Union has required that all its Member States adhere to the

Convention, and it was the basis for inclusion of provisions on the rights of performers, producers of phonograms and broadcasting organizations in the TRIPS Agreement (even though the levels of protection are not the same).

The rights granted to the three beneficiaries of neighboring rights in national laws are as follows, although not all rights may be granted in the same law.

- Performers are provided the rights to prevent fixation (recording), broadcasting and communication to the public of their live performances without their consent, and the right to prevent reproduction of fixations of their performances under certain circumstances; the rights in respect of broadcasting and communication to the public may be in the form of equitable remuneration rather than a right to prevent. Due to the personal nature of their creations, some national laws also grant performers moral rights, which may be exercised to prevent unauthorized uses of their name and image, or modifications to their performances which present them in an unfavorable light.
- Producers of phonograms are granted the rights to authorize or prohibit reproduction, importation and distribution of their phonograms and copies thereof, and the right to equitable remuneration for broadcasting and communication to the public of phonograms.
- Broadcasting organizations are provided the rights to authorize or prohibit rebroadcasting, fixation and reproduction of their broadcasts. Under some laws, additional rights are granted: for example, in the countries of the European Union, producers of phonograms and performers are granted a right of rental in respect of phonograms (and, in respect of performers, audiovisual works), and some countries grant specific rights over cable transmissions. Under the TRIPS Agreement, likewise, producers of phonograms (as well as any other right holders in phonograms under national law) are granted a right of rental.

In the TRIPS Agreement, the expression “related rights” is used to refer to the same rights. The purpose of neighboring or related rights is to protect the legal interests of certain persons and legal entities who either contribute to making works available to the public or produce subject matter which, will not qualifying as “works” under the copyright systems of all countries, express creativity or technical and organizational skill sufficient to justify recognition of a copyright-like property right.

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 (ffc) 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 recognized standards and procedures for enforcement of copyright in the field of computer programmes.

A copyright is created for each addition or modification to the source code that exhibits sufficient originality, just as one was created when the first lines of source code were produced by the programmer. As a result, a computer programme is typically covered by a number of copyrights, beginning with the one that applies when it is originally developed and continuing through the final update.

Infringements relating to Copyright vested in Softwares

1. **Software Piracy-** Software piracy is the act of using, sharing, or reproducing a software product without the express consent of its creator. Software piracy is theft, the taking of another person’s original concept and work.
2. **Software Counterfeiting-** The unlicensed and unauthorized copying and sale of software in a configuration that is almost identical to the original product.
3. **End User Piracy-** End users (including residential and business users) who are running unlicensed software on their computers or who have installed more copies of the programme than what is allowed by their licence agreements, such as a business with one licence who has five PCs running the software. Under-licensing is a type of end user piracy that the Business Software Alliance takes very seriously (BSA).
4. **Pirated Hard Disk-** Before selling a PC, computer sellers pre-install illicit copies of software. Some vendors install a single lawfully obtained copy on numerous machines. Normally, these computers are offered for sale without any kind of licence information or discs.
5. **Internet Piracy-** Software is made available for download on the Internet by third parties, either for free or at a cost. Pirates frequently utilise the Internet for advertising purposes to entice customers.

Tata Consultancy Service vs. State of Andhra Pradesh 2006 (33) PTC 652 (SC)

Facts:

The appellants, Tata Consultancy Services, provide consulting services, including computer consulting services. They sell off-the-shelf software packages for computers, also known as “packaged software.” Uncanned software, on the other hand, is custom-made software that is directly installed on customers’ computers. Canned software is software that a person may go to a shop and just buy off the shelf. The people who created the canned software are its true owners. According to Tata Consultancy, they are the licensees with this authority to sublicense it to others.

According to the Act, the Commercial Tax Officer in Hyderabad issued a provisional order of assessment declaring the software to be “goods.” Additionally, the Appellate Deputy Commissioner of Commercial Tax determined that software qualified as a good for sales tax assessment under the Act. The Sales Tax Appellate Tribunal rejected the appellant’s preferred appeal. Tata Consultancy, upset by the Tribunal’s decision, filed a

Tax Revision appeal with the Andhra Pradesh High Court, but it was also denied. The Appellant filed a Supreme Court appeal in opposition to this High Court order.

The Tata consultancy's major argument was that, according to Section 2(h) of the Act, the phrase "goods" exclusively refers to movable tangible property and not intangible property. It was made clear that, in contrast to conventional goods, software cannot be sold again and that a buyer does not automatically become the software's sole proprietor.

Computer programmes are considered "literary works" under the criteria provided in the Copyright Act of 1957 and are therefore considered to be intellectual property. It was stated that the customer only receives a set of commands when he buys software, not the finished result. Also, a number of international court cases were used to support the claim that software is an intangible asset.

The defendant argued that when one buys a copy of a book or a song that is protected by copyright from a record shop, what they actually get is just a copy of the item in question and not the original work. It was further contended that Article 366 (12) of the Indian Constitution expresses the phrase "products" to cover all tangible goods, including intangible property. The fact that the criteria for tax collection does not depend on whether the commodities are tangible or intangible was also welcomed.

Issue:

Whether an intellectual property contained in floppies, disks or CD- ROMs would be 'goods' within the meaning of Andhra Pradesh General Sales Tax Act, 1957?

Held:

The Apex Court stated that-

"A 'goods' may be a tangible property or an intangible one. It would become goods provided it has the attributes thereof having regard to (a) its utility; (b) capable of being bought and sold; and (c) capable of transmitted, transferred, delivered, stored and possessed. If a software whether customized or non-customized satisfies these attributes, the same would be goods.

A software may be intellectual property but such personal intellectual property contained in a medium is bought and sold. It is an article of value. It is sold in various forms like floppies, disks, CD-ROMs, punch cards, magnetic tapes, etc. Each one of the mediums in which the intellectual property is contained is a marketable commodity. They are visible to senses. They may be a medium through which the intellectual property is transferred but for the purpose of determining the question as regard leviability of the tax under a fiscal statute, it may not make a difference. A programme containing instructions in computer language is subject matter of a licence. It has its value to the buyer. It is useful to the person who intends to use the hardware, viz., the computer in an effective manner so as to enable him to obtain the desired results. It indisputably becomes an object of trade and commerce. These mediums containing the intellectual property are not only easily available in the market for a price but are circulated as a commodity in the market. Only because an instruction manual designed to instruct use and installation of the supplier programme is supplied with the software, the same would not necessarily mean that it would cease to be a 'goods'. Such instructions contained in the manual are supplied with several other goods including electronic ones. What is essential for an article to become goods is its marketability.

The Court ruled that even if ownership of the programme may remain with the creator, a computer programme may contain a set of instructions that allow the computer to carry out a certain task. The instant copies are produced and sold is when it transforms into a product. Even intellectual property turns become merchandise when it is published on media. The selling of a computer software on a CD or floppy disc is treated the same way by the court as the sale of music on a CD or cassette. The software and medium cannot be separated because the consumer does not pay for the disc or CD.

The Indian courts have established standards for identifying what constitutes "goods." Their tangibility does not matter. Therefore, Software falls under the category of goods."

CASE LAWS***Warner Bros. Entertainment Inc. and Ors. vs. Santosh V.G. (13.04.2009 - DELHC) : CS (OS) No.1682/2006*****Facts:**

The plaintiffs sue the defendant for permanent injunction and damages, claiming that the latter has infringed their copyrights in respect of films, by hiring, and offering for hire, infringing copies, in India.

The plaintiffs, their associated and affiliated companies carry on business of film production and are the owners, co-owners, assignees, licensees of rights, titles and have interests in and to the copyrights in the films produced by them. They contend that all the films in which they claim copyrights have been first published in a country included in the first schedule of the International Copyright order, 1991 and therefore, under the Copyright Act, 1957 and the Copyright Amendment Act, 1994 they have the exclusive right inter alia to (i) to make a copy of the film including a photograph of any image forming part thereof; (ii) to sell or give on hire or offer for sale or hire, any copy of the film, regardless of whether such copy has been sold or given on hire on earlier occasions; and (iii) to communicate the film to the public.

The plaintiffs contend that films are also distributed and made available to the public in different formats at different times. It is normal for the plaintiffs to first release their films in theatres in the United States of America. By the time the film is released in theatres in other countries outside the USA, it is probable that in the USA, the films are already released in home video format. Accordingly, at the time that a film is theatrically released in India, it is possible that the same film has already been released on home video format in the US by the plaintiffs and/or their respective licensees. It is critical that this home video product released in the US is not authorized or licensed for sale (or rental) outside the US and/or USA and Canada.

The plaintiffs allege that giving (a film) on hire or offering a film for hire without the copyright owner's license is an act of infringement. The plaintiffs allege that the defendant has no rental licenses in his favour and all such acts of rental amount to an act of infringement of copyright under the provisions Section 14 (d) (ii) read with Section 51 of The Copyright Act, 1957. The plaintiffs assert to being copyright owners and assignees of several such films.

It is alleged that DVDs are coded according to specific geographical zones. The DVDs meant for sale in the USA and Canada are Zone 1 DVDs. DVDs meant for sale in India are Zone 5 DVDs. Zone 1 DVDs are not authorized for sale or rental in Zone 5 countries like India.

Issue:

Whether the act of importing and hiring or renting within India amounts to infringement of copyright?

Held:

Court stated that-

"In this case the copies that are being let out for rent/hire by the Defendant are not made in India. Rather, they have been made in the US and imported into India. As noticed earlier, copyright in a work published abroad, in a Berne Convention country, like the United States, entitles its owner to assert copyright in India; such rights are "as if" the works were published in India (Section 40 and provisions of the Order). An infringing copy is one "... made or imported in contravention of the provisions of this Act". In this context, the proviso to Section 51(b) (iv) in the court's view, provides the key to Parliamentary intention. It carves only one exception, permitting "import of one copy of any work for the private and domestic use of the importer". The plaintiffs' argument is that there would have been no need to enact this exception, if there were no restriction on import of cinematograph films, genuinely made outside India. The effect of the proviso to Section 51(b)(iv) is plainly, not to relax the importation of genuinely made cinematographic films but to allow for the importation of one copy of any work "for the private and domestic use of the importer" This would mean that the proviso allows for the importation of an infringing work, for private and domestic use of the importer, and not commercial use.

The defendant argues that once the plaintiffs placed their copies in the US market, and they were purchased legitimately, “long arm” restrictions expressed on the concerned copies are of no consequence; it lost or “exhausted” the right to control further sale or commerce in that copy. They draw inspiration from what is termed as the doctrine of “exhaustion”. Reliance is placed on two decisions of the US Supreme Court, and an English decision, Zino Davidoff, in support of this contention. The plaintiffs, on the other hand, argues that those decisions were in the context of peculiar circumstances, and that the principle of exhaustion does not apply in India; they rely on the text of the Copyright Act.

The second reason is that Section 14(1)(d) provides that the copyright owner has, in case of cinematographic films, the exclusive right to sell or give on hire or offer for sale or hire, any copy of the film, regardless of whether such copy has been sold or given on hire on earlier occasion. The copyright owner, therefore continues to be entitled to exercise rights in a particular copy of the film regardless of whether it has been sold previously- in express contrast to literary works, which are “already in circulation”. This is reinforced by Section 51 (b) (i), which unambiguously provides that copyright in a work shall be infringed if a person does anything the exclusive right do which is by the Act, conferred upon the owner of the copyright; it is also emphasized by Section 51(b) (i) which makes for sale or hire, or sells or lets for hire, or by way of trade displays or offers for sale or hire, any infringing copies of the work. The proviso, crucially, exempts from the definition importation of a single infringing copy for “the private and domestic use of the importer”. As noted earlier, importation into of a copy into India, in contravention of the Act - for instance, without the license, or authorization of the copyright owner, is an infringement; such copy is an infringing copy under Section 2(m).

The express indication in Section 14(a)(ii) that a copyright owner of literary works cannot exercise domain over copies in circulation, shows that exhaustion, if one may term it, applies only in relation to the class of copyrights in Section 14(a) and to the extent specified in Clause (ii). Thus, the copyright owner of a literary work, cannot dictate how and under what conditions a copy can be re-sold, once it is “circulated”. This limited “exhaustion” negates the applicability of the principle in regard to other classes of copyrights. Thus, Parliament having intervened in one category of copyrights to grant a limited kind of “exhaustion” and consciously chosen not to extend it to others, sleight of judicial reasoning cannot extend its application. This, Section 14(a) (ii) to the extent it exempts the copyright owners’ right in respect of copies in circulation, is by way of a proviso or exemption; there is a long line of decisions, that such provisos or exemptions, embrace only the field covered by the main provision, and carving out an exemption, or exception (to such main provision) and to no other.

In view of the above discussion, the second issue too, is answered in favour of the plaintiffs; the defendant’s action, giving on hire or rent in India, copies of cinematograph films authorized for sale or rental in a particular territory outside India, in which cinematograph films the plaintiffs claim copyrights, would constitute infringement of copyright under Section 51(b) (iv), as long as the plaintiff’s authorization is not secured.”

John Wiley and Sons Inc. and Ors. vs. Prabhat Chander Kumar Jain and Ors. (17.05.2010 - DELHC) : (2010) ILR 5 Delhi 510

Facts:

The plaintiffs contend that any attempt by anyone to sell, distribute or circulate the books outside the territories prescribed by the owners of the copyright shall cause infringement of the copyright. The said claim is averred in the plaint by stating that India is signatory to the Universal Copyright Convention and the Berne Convention and the rights of a copyright holder shall extend to the member countries by virtue of Section 40 of the Copyright Act.

The grievance of the plaintiffs begins with the rampant problem of the export of books which are reprint editions meant for the Indian and neighbouring territories to the Western Countries which not only causes copyright infringement but also leads to royalty losses of the plaintiffs who are the owners of the respective copyrights.

The plaintiff’s state that their attention was drawn to Defendant, a bookseller in Delhi trading under the website “www.alibris.com” was offering online sale and delivery worldwide of the Low Price Editions of the plaintiffs’ publications. The plaintiffs have also described their predicament insofar as the defendants are attracting customers by misrepresenting that the books put up by them for sale are identical to those of the plaintiffs.

The plaintiffs allege that these acts of the defendants of diverting the Low Price Edition books which are meant for sale in India and its neighbouring states to the USA, UK and other countries for which the books are not meant amounts to infringement of the plaintiffs copyright in the said books. It is submitted that the placing of the said books in circulation, that too in the countries for which the books are not meant, without the permission of the plaintiffs, is a clear infringement of the copyright of the plaintiffs.

Issue:

Whether the circulation of books in India, without the permission of author, is infringement of copyright?

Held:

Court held that-

"The defendants' argument that the first sale doctrine will exhaust the rights of the plaintiffs internationally is incongruous and the same will lead to absurd results in as much as the defendants are the purchasers of the books with notice from the exclusive licensee and not from the owner of the copyright. Accepting the contention of the defendants would again be nugatory to the principle of the ownership and license. The owner has full right to enjoy the property and if the property is purchased from the owner only then will the owner lose his rights. The same is applicable in the present circumstances. The purchaser after purchasing from the exclusive licensee cannot by claiming the principle of exhaustion or extinguishment of rights defeat the rights of the owner. This is the only harmonious interpretation possible by invocation of doctrine of first sales in the present case.

In view of the aforementioned reasoning, the argument of applicability of first sale doctrine defeating the rights of the owner fails and the same cannot abridge the rights of the owner to complain of infringement in the present case even if it is applied.

The first sales doctrine if it is applied does not aid the case of the defendant. Thus, there is prima facie infringement of copyright which warrants the grant of temporary injunction till the disposal of the suit.

The plaintiffs have been prima facie successful in establishing that they are the owners of the copyright in the books and the same is being violated by the defendants by putting into circulation the Low Price Editions of the books into territories for which the books are not meant and violating the right of the owner under Section 14(a)(ii) and also causing the conditions of the licence to be violated and thereby causing the infringement of the copyright of the plaintiffs. The defendants have failed to show any prima facie tenable defence in support of their acts.

The balance of the convenience will lie in favour of the plaintiffs as the plaintiffs will be more inconvenienced if the ex parte injunction granted on 17.9.2008 is not confirmed and the defendants are not restrained from carrying out the infringing acts as against the defendant, who will be less inconvenienced. This is also more so when the defendants have already given an undertaking before US court to not indulge in infringing acts in future. The plaintiffs will suffer irreparable loss if the defendants are allowed to start carrying out their acts at this stage. The defendants will not suffer any such loss at this stage as is obvious by weighing the comparative hardship."

The Chancellor, Masters and Scholars of the University of Oxford and Ors. vs. Rameshwari Photocopy Services and Ors. (16.09.2016 - DELHC) : CS(OS) 2439/2012, I.A. Nos. 14632/2012, 430 and 3455/2013

Facts:

Rameshwari Photocopy Service (Defendant) is a photocopy shop that was established in 1998 and is owned by Dharampal Singh located on the Delhi School of Economics (DSE) grounds in Delhi University's North Campus. Several DSE students frequented this store because it served as the main source of a range of course materials. This was as a result of some professors at the Delhi School of Economics creating course packs that contained excerpts from books written by other authors and published by different international publishing houses. These pages were copied, bound, and given to students for 50 paise (US \$0.01) each by Rameshwari Photocopy Service.

The University of Delhi and Rameshwari Photocopy Service were sued for copyright infringement in 2012 by Oxford University Press, Cambridge University Press (UK), Taylor & Francis Group (UK), Cambridge University

Press India Pvt. Ltd., and Taylor & Francis Books India Pvt. Ltd. for distributing copies of their published books without the proper authorization. The plaintiffs instituted this suit for the relief of permanent injunction restraining the two defendants from infringing the copyright of the plaintiffs in their publications by photocopying, reproduction and distribution of copies of plaintiffs' publications on a large scale and circulating the same and by sale of unauthorised compilations of substantial extracts from the plaintiffs' publications by compiling them into course packs/anthologies for sale.

Rameshwari Services received a lot of support from academics, activists, and students alike in response to the lawsuit, and several petitions were submitted to be impleaded as defendant, including the Society for Promoting Educational Access and Knowledge (SPEAK) and the Association of Students for Equal Access to Knowledge (ASEAK).

In 2012, a temporary injunction prohibiting Rameshwari Services from selling the cloned course packages was issued by the Delhi High Court. Additionally, the Court ordered a Local Commissioner to visit the shop's location without warning and seize any allegedly infringing copies of the plaintiff's works that were produced thereafter after making an inventory of them.

Justice Rajiv Sahai Endlaw dismissed the lawsuit in 2016 and lifted the injunction, allowing Rameshwari Photocopy Services to resume selling the course bundles. In that year, a two-judge court overturned the earlier ruling and permitted the case trial to proceed, ruling that copyright violations were not committed by reproducing copyrighted works for educational reasons.

The Delhi High Court urged the business to provide recurring reports regarding the course packs it was selling rather than issuing an injunction at the same time. Students, faculty, and alumni of Oxford University wrote an open letter to Oxford University Press in 2017 pleading with them not to appeal the Division Bench ruling in the Supreme Court of India.

Issue:

- Whether the reproduction in the course packs constitute copyright infringement?
- Whether such reproduction amounts fair use?

Held:

Court held that –

“Copyright, specially in literary works, is thus not an inevitable, divine, or natural right that confers on authors the absolute ownership of their creations. It is designed rather to stimulate activity and progress in the arts for the intellectual enrichment of the public. Copyright is intended to increase and not to impede the harvest of knowledge. It is intended to motivate the creative activity of authors and inventors in order to benefit the public....

Applying the tests as aforesaid laid down by the Courts of (i) integral part of continuous flow; (ii) connected relation; (iii) incidental; (iv) causal relationship; (v) during (in the course of time, as time goes by); (vi) while doing; (vii) continuous progress from one point to the next in time and space; and, (viii) in the path in which anything moves, it has to be held that the words “in the course of instruction” within the meaning of Section 52(1)(i) supra would include reproduction of any work while the process of imparting instruction by the teacher and receiving instruction by the pupil continues i.e. during the entire academic session for which the pupil is under the tutelage of the teacher and that imparting and receiving of instruction is not limited to personal interface between teacher and pupil but is a process commencing from the teacher readying herself/himself for imparting instruction, setting syllabus, prescribing text books, readings and ensuring, whether by interface in classroom/tutorials or otherwise by holding tests from time to time or clarifying doubts of students, that the pupil stands instructed in what he/she has approached the teacher to learn. Similarly the words “in the course of instruction”, even if the word “instruction” have to be given the same meaning as ‘lecture’, have to include within their ambit the prescription of syllabus the preparation of which both the teacher and the pupil are required to do before the lecture and the studies which the pupils are to do post lecture and so that the teachers can reproduce the work as part of the question and the pupils can answer the questions by reproducing the work, in an examination. Resultantly, reproduction of any copyrighted work by the teacher for the purpose of imparting

instruction to the pupil as prescribed in the syllabus during the academic year would be within the meaning of Section 52(1)(i) of the Act.

I thus conclude that the action of the defendant No. 2 University of making a master photocopy of the relevant portions (prescribed in syllabus) of the books of the plaintiffs purchased by the defendant No. 2 University and kept in its library and making further photocopies out of the said master copy and distributing the same to the students does not constitute infringement of copyright in the said books under the Copyright Act.”

M/s Knit Pro International vs. the State of NCT of Delhi & Anr, (Criminal Appeal No. 807 of 2022) dated May 20, 2022

Facts:

M/s Knit Pro International (“Knit Pro”) had submitted an application under Section 156(3) of the Code of Criminal Procedure, 1973 (“CrPC”) asking the Chief Metropolitan Magistrate (“CMM”) to direct the “registration of FIR against” Respondent No. 2 (“accused”) for offences related to Sections 51, 63, and 64 of the Copyright Act as well as Section 420 of the Indian Penal Code, 1860 (“IPC”) collectively, “offences” An FIR was filed after the CMM approved the application in an order dated October 23, 2018.

As a result, the accused submitted a Writ Petition to the Delhi High Court (“High Court”) asking for the criminal proceedings to be dismissed.

The accused requested the quashing of the criminal proceedings on the only basis that “the offence under Section 63 of the Copyright Act is not a cognizable and a non-bailable offence” during the case hearing.

Vide the impugned judgement, that “the offence under Section 63 of the Copyright Act is a non-cognizable offence,” the High Court granted the petition. Knit Pro approached the Supreme Court.

Issue:

Whether, the offence under Section 63 of the Copyright Act is a cognizable offence as considered by the Trial Court or a non-cognizable offence as observed and held by the High Court?

Held:

Supreme Court *inter alia* observed that-

“For the offence under Section 63 of the Copyright Act, the punishment provided is imprisonment for a term which shall not be less than six months but which may extend to three years and with fine. Therefore, the maximum punishment which can be imposed would be three years. Therefore, the learned Magistrate may sentence the accused for a period of three years also. In that view of the matter considering Part II of the First Schedule of the Cr.P.C., if the offence is punishable with imprisonment for three years and onwards but not more than seven years the offence is a cognizable offence. Only in a case where the offence is punishable for imprisonment for less than three years or with fine only the offence can be said to be non-cognizable. In view of the above clear position of law, the decision in the case of Rakesh Kumar Paul (supra) relied upon by learned counsel appearing on behalf of respondent no.2 shall not be applicable to the facts of the case on hand. The language of the provision in Part II of First Schedule is very clear and there is no ambiguity whatsoever.

Under the circumstances the High Court has committed a grave error in holding that the offence under Section 63 of the Copyright Act is a non-cognizable offence. Thereby the High Court has committed a grave error in quashing and setting aside the criminal proceedings and the FIR. Therefore, the impugned judgment and order passed by the High Court quashing and setting aside the criminal proceedings/FIR under Section 63 of the Copyright Act deserves to be quashed and set aside.

In view of the above discussion and for the reason stated above, it is observed and held that offence under Section 63 of the Copyright Act is a cognizable and non-bailable offence. Consequently, the impugned judgment and order passed by the High Court taking a contrary view is hereby quashed and set aside and the criminal proceedings against respondent no.2 for the offence under Sections 63 & 64 of the Copyright Act now shall be proceeded further in accordance with law and on its own merits treating the same as a cognizable and non-bailable offence.”

Sanjay Soya Private Ltd. vs. Narayani Trading Company IA (L) 5011/2020 in COMP (L) 2/2020**Facts:**

For many years, Sanjay Soya has produced and sold a variety of edible oils, including soyabean oil. Narayani Trade is a one-person business. The necessary ISO certifications for quality and other qualifications, according to Sanjay Soya. In May 2003, SK Oil adopted the label, mark, and creative work in relation to edible oil that has a distinctive get up, layout, and schematic arrangements, according to Sanjay Soya, who claimed that the company is the successor-in-title of one SK Oil Industries. According to Recital (2) of the Deed of Assignment, SK Oil conceptualised, constructed, designed, and developed a SOYA DROP label. This piece of artwork is the subject of the current dispute.

Among other things, the defence argued that their label was distinct from the plaintiff's. Additionally, the defendant argued that the plaintiff was a legal corporation and not a natural person, which exempts them from Section 2(d) of the Copyright Act of 1957's definition of author.

Furthermore, the defendant argued that the plaintiff was ineligible to seek remedies under the Copyright Act since they had not registered the label, citing the decision of Dhiraj Dewani as support. The defendant further asserted that since the plaintiff had registered the label as a trademark, the mark could not be protected by copyright as an artistic creation.

The registered label mark and the copyright-protected artistic work on the label, according to Sanjay Soya, have been completely taken and illegally reproduced by Narayani Trading. It claims that a significant portion of Sanjay Soya's original and distinctive artwork is reproduced and illegally copied on Narayani Trading's label.

Issue:

Whether the defendant infringed the plaintiff's copyright?

Held:

The Bombay High Court ruled that "no section of the Act requires registration of copyright before requesting relief under the Act. Instead, it is up to the owner's choice whether to register copyright under the Act. The Convention and the TRIPS Agreement were also cited by the court to buttress its ruling. Registration just establishes a presumption of validity for information placed in the Copyright register. The word "may" is used in Section 45(1) of the Act, which deals with entries in the register of copyrights, and Section 51 states that infringement is not limited to the registered Work. Protection should be "automatic" as soon as the Work is created.

That the conduct of Narayani Trading warrants not the slightest indulgence. After the ad interim order of KR Shriram J, Narayani Trading sought registration of the rival label as a label mark, as also registration under the Copyright Act. Now this is indeed very peculiar. What Narayani Trading does not seem to understand is that the act of applying for registration under either of these statutes has its own consequences, and those consequences are adverse. Under the Trade Marks Act, an application like this is an acceptance that Sanjay Soya's label mark is indeed distinctive. The application for registration under the Copyright Act is even more problematic. The reason is that Narayani Trading has throughout said that Sanjay Soya's artistic work is not original. But Sanjay Soya's label is undoubtedly prior in time to that of Narayani Trading. Therefore, if Sanjay Soya's label is not original meriting registration under the Copyright Act, then clearly neither is Narayani Trading's. But the argument works effectively in reverse because Narayani Trading's label is subsequent to that of Sanjay Soya. This necessarily implies that Sanjay Soya's work is the first work, and Narayani Trading's copyright registration application is an implicit admission of originality in the work itself. Narayani Trading is hoist by its own petard."

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.
- 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 databases.”
- 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.
- 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 recognizes 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.
- 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.
- 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.
- 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 Piller Order, interlocutory injunction, etc, have assumed more popularity nowadays.
- John Doe/Jane Doe orders, known as Ashok Kumar orders in India, may be able to help in these specific cases when interim instructions are given since enough damage has already been done.

GLOSSARY

Copyright - It 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.

Musical work - It 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.

Sound recording - It 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 - It 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.

Commercial rental - It does not include the rental, lease or lending of a lawfully acquired copy of a computer programme, sound recording, visual recording or cinematograph film for non-profit purposes by a non-profit library or non-profit educational institution.

Right of reproduction - It is the right to authorize direct or indirect reproduction of the phonogram in any manner or form.

Right of distribution - It is the right to authorize the making available to the public of the original and copies of the phonogram through sale or other transfer of ownership.

Right of rental - It is the right to authorize the commercial rental to the public of the original and copies of the phonogram, as determined in the national law of the contracting parties (except for countries that, since April 15, 1994, have a system in force for equitable remuneration of such rental).

Right of making available - It is the right to authorize making available to the public, by wire or wireless means, a phonogram in such a way that members of the public may access the phonogram from a place and at a time individually chosen by them. This right covers, in particular, on-demand, interactive making available through the internet.

TEST YOURSELF

(These are meant for recapitulation only. Answers to these questions are not to be submitted for evaluation).

1. Briefly explain the term "copyright" and the rights conferred by the copyright.
2. There is no copyright in an idea. Explain.
3. Copyright protects the rights of authors. How an author has been defined under the Copyright Act?
4. Write short notes on the following:
 - (a) Assignment of copyright
 - (b) Copyright societies
 - (c) Term of copyright
 - (d) John Doe Orders
 - (e) Anton Piller order.

5. Briefly explain the procedure relating to registration of copyright. Is registration of the work compulsory under the Copyright Act?
6. Discuss the major International Conventions and Treaties on law relating to Copyrights.
7. What are the copyrights societies? Discuss
8. How does copyright law govern the software? Explain with the help of relevant case laws.
9. Briefly explain the procedure relating to registration of copyright. Is registration of the work compulsory under the Copyright Act?
10. What do you mean by performer's right? What are the exclusive rights of a performer under the Copyright Act?
11. Who is authorized to constitute the Copyright Board? Enumerate the functions of the Copyright Board.
12. Briefly outline the remedies available to a copyright owner when his copyright is infringed.
13. Can copyright be assigned? If so, what is the mode of assigning copyright?

LIST OF FURTHER READINGS

- Bare Act – The copyright Act 1957, rules and regulations made thereunder.
- Iyenger's commentary on Copyright Act- 9th Edition.

OTHER REFERENCES (Including Websites / Video Links)

- <https://copyright.gov.in/>
- <https://copyright.gov.in/Documents/handbook.html>
- <https://copyright.gov.in/Documents/International%20Copyright%20Order.htm>
- <https://www.wipo.int>

KEY CONCEPTS

- Design ■ Industrial Designs ■ Novelty & Originality ■ Functional Article ■ Proprietor ■ Ordinary Application
- Reciprocity Application ■ Priority Document ■ Representation Sheet ■ Application For Design Registration
- Procedure ■ Classification Of Designs ■ Copyright In Registered Designs ■ Piracy Or Infringement
- Remedies ■ Assignment ■ International Treaties And Conventions

Learning Objectives

To understand:

- The legal framework regulating the protection of designs in India.
- The Designs Act, 2000.
- Legal framework pertaining to protection, registration and cancellation of industrial designs in India.
- The international convention and treaties that aim to protect and manage industrial designs.

Lesson Outline

- Introduction
- History of Design Act
- Need For Protection of Industrial Designs
- Subject Matter of Protection and Requirements
- Registrable Design
- Non-Registrable Design
- Application for Design Registration
- Procedure for Registration of Designs
- Contents of Application
- Classification of Designs
- Cancellation of Registration of a Design
- Procedure for Cancellation of Design
- Copyright in Registered Designs
- Piracy or Infringement of Registered Design
- Remedies
- Assignment of Designs
- International Treaties and Conventions
- Case Laws
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References (Including Websites/ Video Links)

INTRODUCTION

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 color of article. An industrial design to be protectable, must be new and original. Industrial designs are protected against unauthorized 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”.

Internationally, WTO members’ obligations with respect to the protection of industrial designs are set out in Articles 25 and 26, which make up Section 4 of Part II of the TRIPS Agreement. Under these provisions, at least ten years of protection must be available for industrial designs, during which owners of protected designs must be able to prevent the manufacture, sale or importation for commercial purposes of articles bearing or embodying a design which is a copy, or essentially a copy, of the protected design. Members must also comply with the relevant provisions of the Paris Convention on industrial designs.

HISTORY OF DESIGN ACT

The first legislation in India for protection of Industrial Designs was The Patents & Designs Protection Act, 1872. It supplemented the 1859 Act passed by Governor General of India for granting exclusive privileges to inventors and added protection for Industrial Design. The 1872 Act included the term – any new and original pattern or design, or the application of such pattern or design to any substance or article of manufacture.

The Inventions & Designs Act of 1888 re-enacted the law relating to protection of inventions and designs and contained provision relating to Designs in a separate part. The Patents & Designs Act enacted in 1911 also provided for protection of Industrial Designs.

The Patents Act, 1970 repealed the provisions of the Patents and Designs Act, 1911, so far as they related to Patents. However, the provisions relating to Designs were not repealed and continued to govern the Designs Law. India joined the WTO as a –member State in 1995. Consequently, the Patents & Designs Act, 1911 was repealed and the Designs Act, 2000 was enacted, to make the Designs Law in India TRIPS compliant. The definition of ‘design’ in the Designs Act, 2000 is more or less the same as that of the 1911 Act. Novelty under the 1911 Act was determined with reference to India, whereas under the Designs Act, 2000 novelty is determined on a global basis. The classification system of the 1911 Act was based on material characteristics of the article, whereas the Design Rules 2001 and the amendment in 2008 provide an elaborate classification based on Locarno Classification system.

The Designs Act and Rules provide for filing of a Design Application in any of the four Patent Offices i.e. Patent Office Delhi, Mumbai, Chennai or Kolkata. However, the prosecution of a Design Application is done only at Patent Office, Kolkata. Even after providing facility to file applications in any of the four IP Offices, the number of Design Applications has increased only from about 4000 in 2004-05 to 6700 in 2009-10. This is irrespective of the tremendous growth achieved in the Industrial Sector and expansion of Design education in the Country. Tardy growth in filing of Design Applications may be contributed to, amongst other things, lack of awareness about prosecution procedures and ignorance of the benefits of registration. The general feeling of the Creators appears to be that Design registration is a lengthy, time consuming and costly affair, whereas the facts are to the contrary. This manual is intended to remove such misconceptions. It is also intended to sensitise the stakeholders about the simple registration procedure along with the benefits of registration.

Industrial designs make a product attractive and appealing to customers. Design drives consumer’s choice: the appearance of a product can be a key factor in the consumer’s purchase decision. In other words, the success

or failure of a product may rest, at least partially, on how it looks. Industrial designs can therefore be very important for both small and medium sized enterprises (SMEs) and larger companies alike, regardless of their sector of activity.

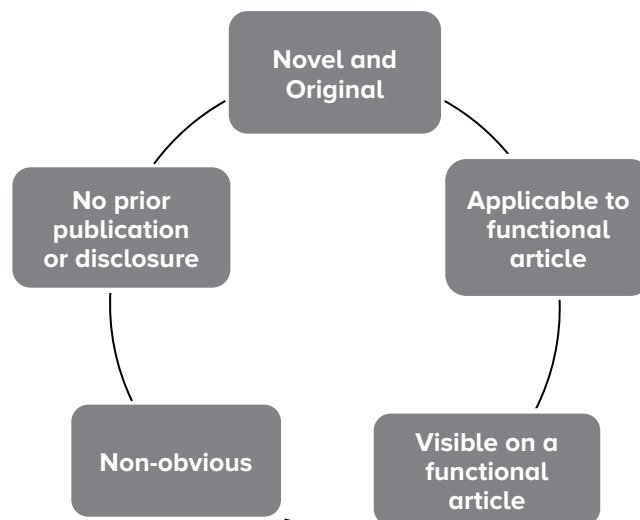
The protection of industrial designs should form an integral part of any business strategy. The main reasons to protect industrial designs are the following:

- **Return on investments:** Protection contributes to obtaining a return on investments made in creating and marketing attractive and innovative products.
- **Exclusive rights:** Protection provides exclusive rights for at least 10 years, so as to prevent or stop others from commercially exploiting or copying the industrial design.
- **Strengthen brands:** Industrial designs can be an important element of a company's brand. Protecting industrial designs contributes to protecting a company's brand.
- **Opportunity to license or sell:** Protection provides rights that may be sold or licensed to another enterprise, which will then be a source of income for the owner of the rights.
- **Positive image:** Protection helps convey a positive image of a company, since industrial designs are business assets which may increase the market value of a company and its products.
- **Reward:** Protecting industrial designs rewards and encourages creativity.

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 define 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.

The pre-requisites for a design to qualify for protection are as follows:



- It should be novel and original.
- It should be applicable to a functional article.

- It should be visible on a finished article.
- It should be non-obvious.
- There should be no prior publication or disclosure of the design.

It may be noted that –

“article” means any article of manufacture and any substance, artificial, or partly artificial and partly natural; and includes any part of an article capable of being made and sold separately; [Section 2(a)]

What is Not a Design?

As stated in the definition of the design above, design does not include:

- any trademark, as defined in Section 2(zb) of the Trademarks Act, 1999, or
- any property mark, as defined in Section 479 of the Indian Penal Code, 1860, or
- any artistic work, as defined in Section 2(c) of the Copyright Act, 1957.

Artistic Work means

- 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.
- Any work of architecture i.e. any building or structure having an artistic character or design or any mode for such building or structure.
- 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 originating from the author of design, and 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.

Can stamps, labels, tokens, cards be considered an article for the purpose of registration of Design?

No. Because once the alleged Design i.e., ornamentation is removed only a piece of paper, metal or like material remains and the article referred ceases to exist. Article must have its existence independent of the Designs applied to it. [Design with respect to label was held not registrable, by an Order on civil original case No. 9-D of 1963, Punjab, High Court]. So, the Design as applied to an article should be integral with the article itself.

What is the object of registration of Designs?

Object of the Designs Act is to protect new or original designs so created to be applied or applicable to particular article to be manufactured by Industrial Process or means. Sometimes purchase of articles for use is influenced not only by their practical efficiency but also by their appearance. 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.

APPLICATION FOR DESIGN REGISTRATION

Application for Registration of Design

Section 5 provides 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 this Act.

Every application shall be in the prescribed form and shall be filed in the patent office in the prescribed manner and shall be accompanied by the prescribed fee.

A design may be registered in not more than one class, and, in case of doubt as to the class in which a design ought to be registered, the Controller may decide the question.

The Controller may, if he thinks fit, refuse to register any design presented to him for registration; but any person aggrieved by any such refusal may appeal to the High Court.

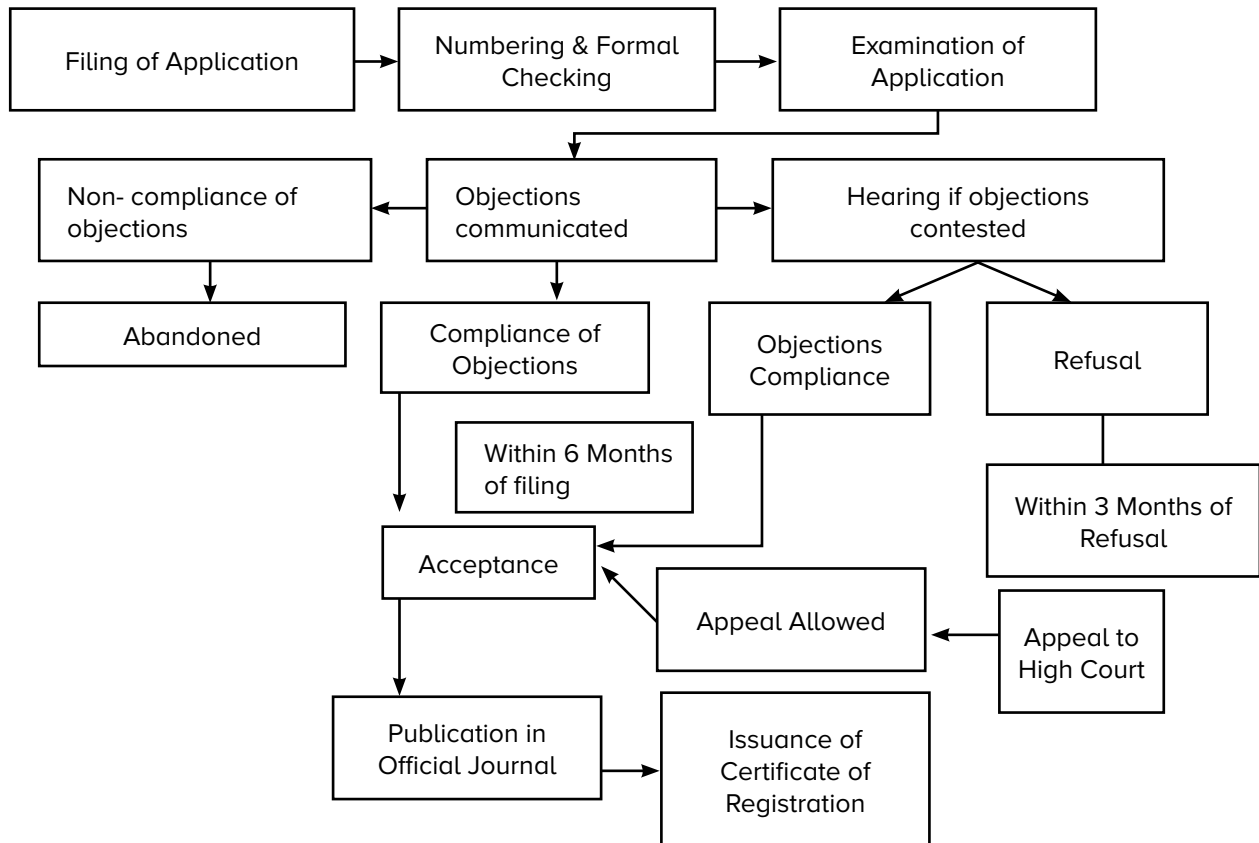
An application which, owing to any default or neglect on the part of the applicant, has not been completed so as to enable registration to be effected within the prescribed time shall be deemed to be abandoned.

A design when registered shall be registered as of the date of the application for registration.

It may be noted that –

“proprietor of a new or original design”,—

- (i) where the author of the design, for good consideration, executes the work for some other person, means the person for whom the design is so executed;
- (ii) where any person acquires the design or the right to apply the design to any article, either exclusively of any other person or otherwise, means, in the respect and to the extent in and to which the design or right has been so acquired, the person by whom the design or right is so acquired; and
- (iii) in any other case, means the author of the design; and where the property in or the right to apply, the design has devolved from the original proprietor upon any other person, includes that other person. [Section 2(j)]

Flow Chart of Design Application Registration

Source- https://ipindia.gov.in/writereaddata/Portal/News/238_1_Design_FlowChart_09June2016.pdf

Documents required for registration

- Full name and address of the applicant.
- Legal status of applicant. Whether natural person or company. The applicant for start-ups must submit a certificate of registration.
- The applicant must also submit a description of the “article” along with identifying the class according to the categorization.
- There must be a minimum of 4 pictures or drawings of the piece from every angle submitted with the application.

Registration to be in respect of Particular Article (Section 6)

A design may be registered in respect of any or all of the articles comprised in a prescribed class of articles.

Any question arising as to the class within which any article falls shall be determined by the Controller whose decision in the matter shall be final.

Where a design has been registered in respect of any article comprised in a class of article, the application of the proprietor of the design to register it in respect of some one or more other articles comprised in that class of articles shall not be refused, nor shall the registration thereof invalidated—

- (a) on the ground of the design not being a new or original design, by reason only that it was so previously registered; or
- (b) on the ground of the design having been previously published in India or in any other country, by reason only that it has been applied to article in respect of which it was previously registered.

It may be noted that such subsequent registration shall not extend the period of copyright in the design beyond that arising from previous registration.

Where any person makes an application for the registration of a design in respect of any article and either—

- (a) that design has been previously registered by another person in respect of some other article; or
- (b) the design to which the application relates consists of a design previously registered by another person in respect of the same or some other article with modifications or variations not sufficient to alter the character or substantially to affect the identity thereof, then, if at any time while the application is pending the applicant becomes the registered proprietor of the design previously registered, the foregoing provisions of this section shall apply as if at the time of making the application, the applicant, had been the registered proprietor of that design.

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 *bona fide* reward by others applying it to their goods.

PROCEDURE FOR REGISTRATION OF DESIGNS

What is the effect of registration of design?

The registration of a design confers upon the registered proprietor 'Copyright' in the design for the period of registration. 'Copyright' means the exclusive right to apply a design to the article belonging to the class in which it is registered.

How to file an application for industrial design?

Step 1- Finding out whether any registration already exists

The Designs office can assist you to search whether the design has been previously registered. If the registration number is known, Form No.-6 should be filed along with the prescribed fees of Rs. 500. If the representation of the article or the specimen of the article is filed Form No.-7 along with the prescribed fees of Rs. 1,000 is required.

How one can ascertain whether registration subsists in respect of any design?

For ascertaining whether registration subsists in respect of a design, a request should be made to the Patent Office, Kolkata. The Design Wing of the Patent Office can assist if an application for search is made or an applicant can inspect the Register of Designs. To request for a search by the Design Wing of the Patent Office, the following documents should be filed to find out whether any registration exists in respect of any design:

- (a) If the registration number is known, Form No. 6 along with the prescribed fees.*
- (b) If the representation of the article or the specimen of the article is filed (in duplicate), Form No. 7 along with the prescribed fees.*

Note: Before filing an application, the applicant can also obtain information whether the design has already been registered or not, by filing a request on Form 7.

Step 2 - Preparing a representation of the design

A representation is the exact representation of the article on which the design has been applied. It should be prepared on white A4 size paper of durable quality. Do not prepare it on cardboard or mount it on other paper. Indicate details of the design and applicant clearly.

Step 3 - Identifying the class of design

Designs are required to be categorized in separate classes in order to provide for systematic registration. An internationally accepted classification of Industrial Designs based upon the function of the article is required. The class and sub-class should be mentioned in the application. There are 32 classes and most of the classes are further divided into sub-classes.

Step 4 - Providing a statement of novelty

A statement of novelty should be included on the representation of a design as per the Act in order to specify the claim. This will enable speedier examination and provide a more specific protection. The claim will protect the overall visual appearance of the design as described in the representation of drawing.

Step 5 - Including a disclaimer

If the ornamental pattern on an article is likely to be confused with a trade mark, suggests any mechanical action or contains words, letters, numerals, etc., a disclaimer should be included in the representation.

Step 6 - Claiming a priority date

If you have applied for protection of the design in convention countries or countries which are members of inter-governmental organizations, you can claim registration of the design citing a priority date in India. This is the date of filing of the application in any of such countries provided the application is made in India within six months.

Step 7 - Determining the fee to be paid

Applications are to be accompanied by the required fee through cheque or draft payable at Kolkata or in cash (if filed in Design Office, Kolkata). Application for the registration of design is Rs 1,000 and for renewal it is Rs. 2,000.

Step 8- Ensuring all enclosures are attached

File an application only after ensuring that all enclosures and fee in the required numbers are attached. Applications can be filed in either the Design Office in Kolkata or the branch offices of the Patent office in Delhi, Mumbai or Chennai.

Step 9- Complying with objections (if any)

If the Design Office seeks additional information or clarifications after preliminary examination, please ensure that these are provided promptly. This will help the office to take up your application for early examination.

Step 10- Providing full details

While filing an application make sure that all contact details and addresses are clearly and legibly filled in. This will enable the office to keep in touch with you and convey decisions.

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

Ordinary application-
An ordinary application does not claim priority.

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]

Statement of Disclaimer

- i. No claim is made by virtue of this registration of respect of any mechanical or other action of any mechanism whether or in respect of any mode or principle of construction of the article.
- ii. No claim is made by virtue of this registration to any right to the exclusive use of trade marks, words or letters and numerals appearing in the design of the article.
- iii. No claim is made by virtue of this registration to any right to the exclusive use of colour or colour combination appearing in the design of the article.
- iv. No claim is made by virtue of this registration to any right to the exclusive use of any extraneous matter like xxxxxxxx etc. appearing in the representation sheets.

Representation Sheet

A representation sheet of an article is an important document required to be filed along with the application for registration.


- i. The representation sheet of an article needs to be prepared diligently and shall be filed along with the application. 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 will suffice.
- ii. Representation means the exact representation of the article for which registration is sought. A representation may contain more than one page.
- iii. 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.
- iv. Photographs should be pasted on the representation sheets with the help of adhesive and not by other means like stapler, pin and cello tape. While using photographs in representation sheets, one of the copies of representation sheet shall not be covered by cellophane or tracing paper so as to enable digitization.
- v. Representation shall be prepared on white A4 size paper (210 mm X 296.9 mm) of durable quality, but not on card board, and only on one side of the paper.
- vi. The figure(s) shall be placed in an upright position on the sheet. Each figure shall be designated clearly (e.g. perspective view, front view, side view).
- vii. If design is to be applied to a set, the representation shall depict various arrangements in which the design is to be applied to articles in the set. h. Where an application is for a design as applied to a set, whether the given articles constitute a set or not, shall be determined by the Controller.
- viii. In case, name or representation of living persons appear on a design, consent of such persons may be submitted along with the application. In case of a deceased person, the consent of legal representative may be submitted. It may be noted that non-submission of such consent may result in office objections and resultant delay in registration. In case, the representation contains the image or name of an imaginary person, such fact may be mentioned in the declaration on the representation sheet.
- ix. A statement of novelty and disclaimer (if any) in respect of mechanical action, trademark, word, letter, numerals should be endorsed on each representation sheet.
- x. Representation, which consists of a repeating surface pattern, shall show the complete pattern, and a sufficient portion of the repeating pattern in length and width, and shall not be less than 15.00 centimeters by 10.00 centimeters in size.
- xi. The name of applicant shall be mentioned in left hand top corner of the representation sheet.
- xii. Total number of sheets and sheet number shall be mentioned in the right hand top corner of the representation sheet in Arabic numerals.

- xiii. The representation sheet shall be signed and dated by the applicant/agent.
- xiv. No descriptive matter or matter denoting the components by reference letters/numerals shall be included.
- xv. No sectional views shall be incorporated in the representation sheet.
- xvi. Dimensions or engineering symbols etc. shall not be used in the representation sheet. The representation is not to be regarded as engineering drawing of the article. The relevant parameter is the shape and not the size of the article.
- xvii. Where Trade Marks, words, letters or numerals are not the essence of the design, they shall be removed from the representations or specimens. Where they are essence of the design, a disclaimer shall be given in the representation sheet disclaiming any right to their exclusive use.
- xviii. No extraneous matter or background shall appear in the representation sheet. A background is considered neutral as long as the design is clearly visible in it.
- xix. When colour combination is the essence of a design as applied to an article, the same shall be clearly depicted in the representation.

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]

Specimen of Representation Sheet

Name.....



Total sheet....
 Sheet No....

Perspective View

The novelty resides in the shape & configuration of the 'TEA POT' as illustrated.

No claim is made by virtue of this registration in respect of any mechanical or other action of any mechanism whatever or in respect of any mode or principle of construction of the Article.

No claim is made by virtue of this registration to any right to the exclusive use of the words, letters, numbers, or trade marks appearing in the representation.

Dated: _____ Signature of the applicant/agent
 (Name of the Signatory)

Image Source- Manual of Design and Procedure; IP India

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]

Illustration

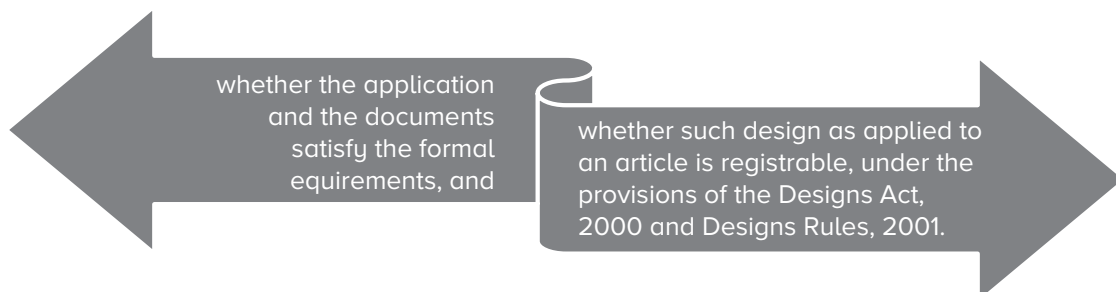
If the article relates to 'chair' or sofa-cum-bed', the name should be provided accordingly and should be classified under Class 06 and sub-class -01 where it is stated as BEDS AND SEATS since it is classified in function/purpose oriented manner.

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:



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]

What is the statutory time for the acceptance of an application?

The time period for removal of objection, pursuant to examination report, is six months from the date of application which may be extended up to further three months on a request made in F-18 with the prescribed fee before expiry of the stipulated period of six months. An application which owing to any neglect or default of the applicant has not been completed within stipulated time shall be deemed to be abandoned.

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]

When does the Applicant for Registration of Design get the registration certificate?

When an application for registration of a Design is in order, it is accepted and registered and then a certificate of registration is issued to the applicant. However, a separate request should be made to the Controller for obtaining a certified copy of the certificate for legal proceeding with requisite fee.

Register of Designs

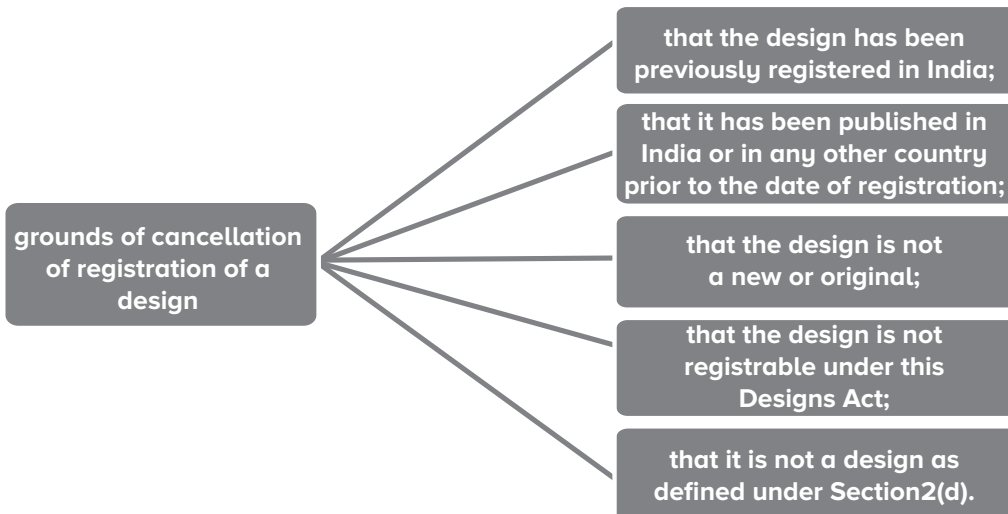
All the registered designs are entered in the Register of Designs maintained at Patent Office, Kolkata. The register is available to public for inspection and an e-register is also available at the official website. [Sections 10, 26; Rules 30, 37, 38, 41]

What is a Register of Designs?

The Register of Designs is a document maintained by The Patent Office, Kolkata as a statutory requirement. It contains the design number, class number, date of filing (in this country) and reciprocity date (if any), name and address of Proprietor and such other matters as would affect the validity of proprietorship of the design and it is open for public inspection on payment of prescribed fee & extract from register may also be obtained on request with the prescribed fee.

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:



Procedure for Cancellation of Design

- (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]

COPYRIGHT IN REGISTERED DESIGNS

“Copyright” means the exclusive right to apply a design to any article in any class in which the design is registered; [Section 2(c)]

What is the effect of registration of design?

The registration of a design confers upon the registered proprietor ‘Copyright’ in the design for the period of registration.

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

Section 14 provides where the registration of a design is restored, the rights of the registered proprietor shall be subject to such provisions as may be prescribed and to such other provisions 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 benefit of applying the design between the date when the registration of the design ceased to have effect and the date of restoration of the registration of the design.

No suit or other proceeding shall be commenced in respect of piracy of a registered design or infringement of the copyright in such design committed between the date on which the registration of the design ceased to have effect and the date of the restoration of the design.

Remedies

It is submitted that as per Section 19 of the Designs Act, 2000, at any time during the subsistence of the Design registration, any person can seek cancellation of design registration by filing a Petition before the Controller, on the following grounds:

that the design has been previously registered in India; or

that it has been published in India or in any other country prior to the date of registration; or

that the design is not a new or original design; or

that the design is not registerable under this Act; or

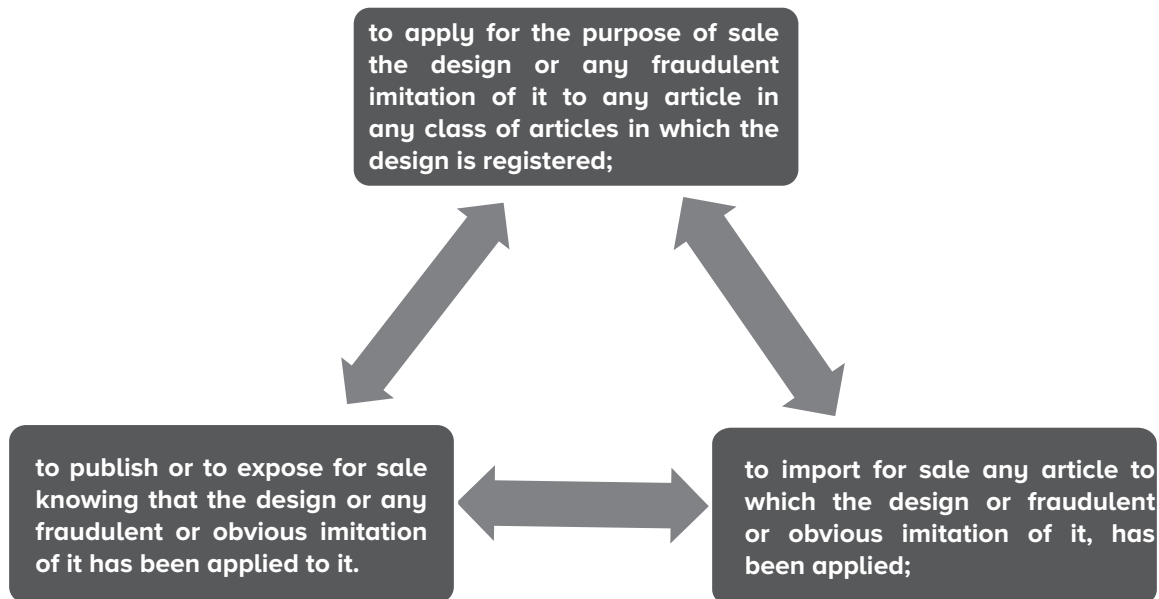
that it is not a design as defined under clause (d) of section 2.

An appeal shall lie from any order of the Controller under this section to the High Court, and the Controller may at any time refer any such petition to the High Court, and the High Court shall decide any petition so referred.

Piracy or Infringement 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:



If any person acts in contravention of this section, he shall be liable for every contravention—

- to pay to the registered proprietor of the design a sum not exceeding twenty-five thousand rupees recoverable as a contract debt, or
- if the proprietor elects to bring a suit for the recovery of damages for any such contravention, and for an injunction against the repetition thereof, to pay such damages as may be awarded and to be restrained by injunction accordingly:

Provided that the total sum recoverable in respect of any one design under clause (a) shall not exceed fifty thousand rupees:

Provided further that no suit or any other proceeding for relief under this sub-section shall be instituted in any court below the court of District Judge.

In any suit or any other proceeding for relief under sub-section (2), ever ground on which the registration of a design may be cancelled under section 19 shall be available as a ground of defence.

Notwithstanding anything contained in the second proviso to sub-section (2), where any ground or which the registration of a design may be cancelled under section 19 has been availed of as a ground of defence under sub-section (3) in any suit or other proceeding for relief under sub-section (2), the suit or such other proceedings shall be transferred by the Court, in which the suit or such other proceeding is pending, to the High Court for decision.

When the court makes a decree in a suit under sub-section (2), it shall send a copy of the decree to the Controller, who shall cause an entry thereof to be made in the register of designs.

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 Rs.25,000/- recoverable as contract debt. However, the total sum recoverable in respect of any one design shall not exceed Rs.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.

For a design to be called new or original there should be some original mental application involved. The novelty or originality of even a particular part of the article may be sufficient to call the design as a whole "novel or original", but this part must be a significant one and it must be potent enough to impart to the whole design a distinct identity. In the case of *M/s B Chawla & Sons v Bright Auto Industries*, where a mirror was claimed to be a new design, it was held that addition in the shape of a mirror which were available in the market did not constitute a new or original design. The court observed that addition of a curve here or there on a well-recognized shape of an article of common use in the market cannot make it an article of new or original design. Later on, in the case of *Pentel Kabushiki Kaisha & Anr. V. M/s Arora Stationers & Ors.* also, the court held that a mere superficial difference in the design will not make the article new or original. Further, the court held that mere novelty of form or shape is insufficient. Novelty involves the presence of a new element or new position of an old element, when compared with prior art. However, a combination of previously known designs may also be subject of design registration if the visual impact of the combination as a whole is new.

Another important requirement is that the design must be significantly distinguishable from known designs, or combination of designs. This means that the article cannot be registered merely because it is somewhat different, the difference must be significant. When the statute states that a design must be "novel or original", it really means that it must be "substantially novel or substantially original", with regard to the nature and character of the subject matter to which it is applied. However, what constitutes as "substantial novelty or substantial originality" is left to the interpretation of the designs office/courts. In the case of *Simmons v Mathieson & Cold*, the court held that "there must be a mental conception expressed in a physical form which has not existed before, but has originated in the constructive brain of its proprietor and that must not be in a trivial or infinitesimal degree, but in a substantial degree", and further the court held that novelty must be judged by the

eye of an instructed person, i.e., the person must be aware of common trade knowledge and usage in the class of articles to which the design applies.

In one the case, *Cello Household Products v. M/S Modware India and Anr. & Ors.* which was filed by popular 'household products' production company 'Cello' against Modware India seeking an injunction for design infringement and passing off. The dispute was over the copying of design of the bottle name PURO launched by the plaintiff in the year 2016, the bottle was a two-toned color with certain specific phrases and words. The defendant launched a similar bottle called 'KUDOZ' in the following year for which they were sued by the plaintiff. Thus, here the subject matter is the infringement of the design of the bottle launched by Cello for which the company has invested ample money in the market for selling and marketing purposes.

The court on the basis of merits decided that the plaintiff was justified in filing the suit against the defendant as Modware India introduced a bottle which is deceptively similar to the bottle of Cello and denied defendant's contention of lack of jurisdiction of Bombay High court to decide the case following a grant of injunction and relief to be given by the defendants to the plaintiff as damages keeping the loss faced by the plaintiff as the base. Therefore, cello won the case.

In another case of *M/S Crocs Inc. USA v. Liberty Shoes Ltd. & Ors.*, which was filed by crocs against numerous footwear companies has established the importance of design act and given a verdict against crocs on the basis of prior publication of design. The case was filed in the Delhi High Court and was taken up by Hon'ble Justice Valmiki J. Mehta. Crocs USA filed cases against shoe manufacturers alleging infringement of their design which is related to perforated and non-perforated shoe design. The plaintiff claimed the design as registered from 25.8.2003, the defendant contended that the design registration is subject to cancellation as it does not qualify under the category of 'new' or 'novel'.

The Delhi High Court held that the registered design of the plaintiff with respect to its footwear, does not have the necessary newness or originality for the same to be called a creation or innovation or an Intellectual Property Right. The Court accordingly observed that the registered design of the plaintiff is liable to be cancelled as per Section 19(1)(d) of the Act read with Section 4(a) of the Act. The Court in the case also awarded litigation costs as well present to costs incurred by them towards time and man hours spent by these defendants for conducting their defenses in the present suits. An appeal filed in the Supreme Court by the plaintiff was dismissed, upholding the orders of the Delhi High court in January, 2019.

What is the penalty for the piracy of a registered Design?

If anyone contravenes the copyright in a design he is liable for every offence to pay a sum not exceeding Rs. 25,000/- to the registered proprietor subject to a maximum of Rs. 50,000/- recoverable as contract debt in respect of any one design. The registered proprietor may bring a suit for the recovery of the damages for any such contravention and for injunction against repetition of the same. Total sum recoverable shall not exceed Rs. 50,000/- as contract debt as stated in Section 22(2) (a). The suit for infringement, recovery of damage etc should not be filed in any court below the court of District Judge.

Assignment of Designs

Section 30 of the Design Act, 2000 read with Rules 32, 33, 34 and 35 of the Design Rules, 2001, 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, and the Controller shall, on receipt of such application and on proof of title to his satisfaction, register him as the proprietor of such design, and shall cause an entry to be made in the prescribed manner in the register of the assignment, transmission or other instrument affecting the title.

Where any person becomes entitled as mortgagee, licensee or otherwise to any interest in a registered design, he may make an application in the prescribed form to the Controller to register his title, and the Controller shall, on receipt of such application and on proof of title to his satisfaction, cause notice of the interest to be entered in the prescribed manner in the register of designs, with particulars of the instrument, if any, creating such interest.

For the purposes of sub-section (1) or sub-section (2), an assignment of a design or of a share in a design, a mortgage, licence or the creation of any other interest in a design shall not be valid unless the same were in writing and the agreement between the parties concerned is 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 six months from the execution of the instrument or within such further period not exceeding six months in the aggregate as the Controller on application made in the prescribed manner allows:

Provided that the instrument shall, on entry of its particulars in the register under sub-section (1) or sub-section (2), have the effect from the date of its execution.

The person registered as the proprietor of a design shall, subject to the provisions of this Act and to any rights appearing from the register to be vested in any other person, have power absolutely to assign, grant licenses as to, or otherwise deal with, the design and to give effectual receipts for any consideration for any such assignment, licence or dealing: Provided that any equities in respect of the design may be enforced in like manner as in respect of any other movable property.

Except in the case of an application made under section 31, a document or instrument in respect of which no entry has been made in the register in accordance with the provisions of sub-sections (1) and (2) shall not be admitted in evidence in any court in proof of the title to copyright in a design or to any interest therein, unless the court, for reasons to be recorded in writing, otherwise directs.

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.

TIMELINES FOR IMPORTANT FORMS

S. No.	Items	Section/ Rules	Form	Prescribed time
1	Application for registration of Design claiming priority date under Paris Convention/ WTO/reciprocity arrangement	Section 44(1)(a)	Form 1	Within 6 months from date of earliest filing in the country (s) under Paris convention/ WTO.
2	Filing of certified copy of priority Document	Rule 15(2)	Form 18	Along with application or within 3 months from the date of filing.
3	Application for registration of assignment or of the instrument for change of ownership	Section 30(3)	Form 10	Within 6 month from the date of execution of assignment/instrument. Further extension of 6 months available.
4	Compliance of all requirements for making application in order for acceptance	Rule 18(1)	Form-18	Within 6 months extendable up to nine months from the date of filing.
5	Application for extension of period of copyright for 5 years	Section 11(2)	Form 3	Before the expiry of initial period of 10 years from the date of registration.
6	Application for restoration of lapsed design due to non-payment of fee for extension of copyright	Section 12(2) Rule 24	Form 4	Within one year from date of cessation

S. No.	Items	Section/ Rules	Form	Prescribed time
7	Petition for cancellation of the registration	Rule 29	Form 8	Any time during existence of copyright.
8	Appeal to High Court against the order of the Controller	Section 19(2), 36		Within three months the date of order of Controller.
9	Application for registration of design after first exhibiting the design	Section 21(b)		Within 6 months from the date of exhibition, provided that prior intimation was given to the Controller in Form 9.
10	Substitution of applicants before Registration	Section 8(1)	Form 2	Any time before the registration.
11	Filing of original or paper copy where the corresponding document already sent by e-mail / Tele Fax	Rule 3(1)		Within 15 days from the date of Telefax / e-mail.
12	Request for alteration of name, address and address for service in the Register of Designs	Rule 31	Form 2	At any time after registration.
13	Extension of time as prescribed under the Rules	Rule 47		Up to three months and upon such terms as decided by the Controller.

INTERNATIONAL TREATIES AND CONVENTIONS

Paris Convention for the Protection of Industrial Property (1883)

The Paris Convention applies to industrial property in the widest sense, including patents, trademarks, industrial designs, utility models (a kind of “small-scale patent” provided for by the laws of some countries), service marks, trade names (designations under which an industrial or commercial activity is carried out), geographical indications (indications of source and appellations of origin) and the repression of unfair competition.

The substantive provisions of the Convention fall into three main categories: national treatment, right of priority, common rules.

- (1) 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 other Contracting States that 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.
- (2) The Convention provides for the right of priority in the case of patents (and utility models where they exist), marks and industrial designs. This right means 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. These subsequent applications will be regarded as if they had been filed on the same day as the first application. In other words, they will have priority (hence the expression “right of priority”) over applications filed by others during the said period of time for the same invention, utility model, mark or industrial design. Moreover, these subsequent applications, being based on the first application, will not be affected by any event that takes place in the interval, such as the publication of an invention or the sale of articles bearing a mark or incorporating an industrial design. One of the great practical advantages of this provision is that applicants seeking

protection in several countries are not required to present all of their applications at the same time but have 6 or 12 months to decide in which countries they wish to seek protection, and to organize with due care the steps necessary for securing protection.

The broad premise that industrial designs must be protected in all nations that are a part of the Paris Union is outlined in Article 5 quinquies of the Paris Convention. However, nothing in Article 5 addresses the level of protection that should be given to industrial designs. Therefore, each nation has the option to fulfil its obligations under the Paris Convention through other measures as well, such as giving protection under copyright or unfair competition laws, in addition to special legislation that mandates the deposit of industrial designs. Industrial designs must be protected in some way in order to meet the requirements of article 5 quinquies.

Article 5(B) of the Paris Convention states: “The protection of industrial designs shall not, under any circumstance, be subject to any forfeiture, either by reason of failure to work or by reason of the importation of articles corresponding to those which are protected. Member states are free to define what they mean by “failure to work.” Typically, “work” refers to the process of creating things that symbolise or embody the design.

Pursuant to article 5(D), no indication or mention of the deposit of an industrial design may be required as a condition of the recognition of the right to protection. This provision was inserted at the 1925 Revision Conference, held at The Hague, and related only to industrial designs. Subsequently, in London, during the 1934 Revision Conference, the provision was extended to patents, utility models, and trademarks. It further states that no indication or mention of the patent of the utility model of the registration of the trademark or of the deposit of the industrial design shall be required upon the goods as a condition of recognition of the right to protection.

Under the Paris Convention, the appearance of such an indication or reference may not be a need for the right to protection, even though national laws may demand it be stated on the goods that they are protected by the deposit of an industrial design. If it weren't for that, the owner of the right would suffer an excessive amount of punishment in the event of an omission. However, the member nations are allowed to impose alternative penalties for the absence of such an indication or statement in their national laws.

Hague Agreement Concerning the International Registration of Industrial Designs (1925)

Two Acts of the Hague Agreement are currently in operation – the 1999 Act and the 1960 Act. In September 2009, it was decided to freeze the application of the 1934 Act of the Hague Agreement, thus simplifying and streamlining overall administration of the international design registration system.

An international design registration may be obtained only by a natural person or legal entity having a connection – through establishment, domicile, nationality or, under the 1999 Act, habitual residence – with a Contracting Party to either of the two Acts.

The Hague Agreement allows applicants to register an industrial design by filing a single application with the International Bureau of WIPO, enabling design owners to protect their designs with minimum formalities in multiple countries or regions. The Hague Agreement also simplifies the management of an industrial design registration, since it is possible to record subsequent changes and to renew the international registration through a single procedural step.

An international application may be governed by the 1999 Act, the 1960 Act or both, depending on the Contracting Party with which the applicant has the connection described above (hereafter referred to as “Contracting Party of origin”).

International design applications may be filed with the International Bureau of WIPO, either directly or through the industrial property office of the Contracting Party of origin if the law of that Contracting Party so permits or requires. In practice, however, virtually all international applications are filed directly with the International Bureau, and the majority are filed using the electronic filing interface on WIPO's website.

International applications may include up to 100 designs, provided they all belong to the same class of the International Classification for Industrial Designs (Locarno Classification). Applicants may choose to file an application in English, French or Spanish. International applications must contain one or several reproductions of the industrial design(s) and must designate at least one Contracting Party.

International registrations are published in the International Designs Bulletin, issued weekly online. Depending on the Contracting Parties designated, applicants may request that the publication be deferred by a period not exceeding 30 months from the date of the international registration or, if priority is claimed, from the priority date.

Each Contracting Party designated by the applicant may refuse protection within 6 months, or possibly 12 months under the 1999 Act, from the date of publication of the international registration. Refusal of protection can only be based on requirements of the domestic law other than the formalities and administrative acts to be accomplished under the domestic law by the office of the Contracting Party that refuses protection.

If no refusal is notified by a given designated Contracting Party within the prescribed time limit (or if such refusal has subsequently been withdrawn), the international registration has effect as a grant of protection in that Contracting Party, under the law of that Contracting Party.

The term of protection is five years, renewable for at least one five-year period under the 1960 Act, or two such periods under the 1999 Act. If the legislation of a Contracting Party provides for a longer term of protection, protection of the same duration shall, on the basis of the international registration and its renewals, be granted in that Contracting Party to designs that have been the subject of an international registration. To facilitate access to the Hague system for design creators from least developed countries (LDCs), the fees for an international application are, in their case, reduced to 10 per cent of the prescribed amounts.

The application of the 1934 Act was frozen as of January 1, 2010, meaning that no new registration or designation under the 1934 Act could be entered in the International Register as of that date. However, the renewal of existing designations under the 1934 Act and the recording in the International Register of any change affecting such designations will continue to be possible up to the maximum duration of protection under the 1934 Act (15 years).

The Hague Agreement, concluded in 1925, was revised at London in 1934 and at The Hague in 1960. It was completed by an Additional Act signed at Monaco in 1961 and by a Complementary Act signed at Stockholm in 1967, which was amended in 1979. As noted above, a further Act was adopted at Geneva in 1999.

Locarno Agreement Establishing an International Classification for Industrial Designs (1968)

The Locarno Agreement establishes a classification for industrial designs (the Locarno Classification). The competent offices of the Contracting States must indicate in official documents reflecting the deposit or registration of industrial designs the numbers of the classes and subclasses of the Classification to which the goods incorporating the designs belong. This must also be done in any publication the offices issue in respect of the deposit or registration of industrial designs.

The Locarno Agreement, concluded at Locarno in 1968 and amended in 1979, establishes a classification for industrial designs (the Locarno Classification).

The competent offices of the Contracting States must indicate in official documents and in any publication they issue in respect of the deposit or registration of industrial designs the numbers of the classes and subclasses of the Classification to which the goods incorporating the designs belong.

The Locarno Agreement created a Union, which has an Assembly. Every State that is a member of the Union is a member of the Assembly. Among the most important tasks of the Assembly is the adoption of the biennial program and budget of the Union.

The Agreement also set up a Committee of Experts in which all members of the Union are represented. The main task of the Committee is the periodical revision of the Classification.

The Agreement 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 Locarno Classification comprises:

- a list of classes and subclasses;

- an alphabetical list of goods which constitute industrial designs, with an indication of the classes and subclasses into which they fall;
- explanatory notes.

The original list of classes and subclasses was attached to the Locarno Agreement when it was adopted.

The Locarno Agreement set up a Committee of Experts, in which each contracting country is represented. The Agreement empowered the Committee to make “amendments” or “additions” to the original list of classes and subclasses, to establish the alphabetical list and the explanatory notes (which were not established in the diplomatic conference), and to amend and supplement each and any of the three parts (list of classes and subclasses, alphabetical list of goods, explanatory notes) of the Locarno Classification.

The Locarno Classification is “solely of an administrative character” and does not bind the contracting countries “as regards the nature and scope of the protection afforded to the design in those countries” [Locarno Agreement, Article 2(1)].

The Locarno Agreement requires the industrial property office of each contracting country to “include in the official documents for the deposit or registration of designs, and, if they are officially published, in the publications in question, the numbers of the classes and subclasses of the international classification into which the goods incorporating the designs belong” [Article 2(3)]. Recommendations of the Committee of Experts deal with the manner in which the classes and subclasses should be indicated in the said documents and publications.

Besides the competent offices of the contracting countries, the African Intellectual Property Organization (OAPI), the African Regional Intellectual Property Organization (ARIPO), the Benelux Office for Intellectual Property (BOIP), the European Union Intellectual Property Office (EUIPO) and the International Bureau of WIPO also use the Locarno Classification in their registers and in the publications they issue.

World Intellectual Property Organization (WIPO Convention) (1967)

The WIPO Convention, the constituent instrument of the World Intellectual Property Organization (WIPO), was signed at Stockholm on July 14, 1967, entered into force in 1970 and was amended in 1979. WIPO is an intergovernmental organization which in 1974 became one of the specialized agencies of the United Nations system. It covers the industrial designs as well.

The origins of WIPO go back to 1883 and 1886 when the Paris Convention for the Protection of Industrial Property and the Berne Convention for the Protection of Literary and Artistic Works provided for the establishment of an “International Bureau”. The two bureaus were united in 1893 and, in 1970, were replaced by the World Intellectual Property Organization, by virtue of the WIPO Convention.

WIPO’s two main objectives are (i) to promote the protection of intellectual property worldwide; and (ii) to ensure administrative cooperation among the intellectual property Unions established by the treaties that WIPO administers.

In order to attain these objectives, WIPO, in addition to performing the administrative tasks of the Unions, undertakes a number of activities, including: (i) normative activities, involving the setting of norms and standards for the protection and enforcement of intellectual property rights through the conclusion of international treaties; (ii) program activities, involving legal and technical assistance to States in the field of intellectual property; (iii) international classification and standardization activities, involving cooperation among industrial property offices concerning patent, trademark and industrial design documentation; and (iv) registration and filing activities, involving services related to international applications for patents for inventions and for the registration of marks and industrial designs.

Membership in WIPO is open to any State that is a member of any of the Unions and to any other State satisfying one of the following conditions: (i) it is a member of the United Nations, any of the specialized agencies brought into relationship with the United Nations, or the International Atomic Energy Agency; (ii) it is a party to the Statute of the International Court of Justice; or (iii) it has been invited by the General Assembly of WIPO to become a party to the Convention. There are no obligations arising from membership of WIPO concerning other

treaties administered by WIPO. Accession to WIPO is effected by means of the deposit with the Director General of WIPO of an instrument of accession to the WIPO Convention.

The WIPO Convention establishes three main organs: the WIPO General Assembly, the WIPO Conference and the WIPO Coordination Committee. The WIPO General Assembly is composed of the Member States of WIPO which are also members of any of the Unions. Its main functions are, inter alia, the appointment of the Director General upon nomination by the Coordination Committee, review and approval of the reports of the Director General and the reports and activities of the Coordination Committee, adoption of the biennial budget common to the Unions, and adoption of the financial regulations of the Organization.

The WIPO Conference is composed of the States party to the WIPO Convention. It is, inter alia, the competent body for adopting amendments to the Convention. The WIPO Coordination Committee is composed of members elected from among the members of the Executive Committee of the Paris Union and the Executive Committee of the Berne Union. Its main functions are to give advice to the organs of the Unions, the General Assembly, the Conference, and to the Director General, on all administrative and financial matters of interest to these bodies. It also prepares the draft agenda of the General Assembly and the draft agenda of the Conference. Where appropriate, the Coordination Committee nominates a candidate for the post of Director General for appointment by the General Assembly.

The principal sources of income of WIPO's regular budget are the fees paid by the users of the international registration and filing services, and the contributions paid by the governments of Member States. Each State belongs to one of 14 classes, which determines the amount of its contribution. Class I, with the highest contribution, involves the payment of 25 contribution units, whereas Class Ster, with the lowest contribution, involves the payment of 1/32 of one contribution unit. By virtue of the unitary contribution system adopted by Member States in 1993, the amount of each State's contribution is the same whether that State is a member only of WIPO, or only of one or more Unions, or of both WIPO and one or more Unions.

The Secretariat of the Organization is called the International Bureau. The executive head of the International Bureau is the Director General who is appointed by the WIPO General Assembly and is assisted by two or more Deputy Directors General.

The headquarters of the Organization are in Geneva, Switzerland. The Organization has Liaison Offices in Brazil (Rio de Janeiro), Japan (Tokyo), Singapore (Singapore) and the United States of America (at the United Nations in New York).

The Organization benefits from the privileges and immunities granted to international organizations and their officials in the fulfillment of its objectives and exercise of its functions, and has concluded a headquarters agreement with the Swiss Confederation to that effect.

Berne Convention for the Protection of Literary and Artistic Works (1886)

The Berne Convention deals with the protection of works and the rights of their authors. It is based 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 that want to make use of them.

The three basic principles are the following:

1. Works originating in one of the Contracting States (that is, works the author of which is a national of such a State or works first published in such a State) must be given the same protection in each of the other Contracting States as the latter grants to the works of its own nationals (principle of "national treatment").
2. Protection must not be conditional upon compliance with any formality (principle of "automatic" protection).
3. Protection is independent of the existence of protection in the country of origin of the work (principle of "independence" of protection). If, however, a Contracting State provides for a longer term of protection

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.

In a non-exhaustive list, the first Berne Convention Act for the Protection of Literary and Artistic Works did not cover works of applied art. Applied group of works wasn't mentioned until the 1908 Berlin Revision. But at that time, there was still no consensus on whether works of applied art should be protected by copyright.

Article 2 of the Berlin Revision simply stated the following in regards to this contentious category of works: "Works of art applied to industrial purposes shall be protected to the extent permitted by the laws of each country," despite the Berne Union's member nations being required to protect all other categories of works.

Work of applied art did not get mandatory protection prior to the 1948 Brussels Revision Conference. Since that time, these works have been added to the non-exhaustive list of works listed in article 2(1) of the Berne Convention as being protected. Article 2(5) of the Brussels Act, on the other hand, adds the following:

"It shall be a matter for legislation in the countries of the Union to determine the extent of the application of their laws to works of applied art and industrial designs and models, as well as the conditions under which such works, designs and models shall be protected. Works protected in the country of origin solely as designs and models shall be entitled in other countries of the Union only to such protection as is granted to designs and models in such countries."

Article 2(5) of the Brussels Revision recognises that the protection of applied arts and industrial designs is at the interface between copyright protection and industrial property." In accordance with Article 2(5), national laws will range greatly in terms of the protection system to be employed and the conditions to be followed depending on the circumstances. As a result, the article grants the Berne Convention countries the freedom to enact copyright laws, sui generis design laws, or a combination of the two to safeguard such works. The terms under which works of applied art and industrial designs may be protected are also up to the member nations of the Berne Union.

After Brussels Revision, the Article 2(5) established an exception to the rule of national treatment. According to this article, only works protected simply as designs, that is, under sui generis design legislation in his country of origin, are eligible for protection under design laws in the other nations of the Berne Union. Even in the absence of such regulations, such works cannot be given copyright protection.

A member of the Union who does not have sui generis design legislation is nonetheless required to safeguard designs as artistic creations under copyright laws. The Brussels Revision offers the nations that are party to that Revision some flexibility when it comes to the duration of protection. Article 7(3) of the Act states: "In the case of works of applied art, the term of protection shall be governed by the legislation of the country where protection is claimed, but shall not exceed the term fixed in the country of origin of the work."

The provisions on the duration of protection for works of applied art were modified by Article 7(4) of the 1967 Stockholm Revision; they were left unaltered in the 1971 Paris Revision.

The Paris Revision established a minimum period of protection of twenty-five years starting from the date the work was created for works of applied art. However, the minimum duration in question is only required for works of applied art insofar as they are protected as artistic works, as highlighted in article 7(3). In other words, the duration of the protection may be shortened in cases where these works are protected as designs under sui generis law.

CASE LAWS

Bharat Glass Tube Limited vs. Gopal Glass Works Limited (01.05.2008-SC) AIR 2008 SC2520

Facts:

This appeal is directed against the order dated 17.8.2005 passed by the Calcutta High Court whereby learned Single Judge has set aside the order passed by the Assistant Controller of Patents & Designs, Kolkata dated 20.9.2004 whereby the Assistant Controller has cancelled the registration of the respondent herein and held that there was no material on record to show that the design had previously been applied to glass sheets. It was

also held by learned Single Judge that the order impugned considered with the materials on record, including in particular the computer print-outs clearly revealed that the respondent has only compared the pattern and/or configuration considered the visual appeal thereof, but not the visual appeal of the pattern and/ or configuration on the article. In other words, the Assistant Controller has not considered the visual appeal of the finished product. The visual effect and/or appeal of a pattern embossed into glass sheets by use of embossing rollers could be different from the visual effect of the same pattern etched into glass sheets manually. This aspect was not considered. Aggrieved against this order passed by learned Single Judge, the present appeal has been filed by the appellant.

Issue:

Whether the design was not new or original in view of the fact that the roller bearing the design is published before the date of registration and the registered proprietor is not owner of design?

Held:

Court stated that -

“It may be mentioned here that in 1911 the Designs Act was passed by the then British Government in India. But with the advancement of science and technology and the number of registration of the design having increased in India, the Act of 1911 was amended wholesale by the Parliament and this new Act known as Designs Act, 2000 came to be introduced in the Parliament and the same was passed as such.

Since the enactment of the Designs Act, 1911 considerable progress has been made in the field of science and technology. The legal system of the protection of industrial designs requires to be made more efficient in order to ensure effective protection to registered designs. It is also required to promote design activity in order to promote the design element in an article of production. The proposed Design Bill is essentially aimed to balance these interests. It is also intended to ensure that the law does not unnecessarily extent protection beyond what is necessary to create the required incentive for design activity while removing impediments to the free use of available designs.

Therefore, the concept of design is that a particular figure conceived by its designer in his mind and it is reproduced in some identifiable manner and it is sought to be applied to an article. therefore, whenever registration is required then those configuration has to be chosen for registration to be reproduced in any article. The idea is that the design has to be registered which is sought to be reproduced on any article. therefore, both the things are required to go together, i.e. the design and the design which is to be applied to an article. In the present case, the design has been reproduced in the article like glass which is registered. This could have been registered with rexin or leather. therefore, for registration of a particular configuration or particular shape of thing which is sought to be reproduced on a particular article has to be applied. As in the present case the design sought to be reproduced on a glass-sheet has been registered and there is no evidence to show that this design was registered earlier to be reproduced on glass in India or any other part of the country or in Germany or even for that matter in United Kingdom, therefore, it is for the first time registered in India which is new and original design which is to be reproduced on glass sheet. Therefore, the submission of learned senior counsel for the appellant, Mr. Gupta cannot be accepted that this design was not new and original.

It appears that in fact the pattern of the design which is reproduced on the glass-sheet and the design and the pattern which was reproduced on the glass-sheet of the United Kingdom was not common.....Simply by saying visually one can liable to commit the mistake but if the comparison is to be judged whether the pattern of the United Kingdom and that of the present pattern is three dimension or not. Both the designs were placed before us as was done before the High Court also. Learned Single Judge recorded its finding after seeing both the designs that there is distinguishable difference between the two. Similar attempt was made before us to show that both the designs i.e. one that is published in United Kingdom and the impugned design are identical. We have seen the original glass pattern produced before us and the photograph of the pattern produced on record. If the complainant was serious about the same, it could have produced the pattern which was reproduced on the glass-sheet in the United Kingdom and the pattern which is reproduced on the glass-sheet by the rollers of the design produced before us. If these two glass-sheets were placed before learned Single Judge or before

us we would have been able to record the finding. The finding recorded by the Assistant Controller is most inconclusive and it does not give us any assurance that it was a proper comparison of the two patterns by the Assistant Controller. Learned Single Judge of the Calcutta High Court had occasion to go through both the patterns and found that there is no comparison. Likewise, the glass-sheets were placed before us with all dimensions along with a copy of the print out of the United Kingdom and we are of opinion that there is no comparison between the two. From the visual appeal placed before us, learned Single Judge has rightly concluded that there is no comparison of pattern or configuration of two designs. We fully agree with the view taken by learned Single Judge. Hence on this count also the view taken by the Assistant Controller does not appear to be correct and the view taken by learned Single Judge of the Calcutta High Court is correct.

The appeal was therefore dismissed and the registration of the design was restored to the respondent.”

Glaxo Smithkline CH GmbH & Co. vs . Anchor Health & Beautycare P. ltd. 2004 (29) PTC 72 (Del)

Facts:

Plaintiffs seek an ad-interim injunction restraining the defendant from manufacturing, selling or offering for sale the tooth brushes which infringe the plaintiffs registered design No. 170554. The plaintiffs have filed a suit for injunction and accounts regarding profits on account of infringement of its registered design No. 170554 in respect of their tooth brush Annexure B. The plaintiff No. 1 is a Company organized under the laws of Germany and was earlier known as Linger + Fischer GmbH. Pursuant to a change in its name, it became Smithkline Beecham Consumer Healthcare GmbH and thereafter in pursuance of a merger its name was challenged to Glaxo Smithkline Consumer Healthcare GmbH & Co. KG, i.e. the plaintiff.

They have pleaded that it has come to their notice that the defendant is offering for sale the tooth brushes under the brand name ‘Anchor Flexi Grip’ with a design which infringes the plaintiff’s aforesaid registered design. According to the plaintiffs, in view of fraudulent similarity between the design registered in their favor and the tooth brushes being produced by the defendant, the defendant is liable to be restrained from manufacturing, selling or offering for sale the tooth brushes which are fraudulent and obvious imitation of their registered design. An ex parte ad interim injunction was issued in favor of the plaintiffs and against the defendant vide orders dated 26th November, 2002.

It is denied that the registered design No. 170554 is a new or original design. It is asserted that the shape and configuration of this brush was pre-known and pre-published in India as well as other countries. It is pointed out that the tooth brushes having ‘S’ shaped zigzag angular neck and curved handle with identical shape and configuration are being manufactured and marketed by a large number of companies in India and abroad and the design No. 170554 which the plaintiffs have got registered is an obvious imitation thereof. It is asserted that no novelty resides in the shape and configuration of the newly registered design.

It is pointed out that in the said suit the plaintiffs relied upon the designs similar in features, shape and configurations which were named ‘Aquafresh Flexi’ and ‘Aquafresh Flex-N-Direct’. In the said suit, the Court held that the registered designs of the plaintiffs brushes were bad on the ground of being prior published, lack of novelty and certain features which were purely functional and utilitarian. In the said suit, the plaintiffs gave up their claim of infringement of registered designs and admitted prior publication.

It is pleaded that since the plaintiffs in the aforesaid suit had admitted prior publication of design ‘Aquafresh Flex’ and ‘Aquafresh Flex-N-Direct’ and gave up their claim of infringement in respect of designs of the said tooth brushes, they have no right to monopolise the use of those designs by obtaining fresh registration in respect of the same features, shape and configuration again vide registration No. 170554.

Issue:

1. Whether the plaintiffs has succeeded or not in making out a prima facie case in regard to the infringement of their registered design No. 170554?

2. Whether prima facie the plaintiffs' newly registered design No. 170554 has any novelty and as to whether it is hit by the provisions of Sections 4 and 19 of the Act?

Held:

Court stated that -

"After examining the design of the plaintiff's earlier two tooth brushes and the tooth brush in question which was registered vide design No. 170554, this Court prima facie finds that the three changes as pointed out by learned Counsel for the plaintiffs do not constitute a new design and are merely trade variations which are neither inventive nor innovative. It is true that in certain cases even a small novelty may introduce a new design but the bottom line is that a really new design should come into existence which is not a copy or trade variation of the earlier design introduced mala fide to continue to have a hold on the old design. Novelty should be capable of making a design different and distinctive at first sight of the consumer, should be new and should not require lot of effort to find out the novelty. If this yardstick is not applied then by introducing minor and insignificant changes here and there, one may try to monopolise an old and already known design which cannot be protected even by Designs Act. The judgments cited by learned counsel for the plaintiffs do say that even a small novelty may create a new design but the novelty should not be a mere trade variation. Enough material has been placed on record to show that the brushes with similar shape and configuration having similar zig-zag S-bend have been in the market for years together and the plaintiffs themselves have been conceding in different litigations that they have gone into public domain. Therefore, even the registration of the design in question appears to have been obtained fraudulently without disclosing to the registering authority the earlier designs and earlier litigations between various parties including the plaintiffs.

This Court further is of the view that Zig Zag S bend is a utilitarian and functional part regarding which the plaintiffs had even obtained a patent on the ground that this zig-zag bend introduces mere flexibility in the tooth brush. By merely putting some rubber cushions in the gaps this part does not become a design so as to preclude others from using it. These rubber cushions may enhance the flexibility and as such are utilitarian components. The handle also is a utilitarian part and introduction of certain patches thereon does not introduce any design therein. Points A shown in the registered design are prima facie trade variants having no novelty of design and as such were not even capable of registration. Since the plaintiffs earlier two designs were already in public domain and there is nothing new in the present design the plaintiffs have no prima facie case to show that the defendant is infringing their design.

Plaintiffs ought to have disclosed to this Court that certain other parties were manufacturing similar toothbrushes since 1991 when design were registered in their name and non-disclosure of these facts has, in my opinion, clearly misled the Court in granting ex-parte injunction in favor of the plaintiffs. It is now well settled that a party who approaches the Court to seek the discretionary relief must come with clean hands. If an information which has a bearing on the question of exercise of discretion is withheld from the Court, the Court would be justified in refusing to exercise the discretion in favor of such a party.

It is thus clear that in case the plaintiff has approached this Court with unclean hands and had suppressed material facts from the Court, it will not be entitled to. An order of injunction and the injunction granted in favor of the plaintiffs will be liable to be revoked.

A comparison between the plaintiffs new brush Annexure B shown as brush No. 4 on the board with plaintiffs' earlier brushes shown as brush Nos. 1 & 2 prima facie shows that there is no novelty in the design. Only by introducing few insignificant changes, the plaintiffs have succeeded in getting the new design registered which was already in public domain. It tantamounts to playing fraud on the statute which contemplates to put registered designs in public domain after the expiry of the statutory period. Plaintiffs' effort also appears to be in the same direction and to some extent they have succeeded even by obtaining an ex parte ad interim injunction and debar the defendant from selling its tooth brushes with a design which is already in public domain and over which none has any proprietary right. This Court is of the considered view that novelty or newness may be very small but this novelty should be really novel and not a mere pretext of novelty. Adding something here and there to raise a plea of new design without actually introducing a new design has to be spurned.

This Court is of prima facie view that the plaintiffs after surrender of earlier designs which had gone into public domains are only trying to overcome their disability by dubious means. They have managed to get, design No. 170445 registered in their favor by introducing insignificant and small changes which do not introduce any novelty or a new design in their toothbrush and the new design is a mere fraudulent imitation of the old designs. The distinctive features of the design in question and earlier designs which are in public domain are almost identical and obvious imitation. The plaintiffs would not suffer any irreparable loss/injury if the defendant also manufactures the brushes with similar features as both have a healthy competition in the market. The defendant would rather suffer irreparably if the plaintiffs succeed in ousting it from the market on the basis of a registered design which is already in public domain and was not prima facie registerable even.”

Whirlpool of India Limited vs. Videocon Industries Limited, 2014 (60) PTC 155

Facts:

In or about June, 2012, the Plaintiff came across a washing machine manufactured and marketed by the Defendant - Videocon Industries Ltd. under the brand name “Videocon Pebble” which had virtually the same and/or similar design and features of shape and configuration as the Plaintiff’s product and the said designs registered by the Plaintiff. According to the Plaintiff a bare look at the product of the Defendant makes it absolutely evident that the same is a complete copy of the product and/or the said designs of the Plaintiff. The shape and/or configuration of the Defendant’s washing machine was almost identical to that of the Plaintiff. The Defendant’s washing machine had replicated the exact and novel combination of the distinctive circular wash area, the compact right aligned control panel and the unique rectangular drying area from outside.

Not only were the individual features and/or components copied but even the combination thereof had been replicated. The copying by the Defendant did not rest with the mere replication of the shape, pattern and configuration. For good measure, the Defendant also copied the distinctive color scheme and/or two tone combination that was employed by the Plaintiff. The Defendant applied to its washing machines the same combination of colours, the same manner of placement of colours, and even replicated precisely the same pattern/placement of the rival colours. Resultingly, the two were visually on an initial look indistinguishable.

The Plaintiff in the circumstances filed the present suit against the Defendant for infringement of the said designs; passing off; and damages.

Issues:

1. Whether, as a matter of law, a suit for infringement can lie against a Defendant who is also a registered proprietor?
2. Was there any infringement or passing off?

Held:

Court stated that -

“The expression ‘any person’ found in Sections 17, 19 and 41 of the Act makes it evident that the said expression must be given a plain, natural and ordinary meaning and includes even the registered proprietor.

The Defendant’s product is almost identical in shape and configuration pattern as that of the Plaintiff. In so far as identity of shape and appearance are concerned, the two are almost identical. Again as set out earlier, this Court has had occasion to see both the products in question which were brought to Court and therefore insofar as whether the two were deceptively similar, the test is what appeals to the eye of the Judge on a first impression. The first impression has to be of a person with average intelligence and/or imperfect recollection.

The fact that substantial goodwill and reputation inheres in the Plaintiff’s machines distinctive shape and get up and/or colour scheme and/or overall appearance cannot be disputed. As already stated above, in the period of two years since the Plaintiff launched the machine, till the filing of the suit the Plaintiff sold more than 308152 pieces and enjoyed aggregate sales in excess of Rs. 308 crores. Consequently, this is sufficient to constitute actionable goodwill and/or reputation in so far as the Plaintiff’s product is concerned.

This Court having reached a finding that the Defendant's product is an obvious imitation of the Plaintiff's design for the aforesaid facts and reasons, I am also prima facie in agreement with the Plaintiff that the Defendant's product is a fraudulent imitation of the Plaintiff's design.

The defense attributing features of the Plaintiff's design to functional requirements also cannot be accepted. This is evident from a bare perusal of the Plaintiff's registered designs. As correctly submitted on behalf of the Plaintiff, the Plaintiff has not sought any monopoly in any functional feature and/or element. As is evident from the Plaintiff's registered design, the novelty that is claimed by the Plaintiff is in the shape and configuration of the washing machine as illustrated i.e. the shape and configuration of the machine as a whole. The functional elements of a washing machine are inside the washing machine viz. the drums and/or apparatus which is used for washing and drying clothes. The shape of the outer receptacle inside which the washer and dryer units are contained is governed by aesthetic considerations since this appeals purely to the eye. Every semi auto washing machine has a washer and a dryer and a set of buttons or knobs which operate both dryer as well as washer.

It was therefore submitted that if washing machines are purchased after demonstrations, there is no question of there being any deception and/or confusion, since this would automatically be dispelled as part of the demonstration and the purchaser would therefore know what he was purchasing..... The Plaintiff has only admitted that in certain cases, demonstrations may in fact be given but that fact by itself is not dispositive of there being no possibility of deception and/or confusion. The Plaintiff has never admitted the fact that all washing machines are only sold by or through the demonstrations route or that these demonstrations wholly exclude the possibility of deception and/or confusion. In fact, as stated above, to a lay or ordinary potential customer who has an imperfect or hazy recollection, and who associates or identifies the Plaintiff's washing machine with reference to its distinctive and novel design, there is every likelihood that he or she will attend such demonstration in the belief that the product being shown or demonstrated is the Plaintiff's product and purchase the same under this misconception. Hence, the factum of demonstration in no way excludes the possibility of passing off."

Relaxo Footwears Limited vs. Aqualite Industries Pvt. Limited (08.10.2021 - DELHC) : CS (COMM) 190/2021

Facts:

It is the case of the plaintiff that the plaintiff began as a small enterprise in the year 1976. It was incorporated in 1984. It is stated that beginning from manufacturing Hawaii slippers, the plaintiff through sheer commitment has grown into a large-scale enterprise. It is further stated that from a modest sales figure of Rs. 10 lakhs in 1977, the turnover of the plaintiff grew up to Rs.2,400 crores last year. It is stated that the plaintiff manufactures over 6 lakh pairs of footwear per day and 18 crores pairs per year and has emerged as the largest footwear producer in India. The plaintiff's products are marketed under various distinctive trademarks/labels and with a unique get up and trade dress including the house mark RELAXO and various product specific brands like BAHAMAS, FLITE, SPARX, SCHOOLMATE, etc.

It is urged that the present suit pertains to intellectual property rights of the plaintiff in the design and/or overall trade dress/getup of certain footwear products. The defendant is said to have unlawfully imitated and pirated the said design/trade dress of the plaintiff in the said products.

It is the submission of the plaintiff that the getup/trade dress/design of the suit products are inherently distinctive, arbitrary and fanciful and having no commonplace existence for or connection with any existing products/footwear. It is stated that the plaintiff's products are sold throughout India and exported to various countries like UAE, Australia, Bahrain, etc.

It is stated that the plaintiff in February 2021 received information from their market sources about availability of certain lookalikes of the plaintiff's suit products being sold in the markets of Delhi. The plaintiff was shocked to see that the products were slavish replicas of the plaintiff's suit products copying the unique and distinctive elements of the plaintiff's products. It is urged that a mere perusal of the impugned products of the defendant

would reveal that the defendant has deliberately and fraudulently imitated the plaintiff's products. The defendant is also pirating the trade dress of the plaintiff's products with mala fide and fraudulent intentions of encashing on the hard-earned goodwill, reputation and success enjoyed by the plaintiff

Issue:

Whether the defendant is guilty of having copied the designs of the plaintiff?

Held:

Court stated that -

"In this case the diagonal ribs on a hot water bottle were both appealing to the eye as well as functional. They were functional in as much as they permitted the heat to be radiated without singeing the user. The conundrum of functionality was resolved by taking note of the fact that it would make no impact on the articles functionality if, the ribs on the hot water bottle were either horizontal or vertical or even diagonal formations.

As noted by the Division Bench, it is true that in case of footwear for novelty, footwear manufacturers have very little flexibility in creating new designs. But as rightly pointed out by the learned counsel for the plaintiff, it cannot be said that the Designs Act, 2000 does not apply to footwear.

The defendant has relied upon the design to claim prior user of the plaintiff's design. Defendant have also relied upon the following designs in support of its contention of prior user in the market. As pointed out by the learned counsel for the plaintiff it is not known as to when the above footwear were launched. The documents do not mention the date when they were specifically launched or published. In fact, one of the documents states on the top 'new arrival'. Hence, at this stage, the plea of the defendant of prior art cannot be accepted.

A closer visual look shows that prima facie the nature of the design is quite different when compared to that of the plaintiff.

The claims of the defendant that the designs of the plaintiff lack originality or there being existence of prior art are issues which would require better examination and would be considered after evidence has been led. At this stage, the said pleas of the defendant prima facie cannot be accepted. The plaintiff has made out a prima facie case. Balance of convenience is in favour of the plaintiff and against the defendant. The defendant, its directors, etc. are restrained from using the said registered designs of the plaintiff for Suit Product No. 1 - BHG 136 and Suit Product No.2-BHG 137 or any other design that is deceptively similar to the designs of the plaintiff."

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.
- 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.
- Original in relation to a design, means originating from the author of design, and includes the cases, which though old in themselves yet are new in their application.
- Section 5 provides 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 this Act.
- 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.
- Section 19 provides that at any time during the subsistence of the Design registration, any person can seek cancellation of design registration by filing a Petition before the Controller.
- Section 30 read with Rules 32, 33, 34 and 35 of the Design Rules, 2001, 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.

GLOSSARY

Design - Design means only the features of shape, configuration, pattern or ornament or composition of lines or colour or combination applied to any article.

Article - It means any article of manufacture and any substance, artificial, or partly artificial and partly natural; and includes any part of an article capable of being made and sold separately.

Original - In relation to a design, it means originating from the author of such design and includes the cases which though old in themselves yet are new in their application.

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.

Copyright- It means the exclusive right to apply a design to any article in any class in which the design is registered.

Artistic Work - 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, any work of architecture or artistic craftsmanship.

Representation sheet- It is a document required to be filed along with the application for design registration. Representation means the exact representation of the article for which registration is sought. A representation may contain more than one page.

TEST YOURSELF

(These are meant for recapitulation only. Answer to these questions are not 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?
5. Enumerate the general procedure for registering a design?
6. What constitutes piracy of a registered design? What penalties have been provided for piracy of a registered design under the Designs Act, 2000 using case laws?
7. Write a short note on-
 - Hague Agreement
 - Locarno Agreement
 - Paris Agreement
 - What Are Not Designs?
 - Need To Protect Industrial Designs.

LIST OF FURTHER READINGS

- Design Act, 200 and rules made thereof as amended.
- Manual of Design and Procedure
- CIPAM- Intellectual Property- The Future Booklet
- WTO, Module IV - Industrial Designs and Layout-Designs of Integrated Circuits

OTHER REFERENCES (Including Websites / Video Links)

- <https://ipindia.gov.in/designs.htm>
- <https://ipindia.gov.in/writereaddata/Portal/Images/pdf/General-Info-Reg-of-Industrial-Designs.pdf>
- <https://ipindia.gov.in/writereaddata/images/pdf/ten-steps-to-design-application.pdf>
- <https://www.wipo.int/designs/en/>
- <http://cipam.gov.in/index.php/know-your-ip-2/designs/>

Geographical Indications

KEY CONCEPTS

■ Geographical Indications ■ Goods ■ Indication ■ Producers ■ Packages ■ Authorized User ■ Registered Proprietor ■ Registrar ■ International Conventions/Agreements

Learning Objectives

To understand:

- The legal framework provided for law regulating intellectual property embedded in Geographical Indications in India.
- The legal position relating to geographical indications of goods in India.
- The legal machinery including international agreements and conventions governing the registration, renewal, infringement of geographical indications of goods globally.
- The important definitions and concepts relating to geographical indications of goods under Geographical Indications of Goods (Registration and Protection) Act, 2000.

Lesson Outline

- Introduction
- Appellation of Origin
- Indication of Source
- Salient features
- Prohibition of Registration of Certain Geographical Indications
- Registration of Geographical Indications
- Application for registration
- Registration Process
- Duration
- Benefits
- Infringement
- Passing off
- Offences and Penalties
- Case Studies & Laws
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References (Including Websites / Video Links)

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 cannot 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.

India has enacted the Geographical Indications of Goods (Registration and Protection) Act, 1999 (the GIG Act). The GIG Act provides for registration and better protection of geographical indications relating to goods to help identify the place of origin of goods, quality, reputation and other distinctive characteristics of these goods. The GIG Act now helps in protecting unique

Indian products linked to some geographical region of India, such as Basmati Rice, Darjeeling Tea, Alphonso Mangoes, Malabar Pepper, Cardamom and Hyderabad Grapes, which are all well known in the international market. For many years, these products have been exported on a regular basis, demonstrating India's reputation of high quality of these products and, therefore, require such protection. Under the GIG Act, assignment of geographical indications is prohibited, being public property. The GIG Act also lays down provisions for infringement actions. The GIG Act helps prevent geographical indications of goods becoming generic which may otherwise lead to a loss of distinctiveness and consequently loss of protection.

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 High Court*.

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.

What do you mean by 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 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)]

It may be noted that-

“Goods” mean any agricultural, natural or manufactured goods or any goods of handicraft or of industry and includes food stuff. [Section 2(1)(f)]

“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)]

* With the passing of The Tribunals Reforms (Rationalization and Conditions Of Service) Ordinance 2021, the IPAB stands abolished, and the powers of the IPAB under the Geographical Indications of Goods (Registration and Protection) Act 1999, have been transferred to the Registrar of Geographical Indications and High Courts.

APPELLATION OF ORIGIN

A geographic indication is a label that distinguishes products coming from a certain area if their quality, reputation, or other qualities are strongly associated with their place of origin. Appellation of origin of goods is a designation that is contemporary or historical, official or unofficial, full or abbreviated name of a nation, urban or rural settlement, locality, or any other geographical location, which incorporates such a name or a derivative thereof and has become well-known as a result of its use in relation to the goods, the unique properties of which are solely determined by the environmental variables and (or) human factors peculiar to this geographical location.

An appellation of origin shall be the geographical name of a country, region or a locality, used to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors, and which is produced, manufactured or processed within a specific limited geographical area.

Appellations of origin are a special kind of geographical indication (GI). GIs and appellations of origin require a qualitative link between the product to which they refer and its place of origin. Both inform consumers about a product's geographical origin and a quality or characteristic of the product linked to its place of origin. The basic difference between the two concepts is that the link with the place of origin must be stronger in the case of an appellation of origin. The quality or characteristics of a product protected as an appellation of origin must result exclusively or essentially from its geographical origin. This generally means that the raw materials should be sourced in the place of origin and that the processing of the product should also take place there. In the case of GIs, a single criterion attributable to geographical origin is sufficient – be it a quality or other characteristic of the product – or even just its reputation.

INDICATION OF SOURCE

An indication of source can be defined as an indication referring to a country (or to a place in that country) as being the country or place of origin of a product. In contrast to a geographical indication, an indication of source does not imply the presence of any special quality, reputation, or characteristic of the product essentially attributable to its place of origin. Indications of source only require that the product on which the indication of source is used originate in a certain geographical area. Examples of indications of source are the mention, on a product, of the name of a country, or indications such as “made in”, “product of”, etc..

The geographical origin identified by a GI could be the name of a jurisdiction or territory. It could be a noun or an adjective. For example, ‘Colombia’ in Café de Colombia, ‘Swiss’ in Swiss Made for watches, identify the country associated with the GI. The GI could be the name of a region: ‘Beaujolais’ (for red wine produced in a region in the eastern part of France), ‘Napa Valley’ (for wine coming from a region in the US State of California), ‘Pinggu peaches’ (for peaches coming from a region in China), or ‘Idaho’ (for potatoes produced in the US State of Idaho). It could also be a more limited area like a locality, for example a town or a village. Names that are not geographical names are, according to the laws of several members, considered as GIs if they evoke a geographical location, for example, ‘Cava’ (for sparkling wines from a region of Spain), ‘Vinho Verde’ (for a Portuguese white wine), ‘Fendant’ (for a white wine from the Canton of Valais in Switzerland), or ‘Feta’ (for a Greek cheese in brine). These examples are not necessarily or automatically considered to be eligible for GI protection in countries beyond their country of origin.

Article 1.1 of Madrid Agreement states that-

All goods bearing a false or deceptive indication by which one of the countries to which this Agreement applies, or a place situated therein, is directly or indirectly indicated as being the country or place of origin shall be seized on importation into any of the said countries.

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 High Court.
- (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.

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, the following shall not be registered as GI.

- the use of which would be likely to deceive or cause confusion; or

- the use of which would be contrary to any law for the time being in force; or

- which comprises or contains scandalous or obscene matter; or

- which comprises or contains any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India; or

- which would otherwise be disentitled to protection in a court; or

- 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
- 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 maybe.

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.

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.

It may be noted that-

“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.

Application 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 in relation to such goods shall apply in writing to the Registrar in such form and in such manner and accompanied by such fees as may be prescribed for the registration of the 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]

It may be noted that-

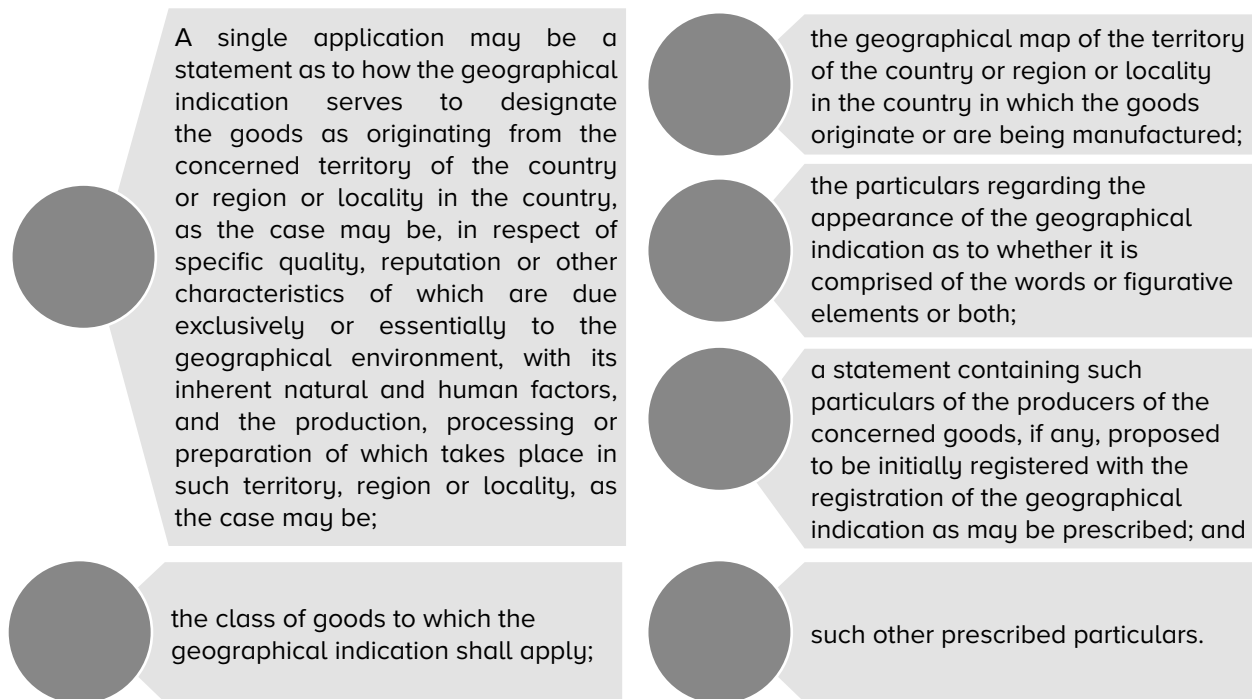
“Producer” in relation to goods, means any person who,-

- 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;

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)]

The application shall contain-



Application maybe made for registration of a geographical indication for different classes of goods and fee payable therefore shall be in respect of each such class of goods.

Every application shall be filed in the office of the Geographical Indications Registry within whose territorial limits, the territory of the country or the region or locality in the country to which the geographical indication elates is situated.

Every application shall be examined by the Registrar in such manner as may be prescribed. The Registrar may refuse the application or may accept it absolutely or subject to such amendments, modification, conditions or limitations, if any, as he thinks fit. In the case of refusal or conditional acceptance of application, the Registrar shall record in writing the grounds for such refusal or conditional acceptance and the materials used by him in arriving at his decision.

Registration

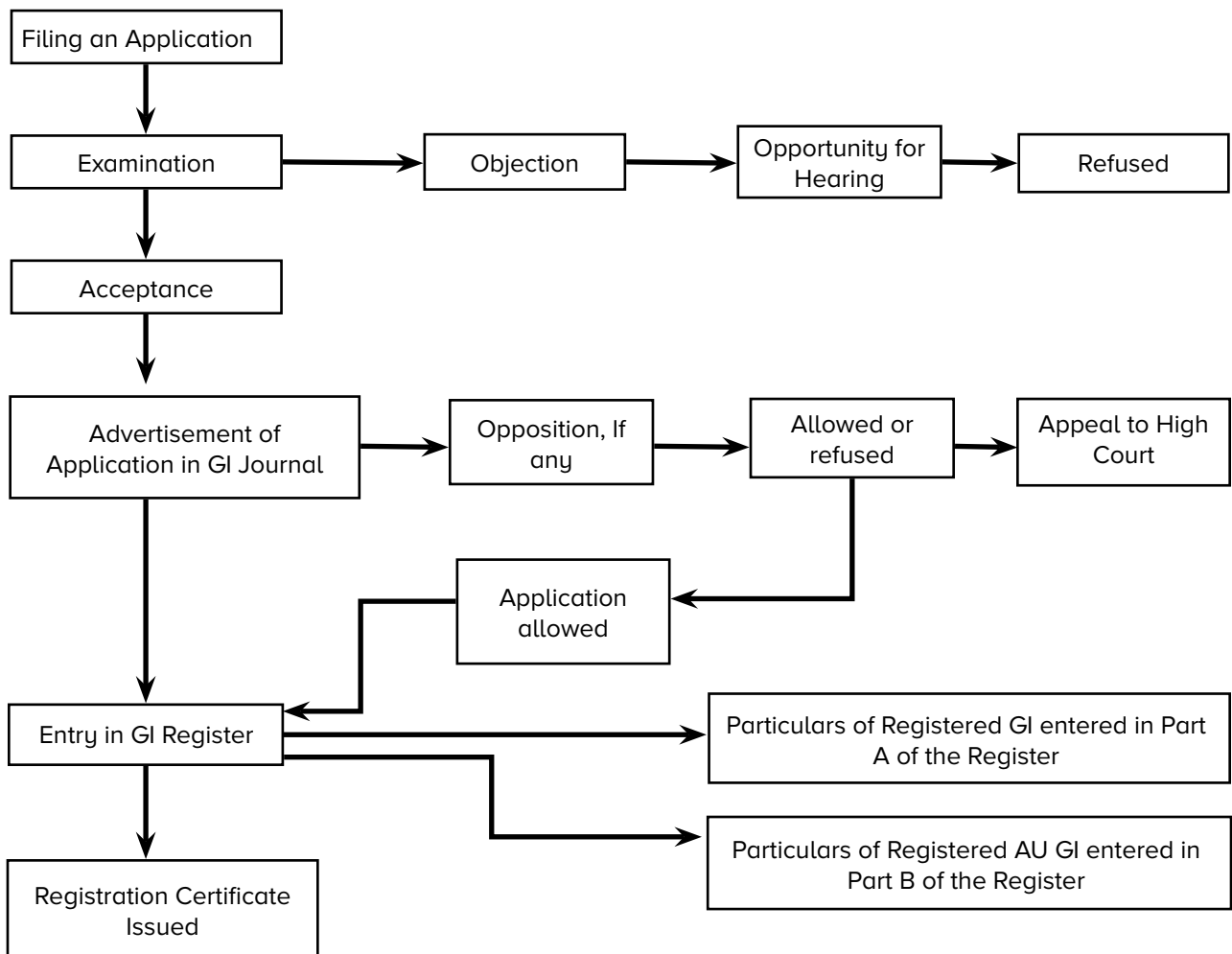
Section 16 provides that on the registration of a geographical indication, the Registrar shall issue each to the applicant and the authorised users, if registered with the geographical indication, a certificate sealed with the seal of the Geographical Indications Registry.

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.

It may be noted that –

“Authorised user” means 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. [Section 2(1) (b)]

PROCESS OF REGISTRATION OF GEOGRAPHICAL INDICATIONS



Source: <https://ipindia.gov.in/the-registration-process-gi.htm>

Step by Step Guide on Geographical Indication of Goods Registration Process

Step 1: Filing of application

Please check whether the indication comes within the ambit of the definition of a Geographical Indication under section 2(1)(e) of the Act.

The association of persons or producers or any organization or authority should represent the interest of producers of the concerned goods and should file an affidavit how the applicant claims to represent their interest.

- Application must be made in triplicate.

- The application shall be signed by the applicant or his agent and must be accompanied by a statement of case.
- Details of the special characteristics and how those standards are maintained.
- Three certified copies of the map of the region to which the GI relates.
- Details of the inspection structure if any to regulate the use of the GI in the territory to which it relates.
- Give details of all the applicant together with address. If there is a large number of producers a collective reference to all the producers of the goods may be made in the application and the G.I., if registered will be indicated accordingly in the register.

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.

The applicant must have an address for service in India. Generally, application can be filed by (1) a legal practitioner (2) a registered agent.

Step 2 and 3: Preliminary scrutiny and examination

- The Examiner will scrutinize the application for any deficiencies.
- The applicant should within one month of the communication in this regard, remedy the same.
- The content of statement of case is assessed by a consultative group of experts will versed on the subject.
- The will ascertain the correctness of particulars furnished.
- Thereafter an Examination Report would be issued.

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. [Rule31]

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.[Rule33]

Step 4: Show Cause Notice

- If the Registrar has any objection to the application, he will communicate such objection.
- The applicant must respond within two months or apply for a hearing.
- The decision will be duly communicated. If the applicant wishes to appeal, he may within one month make a request.
- The Registrar is also empowered to withdraw an application, if it is accepted in error, after giving an opportunity of being heard.

Step 5: Publication in the Geographical Indications Journal

Every application, within three months of acceptance shall be published in the Geographical Indications Journal.

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]

Step 6: Opposition to Registration

- Any person can file a notice of opposition within three months (extendable by another month on request which has to be filed before three months) opposing the GI application published in the Journal.
- The registrar shall serve a copy of the notice on the applicant.
- Within two months the applicant shall send a copy of the counter statement.
- If he does not do this he shall be deemed to have abandoned his application. Where the counter-statement has been filed, the registrar shall serve a copy on the person giving the notice of opposition.
- Thereafter, both sides will lead their respective evidences by way of affidavit and supporting documents.
- A date for hearing of the case will be fixed thereafter.

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]

Step 7: Registration

- Where an application for a GI has been accepted, the registrar shall register the geographical indication. If registered the date of filing of the application shall be deemed to be the date of registration.
- The registrar shall issue to the applicant a certificate with the seal of the Geographical indications registry.

Step 8: Renewal

Section 18 of the act provides that the registration of a geographical indication shall be for a period of 10 years and shall be renewed for a period of another 10 years on an application made in the prescribed manner and within the prescribed period and subject to the payment of the prescribed fees.

Step 9: Additional Protection to Notified Goods

Additional protection for notified goods is provided in the Act.

Step 10: Appeal

Any person aggrieved by an order or decision may prefer an appeal to High Court.

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.

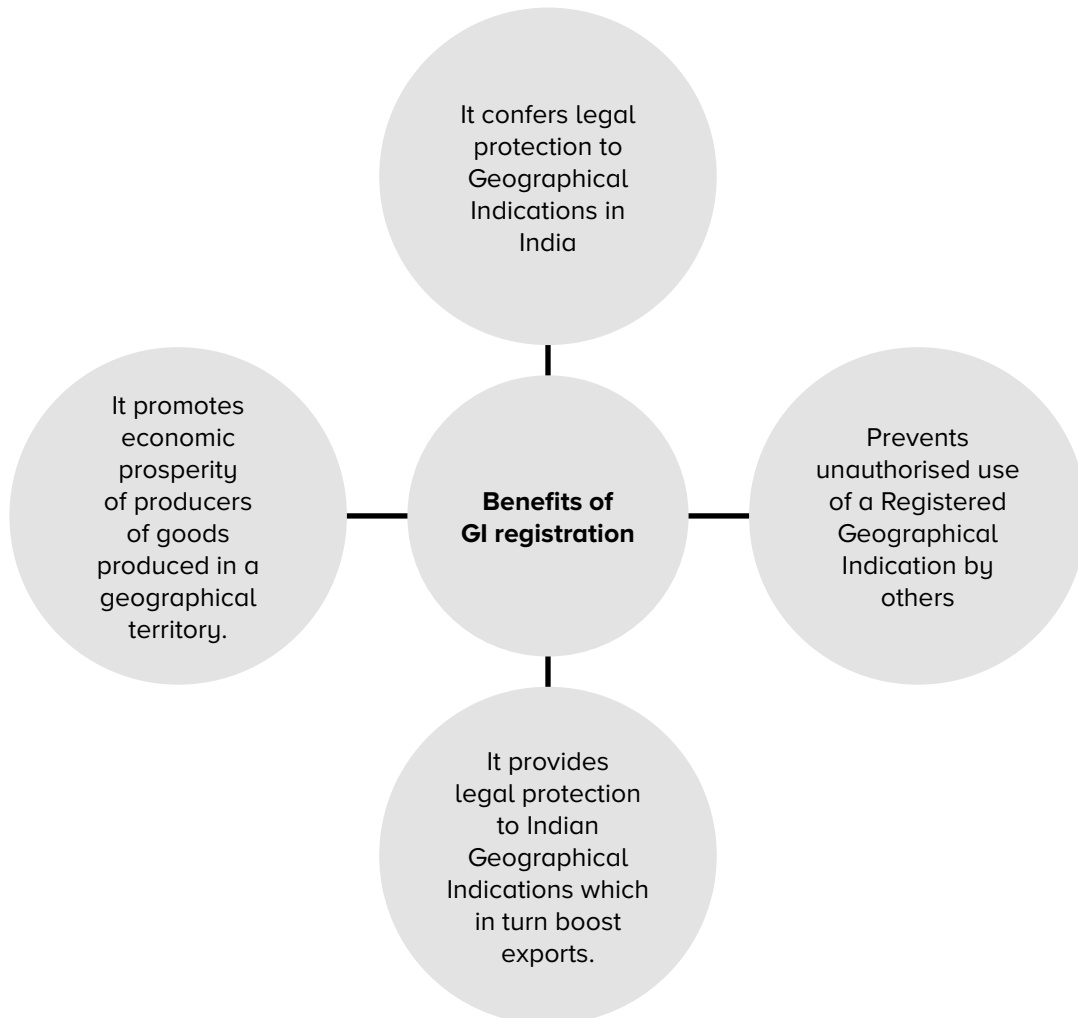
Any person aggrieved by an order or decision of the Registrar under this Act, or the rules made thereunder, may prefer an appeal to the High Court within three months from the date on which the order or decision sought to be appealed against is communicated to such person preferring the appeal.

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.

It may be noted that-

“Registered Proprietor”, in relation to a geographical indication, means any association of persons or of producers or any organisation for the time being entered in the register as proprietor of the geographical indication. [Section 2(1)(n)]



Infringement of Registered Geographical Indications

If a registered geographical indication is infringed by a person who, not being an authorised user thereof,—

- (a) uses such geographical indication by any means in the designations or presentation of goods that indicates or suggests that such goods originate in a geographical area other than the true place of origin of such goods in a manner which misleads the persons as to the geographical origin of such goods; or
- (b) uses any geographical indication in such manner which constitutes an act of unfair competition including passing off in respect of registered geographical indication.

Explanation —

For the purposes of this clause, “act of unfair competition” means any act of competition contrary to honest practices in industrial or commercial matters.

For the removal of doubts, it is hereby clarified that the following acts shall be deemed to be acts of unfair competition, namely:—

- (i) all acts of such a nature as to create confusion by any means whatsoever with the establishment, the goods or the industrial or commercial activities, of a competitor;
 - (ii) false allegations in the course of trade of such a nature as to discredit the establishment, the goods or the industrial or commercial activities, of a competitor;
 - (iii) geographical indications, the use of which in the course of trade is liable to mislead the persons as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.
- (c) uses another geographical indication to the goods which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the persons that the goods originate in the territory, region or locality in respect of which such registered geographical indication relates.

Any person who is not an authorised user of a geographical indication registered under this Act in respect of the goods or any class or classes of goods notified under sub-section (2), uses any other geographical indication to such goods or class or classes of goods not originating in the place indicated by such other geographical indication or uses such other geographical indication to such goods or class or classes of goods even indicating the true origin of such goods or uses such other geographical indication to such goods or class or classes of goods in translation of the true place of origin or accompanied by expression such as “kind”, “style”, “imitation” or the like expression, shall infringe such registered geographical indication.

Where the goods in respect of which a geographical indication has been registered are lawfully acquired by a person other than the authorised user of such geographical indication, further dealings in those goods by such person including processing or packaging, shall not constitute an infringement of such geographical indication, except where the condition of goods is impaired after they have been put in the market.

Section 20 of the Act, states that no person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered geographical indication.

Rights of Action Against Passing-Off

The GI Act in India specifies that nothing in this Act “shall” be deemed to affect rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof. In its simplest form, the principle of passing-off states that no one is entitled to pass-off his/her goods as those of another. The principal purpose of an action against passing off is therefore, to protect the name, reputation and goodwill of traders or producers against any unfair attempt to free ride on them. Though, India, like many other common law countries, does not have a statute specifically dealing with unfair competition, most of such acts of unfair competition can be prevented by way of action against passing-off.

Notably, Article 24.3 of TRIPS clearly states that in implementing the TRIPS provisions on GIs, a member is not required to diminish the protection of GIs that existed in that member immediately prior to the date of entry. This flexibility has been utilised by India in the GI Act (Section 20(2)) in maintaining the right of action against passing-off, which has been a part of the common law tradition of India, even prior to the advent of the TRIPS Agreement.

Any lawsuit relating to infringement of a registered GI or for passing of an unregistered GI has to be instituted in a district court having jurisdiction to try the suit. No suit shall be instituted in any court inferior to a district court [Section 66]

OFFENCES AND 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).

Falsifying and falsely applying geographical indications

Section 38 of the act states that a person shall be deemed to falsify a geographical indication who, either:

- (a) without the assent of the authorised user of the geographical indication makes that geographical indication or deceptively similar geographical indication; or
- (b) falsifies any genuine geographical indication, whether by alteration, addition, effacement or otherwise.

A person shall be deemed to falsely apply to goods a geographical indication who, without the assent of the authorised user of the geographical indication:

- (a) applies such geographical indication or a deceptively similar geographical indication to goods or any package containing goods;
- (b) uses any package bearing a geographical indication which is identical with or deceptively similar to the geographical indication of such authorised user, for the purpose of packing, filling or wrapping therein any goods other than the genuine goods of the authorised user of the geographical indication.

Any geographical indication falsified or falsely applied referred to as a false geographical indication.

In any prosecution for falsifying a geographical indication or falsely applying a geographical indication to goods, the burden of proving the assent of proprietor shall lie on the accused.

Penalty for Applying False Geographical Indications

According to Section 39 of the Act, any person who:

- (a) falsifies any geographical indication; or
- (b) falsely applies to goods any geographical indication; or
- (c) makes, disposes of, or has in his possession, any die, block, machine, plate or other instrument for the purpose of falsifying or of being used for falsifying, a geographical indication; or
- (d) applies to any goods to which an indication of the country or place in which they were made or produced or the name and the address of the manufacturer or person for whom the goods are manufactured is required to be applied under section 71, a false indication of such country, place, name or address; or
- (e) tampers with, alters or effaces an indication of origin which has been applied to any goods to which it is required to be applied under section 71; or
- (f) causes any of the things above-mentioned in this section to be done, shall, unless he proves that he acted, without intent to defraud;

be punishable 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:

Provided that the court may, for adequate and special reasons to be mentioned in the judgment, impose a sentence of imprisonment for a term of less than six months or a fine of less than fifty thousand rupees.

Penalty for selling goods to which false geographical indication is applied

Any person who sells, lets for hire or exposes for sale, or hires or has in his possession for sale, goods or things to which any false geographical indication is applied or which, being required under section 71 to have applied

to them an indication of the country or place in which they were made or produced or the name and address of the manufacturer, or person for whom the goods are manufactured or without the indications so required, shall, unless he proves,—

- (a) that, having taken all reasonable precautions against committing an offence against this section, he had at the time of commission of the alleged offence no reason to suspect the genuineness of the geographical indication or that any offence had been committed in respect of the goods; or
- (b) that, on demand by or on behalf of the prosecutor, he gave all the information in his power with respect to the person from whom he obtained such goods or things; or
- (c) that otherwise he had acted innocently,

be punishable 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:

Provided that the court may, for adequate and special reasons to be mentioned in the judgment, impose a sentence of imprisonment for a term of less than six months or a fine of less than fifty thousand rupees. [Section 40]

Enhanced penalty on second or subsequent conviction

According to Section 41, whoever having already been convicted of an offence under section 39 or section 40 is again convicted of any such offence shall be punishable for the second and for every subsequent offence, with imprisonment for a term 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:

Provided that the court may, for adequate and special reason to be mentioned in the judgment, impose a sentence of imprisonment for a term of less than one year or a fine of less than one lakh rupees:

Provided further that for the purposes of this section, no cognizance shall be taken of any conviction made before the commencement of this Act.

Penalty for falsely representing a geographical indication as registered

No person shall make any representation—

- (a) with respect to a geographical indication, not being a registered geographical indication, to the effect that it is a registered geographical indication; or
- (b) to the effect that a registered geographical indication is registered in respect of any goods in respect of which it is not in fact registered; or
- (c) to the effect that registration of a geographical indication gives an exclusive right to the use thereof in any circumstances in which having regard to limitation entered on the register, the registration does not in fact give that right.

If any person contravenes any of the provisions of sub-section (1), he shall be punishable with imprisonment for a term which may extend to three years, or with fine, or with both.

For the purposes of this section the use in India in relation to a geographical indication of the words “registered geographical indication” or any other expression, symbol or sign like “R.G.I.” referring whether expressly or impliedly to registration, shall be deemed to import a reference to registration in the register, except—

- (a) where that word or other expression, symbol or sign is used in direct association with other words delineated in characters at least as large as those in which that word or other expression, symbol or sign is delineated and indicating that the reference to registration as a geographical indication under the law of a country outside India being a country under the law of which the registration referred to is in fact in force; or

- (b) where that other expression, symbol or sign is of itself such as to indicate that the reference is to such registration as is mentioned in clause (a); or
- (c) where that word is used in relation to a geographical indication registered under the law of a country outside India and in relation solely to goods to be exported to that country for use in that country.

Penalty for improperly describing a place of business as connected with the Geographical Indications Registry

If any person uses on his place of business, or on any document issued by him, or otherwise, words which would reasonably lead to the belief that his place of business is, or is officially connected with, the Geographical Indications Registry, he shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

Penalty for falsification of entries in the register

If any person makes, or causes to be made, a false entry in the register, or a writing falsely purporting to be a copy of an entry in the register, or produces or tenders or causes to be produced or tendered, in evidence any such writing, knowing the entry or writing to be false, he shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

Forfeiture of goods

Where a person is convicted of an offence under section 39 or section 40 or section 41 or is acquitted of an offence under section 39 or section 40 on proof that he acted without intent or fraud, or under section 40 on proof of the matters specified in clause (a) or clause (b) or clause (c) of that section, the court convicting or acquitting him may direct the forfeiture to Government of all goods and things by means of, or in relation to, which the offence has been committed, or but for such proof as aforesaid would have been committed.

When a forfeiture is directed on a conviction and an appeal lies against the conviction, an appeal shall lie against the forfeiture also.

When, a forfeiture is directed on acquittal and the goods or things to which the direction relates are of value exceeding fifty rupees, an appeal against the forfeiture may be preferred, within thirty days from the date of the direction, to the court to which in appealable cases appeal lie from sentences of the court which directed the forfeiture.

When a forfeiture is directed on a conviction, the court, before whom the person is convicted, may order any forfeited articles to be destroyed or otherwise disposed of as the court thinks fit.

Offences by companies

According to Section 49, if the person committing an offence under this Act is a company, the company as well as every person in charge of, and responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly: Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or that the commission of the offence is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Remedies and Reliefs

Section 67 of the Act talk about relief in suit for infringement or for passing off. It states that the relief which a court may grant in any suit for infringement or for passing off referred to in section 66 includes injunction subject to such terms, if any, as the court thinks fit and at the option of the plaintiff, either damages or account of profits, together with or without any order for the delivery-up of the infringing labels and indications for destruction or erasure.

The order of injunction under sub-section (1) may include an ex parte injunction or any interlocutory order for any of the following matters, 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.

Notwithstanding anything contained in sub-section (1), the court shall not grant relief by way of damages other than nominal damages on account of profits in any case—

- (a) where in a suit for infringement the defendant satisfies the court—
 - (i) that at the time he commenced to use the geographical indication complained of in the suit he was unaware and had no reasonable ground for believing that the geographical indication of the plaintiff was on the register; and
 - (ii) that when he became aware of the existence and nature of the plaintiff's right in the geographical indication, he forthwith ceased to use the geographical indication in relation to good in respect of which it was registered; or
- (b) where in a suit for passing off, the defendant satisfies the court—
 - (i) that at the time he commenced to use the geographical indication complained of in the suit he was unaware and had no reasonable ground for believing that the geographical indication relating to the plaintiff was in use; and
 - (ii) that when he became aware of the existence and nature of the geographical indication relating to the plaintiff he forthwith ceased to use the geographical indication complained of.

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 applies; 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 Authorized User can obtain relief in respect of infringement of the Geographical Indications in the manner provided by this Act.

Special Provisions Relating to Applications for Registration from Citizens of Convention Countries

Section 84 empowers Central Government may by notification in the Official Gazette, declare such country or group of countries or union of countries or Inter-Governmental Organisations to be a convention country or convention countries for the purposes of the Act for the fulfilment of a treaty, convention or arrangement with any country or a country which is a member of a group of countries or union of countries or Inter-Governmental Organisations outside India which affords to citizens of India similar privileges as granted to its own citizens.

INTERNATIONAL CONVENTIONS/AGREEMENTS

Paris Convention for the Protection of Industrial Property (1883)

The Paris Convention applies to industrial property in the widest sense, including patents, trademarks, industrial designs, utility models (a kind of “small-scale patent” provided for by the laws of some countries), service marks, trade names (designations under which an industrial or commercial activity is carried out), geographical indications (indications of source and appellations of origin) and the repression of unfair competition. 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 was amended in 1979. The Convention is open to all States. Instruments of ratification or accession must be deposited with the Director General of WIPO.

The Convention lays down a few common rules that all Contracting States must follow. It states that-

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

The first major international agreement covering patents, designs and marks. Article 10 and 10ter of this Convention address false indications of the source of goods. They are as follows.

Article 10 - False Indications: Seizure, on Importation, etc., of Goods Bearing False Indications as to their Source or the Identity of the Producer.

- (1) The provisions of the preceding Article shall apply in cases of direct or indirect use of a false indication of the source of the goods or the identity of the producer, manufacturer, or merchant.
- (2) Any producer, manufacturer, or merchant, whether a natural person or a legal entity, engaged in the production or manufacture of or trade in such goods and established either in the locality falsely indicated as the source, or in the region where such locality is situated, or in the country falsely indicated, or in the country where the false indication of source is used, shall in any case be deemed an interested party.

Article 10ter - Marks, Trade Names, False Indications, Unfair Competition: Remedies, Right to Sue.

- (1) The countries of the Union undertake to assure to nationals of the other countries of the Union appropriate legal remedies effectively to repress all the acts referred to in Articles 9, 10, and 10bis.
- (2) They undertake, further, to provide measures to permit federations and associations representing interested industrialists, producers, or merchants, provided that the existence of such federations and associations is not contrary to the laws of their countries, to take action in the courts or before the administrative authorities, with a view to the repression of the acts referred to in Articles 9, 10, and 10bis, in so far as the law of the country in which protection is claimed allows such action by federations and associations of that country.

Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (1891)

According to the Madrid Agreement, all goods bearing a false or deceptive indication of source, by which one of the Contracting States, or a place situated therein, is directly or indirectly indicated as being the country or place of origin, must be seized on importation, or such importation must be prohibited, or other actions and sanctions must be applied in connection with such importation.

According to this Agreement, all goods bearing a false or deceptive indication of source, by which one of the Contracting States, or a place situated therein, is directly or indirectly indicated as being the country or place of origin, must be seized on importation, or such importation must be prohibited, or other actions and sanctions must be applied in connection with such importation.

The Agreement provides for the cases and the manner in which seizure may be requested and effected. It prohibits the use, in connection with the sale, display or offering for sale of any goods, of all indications in the nature of publicity capable of deceiving the public as to the source of the goods. It is reserved to the courts of each Contracting State to decide which appellations (other than regional appellations concerning the source of products of the vine) do not, on account of their generic character, come within the scope of the Agreement. The Agreement does not provide for the establishment of a Union, governing body or budget.

The Agreement, concluded in 1891, was revised at Washington in 1911, at The Hague in 1925, at London in 1934, at Lisbon in 1958 and at Stockholm in 1967.

The Agreement 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.

Article 1 of Madrid Agreement states that-

- (1) All goods bearing a false or deceptive indication by which one of the countries to which this Agreement applies, or a place situated therein, is directly or indirectly indicated as being the country or place of origin shall be seized on importation into any of the said countries.
- (2) Seizure shall also be effected in the country where the false or deceptive indication of source has been applied, or into which the goods bearing the false or deceptive indication have been imported.
- (3) If the laws of a country do not permit seizure upon importation, such seizure shall be replaced by prohibition of importation.
- (4) If the laws of a country permit neither seizure upon importation nor prohibition of importation nor seizure within the country, then, until such time as the laws are modified accordingly, those measures shall be replaced by the actions and remedies available in such cases to nationals under the laws of such country.
- (5) In the absence of any special sanctions ensuring the repression of false or deceptive indications of source, the sanctions provided by the corresponding provisions of the laws relating to marks or trade names shall be applicable.

Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications (as adopted on May 20, 2015)

The Lisbon Agreement, and its latest revision, the Geneva Act of 2015, provide for the international protection of appellations of origin and geographical indications through a single procedure with WIPO. Appellations of origin and geographical indications are distinctive product designations which require a qualitative link between the product to which they refer and its place of origin. Together, the Lisbon Agreement and the Geneva Act of the Lisbon Agreement form the Lisbon system.

The Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications, adopted May 20, 2015, entered into force on February 26, 2020.

The Geneva Act updates and enhances the existing international registration system protecting names that identify the geographic origin of products: the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of 1958.

The Lisbon Agreement applies only to appellations of origin – a special kind of geographical indication for products that have a particularly strong link with their place of origin.

The Geneva Act extends that protection to geographical indications alongside appellations of origin, to better take into account existing national or regional systems for the protection of distinctive designations in respect of origin-based quality products. In addition, it introduces maximum flexibility with respect to how the protection standard of the Act may be implemented (i.e. through a sui generis appellation of origin or geographical indication system or through the trademark system).

The Geneva Act also allows certain intergovernmental organizations to join, making the international system of protection more inclusive.

Together, the Lisbon Agreement and the Geneva Act of the Lisbon Agreement form the Lisbon System, offering more comprehensive and effective international protection for the names of origin-based quality products.

Article 2 of Geneva Act states that-

Article 2 - Subject-Matter

- (1) *Appellations of Origin and Geographical Indications* - This Act applies in respect of:
 - a. any denomination protected in the Contracting Party of Origin consisting of or containing the name of a geographical area, or another denomination known as referring to such area, which serves to designate a good as originating in that geographical area, where the quality or characteristics of the good are due exclusively or essentially to the geographical environment, including natural and human factors, and which has given the good its reputation; as well as
 - b. any indication protected in the Contracting Party of Origin consisting of or containing the name of a geographical area, or another indication known as referring to such area, which identifies a good as originating in that geographical area, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.
- (2) *Possible Geographical Areas of Origin* - A geographical area of origin as described in paragraph (1) may consist of the entire territory of the Contracting Party of Origin or a region, locality or place in the Contracting Party of Origin. This does not exclude the application of this Act in respect of a geographical area of origin, as described in paragraph (1), consisting of a trans-border geographical area, or a part thereof.

Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (1995)

The areas of intellectual property that it covers are: copyright and related rights (i.e. the rights of performers, producers of sound recordings and broadcasting organizations); trademarks including service marks; geographical indications including appellations of origin; industrial designs; patents including the protection of new varieties of plants; the layout-designs of integrated circuits; and undisclosed information including trade secrets and test data.

Article 22 to 24 provides for Geographical Indications.

Article 22- Protection of Geographical Indications

- (1) Geographical indications are, for the purposes of this Agreement, indications which identify a good 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.

- (2) In respect of geographical indications, Members shall provide the legal means for interested parties to prevent:
 - i. the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good;
 - ii. any use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention (1967).
- (3) A Member shall, ex officio if its legislation so permits or at the request of an interested party, refuse or invalidate the registration of a trademark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the trademark for such goods in that Member is of such a nature as to mislead the public as to the true place of origin.
- (4) The protection under paragraphs 1, 2 and 3 shall be applicable against a geographical indication which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory.

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.

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. Measures to implement these provisions shall not prejudice prior trademark rights that have been acquired in good faith. Under certain circumstances, continued use of a geographical indication for wines or spirits may be allowed on a scale and nature as before. Members availing themselves of the use of these exceptions must be willing to enter into negotiations about their continued application to individual geographical indications. The exceptions cannot be used to diminish the protection of geographical indications that existed prior to the entry into force of the TRIPS Agreement. The TRIPS Council shall keep under review the application of the provisions on the protection of geographical indications.

CASE STUDIES

Darjeeling Tea

Tea is India's oldest industry in the organized manufacturing sector and has retained its position as the single largest employer in this sector. Around 30 per cent of the world's tea is produced in the country. India is also the world's largest consumer of tea. However, on the export front India is facing huge competition from other key tea producing countries, such as Kenya, Sri Lanka and China. Darjeeling' tea is a premium quality tea produced in the hilly regions of the Darjeeling district West Bengal. Among the teas grown in India, Darjeeling tea offers distinctive characteristics of quality and flavour, and also a global reputation for more than a century. Broadly speaking there are two factors which have contributed to such an exceptional and distinctive taste, namely geographical origin and processing. The tea gardens are located at elevations of over 2000 meters above sea level.

History

The history of Darjeeling tea dates back to the 1840's, when India was a British colony. Before the arrival of the British, the forests of the region were known as Darjeeling today was inhabited by the Lepcha tribes. In

1828, while visiting this region located in the backdrop of the snow-clad Himalayan range, a young British called Captain Lloyd discovered the possibility of converting the region into a hill station or a sanitarium. In 1839, Darjeeling was handed over to Dr. A. Campbell, a civil surgeon, who got transferred from Kathmandu to Darjeeling to become the first Superintendent of the Darjeeling district, a position which he held for the next twenty two years. In 1841, Dr. Campbell brought the seeds of China variety of tea from Kumaon hills of North India and planted them near his residence in his Beech wood garden in Darjeeling, 2134 meters above the mean sea level. Seeing the success of Dr. Campbell's experimental tea nursery, the British Government decided to put out tea nurseries in the region in the year 1847. Even after the Indian independence from British rule in 1947, the British ownership continued in many tea gardens of Darjeeling. By the end of the 1970's, most of the tea gardens of Darjeeling were in the hands of Indian owners.

The major portion of the annual production of Darjeeling tea is exported, the key buyers being Japan, Russia, the United States, and the United Kingdom and other European Union (EU) countries such as France, Germany and the Netherlands. In order to ensure the supply of genuine Darjeeling tea in February 2000, a compulsory system of certifying the authenticity of exported Darjeeling tea was incorporated into the Indian Tea Act of 1953. The system makes it compulsory for all the dealers in Darjeeling tea to enter into a license agreement with the Tea Board of India on payment of an annual license fee.

Why Protect “Darjeeling Tea” as Geographical Indication?

An adequate legal protection is necessary for the protection of legitimate right holders of Darjeeling tea from the dishonest business practices of various commercial entities. For instance, tea produced in countries like Kenya, Sri Lanka or even Nepal has often been passed off around the world as ‘Darjeeling tea’. Appropriate legal protection of this GI can go a long way in preventing such misuse. Without adequate GI protection both in the domestic and international arena it would be difficult to prevent the misuse of Darjeeling Tea's reputation, wherein tea produced elsewhere would also be sold under the Darjeeling brand, causing damage to consumers and denying the premium price to Darjeeling tea industry. The industry is now waking up to the fact that unless Darjeeling Tea is properly marketed and branded, the survival of the industry may be at stake and GI protection along with stringent enforcement can go a long way in helping the industry to improve its financial situation.

Evolution of Legal Protection

The first attempt on the part of the Tea Board of India towards protection of the ‘Darjeeling’ brand was undertaken way back in 1983, when the ‘Darjeeling’ logo was created. The Tea Board obtained home protection for the Darjeeling logo as a certification trade mark under the Indian Trade and Merchandise Marks Act 1958 (now the Trade Marks Act, 1999). The registration was granted in class 30 in the name of the Tea Board in 1986. In the same year, the logo was registered as a trademark in several other countries like the UK, the USA, Canada, Japan, Egypt, and under the Madrid Agreement covering Germany, Austria, Spain, France, Portugal, Italy, Switzerland and former Yugoslavia. In the absence of a separate law dedicated exclusively to GI's in India during that time, the word ‘Darjeeling’ was also registered under the Trade and Merchandise Marks Act 1958 in class 30 in the name of Tea Board in 1998. When the Geographical Indication Act in India was enacted in September 2003, the Tea Board applied for GI protection of ‘Darjeeling’ in October 2003. In October 2004, Darjeeling was granted the GI status in India to become the first application to be registered in India as a GI.

Rasogulla – A bitter battle over a sweet

The current dispute between West Bengal and Odisha over where the ever-popular sweet dessert “Rasgulla” first appeared. In support of a request made on behalf of the West Bengal State Food Processing and Horticultural Development Corporation Limited (WSFPHDCL) for gaining such designation, the GI registry of Chennai granted West Bengal the GI status to “Banglar Rasogolla” in the year 2017. The State of Odisha received the GI designation for the “Odisha Rasagola,” which is said to be manufactured in the Odisha village of Pahala. An application was submitted in 2018 on behalf of the State of Odisha by the Odisha Small Industries Corporation Limited (OSIC Ltd.) and Utkal Mistanna Byabasayee Samiti. The State of Odisha received the GI tag on “Odisha Rasagola” on July 29, 2019, according to the registrar.

There are many distinctions between the two dishes, which have been emphasised in the table below, despite the fact that the GI designation has been given to both States for the identical sweet dish.

Basis of Differentiation	Banglar Rasogulla	Odisha Rasagola
Name	Banglar Rasogulla	Odisha Rasagola
Claimed date of origin	1860's	12th Century
Historical Background	Made by Nobin Chandra Das, a renowned sweet producer of Bengal, at his home in Bagbazar, Kolkata which he later popularized in India	Rasagola was used as an offering in the temple of Lord Jaganath as a form of bhog on the last day of Rath Yatra since the beginning
Colour	White	Brown
Texture	Spongy	Soft, tender
Taste	Syrupy sweet dessert	Not very sweet

The Banglar Rasogulla of West Bengal received the GI tag from the Registrar of the Chennai GI office. The decision was made in this way primarily because the registrar was confident in the product's capacity to be registered because it was made with the state's ancient traditions in mind and possessed distinctiveness. The State of Odisha opposed to this on the grounds that the dish was a native of that state. But, the registrar rejected it, and the state did not oppose in line with the provisions of the act, therefore the application was not maintainable.

Later, an application was submitted in 2018 on behalf of the State of Odisha by the Odisha Small Industries Corporation Limited (OSIC Ltd.) and Utkal Mistanna Byabasayee Samiti. The Odisha Rasagola's distinctiveness is primarily apparent in its flavour, texture, and colour. The Rasagola is soft and sensitive, and it is brown in colour. Its flavour is also not overly sweet. The Odisha Rasagola is distinctive in nature due to all of these qualities. Moreover, the Rasagola sweet dish has been mentioned in historical literature written about Odisha, indicating the geographic origin of the meal to this region.

In light of these qualities and traits, it may be claimed that the registrar is justified in awarding separate GI tags for the same delicacy to two different States for their respective styles of the perennially popular Rasagola. The action is appropriate to safeguard the interests of the food producers in both states. Also, the differentiation between the two items safeguards consumers against fraud and maintains economic development for both governments. The use of distinct names and distinction also prevents future disputes between the two parties over homonyms.

CASE LAWS

Tea Board, India vs. ITC Limited C.S. 250 of 2010

In this case, plaintiff prayed for restraining the defendant from using or conducting or making in any manner or in any way carrying its business at the hotel situate in Kolkata by using in any manner whatsoever the name "DARJEELING LOUNGE" or any other name or mark or word which is phonetically or structurally similar or identical or deceptively similar to the registered geographical indication, "DARJEELING" the name and logo in the name of the plaintiff in any manner whatsoever and/or passing off or attempting to pass off its business or services so as to discredit the fame of Darjeeling tea as a geographical indication and/or to mislead persons as to the nature of the beverages sold at the said premises of the defendant so as to allude a nexus with the registered geographical indication in the name of 'DARJEELING' or logo and to confuse persons in any manner.

Court stated that-

"The allegations on use of the name of 'DARJEELING LOUNGE' by the defendant in respect of its refreshment lounge services constitutes an act of infringement under the Trade Marks Act, 1999 and Geographical Indications of Goods Act, 1999. Admittedly, the plaintiff has obtained only a certification Trade Mark under Chapter VIII of

the T.M.M. Act, 1958 and not a regular trade mark as being issued under Section 23 of the said Act. In case of certification trade mark application of Sections 28 and 29 of the Trade Marks Act, 1999 are expressly excluded by Section 69(c) of the said Act of 1999. The rights of proprietors of certification trade mark are limited only to certify that a particular brand of tea originates from Darjeeling. When a trade mark is not registered under Section 23 of the Trade Marks Act, 1999, it does not attract the provisions of Sections 28 and 29 of the said Act. The certification trade mark of the plaintiff would stand infringed only in the event the defendant certifies that a particular tea is a 'Darjeeling Tea', that is to say, the tea is produced in the district of Darjeeling. It is never the case of the plaintiff's that the defendants at any point of time certified or even intended to certify any tea with the use of the lounge as a 'DARJEELING LOUNGE'. This has no reference with regard to the geographical origin of the place of Darjeeling. Infringement of certification trade mark is confined only to Section 75 and that too, such infringement is restricted to the goods and services for which the certification trade mark is registered and it cannot be extended to any other goods and services. That apart, no such case has been made out for infringement of certification trade mark under Section 75 of the Trade Marks Act, 1999. Therefore, in my opinion, there is a clear difference between Section 28 and Section 29 of the Trade Marks Act, 1999, which is applicable to regular trade mark and that of Section 75 of the Trade Marks Act, 1999, which is applicable to only certification trade mark. At the same time, it is also not found that there has been any infringement under the Geographical Indications of Goods Act because the defendant's 'Lounge' is not relating to goods. Plaintiff's rights conferred by the registration of the word 'Darjeeling' is only in relation to tea. 'Darjeeling' is not a trade mark. It is only used to indicate geographical indication of a place of origin of tea originating from Darjeeling. The law relates to geographical indication is confined only to goods, which originates from the district of Darjeeling. The plaintiff does not own any right in the name of 'Darjeeling' for any goods other than tea as has been pleaded by the defendant in paragraph 18 of the written statement. The Geographical Indications Act can only extend to goods and admittedly, the defendant's lounge does not fall within the category of 'goods'. So also the allegation of passing off and unfair competition as alleged by the plaintiff does not appear to have any substance. Although, the allegation has been made about passing off but the plaintiff has not led any evidence to that effect. Without proper evidence and unless the allegation of passing off is substantiated by cogent evidence, mere statement on oath in plaint, is not sufficient to get a decree against the defendant in this regard. The plaintiff, however, has failed to prove the phenomena of passing off.

The plaintiff raises the issue that by its trademark registered under Chapter IX of the Trademarks Act had acquired any right other than the authority to certify that any tea marked with the name or logo of 'Darjeeling' is guaranteed to be 100% Darjeeling Tea originating from 87 tea gardens in the Darjeeling district of West Bengal mentioned in the certificate of registration. The right acquired under the certification trade mark is very limited. Section 78 of the Trademarks Act, 1999 deals with such limited right. This right is only to certify the good, namely, Tea, in this case, which originates from the district of Darjeeling. Section 2(e) of the TM Act, 1999 also corroborates the proposition. The definition of certification trademark in the TM Act, 1999, is set out below:

"2(e). Certification trade mark" means 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 the goods or performance of services, quality, accuracy or other characteristics from goods or services not so certified and registrable, as such Chapter IX in respect of those goods or services in the name as proprietor of the certification of that person,"

The defendant has stated that Section 2(e) read with Section 2(f) of the G.I. Act clearly indicates that the geographical indication is confined to goods. The statement of objects and reasons of the said Act also supports the submission of the defendant. In my view the whole object of the G.I. Act is to add to the economic prosperity to producers of 'goods' and promote 'goods' bearing Indian geographical origin for export. In fact the suit is misconceived and cannot be held to be maintainable under the G.I. Act. This question has been dealt with earlier and I do not feel it to repeat once again in deciding the issues referred to hereinabove. The plaintiff not being an user of the name 'Darjeeling' or seller of tea. There is no question on defendant's passing off its goods and services to the public as that of the plaintiff. It is again reiterated that in absence of any proper proof either documentary or oral, Court cannot come to a conclusion of passing off. Therefore, the issues referred to hereinabove are, accordingly, answered in the negative."

Scotch Whisky Association vs. Unibev Limited (01.02.2021 - DELHC) CS (COMM) 28/2021

In this case, it is stated that Scotch whisky is a world-renowned Geographical Indication originating from Scotland, UK which refers to whisky produce exclusively in Scotland. The said Scotch whisky is registered under No. 151 in class 33 of the Geographical Indication of Goods (Registration & Protection) Act, 1999. It is pleaded that in view of the statutory and common law rights of the plaintiff in the GI (Scotch Whiskey), any whisky which is not Scotch whisky, if sold or advertised bearing an expression or description or get-up or reference or indication to Scottish origin, is likely to mislead members of the trade and the public all over the world including India into believing that such whisky is Scotch whisky. Any such act would violate the plaintiff's statutory and common law rights in the GI "Scotch Whisky".

It is further stated that several whisky producers around the world including manufacturers of Scotch whisky, permanently use numerals on the front label of their labelling and packaging to highlight the age statement (a reference to the period of maturation) of their whiskies. It is common knowledge that a whisky with higher age statement commands a higher price as compared to the whisky of a lower age statement. The use of false and misleading age statements on whiskies violates the Scotch Whisky Regulation, 2009 and is an act of unfair competition amounting to infringement under Section 22(1)(b) of the GI Act. Reliance is also placed on Rule 1.3.7 of the Food Safety & Standards (Alcoholic Beverages) Regulations, 2018 (FSSAI Regulations) which mandates that the age of spirit whisky must refer to the youngest spirit.

In this case, defendant was with the motive to benefit from the reputation and goodwill of Scotch whisky, was selling and advertising its whisky under the brands "STROTTS" as blended Scotch whisky and also using the phrase "Product of Scotland". Furthermore, defendant was also using untrue and misleading statements such as "Blended with upto 18 year old Scotch and Matured Indian Malts" etc in relation to its whiskies sold. Plaintiff filed an application seeking interim injunction restraining the defendant to engage in supplying, marketing, advertising, manufacturing etc, directly or indirectly, under the title "Scotch Whiskey" as it was not only infringing the plaintiff's rights but was also passing off the goods. Delhi High Court, while passing an order of interim injunction held defendant liable for infringement and also of passing off.

Court held that-

"In the present case as is obvious the defendants are using the phrase "blended with up to 18 years old scotch and matured Indian malts etc.". It is not their case that this is the lowest maturity of the Scotch whisky which they are blending with the Indian malts. Prima facie, the manner in which the phrase/description is being used on the label of the whiskey indicates that the whisky is blended with scotch upto 18 years old etc. An unwary customer of average intelligence may get deceived to believe that the blend that is being used is only of an 18 years old scotch whisky and not of a scotch whisky with the lower age denomination. One can prima facie conclude that this is an attempt to pass off their whisky as blended with a higher quality blend 18 years old scotch etc. ignoring that scotch of other maturity may also have been used. No details were forthcoming as to what extent the 18 years old scotch is blended with matured Indian malts/other scotch whiskies. In fact, it was put to the learned senior counsel for the defendants that the defendants may consider giving the age of all the blended scotch whiskies on the label but such a suggestion did not receive a favourable response.

A prima facie case is made out by the plaintiff. There is an intent on the part of the defendants to pass off their goods as Scotch Whisky of a higher age brand. Accordingly, an interim injunction is passed in favour of the plaintiff and against the defendant directing the defendant to show on their advertisements, labels etc. the minimum age of the scotch whiskey that has been blended with the Indian malts."

Madhya Kshetra Basmati Growers Association Samiti vs. Intellectual Property Appellate Board, Chennai, Special leave to Appeal (c) No(s). 8461 of 2020

In this case, petitioners prayed for quashing the order dated 05.02.2016 and sought cancellation of the Geographical Indication on 'Basmati Rice' registered as Geographical Indication No. 145, vide Certificate No. 238, dated 15th February 2015. Petitioners claims APEDA's GI tag arbitrarily asserts the entirety of five States (Delhi, Punjab, Haryana, Uttarakhand, and Himachal Pradesh) and portions of two other States (Jammu &

Kashmir, and Uttar Pradesh). Petitioners also claimed the inclusion of 13 districts which actually grown basmati quality in the list by APEDA. The Supreme Court held that the High Court erred in not adjudicating of areas mentioned in APEDA's GI application. It set aside the impugned order and held that -

“the petitioners cannot raise the dispute pertaining to over-inclusion of areas in the other States in those pending writ petitions”

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 maybe.
- 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 maybe.
- 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.
- Every application shall be filed in the office of the Geographical Indications Registry within whose territorial limits, the territory of the country or the region or locality in the country to which the geographical indication relates is situated.
- The legislature has taken a strong view of infringement, piracy, falsification, misrepresentation of geographical indications and has now made them penal offences.
- If the person committing an offence under this Act is a company, the company as well as every person in charge of, and responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

GLOSSARY

Geographical indication - In relation to goods, it 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.

Goods - It means any agricultural, natural or manufactured goods or any goods of handicraft or of industry and includes food stuff.

Indication - It includes any name, geographical or figurative representation or any combination of them conveying or suggesting the geographical origin of goods to which it applies.

Authorised user - It means 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.

Registered Proprietor - In relation to a geographical indication, it means any association of persons or of producers or any organisation for the time being entered in the register as proprietor of the geographical indication.

Deceptively Similar - A geographical indication shall be deemed to be deceptively similar to another geographical indication if it so nearly resembles that other geographical indication as to be likely to deceive or cause confusion.

Package - It includes any case, box, container, covering, folder, receptacle, vessel, casket, bottle, wrapper, label, band, ticket, reel, frame, capsule, cap, lid, stopper and cork.

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,

and includes any person who trades or deals in such production, exploitation, making or manufacturing, as the case may be, of the goods.

TEST YOURSELF

(These are meant for recapitulation only. Answers to these questions are not 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?
7. List the matters prohibited for Registration under Geographical Indication Act? Also mention the Section under which prohibited matters are covered.

KEY CONCEPTS

- Semiconductor ■ Integrated Circuits ■ Layout Design ■ Registrar ■ Registry ■ Convention country
- Washington Treaty ■ TRIPS Agreement ■ Assignment and transmission ■ Appellate board ■ Duration of registration ■ Effect of registration

Learning Objectives

To understand:

- The legal frame work provided for regulating the protection of semiconductor integrated circuits layout-designs in India.
- The important definitions and concepts of Semiconductor Integrated Circuits Layout-Design Act, 2000.
- The legal frame work pertaining to Semiconductor Integrated Circuits Layout-Design Act, 2000.

Lesson Outline

- Introduction
- Register and conditions of registration
- Procedure for and duration of registration
- Duration of registration
- Effect of registration
- Infringement of layout-design
- Assignment and transmission
- Use of layout-design and registered users
- Appellate board
- Appeal
- Offences, penalties and procedure
- International treaties and conventions
- Case Law
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other references (Including Websites / Video Links)

INTRODUCTION

The Semiconductor Integrated Circuits Layout Design Act, 2000 (hereinafter referred to as 'Act') provides protection for semiconductor IC layout designs. Semiconductor Integrated circuits are fabricated from a complex series of layers of semiconductors, metals, dielectrics (insulators) and other materials on a substrate. The Act and Rules refer to the three dimensional configuration of these layers as an integrated circuit layout.

Under Section 6 of Trade related aspects of Intellectual Property Rights (TRIPS) Treaty of the World Trade Organization (WTO), the Member Countries have agreed to provide protection to IC layout designs, i.e., topographies of integrated circuits, to cater to legal framework of creation / protection / trading aspects of intellectual property rights of products and services by member nations. India is signatory to TRIPs Agreement. The Semiconductor Integrated Circuits Layout-Design Act empowers the registered proprietor of the layout design an inherent right to use the layout-design, commercially exploit it and obtain relief in respect of any infringement.

In exercise of the powers conferred by Sub-section (1) read with Sub-section (2) of Section 96 of this Semiconductor Integrated Circuits Layout-Design Act 2000, the Rules entitled "Semiconductor Integrated Circuits Layout-Design Rules 2001" were formulated and notified in the Gazette of India Extraordinary No. 615 dated 11th December 2001. These Rules, inter alia, prescribe the procedure for registration of an original layout design of a semiconductor integrated circuit.

Need of this Act

Product life cycles are getting shorter across many industries. The time and money needed to acquire intellectual property rights, particularly patents, might be excessive compared to the lifespan of the resulting product. Since products have short life cycles and incorporate numerous technologies covered by various patents, especially when these products are miniaturised, requirements such as the necessity to designate products with "patent pending" also become impractical.

Integrated circuits are made up of many individual building blocks, each of which is patentable. A claim to an integrated circuit would need to cover hundreds or thousands of individual components because an integrated circuit has hundreds or thousands of semiconductor devices. As a result, an attempt to explain an entire integrated circuit in a patent claim could take hundreds of pages for each of the building blocks. It is not only time taking and cumbersome process but also very expensive. It is obvious that such a limited claim would offer very little defence. Getting an integrated circuit patent from the majority of patent offices around the world may take several years. Given that an integrated circuit's practical commercial life may be less than a year, this is unacceptable. Patent law is frequently an inadequate form of protection for integrated circuits due to the difficult, time-consuming process of filing and the incredibly limited protection. The existing intellectual property laws do not include integrated circuit design in any way. Design patents only cover the decorative features of a manufactured good as depicted in the drawings, not its functioning components. Since integrated circuit layout is primarily utilitarian rather than decorative, integrated circuits are typically exempt from design patent protection. Most integrated circuits cannot be protected by trade secret law because an integrated circuit layout can be reverse-engineered.

A unique protection for semiconductor integrated circuit layout-design has become important for the semiconductor industry because patent, copyright, and trade secret law cannot sufficiently protect integrated circuit design. And, the fact that protection could not be granted under neither under patents, due to high threshold of 'novelty' requirements, nor in copyright, which is too general to accommodate such kinds of scientific creations. Due to this reason an altogether new law called 'Semiconductor Integrated Circuits Layout Designs Act, 2000' was enacted by the Indian Government.

History

Since the beginning of the 1970s, chip pirates have created replicas of semiconductor chips at a fraction of the cost by duplicating chip designs and skipping the pricey research and development stage. This issue was

particularly severe in the US, since the IC layout, which cost millions of dollars to design and develop, had almost little intellectual property protection up until 1984. As a result, the makers of ICs sought a unique type of IP protection for this essential component of contemporary technology.

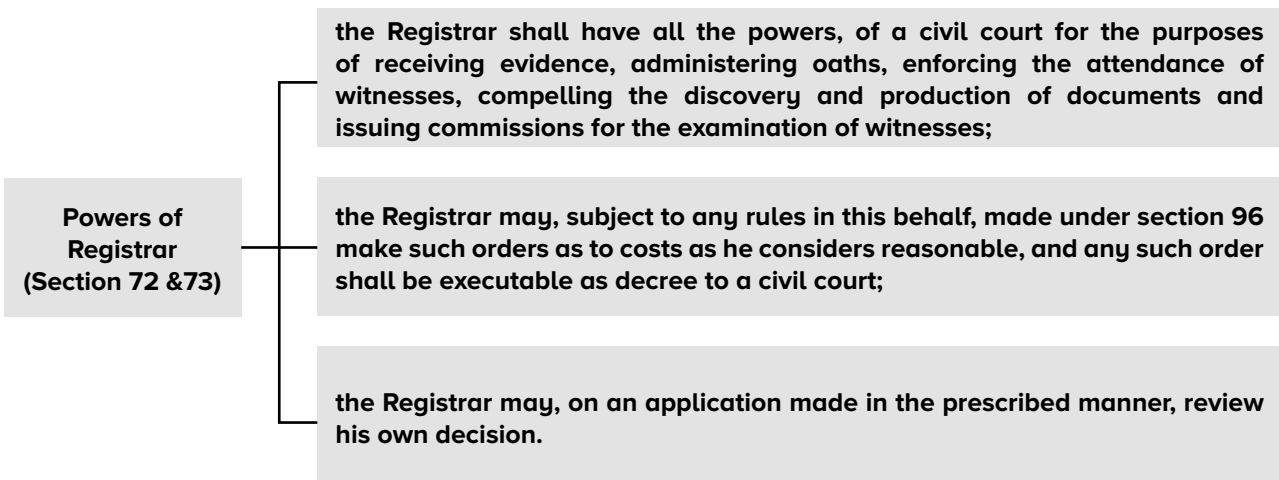
Chip piracy, which threatened to undermine the viability of the semiconductor industry, was the primary cause of the necessity for a sui generis type of protection. Chip counterfeiters could sell similar chips for less money than the original manufacturers. Due to price cuts made by legitimate chip research and development companies to compete with counterfeit products, the next generation of chips could not be developed by legitimate companies due to a lack of funding. A sui generis form of protection was introduced because legitimate businesses could not obtain sufficient chip protection under the terms of trade secret, copyright, or patent law.

THE REGISTER AND CONDITIONS OF REGISTRATION

Registrar of Semiconductor Integrated Circuits Layout-Design

The Central Government may, by notification in the Official Gazette, appoint a person to be known as the Registrar of Semiconductor Integrated Circuits Layout-Design for the purposes of this Act.

The Central Government may appoint such other officers with such designation as it thinks fit for the purpose of discharging, under the superintendence and direction of the Registrar, such functions of the Registrar under this Act as he may from time to time authorise them to discharge.



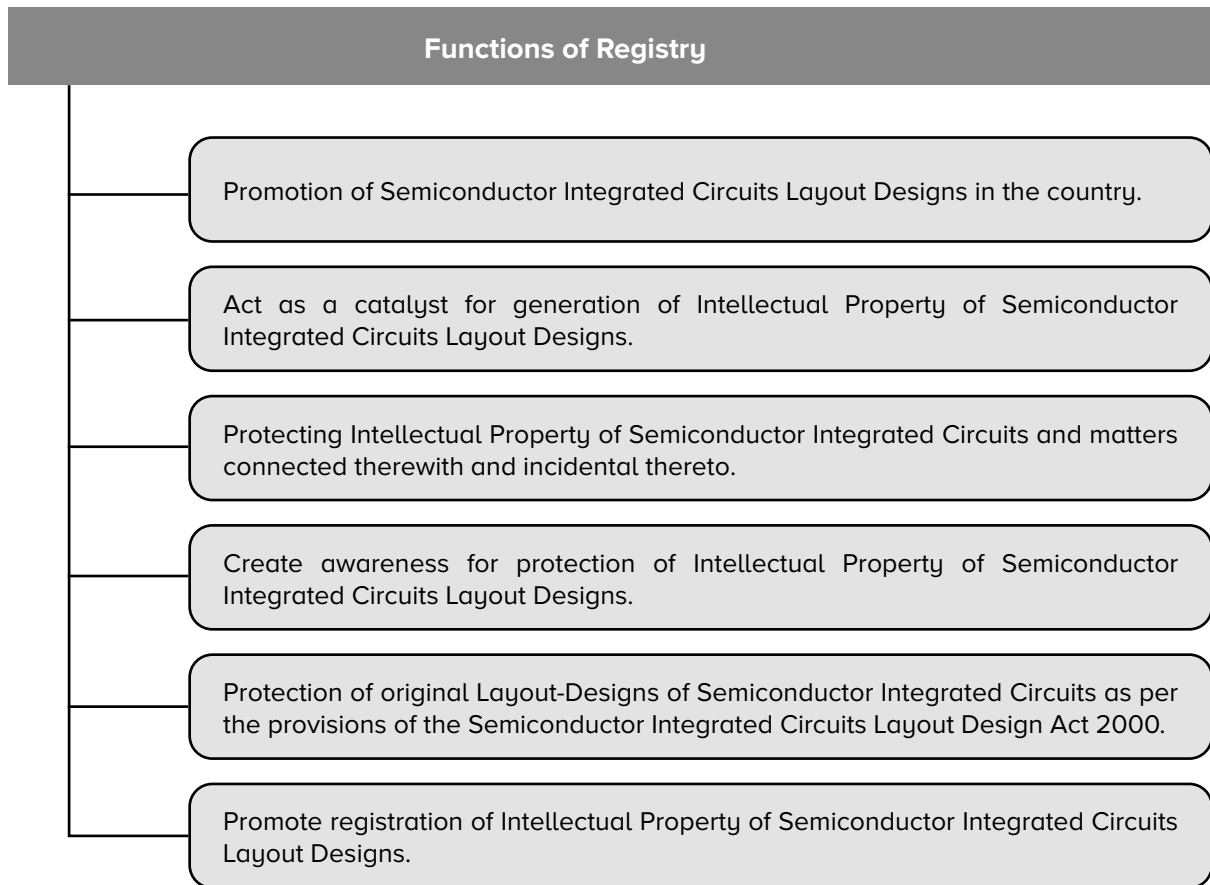
Registry

There shall be established a Registry which shall be known as the Semiconductor Integrated Circuits Layout-Design Registry.

Semiconductor Integrated Circuits Layout-Design Registry (SICLDR) is the office where the applications on Layout-Designs of integrated circuits are filed for registration of created IPR. This Registry is located in New Delhi. The jurisdiction of this Registry is whole of India. The Registry, as per the guidelines laid down in the Semiconductor Integrated Circuits Layout Design (SICLD) Act 2000 and the Semiconductor Integrated Circuits Layout-Design (SICLD) Rules 2001, examines the layout-designs of the Integrated Circuits and issues the Registration Certificate to the original layout-designs of the Semiconductor Integrated Circuits.

The Central Government may, by notification in the Official Gazette, define the territorial limits within which an office of the Semiconductor Integrated Circuits Layout-Design Registry may exercise its functions.

Functions of Registry



Register of Layout-Designs

A record called the Register of Layout-Designs shall be kept at the head office of the Semiconductor Integrated Circuits Layout-Design Registry wherein shall be entered all registered layout-designs with the names, addresses and descriptions of the proprietor and such other matters related to the registered layout-designs as may be prescribed. The register shall be kept under the control and management of the Registrar. There shall be kept at each Branch office of the Semiconductor Integrated Circuits Layout-Design Registry a copy of the register and other documents as the Central Government may, by notification in the Official Gazette, direct.

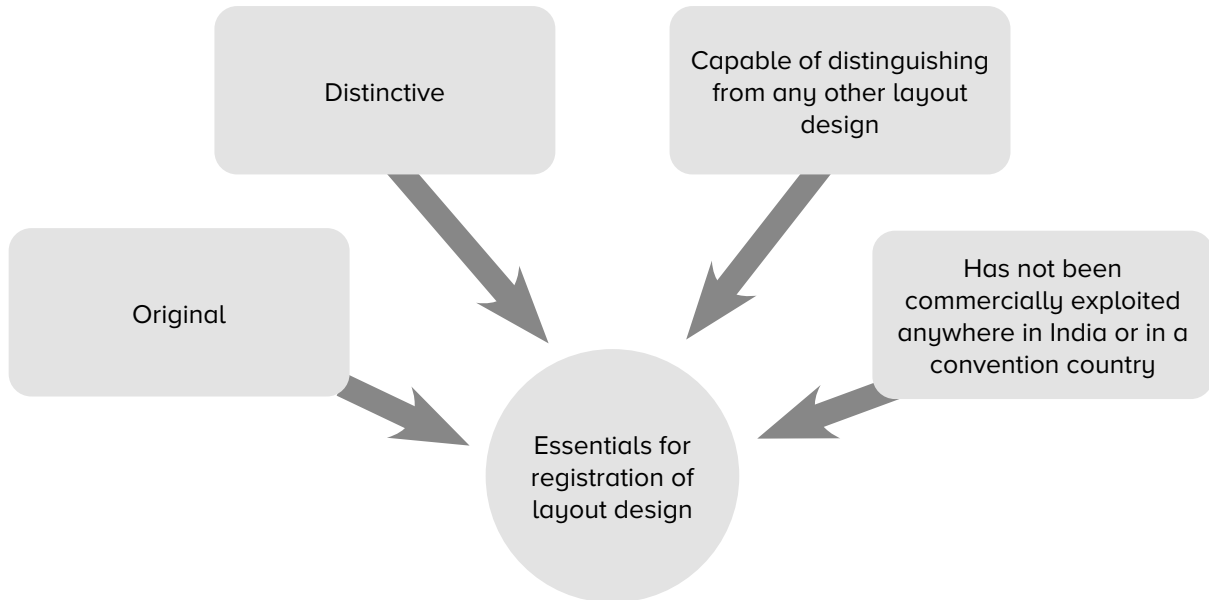
It may be noted that-

“Layout-design” means a layout of transistors and other circuitry elements and includes lead wires connecting such elements and expressed in any manner in a semiconductor integrated circuit; [Section 2(h)]

“Semiconductor integrated circuit” means a product having transistors and other circuitry elements which are inseparably formed on a semiconductor material or an insulating material or inside the semiconductor material and designed to perform an electronic circuitry function; [Section 2(r)]

Criteria for registration of layout-design

A layout design shall be-



Prohibition of registration of certain layout-designs

As per Section 7 of the Act, a layout-design—

- which is not original; or
- which has been commercially exploited anywhere in India or in a convention country; or
- which is not inherently distinctive; or
- which is not inherently capable of being distinguishable from any other registered layout- design.

shall not be registered as a layout-design:

Provided that a layout-design which has been commercially exploited for not more than two years from the date on which an application for its registration has been filed either in India or in a convention country shall be treated as not having been commercially exploited for the purposes of this sub-section.

A layout-design shall be considered to be original if it is the result of its creator's own intellectual efforts and is not commonly known to the creators of layout-designs and manufacturers of semiconductor integrated circuits at the time of its creation:

Provided that a layout-design consisting of such combination of elements and interconnections that are commonly known among creators of layout-designs and manufacturers of semiconductor integrated circuits shall be considered as original if such combination taken as a whole is the result of its creator's own intellectual efforts.

Where an original layout-design has been created in execution of a commission or a contract of employment, the right of registration to such layout-design under this Act shall belong, in the absence of any contractual provision to the contrary, to the person who commissioned the work or to the employer.

PROCEDURE FOR AND DURATION OF REGISTRATION

What is the registration process cycle and time required for obtaining registration certificate?

The registration cycle includes -

- *Filing of application by the creator of the layout-design at the SICLD Registry.*
- *The acceptance of application.*
- *Registrar may accept, refuse the application or accept with some modifications.*
- *The accepted applications shall be advertised within 14 days of acceptance.*
- *Any opposition to the advertisement can be filed within 3 months from the date of advertisement.*
- *The counter-statement to the notice of opposition, if any, to be filed within 2 months from the date of receipt of copy of notice of opposition from the Registrar.*
- *A copy of the counter statement provided to the opposing party.*
- *The Registrar may take hearing with the parties.*
- *The Registrar will decide on the originality of the layout-design and grant or reject the application for registration based on the conclusions reached by him.*
- *Aggrieved party can appeal to Appellate Board or in its absence Civil Court for relief on any ruling of the Registrar.*

Application for registration

Under Section 8 of the Act, any person claiming to be the creator of a layout-design, who is desirous of registering it, shall apply in writing to the Registrar in the prescribed manner for the registration of his layout-design.

Every application shall be filed in the office of the Semiconductor Integrated Circuits Layout-Design Registry within whose territorial limits the principal place of business in India of the applicant or in the case of joint application the principal place of business in India of the applicant whose name is first mentioned in the application, as having a place of business in India, is situate:

Provided that, where the applicant or any of the joint applicant does not carry on business in India, the application shall be filed in the office of the Semiconductor Integrated Circuits Layout-Design Registry within whose territorial limits the place mentioned in the address for service in India as disclosed in the application is situate.

Subject to the provisions of this Act, the Registrar may refuse the application or may accept it absolutely or subject to such amendments or modifications, as he may think fit.

Rule 22 states that the application for the registration shall be made on Form LD-1 accompanied by prescribed fee and shall be signed by the applicant or his agent.

Three sets of one of the following items, which clearly describe the layout-design, shall be attached. The size of the drawing or the photograph shall not be less than 20 times the size of the semiconductor integrated circuit fabricated using such layout-design, namely:-

- a) three sets of drawings produced with a plotter which describes the layout-design applied for registration; or
- b) three sets of photographs of masks used for the fabrication of the semiconductor integrated circuit by using of the layout-design applied for registration, or drawings which describe the pattern of such masks.

In the case the applicant for registration of layout-design makes a request in writing for maintaining the secrecy of the layout-design, he may attach in place of the drawings or photographs specified in sub-rule (2), the three

sets of partially blocked drawings or photographs of such layout-design to the satisfaction of the Registrar. The Registrar may inspect the complete drawing or photographs of such layout-design. The blocking of such drawing or photograph shall be to the satisfaction of the Registrar such that it does not hamper the identification of the applied-for layout-design. The blocked out area of such drawing or photograph shall not be greater than the area of the remaining portion of layout-design.

What is the registration fee?

The registration fee is Rs. 5000/- to be paid via Demand Draft in favour of "PAO, CGPDTM" payable at Mumbai.

Withdrawal of acceptance

Where after the acceptance of an application for registration of layout-design, but before its registration, the Registrar is satisfied that the layout-design is prohibited of registration under section 7, the Registrar may, after hearing the applicant if he so desires, withdraw the acceptance and proceed as if the application had not been accepted.

Advertisement of application

When an application for registration of a layout-design has been accepted, the Registrar shall, within fourteen days after the date of acceptance, cause the application as accepted to be advertised in the prescribed manner.

Where after advertisement of an application—

- (a) an error in the application has been corrected; or
- (b) the application has been permitted to be amended under section 12.

The Registrar may in his discretion cause the application to be advertised again or, in any case falling under clause (b), may, instead of causing the application to be advertised again, notify in the prescribed manner the correction or amendment made in the application.

As per Rule 30, an application for the registration of a layout-design required to be advertised or to be re-advertised shall be advertised in the journal. The following details shall be given in the advertisement, namely:—

- (i) Application No;
- (ii) Date of acceptance of application for registration of layout-design;
- (iii) Name and address of the proprietor as given in the application;
- (iv) Brief description of the layout-design;
- (v) Whether the layout-design has been commercially exploited, if so the period of such exploitation;
- (vi) The address of the office of the Registry where the application is filed.

Opposition to registration

According to Section 11, any person may, within three months from the date of the advertisement or re-advertisement of an application for registration or within such further period, not exceeding one month in the aggregate, as the Registrar, on application made to him in the prescribed manner and on payment of the prescribed fee, allows, give notice in writing in the prescribed manner to the Registrar of opposition to the registration.

Sub- Section (2) states that, the Registrar shall serve a copy of the notice on the applicant for registration and, within two months from the receipt by the applicant of such copy of the notice of opposition, the applicant shall send to the Registrar in the prescribed manner a counter-statement of the grounds on which he relies for his application and if he does not do so, he shall be deemed to have abandoned his application.

If the applicant sends such counter-statement, the Registrar shall serve a copy thereof on the person giving notice of opposition.

Any evidence upon which the opponent and the applicant may rely shall be submitted in the prescribed manner and within the prescribed time to the Registrar, the Registrar shall give an opportunity to them to be heard, if they so desire.

The Registrar shall, after hearing the parties, if so required, and considering the evidence, decide, after taking into account any ground of objection whether relied upon by the opponent or not.

When a person giving notice of opposition or an applicant sending a counter-statement after receipt of a copy of such notice neither resides nor carries on business in India, the Registrar may require him to give security for the costs of proceedings before him and, in default of such security being duly given, may treat the opposition or application, as the case may be, as abandoned.

A notice of opposition to the registration of a layout-design under sub-section (1) of section 11 shall be given in triplicate on Form LD-2 accompanied by prescribed fee within three months from the date of advertisement or re-advertisement, as the case may be, of the application for registration in the journal. The notice shall include a statement of the grounds on which the opponent objects to the registration. [Rule 33(1)]

Correction and amendment of Application

The Registrar may on such terms as he thinks just—

- (i) at any time, whether before or after acceptance of an application for registration under section 8, permit the correction of any error in or in connection with the application or permit an amendment of the application; or
- (ii) permit correction of any error in, or an amendment of, a notice of opposition or a counterstatement under section 11.

Registration

Subject to the provisions of section 9, when an application for the registration of the layout-design has been accepted and either—

- (a) the application has not been opposed and time for notice of opposition has expired; or
- (b) the application has been opposed and the opposition has been decided in favour of the applicant,

the Registrar shall register the said layout-design in the register and the layout-design shall be registered as of the date of the making of the said application and that date shall be deemed to be the date of registration.

On the registration of a layout-design, the Registrar shall issue to the applicant a certificate in the prescribed form of the registration thereof sealed with the seal of the Semiconductor Integrated Circuits Layout-Design Registry.

Where registration of a layout-design 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.

The Registrar may amend the register or a certificate of registration for the purpose of correcting a clerical error or an obvious mistake.

Rule 46 states that the Certificate of registration of a layout-design to be issued by the Registrar under sub-section (2) of 13 shall be on Form OLD-2 with such modifications as the circumstances of any case may require.

Duration of registration

According to Section 15, the registration of a layout-design shall be only for a period of ten years counted from the date of filing an application for registration or from the date of first commercial exploitation anywhere in India or in any country whichever is earlier.

What is the period of validity of registration?

A period of 10 years counted from the date of filing an application for registration or from the date of first commercial exploitation anywhere in India or in any convention country or country specified by Government of India whichever is earlier.

EFFECT OF REGISTRATION

Rights conferred by registration

Subject to the other provisions of this Act, the registration of a layout-design shall, if valid, give to the registered proprietor of layout-design the exclusive right to the use of the layout-design and to obtain relief in respect of infringement in the manner provided by this Act.

Explanation.—For removal of doubts, it is hereby declared that the rights conferred by the registration of a layout-design shall be available to the registered proprietor of that layout-design irrespective of the fact as to whether the layout-design is incorporated in an article or not.

Infringement of layout-design

Section 18 states that, A registered layout-design is infringed by a person who, not being the registered proprietor of the layout-design or a registered user thereof,—

- (a) does any act of reproducing, whether by incorporating in a semiconductor integrated circuit or otherwise, a registered layout-design in its entirety or any part thereof, except such act of reproducing any part thereof which is not original within the meaning sub-section (2) of section 7;
- (b) subject to the provisions of sub-section (5), does any act of importing or selling or otherwise distributing for commercial purposes a registered layout-design or a semiconductor integrated circuit incorporating such registered layout-design or an article incorporating such a semiconductor integrated circuit containing such registered layout-design for the use of which such person is not entitled under this Act.

Where a layout-design is created by the process of scientific evaluation or analysis of the registered layout-design as referred to in sub-section (3), the use of such layout-design by the proprietor of such registered layout-design shall be regarded as infringement within the meaning of sub-section (1) after the date of registration of such layout-design under this Act

Exceptions-

Below given shall not constitute infringement of layout- design:-

1. The performance of the act of reproduction where such act is performed for the limited purposes of scientific evaluation, analysis, research or teaching, shall not constitute act of infringement within the meaning of that clause.
2. Where a person, on the basis of scientific evaluation or analysis of a registered layout-design, creates another layout-design which is original within the meaning of sub-section (2) of section 7, that person shall have the right to incorporate such another layout-design in a semiconductor integrated circuit or to perform any of the acts referred to in sub-section (1) or sub-section (5) in respect of such another layout-design and such incorporation or performance of any act shall not be regarded as infringement within the meaning of sub-section (1).

Section 18(5) expresses that notwithstanding anything contained in clause (b) of sub-section (1), the performance of any of the acts referred to in that clause by a person shall not be regarded as infringement within the meaning of that clause if such act is performed or directed to be performed in respect of a semiconductor integrated circuit incorporating a registered layout-design or any article incorporating such a semiconductor integrated circuit where such person does not possess any knowledge or has no reasonable ground to know while performing or directing to be performed such act in respect of such semiconductor integrated circuit or article that it incorporated a registered layout-design but after the time when such person has received notice of such knowledge, he may continue to perform or directing to be performed such act in respect of the stock on hand or ordered before such time and, then, he shall be liable to pay the proprietor of the registered layout-design a sum by way of royalty to be determined by negotiation between registered proprietor of the registered layout-design and that person or by the Appellate Board having regard to the benefit accrued to such person by performing or directing to be performed such act in respect of such semiconductor integrated circuit or article, as the case may be.

Where any other person purchases a semiconductor integrated circuit incorporating a registered layout-design or any article incorporating such a semiconductor integrated circuit referred to in sub-section (5) from a person referred to in that sub-section, then, such other person shall be entitled to the immunity from infringement in respect of that semiconductor integrated circuit or article, as the case may be, to the extent and in the manner as if the word “person” referred in that sub-section includes the word any other person referred in this sub-section.

Nothing contained in clause (b) of sub-section (1) shall be construed as constituting an act of infringement where any person performs any of the acts specified in that clause with the written consent of the registered proprietor of a registered layout-design or within the control of the person obtaining such consent, or in respect of a registered layout-design or a semiconductor integrated circuit incorporating a registered layout-design or any article incorporating such a semiconductor integrated circuit, that has been put on the market by or with the consent of the registered proprietor of such registered layout-design.

Notwithstanding anything contained in this Act, where any person by application of independent intellect has created a layout-design which is identical to a registered layout-design, then, any act of such person in respect of the layout-design so created shall not be the infringement of the registered layout design.

Registration to be prima facie evidence of validity

The original registration of the layout-design and all subsequent assignments and transmissions of layout-design shall be prima facie evidence of the validity thereof.

In all legal proceedings as aforesaid, a registered layout-design shall not be held to be invalid on the ground that it was not a registerable layout-design under section 7 except upon evidence of originality and that such evidence was not submitted to the Registrar before registration.

ASSIGNMENT AND TRANSMISSION

Power of Registered Proprietor to assign and give receipts

The person for the time being included in the register as proprietor of a layout-design shall, subject to the provisions of this Act and to any right appearing from the register to be vested in any other person, have power to assign the layout design, and to give effectual receipts for any consideration for such assignment.

Assignability and transmissibility of registered layout-design

Notwithstanding anything in any other law to the contrary, a registered layout-design shall, subject to the provisions of this Chapter, be assignable and transmissible whether with or without the goodwill of the business concerned.

As per Rule 54, an application under rule 47 relating to an assignment of a layout-design shall state—

- a) whether the layout-design had been or was used in the business; and
- b) whether the assignment was made otherwise than in connection with the goodwill of that business;

and if both those circumstances subsisted, then, the applicant shall leave at the Registry a copy of the directions to advertise the assignment, obtained upon application under rule 53, and such proof, including copies of advertisement or otherwise, as the Registrar may require, to show that his directions have been fulfilled and if the Registrar is not satisfied that the directions have been fulfilled, he shall not proceed with the application.

It may be noted that-

“transmission” means transmission by operation of law, devolution on the personal representation of a deceased person or any other mode of transfer not being assignment; [Section 2(t)]

Conditions for assignment otherwise than in connection with the goodwill of a business

Where an assignment of a registered layout-design is made otherwise than in connection with the goodwill of business in which such layout-design has been or is used, the assignment shall not take effect unless the assignee, not later than the expiration of six months from the date on which the assignment is made or within such extended period, if any, not exceeding three months in the aggregate, as the Registrar may allow, apply to the Registrar for directions with respect to the advertisement of the assignment, and advertises it in such form and manner and within such period as the Registrar may direct.

Registration of assignments and transmissions

As per Section 23, where a person becomes entitled by assignment or transmission to a registered layout-design, he shall apply in the prescribed manner to the Registrar to register his title, and the Registrar shall, on receipt of the application and on proof of his title to his satisfaction, register him as the proprietor of the layout-design and shall cause particulars of the assignment or transmission to be entered on the register:

Provided that where the validity of an assignment or transmission is in dispute between the parties, the Registrar may refuse to register the assignment or transmission until the rights of the party have been determined by a competent court.

Except for the purpose of an application before the Registrar under sub-section (1) or an appeal from an order thereon, or an application under section 30 or an appeal from an order thereon, a document or instrument in respect of which no entry has been made in the register in accordance with sub-section (1), shall not be admitted in evidence by the Registrar or the Appellate Board or any court in proof of title to the layout-design by assignment or transmission unless the Registrar or the Appellate Board or the court, as the case may be, otherwise directs.

Rule 47 provides that an application to register the title of a person who becomes entitled, by assignment or transmission, to a registered layout-design shall be made on Form LD-10 or Form LD-11 accompanied by prescribed fee according as it is made by such person alone or conjointly with the registered proprietor.

USE OF LAYOUT-DESIGN AND REGISTERED USERS

Registered user

Subject to the provisions of section 25, a person other than the registered proprietor of a layout-design may be registered as a registered user thereof.

Registration as registered user

Section 25 of the Act states that where it is proposed that a person should be registered as a registered user of a layout-design, the registered proprietor and the proposed registered user shall jointly apply in writing to the Registrar in the prescribed manner and every such application shall be accompanied by—

- (a) the agreement in writing or a duly authenticated copy thereof, entered into between the registered proprietor and the proposed registered user with respect to the permitted use of the layout design; and
- (b) an affidavit made by the registered proprietor or by some person authorised to the satisfaction of Registrar to act on his behalf—
 - (i) giving particulars of the relationship, existing or proposed, between the registered proprietor and the proposed registered user, including particulars showing the degree of control by the proprietor over the permitted use which the relationship will confer and whether it is a term of their relationship that the proposed registered user shall be sole registered user or that there shall be any other restriction as to persons for whose registration as registered user application may be made;
 - (ii) stating the conditions or restrictions, if any, proposed with respect to the place of permitted use or any other matter;
 - (iii) stating whether the permitted use to be for a period or without limit of period, and, if for a period, the duration thereof; and
- (c) such further documents or other evidence as may be required by the Registrar or as may be prescribed.

An application to Registrar for the registration under section 25 of a person as a registered user of a registered layout-design shall be made jointly by that person and the registered proprietor of the layout-design on Form LD-13 accompanied by prescribed fee and shall also be accompanied by the necessary documents. [Rule 55]

Where the requirement of sub-section (1) have been complied with, the Registrar shall register the proposed registered user.

The Registrar shall issue notice in the prescribed manner of the registration of a person as a registered user to other registered users of the layout-design, if any.

The Registrar shall, if so requested by the applicant, take steps of securing that information given for the purposes of an application under this section (other than matters entered in the register) is not disclosed to rivals in trade.

Power of Registrar for cancellation of registration as registered user

Section 26 states that, without prejudice to the provisions of section 30, the registration of a person as registered user—

- a) may be cancelled by the Registrar on application in writing in the prescribed manner of the registered proprietor or of the registered user or of any other registered user of the layout-design;

- b) may be cancelled by the Registrar on the application in writing in the prescribed manner of any person on any of the following grounds, namely:—

that the registered user has used the layout-design otherwise than in accordance with the agreement under clause (a) of sub-section (1) of section 25;

that the proprietor or the registered user misrepresented, or failed to disclose, some fact material to the application for registration which if accurately represented or disclosed would not have justified the registration of the registered user;

that the circumstances have changed since the date of registration in such a way that at the date of such application for cancellation they would not have justified registration of the registered user;

that the registration ought not to have been effected having regard to right vested in the applicant by virtue of a contract in the performance of which he is interested;

- c) may be cancelled by the Registrar on his own motion or on the application in writing in the prescribed manner by any person on the ground that any stipulation in the agreement between the registered proprietor and the registered user regarding the topographical dimensions of the layout design is either not being enforced or is not being complied with;
- d) may be cancelled by the Registrar if the layout-design is no longer registered.

The Registrar shall issue notice in the prescribed manner in respect of every application under this section to the registered proprietor and each registered user (not being the applicant) of the layout design.

The procedure for cancelling a registration shall be such as may be prescribed:

Provided that before cancelling of registration, the registered proprietor shall be given a reasonable opportunity of being heard.

An application for the cancellation of the registration of a registered user under clause (a) or clause (b) or clause (c) of sub-section (1) of section 26 shall be made on Form LD-14 or Form LD-15, as the case may be, accompanied by prescribed fee and shall be accompanied by a statement of grounds on which it is made.

Power of Registrar to call for information relating to agreement in respect of Registered Users

The Registrar may, at any time during the continuance of the registration of the registered user, by notice in writing, require the registered proprietor to confirm to him within one month that the agreement filed under clause (a) of sub-section (1) of section 25 continues to be in force.

If the registered proprietor fails to furnish the confirmation within one month as required under sub-section (1), the registered user shall cease to be the registered user on the day immediately after the expiry of said period and the Registrar shall notify the same.

Right of registered user to take proceedings against infringement

Subject to any agreement subsisting between the parties, a registered user may make complaint before the competent criminal court for the infringement in his own name as if he were the registered proprietor.

Registered user not to have right of assignment or transmission

Nothing in this Act shall confer on a registered user of a layout-design any assignable or transmissible right to the use thereof.

The right of a registered user of a layout-design shall not deem to have been assigned or transmitted within the meaning of this section in the following cases, namely:—

where the registered user being an individual enters into a partnership with any other person for carrying on the business concerned; but in any such case the firm may use the layout design, if otherwise in force, only for so long as the registered user is a member of the firm.

where the registered user being a firm subsequently undergoes a change in its constitution; but in any such case the reconstituted firm may use the layout design, if otherwise in force, only for so long as any partner of the original firm at the time of its registration as registered user, continues to be a partner of there constituted firm.

APPELLATE BOARD

Establishment of Layout-Design Appellate Board

The Central Government shall, by notification in the Official Gazette, establish an Appellate Board under Section 32 to be known as the Layout-Design Appellate Board to exercise the jurisdiction, powers and authority conferred on it by or under this Act.

Composition of Appellate Board

The Appellate Board shall consist of a Chairperson, Vice-Chairperson, and such other Members as the Central Government may deem fit and, subject to the other provisions of this Act, the jurisdiction, powers and authority of the Appellate Board may be exercised by a Bench thereof.

A Bench shall consist of one Judicial Member and one Technical Member and shall sit at such place as the Central Government may, by notification in the Official Gazette, specify.

The Chairperson—

- (a) may, in addition to discharging the functions of the Judicial Member or Technical Member of the Bench to which he is appointed, discharge the function of the Judicial Member or, as the case may be, the Technical Member, of any other Bench;
- (b) may transfer a Member from one Bench to another Bench;

- (c) may authorise Vice-Chairperson, the Judicial Member or the Technical Member appointed to one Bench to discharge also the functions of the Judicial Member or the Technical Member, as the case may be, of another Bench.

Where any Benches are constituted, the Central Government may, from time to time, by notification, make provisions as to the distribution of the business of the Appellate Board amongst the Benches and specify the matters which may be dealt by each Bench.

Explanation.—For the removal of doubts, it is hereby declared that the expression “matter” includes an application or appeal under section 40 or section 42.

If the Members of a Bench differ in opinion on any point, they shall state the point or points on which they differ, and make a reference to the Chairperson who shall either hear the point or points himself or refer the case for hearing on such point or points by one or more of the other Members and such point or points shall be decided according to the opinion of the majority of the Members who have heard the case including those who first heard it.

Term of office of Chairperson, Vice-Chairperson and Members

The Chairperson, Vice Chairperson or other Member shall hold office as such for a term of five years from the date on which he enters upon his office or until he attains,—

- a) in the case of Chairperson and Vice-Chairperson, the age of sixty-five years; and
- b) in the case of Member, the age of sixty-two years, whichever is earlier.

Application to the Appellate Board to determine royalty

The registered proprietor of a registered layout-design may make an application to the Appellate Board for determination of royalty under sub-section (5) of section 18.

Every application under sub-section (1) shall be in such form and be accompanied by such affidavits, documents or any other evidence and by such fee in respect of the filing of such application and by such other fees for the service or execution of processes as may be prescribed.

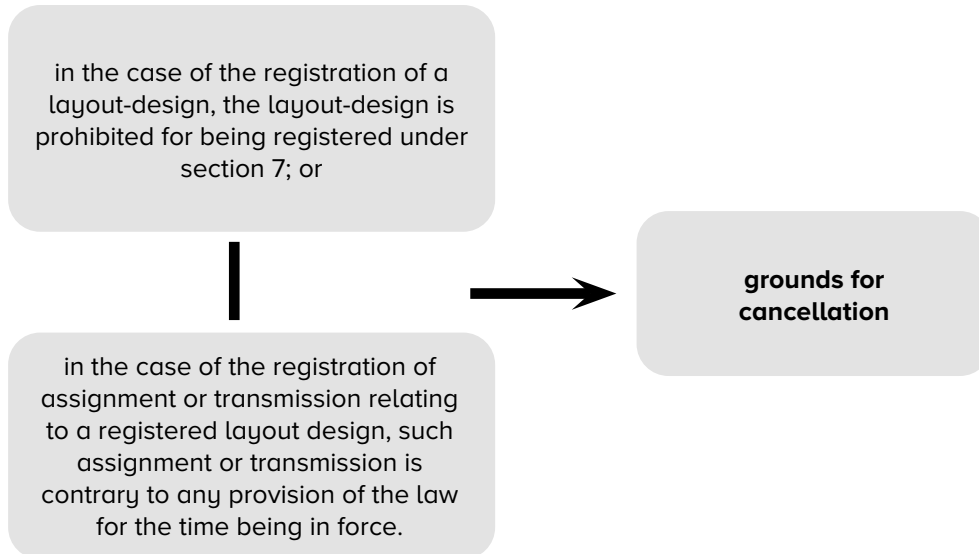
On receipt of an application under sub-section (1), the Appellate Board shall, after giving notice to the opposite party to file opposition within the prescribed time and manner and after giving opportunity of being heard to the applicant and the opposite party, dispose of the application.

An order or decision made by the Appellate Board in disposing of the application under subsection (3) shall be executable by a civil court having local jurisdiction as if it were a decree made by that court.

The application under sub-section (1) of section 40 for determining royalty shall be made to the Appellate Board on Form LD-27. On receipt of an application under sub-rule (1) the Appellate Board shall give notice to the opposite party on the Form OLD-3. The opposing party may file opposition within thirty days from the date on which such notice is served to him on Form LD-28. The Appellate Board shall on receipt of opposition under sub-rule (2) or where no such opposition is filed after the expiration of the period of thirty days referred to in sub-rule (2), after giving opportunity of being heard to the applicant and the opposite party, dispose of the application. [Rule 73]

Power of the Board to cancel registration

According to Section 41, any person may make an application, in the prescribed form accompanied by prescribed fee, to the Appellate Board for cancellation of the registration of a layout-design registered under this Act or registration of assignment or transmission relating thereto, as the case may be, on the ground that—



The Appellate Board shall, on receipt of an application under sub-section (1), give notice to the opposite parties in the prescribed manner and after giving them an opportunity of being heard, make such order as it may deem fit regarding cancellation of registration:

Provided that where the ground of cancellation has been established with respect only to a part of a layout-design, the Board shall cancel only such part and the remaining part of the layout-design if capable of performing as a semiconductor integrated circuit shall be retained as registered on the register in the name of the registered proprietor of such layout-design.

Any cancellation of the registration of a layout-design either in whole or in part under sub-section (2) shall be deemed to be effective on the date from which the period of ten years referred to in section 15 is countable in respect of that layout-design.

The Appellate Board shall, without delay after making any order of cancellation under sub-section (2), send a copy of such order to the Registrar who shall correct the register to give effect to such order.

Any person may make application under sub-section (1) of section 41 to apply for the cancellation of the registration or of assignment or transmission of the layout-design to the Appellate Board on Form LD-33 accompanied by prescribed fee. The Board shall give notice on Form OLD-8 to the opposite parties.
[Rule 69]

Appeal to Appellate Board

Section 42 states that, any person aggrieved by an order or decision of the Registrar under this Act, or the rules made thereunder may prefer an appeal to the Appellate Board within three months from the date on which the order or decision sought to be appealed against is communicated to such person preferring the appeal.

No appeal shall be admitted if it is preferred after the expiry of the period specified under subsection (1):

Provided that an appeal may be admitted after the expiry of the period specified therefor, if the appellant satisfies the Appellate Board that he had sufficient cause for not preferring the appeal within the specified period.

An appeal to the Appellate Board shall be in the prescribed form and shall be verified in the prescribed manner and shall be accompanied by a copy of the order or decision appealed against and by such fees as may be prescribed.

An appeal to the Appellate Board under sub-section (1) of section 42 shall be preferred on Form LD-26 accompanied by prescribed fee and shall be verified by the person preferring the appeal in the manner specified in such form. A copy of the order on decision against which such appeal is preferred shall be accompanied with such form. [Rule 74]

Procedure and powers of Appellate Board

The Appellate Board shall not be bound by the procedure laid down in the Code of Civil Procedure, 1908, but shall be guided by principles of natural justice and, subject to the provisions of this Act and the rules made thereunder, the Appellate Board shall have powers to regulate its own procedure including the fixing of places and times of its hearing.

The Appellate Board shall have, for the purpose of discharging its functions under this Act, the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 while trying a suit in respect of the following matters, namely:—

- a) receiving evidence;
- b) issuing commissions for examination of witnesses;
- c) requisitioning any public record; and
- d) any other matter which may be prescribed.

Any proceeding before the Appellate Board shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purpose of section 196 of the Indian Penal Code, and the Appellate Board shall be deemed to be a civil court for all the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.

Power of the Board to permit certain uses

Section 51 of the Act states that notwithstanding anything contained in this Act, the Appellate Board may on an application made in the prescribed manner before it on behalf of the Government or by any person authorised by the Government and after giving notice of such application to the registered proprietor of a layout-design and providing the opportunity of being heard to the parties concerned permit the use of such registered layout-design by the Government or by such person so authorised, as the case may be, subject to any or all of the following conditions as the Board deems fit under the circumstances of such use, namely:—

- a) that the use of the layout-design shall be for non-commercial public purposes or for the purposes relating to national emergency or of extreme public urgency;
- b) that the duration of the use of the layout-design shall be limited for a period specified by the Board;
- c) that the use of the layout-design shall be non-assignable and non-transmissible;
- d) that the use of the layout-design shall be to the extent which the Board deems necessary to remedy the anti-competitive practice;
- e) that the use of the layout-design shall be predominantly for the supply of semiconductor integrated circuits or articles incorporating semiconductor integrated circuits in domestic market of India:

Provided that Board shall not permit the use of a registered layout-design, by any such person authorised by the Government, under this sub-section unless the Board is satisfied that such person so authorised has made efforts to enter into agreement with the registered proprietor of such layout-design on reasonable commercial terms and conditions for permitted use of such layout-design and such efforts had not been successful within prescribed period:

Provided further that the first proviso shall not be applicable in a case where the person so authorised produces to the Board a certificate issued by the Government to the effect that such use is required due to national emergency or any other circumstances which the Government considers to be of extreme urgency or of public non-commercial use.

The Appellate Board shall, while granting the permission for the use of a registered layout-design under sub-section (1), determine the amount of royalty to be paid by the Government or the person authorised by the Government, as the case may be, to the registered proprietor of such layout-design for such permitted use.

The Appellate Board may, on the application of the registered proprietor of a layout-design referred to in sub-section (1), may review the permission granted under that sub-section and, after giving notice and opportunity of hearing to the parties concerned in the prescribed manner, cancel or amend such permission if the Board is satisfied that any of the conditions subject to which the permission was granted has not been observed or the circumstances which led to the granting of such permission has ceased to exist or substantially altered.

APPEAL

According to Section 53 of the Act, any person aggrieved by any decision or order of the Appellate Board under this Act may, within the prescribed period appeal to the High Court within whose the jurisdiction of head office or the branch office of the Semiconductor Integrated Circuits Layout-Design Registry against the decision or order of which the appeal arises is situated.

Every such appeal shall be preferred by petition in writing and shall be in such form and shall contain such particulars as may be prescribed.

Subject to the provisions of this Act and the rules made thereunder, the provisions of the Code of Civil Procedure, 1908 shall apply to appeals before a High Court under this Act.

OFFENCES, PENALTIES AND PROCEDURE

Penalty for infringement of layout-design

Section 56 states that, any person who contravenes knowingly and wilfully any of the provisions of section 18 shall be punishable with imprisonment for a term which may extend to three years, or with fine which shall not be less than fifty thousand rupees but which may extend to ten lakh rupees, or with both.

Penalty for falsely representing a layout-design as registered

According to Section 57, no person shall make any representation with respect to a layout-design not being a registered layout-design, to the effect that it is a registered layout-design.

If any person contravenes the provisions of sub-section (1), he shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to fifty thousand rupees, or with both.

Exceptions-

For the purposes of this section, the use in India in relation to a layout-design of the word “registered”, or of any other expression referring whether expressly or impliedly to registration, shall be deemed to import a reference to registration in the register, except—

- a. where that word or other expression, is used in direct association with other words delineated in characters at least as large as those in which that word or other expression is delineated and indicating that the reference is to registration as a layout-design under the law of a country outside India being a country under the law of which the registration referred to is in fact in force; or
- b. where that other expression is of itself such as to indicate that the reference is to such registration as is mentioned in clause (a); or

- c. where that word is used in relation to a layout-design registered as a layout-design under the law of a country outside India and in relation solely to such layout-design.

Penalty for falsification of entries in the register

If any person makes, or causes to be made, a false entry in the register, or a writing falsely purporting to be a copy of an entry in the register, or produces or tenders, or causes to be produced or tendered, in evidence any such writing, knowing the entry or writing to be false, he shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both. (Section 59)

Forfeiture of goods

Section 60 provides for forfeiture of goods. It states that, where a person is convicted of an offence under section 56, the court convicting him may direct the forfeiture to Government of all goods and things by means of, or in relation to, which the offence has been committed.

When a forfeiture is directed on a conviction and an appeal lies against the conviction, an appeal shall lie against the forfeiture also.

When a forfeiture is directed on a conviction, the court, before whom the person is convicted, may order any forfeited articles to be destroyed or otherwise disposed of as the court thinks fit.

Exemption of certain persons employed in ordinary course of business

Where a person accused of an offence under section 56 proves—

- (a) that in the case which is the subject of the charge he was so employed that it relates to the duty of his employment, and was not interested in the profit accruing from such commission of offence except the duty of his employment; and
- (b) that, having taken all reasonable precautions against committing the offence charged, he had, at the time of commission of the alleged offence, no reason to suspect the genuineness of the registered layout-design or a semiconductor integrated circuit in which such layout-design is incorporated; and
- (c) that, on demand made by or on behalf of the prosecutor, he gave all the information in his power with respect to the commission of such offence, he shall be acquitted.

Offences by companies

If the person committing an offence under this Act is a company, the company as well as every person in charge of, and responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or that the commission of the offence is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section—

- (a) “company” means any body corporate and includes a firm or other association or individuals; and
- (b) “director”, in relation to a firm, means a partner in the firm.

INTERNATIONAL TREATIES AND CONVENTIONS

The enormous success of the semiconductor sector raises concerns about effective intellectual property protection. Even while the cost of making chips has decreased significantly in recent years, it can still take years and millions of dollars to perfect new circuit designs.

A significant amount of the price of a new integrated circuit goes into this costly process. Because of this, chip manufacturers seek internationally regarded intellectual property protection for their work creating design topographies that are profitable commercially.

In the absence of international protection, chip makers won't be able to stop other businesses from duplicating the integrated circuit layout design, skipping the pricey development step and producing a portion or perhaps the full semiconductor chip for a much lower price.

Washington Treaty

Even if the integrated circuit's core functionality may be covered by a patent, the patent's breadth is constrained and insufficient to protect chip makers. The Washington Convention on Intellectual Property in Respect of Integrated Circuits was established by the World Intellectual Property Organization (WIPO) in 1989 in an effort to address this issue.

The goal of the Washington Treaty's proponents was to guarantee global intellectual property protection for integrated circuit layout concepts. Notwithstanding the fact that the Washington Treaty has not yet come into effect, many of its provisions were incorporated into the GATT/WTO Agreement on Trade-Related Aspects of Intellectual Property Rights at the end of 1994.

The Washington Treaty was adopted in 1989 and provides protection for the layout designs (topographies) of integrated circuits. The Treaty has not yet entered into force, but has been ratified or acceded to by the following States: Bosnia and Herzegovina, Egypt and Saint Lucia.

This WTO decision was significant for a variety of reasons. Originally, just eight countries signed the original Washington Treaty in 1990. Its minimal protection length of eight years, as opposed to the ten years demanded by technological superpowers Japan and the United States, may have contributed to its poor participation. Only four other countries have ratified or joined the treaty since it was first signed. The TRIPS Agreement, in contrast, covers a considerably larger group of countries, specifically all WTO participants. Even the least developed countries must comply in order to be WTO members, despite the TRIPS Agreement allowing for various transition periods (allowable delays in compliance) for nations of varying developmental statuses.

The implementation of the WTO's Dispute Settlement Understanding (DSU), frequently referred to as the WTO's "crown jewel," is a significant benefit of the Washington Treaty's integration into the TRIPS Agreement. The DSU of the WTO permits involvement by third parties in a manner similar to that of an *amicus curiae* as well as an automatic appellate review procedure not found within the ambit of the Washington Treaty. The DSU provides for the possibility of the contested measures being withdrawn, potential compensation, and, as a last resort, retaliatory trade actions. ³⁶ In general, the DSU offers a dispute resolution process that is more effective, comprehensive, and practical than the Washington Treaty.

TRIPS Agreement

According to this Convention, "Each Contracting Party shall have the duty to ensure, throughout its territory, intellectual property protection with respect to layout-designs (topographies)." For this rule to be applicable, the integrated circuit does not have to be incorporated into a product (such a computer). A layout design can also be defined by the Washington Treaty's adopted provisions, which state that it is "the three-dimensional disposition, however expressed, of the elements, at least one of which is an active element, and of some or all of the interconnections of an integrated circuit, or such a three-dimensional disposition prepared for an integrated circuit intended for manufacture."

WTO participants are obligated to safeguard final layout designs in this fashion, which may include the production-ready chip layout or a three-dimensional model of the chip. Due to the fact that they are not "3-D

dispositions,” two-dimensional mask works and computer models of the layout design are specifically excluded from this mandated coverage. But a different mechanism might be able to protect both of these works.

Originality is a further stipulation made in the Washington Treaty and then incorporated into the TRIPS Agreement. If layout designs “are the result of their creators’ own intellectual effort and are not common among creators of layout designs (topographies) and manufacturers of integrated circuits at the time of their creation” or “are an original combination of commonplace interconnections and elements,” then they are considered original layout designs.

This originality requirement may be considered as more stringent than the “minimally inventive” standard in the United States copyright system, but less stringent than the novelty and non-obviousness requirements in the United States patent system.

CASE LAW

M/S Puneet Industrial Controls vs. M/S Classic Electronics & Anr on 8 October, 2012 (C.S. No:59/2012)

The present suit has been filed by plaintiff claiming rights in electronic relay products having unique electric and electronic circuits and design layout printed on circuit boards (PCB) and allegedly developed, designed and being used by the plaintiff commercially. These are in fact semiconductor integrated circuits within the meaning of section 2 (r) of the Semiconductor Integrated Circuits Layout Design Act, 2000 (hereinafter ‘the SICLD Act’). These are products having transistors and other circuitry elements which are inseparably formed on an insulating material viz. PCB and are designed to perform electronic circuitry functions and consequent use. This entire layout is a layout design within the meaning of the SICLD Act.

The works claimed to be ‘artistic work’ under the Copyright Act and ‘layout design’ under the ‘the SICLD Act’ are poles apart without an iota of similarity. The IC’s are not complete circuits but a part circuit whereas the plaintiff’s products are complete circuits and the plaintiff also uses IC’s in their circuit as components. In the case of plaintiff the section 2(r) of and ‘layout design’ under section 2(h) read with section 7 of the SICLD Act are not attracted.

Court held that-

“The SICLD Act is a ‘Special Act’ visavis the Copyright Act which is a general statute, on this relative aspect. In *Ethiopian Airlines vs. Ganesh Narain Saboo* (2011) 8 SCC 539 it has been held that specific statutes that come later in time supersede prior general statute as the Legislative intention is to exclude older and general statutes by more recent and special statutes. Case of *Darshan Singh vs. Ram Pal Singh* AIR 1991 SC 1654 has been relied upon to cite that retrospective effect is not to be given to an Act, unless the Legislature made it so by express words or necessary implication. SICLD Act had not been in existence when the suit had been instituted by the plaintiff. Thus the plaintiff is not to be perceived as a visionary who could have seen into the future and drafted its plaint accordingly. To consider that the provisions of SICLD Act are applicable it is to be held that the IPRs projected by the plaintiff are ‘semiconductor integrated circuits’ or ‘layout designs’. This aspect cannot be read into the plaint, and being a factual aspect necessarily requires evidence or trial. Though the defendant has not raised such a defence in its written statement and even otherwise under Order 7 Rule 11 CPC a defence cannot be considered, the fact remains that it cannot be unequivocally stated that the plaint, as it has been presented, is barred by any law from a statement made in the plaint. It is a fit case where the parties must be afforded an opportunity to test the rival facts on the altar of evidence, rather the rejecting the plaint on doubtful premises”.

LESSON ROUND-UP

- The Semiconductor Integrated Circuits Layout Design Act, 2000 provides protection for semiconductor IC layout designs. Semiconductor Integrated circuits are fabricated from a complex series of layers of semiconductors, metals, dielectrics (insulators) and other materials on a substrate.

- Integrated circuits are made up of many individual building blocks, each of which is patentable. A claim to an integrated circuit would need to cover hundreds or thousands of individual components because an integrated circuit has hundreds or thousands of semiconductor devices.
- The Central Government may, by notification in the Official Gazette, appoint a person to be known as the Registrar of Semiconductor Integrated Circuits Layout-Design for the purposes of this Act.
- A record called the Register of Layout-Designs shall be kept at the head office of the Semiconductor Integrated Circuits Layout-Design Registry wherein shall be entered all registered layout-designs with the names, addresses and descriptions of the proprietor and such other matters related to the registered layout-designs as may be prescribed.
- A layout-design shall be considered to be original if it is the result of its creator's own intellectual efforts and is not commonly known to the creators of layout-designs and manufacturers of semiconductor integrated circuits at the time of its creation.
- Under Section 8 of the Act, any person claiming to be the creator of a layout-design, who is desirous of registering it, shall apply in writing to the Registrar in the prescribed manner for the registration of his layout-design.
- When an application for registration of a layout-design has been accepted, the Registrar shall, within fourteen days after the date of acceptance, cause the application as accepted to be advertised in the prescribed manner.
- The Registrar may amend the register or a certificate of registration for the purpose of correcting a clerical error or an obvious mistake.
- According to Section 15, the registration of a layout-design shall be only for a period of ten years counted from the date of filing an application for registration or from the date of first commercial exploitation anywhere in India or in any country whichever is earlier.
- As per Section 23, where a person becomes entitled by assignment or transmission to a registered layout-design, he shall apply in the prescribed manner to the Registrar to register his title, and the Registrar shall, on receipt of the application and on proof of his title to his satisfaction, register him as the proprietor of the layout-design and shall cause particulars of the assignment or transmission to be entered on the register.
- Subject to the provisions of section 25, a person other than the registered proprietor of a layout-design may be registered as a registered user thereof.
- The Central Government shall, by notification in the Official Gazette, establish an Appellate Board under Section 32 to be known as the Layout-Design Appellate Board to exercise the jurisdiction, powers and authority conferred on it by or under this Act.
- Section 56 states that, any person who contravenes knowingly and wilfully any of the provisions of section 18 shall be punishable with imprisonment for a term which may extend to three years, or with fine which shall not be less than fifty thousand rupees but which may extend to ten lakh rupees, or with both.
- If the person committing an offence under this Act is a company, the company as well as every person in charge of, and responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

GLOSSARY

Layout-design - It means a layout of transistors and other circuitry elements and includes lead wires connecting such elements and expressed in any manner in a semiconductor integrated circuit.

Semiconductor integrated circuit - It means a product having transistors and other circuitry elements which are inseparably formed on a semiconductor material or an insulating material or inside the semiconductor material and designed to perform an electronic circuitry function.

Transmission - It means transmission by operation of law, devolution on the personal representation of a deceased person or any other mode of transfer not being assignment.

Commercial exploitation - In relation to Semiconductor Integrated Circuits Layout-Design, it means to sell, lease, offer or exhibit for sale or otherwise distribute such semiconductor integrated circuit for any commercial purpose.

Registered proprietor - In relation to a layout-design, it means the person for the time being entered in the register as proprietor of the layout-design.

Register of Layout-Designs - It is a record wherein all details shall be entered with the names, addresses and descriptions of the proprietor and such other matters related to the registered layout-designs as may be prescribed.

Registered Layout-Designs - It refers to the layout design that has been already registered in Register of Layout-Designs.

TEST YOURSELF

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

1. How did Semiconductor Integrated Circuits Layout Design Act, 2000 came into existence? What is its main objectives?
2. What can be and cannot be registered under this Act?
3. Discuss the provision relating to the Process of registration under this Act.
4. What are the effects of registration under this Act?
5. Explain with the help of provisions the assignment and transmission.
6. Write a short note on –
 - Registry
 - Infringement under this Act
 - Powers of Registrar
 - Washington Treaty
 - TRIPS Agreement

LIST OF FURTHER READINGS

- Semiconductor Integrated Circuits Layout-Design Act, 2000 and rules made therein
- National IPR Policy, 2016
- Washington Treaty, WIPO

OTHER REFERENCES (Including Websites / Video Links)

- <https://sicldr.gov.in/>
- <https://cipam.gov.in/index.php/know-your-ip-2/sldc/>
- <https://www.wipo.int/wipolex/en/treaties/textdetails/12739>

Protection of Trade Secrets

KEY CONCEPTS

■ Trade Secret ■ Undisclosed information ■ Breach of confidence ■ Industrial espionage ■ Business information ■ Registration ■ Commercial Value ■ Contract Act ■ Copyright ■ Patent ■ Confidentiality Agreement ■ Confidentiality Clause ■ TRIPS ■ Paris Convention ■ GATT

Learning Objectives

To understand:

- The legal framework for regulating the intellectual property right vested in Trade Secrets.
- The validity and enforceability of employment clauses to protect trade secrets.
- The importance of confidentiality of trade secrets.
- To familiarize the students with the concept of trade secrets within India.
- The treaties and conventions pertaining to protection of trade secrets.

Lesson Outline

- Introduction
- Trade Secrets: Position in India
- Protection of Trade Secrets in India
- Validity & Enforceability of Confidentiality Clause
- Infringement of Trade Secrets
- Future of Trade Secrets in India
- International Trade and Trade Secrets
- International Protection of Trade Secrets
- Case Laws
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References (Including Websites / Video Links)

INTRODUCTION

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.

Famous Trade Secrets

- Search algorithm like Google,
- Coca-Cola recipe,
- McDonald's Big Mac Special Sauce Recipe,

- KFC's Recipe,
- Krispy Kreme Doughnuts,
- Twinkies.

These are just some of the famous trade secrets that are protected rigorously.

What are the Trade Secrets?

Trade secrets are intellectual property (IP) rights on confidential information which may be sold or licensed. In general, to qualify as a trade secret, the information must be:

- commercially valuable because it is secret,
- be known only to a limited group of persons, and
- be subject to reasonable steps taken by the rightful holder of the information to keep it secret, including the use of confidentiality agreements for business partners and employees.

The unauthorized acquisition, use or disclosure of such secret information in a manner contrary to honest commercial practices by others is regarded as an unfair practice and a violation of the trade secret protection.

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.

Why is trade secret protection necessary?

In countries with market economy systems, both in the developing and developed world, fair competition between enterprises is considered as the essential means for satisfying the supply and demand of the economy, and serving the interests of the consumers and the society as a whole. Further, competition is one of the main driving forces of innovation. The law of unfair competition, including trade secret law, is considered necessary to ensure the fair functioning of the market and to promote innovation by suppressing anti-competitive business behaviors.

What kind of information is protected by trade secrets?

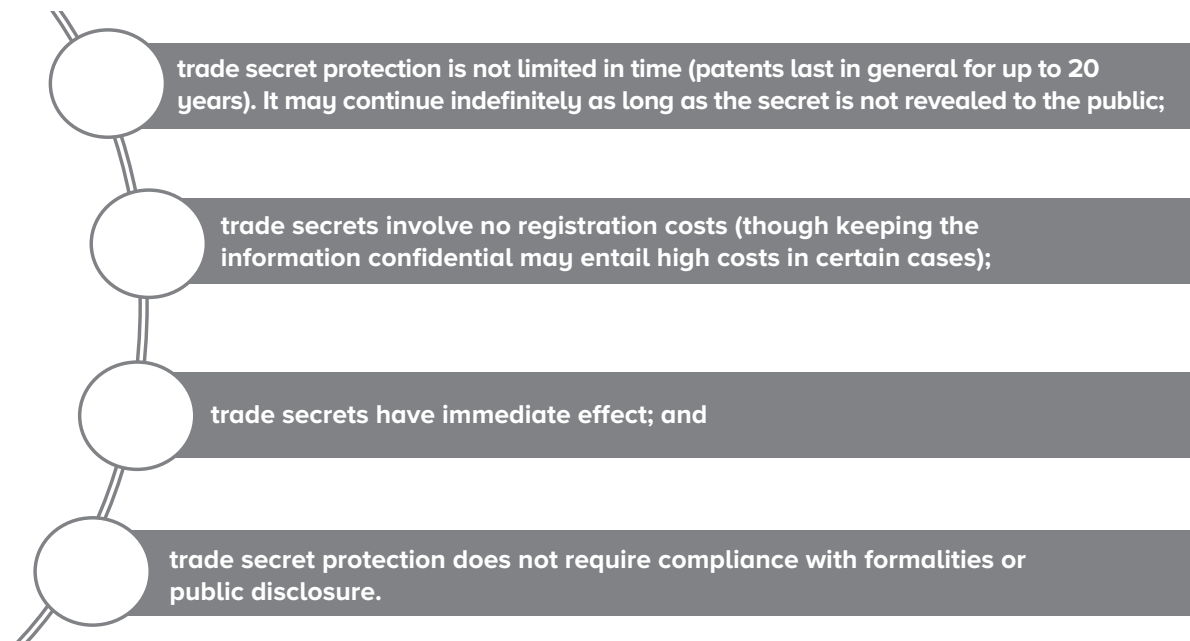
In general, any confidential business information which provides an enterprise a competitive edge and is unknown to others may be protected as a trade secret. Trade secrets encompass both technical information, such as information concerning manufacturing processes, experimental research data, software algorithms and commercial information such as distribution methods, list of suppliers and clients, and advertising strategies.

A trade secret may be also made up of a combination of elements, each of which by itself is in the public domain, but where the combination, which is kept secret, provides a competitive advantage. Other examples of information that may be protected by trade secrets include financial information, formulas and recipes and source codes.

Advantages and Disadvantages of Trade Secret

There are essentially two kinds of trade secrets. On the one hand, trade secrets may concern valuable information that do not meet the patentability criteria, and therefore can only be protected as trade secrets. This would be the case for commercial information or manufacturing processes that are not sufficiently inventive to obtain a patent (though the latter may qualify utility model protection). On the other hand, trade secrets may concern inventions that would fulfill the patentability criteria, and therefore, could be protected by patents. In that case, the company will face a choice: to patent the invention or to keep it as a trade secret.

Advantages-



Disadvantages-

Reverse Engineering- Others may be able to inspect and dissect it. Trade secret protection does not provide the exclusive right to exclude third parties from making commercial use of it. Only patents and utility models can provide this type of protection.

A trade secret may be patented by someone else who developed the relevant information by legitimate means, for example, inventions developed independently by others.

Once the secret is made public, anyone may have access to it and use it at will. The more people know about the trade secret, the more difficult it will be to keep it secret. Trade secret protection is effective only against illicit acquisition, use or disclosure of the confidential information.

A trade secret is more difficult to enforce than a patent. Often, it is quite difficult to prove the violation of trade secrets. The level of protection granted to trade secrets varies significantly from country to country, but is generally considered weak, particularly when compared with the protection granted by a patent.

Due to their secret nature, selling or licensing trade secrets is more difficult than patents.

**TRADE SECRETS: POSITION IN INDIA****Position of Trade Secrets in India**

Trade Secrets seems to be a neglected field in India, as there is no enactment or policy framework for the protection of trade secrets. This form of intellectual property is a new entrant in India, but is nevertheless a very important field of IP. Protection of trade secrets is a very important and one of the most challenging tasks for the Indian government as this will enhance the foreign investment in India giving a boost to the Indian economy. Foreign investors have to be assured of the protection of their trade secrets, so that they can do business with our country. A proper policy for trade secret protection will further enhance the security in our own industry. Almost all the countries in the world have a policy for the protection of trade secrets and India also being a signatory to the TRIPS is under an obligation to amend its laws or create a new law in order to safeguard the trade secrets of various businesses. So a proper policy for the protection of trade secrets in India is the need of the hour in order to provide a sense of security among the foreign investors and the local businessmen regarding their trade secrets which will further boost the Indian economy.

Meaning and Definition of Trade Secret

As defined in the Black's Law dictionary, trade secret is a "formula, process, device, or other business information that is kept confidential to maintain an advantage over competitors. It's an information including a formula, pattern, compilation, program, device, method, technique or process:

1. That derives independent economic value, actual or potential, from not being generally known or readily ascertainable by others who can obtain economic value from its disclosure or use, and;
2. That is the subject of reasonable efforts, under the circumstances, to maintain its secrecy.

What can be characterised as Trade Secrets?

Trade secrets are any confidential information that is valuable to a business. They can be:-

- Technical information like product formula and recipes, product design, manufacturing processes, computer code.

- Business and Financial information like customer list, consumer preferences, pricing information, marketing and business plans.

Information not referred to as Trade Secret

Below given are the information that cannot be referred to as trade secret. They are-

- Information that can be easily discovered by the competitors by looking at or studying the product once the product has been released in the market.
- Information independently developed by an individual through research.
- Information that is already available in the public domain.
- Self-acquired skill or knowledge of any employee of the company cannot be termed as a trade secret by the company.

What kind of protection does a trade secret offer?

Depending on the legal system, the legal protection of trade secrets forms part of the general concept of protection against unfair competition or is based on specific provisions or case law on the protection of confidential information.

While a final determination of whether trade secret protection is violated or not depends on the circumstances of each individual case, in general, unfair practices in respect of secret information include breach of contract breach of confidence and industrial or commercial espionage.

A trade secret owner, however, cannot stop others from using the same technical or commercial information, if they acquired or developed such information independently by themselves through their own R&D, reverse engineering or marketing analysis, etc. Since trade secrets are not made public, unlike patents, they do not provide “defensive” protection, as being prior art.

How are trade secrets protected?

Contrary to patents, trade secrets are protected without registration, that is, trade secrets require no procedural formalities for their protection. A trade secret can be protected for an unlimited period of time, unless it is discovered or legally acquired by others and disclosed to the public. For these reasons, the protection of trade secrets may appear to be particularly attractive for certain companies. There are, however, some conditions for the information to be considered a trade secret. Compliance with such conditions may turn out to be more difficult and costly than it would appear at a first glance.

Essentials of Trade Secret Protection

In order for information to be protected as trade secret, it shall meet the following criteria. The information must be-

1. **Secret-** Secret (i.e., it is not generally known among, or readily accessible, to circles that normally deal with the kind of information in question). Absolute secrecy is not required.
2. **Commercial Value-** It must have actual or potential commercial value because it is secret.
3. **Safe- Keeping -** It must have been subject to reasonable steps by the rightful holder of the information to keep it secret (e.g., through confidentiality agreements). While the “reasonable” steps may depend on the circumstances of each case, marking confidential documents, placing physical and electronic restrictions to access trade secret information, introducing a systematic monitoring system and raising awareness of employees are the measures taken to safeguard trade secrets.



PROTECTION OF TRADE SECRETS IN INDIA

You might have heard about 'Non Disclosure Agreement (NDA)' or 'Confidentiality Agreement (CA)'. Usually such agreement precedes any other commercial agreement between two business entities entering into business for the first time as both are suspicious about each other as they are not aware of business ethics of each other. Such agreements are signed first before signing of any commercial agreement of substance involving critical business relation - be it for 'development of dies or moulds' or 'for sharing commercial designs' or for development of design of products or 'for mass production on contract basis' or assignment of patents / trade marks / other trade secrets under franchise agreements' or 'acquisition of any business' or 'technology transfer agreements'. These basic agreements for protection of trade secrets are covered under Indian Contract Act and Indian Penal Code. You also might have read about 'Confidentiality Clause'. This confidentiality clause is essential clause in almost every agreement signed by business entity with other stakeholders (including employees, vendors, distribution channels, professionals and others). As mentioned above, in India, no substantive authoritative separate statute to deal with trade secrets. Even very few case laws are available to determine the nature or ambit of trade secrets. Some such decisions dissecting the trade secrets of various businesses are mentioned herein.

1. **American Express Bank Ltd. v. Ms. Priya Puri (2006) III LLJ 540(Del)** Delhi High Court, in this case defined trade secrets as "... formulae, technical know-how or a peculiar mode or method of business adopted by an employer which is unknown to others."
2. **Michael Heath Nathan Johnson v. Subhash Chandra and Ors [60 (1995) DLT 757]** and **John Richard Brady And Ors v. Chemical Process Equipments P. Ltd. And Anr (AIR 1987 Delhi 372)** took note of the contentions of the counsels who referred to English decisions to define trade secrets
3. **Mr. Anil Gupta and Anr. v. Mr. Kunal Dasgupta and Ors [97 (2002) DLT 257]** Delhi High Court held that the concept developed and evolved by the plaintiff is the result of the work done by the plaintiff upon material which may be available for the use of anybody, but what makes it confidential is the fact that the plaintiff has used his brain and thus produced a result in the shape of a concept.

Legislations Having Effect on Protection of Trade Secret in India



Validity & Enforceability of Confidentiality Clause

The confidentiality precept originated in English law and is now used in India. When two people have a confidential connection, they may trust one other to keep sensitive information private by telling the truth and expressing confidence in that fact. According to Thomas M. Cooley, a confidential relationship is “the relations formed by protocol or by acceptance, in which one party trusts his financial and other interests to the loyalty and integrity of another party, by whom, either alone, or in conjunction with himself, he expects them to be protected.” In order to establish accountability for a breach of confidence, legal support was needed to protect the parties’ vulnerability.

Confidentiality clauses have typically been upheld in India with regard to situations that arise after employment. Employees are prohibited from disclosing trade secrets or other private information that belongs to the company under this clause.

CASE LAWS

Zee Telefilms Limited vs. Sundial Communications Private Limited 2003 (5) BomCR 404

The plaintiff in this case was a firm engaged in the production of videos and television programmes, among other activities. The plaintiff conceived the idea, which was originally known as “Kanahiya,” and it was registered in 2002. The plaintiff wanted to develop the idea further so that it might be shown as a television programme. They therefore went to the defendant and presented the notion to him using notes, audiovisual presentations, concept pilot charts, etc. The parties had an unambiguous understanding that the work was original and that the defendant should not violate the confidence by disclosing or making use of the materials.

The defendant got to work on the same notion and created their own show using the plaintiff’s idea as inspiration. The plaintiff came before the court alleging a blatant breach of confidentiality and infringement of their copyright.

Court stated that –

“Four elements may be discerned which may be of some assistance in identifying confidential information or trade secrets which the court will protect. I speak of such information or secrets only in an industrial or trade setting. First, I think that the information must be information the release of which the owner believes would be injurious to him or of advantage to his rivals or others. Second, I think the owner must believe that the information is confidential or secret, i.e. that it is not already in the public domain. It may be that some or all of his rivals already have the information; but as long as the owner believes it to be confidential I think he is entitled to try and protect it. Third, I think that the owner’s belief under the two previous heads must be reasonable. Fourth, I think that the information must be judged in the light of the usage and practices of the particular industry or trade concerned.

The Court determined that the rule of confidence is more expansive than the copyright claim, and that the copyright claim can only be made if the work has been reduced to a permanent form or not. While the idea of copyright is valid against everyone, the idea of confidence is only valid when knowledge is honestly provided to a specific individual, whether through oral or written communication. The court ruled in favour of the plaintiff since it is unmistakably a breach of confidence.”

Stellar Information Tech Private Ltd vs. Rakesh Kumar, CS (COMM) 482/2016

It is the Plaintiff’s case that Defendant, by virtue of their employment with the Plaintiff, had access to Plaintiff’s confidential data, information, trade secrets and knowhow and they are now using the same for securing the business from the Plaintiff’s clients. According to the Plaintiff, the same is breach of the “Confidentiality and Invention Assignment Agreement” and “Employee Confidentiality Agreement” entered into by Defendant with the Plaintiff.

The Plaintiff alleges that although Defendant are shown as the promoters/directors of Techchef, they are in fact in *de facto* control and management of Techchef. It is further alleged that Techchef is also carrying on the same activities/business as is being carried on by the Plaintiff - that is, the business of providing services relating to data recovery, data migration and data erasure - and is directly competing with the Plaintiff.

The Plaintiff claims that it became aware of an email forwarded by Defendant regarding a work order sent by M/s Rollatainers Limited, which the Plaintiff claims is an ancillary of M/s Amtek Group, which in turn is stated to be a customer of the Plaintiff. It is further claimed that the Defendants are continuing to approach the Plaintiff's customers and soliciting work from them. It is contended that the aforesaid action of the Defendants approaching the Plaintiff's customers is in violation of the aforesaid Agreements entered into by the Defendants with the Plaintiff.

Court held that-

The expression 'Confidential Information' and 'Proprietary Information' is defined in very wide terms in the Confidentiality and Invention Assignment Agreement. However, information which is otherwise available in public domain cannot be considered as confidential information and no injunction restraining the use of such information can be issued.

The court decided that merely soliciting a customer does not constitute a confidentiality breach, though. The information about these clients is available to the public. The court additionally ruled that an employer cannot prevent a fired employee from exploiting the skills and knowledge they acquired while working.

INFRINGEMENT OF TRADE SECRETS

Although India has no specific trade secrets law, Indian courts have upheld trade secrets protection under various statutes, including contract law, copyright law, the principles of equity and at times the common-law action of breach of confidence (which in effect amounts to a breach of contractual obligation).

As a signatory of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs), India is obligated to protect undisclosed information and has preferred to apply common law principles to protect such information.

In the absence of a unified legislation formally recognizing or defining "Trade Secrets," the protection for confidential information in India is done through various statutory provisions under section 27 of the Indian Contract Act and Section 72 of the Information Technology Act that recognizes and protects different types of confidential information.

A violation of the Securities Exchange Board of India Act can result from an insider using or disclosing secret information, according to the Securities Exchange Board of India (Prohibition of Insider Trading) Rules, 1992.

Section 65A of the Copyright (Amendment) Act of 2012 offers criminal penalties for circumventing technological safeguards put in place to protect works in which copyright is present, particularly if the act is carried out with the intent to violate the copyright in such works.

Remedies in case of Infringement of Trade Secrets

Civil Remedies

Civil remedies include-

- an injunction preventing a licensee, employee, vendor or other party from disclosing a trade secret;
- the return of all confidential and proprietary information; and
- compensation for any losses suffered due to the disclosure of trade secrets.

Criminal Remedies

Criminal remedies include -

Under Section 72 of the Information Technology Act; punishable with imprisonment for a term which may extend to two years, or with fine which may extend to one lakh rupees, or with both.

Under section 65A of Copyright (Amendment) Act, 2012; punishable with imprisonment which may extend to two years and shall also be liable to fine.

FUTURE OF TRADE SECRETS IN INDIA

Since India is a signatory to the Paris Convention, it is relevant to mention that Article 1(2) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) states that intellectual property shall include protection of undisclosed information. Further, Article 39 of TRIPs states concerns ensuring effective protection against unfair competition as provided in Article 10bis of the Paris Convention, with respect to information which:

- is a secret not generally known or readily accessible;
- has commercial value by virtue of secrecy; and
- has been subjected to reasonable steps for ensuring its secrecy.

Article 39 states that member nations must ensure that natural and legal persons have the “possibility” of preventing such information, within their control, from being disclosed, acquired or used by others without their consent, in a manner contrary to honest commercial practice. It can be inferred that the “possibility” referred to implies that trade secrets should be accorded protection within the legal system and not necessarily in the IP legislative framework of the member nation.

The 1989 General Agreement on Tariffs and Trade discussion paper on India establishes that trade secrets cannot be considered IP rights, because the fundamental basis of an IP right rests in its disclosure, publication and registration, while trade secrets are premised on secrecy and confidentiality. The paper goes on to state that the observance and enforcement of secrecy and confidentiality should be governed by contractual obligations and the provisions of appropriate civil law, not by IP law.

On May 12 2016 India approved the National IP Rights Policy, which has seven objectives. One of these objectives is to ensure an effective legal and legislative framework for the protection of IP rights. The steps to be taken towards achieving this objective include the identification of important areas of study and research for future policy development; one such area identified was the protection of trade secrets.

In a discussion paper on IP rights at the subsequent US-India Trade Policy Forum held on October 20 2016 in New Delhi, India’s representatives noted that India protects trade secrets through a common law approach and reiterated the country’s commitment to the strong protection of trade secrets. It was agreed that a toolkit would be prepared for industry, especially small to medium-sized enterprises, to highlight applicable laws and policies that may enable businesses to protect their trade secrets in India. A training module on trade secrets for judicial academies may also be considered. A further study of various legal approaches to the protection of trade secrets will also be undertaken in India.

INTERNATIONAL TRADE AND TRADE SECRETS

In technology transfer a trade secret may be far more valuable than a patent. Sometimes 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) Diagrams- 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.

INTERNATIONAL PROTECTION OF TRADE SECRETS

Trade Secrets have been provided protection by a large number of agreements and countries throughout the world.

Paris Convention

The Paris Convention applies to industrial property in the widest sense, including patents, trademarks, industrial designs, utility models (a kind of "small-scale patent" provided for by the laws of some countries), service marks, trade names (designations under which an industrial or commercial activity is carried out), geographical indications (indications of source and appellations of origin) and the repression of unfair competition.

The substantive provisions of the Convention fall into three main categories: national treatment, right of priority, common rules.

- (1) 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 other Contracting States that 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.
- (2) The Convention provides for the right of priority in the case of patents (and utility models where they exist), marks and industrial designs. This right means 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. These subsequent applications will be regarded as if they had been filed on the same day as the first application. In other words, they will have priority (hence the expression “right of priority”) over applications filed by others during the said period of time for the same invention, utility model, mark or industrial design. Moreover, these subsequent applications, being based on the first application, will not be affected by any event that takes place in the interval, such as the publication of an invention or the sale of articles bearing a mark or incorporating an industrial design. One of the great practical advantages of this provision is that applicants seeking protection in several countries are not required to present all of their applications at the same time but have 6 or 12 months to decide in which countries they wish to seek protection, and to organize with due care the steps necessary for securing protection.
- (3) The Convention lays down a few common rules that all Contracting States must follow. The most important are:
 - (a) **Patents:** Patents granted in different Contracting States for the same invention are independent of each other: the granting of a patent in one Contracting State does not oblige other Contracting States to grant a patent; 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.

The inventor has the right to be named as such in the patent.

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.

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 under certain conditions. A compulsory license (a license not granted by the owner of the patent but by a public authority of the State concerned), based on failure to work or insufficient working of the patented invention, may only be granted pursuant to a request filed after three years from the grant of the patent or four years from the filing date of the patent application, and it must be refused if the patentee gives legitimate reasons to justify this inaction. Furthermore, 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.

- (b) **Marks:** The Paris Convention does not regulate the conditions for the filing and registration of marks which are determined in each Contracting State by 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 effected in the country of origin. The registration of a mark obtained in one Contracting

State is independent of its possible registration in any other country, including the country of origin; consequently, the lapse or annulment of the registration of a mark in one Contracting State will not affect the validity of the registration in other Contracting States.

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. Nevertheless, registration may be refused in well-defined cases, such as where the mark would infringe the acquired rights of third parties; where it is devoid of distinctive character; where it is contrary to morality or public order; or where it is of such a nature as to be liable to deceive the public.

If, in any Contracting State, the use of a registered mark is compulsory, the registration cannot be canceled for non-use until after a reasonable period, and then only if the owner cannot justify this inaction.

Each Contracting State must refuse registration and prohibit the use of marks that constitute a reproduction, imitation or translation, liable to create confusion, of a mark used for identical and similar goods and considered by the competent authority of that State to be well known in that State and to already belong to a person entitled to the benefits of the Convention.

Each Contracting State must likewise refuse registration and prohibit the use of marks that 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. The same provisions apply to armorial bearings, flags, other emblems, abbreviations and names of certain intergovernmental organizations.

Collective marks must be granted protection.

- (c) **Industrial Designs:** Industrial designs must be protected in each Contracting State, and protection may not be forfeited on the ground that articles incorporating the design are not manufactured in that State.
- (d) **Trade Names:** Protection must be granted to trade names in each Contracting State without there being an obligation to file or register the names.
- (e) **Indications of Source:** Measures must be taken by each Contracting State against direct or indirect use of a false indication of the source of goods or the identity of their producer, manufacturer or trader.
- (f) **Unfair competition:** Each Contracting State must provide for effective protection against unfair competition.

The Paris Union, established by the Convention, has an Assembly and an Executive Committee. Every State that is a member of the Union and 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 establishment of the biennial program and budget of the WIPO Secretariat – as far as the Paris Union is concerned – is the task of its Assembly.

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 was amended in 1979.

The Convention is open to all States. Instruments of ratification or accession must be deposited with the Director General of WIPO.

NAFTA

Member countries must protect trade secrets from unauthorized acquisition, disclosure or use. Remedies must include injunctive relief and damages. In response to NAFTA, Mexico has amended its 1991 trade secrets law to permit private litigants to obtain injunctive relief.

Article 1711 of NAFTA provides for Trade Secrets. It states that –

1. Each Party shall provide the legal means for any person to prevent trade secrets from being disclosed to, acquired by, or used by others without the consent of the person lawfully in control of the information in a manner contrary to honest commercial practices, in so far as:
 - (a) the information is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons that normally deal with the kind of information in question;
 - (b) the information has actual or potential commercial value because it is secret; and
 - (c) the person lawfully in control of the information has taken reasonable steps under the circumstances to keep it secret.
2. A Party may require that to qualify for protection a trade secret must be evidenced in documents, electronic or magnetic means, optical discs, microfilms, films or other similar instruments.
3. No Party may limit the duration of protection for trade secrets, so long as the conditions in paragraph 1 exist.
4. No Party may discourage or impede the voluntary licensing of trade secrets by imposing excessive or discriminatory conditions on such licenses or conditions that dilute the value of the trade secrets.
5. If a Party requires, as a condition for approving the marketing of pharmaceutical or agricultural chemical products that utilize new chemical entities, the submission of undisclosed test or other data necessary to determine whether the use of such products is safe and effective, the Party shall protect against disclosure of the data of persons making such submissions, where the origination of such data involves considerable effort, except where the disclosure is necessary to protect the public or unless steps are taken to ensure that the data is protected against unfair commercial use.
6. Each Party shall provide that for data subject to paragraph 5 that are submitted to the Party after the date of entry into force of this Agreement, no person other than the person that submitted them may, without the latter's permission, rely on such data in support of an application for product approval during a reasonable period of time after their submission. For this purpose, a reasonable period shall normally mean not less than five years from the date on which the Party granted approval to the person that produced the data for approval to market its product, taking account of the nature of the data and the person's efforts and expenditures in producing them. Subject to this provision, there shall be no limitation on any Party to implement abbreviated approval procedures for such products on the basis of bioequivalence and bioavailability studies.
7. Where a Party relies on a marketing approval granted by another Party, the reasonable period of exclusive use of the data submitted in connection with obtaining the approval relied on shall begin with the date of the first marketing approval relied on.

GATT

On April 15, 1994, the major industrialized nations of the world, including the United States, concluded the Final Act resulting from the Uruguay Round of GATT (General Agreement on Tariffs and Trade). GATT established the World Trade Organization (WTO) and promulgated various trade-related agreements including TRIPS or the Trade-Related Aspects of Intellectual Property Rights.

Under GATT, “undisclosed information” must be protected against use by others without the consent of the owner if the use is contrary to honest commercial practices. Also, there is third-party liability for misappropriation if third parties knew or were grossly negligent in not knowing that such information had been obtained dishonestly.

TRIPS

The protection of undisclosed information, which covers both trade secrets and test data submitted to government agencies, is not explicitly covered by pre-existing international IP law, such as the Paris Convention. However, the protection for this subject matter under Article 39 of the TRIPS Agreement is framed in terms of the more general concept of ensuring effective protection against unfair competition pursuant to Article 10bis of the Paris Convention.

Article 10bis of the Paris Convention, as incorporated into the TRIPS Agreement, obliges members to ensure effective protection against acts of competition that are contrary to honest practices in industrial or commercial matters. It contains a non-exhaustive list of some acts of unfair competition which must be prohibited by members, including all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor; false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor; and indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

While the conditions for trade secret protection vary from country to country, some general standards on trade secret law are found in Article 39 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). According to that Article, trade secret protection is available if the following conditions are met:

- The information must be secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
- It must have commercial value because it is secret; and
- It must have been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

Article 39.2 requires that a natural or legal person lawfully in control of such undisclosed 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'. According to a footnote to the provision, a manner contrary to honest commercial practices means at least the following practices:

- breach of contract,
- breach of confidence,
- inducement to breach of contract or confidence,
- acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know, that the above-mentioned practices were involved in the acquisition.

Unlike other IPRs, such as patents and copyright, for which the term of protection is finite, the protection of undisclosed information continues unlimited in time as long as the conditions for its protection continue to be met, i.e. it meets those conditions mentioned above. However, unlike patent protection, there is no protection against a competitor that develops the information independently.

The TRIPS Agreement also requires member countries to provide effective remedies for trade secret misappropriation including -

- (a) injunctive relief;
- (b) damages; and
- (c) provisional relief to prevent infringement and to preserve evidence.

Brazil

In 1996, Brazil revamped its intellectual property laws. Trade secrets are protected under the rubric of “unfair competition.” Borrowing from U.S. law, a variant of the Section 757 (6-factor) test is used to determine whether a particular piece of information qualifies as a trade secret, Common knowledge, knowledge in the public domain, or knowledge that is apparent to an expert in the field cannot qualify for protection as trade secrets. The trade secret owner must take positive steps to safeguard the secrecy of the information.

TRIPS generally protects trade secrets and confidential information. Brazilian law now recognises TRIPS thanks to Federal Decree No. 1,355/94. TRIPS members must protect hidden information (Article 39) to ensure that Article 10 of the Paris Convention’s provisions for effective protection against unfair competition are met.

Trade secrets are protected to a much greater extent under Industrial Property Law’s penal provisions against unfair competition, despite the fact that they are not considered to be proprietary rights.

According to Article 842, g of Decree-Law No. 5.452/1943, an employer has the right to terminate an employment contract for good reason if an employee violates its trade secrets.

The act of disclosing the contents of private documents and private correspondence that one holds in their capacity as a holder or trustee without a valid justification is illegal. This offence may be coupled with unfair competition infringement (Article 195, Industrial Property Law), especially if customers are fraudulently diverted for the profit of the violator (or another party).

A breach of the confidentiality duties outlined in agreements between private parties may also be the subject of lawsuits, which may include demands for immediate action to stop the illegal use or distribution of the information as well as compensation for any resulting losses.

In Brazil, there is no system in place to register confidential or trade secret information.

The full panoply of relief is available--compensatory damages, punitive damages and injunctions. There are also criminal sanctions available against anyone who releases, exploits, or uses without authorization a trade secret to which he or she had access by virtue of a contractual or employment relationship.

Japan

The Unfair Competition Prevention Act (UCPA), which has safeguarded trade secrets since 1990 and replaced general tort law as their means of protection, provides a definition of the word “trade secret”. The minimum standards for the protection of trade secrets by its members are established by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS, which Japan joined in 1995 based on negotiations that began in 1987), which is ratified by the UCPA’s trade secret protection policies. Many UCPA amendments have strengthened the protection of trade secrets even more.

“Trade secret” refers to corporate or technological data that is:

- a combination of being kept private (secrecy management),
- beneficial for commercial operations, such as manufacturing or marketing techniques, and
- not generally known (non-public domain).

Under the UCPA, trade secrets are subject to both civil and criminal protection.

A request for an injunction, a claim for damages, and a request to take the required steps to restore a business’ reputation may all be submitted in the event that a trade secret is violated (see Articles 2 (1) 4 to 10 of the UCPA).

According to Article 21 (1) of the UCPA, anyone found guilty of violating a person’s trade secrets faces up to ten years in prison and/or a JPY20 million fine, or both, as a punishment.

Effective June 15, 1991, Japan enacted a national trade secrets law. Trade secrets include any “technical or business” information that has commercial value, is not in the public domain, and which has been “administered” as a trade secret. Infringement occurs when a person procures a trade secret, by theft, fraud, or extortion or

when there is an unauthorized use or disclosure of a lawfully acquired trade secret for unfair competition. An injured party may obtain injunctive relief and damages. The trade secret holder may also request destruction of any articles that have been manufactured as a result of the illegally obtained trade secret. The statute has similarities to the Uniform Trade Secrets Act. For example, there is a 3-year statute of limitations after discovery of the trade secret violation. There are no criminal penalties in the statute.

China

In China, there is no one trade secret law. The Anti-Unfair Competition Law (AUCL), which was initially introduced in 1993 and most recently updated in 2019, is the most significant law and regulation protecting trade secret protections. The Criminal Law (which establishes the criminal thresholds for trade secrets violations), the Civil Code, which went into effect on January 1, 2021 (which stipulates that trade secrets are one type of IP rights and provides trade secret protections in contract negotiations), the Labour Contract Law (which defines confidentiality-related agreements), and the Labour Law (which establishes liability for violating coercive agreements), among other laws and regulations, cover additional aspects of trade secret protection and management.

Technical, business, or other commercial information must satisfy the following requirements to be classified as a trade secret under the AUCL:

- It must not be publicly known,
- Shall be well protected in terms of confidentiality,
- it shall have economic value.

The Law of the People's Republic of China (PRC) against Unfair Competition (Unfair Competition Law) was promulgated by the State Council in September 1993 and became effective on December 1, 1993. This is China's first trade secret law. The term "trade secrets" is defined as technical and management information that is unknown to the public, can bring economic benefits, is of practical value, and for which the rightful party has adopted measures to maintain its confidentiality. Article 10 of The Unfair Competition Law prohibits business operations from engaging in certain acts and the law also provides for the remedies in case of infringement of trade secrets.

South Korea

In 1991, Korea also amended its laws to provide statutory protection for trade secrets. This law, effective December 15, 1992, was enacted during US litigation between GE and a Korean firm that had acquired GE trade secrets from a former GE employee. See *General Electric Co. v. Sung*, 843 F. Supp. 776 (D. Mass. 1994). The revised Unfair Competition Prevention Act (UCPA) defines trade secrets and Misappropriation ("infringing" acts).

The Unfair Competition Prevention and Trade Secret Protection Act (UCPA) governs trade secrets in Korea. In accordance with article 2(2) of the UCPA, a trade secret is defined as "information, including production methods, sales methods, useful technical or business information for business activities, which is not known to the public, is managed as a secret, and has independent economic value." A trade secret is defined as "a production method, sales method, or any other useful technical or business information in other business activities which is unknown to the public, has independent economic value, and has been managed as a secret" [Article 2(ii)].

As long as it complies with the aforementioned criteria, any kind of practical technical or commercial information may be protected as a trade secret under the UCPA. The Unfair Competition Prevention and Trade Secret Protection Act (UCPA) in Korea provides protection for trade secrets. The UCPA, among other things, defines trade secrets and trade secret theft and offers remedies for trade secret misappropriation, including criminal penalties, damages, reputational harm, and injunctions.

Trade secrets would also be covered under the Act on Prevention of Divulgence and Protection of Industrial Technology (ITPA) if they qualify as "industrial technology" under that Act. In addition, different laws may be applicable to trade secrets based on the type of misappropriation, the relationship between the owner and the perpetrator, and other factor

Israel

The Commercial Torts Law, 5759-1999 (the Law) and the Commercial Torts Regulations (Remedies and Procedures), 5760-1999 (the Regulations) govern the protection of trade secrets. Trade secret is defined as follows in Chapter 2 of the Law, which specifically addresses the theft of trade secrets.

Section 5 of Commercial Torts Law defines trade secret as “business information, of any kind, which is not in the public domain and is not easily discoverable by others, the confidentiality of which gives its owner a business advantage over its competitors, provided that its owner takes reasonable measures to maintain its confidentiality.”

The law stipulates that a trade secret can be taken or used improperly, without the owner’s consent, when it is used in violation of a contract or fiduciary duty, or when it is received or used without the owner’s consent when the recipient or user knows or it is immediately obvious, upon receipt or use, that the secret has been obtained unlawfully.

The legislation further states that using reverse engineering to reveal a trade secret shall not be regarded as an incorrect method that violates a trade secret. Anyone who violates a trade secret may be forced by law to pay its owner ILS 100,000 in compensation even if there is no evidence of actual harm.

Israel has a criminal statute (Penal Law 1977 Section 496) prohibiting the disclosure of trade secrets by an employee. Employee contracts enjoin employees from using trade secrets and industrial know-how. There is an implied obligation of confidentiality between employers and employees.

Besides the abovementioned countries many more countries like United Kingdom, Canada, Mexico, France, Germany, Czech Republic, Hong Kong etc. provide protection for trade secrets, or confidential or undisclosed information through their various old and new laws.

CASE LAWS

John Richard Brady & Ors vs. Chemical Process Equipment P Ltd & Anr (AIR 1987 Delhi 372)

Facts:

By this application under Order 39 Rules 1 and 2 read with Section 151, C.P.C. Plaintiffs have prayed for an ad interim injunction to restrain the Defendants from manufacturing, selling, offering for sale, advertising, directly or indirectly dealing in Machines that are substantial imitation and reproduction of the design, manuals and Drawings of the Plaintiffs’ Fodder Production Unit and thereby amounting to infringement of the Plaintiffs’ Copyright therein, or from dealing in those Machines made on the basis of information and know how disclosed to them by the Plaintiffs in conditions of strict confidence, and from doing any other thing as is likely to lead to passing off the Defendants’ products as those of the plaintiffs.

According to the plaintiffs, John Richard Brady (hereinafter referred as Brady) is an American National. He is a Mechanical Engineer and is the President and Managing Director of Fometa Overseas S.A. Castellana, Madrid, Spain. He conceived the idea of growing fresh green grass used as basic food for livestock in a compact unit capable of producing grass throughout the year irrespective of external climatic conditions. He developed the original Fodder Production Unit in the year 1972. It was tested under extreme climatic conditions in various Countries in the World. Steps were taken, from time to time, to improve the Unit by optimising its size and achieving greater productivity. After extensive experimentation, an improved Fodder Production Unit (hereinafter referred to as the FPU) was invented by Brady. He applied for grant of patent in India in relation to the FPU. His patent application is pending. Technical details of the FPU are contained in catalogues which illustrate it by technical Drawings and other specifications. The Drawings are the original artistic work. Brady is the owner of Copyright in the Drawings and is entitled to exclusive right to publish and reproduce the Drawings whether two dimensionally or three dimensionally.

As a result, in 1972, he created the first Fodder Production Unit (hereinafter referred to as “FPU”) and decided to launch a phased programme to produce the FPU in India for both domestic and export sales. To do this, he requested quotes from the defendant for the supply of thermal panels made by the defendant.

All of the technical information, in-depth know-how, drawings, and specifications pertaining to the FPU were shared with the defendant under a confidentiality agreement so that they could submit their quotes. The defendants agreed that while the agreement was in effect, the defendant would not manufacture these panels for any other party or play any part in disclosing the information and the specifications given to them. But after learning that the defendants couldn't provide the necessary thermal panels, the plaintiffs decided against placing an order with them. It was claimed that the defendant visited the sites where the plaintiffs' FPU were in use several times during this time in an effort to learn how the FPU operated and acquire its technology. When some time passed, the plaintiffs discovered that the defendants had created a device that appeared to be a fraudulent representation of their FPU. Given this context, the plaintiff claimed that the defendant had violated the confidentiality agreement by improperly converting and misappropriating the plaintiff's know-how, information, drawings, designs, and specifications that were disclosed under the agreement.

In the Suit, the Plaintiffs have sought permanent injunction to restrain the Defendants from infringing Copyright of the plaintiffs, from passing off Defendants' products as those of the plaintiffs', for rendition of accounts of profits, and for delivery up of all infringing materials and articles etc.

It is alleged that the Machine produced by the Defendants is entirely based upon disclosures made by plaintiffs, to the Defendants. They committed breach of confidence reposed in them. They wrongfully converted and misappropriated the know how information, drawings, designs, and specifications disclosed to them under strict confidentiality and have also infringed the Copyright of Brady by making the Machine in three dimensional form from the two-dimensional artistic work of the plaintiffs in Drawings of the FPU.

Held:

Court relied on *Saltman Engineering Co. v. Cambell Engineering Co. (1948) RFC 203* case and held that -

"The maintenance of secrecy which plays such an important part in securing to the owner of an invention the-uninterrupted proprietorship of marketable know-how, which thus remains at least a form of property, is enforceable at law. That statement may now be examined in the light of established rules making up the law of trade secrets. These rules may, according to the circumstances in any given case, either rest on the principles of equity, that is to say the application by the Court of the need for conscientiousness in the course of conduct, or by the common-law action for breach of: confidence which is in effect a breach of contract.

If two parties make a contract under, which one of them obtains for the purpose of the contract, or in connection with it, some confidential matter then, even though the contract is silent on the matter of confidence, the law will imply an obligation to treat such confidential matter in a confidential way as one of the implied terms of the contract, but the obligation to respect confidence is not limited to cases where the parties are in confidential relationship.

If a defendant is proved to have used confidential information, obtained directly or indirectly, from a plaintiff, without the consent, express or implied, of the plaintiff, he will be guilty of an infringement of the plaintiff's rights.

Apart from the striking general similarity between the defendants' Machine and the Drawings of the plaintiffs being obvious to the eye, though the defendants' claim that there are some functional differences between their Machine and the FPU, the defendant;; had access to the Drawings of the plaintiffs as discussed above, and, the rapidity with which the defendants have produced the Machine lead to the inference that the Defendants have copied the Drawings of plaintiffs. It is significant to point out that the defendants have not shown how in fact they had arrived at their Machine. In such circumstances, the inference is unescapable that the plaintiffs have established a prima facie case of copying to which the defendants have to answer.

Balance of convenience is clearly in favor of grant of injunction to the plaintiffs. Unless the Defendants are restrained by grant of temporary injunction during pendency of the suit, irreparable injury and loss which cannot be estimated in terms of money, will be caused to the plaintiffs by the Defendants continuing to manufacture, sell or deal in their Machine which is a substantial reproduction in three dimensional form of the Drawings of the plaintiffs' FPU in which Brady has copyright. It will also be in the interest of

justice to restrain the Defendants from abusing the know-how, specifications, Drawings and other technical information regarding the plaintiffs' FPU entrusted to them under express condition of strict confidentiality, which they have apparently used as a 'spring-board' to jump into the business field to the detriment of the plaintiffs."

Tata Motors Limited & Anr vs. State of Bengal (GA No. 3876 of 2008 in WP No. 1773 of 2008)

Facts:

According to the petitioners, information provided to the Government of West Bengal and the Corporation relating to manufacture of 'Nano' and as contained in the MOA, inter alia, "is of a commercially confidential nature" and such information was imparted in confidence on the understanding that it would not be made public and that any disclosure contemplated would be subject to the provisions of Section 11 of the Right to Information Act, 2005 (hereafter the Act). It was claimed that if such information is made public, it would affect the economic and financial viability of the small car project at Singur, and would be of immense value and a boon to the competitors of the first petitioner in the automobile sector as it contained critical information regarding the costing involved in manufacturing 'Nano'. Apprehending harm to the competitive position of the first petitioner, a request had been made to the Government and the Corporation not to disclose any part of such information to any third party without its consent. It was further claimed that the Government by its letter dated 9th March, 2007 had confirmed that subject to the laws of the land and the Government's accountability to the legislature, it would endeavour to fulfil the request. Similar confirmation was given by the Corporation by its letter of even date. Thereafter, on 15th March, 2007, an indenture of lease was executed between the Corporation (lessor) and the first petitioner (lessee) for lease of land measuring more or less 997 acres located at Singur for a period of 90 years.

Held:

The court in this case stated that-

"The term trade secrets has been defined in Black's Law Dictionary as " A formula, process, device, or other business information that is kept confidential to maintain an advantage over competitors; information including a formula, pattern,, compilation, program, device, method, technique, or process-that (1) derives independent economic value, actual or potential, from not being generally known or readily ascertainable by others who can obtain economic value from its disclosure or use, and (2) is the subject of reasonable efforts, under the circumstances, to maintain its secrecy".

Section 8(1)(d) stipulates that there shall be no obligation to give any citizen "Information including commercial confidence, trade secrets or intellectual property, the disclosure of which would harm the competitive position of a third party unless the competent authority is satisfied that larger public interest warrants the disclosure of such information"

The denial of disclosure by the public authority indicates that the contentious agreement either has some clause of commercial confidence or trade secrets or intellectual property or all of them which renders it exempt from disclosure."

Bombay Dyeing and Manufacturing Co. Ltd. vs. Mehar Karan Singh (24.08.2010 - BOMHC) : (2010 (112) BomLR 375)

Facts-

The Defendant was the whole time Director of the Plaintiff-Company appointed under the Agreement of employment dated 22.8.2005, Exhibit-A to the Plaint, for the period 24.7.2004 to 23.7.2009. Under the said agreement, he inter alia agreed not to divulge or disclose confidential information of any nature to any person. The parties agreed that such information shall be the property of the Company.

The Defendant is stated to have divulged confidential information to a competitor being Dawnay Day India Land Private Limited (DD) by way of forwarding on e-mail a manual of a customised software for real estate business of the Plaintiff obtained by the Plaintiff upon payment of consideration from the software producer Oracle. The Defendant is shown to have taken up initially employment by the directorship and later by way of being an Executive Director on the Board of various Companies being DD Group Companies which has come to be discontinued or terminated by DD.

The Defendant's employment with the Plaintiff no longer subsists. The Defendant claims to have resigned and the Plaintiff claims to have terminated his services as whole time Director.

The suit is essentially for injunction against divulgence and disclosure of confidential information. The suit is also for money claim for damages upon the divulgence claimed by the Plaintiff as also for refund of excess salary paid to the Defendant during his tenure as whole time Director. The Notice of Motion is for the aforesaid injunction as well as the order of deposit of the excess remuneration paid with interest at 18% per annum from the date of the payment made to the Defendant until realisation.

Held:

The elements which could be identified as a trade secret, although the exact definition may not be possible, was laid down as the following factors:

1. The extent to which the information is known outside the business;
2. The extent to which it is known to those inside the business i.e. by the employees;
3. The precautions taken by the holder of the trade secret to guard the secrecy of the information;
4. The savings effected and the value to the holder in having the information as against competitors;
5. The amount of effort or money expended in obtaining and developing the information; and
6. The amount of time and expense it would take for others to acquire and duplicate the information.

In this case, e-mailing the manual as a dot.doc document of the software purchased by the Plaintiff at the cost of Rs. 93 Lakhs would be a matter impliedly within the ambit of confidence in the Plaintiff's Corporation. The officers including the Defendant who knew of this software, even without an express clause in their employment agreement or in the employees' Code of Ethics, were enjoined not to part with the information. Though the original software itself may be kept by the Plaintiff in its safe custody, the manual showing the use of the software was confidential information which could not have been parted with. It is not in issue that it was. What is in issue is only whether it would tantamount to confidential information. In fact the definition of trade secret enunciated above shows that it would be confidential information and not within public domain.

The Court relied on the case of *Star India Private Limited v. Laxmiraj Seetharam Nayak and Anr.*, stating that, when the Court called upon the Plaintiff's Counsel to illustrate even one item of the trade secret which the Defendant had acquired during the course of his employment, it was not illustrated on the premise that it could not be revealed or disclosed. It was held that parties, contract rates and other items and conditions could not be called trade secrets. Every player in the field of his game knows the rules of the game and the strategies of the rivals. Such things could not be called trade secrets. At best they could be called the human skills acquired by the concerned persons in the field. Such skill could not be called a proprietary right of the Plaintiff-Company. The skill which was acquired by the 1st Defendant was by his own virtue which he had developed with his personality, with his inherent qualities and with his hard work and experience. He had acquired the refinement and polish over his skill by experience. He was not paid the sumptuous remuneration on account of his knowledge of some trade secrets or the confidential information. Acquisition of excellence was a very long process in the career of every one. No one else could have proprietary rights or interest in such acquisition of excellence. Such excellence could not be acquired merely by possessing a trade secret of any one.

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 trademarks 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.
- The law of unfair competition, including trade secret law, is considered necessary to ensure the fair functioning of the market and to promote innovation by suppressing anti-competitive business behaviours.
- Trade secrets encompass both technical information, such as information concerning manufacturing processes, experimental research data, software algorithms and commercial information such as distribution methods, list of suppliers and clients, and advertising strategies.
- According to Black’s Law dictionary trade secret is a "formula, process, device, or other business information that is kept confidential to maintain an advantage over competitors. It’s an information including a formula, pattern, compilation, program, device, method, technique or process.
- While a final determination of whether trade secret protection is violated or not depends on the circumstances of each individual case, in general, unfair practices in respect of secret information include breach of contract breach of confidence and industrial or commercial espionage.
- Confidentiality clauses have typically been upheld in India with regard to situations that arise after employment. Employees are prohibited from disclosing trade secrets or other private information that belongs to the company under this clause.
- Although India has no specific trade secrets law, Indian courts have upheld trade secrets protection under various statutes, including contract law, copyright law, the principles of equity and – at times – the common-law action of breach of confidence (which in effect amounts to a breach of contractual obligation).

GLOSSARY

Trade Secret - It refers to any formula, process, device, or other business information that is kept confidential to maintain an advantage over competitors. It’s an information including a formula, pattern, compilation, program, device, method, technique or process.

Safe- Keeping - There must have been reasonable steps undertaken by the rightful holder of the information to keep it secret (e.g., through confidentiality agreements).

Confidential relationship - It is "the relations formed by protocol or by acceptance, in which one party trusts his financial and other interests to the loyalty and integrity of another party, by whom, either alone, or in conjunction with himself, he expects them to be protected."

Secret - It refers to the information that is not generally known among, or readily accessible, to circles that normally deal with the kind of information in question.

Commercial Value - It refers to the potential or capability of a certain thing, information, know-how that have actual or potential commercial value i.e it can fetch some sort of economic status (monetary, generally).

TEST YOURSELF

(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 in India?
4. The TRIPS Agreement provides protection to trade secrets. Explain.
5. What causes a business to lose Trade Secret protection?
6. Discuss how the trade secrets are protected in International sphere.
7. With the help of case laws explain the validity and enforceability of confidential clauses in relation to trade secrets.

LIST OF FURTHER READINGS

- IPR Awareness Manual for Industries, CIPAM
- A Guide to Protecting Trade Secrets, CIPAM

OTHER REFERENCES (Including Websites / Video Links)

- https://intellectual-property-helpdesk.ec.europa.eu/news-events/news/short-introduction-trade-secrets-india-2021-11-05_en
- <https://www.wipo.int/tradesecrets/en/>
- <https://www.uspto.gov/ip-policy/trade-secret-policy>
- https://www.wipo.int/treaties/en/ip/paris/summary_paris.html

KEY CONCEPTS

■ Biopiracy ■ Bio prospecting ■ Biotechnology ■ Genetic Resources ■ Germplasm ■ Biological resources ■ Research ■ Value added products ■ Bio-survey and Bio-utilisation ■ Commercial utilisation ■ Sustainable use ■ Benefit claimer ■ Ex-situ conservation ■ In-situ conservation ■ Landrace ■ National Biodiversity Authority ■ State Biodiversity Board

Learning Objectives

To understand:

- The legal framework provided for regulating the intellectual property right vested in biological diversity.
- The interconnection between IPR and Bio-diversity.
- The interrelationship between Bio Diversity and Traditional Knowledge.
- The international treaties and conventions to protect bio-diversity.

Lesson Outline

- Introduction
- Bio-Diversity and its significance
- IPR and Bio-Diversity
- History of IPR and Biodiversity
- Bio Diversity and Traditional Knowledge – Interrelation
- Bio piracy
- Biological Diversity Act, 2002
- National Biodiversity Authority
- State Biodiversity Board
- Biodiversity Management Committees
- Ecological Diversity
- Genetic Diversity and Resources
- Species Diversity
- Impact on human beings (Access and benefit-sharing)
- International Instruments
- CBD and TRIPS
- Case Laws
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References (Including websites / video links)

INTRODUCTION

IPR refers to a type of legal protection for data against new inventions. These rights enable the owner to prevent imitators from commercialising the innovations or processes for the defined period of time in exchange for being compelled to disclose the formula or strategy underlying the procedure. The term "biodiversity" refers to the diversity of living organisms that originate from all types of source materials as well as the ecological components to which they are connected. Ecosystem diversity, genetic diversity, and species diversity are also included. Biodiversity enriches human lives and provides a practical means of accomplishing developmental goals. Both of these ideas are quite interrelated because inventions and products are derived from the resources present in biodiversity.

Sustainable development is supported by biological diversity. Because the loss of biodiversity is irreversible, unlike other sustainable challenges, conservation of biodiversity becomes crucial. This also implies the possibility of global extinctions cascading from the extinction of one species in one region of the earth. Our reliance on biodiversity may be shown in how important it is to our ability to produce food and make medicines. Currently, 82% of plant species contribute to 90% of the country's per capita food plant resources. In addition, traditional medical systems are used by about 80% of the world's population. Therefore, it must be protected at all costs.

IPRs are important because they serve as one of society's main defence and enforcement mechanisms for information control. As a source of new crop and plant types, medications, herbicides, insecticides, as well as new biotechnological products and processes, the information encoded in genetic resources is becoming increasingly valuable commercially.

BIO-DIVERSITY AND ITS SIGNIFICANCE

According to Bio-Diversity Act, 2000 defines bio-diversity as "biological diversity" means the variability among living organisms from all sources and the ecological complexes of which they are part and includes diversity within species or between species and of eco-systems; [Section 2(b)]

A collective lineage that has survived due to long-term evolutionary processes is known as biodiversity. According to a generic definition, it is "the variability among living organisms from all sources, including, among other things, terrestrial, marine, and other aquatic ecosystems, and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems." Thus, it can be divided into three categories: environmental diversity, species diversity, and genetic diversity (diversity within the species). Both managed and unmanaged habitats are included. Since diversity is necessary to support both human existence and other kinds of life on the planet, sustainability and the conservation of biodiversity have recently gained significantly more traction.

The term "biodiversity" refers to the variety among living things that come from all sources and the ecological frameworks to which they belong. It also includes ecosystem diversity as well as inter- and intra-species diversity. Human life benefits from biodiversity, which also offers a viable route to accomplishing developmental objectives. Intellectual property rights are the means through which creators and the originals of inventions, ideas, goods, etc. are protected from being used for profit. Given that innovations and goods are created from the resources found in biodiversity, both of these ideas are highly interdependent.

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:

- a) ecosystem diversity, representing the principal bio geographic regions and habitats;
- b) Species diversity, representing variability at the level of families, genera and species; and
- c) 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.

IPR AND BIO-DIVERSITY

IPR protects products made with specific raw materials found in the biodiversity system, like the expensive decor made with Kashmiri wood from a particular species of teak tree found in the Kashmir region, as well as products that are directly derived from traditional wisdom, like the use of Malabar Pepper as medicine. IPR serves these two purposes in relation to biodiversity. The geographical indicators system established by intellectual property law protects the latter. The growing demand for herbal and organic products in urban communities around the world today demonstrates the significance of goods generated either directly or indirectly from biodiversity outside of rural, tribal, and indigenous sectors.

The use of its derivatives in improving soil fertility, reducing crop failures, balancing the nutrient content of products, and guaranteeing food security has had the biggest influence on biodiversity in the agricultural sector. The expansion of increased output through industrial agricultural research and development has led to the creation and utilisation of new plant types. Commercial agriculture and genetic erosion can be stopped by intellectual property rules, and it is now necessary to conserve these innovative plant species. As evidenced by the dynamic history of humanity, innovation is motivated by motivations other than economic gain, such as societal acceptance, reform, goodwill, and the necessity to simply exist.

Asian farmers created hundreds of thousands of rice varieties from a single species to meet varied ecological and socioeconomic needs. Traditional healers, farmers, and others are motivated to innovate to address society needs by the spirit of social welfare. It is simpler to identify these innovators who are operating within the biodiversity system thanks to the protection provided by intellectual property regulations, which also serve as a strong incentive for innovation.

There is ongoing discussion over how the goals of the Convention on Biological Diversity relate to intellectual property rights. The impact of the Agreement on Trade-Related Aspects of Intellectual Property, one of the treaties enforceable by members of the World Trade Organisation, on the accomplishment of the CBD's goals and on sustainable development in general, is also contentious.

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 Bio safety 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 confirm to 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.

According to Section 2(c) of Biological Diversity Act 2002, “biological resources” means plants, animals and micro-organisms or parts thereof, their genetic material and by-products (excluding value added products) with actual or potential use or value, but does not include human genetic material.

Section 2(p) defines value added products. “Value added products” means products which may contain portions or extracts of plants and animals in unrecognizable and physically inseparable form.

HISTORY OF IPR AND BIODIVERSITY

IPRs, as the term suggests, accord legal protection to ideas and information that are used to develop new inventions or processes. These rights enable the holder to exclude imitators from marketing such inventions or processes for a specified time; in exchange, the holder is required to disclose the formula or idea behind the product/process. The stated purpose of IPRs is to stimulate innovation, by offering higher monetary returns than the market otherwise might provide. While IPRs such as copyrights, patents, and trademarks are centuries old, the extension of IPRs to living entities and attendant knowledge/technologies occurred only relatively recently.

In order to use high-quality seeds for agricultural production, the United Kingdom was the first nation to develop the use of biodiversity as a commodity. This eventually led to the sale of registered seeds as a company. Later, the government promoted innovation in this industry by compensating people who made further improvements to seeds. As a result, Plant Breeder's Rights (PBR) were established, advancing the commercialization of genetic resources. Through the PBR system, the industrialised countries have continued to generate various plant types for more than 60 years.

Plant varieties or breeders' rights (PVRs/PBRs) give the holder of the right limited regulatory powers over the marketing of 'their' varieties. Until recently, most countries allowed farmers and other breeders to be exempted

from such rights, as long as they did not indulge in branded commercial transactions. However, a 1991 amendment to the UPOV has tightened the monopolistic nature of PVRs/PBRs, and some countries have virtually eliminated the exemptions for farmers and breeders.

In 1930, the US Plant Patent Act was passed, which accorded IPRs to asexually reproduced plant varieties. Several other countries subsequently extended some form of protection to plant varieties, until in 1961, an International Convention for the Protection of New Varieties of Plants was signed. Most signatories were industrialised countries, who had also formed a Union for the Protection of New Varieties of Plants (UPOV). This treaty came into force in 1968. The requirements for novel kinds to qualify for protection under the Convention were also outlined in this Convention. The following requirements apply:

- distinct from the currently popular types;
- homogeneous, uniform, and stable; and
- not being marketed prior to the application date for protection.

With the development of new biotechnologies, we can now locate rare genetic resources and harness them to create useful goods. The IPR regime across nations has altered dramatically as a result of this. The future of our rich biodiversity will ultimately be determined by increased commercialization of biogenetic resources and research & development for obtaining IPR.

Historically, plant varieties had been exempted from the international patent regime in deference to farmers' traditional practices of saving and exchanging seeds. Industrialised countries, however, have been debating the merits of PBRs as a form of monopoly that may encourage plant-breeding activity. This culminated in the International Convention for the Protection of New Varieties of Plants (UPOV Convention) in 1978, which as indicated above, was amended in 1991, further strengthening the monopolistic hold of plant breeders. Until recently, the UPOV Convention was primarily comprised of Organisation for Economic Co-operation and Development (OECD) countries. However, the TRIPs Agreement now extends the requirement to protect plant variety property rights to all WTO Member States.

In addition, in many countries, patents with full monopolistic restrictions are now applicable to plant varieties, microorganisms, and genetically modified animals. In 1972, the US Supreme Court recognized microbiologist Ananda Chakrabarty's patent claim for a genetically engineered bacterial strain. This legitimized the view that anything made by humans and not found in nature was patentable. Genetically altered animals, such as the infamous 'onco-mouse' of Harvard University (bred for cancer research), were also soon accorded patents. Finally, several patent claims have been made, and some granted, on human genetic material, including material that has hardly been altered from its natural state.

Until very recently, these plant rights were only recognized in some countries, and they could not enforce these rights in other nations. However, this has changed with the signing of the TRIPs Agreement. TRIPs requires that all signatory countries accord:

- Patents to micro-organisms and "microbiological processes; and
- Some "effective" form of IPRs for plant varieties, either patents or some sui generis (new) version.

TRIPs allows countries to exclude animals and plants per se from patentability. However, the above provisions have serious implications in themselves, for no longer are countries allowed to wholly proscribe the patenting of life forms. Nor is there likely to be a great amount of flexibility in evolving sui generis systems of plant variety protection, for the term "effective" may well be interpreted by industrial countries to mandate a UPOV-like regime. Indeed, a series of events in 1999, including meetings in Africa (February 1999) and Asia (March 1999) hosted by UPOV, WTO, and other agencies, have demonstrated that this interpretation is already being imposed on developing countries. For example, the African Intellectual Property Organization (OAPI), representing 15 Francophone countries, has decided to join the UPOV 1991.

India is listed as one of the world's 12 "mega diversity centres." India is regarded as the centre of origin for a variety of plant and animal species, with 167 crop species, 320 wild crop species, relatives, and numerous kinds of domesticated animals.

Does the legislation provide for any exemptions?

The legislation provides for the following exemptions

- ***Exemption to local people and communities of the area for free access to use biological resources within India***
- ***Exemptions to growers and cultivators of biodiversity and to Vaidis and Hakims to use biological resources.***
- ***Exemption through notification of normally traded commodities from the purview of the Act only when used as commodity***
- ***Exemption for collaborative research through government sponsored or government approved institutions subject to overall policy guidelines and approval of the Central Government and conforms to the central government guidelines.***

BIO DIVERSITY AND TRADITIONAL KNOWLEDGE – INTERRELATION

Biological resources and related traditional knowledge are often of great commercial value to business corporations in developing commercial products. Corporations often want to acquire IPRs related to biological resources and traditional knowledge as a way of maximizing their income generation.

Traditional communities is a broad term that refers to communities whose way of life is largely shaped by generations of their ancestors. They are distinct from urban or fast-changing societies and lifestyles, maintaining a shared body of cultural, environmental, economic and family customs that are based on traditional occupations, knowledge, values and social hierarchies. Traditional community livelihoods are usually based on natural resources. Traditional communities could include farming or fishing communities, forest-dwelling communities, indigenous people, nomadic communities, etc.

Traditional knowledge (TK) associated with biological resources is an intangible component of the resource itself. TK has the potential of being translated into commercial benefits by providing leads for development of useful products and processes. The valuable leads provided by TK save time, money and investment of modern biotech industry into any research and product development. Hence, a share of benefits must accrue to creators and holders of TK. Only new knowledge can be patented. Patents only apply to inventions, not to existing knowledge. But if knowledge is held only in oral form, then many IPR regimes, do not consider oral knowledge as proof of previous documentation and therefore such knowledge is in danger of being patented.

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IMPORTANCE OF TRADITIONAL KNOWLEDGE

Traditional knowledge plays an important role in the conservation of biodiversity and its traditional uses:

- Indian Systems of Medicine (Ayurveda, Siddha, Unani) are part of the official healthcare system in India, and depend on a diversity of biological resources and traditional knowledge.

- Farmers and livestock keepers have improved and nurtured diverse varieties of crops and domesticated animals over generations. This has been invaluable for food security and in providing clothing, healthcare and shelter.
- All over India local communities have independently conserved wild areas, including natural ecosystems, sometimes deemed to be sacred e.g. 'sacred groves', some thousands of years old, dedicated to a local deity.

Traditional knowledge is therefore very valuable in a range of sectors. Industries have often freely used traditional knowledge for developing commercial products, usually without the consent of, or without acknowledging, the original holders of the knowledge. The conflict arises when such knowledge is commercially used without consent, or when IPRs and exclusive rights are claimed over such resources / knowledge.

BIOPIRACY

Biopiracy is a violation of the rights of traditional communities over their biological resources and related knowledge. The implications of biopiracy are economic as well as ethical: Obtaining IPRs usually patents or Plant Breeders Rights to gain monopoly control over biological resources, related traditional knowledge, or commercial products based on these resources or knowledge, without the consent of, or any benefits going to, the original holders of the resources/knowledge.

The original holders of biological resources and related traditional knowledge do not get any share in the profits made from commercializing the products based on their resources/ knowledge. They also do not get any recognition for nurturing and developing the resources/knowledge in the first place. Once an IPR is acquired by the biopirate, the original holders of a biological resource or related traditional knowledge are barred from making any commercial use of the IPR-protected knowledge or resource. This could lead to a situation where, for example, a community is not allowed to sell an indigenous product that is covered by an IPR. The IPR-holder dictates the terms of use of the IPR protected resource/knowledge, which could mean that traditional communities who are the original holder could lose access to, or control over, their resource/knowledge.

The investigation of biological resources for new commercial uses has been an inherent part of global economic and social development. The problem arises when bioprospecting leads to biopiracy or environmentally unsustainable practices such as collecting huge quantities of samples from an area. The term 'bioprospecting' has acquired strong negative connotations and is often used in a sense that implies that bioprospecting necessarily leads to biopiracy. Some traditional communities may also find bioprospecting offensive because it seeks to commercially exploit biological resources and related traditional knowledge which are sacred, or which support their livelihoods.

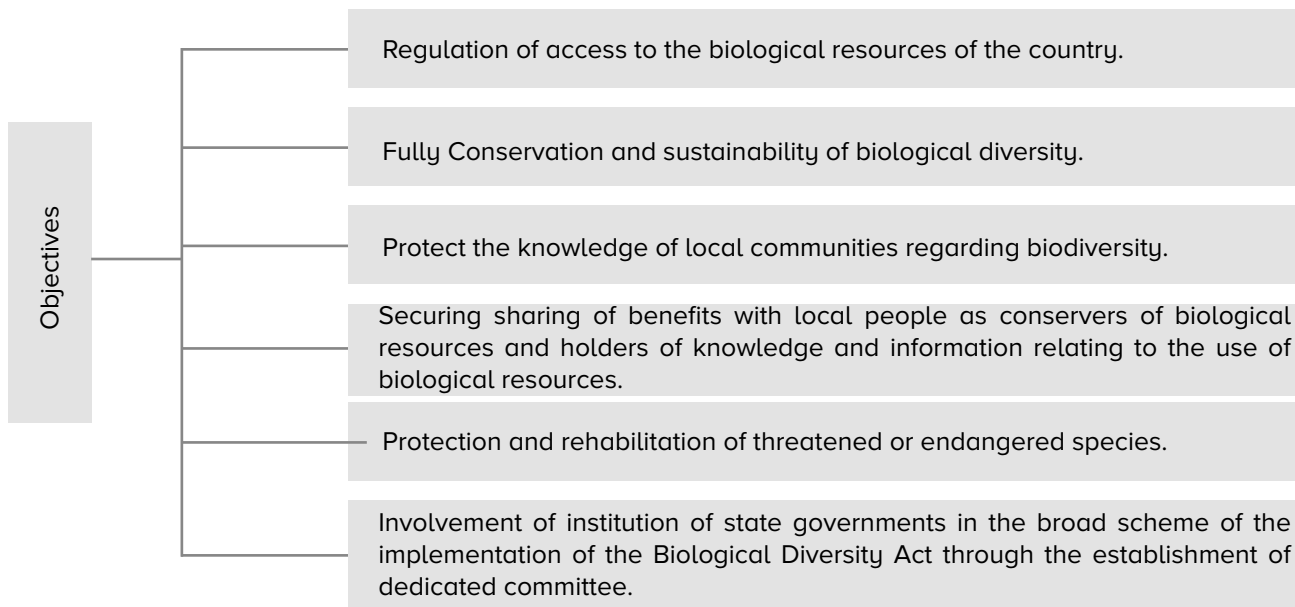
Biopiracy is the illegal acquisition of intellectual property rights (IPRs) without the knowledge or consent of the original owners of the biological resources or scientific knowledge upon which the innovation is based, as well as the commercial exploitation of such resources or knowledge without the knowledge or consent of the original owners (without the acquisition of IPRs). Theft takes the form of biopiracy. Patents on neem, turmeric, and the Nap Hal wheat variety are a few instances of biopiracy.

BIOLOGICAL DIVERSITY ACT, 2002

The Biological Diversity Act 2002 provides mechanism for regulating access and ensuring fair and equitable sharing of benefits arising out of the use of biological resources and associated traditional knowledge.

Why do we need this legislation on biodiversity?

The purpose of the Biodiversity Act is to realize equitable sharing of benefits arising out of the use of biological resources and associated knowledge. The main objectives of the Act are conservation, sustainable use and equitable benefit sharing out of the utilization of bio resources. The Act also covers the protection of traditional knowledge and equitable sharing of benefits arising out of the use of such knowledge.



Certain persons not to undertake Biodiversity related activities without approval of National Biodiversity Authority

According to section 3, no person referred to in sub-section (2) shall, without previous approval of the National Biodiversity Authority, obtain any biological resource occurring in India or knowledge associated thereto for research or for commercial utilisation or for bio-survey and bio-utilisation.

The persons who shall be required to take the approval of the National Biodiversity Authority under sub-section (1) are the following, namely:—

- (a) a person who is not a citizen of India;
- (b) a citizen of India, who is a non-resident as defined in clause (30) of section 2 of the Income-tax Act, 1961 (43 of 1961);
- (c) a body corporate, association or organisation—
 - (i) not incorporated or registered in India; or
 - (ii) incorporated or registered in India under any law for the time being in force which has any non-Indian participation in its share capital or management.

It may be noted that –

“bio-survey and bio-utilisation” means survey or collection of species, subspecies, genes, components and extracts of biological resource for any purpose and includes characterisation, inventorisation and bioassay. [Section 2(d)]

“commercial utilisation” means end uses of biological resources for commercial utilisation such as drugs, industrial enzymes, food flavours, fragrance, cosmetics, emulsifiers, oleoresins, colours, extracts and genes used for improving crops and livestock through genetic intervention, but does not include conventional breeding or traditional practices in use in any agriculture, horticulture, poultry, dairy farming, animal husbandry or bee keeping. [Section 2(f)]

Results of research not to be transferred to certain persons without approval of National Biodiversity Authority

As per section 4, no person shall, without the previous approval of the National Biodiversity Authority, transfer the results of any research relating to any biological resources occurring in, or obtained from, India for monetary consideration or otherwise to any person who is not a citizen of India or citizen of India who is non-resident as defined in clause (30) of section 2 of the Income-tax Act, 1961 (43 of 1961) or a body corporate or organisation which is not registered or incorporated in India or which has any non-Indian participation in its share capital or management.

Explanation.—For the purposes of this section, “transfer” does not include publication of research papers or dissemination of knowledge in any seminar or workshop, if such publication is as per the guidelines issued by the Central Government.

It may be noted that-

“research” means study or systematic investigation of any biological resource or technological application, that uses biological systems, living organisms or derivatives thereof to make or modify products or processes for any use. [Section 2(m)]

Sections 3 and 4 not to apply to certain collaborative research projects

The provisions of sections 3 and 4 shall not apply to collaborative search projects involving transfer or exchange of biological resources or information relating thereto between institutions, including Government sponsored institutions of India, and such institutions in other countries, if such collaborative research projects satisfy the conditions specified in sub-section (3).

All collaborative research projects, other than those referred to in sub-section (1) which are based on agreements concluded before the commencement of this Act and in force shall, to the extent the provisions of agreement are inconsistent with the provisions of this Act or any guidelines issued under clause (a) of sub-section (3), be void.

For the purposes of sub-section (1), collaborative research projects shall—

- conform to the policy guidelines issued by the Central Government in this behalf;
- be approved by the Central Government. (Section 5)

Application for intellectual property rights not to be made without approval of National Biodiversity Authority

Section 6 provides that no person shall apply for any intellectual property right, by whatever name called, in or outside India for any invention based on any research or information on a biological resource obtained from India without obtaining the previous approval of the National Biodiversity Authority before making such application:

Provided that if a person applies for a patent, permission of the National Biodiversity Authority may be obtained after the acceptance of the patent but before the sealing of the patent by the patent authority concerned:

Provided further that the National Biodiversity Authority shall dispose of the application for permission made to it within a period of ninety days from the date of receipt thereof.

The National Biodiversity Authority may, while granting the approval under this section, impose benefit sharing fee or royalty or both or impose conditions including the sharing of financial benefits arising out of the commercial utilisation of such rights.

The provisions of this section shall not apply to any person making an application for any right under any law relating to protection of plant varieties enacted by Parliament.

Where any right is granted under law referred to in sub-section (3), the concerned authority granting such right shall endorse a copy of such document granting the right to the National Biodiversity Authority.

Prior intimation to State Biodiversity Board for obtaining biological resource for certain purposes

Section 7 states that no person, who is a citizen of India or a body corporate, association or organisation which is registered in India, shall obtain any biological resource for commercial utilisation, or bio-survey and bio-utilisation for commercial utilisation except after giving prior intimation to the State Biodiversity Board concerned:

Provided that the provisions of this section shall not apply to the local people and communities of the area, including growers and cultivators of biodiversity, and vaidas and hakims, who have been practicing indigenous medicine.

NATIONAL BIODIVERSITY AUTHORITY

Establishment of National Biodiversity Authority

As per section 8, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, there shall be established by the Central Government for the purposes of this Act, a body to be called the National Biodiversity Authority.

The National Biodiversity Authority shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall by the said name sue and be sued.

The head office of the National Biodiversity Authority shall be at Chennai and the National Biodiversity Authority may, with the previous approval of the Central Government, establish offices at other places in India.

The National Biodiversity Authority shall consist of the following members, namely:—

- (a) a Chairperson, who shall be an eminent person having adequate knowledge and experience in the conservation and sustainable use of biological diversity and in matters relating to equitable sharing of benefits, to be appointed by the Central Government;
- (b) three ex officio members to be appointed by the Central Government, one representing the Ministry dealing with Tribal Affairs and two representing the Ministry dealing with Environment and Forests of whom one shall be the Additional Director General of Forests or the Director General of Forests;
- (c) seven ex officio members to be appointed by the Central Government to represent respectively the Ministries of the Central Government dealing with—
 - a. Agricultural Research and Education;
 - b. Biotechnology;
 - c. Ocean Development;
 - d. Agriculture and Cooperation;
 - e. Indian Systems of Medicine and Homoeopathy;
 - f. Science and Technology;
 - g. Scientific and Industrial Research;
- (d) five non-official members to be appointed from amongst specialists and scientists having special knowledge of, or experience in, matters relating to conservation of biological diversity, sustainable use of biological resources and equitable sharing of benefits arising out of the use of biological resources, representatives of industry, conservers, creators and knowledge-holders of biological resources.

It may be noted that-

“sustainable use” means the use of components of biological diversity in such manner and at such rate that does not lead to the long-term decline of the biological diversity thereby maintaining its potential to meet the needs and aspirations of present and future generations. [Section 2(o)]

Functions and powers of National Biodiversity Authority

As per section 18, it shall be the duty of the National Biodiversity Authority to regulate activities referred to in sections 3, 4 and 6 and by regulations issue guidelines for access to biological resources and for fair and equitable benefit sharing.

The National Biodiversity Authority may grant approval for undertaking any activity referred to in sections 3, 4 and 6.

The National Biodiversity Authority may—

- (a) advise the Central Government on matters relating to the conservation of biodiversity, sustainable use of its components and equitable sharing of benefits arising out of the utilisation of biological resources;
- (b) advise the State Governments in the selection of areas of biodiversity importance to be notified under sub-section (1) of section 37 as heritage sites and measures for the management of such heritage sites;
- (c) perform such other functions as may be necessary to carry out the provisions of this Act.

The National Biodiversity Authority may, on behalf of the Central Government, take any measures necessary to oppose the grant of intellectual property rights in any country outside India on any biological resource obtained from India or knowledge associated with such biological resource which is derived from India.

It may be noted that-

“fair and equitable benefit sharing” means sharing of benefits as determined by the National Biodiversity Authority under section 21. [Section 2(g)]

Approval by National Biodiversity Authority for undertaking certain activities

Section 19 states that any person referred to in sub-section (2) of section 3 who intends to obtain any biological resource occurring in India or knowledge associated thereto for research or for commercial utilisation or for bio-survey and bio-utilisation or transfer the results of any research relating to biological resources occurring in, or obtained from, India, shall make application in such form and payment of such fees as may be prescribed, to the National Biodiversity Authority.

Any person who intends to apply for a patent or any other form of intellectual property protection whether in India or outside India referred to in sub-section (1) of section 6, may make an application in such form and in such manner as may be prescribed to the National Biodiversity Authority.

On receipt of an application under sub-section (1) or sub-section (2), the National Biodiversity Authority may, after making such enquiries as it may deem fit and if necessary after consulting an expert committee constituted for this purpose, by order, grant approval subject to any regulations made in this behalf and subject to such terms and conditions as it may deem fit, including the imposition of charges by way of royalty or for reasons to be recorded in writing, reject the application:

Provided that no such order for rejection shall be made without giving an opportunity of being heard to the person affected.

The National Biodiversity Authority shall give public notice of every approval granted by it under this section.

Transfer of biological resource or knowledge

As per Section 20, no person who has been granted approval under section 19 shall transfer any biological resource or knowledge associated thereto which is the subject matter of the said approval except with the permission of the National Biodiversity Authority.

Any person who intends to transfer any biological resource or knowledge associated thereto referred to in sub-section (1) shall make an application in such form and in such manner as may be prescribed to the National Biodiversity Authority.

On receipt of an application under sub-section (2), the National Biodiversity Authority may, after making such enquiries as it may deem fit and if necessary after consulting an expert committee constituted for this purpose, by order, grant approval subject to such terms and conditions as it may deem fit, including the imposition of charges by way of royalty or for reasons to be recorded in writing, reject the application:

Provided that no such order for rejection shall be made without giving an opportunity of being heard to the person affected.

The National Biodiversity Authority shall give public notice of every approval granted by it under this section.

Determination of equitable benefit sharing by National Biodiversity Authority

The National Biodiversity Authority shall while granting approvals under section 19 or section 20 ensure that the terms and conditions subject to which approval is granted secures equitable sharing of benefits arising out of the use of accessed biological resources, their by-products, innovations and practices associated with their use and applications and knowledge relating thereto in accordance with mutually agreed terms and conditions between the person applying for such approval, local bodies concerned and the benefit claimers.

The National Biodiversity Authority shall, subject to any regulations made in this behalf, determine the benefit sharing which shall be given effect in all or any of the following manner, namely:—

- (a) grant of joint ownership of intellectual property rights to the National Biodiversity Authority, or where benefit claimers are identified, to such benefit claimers;
- (b) transfer of technology;
- (c) location of production, research and development units in such areas which will facilitate better living standards to the benefit claimers;
- (d) association of Indian scientists, benefit claimers and the local people with research and development in biological resources and bio-survey and bio-utilisation;
- (e) setting up of venture capital fund for aiding the cause of benefit claimers;
- (f) payment of monetary compensation and other non-monetary benefits to the benefit claimers as the National Biodiversity Authority may deem fit.

Where any amount of money is ordered by way of benefit sharing, the National Biodiversity Authority may direct the amount to be deposited in the National Biodiversity Fund:

Provided that where biological resource or knowledge was a result of access from specific individual or group of individuals or organisations, the National Biodiversity Authority may direct that the amount shall be paid directly to such individual or group of individuals or organisations in accordance with the terms of any agreement and in such manner as it deems fit.

For the purposes of this section, the National Biodiversity Authority shall, in consultation with the Central Government, by regulations, frame guidelines. (Section 21)

It may be noted that-

(a) “benefit claimers” means the conservers of biological resources, their by-products, creators and holders of knowledge and information relating to the use of such biological resources, innovations and practices associated with such use and application. [Section 2(a)]

STATE BIODIVERSITY BOARD

Establishment of State Biodiversity Board

According to section 22, with effect from such date as the State Government may, by notification in the Official Gazette, appoint in this behalf, there shall be established by that Government for the purposes of this Act, a Board for the State to be known as the _____ (name of the State) Biodiversity Board.

Notwithstanding anything contained in this section, no State Biodiversity Board shall be constituted for a Union territory and in relation to a Union territory, the National Biodiversity Authority shall exercise the powers and perform the functions of a State Biodiversity Board for that Union territory: Provided that in relation to any Union territory, the National Biodiversity Authority may delegate all or any of its powers or functions under this sub-section to such person or group of persons as the Central Government may specify.

The Board shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall by the said name sue and be sued.

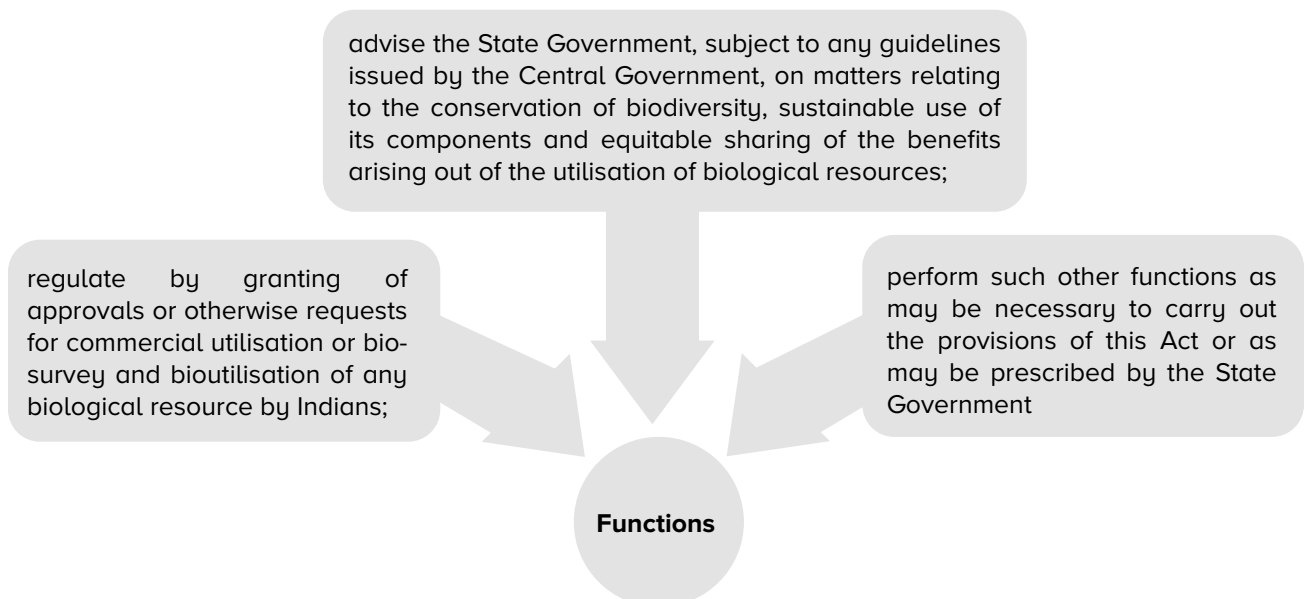
The Board shall consist of the following members, namely:—

- (a) a Chairperson who shall be an eminent person having adequate knowledge and experience in the conservation and sustainable use of biological diversity and in matters relating to equitable sharing of benefits, to be appointed by the State Government;
- (b) not more than five ex officio members to be appointed by the State Government to represent the concerned Departments of the State Government;
- (c) not more than five members to be appointed from amongst experts in matters relating to conservation of biological diversity, sustainable use of biological resources and equitable sharing of benefits arising out of the use of biological resources.

The head office of the State Biodiversity Board shall be at such place as the State Government may, by notification in the Official Gazette, specify.

Functions of State Biodiversity Board

Section 23 provides for the functions of the State Biodiversity Board-



Power of State Biodiversity Board to restrict certain activities violating the objectives of conservation, etc.

Section 24 stipulates that, any citizen of India or a body corporate, organisation or association registered in India intending to undertake any activity referred to in section 7 shall give prior intimation in such form as may be prescribed by the State Government to the State Biodiversity Board.

On receipt of an intimation under sub-section (1), the State Biodiversity Board may, in consultation with the local bodies concerned and after making such enquires as it conservation, may deem fit, by order, prohibit or restrict any such activity if it is of opinion that such activity is detrimental or contrary to the objectives of conservation and sustainable use of biodiversity or equitable sharing of benefits arising out of such activity:

Provided that no such order shall be made without giving an opportunity of being heard to the person affected.

Any information given in the form referred to in sub-section (1) for prior intimation shall be kept confidential and shall not be disclosed, either intentionally or unintentionally, to any person not concerned thereto.

Central Government to develop National strategies, plans, etc., for conservation of biological diversity

Section 36 states that, the Central Government shall develop national strategies, plans, programmes for the conservation and promotion and sustainable use of biological diversity including measures for identification and monitoring of areas rich in biological resources, promotion of in situ, and ex situ, conservation of biological resources, incentives for research, training and public education to increase awareness with respect to biodiversity.

Where the Central Government has reason to believe that any area rich in biological diversity, biological resources and their habitats is being threatened by overuse, abuse or neglect, it shall issue directives to the concerned State Government to take immediate ameliorative measures, offering such State Government any technical and other assistance that is possible to be provided or needed.

The Central Government shall, as far as practicable wherever it deems appropriate, integrate the conservation, promotion and sustainable use of biological diversity into relevant sectoral or cross-sectoral plans, programmes and policies.

The Central Government shall undertake measures,—

- (i) wherever necessary, for assessment of environmental impact of that project which is likely to have adverse effect on biological diversity, with a view to avoid or minimise such effects and where appropriate provide for public participation in such assessment;
- (ii) to regulate, manage or control the risks associated with the use and release of living modified organisms resulting from biotechnology likely to have adverse impact on the conservation and sustainable use of biological diversity and human health.

The Central Government shall endeavour to respect and protect the knowledge of local people relating to biological diversity, as recommended by the National Biodiversity Authority through such measures, which may include registration of such knowledge at the local, State or national levels, and other measures for protection, including sui generis system.

Explanation.—For the purposes of this section,—

- (a) “ex situ conservation” means the conservation of components of biological diversity outside their natural habitats;

- (b) “in situ conservation” means the conservation of ecosystems and natural habitats and the maintenance and recovery of viable populations of species in their natural surroundings and, in the case of domesticated or cultivated species, in the surroundings where they have developed their distinctive properties.

Power of Central Government to notify threatened species

Without prejudice to the provisions of any other law for the time being in force, the Central Government, in consultation with the concerned State Government, may from time to time notify any species which is on the verge of extinction or likely to become extinct in the near future as a threatened species and prohibit or regulate collection thereof for any purpose and take appropriate steps to rehabilitate and preserve those species. (Section 38)

BIODIVERSITY MANAGEMENT COMMITTEES

Constitution of Biodiversity Management Committee

Section 41 states that, every local body shall constitute a Biodiversity Management Committee within its area for the purpose of promoting conservation, sustainable use and documentation of biological diversity including preservation of habitats, conservation of land races, folk varieties and cultivars, domesticated stocks and breeds of animals and microorganisms and chronicling of knowledge relating to biological diversity.

Explanation.—For the purposes of this sub-section,—

- (a) “cultivar” means a variety of plant that has originated and persisted under cultivation or was specifically bred for the purpose of cultivation;
- (b) “folk variety” means a cultivated variety of plant that was developed, grown and exchanged informally among farmers;
- (c) “landrace” means primitive cultivar that was grown by ancient farmers and their successors.

The National Biodiversity Authority and the State Biodiversity Boards shall consult the Biodiversity Management Committees while taking any decision relating to the use of biological resources and knowledge associated with such resources occurring within the territorial jurisdiction of the Biodiversity Management Committee.

The Biodiversity Management Committees may levy charges by way of collection fees from any person for accessing or collecting any biological resource for commercial purposes from areas falling within its territorial jurisdiction.

Constitution of Local Biodiversity Fund

There shall be constituted a Fund to be called the Local Biodiversity Fund at every area notified by the State Government where any institution of self-government is functioning and there shall be credited thereto—

- (a) any grants and loans made under section 42;
- (b) any grants or loans made by the National Biodiversity Authority;
- (c) any grants or loans made by the State Biodiversity Boards;
- (d) fees referred to in sub-section (3) of section 41 received by the Biodiversity Management Committees;
- (e) all sums received by the Local Biodiversity Fund from such other sources as may be decided upon by the State Government. (Section 43)

National Biodiversity Authority to be bound by the directions given by Central Government

Without prejudice to the foregoing provisions of this Act, the National Biodiversity Authority shall, in the discharge of its functions and duties under this Act, be bound by such directions on questions of policy as the Central Government may give in writing to it from time to time:

Provided that the National Biodiversity Authority shall, as far as practicable, be given opportunity to express its views before any direction is given under this sub-section.

The decision of the Central Government whether a question is one of policy or not shall be final. (Section 48)

Members, officers, etc., of National Biodiversity Authority and State Biodiversity Board deemed to be public servant

All members, officers and other employees of the National Biodiversity Authority or the State Biodiversity Board shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Act, to be public servants within the meaning of section 21 of the Indian Penal Code (45 of 1860).

Appeal

Any person, aggrieved by any determination of benefit sharing or order of the National Biodiversity Authority or a State Biodiversity Board under this Act, may file an appeal to the High Court within thirty days from the date of communication to him, of the determination or order of the National Biodiversity Authority or the State Biodiversity Board, as the case may be:

Provided that the High Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding sixty days.

Provided further that nothing contained in this section shall apply on and from the commencement of the National Green Tribunal Act, 2010 (19 of 2010):

Provided also that any appeal pending before the High Court, before the commencement of the National Green Tribunal Act, 2010 (19 of 2010), shall continue to be heard and disposed of by the High Court as if the National Green Tribunal had not been established under section 3 of the National Green Tribunal Act, 2010.

Appeal to National Green Tribunal

Section 52A states that any person aggrieved by any determination of benefit sharing or order of the National Biodiversity Authority or a State Biodiversity Board under this Act, on or after the commencement of the National Green Tribunal Act, 2010 (19 of 2010), may file an appeal to the National Green Tribunal establishment under section 3 of the National Green Tribunal Act, 2010, in accordance with the provisions of that Act.

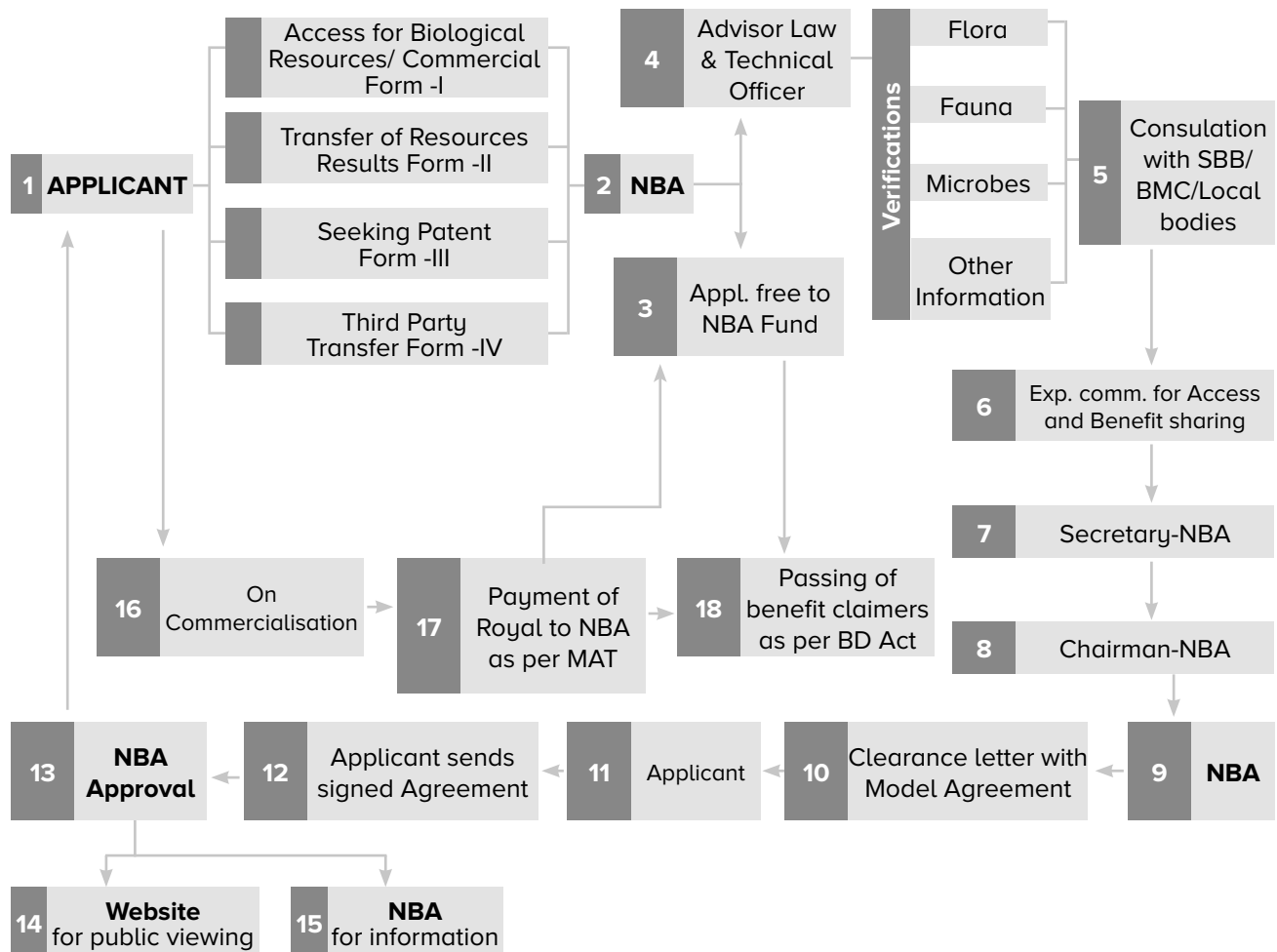
Penalties

Whoever contravenes or attempts to contravene or abets the contravention of the provisions of section 3 or section 4 or section 6 shall be punishable with imprisonment for a term which may extend to five years, or with fine which may extend to ten lakh rupees and where the damage caused exceeds ten lakh rupees such fine may commensurate with the damage caused, or with both.

Whoever contravenes or attempts to contravene or abets the contravention of the provisions of section 7 or any order made under sub-section (2) of section 24 shall be punishable with imprisonment for a term which may extend to three years, or with fine which may extend to five lakh rupees, or with both.

Processing of applications

Schematic Presentation of Processing of Application under Biological Diversity Act, 2002 and 2004



Source -<http://nbaindia.org/content/684/62/1/applicationprocess.html>

People’s Biodiversity Register

People’s Biodiversity Register (PBR) is a legal document that contains details of biological resources occurring within a BMC and contains associated knowledge as well. The PBR acts as a source of inventory of biological resources and knowledge and for benefit sharing purposes under the ABS component. Under Rule 22 (6) of Biological Diversity Rules, 2004, the BMC needs to develop PBR. PBR contains information about the biological resources and associated knowledge at BMC level. This information is critical for conservation, sustainably monitoring of biological resources at local level. A PBR also helps in identification of a beneficiary with whom benefits can be shared when an ABS agreement becomes operational.

The National Biodiversity Authority issued a set of guidelines on developing a PBR in 2009 which was subsequently revised in 2013 based on wide consultations and experiences gained in developing a PBR.

ECOLOGICAL DIVERSITY

On the other hand, ecosystem diversity refers to the number of different ecosystems in a particular area. For example, a marine ecosystem contains other subgroups including coral reefs, mangrove systems, saltwater estuaries, and the ocean floor.

Healthy ecosystems have a diverse range of species, each of which plays a part in the functioning of the ecosystem. Species interact in ways that affect each other's survival and reproduction.

Ecological diversity includes species diversity, genetic diversity, and the ecosystem diversity. They are collectively considered as the Biodiversity. It is the sum of all kinds of animals and plants living in this earth along with their habitat. Ecological diversity refers to the diverse array of ecosystems being seen in a huge geographical location. India for example, has deserts, tropical rainforests, mangroves, wetlands, coral reefs, estuaries and several other types of ecosystems. Therefore, India is said to have greater ecological diversity as compared to a Scandinavian country which mostly has cold, subpolar ecosystems.

It includes-

1. **Species diversity-** Species is the basic structural and functional unit of any taxonomic classification. Species diversity refers to the variety of species living in a common habitat. The rainforests and corals show high species diversity.
2. **Genetic diversity-** It is defined as the variation present in the genes of the organisms of a species. The more closely related are the organisms, the more is the similarity between them. It also takes into account the effect of environmental factors on an organism.
3. **Ecosystem diversity-** It represents the inter-relation between the living (plants and animals) and non-living components (climate, soil, chemicals) of the environment. A drop of water represents the smallest ecosystem. Tree, ponds, ocean, well, etc. all are examples of ecosystems.

The vast contrasts between ecosystem types as well as the variety of habitats and ecological processes present within each ecosystem type are all included in the concept of ecosystem diversity. Because communities (associations of species) and ecosystems have more movable boundaries than species or genetic variety, it is more difficult to characterise ecological diversity. The ecosystem idea can be utilised at many sizes because it is dynamic and varied, but for management reasons, it is typically used to combine assemblages of communities that are roughly similar, like temperate rainforests or coral reefs. Ecological processes like energy flows and water cycles are conserved in their natural state, which is a crucial factor to take into account when thinking about ecosystems.

GENETIC DIVERSITY AND RESOURCES

Trillions of characteristics are hidden in organisms' genomes; the result of all the biological information from thousands of ancestors and millions of years of evolution. All the biological data and variation that makes life on our planet work is encoded in DNA. This is known as genetic diversity.

Article 2 of the Convention on Biological Diversity (1992) defines "genetic resources" as "genetic material of actual or potential value."

The Food and Agriculture Organization (FAO) Glossary for Fisheries defines the term as "germplasm of plants, animals or other organisms containing useful characters of actual or potential value. In a domesticated species it is the sum of all the genetic combinations produced in the process of evolution."

Other legal instruments make reference to genetic resources using different terms:

Article 2 of the FAO International Treaty on Plant Genetic Resources for Food and Agriculture (2001) defines "plant genetic resources" as "any material of plant origin, including reproductive and vegetative propagating material, containing functional units of heredity."

Article 2 of the FAO International Code of Conduct for Plant Germplasm Collecting and Transfer (1993) defines plant genetic resources as "the reproductive or vegetative propagating materials of plants."

Article 2.1 (a) of the FAO International Undertaking on Plant Genetic Resources (1983) defines the term as “the reproductive or vegetative propagating material of the following categories of plants:

- (i) cultivated varieties (cultivars) in current use and newly developed varieties;
- (ii) obsolete cultivars;
- (iii) primitive cultivars (land races);
- (iv) wild and weed species, near relatives of cultivated varieties; and
- (v) special genetic stocks (including elite and current breeders’ line and mutants).”

The International Undertaking does not refer to “functional units of heredity.”

Genetic resources (GRs) are defined in the Convention on Biological Diversity (CBD). In short, they are parts of biological materials that:

- contain genetic information of value; and
- are capable of reproducing or being reproduced.

Examples include material of plant, animal, or microbial origin, such as medicinal plants, agricultural crops and animal breeds.

Biological resources include GRs, organisms or parts thereof, populations, or any other biotic component of ecosystems with actual or potential use or value for humanity.

GRs themselves are not IP (they are not creations of the human mind) and thus cannot be directly protected as such.

However, inventions based on or developed using GRs (associated with TK or not) may be patentable or protected by plant breeders’ rights.

In considering IP aspects of use of GRs, WIPO’s work complements the international legal and policy framework defined by the CBD and its Nagoya Protocol, and the International Treaty on Genetic Resources for Food and Agriculture of the United Nations Food and Agriculture Organization.

“Biopiracy” is a term sometimes used loosely to describe biodiversity-related patents that do not meet patentability criteria or that do not comply with the CBD’s obligations, but this term has no agreed meaning. WIPO members are considering whether, and to what extent, the IP system should be used to support and implement these obligations.

SPECIES DIVERSITY

Earth contains millions of different species that all look different from one another. While some species look more similar to each other than others, like lions and tigers, they will still have differences between them. Even within each species, individuals look similar to each other but they are not identical. These differences and similarities are because of many small differences between individuals’ genes. A section of DNA that contains the instructions for a trait. All organisms have DNA and each individual’s DNA is organised into genes. These contain the instructions to build our bodies. This is similar to the way that letters are combined to make words that then make a story. DNA can be seen as the letters, genes the words, and their instructions are the story. The combined differences in the DNA of all individuals in a species make up the genetic diversity of that species.

The scope of the biological diversity covered by the CBD encompasses species, populations and other biotic components found in terrestrial, marine and other aquatic ecosystems. As the CBD Preamble recognises, there is still a widespread lack of information and knowledge about biodiversity, although there is concern about its significant reduction and the need to anticipate, prevent and attack the causes of its decline at source.

More than ten years after the entry into force of the CBD, achieving its three objectives remains a challenge. The circumstances that led to the adoption of this international convention have not greatly improved as we

still lack basic biodiversity data such as the total number of species on Earth or how many become extinct each year. However, a very specific objective was set at the 2002 World Summit on Sustainable Development (WSSD): to achieve a significant reduction of the current rate of biodiversity loss by 2010. At the WSSD, the Johannesburg Plan of Implementation was adopted, including a section on biodiversity which states that the current trend of biodiversity loss due to human activities can only be reversed if the local people benefit from the conservation and sustainable use of biological diversity, in particular in countries of origin of genetic resources, in accordance with Article 15 of the CBD.

What is Species Diversity?

The number and relative richness of various species inhabiting a certain area—which could be a habitat, a biome, or the entire biosphere—is known as species diversity.

Species diversity has two major components:

1. **Species richness:** It refers to the variety of species that reside in a particular area. One aspect of biodiversity is the number of species that coexist in a given habitat or other unit.
2. **Species evenness (or relative abundance):** The distribution of each species in terms of the overall population in a region. It is a part of species diversity that is based on relative abundance (the ratio of a species' population to the population of all other species in a system). The relative abundance of species is frequently greatest among foundation species. Evenness of species between two areas with the same richness is not always the same.

These elements of species diversity react to diverse environmental factors differently. It is typical for a region to have few species because it lacks a range of habitats, but because there will be less competition for resources with other species, the few species that can live there may be prolific.

The number of various species and their relative abundance in a given area is known as species diversity. It could be a habitat, a biome, or the entire biosphere that is in question.

Species diversity is the number of different species in a particular area and their relative abundance. The area in question could be a habitat, a biome, or the entire biosphere. While there is still a huge range of living things in places with limited species diversity, like Antarctica's glaciers, the diversity in tropical rainforests is so great that it is impossible to measure.

Importance

Each species in a healthy ecosystem contributes to the ecosystem's function, hence both species diversity and ecosystem diversity are crucial to maintaining ecosystem services. For instance, a lot of drugs come from natural compounds produced by a variety of organisms. For instance, numerous plants develop substances that are intended to defend the plant against insects and other creatures that consume them. Some of these substances are also effective human medications. Some of these substances are also effective human medications. Modern societies that are connected to the land frequently have a thorough understanding of the medical applications of plants growing there. Herbals, books that listed the plants and their functions, have been used for ages in Europe to gather earlier knowledge about the medical applications of plants.

These plant chemicals' significance is also acknowledged by contemporary pharmacological science. Aspirin, codeine, digoxin, atropine, and vincristine are just a few examples of notable medications made from plant-based ingredients. Although many medicines are now synthesised, they were originally made from plant extracts.

Some of these compounds also work as human medicines. Contemporary societies that live close to the land often have a broad knowledge of the medicinal uses of plants growing in their area. For centuries in Europe, older knowledge about the medical uses of plants was compiled in herbals—books that identified the plants and their uses. Humans are not the only animals to use plants for medicinal reasons. The other great apes, orangutans, chimpanzees, bonobos, and gorillas have all been observed self-medicating with plants.

Antibiotics are substances that are mostly derived from fungi and bacteria, and they are responsible for the amazing gains in health and lifespans in developed countries.

On the other hand, if we are discussing stability at the level of the species, then greater species diversity may actually result in less stability at the level of the species. This is due to the fact that there is a limit to how many people may live in a community; hence, as the number of species within the community rises, the average population sizes of the species within the community decline. A greater chance of local extinction exists as a result of the declining population size.

IMPACT ON HUMAN BEINGS (ACCESS AND BENEFIT SHARING)

Access and benefit-sharing (ABS) refers to the way in which genetic resources may be accessed, and how the benefits that result from their use are shared between the people or countries using the resources (users) and the people or countries that provide them (providers).

Providers of genetic resources are governments or civil society bodies, which can include private land owners and communities within a country, who are entitled to provide access to genetic resources and share the benefits resulting from their use. The access and benefit-sharing provisions of the Convention on Biological Diversity (CBD) are designed to ensure that the physical access to genetic resources is facilitated and that the benefits obtained from their use are shared equitably with the providers. In some cases this also includes valuable traditional knowledge associated with genetic resources that comes from ILCs. The benefits to be shared can be monetary, such as sharing royalties when the resources are used to create a commercial product, or non-monetary, such as the development of research skills and knowledge. It is vital that both users and providers understand and respect institutional frameworks such as those outlined by the CBD and in the Bonn Guidelines. These help governments to establish their own national frameworks which ensure that access and benefit-sharing happens in a fair and equitable way.

One of the main goals of the Convention on Biological Diversity (CBD) is the fair and equitable distribution of the benefits generated from biodiversity. The CBD recognises the biodiversity's important economic, social, and environmental worth. It also aims to ensure that the advantages generated from their utilisation are fairly distributed and that the rights of nations and communities over their biological resources and associated knowledge are protected. Thus, the CBD outlines commitments for preserving the natural base of the world within the framework of sustainable development plans.

Access and benefit sharing are governed by standards laid out in Article 15 of the Convention on Biological Diversity (CBD).

Access and benefit-sharing is based on prior informed consent (PIC) being granted by a provider to a user and negotiations between both parties to develop mutually agreed terms (MAT) to ensure the fair and equitable sharing of genetic resources and associated benefits.

- **Prior informed consent (PIC):** It is the permission given by the competent national authority of a provider country to a user prior to accessing genetic resources, in line with an appropriate national legal and institutional framework.
- **Mutually agreed terms (MAT):** It is an agreement reached between the providers of genetic resources and users on the conditions of access and use of the resources, and the benefits to be shared between both parties. These conditions are required under Article 15 of the CBD, which was adopted in 1992 and provides a global set of principles for access to genetic resources, as well as the fair and equitable distribution of the benefits that result from their use.

States have sovereign rights over natural resources under their jurisdiction. They are obligated to put in place conditions that facilitate access to these resources for environmentally sound uses. Providers agree terms, which include PIC and MAT, for granting access and sharing benefits equitably. Laws within the provider country may entitle others, such as indigenous and local communities (ILCs), to also negotiate terms of access and benefit-sharing. The participation of ILCs is necessary in instances where traditional knowledge associated with genetic resources is being accessed.

Merits of Access and Benefit Sharing (ABS)

- The availability of genetic resources can be advantageous to both users and suppliers.
- The utilisation of genetic resources must maximise benefits for users, producers, and the environment. Access and benefit sharing assures this.
- Whenever possible, assist the local communities.
- Provide a variety of advantages, from basic scientific research—like taxonomy—through the creation of commercial goods that improve human wellbeing, like medications.

INTERNATIONAL INSTRUMENTS

Convention on Biological Diversity (CBD)

The Convention on Biological Diversity (CBD) entered into force on 29 December 1993. It has 3 main objectives:

- The conservation of biological diversity
- The sustainable use of the components of biological diversity
- The fair and equitable sharing of the benefits arising out of the utilization of genetic resources.

CBD principles most relevant to the debate over biological resources and IPRs can be summarised as:

- (a) states have sovereign control over the biological resources within their borders and shall ensure conservation and sustainable use of their same.
- (b) although states shall have the authority to control access to their biological resources, they shall endeavour to create conditions that facilitate such access.
- (c) such access shall be granted on mutually agreed terms and subject to the prior informed consent of the party providing such access.
- (d) the benefits of commercial or other utilisation of genetic resources shall be shared in a fair and equitable way with the party providing such access.
- (e) the wider application of the knowledge, innovations and practices of indigenous and other local communities shall be conducted with the approval and involvement of the holders of such knowledge.

Article 6. General Measures for Conservation and Sustainable Use

Each Contracting Party shall, in accordance with its particular conditions and capabilities:

- (a) Develop national strategies, plans or programmes for the conservation and sustainable use of biological diversity or adapt for this purpose existing strategies, plans or programmes which shall reflect, inter alia, the measures set out in this Convention relevant to the Contracting Party concerned; and
- (b) Integrate, as far as possible and as appropriate, the conservation and sustainable use of biological diversity into relevant sectoral or cross-sectoral plans, programmes and policies.

Article 10. Sustainable Use of Components of Biological Diversity

Each Contracting Party shall, as far as possible and as appropriate:

- (a) Integrate consideration of the conservation and sustainable use of biological resources into national decision-making.
- (b) Adopt measures relating to the use of biological resources to avoid or minimize adverse impacts on biological diversity.

- (c) Protect and encourage customary use of biological resources in accordance with traditional cultural practices that are compatible with conservation or sustainable use requirements.
- (d) Support local populations to develop and implement remedial action in degraded areas where biological diversity has been reduced.
- (e) Encourage cooperation between its governmental authorities and its private sector in developing methods for sustainable use of biological resources.

Article 15. Access to Genetic Resources

- (a) Recognizing the sovereign rights of States over their natural resources, the authority to determine access to genetic resources rests with the national governments and is subject to national legislation.
- (b) Each Contracting Party shall endeavour to create conditions to facilitate access to genetic resources for environmentally sound uses by other Contracting Parties and not to impose restrictions that run counter to the objectives of this Convention.
- (c) For the purpose of this Convention, the genetic resources being provided by a Contracting Party, as referred to in this Article and Articles 16 and 19, are only those that are provided by Contracting Parties that are countries of origin of such resources or by the Parties that have acquired the genetic resources in accordance with this Convention.
- (d) Access, where granted, shall be on mutually agreed terms and subject to the provisions of this Article.
- (e) Access to genetic resources shall be subject to prior informed consent of the Contracting Party providing such resources, unless otherwise determined by that Party.
- (f) Each Contracting Party shall endeavour to develop and carry out scientific research based on genetic resources provided by other Contracting Parties with the full participation of, and where possible in, such Contracting Parties.
- (g) Each Contracting Party shall take legislative, administrative or policy measures, as appropriate, and in accordance with Articles 16 and 19 and, where necessary, through the financial mechanism established by Articles 20 and 21 with the aim of sharing in a fair and equitable way the results of research and development and the benefits arising from the commercial and other utilization of genetic resources with the Contracting Party providing such resources. Such sharing shall be upon mutually agreed terms.

Article 16. Access to and Transfer of technology

- (a) Each Contracting Party, recognizing that technology includes biotechnology, and that both access to and transfer of technology among Contracting Parties are essential elements for the attainment of the objectives of this Convention, undertakes subject to the provisions of this Article to provide and/or facilitate access for and transfer to other Contracting Parties of technologies that are relevant to the conservation and sustainable use of biological diversity or make use of genetic resources and do not cause significant damage to the environment.
- (b) Access to and transfer of technology referred to in paragraph 1 above to developing countries shall be provided and/or facilitated under fair and most favourable terms, including on concessional and preferential terms where mutually agreed, and, where necessary, in accordance with the financial mechanism established by Articles 20 and 21. In the case of technology subject to patents and other intellectual property rights, such access and transfer shall be provided on terms which recognize and are consistent with the adequate and effective protection of intellectual property rights. The application of this paragraph shall be consistent with paragraphs 3, 4 and 5 below.
- (c) Each Contracting Party shall take legislative, administrative or policy measures, as appropriate, with the aim that Contracting Parties, in particular those that are developing countries, which provide

genetic resources are provided access to and transfer of technology which makes use of those resources, on mutually agreed terms, including technology protected by patents and other intellectual property rights, where necessary, through the provisions of Articles 20 and 21 and in accordance with international law and consistent with paragraphs 4 and 5 below.

- (d) Each Contracting Party shall take legislative, administrative or policy measures, as appropriate, with the aim that the private sector facilitates access to, joint development and transfer of technology referred to in paragraph 1 above for the benefit of both governmental institutions and the private sector of developing countries and in this regard shall abide by the obligations included in paragraphs 1, 2 and 3 above.
- (e) The Contracting Parties, recognizing that patents and other intellectual property rights may have an influence on the implementation of this Convention, shall cooperate in this regard subject to national legislation and international law in order to ensure that such rights are supportive of and do not run counter to its objectives.

Article 17. Exchange of Information

- (a) The Contracting Parties shall facilitate the exchange of information, from all publicly available sources, relevant to the conservation and sustainable use of biological diversity, taking into account the special needs of developing countries.
- (b) Such exchange of information shall include exchange of results of technical, scientific and socio-economic research, as well as information on training and surveying programmes, specialized knowledge, indigenous and traditional knowledge as such and in combination with the technologies referred to in Article 16, paragraph 1. It shall also, where feasible, include repatriation of information.

Article 18. Technical and Scientific Cooperation

- (a) The Contracting Parties shall promote international technical and scientific cooperation in the field of conservation and sustainable use of biological diversity, where necessary, through the appropriate international and national institutions.
- (b) Each Contracting Party shall promote technical and scientific cooperation with other Contracting Parties, in particular developing countries, in implementing this Convention, inter alia, through the development and implementation of national policies. In promoting such cooperation, special attention should be given to the development and strengthening of national capabilities, by means of human resources development and institution building.
- (c) The Conference of the Parties, at its first meeting, shall determine how to establish a clearing-house mechanism to promote and facilitate technical and scientific cooperation.
- (d) The Contracting Parties shall, in accordance with national legislation and policies, encourage and develop methods of cooperation for the development and use of technologies, including indigenous and traditional technologies, in pursuance of the objectives of this Convention. For this purpose, the Contracting Parties shall also promote cooperation in the training of personnel and exchange of experts.
- (e) The Contracting Parties shall, subject to mutual agreement, promote the establishment of joint research programmes and joint ventures for the development of technologies relevant to the objectives of this Convention.

Nagoya Protocol

The Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (ABS) to the Convention on Biological Diversity is a supplementary agreement to the Convention on Biological Diversity. It provides a transparent legal framework for the effective implementation

of one of the three objectives of the CBD: the fair and equitable sharing of benefits arising out of the utilization of genetic resources.

The Nagoya Protocol on ABS was adopted on 29 October 2010 in Nagoya, Japan and entered into force on 12 October 2014, 90 days after the deposit of the fiftieth instrument of ratification. Its objective is the fair and equitable sharing of benefits arising from the utilization of genetic resources, thereby contributing to the conservation and sustainable use of biodiversity.

The Nagoya Protocol create greater legal certainty and transparency for both providers and users of genetic resources by:

- Establishing more predictable conditions for access to genetic resources.
- Helping to ensure benefit-sharing when genetic resources leave the country providing the genetic resources

By helping to ensure benefit-sharing, the Nagoya Protocol creates incentives to conserve and sustainably use genetic resources, and therefore enhances the contribution of biodiversity to development and human well-being.

The Nagoya Protocol applies to genetic resources that are covered by the CBD, and to the benefits arising from their utilization. The Nagoya Protocol also covers traditional knowledge (TK) associated with genetic resources that are covered by the CBD and the benefits arising from its utilization.

The Nagoya Protocol sets out core obligations for its contracting Parties to take measures in relation to access to genetic resources, benefit-sharing and compliance.

Access obligations

Domestic-level access measures are to:

- Create legal certainty, clarity and transparency
- Provide fair and non-arbitrary rules and procedures
- Establish clear rules and procedures for prior informed consent and mutually agreed terms
- Provide for issuance of a permit or equivalent when access is granted
- Create conditions to promote and encourage research contributing to biodiversity conservation and sustainable use
- Pay due regard to cases of present or imminent emergencies that threaten human, animal or plant health
- Consider the importance of genetic resources for food and agriculture for food security.

Benefit-sharing obligations

Domestic-level benefit-sharing measures are to provide for the fair and equitable sharing of benefits arising from the utilization of genetic resources with the contracting party providing genetic resources. Utilization includes research and development on the genetic or biochemical composition of genetic resources, as well as subsequent applications and commercialization. Sharing is subject to mutually agreed terms. Benefits may be monetary or non-monetary such as royalties and the sharing of research results.

Compliance obligations

Specific obligations to support compliance with the domestic legislation or regulatory requirements of the contracting party providing genetic resources, and contractual obligations reflected in mutually agreed terms, are a significant innovation of the Nagoya Protocol. Contracting Parties are to:

- Take measures providing that genetic resources utilized within their jurisdiction have been accessed in accordance with prior informed consent, and that mutually agreed terms have been established, as required by another contracting party

- Cooperate in cases of alleged violation of another contracting party's requirements
- Encourage contractual provisions on dispute resolution in mutually agreed terms
- Ensure an opportunity is available to seek recourse under their legal systems when disputes arise from mutually agreed terms
- Take measures regarding access to justice
- Take measures to monitor the utilization of genetic resources after they leave a country including by designating effective checkpoints at any stage of the value-chain: research, development, innovation, pre-commercialization or commercialization.

The Nagoya Protocol addresses traditional knowledge associated with genetic resources with provisions on access, benefit-sharing and compliance. It also addresses genetic resources where indigenous and local communities have the established right to grant access to them. Contracting Parties are to take measures to ensure these communities' prior informed consent, and fair and equitable benefit-sharing, keeping in mind community laws and procedures as well as customary use and exchange.

The preamble of Nagoya Protocol, *inter alia*, recognised the "importance of promoting equity and fairness in negotiations and mutually agreed terms between providers and users of genetic resources". It also recognised "the vital role that women play in access and benefit-sharing and affirming the need for the full participation of women at all levels of policy-making and implementation for biodiversity conservation." Article 5 of the Nagoya Protocol describes "fair and equitable benefitsharing", which is reproduced as under:-

Article 5. Fair and Equitable Benefit-sharing

1. In accordance with Article 15, paragraphs 3 and 7 of the Convention, benefits arising from the utilization of genetic resources as well as subsequent applications and commercialization shall be shared in a fair and equitable way with the Party providing such resources that is the country of origin of such resources or a Party that has acquired the genetic resources in accordance with the Convention. Such sharing shall be upon mutually agreed terms.
2. Each Party shall take legislative, administrative or policy measures, as appropriate, with the aim of ensuring that benefits arising from the utilization of genetic resources that are held by indigenous and local communities, in accordance with domestic legislation regarding the established rights of these indigenous and local communities over these genetic resources, are shared in a fair and equitable way with the communities concerned, based on mutually agreed terms.
3. To implement paragraph 1 above, each Party shall take legislative, administrative or policy measures, as appropriate.
4. Benefits may include monetary and non-monetary benefit, including but not limited to those listed in the annex.
5. Each Party shall take legislative, administrative or policy measures, as appropriate, in order that the benefits arising from the utilization of traditional knowledge associated with genetic resources are shared in a fair and equitable way with indigenous and local communities holding such knowledge. Such sharing shall be upon mutually agreed terms."

Article 7. Access to Traditional Knowledge Associated with Genetic Resources

In accordance with domestic law, each Party shall take measures, as appropriate, with the aim of ensuring that traditional knowledge associated with genetic resources that is held by indigenous and local communities is accessed with the prior and informed consent or approval and involvement of these indigenous and local communities, and that mutually agreed terms have been established."

Article 12. Traditional Knowledge Associated with Genetic Resources

1. In implementing their obligations under this Protocol, Parties shall in accordance with domestic law take into consideration indigenous and local communities' customary laws, community protocols and procedures, as applicable, with respect to traditional knowledge associated with genetic resources.
2. Parties, with the effective participation of the indigenous and local communities concerned, shall establish mechanisms to inform potential users of traditional knowledge associated with genetic resources about their obligations, including measures as made available through the Access and Benefit-sharing Clearing-House for access to and fair and equitable sharing of benefits arising from the utilization of such knowledge.
3. Parties shall endeavour to support, as appropriate, the development by indigenous and local communities, including women within these communities, of:
 - (a) Community protocols in relation to access to traditional knowledge associated with genetic resources and the fair and equitable sharing of benefits arising out of the utilization of such knowledge;
 - (b) Minimum requirements for mutually agreed terms to secure the fair and equitable sharing of benefits arising from the utilization of traditional knowledge associated with genetic resources; and
 - (c) Model contractual clauses for benefit sharing arising from the utilization of traditional knowledge associated with genetic resources.
4. Parties, in their implementation of this Protocol, shall, as far as possible, not restrict the customary use and exchange of genetic resources and associated traditional knowledge within and amongst indigenous and local communities in accordance with the objectives of the Convention."

Article 21. Awareness Raising

"Each Party shall take measures to raise awareness of the importance of genetic resources and traditional knowledge associated with genetic resources, and related access and benefit-sharing issues. Such measures may include, *inter alia*:

- (a) Promotion of this Protocol, including its objective;
- (b) Organization of meetings of indigenous and local communities and relevant stakeholders;
- (c) Establishment and maintenance of a help desk for indigenous and local communities and relevant stakeholders;
- (d) Information dissemination through a national clearing-house;
- (e) Promotion of voluntary codes of conduct, guidelines and best practices and/or standards in consultation with indigenous and local communities and relevant stakeholders;
- (f) Promotion of, as appropriate, domestic, regional and international exchanges of experience;
- (g) Education and training of users and providers of genetic resources and traditional knowledge associated with genetic resources about their access and benefit-sharing obligations;
- (h) Involvement of indigenous and local communities and relevant stakeholders in the implementation of this Protocol; and
- (i) Awareness-raising of community protocols and procedures of indigenous and local communities.

Cartagena Protocol

The Cartagena Protocol on Biosafety to the Convention on Biological Diversity is an international treaty governing the movements of living modified organisms (LMOs) resulting from modern biotechnology from one country to another. It was adopted on 29 January 2000 as a supplementary agreement to the Convention on Biological Diversity and entered into force on 11 September 2003.

On 29 January 2000, the Conference of the Parties to the Convention on Biological Diversity adopted a supplementary agreement to the Convention known as the Cartagena Protocol on Biosafety. The Protocol seeks to protect biological diversity from the potential risks posed by living modified organisms resulting from modern biotechnology. It establishes an advance informed agreement (AIA) procedure for ensuring that countries are provided with the information necessary to make informed decisions before agreeing to the import of such organisms into their territory. The Protocol contains reference to a precautionary approach and reaffirms the precaution language in Principle 15 of the Rio Declaration on Environment and Development. The Protocol also establishes a Biosafety Clearing-House to facilitate the exchange of information on living modified organisms and to assist countries in the implementation of the Protocol.

The Cartagena Protocol on Biodiversity aims to safeguard biodiversity from any hazards posed by LMOs developed as a result of contemporary technology. Due to the rapid breakthroughs in biotechnology and the resulting worries regarding its application and safety in relation to biodiversity, the protocol was adopted. In order to assure the secure application of contemporary biotechnology, it attempts to develop an internationally standardised biosafety system. A mechanism for advance informed agreement (AIA) is outlined in the Protocol. Before consenting to accept LMO imports, governments must be provided with sufficient information to enable them to make an educated decision.

The AIA is made up of four parts:

- Notification from the exporter (This is a thorough written account of the LMO by the exporter, written well before the first shipment)
- Acknowledging importer's receipt of notification
- Making a decision (approve/prohibit/ask for more details, etc.)
- Review of judgements.

A Biosafety Clearing-House (BCH) is also established by the Cartagena Protocol to facilitate international information sharing on LMOs. It also aims to aid nations in carrying out the Cartagena Protocol.

A system for exchanging pertinent technological, scientific, and legal information is the BCH. The Protocol provides a preventative approach to the problem of LMO transfer from one nation to another.

India ratified Cartagena Protocol in 2003. The Ministry of Environment, Forest and Climate Change (MOEF&CC), Government of India, is the nodal agency (Competent National Authority-CNA) in the nation for the Protocol's implementation.

CBD AND TRIPS

The TRIPS Agreement and the CBD mutually support and promote the sustainable use of resources. At the implementation level, conflicts between the two Agreements could arise, for instance, in the case of patents claimed over genetic resources (sometimes even in naturally occurring genetic resources), which are protected by the CBD. Some examples are already well known to the general public. In its paper on "Protection of Biodiversity and Traditional Knowledge" (IP/C/W/198), for instance, India reports its experience with cases of patents claimed over turmeric, karela, basmati and the neem tree; another example is the case of the ayahuasca vine (a native plant of the Amazonian rainforest used by thousands of indigenous peoples of the Amazon for sacred religious and healing ceremonies).

Unauthorized patents on a Member's genetic resources, granted outside its territory raises the issue of potential conflicts with the principle of the sovereignty of the Contracting Parties of the CBD over their genetic resources. Currently, the TRIPS Agreement allows Members to provide for patents – which are private rights – over genetic resources (plants, animals and micro-organisms). The Agreement, however, contains no provisions preventing a person to claim patent rights in one country over genetic resources that are under the sovereignty of another country. In particular, TRIPS contains no provisions allowing a Member's claims to enforce fair and equitable sharing of benefits from the patenting of its own genetic resources abroad. In the absence of clear provisions in TRIPS providing for a mutually supportive relationship of that Agreement with Members' obligations under the CBD, implementation of the TRIPS Agreement may allow for acts of bio-piracy and thus result in systemic conflicts with the Convention. With a view to avoiding conflicts in the implementation of TRIPS, an amendment of the Agreement to accommodate some essential elements of the CBD will be a necessary outcome of negotiations related to the mandate in Paragraphs 12 and 19 of the Doha Ministerial Declaration. Failure to provide a solution to this relationship may turn out to be detrimental to the objectives of both instruments.

To provide a mutually supportive relationship between the TRIPS Agreement and the Convention on Biological Diversity, one important step would be to ensure that patenting of biological resources – plants, animals or micro-organisms – shall not run counter to the provisions of the CBD, in particular those provisions recognizing the sovereignty of the Contracting Parties of the CBD over their genetic resources; the objectives of benefit sharing and of prior informed consent; and the protection of traditional knowledge.

Objective of TRIPS

The TRIPS Agreement's primary goals are:

- IPRs should be adequately and effectively protected, and
- Effects of inconsistent standards of protection on global trade should be minimised.

The TRIPS Agreement establishes basic requirements for the protection of intellectual property (IP) in a number of fields. According to Article 27.1, Member Countries must grant patents in all branches of technology without restriction with regard to inventions. There is a broad exemption to this in Article 27.2. A WTO Member is not required to grant patents for inventions that are deemed to be against public morality or order, including inventions that would harm the environment.

The utilisation of the inventions must nevertheless be prohibited in the member's territory if these objections are significant enough to warrant it. Additionally, Article 27.3 permits exemptions for organisms like plants, animals, and essentially biological activities. TRIPS, however, mandates that effective plant variety protection be provided, whether through patents or another method ('Sui Generis' protection, such as plant breeders' rights under UPOV).

Objective of CBD

Its primary goals are-

- preserving biodiversity,
- sustainable use of the bio-diversity, and
- fairly distributing the advantages of such use across service providers and users.

CBD acknowledges the commercial potential of some genetic resources. The measures of the Convention go beyond merely promoting benefit-sharing. They are created with the intention of fervently promoting the actions (such as collaboration in research and development and private investment to generate genetic resources) required to produce the goods or technology that will result in benefits that will be shared. As a result, the Convention includes clauses that demand respect for IPRs and are based on voluntary co-operation and licencing of rights (i.e., Article 16).

Additionally, the Convention (Article 16.2) expressly acknowledges and supports "adequate and effective protection" for IPRs. It represents the consensus reached during CBD talks that IP must be respected in

technological transfers under CBD. The CBD was specifically designed to prevent a confrontation with the other key IP Protection instruments, particularly the then-emerging TRIPS agreement.

Areas of Conflict

The main point of contention is that TRIPS permits the patenting of biological resources but CBD grants biological resource sovereignty to the nations who own it. Within a single nation, the state's sovereignty is given priority, and the CBD framework may take precedence. However, a sovereign state's jurisdiction is constrained in a dispute with a foreign IPR holder and cannot be used against the IPR holder. Therefore, many contend that TRIPS revokes rights that are granted by CBD. Furthermore, there is worry that patenting genetic resources will promote both 'bio piracy' and unsustainable use.

Additionally, TRIPS mandates that patents be offered for all technological domains; as a result, IPRs must be used to protect the use or exploitation of biological resources. A patent holder in one nation and the source of the material from which the invention was derived in another nation are not able to split profits in any way. Contrarily, CBD gives poor nations a legitimate justification for requesting a proportion of the advantages. There is no provision in TRIPS that calls for prior informed consent to access biological resources that may later be covered by IPRs. CBD grants states the ability to legally impose prior informed consent requirements in order to reduce the prevalence of bio piracy. TRIPS disregards this authority and encourages bio piracy as a result.

The protection of public health and nutrition as well as the general public interest will be subject to the private interests of IP property holders as expressed in the TRIPS Agreement's provisions. In a similar vein, CBD prioritises the common good over individual property rights and special interests. This is directly at odds with TRIPS.

Resolving of conflicts

Except maybe in a few rare cases where the deposit of biological material for patent purposes helps to conserve ex situ what afterwards becomes lost in situ, IP protection per se does not help to preserve biological variety. However, it is undeniable that it can aid in promoting applications, such as environmentally friendly ones for biological material, in the same way as IP protection aids in promoting all novel uses. Above all, it can support a fair distribution of the advantages of such use. According to economists, consumers ultimately reap the majority of the rewards of innovation, particularly agricultural innovation. IPRs offer a way to recoup some of these advantages from consumers through increased prices.

Then, these advantages are available, at least in theory, for sharing with the suppliers of necessary biological materials as well as for paying for research and development. Such advantages cannot be regained without IP protection.

Last but not least, it should be highlighted that for states that are signatories to both agreements, the TRIPS Agreement would take precedence over any CBD provisions that were found to clash. The agreement that is later (in time) or clearer and more precise on the matter will have precedence under the Vienna Law on Treaties. For states who are signatories to both the TRIPS Agreement and the CBD, each of these circumstances would lead to the TRIPS Agreement taking precedence.

CASE LAWS

Divya Pharmacy vs. Union of India, Writ Petition (M/S) No. 3437 of 2016

Facts:

"Divya Yog Mandir", is a Trust, registered under the Registration Act, 1908, and "Divya Pharmacy", which is the sole petitioner before this Court is a business undertaking of this Trust. The Pharmacy manufactures Ayurvedic medicines and Nutraceutical products, at its manufacturing unit at Haridwar, Uttarakhand. The Trust and the Pharmacy were founded by Swami Ramdev and Acharya Balkrishna, according to the averments of the writ petition.

Petitioner's case is simple. Uttarakhand Biodiversity Board (from hereinafter referred to as UBB) cannot raise a demand, under the Head of "Fair and Equitable Benefit Sharing" (FEBS), as the Board neither has the powers nor the jurisdiction to do that and, secondly, the petitioner in any case is not liable to pay any amount or make any kind of contribution under the head of "FEBS".

As the petitioner does not fall in any of the categories as defined under sub-section (2) of Section 3, there is no question of a prior approval from NBA by the petitioner, and logically therefore there is no question of any contribution under FEBS, as a contribution under FEBS only comes from those who require a prior approval from NBA.

The petitioner would also argue that the State Biodiversity Board (SBB) has no power to impose FBES in respect of persons referred in Section 7 of the Act of 2002, i.e. in respect of "Indian entities". Even NBA does not have the powers under the Act, to delegate these powers to SBB, as the NBA itself is not authorised to impose FEBS on an "Indian entity". In short the petitioner would argue that there is no provision in the Act where a contribution in the form of "fee"/monetary compensation, or a contribution in any manner is required to be given by an Indian entity. FEBS is only for foreigners! The statute is clear about it. Sri Parthasarthy would finally submit that the elementary principle of statutory interpretation is to give plain meaning to the words used. Reliance is placed on a decision of the Hon'ble Apex Court in the case of State of Jharkhand and another v. Govind Singh reported in (2005) 10 SCC 437.

Defendants argued that FEBS is one of the three major objectives sought to be achieved by the Act of 2002, and this has always to be seen as a continuation of the long history of international conventions and treaties, which preceded the parliamentary legislation. The Act and the Regulations framed therein are a result of our international commitments. Reference here is to the Rio de Janeiro Convention and Johannesburg Declaration, and most importantly Nagoya Protocol. The learned counsel for the SBB would argue that there is no distinction between a "foreign entity" and an "Indian entity", as far as FEBS is concerned, and if a distinction is made between a foreign entity and Indian entity in this respect, it would defeat the very purpose of the Act, and would also be against the international treaties and conventions to which India is a signatory. The learned counsel would submit that whereas a foreign entity under Section 3 has to take prior approval of NBA before venturing into this area, an Indian entity has to give "prior intimation" to SBB before venturing into this area, under Section 7 of the Act. The regulation and control, as far as Indian entity is concerned, is given to SBB under the Act, and therefore it is the SBB which is the regulatory authority in case of an Indian entity, such as the petitioner, and FEBS is being imposed by SBB as one of its regulatory functions.

Issue:

The petitioner is an Indian company, without any element of foreign participation, either in its share capital or management, and therefore has challenged the imposition of an amount by the SBB, under the head of "fair and equitable benefit sharing", precisely on the ground that an Indian entity cannot be subjected to this burden. The entire argument of the petitioner rests on a textual and legalistic interpretation, particularly of the term "Fair and Equitable Benefit Sharing".

Held:

Court stated that "regulating an activity in form of demand of a fee is an accepted practice recognised in law. Therefore, in case the SBB as a regulator, demands a fee in the form of FEBS from the petitioner when the petitioner is admittedly using the biological resources for commercial purposes, it cannot be said that it has no powers to do so. As far as vesting of this power through a Regulation by NBA is concerned, we must take resort to Section 21(2) (f) and sub-section (4) of Section 21, already referred above. Under sub-section (2) of Section 21, NBA, has powers, subject to any regulation, to "determine the benefit sharing".

What is Fair and Equitable Benefit Sharing cannot be looked through the narrow confines of the definition clause alone. The concept of FEBS has to be appreciated from the broad parameters of the scheme of the Act and the long history of the movement for conservation, together with our international commitments in the form of international treaties to which India is a signatory. Once we do that, we find that Under Section 2(f) and sub-section (4) of Section 21, the NBA has got powers to frame regulations in order to give payment of monetary compensation and other nonmonetary benefits to the benefit claimers as the National Biodiversity Authority may deem fit, in form of Regulations and the State Biodiversity Board in turn has powers and duties to collect FEBS under the regulatory power it has under Section 7 read with Section 23 (b) of the Act.

In view of the above, this Court is of the opinion that SBB has got powers to demand Fair and Equitable Benefit Sharing from the petitioner, in view of its statutory function given under Section 7 read with Section 23 of the Act and the NBA has got powers to frame necessary regulations in view of Section 21 of the Act. The challenge of the petitioner to the validity of the Regulations fails. This Court holds that the Regulations 2, 3 and 4 of the Guidelines on Access to Biological Resources and Associated Knowledge and Benefits Sharing Regulations, 2014 only clarifies and follows what is there in the Act and it is intra vires the Act."

Chandra Bhal Singh vs. Union of India & Others (O.A. No. 347 of 2016)

One of the most recent cases related to the BD Act is a matter, which seeks the intervention of the NGT to expedite the overall implementation of the BD Act. Original Application No. 347 of 2016 was heard before the Principal Bench of the NGT on 8th July 2016. The petitioner in this case raised concerns about the slow implementation of the BD Act, 2002. The petition also raises concerns about how the BMCs have not been set up at the local level and the preparation of people's biodiversity registers has not been completed amongst other issues with the overall implementation with the law (Phadnis, 2016).

On 8th July 2016 notices were issued to the central government as well as all state governments to respond and the case was to be heard on 17th August 2016. During this hearing the Principal Bench of the

NGT issued bailable warrants against key respondents, as they had not filed their responses in the case. This was recalled through another order of 23th August 2016, following affidavits being filed before the NGT.

Orders demanding the BMCs to follow the necessary compliance measures were passed in 2018, and the Ministry of Environment, Forest and Climate Change, along with the NBA, were obligated to oversee the order's progress. The improvement in effective Act implementation that followed the ruling prompted the Tribunal to direct complete compliance by the BMCs through the end of January 2020. The Tribunal set a monthly fine of INR 10 lakhs for any violation of the Act's provisions beginning in February 2020 in an effort to convey severity.

Case in Madras High Court on Constitutional Validity and implementation of the Act (Writ Petition No. 15663 of 2014 judgment dated 11 March 2015)

A Writ Petition was filed by petitioner R. Muralidharan under Article 226 of the Constitution of India before the High Court of Madras. This petition sought to declare that the BD Act is unconstitutional, as it violates Article 14 and India's obligation under the Convention on Biological Diversity (CBD). It also sought directions to delink the Indian Patent Act formalities with the access approvals that need to be taken by the NBA.

On 11 March 2015 the two-judge bench in the Madras High Court that all the petitioner persists with seems to be qua the implementational difficulties rather than any worth-while challenge to the constitutional validity of the Act. The judgment added that there were no satisfactory answers by the petitioner on both these aspects. On the same date this case was dismissed with the finding that "the petition is completely misconceived and accordingly dismissed".

M/s Chembra Peak Estates Limited vs. State of Kerala & Others W P (Civil) No. 3022 of 2008 (I)

This is a matter in which the Kerala High Court directed the Revenue authorities to seek the opinion of the SBB regarding the ecological balance of the private coffee estate at Muttill in Wayanad before proceeding with the acquisition of the estate for setting up a mega food park. Justice T.R. Ramachandran Nair ordered that this should be completed within two months. The park was being set up by the Kerala Industrial Infrastructure Development Corporation (KINFRA) with funds the Union Government.

There were some very interesting arguments that were raised in the course of this PIL. The government pleader argued that the state government has got power (under Section 37) to declare an area as a 'biodiversity heritage site'. Since they had chosen not to do so, there can be no objection to any land acquisition of the area.

The court nonetheless made mention of Sections 23 and 24 of the BD Act. According to the court, Section 23 makes clear that it is amongst the functions of the SBB to advise the State Government on matters related to biodiversity conservation.

And as per Section 24, an SBB has the power to restrict certain activities in the state that might be going against the objectives of conservation. In the context, the court hinted that if the Government were to consider the inputs of the SBB on concerns of biodiversity conservation, the authorities may be compelled to reconsider the land acquisition of a biodiversity-rich area for commercial activities.

S. Jagannath vs. Union of India & Ors on 11 December, 1996

This case dealt with the ecological and social implications of commercial shrimp farming in India. The traditional rice/shrimp rotating aquaculture system previously used by Indian fishermen had began to give way to more intensive methods of shrimp culture which could produce thousands of kilograms per hectare. A large number of private companies and multi-national corporations had started investing in shrimp farms. Within a few years more than eighty thousand hectares of land had been converted to shrimp farming. A high investment return and expanding market was expected by replacing the environmentally benign traditional mode of culture by semi-intensive and intensive methods.

The petitioner sought the enforcement of a coastal zone regulation notification issued by the Government of India, stoppage of intensive and semi-intensive type of prawn farming in the ecologically fragile coastal areas, prohibition to use wet lands for Prawn farming and the constitution of a National Coastal Management Authority to safeguard the marine life and coastal areas.

The Supreme Court analyzed several national and international studies on the ecological and social implications of commercial shrimp farming. It took into account the issues of loss of agricultural land and mangroves, obstruction of natural drains, salinisation, destruction of natural seed resources, use of drugs and chemicals, extraction of groundwater and loss of biodiversity, among others. The court emphasized that the new trend of more intensified shrimp farming - without much control of feeds, seeds and other inputs and water management practices - had brought to the fore a serious threat to the environment and ecology.

Agricultural lands were being converted into commercial aquaculture farms, which had caused unemployment to the landless labourers and also loss of cultivable land. Sustainable development should be the guiding principle for the shrimp aquaculture. The industry had to develop under the unified motto of environment and development. There had to be an environmental impact assessment also taking into account the social impact on different population strata in the area before permission was granted to install commercial shrimp farms. It also had to take into consideration the inter-generational equity and the compensation for those who were affected and prejudiced.

The court therefore directed, inter alia, that the Central Government had to constitute an authority with all the powers necessary to protect the ecologically fragile coastal areas. The authority had to implement "the Precautionary Principle" and "the Polluter Pays" principles.

No shrimp culture pond as defined in the coastal zone regulation notification could be constructed or set up within the coastal regulation zone. This direction did not apply to traditional types of technologies. All shrimp culture industries operating in the coastal regulation zone as defined under the notification had to be demolished. The agricultural lands, salt pan lands, mangroves, wet lands, forest lands, could not be converted for construction of shrimp culture ponds. Shrimp culture industry other than traditional and improved traditional could be set up outside the coastal regulation zone as defined by the notification with the prior approval of the authority mentioned above. The authority had to assess the loss to the ecology and had to assess the compensation to individuals/families who had suffered because of the pollution.

LESSON ROUND-UP

- The term "biodiversity" refers to the diversity of living organisms that originate from all types of source materials as well as the ecological components to which they are connected. Ecosystem diversity, genetic diversity, and species diversity are also included. Biodiversity enriches human lives and provides a practical means of accomplishing developmental goals. Both of these ideas are quite interrelated because inventions and products are derived from the resources present in biodiversity.

- Biodiversity is normally classified under 3 major categories- ecosystem diversity; species diversity and genetic diversity.
- Convention on Biological Diversity (CBD) 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.”
- India is listed as one of the world's 12 "mega diversity centres." India is regarded as the centre of origin for a variety of plant and animal species, with 167 crop species, 320 wild crop species, relatives, and numerous kinds of domesticated animals.
- Traditional communities is a broad term that refers to communities whose way of life is largely shaped by generations of their ancestors. They are distinct from urban or fast-changing societies and lifestyles, maintaining a shared body of cultural, environmental, economic and family customs that are based on traditional occupations, knowledge, values and social hierarchies.
- Biological resources and related traditional knowledge are often of great commercial value to business corporations in developing commercial products. Corporations often want to acquire IPRs related to biological resources and traditional knowledge as a way of maximizing their income generation.
- Biopiracy is a violation of the rights of traditional communities over their biological resources and related knowledge. The implications of biopiracy are economic as well as ethical.
- The Biological Diversity Act 2002 provides mechanism for regulating access and ensuring fair and equitable sharing of benefits arising out of the use of biological resources and associated traditional knowledge.
- The National Biodiversity Authority shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall by the said name sue and be sued.
- Section 24 stipulates that, any citizen of India or a body corporate, organisation or association registered in India intending to undertake any activity referred to in section 7 shall give prior intimation in such form as may be prescribed by the State Government to the State Biodiversity Board.
- Section 41 states that, every local body shall constitute a Biodiversity Management Committee within its area for the purpose of promoting conservation, sustainable use and documentation of biological diversity including preservation of habitats, conservation of land races, folk varieties and cultivars, domesticated stocks and breeds of animals and microorganisms and chronicling of knowledge relating to biological diversity.
- Whoever contravenes or attempts to contravene or abets the contravention of the provisions of section 7 or any order made under sub-section (2) of section 24 shall be punishable with imprisonment for a term which may extend to three years, or with fine which may extend to five lakh rupees, or with both.
- People's Biodiversity Register (PBR) is a legal document that contains details of biological resources occurring within a BMC and contains associated knowledge as well. The PBR acts as a source of inventory of biological resources and knowledge and for benefit sharing purposes under the ABS component.
- The Convention on Biological Diversity (CBD) entered into force on 29 December 1993. It has 3 main objectives: the conservation of biological diversity; the sustainable use of the components of biological diversity and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources.
- The Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (ABS) to the Convention on Biological Diversity is a supplementary agreement to the Convention on Biological Diversity. It provides a transparent legal framework for the effective implementation of one of the three objectives of the CBD: the fair and equitable sharing of benefits arising out of the utilization of genetic resources.
- The Cartagena Protocol on Biosafety to the Convention on Biological Diversity is an international treaty governing the movements of living modified organisms (LMOs) resulting from modern biotechnology from one country to another. The Protocol seeks to protect biological diversity from the potential risks posed by living modified organisms resulting from modern biotechnology.

- The TRIPS Agreement and the CBD mutually support and promote the sustainable use of resources. At the implementation level, conflicts between the two Agreements could arise, for instance, in the case of patents claimed over genetic resources (sometimes even in naturally occurring genetic resources), which are protected by the CBD.

GLOSSARY

Bio-diversity - It means the variability among living organisms from all sources and the ecological complexes of which they are part and includes diversity within species or between species and of eco-systems.

Biopiracy - Biopiracy is the illegal acquisition of intellectual property rights (IPRs) without the knowledge or consent of the original owners of the biological resources or scientific knowledge upon which the innovation is based, as well as the commercial exploitation of such resources or knowledge without the knowledge or consent of the original owners.

Bio prospecting - The term 'bioprospecting' has acquired strong negative connotations and is often used in a sense that implies that bioprospecting necessarily leads to biopiracy.

Value added products - Value added products means products which may contain portions or extracts of plants and animals in unrecognizable and physically inseparable form.

Biological resources - It means plants, animals and micro-organisms or parts thereof, their genetic material and by-products (excluding value added products) with actual or potential use or value, but does not include human genetic material.

Bio-survey and Bio-utilisation - It means survey or collection of species, subspecies, genes, components and extracts of biological resource for any purpose and includes characterisation, inventorisation and bioassay.

Commercial utilisation - It means end uses of biological resources for commercial utilisation such as drugs, industrial enzymes, food flavours, fragrance, cosmetics, emulsifiers, oleoresins, colours, extracts and genes used for improving crops and livestock through genetic intervention, but does not include conventional breeding or traditional practices in use in any agriculture, horticulture, poultry, dairy farming, animal husbandry or bee keeping.

Sustainable use - It means the use of components of biological diversity in such manner and at such rate that does not lead to the long-term decline of the biological diversity thereby maintaining its potential to meet the needs and aspirations of present and future generations.

Benefit claimer - It means the conservers of biological resources, their by-products, creators and holders of knowledge and information relating to the use of such biological resources, innovations and practices associated with such use and application.

Ex-situ conservation - It means the conservation of components of biological diversity outside their natural habitats.

In-situ conservation - It means the conservation of ecosystems and natural habitats and the maintenance and recovery of viable populations of species in their natural surroundings and, in the case of domesticated or cultivated species, in the surroundings where they have developed their distinctive properties.

Landrace - It means primitive cultivar that was grown by ancient farmers and their successors.

TEST YOURSELF

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

1. What do you mean by Biodiversity? Why is it of importance?
2. How are IPR and Biodiversity inter related? Explain with the help of case laws.

3. Traditional knowledge is an important IPR aspect. Explain.
4. How can one benefit from access and benefit sharing of biodiversity and resources found therein?
5. Explain the power and functions of National Biodiversity Authority and State Biodiversity Board.
6. Write a note on International Instruments relating to Bio-diversity as IPRs.
7. Write a short note on-
 - People’s Biodiversity Register
 - Ecological Diversity
 - Species Diversity
 - Genetic Diversity.

- LIST OF FURTHER READINGS**
- Biological Diversity Act, 2002 and rules made therein
 - Cartagena Protocol on Biosafety to the Convention on Biological Diversity
 - Convention on Biological Diversity

- OTHER REFERENCES (Including Websites / Video Links)**
- <https://www.cbd.int/doc/articles/2002-/A-00308.pdf>
 - http://nbaindia.org/uploaded/docs/traditionalknowledge_190707.pdf
 - <https://www.informea.org/en/court-decision/s-jagannath-v-union-india-ors>
 - <https://www.cbd.int/abs/about/default.shtml/>
 - <https://www.cbd.int/doc/legal/cartagena-protocol-en.pdf>

Protection of Plant Varieties

KEY CONCEPTS

■ Seed ■ Variety ■ Essentially derived variety ■ Gene Fund ■ Extant variety ■ Farmer's Variety ■ Essential characteristics ■ Farmer ■ Mutation breeding ■ Hybridization ■ Denomination ■ Benefit sharing ■ Compulsory licence

Learning Objectives

To understand:

- The legal framework provided for law regulating and safe guarding the agricultural innovations.
- Plant Varieties and Farmer's Rights Act, 2001 .
- The legal machinery to protect and safe keep the plant varieties and native wealth of plant genetic resources.
- The important definitions and concepts relating to the Act.
- The legal framework pertaining to plant varieties, the rights of farmers and plant breeders and the approaches for encouraging development of new varieties of plants.
- As to how to encourage and recognize and protect the rights of the farmers in respect of their contribution made at any time in conserving, improving and making available plant genetic resources for the development of new plant varieties.

Lesson Outline

- | | |
|---|---|
| ➤ Introduction | ➤ Compulsory Licence |
| ➤ Objective | ➤ Appeals |
| ➤ Protection of Plant Varieties and Farmers' Rights, Authority and Registry | ➤ Infringement, Offences, Penalties and Procedure |
| ➤ Registry | ➤ International Treaties and Convention |
| ➤ Registration of Plant Varieties and Essentially Derived Variety | ➤ Case Laws |
| ➤ Application for Registration | ➤ Lesson Round-Up |
| ➤ Registration of Essentially Derived Variety | ➤ Glossary |
| ➤ Duration and Effect of Registration and Benefit Sharing | ➤ Test Yourself |
| ➤ Surrender and Revocation of Certificate Farmers' Rights | ➤ List of Further Readings |
| | ➤ Other References (Including Websites / Video Links) |

INTRODUCTION

The legislative and open section organisations in India have focused a lot of attention on rural and agricultural research, particularly the development of novel plant varieties. India didn't have any laws protecting plant varieties before this, and there wasn't really a pressing need. However, such a law had to be passed once India ratified the Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPS) in 1994. According to Article 27(b) of this agreement, the party nations must provide for the insurance of plant assortments to be provided by a patent, a workable *sui generis* framework, or a combination of both.

Agribusiness and agricultural innovation techniques were not made patentable under the present Indian Patent Act, 1970. The rights of reproducers, farmers, and town networks were coordinated, and a *sui generis* framework for insurance of plant varieties was developed to address concerns about the fair distribution of benefits. When compared to other equivalent laws that are either in place or being considered in various countries, it gives flexibility in terms of the genera/species that are insured, the quantity of insurance, and the length of the insurance. Except for microbes, all plant classifications are covered by the Act. Following the implementation of the Act in accordance with the necessary rules and regulations, the gazette will provide information on the general and types of protection assortments.

After India joined the World Trade Organization in 1995 and agreed to implement the Agreement on Trade-Related Aspects of Intellectual Property Rights, discussions on how licenced innovation rights should be presented in Indian horticulture took place, leading to the 2001 enactment of the Protection of Plant Varieties and Farmers' Rights Act.

What is the difference between Patent Act and PPV&FR Act?

Both Acts deal with the IPR of the inventor. The Patent Act of India does not accommodate protection of a plant variety through patenting of a plant or its components or parts. The PPV&FR Act not only protects a plant variety, it also protects the rights of plant breeders and farmers on plant varieties. The protection of a plant variety is granted in the form of registration.

What is the meaning of protection of plant varieties?

The protection on the variety means no one can sell, export, import or produce the seed or propagating materials of such protected (registered) plant variety without the registered breeder's (owner's) permission.

Protection of a plant variety is an intellectual property right that the breeder (who could be an individual, farmer, community of farmers, institution or a government) enjoys over the variety along with its denomination as its owner who is entitled to rights on the variety that shall remain with the breeder till he assigns it to anyone else, for the entire period of protection for the purpose of preventing any other person from making economic benefit from it or from assuming any of the rights to which the breeder is entitled to without the permission of the breeder in whose name the variety is registered.

The protection of the plant variety also means that no one including the registered breeder can sell any other variety with the same denomination or sell the protected variety with any other denomination, commitment of which is also a punishable act of infringement.

OBJECTIVE

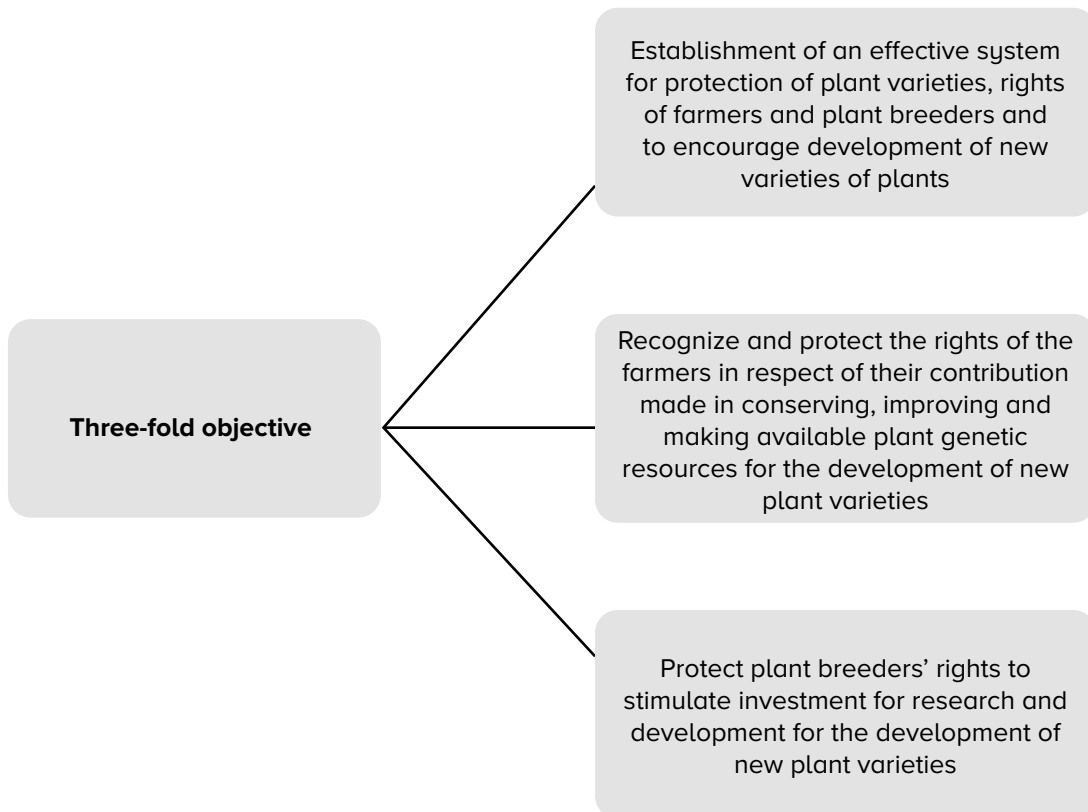
The objective of the Act is to establish a strong framework for the protection of plant varieties, of farmers' and plant breeders' rights, and to encourage the development of new plant varieties. To recognise and protect farmers' rights in relation to the commitments they made when preserving, enhancing, and making available plant genetic resources for the development of new plant varieties.

To hasten rural development across the country, protect the rights of plant breeders, and encourage investment in creative work both in the public and commercial sectors for the creation of new plant varieties. To promote the growth of the country's seed business, which will ensure that farmers have access to high-quality seeds and planting supplies.

In order to provide for the establishment of an effective system for protection of plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants it has been considered necessary to recognize and protect the rights of the farmers in respect of their contribution made at any time in conserving, improving and making available plant genetic resources for the development of the new plant varieties. Moreover to accelerate agricultural development, it is necessary to protect plants breeders' rights to stimulate investment for research and development for the development of new plant varieties.

Such protection is likely to facilitate the growth of the seed industry which will ensure the availability of high quality seeds and planting material to the farmers. India having ratified the Agreement on Trade Related Aspects of the Intellectual Property Rights has to make provision for giving effect to Agreement. To give effect to the aforesaid objectives the Protection of Plant Varieties and Farmers' Rights Act, 2001 has been enacted in India.

Three fold objectives are-



PROTECTION OF PLANT VARIETIES AND FARMERS' RIGHTS AUTHORITY AND REGISTRY

Chapter II contains sections 3-13 and deals with both Protection of Plant Varieties and Farmers' Rights Authority and Registry

PROTECTION OF PLANT VARIETIES AND FARMERS' RIGHTS AUTHORITY

Establishment of Authority

Section 3 provides for Authority. It was established by the Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture, and Farmers Welfare to carry out the provisions of the Act. The authority's main executive is the chairwoman. According to the Government of India, the authority consists of 15 people, including the chairwoman. (GOI). Eight of them serve as ex-officio representatives to various departments and ministries; three come from SAUs and state governments, and the central government designates one representative for each of the associations representing farmers, ancestors, the seed business, and women involved in horticultural activities. The authority's ex-officio member secretary is the Registrar General.

The Registrar-General shall be the ex officio member-secretary of the Authority. The Chairperson shall appoint a Standing Committee consisting of five members, one of whom shall be a member who is a representative from a farmers' organization, to advise the Authority on all issues including farmers' rights.

Meetings of Authority

Section 4 states that-

The Authority shall meet at such time and place and shall observe such rules of procedure in regard to the transaction of business at its meetings [including the quorum at its meetings and the transaction or business of its Standing Committee appointed under sub-section (7) of section 3 as may be prescribed.

The Chairperson of the Authority shall preside at the meetings of the Authority.

If, for any reason the Chairperson is unable to attend any meeting of the Authority, any member of the Authority chosen by the members present shall preside at the meeting.

All questions which come before any meeting of the Authority shall be decided by a majority of the votes of the members of the Authority present and voting and in the event of equality of votes, the Chairperson of the Authority or in his absence, the person presiding shall have and exercise a second or casting vote.

Every member who is in any way, whether directly, indirectly or personally, concerned or interested in a matter to be decided at the meeting shall disclose the nature of his concern of interest and after such disclosure, the member, concerned or interested, shall not attend that meeting.

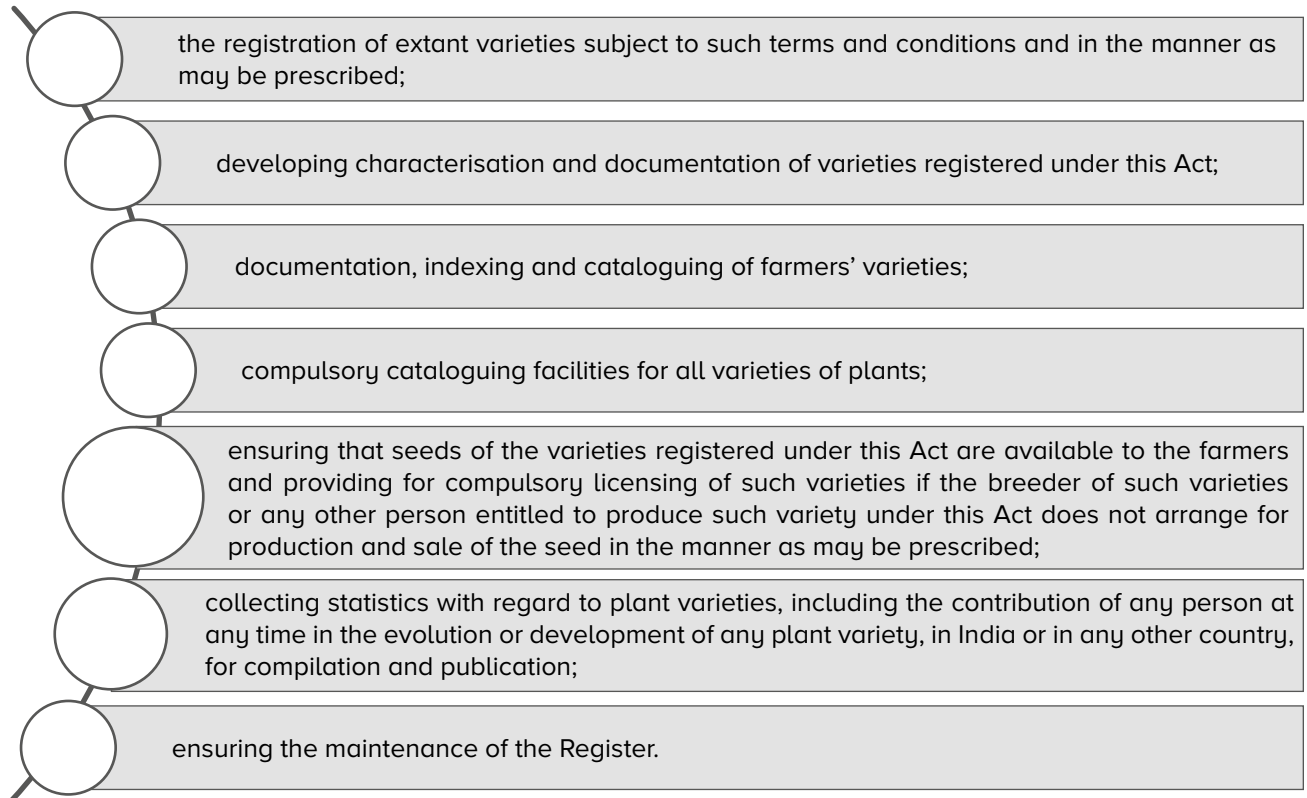
No act or proceeding of the Authority shall be invalid merely by reason of—

- (a) any vacancy in, or any defect in the constitution of, the Authority; or
- (b) any defect in the appointment of a person acting as the Chairperson or a member of the Authority;
or
- (c) any irregularity in the procedure of the Authority not affecting the merits of the case.

General functions of Authority

It shall be the duty of the Authority to promote, by such measures as it thinks fit, the encouragement for the development of new varieties of plants and to protect the rights of the farmers and breeders.

In particular, and without prejudice to the generality of the foregoing provisions, the measures referred to in sub-section (1) may provide for—

- 
- the registration of extant varieties subject to such terms and conditions and in the manner as may be prescribed;
 - developing characterisation and documentation of varieties registered under this Act;
 - documentation, indexing and cataloguing of farmers' varieties;
 - compulsory cataloguing facilities for all varieties of plants;
 - ensuring that seeds of the varieties registered under this Act are available to the farmers and providing for compulsory licensing of such varieties if the breeder of such varieties or any other person entitled to produce such variety under this Act does not arrange for production and sale of the seed in the manner as may be prescribed;
 - collecting statistics with regard to plant varieties, including the contribution of any person at any time in the evolution or development of any plant variety, in India or in any other country, for compilation and publication;
 - ensuring the maintenance of the Register.

Power of Authority

According to Section 11 in all proceedings under this Act before the Authority or the Registrar,-

- (a) The Authority or the Registrar, as the case may be, shall have all the powers of a civil court for the purposes of receiving evidence, administering oaths, enforcing the attendance of witnesses, compelling the discovery and production of documents and issuing commissions for the examination of witnesses;
- (b) The Authority or the Registrar may, subject to any rule made in this behalf under this Act, make such orders as to costs as it considers reasonable and any such order shall be executable as a decree of a civil court.

REGISTRY

Registry and offices thereof

As per section 12, the Central Government shall establish, for the purposes of this Act, a Registry which shall be known as the Plant Varieties Registry.

The Authority may appoint such number of Registrars as it thinks necessary for registration of plant varieties under the superintendence and direction of the Registrar-General under this Act and may make regulations with respect to their duties and jurisdiction. There shall be a seal of the Plant Varieties Registry.

National Register of Plant Varieties

Section 13 provides that for the purposes of this Act, a Register called the National Register of Plant Varieties shall be kept at the head office of the Registry, wherein shall be entered the names of all the registered plant varieties with the names and addresses of their respective breeders, the right of such breeders in respect of the registered varieties, the particulars of the denomination of each registered variety, its seed or other propagating material along with specification of salient features thereof and such other matters as may be prescribed.

It may be noted that-

“seed” means a type of living embryo or propagule capable of regeneration and giving rise to a plant which is true to such type.[Section 2(x)]

“variety”, means a plant grouping except micro-organism within a single botanical taxon of the lowest known rank, which can be—

- (i) defined by the expression of the characteristics resulting from a given genotype of that plant grouping;
- (ii) distinguished from any other plant grouping by expression of at least one of the said characteristics; and
- (iii) considered as a unit with regard to its suitability for being propagated, which remains unchanged after such propagation,

and includes propagating material of such variety, extant variety, transgenic variety, farmers’ variety and essentially derived variety. [Section 2 (2a)].

Protection of Plant Varieties and Farmers’ Rights Authority, India

- In order to provide for the establishment of an effective system for protection of plant varieties, the rights of farmers and plant breeders and to encourage the development of new varieties of plants it has been considered necessary to recognize and protect the rights of the farmers in respect of their contribution made at any time in conserving, improving and making available plant genetic resources for the development of the new plant varieties. Moreover to accelerate agricultural development, it is necessary to protect plants breeders’ rights to stimulate investment for research and development for the development of new plant varieties.
- Such protection is likely to facilitate the growth of the seed industry which will ensure the availability of high quality seeds and planting material to the farmers. India having ratified the Agreement on Trade Related Aspects of the Intellectual Property Rights has to make provision for giving effect to Agreement. To give effect to the aforesaid objectives the Protection of Plant Varieties and Farmers’ Rights Act, 2001 has been enacted in India.
- For the purposes of this Act, Protection of Plant Varieties and Farmers’ Rights Authority has been established and is located at the address mentioned below:

“NASC Complex, DPS Marg,

Opp- Todapur, New Delhi-110 012.”

REGISTRATION OF PLANT VARIETIES AND ESSENTIALLY DERIVED VARIETY

The provisions regarding Registration of Plant varieties and essentially derived variety are contained in Chapter III ranging from Section 14 to Section 23 of the Protection of Plant Varieties and Farmers-Rights Act, 2001.

It may be noted that-

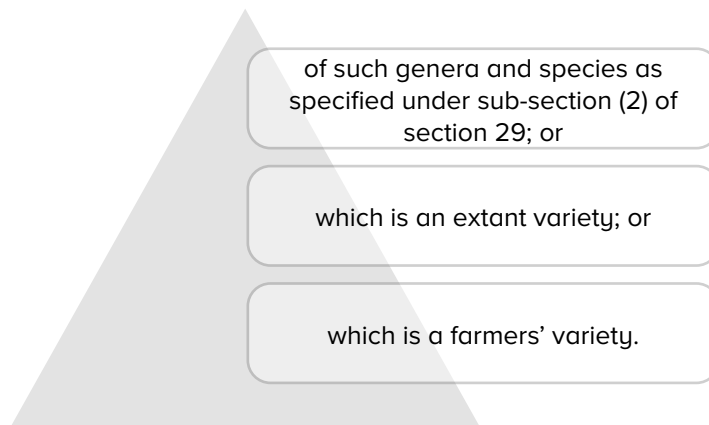
“essentially derived variety” as, “essentially derived variety”, in respect of a variety (the initial variety), shall be said to be essentially derived from such initial variety when it-

- (i) is predominantly derived from such initial variety, or from a variety that itself is predominantly derived from such initial variety, while retaining the expression of the essential characteristics that result from the genotype or combination of genotypes of such initial variety;
- (ii) is clearly distinguishable from such initial variety; and
- (iii) conforms (except for the differences which result from the act of derivation) to such initial variety in the expression of the essential characteristics that result from the genotype or combination of genotype of such initial variety. [Section 2(i)]

APPLICATION FOR REGISTRATION

Application for registration

Section 14 states that any person specified in section 16 may make an application to the Registrar for registration of any variety-



Registrable varieties

Section 15 states that, a new variety shall be registered under this Act if it conforms to the criteria of novelty, distinctiveness, uniformity and stability.

Notwithstanding anything contained in sub-section (1), an extant variety shall be registered under this Act within a specified period if it conforms to such criteria of distinctiveness, uniformity and stability as shall be specified under the regulations.

For the purposes of sub-sections (1) and (2), as the case may be, a new variety shall be deemed to be—

- a) novel, if, at the date of filing of the application for registration for protection, the propagating or harvested material of such variety has not been sold or otherwise disposed of by or with the consent of its breeder or his successor for the purposes of exploitation of such variety—
 - i) in India, earlier than one year; or
 - ii) outside India, in the case of trees or vines earlier than six years, or in any other case, earlier than four years, before the date of filing such application:

Provided that a trial of a new variety which has not been sold or otherwise disposed of shall not affect the right to protection:

Provided further that the fact that on the date of filing the application for registration, the propagating or harvested material of such variety has become a matter of common knowledge other than through the aforesaid manner shall not affect the criteria of novelty for such variety;

- b) distinct, if it is clearly distinguishable by at least one essential characteristic from any another variety whose existence is a matter of common knowledge in any country at the time of filing of the application.

Explanation.—For the removal of doubts, it is hereby declared that the filing of an application for the granting of a breeder's right to a new variety or for entering such variety in the official register of varieties in any convention country shall be deemed to render that variety a matter of common knowledge from the date of the application in case the application leads to the granting of the breeder's right or to the entry of such variety in such official register, as the case may be;

- c) uniform, if subject to the variation that may be expected from the particular features of its propagation it is sufficiently uniform in its essential characteristics;
- d) stable, if its essential characteristics remain unchanged after repeated propagation or, in the case a particular cycle of propagation, at the end of each such cycle.

In which category is a new variety bred by a farmer is registered?

A variety developed or bred as a new variety by following breeding procedures by creating variability using other varieties or genetic stocks to be disclosed as being utilized as parents of the breeding material or for variability through other means for selection, shall be categorised as any other new variety bred by a breeder, under this Act. That means for all purposes and processes, such a variety will be treated in the same manner as any other breeder's variety and will also be registered eventually as a new variety or extant variety, as the case may be following DUS testing procedures and formalities as required. Here, the farmer will be considered as a breeder without separating him from other breeders.

A new variety shall not be registered under this Act if the denomination given to such variety—

- i) is not capable of identifying such variety; or
- ii) consists solely of figures; or
- iii) is liable to mislead or to cause confusion concerning the characteristics, value identity of such variety or the identity of breeder of such variety; or
- iv) is not different from every denomination which designates a variety of the same botanical species or of a closely related species registered under this Act; or
- v) is likely to deceive the public or cause confusion in the public regarding the identity of such variety; or
- vi) is likely to hurt the religious sentiments respectively of any class or section of the citizens of India; or
- vii) is prohibited for use as a name or emblem for any of the purposes mentioned in section 3 of the Emblems and Names (Prevention of Improper Use) Act, 1950 (12 of 1950); or
- viii) is comprised of solely or partly of geographical name:

Provided that the registrar may register a variety, the denomination of which comprises solely or partly of a geographical name, if he considers that the use of such denomination in respect of such variety is an honest use under the circumstances of the case.

It may be noted that –

“essential characteristics” means such heritable traits of a plant variety which are determined by the expression of one or more genes of other heritable determinants that contribute to the principle features, performance or value of the plant variety; [Section 2(h)]

“extant variety” means a variety available in India which is—

- (i) notified under section 5 of the Seeds Act, 1966 (54 of 1966); or
- (ii) farmers’ variety; or
- (iii) a variety about which there is common knowledge; or
- (iv) any other variety which is in public domain; [Section 2(j)]

“farmer” means any person who—

- (i) cultivates crops by cultivating the land himself; or
- (ii) cultivates crops by directly supervising the cultivation of land through any other person; or
- (iii) conserves and preserves, severally or jointly, with any person any wild species or traditional varieties or adds value to such wild species or traditional varieties through selection and identification of their useful properties; [Section 2(k)]

Does that mean a claim for a new variety by a plant breeder (not farmer) made as a selection in the traditional variety or landrace cannot be registered as a new variety?

Yes. Unless the breeder names the farmer or community as a co-developer or beneficiary with consent or there is evidence for having artificially created variability in a population derived from a traditional variety by any tools of plant breeding other than simple selection in a naturally cultivated traditional variety, such as hybridization, mutation breeding, backcross breeding, introgression, population improvement, hybrid, etc., followed by repeated progeny screening with selection, etc., in the subsequent generations, there is no possibility of registration of such a variety as new variety bred by a breeder, ignoring the role of the farmers’ in having traditionally conserved the variety.

Farmers’ interest will always be protected and in such case, with the help of the local Panchayat and State Agricultural University officials, such varieties can be protected in the name of the community of farmers’ group by evidence of heritage.

Persons who may make application

Section 16 states that, an application for registration under section 14 shall be made by-

- (a) any person claiming to be the breeder of the variety; or
- (b) any successor of the breeder of the variety; or
- (c) any person being the assignee of the breeder of the variety in respect of the right to make such application; or
- (d) any farmer or group of farmers or community of farmers claiming to be the breeder of the variety; or
- (e) any person authorized in the prescribed manner by a person specified under clauses (a) to (d) to make application on his behalf; or

- (f) any university or publicly funded agricultural institution claiming to be the breeder of the variety.

An application under sub-section (1) may be made by any of the persons referred to therein individually or jointly with any other person.

Compulsory variety denomination

Section 17 states that every applicant shall assign a single and distinct denomination to a variety with respect to which he is seeking registration under this Act in accordance with the regulations.

It may be noted that-

“denomination”, in relation to a variety or its propagating material or essentially derived variety or its propagating material, means the denomination of such variety or its propagating material or essentially derived variety or its propagating material, as the case may be, expressed by means of letters or a combination of letters and figures written in any language. [Section 2(g)]

Form of application

Section 18- Every application for registration under section 14 shall-

- (a) be with respect to a variety;
- (b) state the denomination assigned to such variety by the applicant;
- (c) be accompanied by an affidavit sworn by the applicant that such variety does not contain any gene or gene sequence involving terminator technology;
- (d) be in such form as may be specified by regulations;
- (e) contain a complete passport data of the parental lines from which the variety has been derived along with the geographical location in India from where the genetic material has been taken and all such information relating to the contribution, if any, of any farmer, village community, institution or organization in breeding, evolving or developing the variety;
- (f) be accompanied by a statement containing a brief description of the variety bringing out its characteristics of novelty, distinctiveness, uniformity and stability as required for registration;
- (g) be accompanied by such fees as may be prescribed;
- (h) contain a declaration that the genetic material or parental material acquired for breeding, evolving or developing the variety has been lawfully acquired; and
- (i) be accompanied by such other particulars as may be prescribed:

Provided that in case where the application is for the registration of farmers' variety, nothing contained in clauses (b) to (i) shall apply in respect of the application and the application shall be in such form as may be prescribed.

Acceptance of application or amendment thereof

Section 20 states On receipt of an application under section 14, the Registrar may, after making such inquiry as he thinks fit with respect to the particulars contained in such application, accept the application absolutely or subject to such conditions or limitations as he deems fit.

Where the Registrar is satisfied that the application does not comply with the requirements of this Act or any rules or regulations made thereunder, he may, either-

- (a) require the applicant to amend the application to his satisfaction; or
- (b) reject the application:

Provided that no application shall be rejected unless the applicant has been given a reasonable opportunity of presenting his case.

Advertisement of application

According to Section 21, where an application for registration of a variety has been accepted absolutely or subject to conditions or limitations under sub-section (1) of section 20, the Registrar shall, as soon as after its acceptance, cause such application together with the conditions or limitations, if any, subject to which it has been accepted and the specifications of the variety for registration of which such application is made including its photographs or drawings, to be advertised in the prescribed manner calling objections from the persons interested in the matter.

Any person may, within three months from the date of the advertisement of an application for registration on payment of the prescribed fees, give notice in writing in the prescribed manner, to the Registrar of his opposition to the registration.

Opposition to the registration under sub-section (2) may be made on any of the following grounds, namely:-

- (a) that the person opposing the application is entitled to the breeder's right as against the applicant; or
- (b) that the variety is not registrable under this Act; or
- (c) that the grant of certificate of registration may not be in public interest; or
- (d) that the variety may have adverse effect on the environment.

The Registrar shall serve a copy of the notice of opposition on the applicant for registration and, within two months from the receipt by the applicant of such copy of the notice of opposition, the applicant shall send to the Registrar in the prescribed manner a counter-statement of the grounds on which he relies for his application, and if he does not do so, he shall be deemed to have abandoned his application.

If the applicant sends such counter-statement, the Registrar shall serve a copy thereof on the person giving notice of opposition.

Any evidence upon which the opponent and the applicant may rely shall be submitted, in the manner prescribed and within the time prescribed, to the Registrar and the Registrar shall give an opportunity to them to be heard, if so desired.

The Registrar shall, after hearing the parties, if so required, and considering the evidence, decide whether and subject to what conditions or limitations, if any, the registration is to be permitted and may take into account a ground of objection whether relied upon by the opponent or not.

Where a person giving notice of opposition or an applicant sending a counter-statement after receipt of a copy of such notice neither resides nor carries on business in India, the Registrar may require him to give security for the cost of proceedings before him and in default of such security being duly given may treat the opposition or application, as the case may be, as abandoned.

The Registrar may, on request, permit correction of any error in, or any amendment of, a notice of opposition or a counter-statement on such terms as he may think fit.

Registrar to consider grounds of opposition

Section 22 provides that the Registrar shall consider all the grounds on which the application has been opposed and after giving reasons for his decision, by order, uphold or reject the opposition.

REGISTRATION OF ESSENTIALLY DERIVED VARIETY

Registration of essentially derived variety

As per Section 23, an application for the registration of an essentially derived variety of the genera or species specified under sub-section (2) of section 29 by the Central Government shall be made to the Registrar by or on behalf of any person referred to in section 14 and in the manner specified in section 18 as if for the word “variety”, the words “essentially derived variety” have been substituted there in and shall be accompanied by such documents and fees as may be prescribed.

When the Registrar is satisfied that the requirements of sub-section (1) have been complied with to his satisfaction, he shall forward the application with his report and all the relevant documents to the Authority.

On receipt of an application under sub-section (2), the Authority shall get examined such essentially derived variety to determine as to whether the essentially derived variety is a variety derived from the initial variety by conducting such tests and following such procedure as may be prescribed.

When the Authority is satisfied on the report of the test referred to in sub-section (3) that the essentially derived variety has been derived from the initial variety, it may direct the Registrar to register such essentially derived variety and the Registrar shall comply with the direction of the Authority.

Where the Authority is not satisfied on the report of the test referred to in sub-section (3) that the essentially derived variety has been derived from the initial variety it shall refuse the application.

The rights of the breeder of a variety contained in section 28 shall apply to the breeder of essentially derived variety:

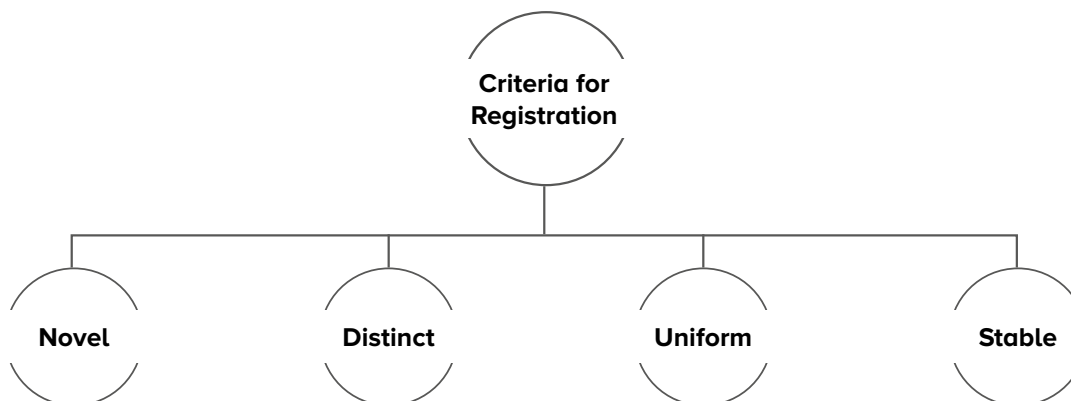
Provided that the authorization by the breeder of the initial variety to the breeder of essentially derived variety under sub-section (2) of section 28 may be subject to such terms and conditions as both the parties may mutually agree upon.

An essentially derived variety shall not be registered under this section unless it satisfies the requirements of section 15 as if for the word “variety”, the words “essentially derived variety” have been substituted therein.

When an essentially derived variety has been registered by the Registrar in compliance with the direction of the Authority under sub-section (4) the Registrar shall issue to the applicant a certificate of registration in the prescribed form and sealed with the seal of the Registry and send a copy thereof to the Authority and to such other authority, as may be prescribed, for information.

Criteria for Registration of a Variety

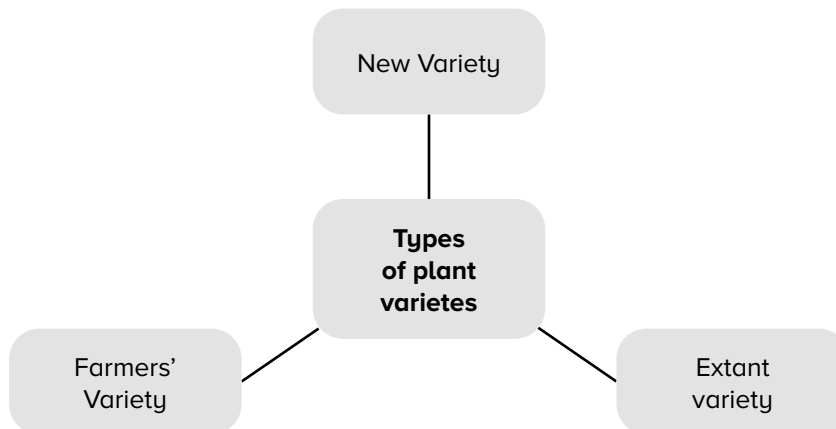
Below given are the requirements for registration of a plant variety. They are-



1. **Novel:** If at the date of filing an application for registration for protection, the propagating or harvested material of such variety has not been sold or otherwise disposed of in India earlier than one year or outside India, in the case of trees or vines earlier than six years, or in any other case earlier than four years, before the date of filing such application.
2. **Distinct:** A variety is said to be distinct if it is clearly distinguishable by at least one essential characteristic from any other variety whose existence is a matter of common knowledge in any country at the time of filing an application.
3. **Uniform:** A variety is said to be uniform, if subject to the variation that may be expected from the particular features of its propagation it is sufficiently uniform in its essential characteristics.
4. **Stable:** A variety is said to be stable if its essential characteristics remain unchanged after repeated propagation or, in the case of a particular cycle of propagation, at the end of each such cycle.

Types of Varieties

Below given are the classification of the varieties available. They are-



1. **New Variety:** A new variety can be registered under the Act if it conforms to the criteria for novelty, distinctiveness, uniformity and stability.
2. **Extant variety:** An extant variety can be registered under the Act if it conforms to the criteria for distinctiveness, uniformity and stability. Thus novelty is not considered while going for the protection of plant varieties.

The PPV&FRA under section 2(j)(iii) and (iv) defines “extant variety” as any variety “which is in public domain or about which there is a common knowledge.”

3. **Farmers’ Variety:** Under section 2 (l) farmers variety means a variety “which has been traditionally cultivated and evolved by the farmers in their fields”.

It may be noted that-

“Farmers Variety” means a variety which-

- (i) has been traditionally cultivated and evolved by the farmers in their fields, or
- (ii) is a wild relative or land race of a variety about which the farmers possess the common knowledge. [Section 2(l)]

Persons Who Can Apply For the Registration of Plant Variety

Application for registration of a variety can be made by:

1. any person claiming to be the breeder of the variety;
2. any successor of the breeder of the variety;
3. any person being the assignee or the breeder of the variety in respect of the right to make such application;
4. any farmer or group of farmers or community of farmers claiming to be breeder of the variety;
5. any person authorized to make application on behalf of farmers; and
6. any University or publicly funded agricultural institution claiming to be breeder of the variety.

Filing Requirements for Registration of a Plant Variety

- Name, address and Nationality of Applicants as well as the address of service of their agent.
- Denomination assigned to such variety.
- Accompanied by an affidavit that variety does not contain any gene or gene sequences involving terminator technology.
- Complete passport data of parental lines with its geographical location in India and all such information relating to the contribution if any, of any farmer (s), village, community, institution or organization etc in breeding, evolving or developing the variety.
- Characteristics of variety with description for Novelty, Distinctiveness, Uniformity and Stability.
- A declaration that the genetic material used for breeding of such variety has been lawfully acquired.

Is a variety registered or proposed for registration as a farmer's variety distinguishable from a modern variety bred by plant breeders including farmer as a plant breeder?

Yes.

- (i) A farmer's variety is clearly distinguishable from a plant breeder's variety by being more productive with advanced agronomic features such as dwarf, early maturity, adaptive physiological traits, resistant traits to diseases and pests, responsive to fertigation and irrigation, etc., whereas the typical farmer's variety is either a landrace itself (claimed as community variety by the community) or a natural mutant identified in the landrace or traditional variety cultivated for a long period by farmers in the region, but with a difference in one or two traits from the known traits of the land race or traditional variety.***
- (ii) Historically, a farmer's variety or landrace can never match the productivity performance as well as trait expression variation of an advanced variety bred through plant breeding processes by a breeder (including farmer as plant breeder). But it will retain the traditional value present in the variety for which it is a local niche or is being cultivated for long periods as a tradition by the farmers in the region even though it is lower in productivity than the modern high yielding varieties bred by plant breeders.***
- (iii) The above (ii) is the reason why in the case of typical farmer's variety, DUS testing is not done nor testing is done for two years, but a single year testing is done as Grow Out Test for uniformity and purity of the population, after the same is assured by the technical inputs from the ICAR crop mandate institution in the region or State Agricultural University or other relevant public sector institutions where crop improvement/plant breeding activities are taken up.***

DURATION AND EFFECT OF REGISTRATION AND BENEFIT SHARING

The provisions regarding duration and effect of registration and benefit sharing are contained in Chapter IV ranging from Section 24 to Section 32 of the Protection of Plant Varieties and Farmers-Rights Act, 2001.

It may be noted that-

“benefit sharing”, in relation to a variety, means such proportion of the benefit accruing to a breeder of such variety or such proportion of the benefit accruing to the breeder from an agent or a licensee of such variety, as the case may be, for which a claimant shall be entitled as determined by the Authority under section 26. [Section 2(b)]

Certificate of Registration

The maximum time taken for issuing certificate of registration is three years from the date of filing of the application for registration of a plant variety.

Issue of certificate of registration

Section 24 states that, when an application for registration of a variety (other than an essentially derived variety) has been accepted and either –

- (a) the application has not been opposed and the time of notice of opposition has expired; or
- (b) the application has been opposed and the opposition has been rejected, the Registrar shall register the variety.

On the registration of the variety (other than an essentially derived variety), the Registrar shall issue to the applicant a certificate of registration in the prescribed form and sealed with the seal of the Registry and send a copy thereof to the Authority for determination of benefit sharing and to such other authority, as may be prescribed, for information. The maximum time required by the Registrar for issuing the certificate of registration from the date of filing of the application for registration of a variety shall be such as may be prescribed.

Where registration of a variety (other than an essentially derived variety), 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.

The Registrar may amend the Register or a certificate of registration for the purpose of correcting a clerical error or an obvious mistake.

The Registrar shall have power to issue such directions to protect the interests of a breeder against any abusive act committed by any third party during the period between filing of application for registration and decision taken by the Authority on such application.

The certificate of registration issued under this section or sub-section (8) of section 23 shall be valid for nine years in the case of trees and vines and six years in the case of other crops and may be reviewed and renewed for the remaining period on payment of such fees as may be fixed by the rules made in this behalf subject to the condition that the total period of validity shall not exceed, –

- (i) in the case of trees and vines, eighteen years from the date of registration of the variety;
- (ii) in the case of extant variety, fifteen years from the date of the notification of that variety by the Central Government under section 5 of the Seeds Act, 1966; and
- (iii) in other cases, fifteen years from the date of registration of the variety.

Publication of list of varieties

Section 25 states that, the Authority shall, within such intervals as it thinks appropriate, publish the list of varieties which have been registered during that interval.

Determination of benefit sharing by Authority

Section 26- On receipt of copy of the certificate of registration under sub-section (8) of section 23 or sub-section (2) of section 24, the Authority shall publish such contents of the certificate and invite claims of benefit sharing to the variety registered under such certificate in the manner as may be prescribed.

On invitation of the claims under sub-section (1), any person or group of persons or firm or governmental or non-governmental organisation shall submit its claim of benefit sharing to such variety in the prescribed form within such period, and accompanied with such fees, as may be prescribed:

Provided that such claim shall only be submitted by any –

- (i) person or group of persons, if such person or every person constituting such group is a citizen of India; or
- (ii) firm or governmental or non-governmental organisation, if such firm or organisation is formed or established in India.

On receiving a claim under sub-section (2), the Authority shall send a copy of such claim to the breeder of the variety registered under such certificate and the breeder may, on receipt of such copy, submit his opposition to such claim within such period and in such manner as may be prescribed.

The Authority shall, after giving an opportunity of being heard to the parties, dispose of the claim received under sub-section (2).

While disposing of the claim under sub-section (4), the Authority shall explicitly indicate in its order the amount of the benefit sharing, if any, for which the claimant shall be entitled and shall take into consideration the following matters, namely:-

- (a) the extent and nature of the use of genetic material of the claimant in the development of the variety relating to which the benefit sharing has been claimed;
- (b) the commercial utility and demand in the market of the variety relating to which the benefit sharing has been claimed.

The amount of benefit sharing to a variety determined under this section shall be deposited by the breeder of such variety in the manner referred to in clause (a) of sub-section (1) of section 45 in the National Gene Fund.

The amount of benefit sharing determined under this section shall, on a reference made by the Authority in the prescribed manner, be recoverable as an arrear of land revenue by the District Magistrate within whose local limits of jurisdiction the breeder liable for such benefit sharing resides.

Breeder to deposit seeds or propagating material

Section 27 provides that the breeder shall be required to deposit such quantity of seeds or propagating material including parental line seeds of registered variety in the National Gene Bank as may be specified in the regulations for reproduction purpose at the breeder's expense within such time as may be specified in that regulation.

The seeds or propagating material parental line seeds to be deposited under sub-section (1) shall be deposited to the National Gene Bank specified by the Authority.

Registration to confer right

Subject to the other provisions of this Act, a certificate of registration for a variety issued under this Act shall confer an exclusive right on the breeder or his successor, his agent or licensee, to produce, sell, market, distribute, import or export the variety:

Provided that in the case of an extant variety, unless a breeder or his successor establishes his right, the Central Government, and in cases where such extant variety is notified for a State or for any area thereof under section 5 of the Seeds Act, 1966 (54 of 1966), the State Government, shall be deemed to be the owner of such right.

A breeder may authorize any person to produce, sell, market or otherwise deal with the variety registered under this Act subject to such limitations and conditions as may be specified by regulations.

Every authorization under this section shall be in such form as may be specified by regulations.

Where an agent or a licensee referred to in sub-section (1) becomes entitled to produce, sell, market, distribute, import or export a variety, he shall apply in the prescribed manner and with the prescribed fees to the Registrar to register his title and the Registrar shall, on receipt of application and on proof of title to his satisfaction, register him as an agent or a licensee, as the case may be, in respect of the variety for which he is entitled for such right, and shall cause particulars of such entitlement and conditions or restrictions, if any, subject to which such entitlement is made, to be entered in the Register:

Provided that when the validity of such entitlement is in dispute between the parties, the Registrar may refuse to register the entitlement and refer the matter in the prescribed manner to the Authority and withhold the registration of such entitlement until the right of the parties in dispute so referred to have been determined by the Authority.

The Registrar shall issue a certificate of registration under sub-section (4) to the applicant after such registration and shall enter in the certificate the brief conditions of entitlement, if any, in the prescribed manner, and such certificate shall be the conclusive proof of such entitlement and the conditions or restrictions thereof, if any.

Subject to any agreement subsisting between the parties, an agent or licensee of a right to a variety registered under sub-section (4) shall be entitled to call upon the breeder or his successor thereof to take proceedings to prevent infringement thereof, and if the breeder or his successor refuses or neglects to do so within three months after being so called upon, such registered agent or licensee may institute proceedings for infringement in his own name as if he were the breeder, making the breeder or his successor a defendant.

Notwithstanding anything contained in any other law, a breeder or his successor so added as defendant shall not be liable for any costs unless he enters an appearance and takes part in the proceedings.

Nothing in this section shall confer on a registered agent or registered licensee of a variety any right to transfer such right further thereof.

Without prejudice to the registration under sub-section (4), the terms of registration--

- (a) may be varied by the Registrar as regards the variety in respect of which, or any condition or restriction subject to which, it has effect on receipt of an application in the prescribed manner of the registered breeder of such variety or his successor;
- (b) may be cancelled by the Registrar on the application in the prescribed manner of the registered breeder of such variety or his successor or of the registered agent or registered licensee of such variety;
- (c) may be cancelled by the Registrar on the application in the prescribed manner of any person other than the breeder, his successor, the registered agent or the registered licensee on any of the following grounds, namely:-
 - (i) that the breeder of a variety or his successor or the registered agent or registered licensee of such variety, misrepresented, or failed to disclose, some fact material to the application for registration under sub-section (4) which if accurately represented or disclosed would have justified the refusal of the application for registration of the registered agent or registered licensee;
 - (ii) that the registration ought not to have been effected having regard to the right vested in the applicant by virtue of a contract in the performance of which he is interested;

- (d) may be cancelled by the Registrar on the application in the prescribed manner of the breeder of a registered variety or his successor on the ground that any stipulation in the agreement between the registered agent or the registered licensee, as the case may be and such breeder or his successor regarding the variety for which such agent or licensee is registered is not being enforced or is not being complied with;
- (e) may be cancelled by the Registrar on the application of any person in the prescribed manner on the ground that the variety relating to the registration is no longer existing.

The Registrar shall issue notice in the prescribed manner of every application under this section to the registered breeder of a variety or his successor and to each registered agent or registered licensee (not being the applicant) of such variety.

The Registrar shall, before making any order under sub-section (9), forward the application made in that behalf along with any objection received by any party after notice under sub-section (10) for the consideration of the Authority, and the Authority may, after making such inquiry as it thinks fit, issue such directions to the Registrar as it thinks fit and the Registrar shall dispose of the application in accordance with such directions. (Section 28)

Exclusion of certain varieties

Section 29 provides that notwithstanding anything contained in this Act, no registration of a variety shall be made under this Act in cases where prevention of commercial exploitation of such variety is necessary to protect public order or public morality or human, animal and plant life and health or to avoid serious prejudice to the environment.

The Central Government shall, by notification in the Official Gazette, specify the genera or species for the purposes of registration of varieties other than extant varieties and farmers' varieties under this Act.

Notwithstanding anything contained in sub-section (2) and sub-sections (1) and (2) of section 15, no variety of any genera or species which involves any technology which is injurious to the life or health of human beings, animals or plants shall be registered under this Act.

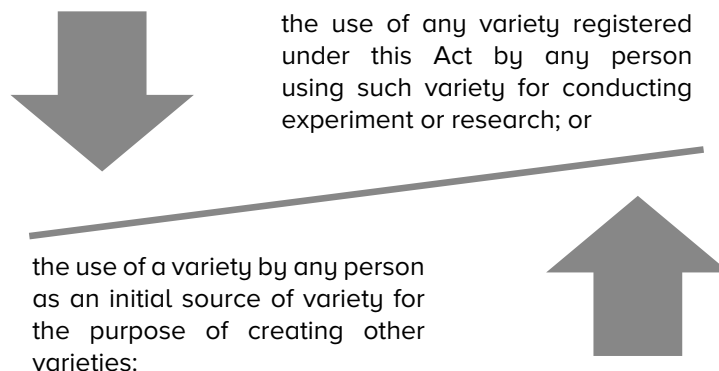
Explanation.--For the purposes of this sub-section, the expression "any technology" includes genetic use restriction technology and terminator technology.

The Central Government shall not delete any genera or species from the list of genera or species specified in a notification issued under sub-section (2) except in the public interest.

Any variety belonging to the genera or species excluded under sub-section (4) shall not be eligible for any protection under this Act.

Researcher's Right

Section 30 states that nothing contained in this Act shall prevent-



Provided that the authorization of the breeder of a registered variety is required where the repeated use of such variety as a parental line is necessary for commercial production of such other newly developed variety.

Special provision relating to application for registration from citizens of convention countries

According to Section 31, with a view to the fulfillment of a treaty, convention or arrangement with any country outside India which affords to citizens of India similar privileges as granted to its own citizens, the Central Government may, by notification in the Official Gazette, declare such country to be a convention country for the purposes of this Act.

Where a person has made an application for the granting of a breeder's right to a variety or for entering such variety in the official register of varieties in a convention country and that person, or any person entitled to make application on his behalf under section 14 or section 23, makes an application for the registration of such variety in India within twelve months after the date on which the application was made in the convention country, such variety shall, if registered under this Act, be registered as of the date on which the application was made in the convention country and that date shall be deemed for the purposes of this Act to be the date of registration.

Where applications have been made for granting of a breeder's right to a variety, or for entering such variety in the official register of varieties in two or more convention countries, the period of twelve months referred to in sub-section (2) shall be reckoned from the date on which the earlier or earliest of those applications were made.

Nothing in this Act shall entitle the breeder of a registered variety for infringement of rights other than protected under this Act which took place prior to the date of application of registration under this Act.

Provisions as to reciprocity

As per section 32, where any country declared by the Central Government in this behalf by notification in the Official Gazette under sub-section (1) of section 31 does not accord to citizens of India the same rights in respect of the registration and protection of a variety, as it accords to its own nationals, no national of such country shall be entitled, either solely or jointly with any other person, to apply for the registration of a variety or be entitled to get a variety registered under this Act.

Duration of Registration

For trees and vines (Perennials)	18 years from the date of registration of the variety.
For other crops (Annuals)	15 years from the date of registration of the variety.
For extant varieties	15 years from the date of notification of that variety by the Central Government under section 5 of the Seeds Act, 1966.

Exemptions Provided By the Act

- Farmers' Exemption: Farmer shall be entitled to produce, save, use, sow, re-sow, exchange, share or sell his farm produce including seed of a variety protected under this Act.
- Researcher's Exemption: (i) the use of registered variety for conducting experiment. (ii) the use of variety as an initial source of variety for the purpose of creating other varieties.

SURRENDER AND REVOCATION OF CERTIFICATE AND RECTIFICATION AND CORRECTION OF REGISTER

The provisions regarding surrender and revocation of certificate and rectification and correction of register are contained in Chapter V ranging from Section 33 to Section 38 of the Protection of Plant Varieties and Farmers-Rights Act, 2001.

Surrender and Revocation of Certificate

According to Section 33, a breeder of a variety registered under this Act may, at any time by giving notice in the prescribed manner to the Registrar, offer to surrender his certificate of registration.

Where such an offer is made, the Registrar shall notify in the prescribed manner every registered agent or registered licensee relating to such certificate.

Any of such agent or licensee may, within the prescribed period after such notification, give notice to the Registrar of his opposition to the surrender and where any such notice is given, the Registrar shall intimate the contents of such notice to the breeder of such variety.

If the Registrar is satisfied after hearing the applicant and all the opponents, if desirous of being heard, that the certificate of registration may properly be surrendered, he may accept the offer and by order revoke the certificate of registration.

Revocation of protection on certain grounds

Section 34 provides that subject to the provisions contained in this Act, the protection granted to a breeder in respect of a variety may, on the application in the prescribed manner of any person interested, be revoked by the Authority on any of the following grounds, namely:-

that the grant of the certificate of registration has been based on incorrect information furnished by the applicant;



that the certificate of registration has been granted to a person who is not eligible for protection under this Act;



that the breeder did not provide the Registrar with such information, documents or material as required for registration under this Act;



that the breeder has failed to provide an alternative denomination of the variety which is the subject matter of the registration to the Registrar in case where the earlier denomination of such variety provided to the Registrar is not permissible for registration under this Act;



that the breeder did not provide the necessary seeds or propagating material to the person to whom compulsory licence has been issued under section 47 regarding the variety in respect of which registration certificate has been issued to such breeder;



that the breeder has not complied with the provisions of this Act or rules or regulations made thereunder;



that the breeder has failed to comply with the directions of the Authority issued under this Act;



that the grant of the certificate of registration is not in the public interest:

Provided that no such protection shall be revoked unless the breeder is given a reasonable opportunity to file objection and of being heard in the matter.

Payment of annual fees and forfeiture of registration in default thereof

Section 35 states that the Authority may, with the prior approval of the Central Government, by notification in the Official Gazette, impose a fee to be paid annually, by every breeder of a variety, agent and licensee thereof registered under this Act determined on the basis of benefit or royalty gained by such breeder, agent or licensee, as the case may be, in respect of the variety, for the retention of their registration under this Act.

If any breeder, agent or licensee fails to deposit the fee referred to in sub-section (7) imposed upon him under that sub-section in the prescribed manner up to two consecutive years, the Authority shall issue notice to such breeder, agent or licensee and on service of such notice if he fails to comply with the direction in the notice, the Authority shall declare all the protection admissible under the registration certificate issued to such breeder or agent or licensee forfeited.

The arrears of fee imposed under sub-section (1) shall be deemed to be the arrears of land revenue and shall be recoverable accordingly.

Power to cancel or change registration and to rectify the Register

On an application made in the prescribed manner to the Registrar by any person aggrieved, the Registrar may make such order as he may think fit for canceling or changing any certificate of registration issued under this Act on the ground of any contravention of the provisions of this Act or failure to observe a condition subject to which such registration certificate is issued.

Any person aggrieved by the absence or omission from the Register of any entry, or by any entry made in the Register without sufficient cause, or by any entry wrongly remaining on the Register, may apply in the prescribed manner to the Registrar and the Registrar may make such order for making, expunging or varying the entry as he may think fit.

The Registrar may, in any proceeding under this section, decide any question that may be necessary or expedient to decide in connection with the rectification of the Register.

The Registrar on his own motion may, after giving notice in the prescribed manner to the parties concerned and after giving them an opportunity of being heard, make any order referred to in sub-section (1) or sub-section (2). (Section 36)

FARMERS' RIGHTS

The provisions regarding Farmers' Rights are contained in Chapter VI ranging from Section 39 to Section 46 of the Protection of Plant Varieties and Farmers-Rights Act, 2001.

Farmers' Rights

Section 39 talks about farmer's rights. It states that notwithstanding anything contained in this Act-

- (i) A farmer who has bred or developed a new variety shall be entitled for registration and other protection in like manner as a breeder of a variety under this Act;
- (ii) The farmers' variety shall be entitled for registration if the application contains declaration as specified in clause (A) of sub-section (1) of section 18;
- (iii) A farmer who is engaged in the conservation of genetic resources of land races and wild relatives of economic plants and their improvement through selection and preservation shall be entitled in the prescribed manner for recognition and reward from the Gene Fund:

Provided that material so selected and preserved has been used as donors of genes in varieties registrable under this Act;

- (iv) A farmer shall be deemed to be entitled to save, use, sow, re-sow, exchange, share or sell his farm produce including seed of a variety protected under this Act in the same manner as he was entitled before the coming into force of this Act:

Provided that the farmer shall not be entitled to sell branded seed of a variety protected under this Act.

Explanation.--For the purposes of clause (iv), "branded seed" means any seed put in a package or any other container and labelled in a manner indicating that such seed is of a variety protected under this Act.

Where any propagating material of a variety registered under this Act has been sold to a farmer or a group of farmers or any organisation of farmers, the breeder of such variety shall disclose to the farmer or the group of farmers or the organisation of farmers, as the case may be, the expected performance under given conditions, and if such propagating material fails to provide such performance under such given conditions, the farmer or the group of farmers or the organisation of farmers, as the case may be, may claim compensation in the prescribed manner before the Authority and the Authority, after giving notice to the breeder of the variety and after providing him an opportunity to file opposition in the prescribed manner and after hearing the parties, may direct the breeder of the variety to pay such compensation as it deems fit, to the farmer or the group of farmers or the organisation of farmers, as the case maybe.

Certain information to be given in application for registration

Section 40 states that, a breeder or other person making application for registration of any variety under Chapter III shall disclose in the application the information regarding the use of genetic material conserved by any tribal or rural families in the breeding or development of such variety,

If the breeder or such other person fails to disclose any information under sub-section (1), the Registrar may, after being satisfied that the breeder or such person has willfully and knowingly concealed such information, reject the application for registration.

Rights of communities

Section 41 provides for Right of communities. Any person or group of persons (whether actively engaged in farming or not) or any governmental or non-governmental organisation may, on behalf of any village or local community in India, file in any center notified, with the previous approval of the Central Government, by the Authority, in the Official Gazette, any claim attributable to the contribution of the people of that village or local community, as the case may be, in the evolution of any variety for the purpose of staking a claim on behalf of such village or local community.

Where any claim is made under sub-section (1), the center notified under that sub-section may verify the claim made by such person or group of persons or such governmental or non-governmental organisation in such manner as it deems fit, and if it is satisfied that such village or local community has contributed significantly to the evolution of the variety which has been registered under this Act, it shall report its findings to the Authority.

When the Authority, on a report under sub-section (2) is satisfied, after such inquiry as it may deem fit, that the variety with which the report is related has been registered under the provisions of this Act, it may issue notice in the prescribed manner to the breeder of that variety and after providing opportunity to such breeder to file objection in the prescribed manner and of being heard, it may subject to any limit notified by the Central Government, by order, grant such sum of compensation to be paid to a person or group of persons or governmental or non-governmental organisation which has made claim under sub-section (1), as it may deem fit.

Any compensation granted under sub-section (3) shall be deposited by the breeder of the variety in the Gene Fund.

The compensation granted under sub-section (3) shall be deemed to be an arrear of land revenue and shall be recoverable by the Authority accordingly.

Protection of innocent infringement

Section 42 states that notwithstanding anything contained in this Act,-

- (i) a right established under this Act shall not be deemed to be infringed by a farmer who at the time of such infringement was not aware of the existence of such right; and
- (ii) a relief which a court may grant in any suit for infringement referred to in section 65 shall not be granted by such court, nor any cognizance of any offence under this Act shall be taken, for such infringement by any court against a farmer who proves, before such court, that at the time of the infringement he was not aware of the existence of the right so infringed.

Authorisation of farmers' variety

Notwithstanding anything contained in sub-section (6) of section 23 and section 28, where an essentially derived variety is derived from a farmers' variety, the authorisation under sub-section (2) of section 28 shall not be given by the breeder of such farmers' variety except with the consent of the farmers or group of farmers or community of farmers who have made contribution in the preservation or development of such variety. (Section 43)

Exemption from fees

A farmer or group of farmers or village community shall not be liable to pay any fees in any proceeding before the Authority or Registrar or the High Court under this Act or the rules made thereunder.

Explanation.—For the purposes of this section, “fees in any proceeding” includes any fees payable for inspection of any document or for obtaining a copy of any decision or order or document under this Act or the rules made thereunder. (Section 44)

Gene Fund

The Central Government shall constitute a Fund to be called the National Gene Fund and there shall be credited thereto –

- (a) the benefit sharing received in the prescribed manner from the breeder of (25 of 1961) variety or an essentially derived variety registered under this Act, or propagating material of such variety or essentially derived variety, as the case maybe;
- (b) the annual fee payable to the Authority by way of royalty under sub-section (1) of section 35;
- (c) the compensation deposited in the Gene Fund under sub-section (4) of section 41;
- (d) the contribution from any national and international organisation and other sources.

The Gene Fund shall, in the prescribed manner, be applied for meeting--

- (a) any amount to be paid by way of benefit sharing under sub-section (5) of section 26;
- (b) the compensation payable under sub-section (3) of section 41;
- (c) the expenditure for supporting the conservation and sustainable use of genetic resources including in- situ and ex-situ collections and for strengthening the capability of the Panchayat in carrying but such conservation and sustainable use;
- (d) the expenditure of the schemes relating to benefit sharing framed under section 46. (Section 45)

Framing of schemes, etc.

Section 46 states that the Central Government shall, for the purposes of section 41 and clause (d) of sub-section (2) of section 45, frame, by notification in the Official Gazette, one or more schemes.

In particular, and without prejudice to the generality of the provisions of sub-section (7), the scheme may provide for all or any of the following matters, namely-

the registration of the claims for the purposes of section 41 under the scheme and all matters connected with such registration;

the processing of such claims for securing their enforcement and matters connected therewith;

the maintenance of records and Registers in respect of such claims;

the utilisation, by way of disbursal (including apportionment) or otherwise, of any amounts received in satisfaction of such claims;

the procedure for disbursal or apportionment by the Authority in the event of dispute regarding such claims;

the utilisation of benefit sharing for the purposes relating to breeding, discovery or development of varieties;

the maintenance and audit of accounts with respect to the amounts referred to in clause (d).

COMPULSORY LICENCE

The provisions regarding Compulsory License are contained in Chapter VII ranging from Section 47 to Section 53 of the Protection of Plant Varieties and Farmers-Rights Act, 2001.

Power of Authority to make order for compulsory licence in certain circumstances

According to Section 47, at any time, after the expiry of three years from the date of issue of a certificate of registration of a variety, any person interested may make an application to the Authority alleging that the reasonable requirements of the public for seed or other propagating material of the variety have not been satisfied or that the seed or other propagating material of the variety is not available to the public at a reasonable price and pray for the grant of a compulsory licence to undertake production, distribution and sale of the seed or other propagating material of that variety.

Every application under sub-section (1) shall contain a statement of 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 Authority, after consultation with Central Government, and if satisfied after giving an opportunity to the breeder of such variety, to file opposition and after hearing the parties, on the issue that the reasonable

requirements of the public with respect to the variety have not been satisfied or that the seed or other propagating material of the variety is not available to the public at a reasonable price, may order such breeder to grant a licence to the applicant upon such terms and conditions as it may deem fit and send a copy of such order to the Registrar to register the title of such applicant as licensee under sub-section (4) of section 28 on payment of such fees by the applicant as is referred to in that sub-section.

Adjournment of application for grant of compulsory licence

If the breeder of a variety registered under this Act in respect of which any application has been pending before the Authority under section 47 makes a written request to the Authority on the ground that due to any reasonable factor, such breeder has been unable to produce seed or other propagating material of the variety on a commercial scale to an adequate extent till the date of making such request, the Authority may, on being satisfied that the said ground is reasonable, adjourn the hearing of such application for such period not exceeding twelve months in aggregate as it may consider sufficient for optimum production of the seed or propagating material of such variety, as the case may be, by such breeder.

No adjournment of the application under sub-section (1) shall be granted unless the Authority is satisfied that the breeder of the variety registered under this Act in respect of which such application is made, has taken immediate measures to meet the reasonable requirements of the public for the seed or other propagating material of such variety. (Section 49)

Duration of compulsory licence

The Authority shall determine the duration of the compulsory licences granted under this Chapter and such duration may vary from case to case keeping in view the gestation periods and other relevant factors but in any case it shall not exceed the total remaining period of the protection of that variety and when a compulsory licence is granted the prescribed authority shall, in the prescribed manner make available to the licensee of such compulsory licence, the reproductive material of the variety relating to such compulsory licence stored in the National Gene Bank or any other centre. (Section 50)

Authority to settle terms and conditions of licence

Section 51 states that the Authority shall, while determining the terms and conditions of a compulsory licence under the provisions of this Chapter, endeavour to secure—

- i. reasonable compensation to the breeder of the variety relating to the compulsory licence having regard to the nature of the variety, the expenditure incurred by such breeder in breeding the variety or for developing it, and other relevant factors;
- ii. that the compulsory licensee of such variety possesses the adequate means to provide to the farmers, the seeds or its other propagating material of such variety timely and at reasonable market price.

No compulsory licence granted by the Authority shall authorise the licensee to import the variety relating to such licence or any seed or other propagating material of such variety from abroad where such import would constitute an infringement of the rights of the breeder of such variety.

Revocation of compulsory licence

The Authority, may on its own motion or on application from an aggrieved person made to it in the prescribed form, if it is satisfied that a compulsory licensee registered under this Chapter has violated any terms or conditions of his licence or it is not appropriate to continue further such licence in public interest, it may after giving such licensee an opportunity to file opposition and of being heard make order to revoke such licence.

When a licence is revoked under sub-section (1) by an order of the Authority, the Authority shall send a copy of such order to the Registrar to rectify the entry or correct the Register relating to such revocation and the Registrar shall rectify the entry or correct the Register accordingly. (Section 52)

APPEALS

The provisions regarding Appeals are contained in Chapter VIII ranging from Section 56 & 57 Protection of Plant Varieties and Farmers-Rights Act, 2001.

Appeals to High Court

As per Section 56, an appeal shall be preferred to the High Court within the prescribed period from any—

- a. order or decision of the Authority or Registrar, relating to registration of a variety; or
- b. order or decision of the Registrar relating to registration as an agent or a licensee of a variety; or
- c. order or decision of the Authority relating to claim for benefit sharing; or
- d. order or decision of the Authority regarding revocation of compulsory licence or modification of compulsory licence; or
- e. order or decision of the Authority regarding payment of compensation, made under this Act or rules made thereunder.

Every such appeal shall be preferred by a petition in writing and shall be in such form and shall contain such particulars as may be prescribed.

Order of High Court

According to Section 57, the High Court may, after giving both the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit. The High Court may, at any time within thirty days from the date of the order, with a view to rectifying the mistake apparent from the record, amend any order passed by it under sub-section (1), and make such amendment if the mistake is brought to its notice by the appellant or the opposite party.

In every appeal, the High Court may, where it is possible, hear and decide such appeal within a period of one year from the date of filing of the appeal. The High Court shall send a copy of any order passed under this section to the Registrar

INFRINGEMENT, OFFENCES, PENALTIES AND PROCEDURE

The provisions regarding Infringement, Offences, Penalties and Procedure are contained in Chapter X ranging from section 64 to 77 of Protection of Plant Varieties and Farmers-Rights Act, 2001.

Infringement

Subject to Section 64, a right established under this Act is infringed by a person-

who, not being the breeder of a variety registered under this Act or a registered agent or a registered licensee of that variety, sells, exports, imports or produces such variety without the permission of its breeder or within the scope of a registered licence or registered agency without permission of the registered licensee or registered agent, as the case may be;

who uses, sells, exports, imports or produces any other variety giving such variety, the denomination identical with or deceptively similar to the denomination of a variety registered under this Act in such manner as to cause confusion in the mind of general people in identifying such variety so registered.

Suit for infringement, etc.

As per Section 65, no suit -

- (a) for the infringement of a variety registered under this Act; or
- (b) relating to any right in a variety registered under this Act, shall be instituted in any court inferior to a District Court having jurisdiction to try the suit.

For the purposes of clauses (a) and (b) of sub-section (1), "District Court having jurisdiction" shall mean the District Court within the local limits of whose jurisdiction the cause of action arises.

Relief in suit for infringement

The relief which a court may grant in any suit for infringement referred to in section 65 includes an injunction and at the option of the plaintiff, either damages or a share of the profits.

The order of injunction under sub-section (1) may include an *ex parte* injunction or any interlocutory order for any of the following matters, namely:-

- (a) discovery of documents;
- (b) preserving of infringing variety or documents or other evidence which are related to the subject-matter of the suit,
- (c) attachment of such property of the defendant which the court deems necessary to recover damages, costs or other pecuniary remedies which may be finally awarded to the plaintiff. (Section 66)

Opinion of scientific adviser

According to Section 67, when the court has to form an opinion upon any question of fact or a scientific issue, such court may appoint an independent scientific adviser to suggest it or to inquire into and report upon the matter to enable it to form the desired opinion.

The scientific adviser may be paid such remuneration or expenses as the court may fix.

OFFENCES, PENALTIES AND PROCEDURE**Prohibition to apply denomination of registered variety**

Section 68 provides that no person other than the breeder of a variety registered under this Act or a registered licensee or a registered agent thereof shall use the denomination of that variety in the manner as may be prescribed.

A person shall be deemed to apply the denomination of a variety registered under this Act who –

- (a) applies it to the variety itself; or
- (b) applies it to any package in or with which the variety is sold, or exposed for sale, or had in possession such package for sale or for any purpose of trade or production; or
- (c) places, encloses or annexes the variety which is sold, or exposed for sale, or had in possession for sale or for any purpose of trade or production, in or with any package or other thing to which the denomination of such variety registered under this Act has been applied; or
- (d) uses the denomination of such variety registered under this Act in any manner reasonably likely to lead to the belief that the variety or its propagating material in connection with which it is used is designated or described by the denomination; or

- (e) in relation to the variety uses such denomination in any advertisement, invoice, catalogue, business letter, business paper, price list or other commercial document and such variety is delivered to a person in pursuance of a request or order made by reference to the denomination as soused.

A denomination shall be deemed to be applied to a variety whether it is woven in, impressed on, or otherwise worked into, or annexed or affixed to, such variety or to any package or other thing.

Meaning of falsely applying denomination of a registered variety

As per Section 69, a person shall be deemed to falsely apply the denomination of a variety registered under this Act who, without the assent of the breeder of such variety,—

- (a) applies such denomination or a deceptively similar denomination to any variety or any package containing such variety;
- (b) uses any package bearing a denomination which is identical with or deceptively similar to the denomination of such variety registered under this Act, for the purpose of packing, filling or wrapping therein any variety other than such variety registered under this Act.

Any denomination of a variety registered under this Act falsely applied as mentioned in sub-section (1), is in this Act referred to as false denomination.

In any prosecution for falsely applying a denomination of a variety registered under this Act the burden of proving the assent of the breeder of such variety shall lie on the accused.

Penalty for applying false denomination, etc.

Section 70 states that any person who –

- (a) applies any false denomination to a variety; or
- (b) indicates the false name of a country or place or false name and address of the breeder of a variety registered under this Act in the course of trading such variety,

shall, unless he proves that he acted, without intent to defraud, be punishable with imprisonment for a term which shall not be less than three months but which may extend to two years, or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

Penalty for selling varieties to which false denomination is applied, etc

As per section 71, any person who sells, or exposes for sale, or has in his possession for sale or for any purpose of trade or production of any variety to which any false denomination is applied or to which an indication of the country or place in which such variety was made or produced or the name and address of the breeder of such variety registered under this Act has been falsely made, shall, unless he proves –

- (a) that having taken all reasonable precautions against committing an offence against this section, he had at the time of commission of the alleged offence no reason to suspect the genuineness of the denomination of such variety or that any offence had been committed in respect of indication of the country or place in which such variety registered under this Act, was made or produced or the name and address of the breeder of such variety;
- (b) that, on demand by or on behalf of the prosecutor, he gave all the information in his possession with respect to the person from whom he obtained such variety; or
- (c) that otherwise he had acted innocently;

be punishable with imprisonment for a term which shall not be less than six months but which may extend to two years, or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

Penalty for falsely representing a variety as registered

According to section 72, whoever makes any representation with respect to the denomination of a variety or its propagating material or essentially derived variety or its propagating material not being variety or its propagating material or essentially derived variety or its propagating material registered under this Act, to the effect that it is a variety or its propagating material or essentially derived variety or its propagating material registered under this Act or otherwise represents any variety, or its propagating material, or essentially derived variety or its propagating material not registered under this Act to the effect that it is registered under this Act shall be punishable with imprisonment for a term, which shall not be less than six months but which may extend to three years, or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees, or with both.

Penalty for subsequent offence

Section 73 states that whoever, having already been convicted of an offence under this Act is again convicted of such offence shall be punishable for the second and for every subsequent offence with imprisonment for a term which shall not be less than one year but which may extend to three years, or with fine which shall not be less than two lakh rupees but which may extend to twenty lakh rupees, or with both.

Procedure where invalidity of registration is pleaded by the accused

Where the offence charged under this Act is in relation to a variety or its propagating material or essentially derived variety or its propagating material registered under this Act and the accused pleads that the registration of such variety or its propagating material or essentially derived variety or its propagating material, as the case may be, is invalid and the court is satisfied that such offence is prima facie not tenable, it shall not proceed with the charge but shall adjourn the proceedings for three months from the date on which the plea of the accused is recorded to enable the accused to file an application before the Registrar under this Act for the rectification of the Register on the ground that the registration is invalid.

If the accused proves to the court that he has made such application within the time so limited or within such further time as the court for sufficient cause allow, the further proceedings in the prosecution shall stand stayed till the disposal of such application for rectification.

If within a period of three months or within such extended time as may be allowed by the court, the accused fails to apply to the Registrar for rectification of the Register, the court shall proceed with the case as if the registration were valid.

Where before institution of a complaint of an offence referred to in sub-section (1), any application for the rectification of the Register concerning the registration of the variety or its propagating material or essentially derived variety or its propagating material, as the case may be, in question on the ground of invalidity of such registration has already been properly made to and is pending before the Registrar, the court shall stay the further proceedings in the prosecution pending the disposal of the application aforesaid and shall determine the charge against the accused in conformity with the result of the application for rectification. (Section 76)

Offences by companies

If the person committing an offence under this Act is a company, the company as well as every person in charge of, and responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or that the

commission of the offence is attributable to any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly. (Section 77)

Explanation.—For the purposes of this section,—

- (a) “company” means any body corporate and includes a firm or other association of individuals; and
- (b) “director”, in relation to a firm, means a partner in the firm.

INTERNATIONAL TREATIES AND CONVENTION

International Union for Protection of New Plant Varieties (UPOV Convention)

The International Union for the Protection of New Varieties of Plants (UPOV) is an intergovernmental organization with headquarters in Geneva (Switzerland).

UPOV was established by the International Convention for the Protection of New Varieties of Plants. The Convention was adopted in Paris in 1961 and it was revised in 1972, 1978 and 1991.

UPOV’s mission is to provide and promote an effective system of plant variety protection, with the aim of encouraging the development of new varieties of plants, for the benefit of society.

The aim of the UPOV system is encourage breeding of new plant varieties for all types of farmers. The “Seminar on Plant Variety Protection and Technology Transfer: the Benefits of Public-Private Partnership” and the “Symposium on the Benefits of Plant Variety Protection for Farmers and Growers” demonstrated, for example, the way in which plant breeders’ rights have been used by the public sector to transfer new varieties to both commercial and resource-poor farmers.

The goal of UPOV is to guarantee strong plant safety measures that will allow for the development of novel plant varieties that will benefit society. The UPOV Convention establishes the foundation for people to support plant raising by granting producers of new plant varieties a licenced innovation right.

When a raiser’s accuracy is used to guarantee an assortment, it is necessary to obtain the reproducer’s permission before using the assortment for commercial reasons. The individual UPOV members renounce their right to reproduce. That new plant assortment can only be guaranteed through the reproduction of another plant assortment. Insurance for a variety cannot be obtained by anybody other than the raiser.

Under the UPOV framework, there are no restrictions on who can be seen as a reproducer; a raiser may be an individual, a farmer, an analyst, an open organization, a privately owned firm, etc. India is not an exclusive member though.

The UPOV system encourages the development of new varieties of plants, therefore adding to diversity. The “breeder’s exemption” in the UPOV Convention enables plant diversity to be available for further breeding activities because acts done for the purpose of breeding other varieties are not subject to any restriction by the breeder. This reflects the fact that access to protected varieties contributes to sustain greatest progress in plant breeding and, thereby, to maximize the use of genetic resources for the benefit of society.

TRIPS Agreement

As a whole, Article 27 of the TRIPS Agreement defines which inventions governments are obliged to make eligible for patenting, and what they can exclude from patenting. Inventions that can be patented include both products and processes, and should generally cover all fields of technology.

Broadly speaking, part (b) of paragraph 3 (i.e. Article 27.3(b)) allows governments to exclude some kinds of inventions from patenting, i.e. plants, animals and “essentially” biological processes (but micro-organisms, and non-biological and microbiological processes have to be eligible for patents). However, plant varieties have to

be eligible for protection either through patent protection or a system created specifically for the purpose (“*sui generis*”), or a combination of the two.

Doha Declaration

The 2001 Doha Declaration made it clear that work in the TRIPS Council under the reviews (Article 27.3(b) or the whole of the TRIPS Agreement under Article 71.1) and on outstanding implementation issues should cover:

- the relationship between the TRIPS Agreement and the UN Convention on Biological Diversity (CBD);
- the protection of traditional knowledge and folklore; and
- other relevant new developments that member governments raise in the review of the TRIPS Agreement.

It adds that the TRIPS Council’s work on these topics is to be guided by the TRIPS Agreement’s objectives (Article 7) and principles (Article 8), and must take development issues fully into account.

CASE LAWS

Pepisco vs. Gujarat Farmers (also known as PepsiCo vs. Bipin Patel & Ors.)

The plaintiff has instituted the present suit for seeking permanent injunction to restrain infringement of plant variety registered under the provisions of the Protection of Plant Varieties and Farmers’ Rights Act, 2001 (‘the said Act’ for short) and passing off.

The plaintiff is the registered breeder of the potato plant variety ‘FL 2027’ (commercial name FC5) which is registered under the provisions of the said Act. The said registration was granted to the plaintiff on 1st February, 2016 and is valid and subsisting as on date. The Learned Counsel for the plaintiff has further submitted that the Registered Variety of potatoes breeds are being used by the plaintiff for manufacturing potato chips which are sold under the popular brand name/trade mark LAY’S. The Learned Counsel for the plaintiff has further submitted that the defendant has been illegally growing, producing, selling without permission of the plaintiff, such Variety in violation of the plaintiffs’ statutory right granted under sections 64 and 65 of the said Act. The Learned Counsel for the plaintiff has further submitted that the defendant is violating the right of the plaintiff as granted under sections 64 and 65 of the said Act. He has further submitted that the Registered Variety is the hybrid of FL 1867 and Wischip varieties. In the year 1999, the denomination FL 2027 was coined and assigned to the said variety. In India, the Registered Variety was first put to commercial use in 2009 and has been traded under the trademark FC5 by the plaintiff. The plaintiff filed application for registration of the Variety as a ‘new variety’ with the plant Variety Registry on 2nd February, 2012 and the plaintiff has been granted registration by the Plant Variety Registry and the plaintiff has placed the same at Mark 4/1. The Learned Counsel for the plaintiff has further submitted that the plaintiff has granted license to some farmers, firstly in Punjab to bring potatoes of the said Variety on the buyback system. In January 2019, it came to the knowledge of the plaintiff that the defendant has started the production of the Variety of the potatoes by infringing the right of the plaintiff under the said Act.

The plaintiff as well as the laboratory at Shimla have pointed out that the DNA of the samples collected by the plaintiff from the premises of the defendant, are matched with the DNA of the plaintiff’s potato. Consequently, PepsiCo was given an ex-parte ad-interim injunction by order dated April 8, 2019, preventing the farmers from growing and selling the PepsiCo-registered variety’s produce until the next hearing, on April 26. However, this was the first time a farmer in Gujarat was discovered to be in possession of the variety that was supposedly registered with PepsiCo. PepsiCo was known to have agreements with farmers in Punjab for cultivation of the relevant variety under the buyback scheme.

The truth is that PepsiCo applied for registration of the variety as a “new variety” on February 2, 2012, and was subsequently approved by the Plant Variety Registry. This essentially made PepsiCo the variety’s registered owner. On the other hand, the farmers who are being sued contend that they purchased the potato seeds on the

so-called “grey market,” where they were able to find them locally. The potato variety was launched in India in 2011, but it wasn’t registered until five years later, in 2016, according to agricultural activists. As a result, it is only natural that it spread among farmers who don’t have a contract with the corporation, they claim.

PepsiCo cited Section 64, which states that a right established under this Act is violated when a person who is not the breeder, registered agent, or licensee sells, exports, imports, or produces a variety without the breeder’s consent and does so in a way that confounds the public. Unprocessed potato produce, which is the raw material needed to make Lay’s chips, or potato seeds (to be grown), which are now unknown, may have been sold by the farmers.

Another intriguing fact to consider is that farmers assert protection under Section 39 (1) (iv), asserting that the seed was already on the market a long time before PepsiCo registered it. This begs the question of why PepsiCo took action in 2019 when it could have started much earlier.

The firm apparently dismissed all of their claims against the farmers on May 10th as a result of tremendous pressure from its headquarters, the Indian public, and political parties.

Maharashtra Hybrid Seed Co. vs. Union of India and Anr on 9 January, 2015 W.P.(C) 4330, 4365, 4366, 6199 & 7853 of 2012

Facts:

The petitioners impugn a common order passed by the Registrar, Protection of Plant Varieties and Farmers’ Rights Authority holding that parent lines of known hybrid varieties, could not be registered as “new” plant varieties under the Protection of Plant Varieties and Farmers’ Rights Act, 2001 (hereafter the ‘Act’). It was held that if the hybrid falls under the category of extant variety about which there is common knowledge then its parental lines cannot be treated as novel.

The learned counsel for the petitioners contended that the hybrid seeds, obtained from crossing the parental lines, are distinct in traits and characteristics from the parent lines and cannot be considered as propagating or harvested material of the parental line varieties. It was contended that the propagating/harvested material of a variety would mean any part of a plant or seed, which is capable of regeneration into a plant having same characteristics as the original plant. Since regeneration of hybrid seed would not result in the parental lines but the hybrid plant variety that is distinct from the parent line varieties, the hybrid seeds obtained from crossing of parent lines could not be said to be propagating or harvested material of the parental lines.

It was submitted on behalf of the petitioners that a ‘variety’ is defined ‘by the expression of the characteristics’ and as the characteristics of the hybrid variety are different from the parental line, the parent lines could not be considered the same as the hybrid variety.

The learned counsel for the interveners submitted that the Act did not require that the harvested material of a variety should also be a variety in itself or that it should be able to reproduce the parent variety. He further submitted that the distinction sought to be drawn between the US/ European laws and the Act was erroneous. The learned counsel for the interveners contended that the word ‘deemed’ could not, in all cases, be read to create a legal fiction and in some cases, may also be used to mean what is obvious. He relied upon the decision of the Supreme Court in *Consolidated Coffee Ltd. and Anr. v. Coffee Board, Bangalore: (1980) 3 SCC 358* in support of his contention.

Issues:

Whether the parent lines of extant hybrid varieties can be considered as novel plant varieties for the purposes of registration under the Act?

Held:

Court held that-

“The parent lines are not sold and only the seeds of the hybrid variety are sold commercially. According to the petitioner, since the parent lines are not commercially sold and their identity is kept secret, the parent lines cannot be considered as “extant variety” within the meaning of Section 2(j) of the Act.

It is settled law that the intention of the Legislature must be discerned from the plain language of a Statute. In my view, the plain language of Section 15(3)(a) of the Act indicates that a variety would be novel if harvested material of a variety has not been sold, or otherwise disposed of prior to the specified period. It would, obviously, follow that the plant would cease to conform to the novelty criteria as required for being registered as a new variety, if the propagating material/harvested material of the variety was sold or otherwise disposed of for the purposes of exploitation of such variety prior to the specified period. Although, the word <deemed> is used in the opening sentence of Section 15(3) of the Act, the same cannot be read to mean that even if a plant variety does not conform to the conditions of clause (a) of Section 15(3) of the Act it could, nonetheless, be considered as novel.

The word “deemed” in the opening sentence of Section 15(3) of the Act must be read in the context of the legislative intent; a plant variety, the propagating material or harvested material of which is sold or otherwise disposed of within the specified period would be novel but would be precluded from being claimed as novel if sold/otherwise disposed of prior to the specified period.

The expression “exploitation of such variety” need not necessarily be by sale of the plant, or such material of that plant, which is capable of regeneration into the same variety; sale of the harvested material of varieties - in this case the hybrid seed, which would not germinate into either of the parent varieties - would, clearly, be an exploitation of those varieties. According to the petitioners, the parental lines are not sold but used only for producing seeds of hybrid varieties. Indisputably, the sale of such seeds would amount to exploitation of the parental varieties for commercial purposes.

In my view, a plain reading of Section 15(3) of the Act would indicate that if the seeds of parent lines have been commercially sold, the breeders cannot claim the parent lines to be novel. As I see it, even if one was to consider that language of Section 15(3) of the Act was ambiguous on the issue, the same would have to be resolved against the petitioners. This is so because it is well settled that in case of ambiguity in the language of a statute, a purposive interpretation that furthers the intention of the Legislature must be adopted. The Legislative intent of the Act is to protect the rights of the farmers and plant breeders. India had ratified the TRIPS agreement and, therefore, was obliged to protect the intellectual property rights in certain plant varieties. The protection as envisaged under the Act is to provide certain exclusive rights for a specified period of time.

Therefore Court find no reasons to interfere with the impugned order. Accordingly, the petitions are dismissed.”

Monsanto Technology LLC vs. Nuziveedu and Ors. Civil Appeal No. 6472 of 2004

Facts:

The appellants/plaintiffs is seeking permanent injunction against the defendants from using the trademark “BOLGARD” and “BOLGARD II” brand cotton technology, violating the registered patent no. 214436 of the plaintiffs, and also to further restrain the defendants from selling and or using seeds/hybrid seeds bearing the patented technology, infringing the registered patent of the plaintiffs, along with rendition of accounts. The parties shall, for convenience, be referred to by their position in the original suit.

The plaintiffs pursuant to their patent rights had entered into a sub licence agreement dated 21.02.2004 with the defendants for an initial period of ten years. The agreement entitled the defendants to develop “Genetically Modified Hybrid Cotton Planting Seeds” with help of the plaintiffs’ technology and to commercially exploit the same subject to the limitations prescribed in the agreement. The agreement also provided for payment of licence fee/trait value by the defendants, for use of the plaintiffs’ patented technology. The agreement after extension was ultimately terminated by the plaintiffs on 14.11.2015 due to disputes regarding payment of licence fee/trait value in view of subsequent price control regime introduced by the State, and to which the defendants required adherence by the plaintiffs. The plaintiffs filed an application for injunction under Order 39, Rule 1 and 2 of the Code of Civil Procedure, to restrain the defendants from using their registered trade mark in violation of the registered patent during the pendency of the suit in view of the termination of the agreement.

The defendants in their written statement inter alia contended that their rights were protected under the Protection of Plant Varieties and Farmers' Rights Act, 2001 (hereinafter referred to as 'the PPVFR Act'). The suit patent was bad because claims 124 were "process claims" concerning genetic engineering or biotechnology method to insert "Nucleic Acid Sequence" (NAS) into a plant cell as in claim 2527 practiced in laboratory conditions, unlike the complete biological process adopted by the defendants. The NAS was a chemical composition incapable of reproducing itself and was thus not a microorganism. Only on insertion into a plant, a living organism, it imparts Bt. trait (insect resistance) to the living organism. The defendants also filed a counter claim no.51 of 2016 seeking revocation of the patent under Section 64 of the Act, as being in violation of Section 3(j) of the Patents Act in respect of plants and seeds that contained DNA sequences, denying any infringement.

Issue:

Whether Section 3(j) of the Patents Act, 1970 prohibit patenting gene sequences that are mentioned in the claims of GM hybrid cotton seed?

Held:

Court stated that -

"We see no reason to reject the submission of Dr. Singhvi that it stands to reason why the plaintiffs would have consented to a summary adjudication of an existing patent and risk losing the same without any merit adjudication. The defendants themselves had contended in their appeal that the issues were complicated requiring expert evidence to be considered in a fullfledged trial. The Division Bench therefore ought to have confined its adjudication to the question whether grant of injunction was justified or unjustified in the facts and circumstances of the case. The Division Bench ought not to have examined the counter claim itself usurping the jurisdiction of the Single Judge to decide unpatentability of the process claims 124 also in the summary manner done. Summary adjudication of a technically complex suit requiring expert evidence also, at the stage of injunction in the manner done, was certainly neither desirable or permissible in the law. The suit involved complicated mixed questions of law and facts with regard to patentability and exclusion of patent which could be examined in the suit on basis of evidence. Section 64 of the Act provides for revocation of patent based on a counter claim in a suit. It necessarily presupposes a valid consideration of the claims in the suit and the counter claim in accordance with law and not summary adjudication sans evidence by abstract consideration based on text books only.

The Supreme Court ruled that the Division Bench could not dispose of the case on a summary basis. The Supreme Court then upheld the Single Judge's judgement and gave it time to elaborately decide the patent case based on expert testimony."

Sungro Seeds Ltd. vs. Union of India, (dated 09.01.2015) W.P.(C) 4330, 4365, 4366, 6199 & 7853 of 2012

Facts:

The petitioners impugn a common order dated 24.05.2012 (hereafter the 'impugned order') passed by the Registrar, Protection of Plant Varieties and Farmers' Rights Authority holding that parent lines of known hybrid varieties, could not be registered as "new" plant varieties under the Protection of Plant Varieties and Farmers' Rights Act, 2001 (hereafter the 'Act'). It was held that if the hybrid falls under the category of extant variety about which there is common knowledge then its parental lines cannot be treated as novel.

The learned counsel for the petitioners contended that the hybrid seeds, obtained from crossing the parental lines, are distinct in traits and characteristics from the parent lines and cannot be considered as propagating or harvested material of the parental line varieties. It was contended that the propagating/harvested material of a variety would mean any part of a plant or seed, which is capable of regeneration into a plant having same characteristics as the original plant. Since regeneration of hybrid seed would not result in the parental lines but the hybrid plant variety that is distinct from the parent line varieties, the hybrid seeds obtained from crossing of parent lines could not be said to be propagating or harvested material of the parental lines.

It was submitted on behalf of the petitioners that a 'variety' is defined 'by the expression of the characteristics' and as the characteristics of the hybrid variety are different from the parental line, the parent lines could not be considered the same as the hybrid variety.

The learned senior counsel for the interveners contended that the hybrid seeds produced by crossing of the parental lines, were the propagating or harvested material of each of the parental lines and the commercial exploitation of such hybrid seeds for more than one year prior to the date of application, would make the parent line ineligible to be registered as a new variety.

The learned counsel for the interveners submitted that the Act did not require that the harvested material of a variety should also be a variety in itself or that it should be able to reproduce the parent variety. He further submitted that the distinction sought to be drawn between the US/ European laws and the Act was erroneous. The learned counsel for the interveners contended that the word 'deemed' could not, in all cases, be read to create a legal fiction and in some cases, may also be used to mean what is obvious.

Issue:

Whether the parent lines of extant hybrid varieties can be considered as novel plant varieties for the purposes of registration under the Act?

Held:

Court held that, a plain reading of Section 15(3) of the Act would indicate that if the seeds of parent lines have been commercially sold, the breeders cannot claim the parent lines to be novel. As I see it, even if one was to consider that language of Section 15(3) of the Act was ambiguous on the issue, the same would have to be resolved against the petitioners. This is so because it is well settled that in case of ambiguity in the language of a statute, a purposive interpretation that furthers the intention of the Legislature must be adopted. The Legislative intent of the Act is to protect the rights of the farmers' and plant breeders. India had ratified the TRIPS agreement and, therefore, was obliged to protect the intellectual property rights in certain plant varieties. The protection as envisaged under the Act is to provide certain exclusive rights for a specified period of time. By virtue of Section 24(6) of the Act, the registration certificate issued in respect of a plant variety could be extended for a period up to 18 years from the date of registration in case of trees and vines and 15 years from the date of registration in other cases. In the case of extant varieties the validity of the registration certificate can be extended upto 15 years from the notification of that variety under Section 5 of the Seeds Act, 1966. In other words, the Parliament in its Legislative wisdom considered that providing exclusivity as specified under Section 24(6) of the Act was sufficient protection to the plant breeders. If the provisions of Section 15(3) of the Act are read in a manner as suggested by the petitioners, the effect would be to extend that period of protection many times over.

Pioneer Overseas Corporation vs. Chairperson, Protection of Plant Varieties and Farmers Rights and Ors W.P.(C) 6470/2013 & CM No. 14085/2013 and Pioneer Overseas Corporation vs. Union of India and Ors. W.P.(C) 6208/2014 & CM No. 15019/2014 (dated 1.07.2019)

Facts:

The petitioner (hereafter 'Pioneer') is a wholly owned subsidiary of Pioneer Hi-Bred International Inc., company incorporated in United States of America. Pioneer claims that it is involved in the business of research, development, breeding, production and marketing of plant varieties since the year 1926. Respondent no.2 (Kaveri Seeds Limited- hereafter 'Kaveri') is also involved in the business of research, development, breeding of seeds and plant varieties.

The controversy involved in the present petitions relates to the acceptance of Kaveri's application for registration of a variety of maize, referred to as KMH50 under the Protection of Plant Varieties and Farmers' Rights Act, 2001 (hereafter 'the Act'). Pioneer claims that KMH50 is identical/similar to its variety of maize referred to as 30V92. Pioneer has also filed an application for registration of 30V92 under the Act. Pioneer had filed an opposition to Kaveri's application for registration of KMH50 under the Act.

Pioneer has also filed an application with Protection of Plant Varieties and Farmers' Rights Authority (hereafter 'the Authority') under Section 24(5) of the Act, inter alia, claiming that KMH50 was identical to 30V92 and the two varieties are one and the same and further alleging that Kaveri had misappropriated the germplasm of 30V92 under the denomination KMH50. Pioneer had also filed an application for conducting special test (DNA Test) for determining the genetic profile of KMH50 and 30V92 in support of its claim that Kaveri was abusing the provisions of the Act.

Pioneer's application for conducting special test was rejected by the Registrar, Protection of Plant Varieties and Farmers' Rights Authority (hereafter 'Registrar') by an order dated 27.08.2013 on the sole ground that the two varieties of maize (KMH50 and 30V92) were found to conform to the criteria of distinctiveness, uniformity and stability pursuant to the tests conducted in this regard (hereafter 'DUS'). According to the Registrar, a special test as sought for by Pioneer was permissible only if DUS test had failed; that is, the test failed to establish that the plant varieties conform to the DUS criteria. Since, the Authority was of the view that the DUS test was successful, it rejected the Pioneer's application for conducting special test.

Pioneer also impugns an order dated 9th September, 2014, whereby its opposition to Kaveri's application (application no. E2ZM40916 - KMH50) for registration of KMH50 was closed and Kaveri's variety KMH50 was directed to be registered subject to satisfying other conditions.

Held:

Court stated that-

"The Registrar's view that the objections regarding DUS test ought to be made by making a representation on inspection of the variety while the DUS test is being conducted, is erroneous. As discussed earlier, the question of raising objections arises only after the application has been accepted, which is post the variety being found to conform to the DUS criteria. In terms of Rule 30(2) of the 2003 Rules, such advertisement would also include information as to the place where the candidate variety can be inspected. It is at that stage that an opponent has the opportunity to inspect the variety and, if necessary, point out errors in the DUS Test report by filing an opposition.

Secondly, the Registrar would also be required to consider whether the statements made by Kaveri in its application were correct. Pioneer had alleged in its application under Section 24(5) of the Act that Kaveri had misappropriated the Germplasm in its submissions before the Registrar, however, the Registrar had not considered the same only on the ground that KMH-50 had qualified the DUS Test. Kaveri had filed an application claiming to be the Breeder/successor of the Breeder of KMH-50 and Pioneer had, in effect, claimed Breeder's right in opposition to such registration. However, the same was also not considered by the Registrar.

In other words, if the DUS test result does not indicate that the candidate variety is distinguishable in one essential characteristic from the reference varieties, it is open for the applicant to request for a special test to establish that the candidate variety is distinct. Rule 29 has no application in a case where an opponent request for a special test to establish its allegation that germplasm of the candidate variety is identical to another variety over which the opponent claims a breeder's right. Rule 29 does not preclude any person opposing the registration of a variety or contesting the registration of a variety to seek a special test to establish that the candidate variety is not registrable or that the claims made in the application for such registration are false. In the present case, Pioneer had filed the application for a DNA test in support of its petition under Section 24(5) of the Act, wherein it was asserted that Kaveri had misappropriated the germplasm of 30V92. Plainly, the said application could not have been rejected on account of the provision of Section 19 of the Act or Rule 29 of the 2003 Rules.

The contention that an application for DNA testing could not be maintainable in cases where the DUS test was successful, is also erroneous. The genetic structure of the seed determines its physical manifestation. The genotype is manifested by the physical traits (phenotype) of the organism. It is difficult to accept that two seeds with the identical genotype would have stable different characteristics. The physical characteristics of an organism is an expression of its genome. It is also necessary to note that the expression "essential characteristics", as defined under Section 2(h) of the Act, also means heritable traits of a plant variety which is

determined by the expression of one or more genes or other heritable determinants. It necessarily follows that if a variety is distinct within the meaning of Section 15(3)(b) of the Act -that is, it is distinguishable by at least one essential characteristic from any other variety - it would necessarily follow that its genotype is also different particularly in respect of the gene, that is, manifested by that essential characteristic. Thus, the importance of examining the genotype of a plant in order to determine whether it is distinct cannot be brushed aside when one party seeks to contest the same, merely on the ground that DUS test conducted under Section 19 of the Act is successful. This Court is also unable to concur with the view that conduct of a DNA testing would be futile in cases where there is a serious dispute as to the IPR rights regarding the variety.

The orders affirming Kaveri's KMH-50's eligibility for registration under the Plant Varieties Act of 2001 are overturned by the High Court. The Registrar, Protection of Plant Varieties and Farmers' Rights Authority has returned Pioneer's application for conducting the special test in the nature of DNA profiling of the varieties 30V92 and KMH-50 to the file for future consideration."

LESSON ROUND-UP

- Several forms of IPRs employed in the sector of agriculture attempts to address this issue. Here it is relevant to mention the prevalent legal mechanisms including patents, plant varieties protection, trademarks, trade secrecy rights and plant breeders' rights.
- India is among the first countries in the world to have passed legislation granting farmers' rights in the form of the Plant Varieties Protection and Farmers' Rights Act, 2001 (PVPFR). India's law is unique in that it simultaneously aims to protect both farmers' and breeders' rights.
- The Indian case assumes immense importance due to the country's lead in establishing a legal framework on Farmers' Rights and also significant as the Indian Gene Centre is recognized for its native wealth of plant genetic resources.
- The Government of India enacted "The Protection of Plant Varieties and Farmers' Rights (PPV&FR) Act, 2001" thereby adopting a sui generis system.
- To implement the provisions of the PPV&FR Act, the Department of Agriculture and Cooperation, Ministry of Agriculture, established a body by the name of 'Protection of Plant Varieties and Farmers' Rights Authority' in the year 2005 itself.
- The impact of bringing into effect, enforce and implement the Protection of Plant Varieties and Farmers' Rights Act, 2001 can be seen in the way it has influenced the seed industry in India.
- Enforcement of legal protection for innovations in plant breeding by the plant breeders and traditional farming communities in producing suitable varieties, producing food, fodder, fibre, fuel and other commodities, provide an incentive for carrying out research, promote trade and regulate use of plant genetic resources.
- The provisions under the Protection of Plant Varieties and Farmers-Rights Act, 2001 on the subject of 'Protection of Plant Varieties and Farmers' Rights, Authority and Registry' are contained in Chapter II (Sections 3 to 13) of the Act.
- The provisions regarding 'Registration of Plant varieties and essentially derived variety' are contained in Chapter III ranging from Section 14 to Section 23 of the Protection of Plant Varieties and Farmers-Rights Act, 2001.
- Criteria for Registration of a Variety are novelty, distinct nature, uniform and stable.
- The PPV&FRA under section 2(j)(iii) and (iv) defines "extant variety" as any variety "which is in public domain or about which there is a common knowledge."
- Farmers' Variety: Under section 2 (l) farmers variety means a variety "which has been traditionally cultivated and evolved by the farmers in their fields".
- The maximum time taken for issuing certificate of registration is three years from the date of filing of the application for registration of a plant variety.

- Duration of Registration:-
 - For trees and vines (Perennials) - 18 years from the date of registration of the variety.
 - For other crops (Annuals) – 15 years from the date of registration of the variety.
 - For extant varieties – 15 years from the date of notification of that variety by the Central Government under section 5 of the Seeds Act, 1966.
- Exemptions provided By the Act are covered under Farmers exemption and researchers exemption.
- UPOV was established by the International Convention for the Protection of New Varieties of Plants. The Convention was adopted in Paris in 1961 and it was revised in 1972, 1978 and 1991. UPOV's mission is to provide and promote an effective system of plant variety protection, with the aim of encouraging the development of new varieties of plants, for the benefit of society.

GLOSSARY

Protection of plant varieties - The protection on the plant variety means no one can sell, export, import or produce the seed or propagating materials of such protected (registered) plant variety without the registered breeder's (owner's) permission.

Seed - It means a type of living embryo or propagule capable of regeneration and giving rise to a plant which is true to such type.

Essential characteristics - It means such heritable traits of a plant variety which are determined by the expression of one or more genes of other heritable determinants that contribute to the principle features, performance or value of the plant variety.

Denomination - In relation to a variety or its propagating material or essentially derived variety or its propagating material, means the denomination of such variety or its propagating material or essentially derived variety or its propagating material, as the case may be, expressed by means of letters or a combination of letters and figures written in any language.

Distinct - A variety is said to be distinct if it is clearly distinguishable by at least one essential characteristic from any other variety whose existence is a matter of common knowledge in any country at the time of filing an application.

Extant variety - It is any variety which is in public domain or about which there is a common knowledge.

Farmers' Variety - Farmers variety means a variety which has been traditionally cultivated and evolved by the farmers in their fields.

TEST YOURSELF

(These are meant for recapitulation only. Answers to these questions are not to be submitted for evaluation).

1. Write short note on constitution of Protection of Plant Varieties and Farmers' Rights Authority.
2. Define the term 'farmer' and 'farmers variety' as defined under Plant Varieties Protection and Farmers' Rights Act, 2001 (PVPFR).
3. Explain the functions of Protection of Plant Varieties and Farmers' Rights Authority.
4. Write a note 'National Register of Plant Varieties' kept under Plant Varieties Protection and Farmers' Rights Act, 2001 (PVPFR).
5. Mention the provisions related to 'Plant Varieties Protection Appellate Tribunal'.
6. Write a Note on Farmers Rights as per provisions of Plant Varieties Protection and Farmers' Rights Act, 2001 (PVPFR).

7. Mention the situations under which the certificate can be Surrendered under the provisions of Plant Varieties Protection and Farmers’ Rights Act, 2001 (PVPFR).
8. Mention the grounds on which the certificate can be revoked under the provisions of Plant Varieties Protection and Farmers’ Rights Act, 2001 (PVPFR).
9. Explain the protection plant varieties enjoy globally.
10. Explain the provisions pertaining to infringement under Plant Varieties Protection and Farmers’ Rights Act, 2001 (PVPFR) with the help of relevant case laws.

LIST OF FURTHER READINGS

- The Protection of Plant Varieties and Farmers’ Rights Act, 2001 and rules made therein as amended.
- PPVFR Act 2001, FAQ’s, Edition 2021.
- Introduction To Plant Variety Protection Under The UPOV Convention - WIPO

OTHER REFERENCES (Including Websites / Video Links)

- <https://plantaauthority.gov.in/>
- https://www.wipo.int/edocs/mdocs/sme/en/wipo_ip_bis_ge_03/wipo_ip_bis_ge_03_11-main1.pdf
- <https://www.wipo.int/ip-outreach/en/ipday/2022/toptips/upov.html>
- <https://plantaauthority.gov.in/general-guidelines-regarding-registration-edv>
- <https://plantaauthority.gov.in/sites/default/files/finalnewfaq23.02.2021.pdf>
- https://www.wto.org/english/tratop_e/trips_e/art27_3b_background_e.htm
- https://www.wipo.int/wipo_magazine/en/2019/01/article_0007.html
- https://www.wipo.int/wipo_magazine/en/2006/04/article_0004.html

KEY CONCEPTS

- Cross-Licensing ■ Patent Pooling ■ Abuse of Dominant Position ■ Supply License ■ Licensing Contracts
- Transfer of Technology ■ Assignment ■ indemnification ■ Legal IP Auditing ■ Due diligence of IPR
- IP licensing ■ Valuation of intellectual property ■ Audit ■ Inventory ■ Due Diligence of IPR ■ IP transfer
- Qualitative IP valuation ■ Quantitative IP valuation

Learning Objectives

To understand:

- As to how a company should effectively manage their intellectual property rights to improve their competitiveness and strategic advantage.
- The inter-connection between competition law and IPR law.
- The issues that arise pertaining to IPR during sale/purchase of another business.
- The ways to manage and for conduct valuation of intellectual property (IP).
- The importance of care and maintenance and due diligence of IPR in a corporate transaction.

Lesson Outline

- Introduction
- Anti-trust laws
- IPR and Competition Law – Interconnection
- Commercialization of IPR
- Commercialization by Owner
- Commercialization through Assignment
- Technology Transfer Agreements
- Intellectual Property Issues in the Sale of Business
- Important Aspects Related to Commercialization
- Care and Maintenance of Confidential Information
- Legal Auditing of Intellectual Property
- Due Diligence of Intellectual Property Rights in a Corporate Transaction
- Management of Intellectual Property
- Valuation of Intellectual Property
- Case Study
- Lesson Round-Up
- Glossary
- Test Yourself
- List of Further Readings
- Other References (Including Websites / Video Links)

INTRODUCTION

Competition law and IP laws are important elements of the legal system that provides a framework for the modern economy. IP law seeks to create monopolies while competition law seeks to prevent monopolistic behavior. On one hand it is necessary to create monopolies through IP law to incentivize innovation and creation, on the other hand there is an important necessity to keep the markets competitive. In the highly competitive world, where a fair competition as well as protection of IPRs are required to serve the growth to business, it becomes essential to understand the relations between Intellectual Property Rights and Competition Laws.

ANTI-TRUST LAWS

The idea behind antitrust law, a subset of competition law, was developed in the late 19th century to prevent the exploitation of various trusts. A law prohibits any association or trust from engaging in unfair business activities that slow the growth of other companies or enterprises. As the Competition Act of 2002 achieves the goals, it is referred to as antitrust law.

Historical Background of Competition Act

Competition law and policy execution have traditionally been regarded as crucial elements of governance. The Arthashastra, the first book on government known to exist, was written by Chanakya in the third century BC. In it, political and economic governance are equated, and fair commerce is emphasised as one of the cornerstones of sound governance. Chanakya has advocated harsh fines for traders who could conspire and defraud consumers by conspiring together and has issued warnings against the tendency of traders to control prices by creating cartels. He also provides examples of the punishment.

The freedom to engage in any form of trade or employment is recognised as a fundamental right under the Indian Constitution. According to the Constitution, only the State or the Parliament has the authority to restrict this freedom. In order to protect the common good, the Constitution also calls for limiting the concentration of economic power. It is possible to trace the origins of Indian law on competition-related issues to Articles 38 and 39 of the Indian Constitution.

The Hazari Committee began the initial investigation in this area in 1951. It examined the Industries (Development and Regulation) Act of 1951's industrial licencing process.

Eventually, the Monopolies Investigation Committee, led by Das Gupta, was constituted by the Indian government in 1964. It stated that over 85% of India's industries have a strong concentration of economic power. Due to this, the MIC created a bill with provisions for monopoly control and the outlawing of monopolistic and restrictive trade activities.

The MRTP Act was shaped in part by the reports and analyses of these Committees. The Monopolies and Restrictive Trade Practices (Inquiry and Control) Act, 1948, the Resale Prices Act, 1964, and the Restrictive Trade Practices Act, 1964 of the United Kingdom, as well as laws passed in Japan, Canada, and Germany, were all widely referenced in the MRTP Act. The Canada Combines Investigation Act, 1910 and the US Federal Trade Commission Act, 1914, as amended in 1938, both had an impact on the creation of the MRTP Act. In 1969, the MRTP Act was established.

Later, in 1999, the Government of India named Shri S.V.S. Raghavan as the chairperson of a High-Level Committee on Competition Law and Policy. The committee's goal is to propose a legislative framework that could include new legislation or revisions to the MRTP Act that are appropriate in light of international developments. This would change the focus from limiting monopolies to fostering competition in keeping with the global environment.

The MRTP Act was therefore repealed since it no longer met the need of the time or took into account changes in both national and international economic development. The Committee advocated for the passage of the Competition Act, which would have among its goals the creation of the Indian Competition Commission and the repeal of the MRTP Act, 1969. The Government received a draught of the Competition Law. The Competition

Act of 2002 was a new law that was passed by the Parliament in 2002 after it through some revisions and considerable consultation with all parties involved.

It is a comprehensive law that governs competition that aims to stop corporate activities in India from having a significant negative impact on the country's market. Three categories of behaviour are principally regulated by the Competition Act: anti-competitive agreements, misuse of a dominating position, and combinations (i.e., mergers, acquisitions and amalgamations). When the Government of India announced the sections of the Competition Act related to anti-competitive agreements and abuse of dominant position, the Competition Act, which was revised by the Competition (Amendment) Act 2007, later entered into force. Merger Control provisions were included in 2011.

IPR AND COMPETITION LAW – INTERCONNECTION

Competitive law and intellectual property rights (IPR) have traditionally developed as two distinct legal systems. The two legal systems share many of the same objectives since they both seek to foster innovation and monetary expansion.

IPR aims to reward the innovator, to encourage other innovators, and to make innovative information that could otherwise remain trade secrets accessible to the public, laws typically grant a right of exclusive use and exploitation. Whereas Competition Law, ensure healthy competition in markets, competition authorities control close to monopolies, mergers, and business partnerships. Sometimes, as a result of this regulation, the exclusive rights given by IP Laws cannot be used in their entirety.

In recent years, intellectual property owners' actions that would otherwise be legal under intellectual property rights legislation have been forbidden by competition authorities and courts because they violated the laws governing competition. Concerns have been raised over the nature of the accommodation between the two systems of law as current economic activities including the utilisation of intellectual property rights have come into contact with these types of "second tier" regulation by competition authorities.

The most frequent issue the Competition Law runs into is when the owner of an intellectual property right abuses that right in a way that harms consumer welfare and innovation. Hence, competition law is relevant to the field of intellectual property (IP) and may be used to ensure that IPR holders are not abusing their dominant position by consumers or by any interested, fascinated, or impacted third party. The most effective tool for countering and combating anti-competitive agreements, prohibiting abuse of dominant position, regulating mergers and acquisitions, and encouraging efficient resource allocation has been considered competition law. This benefits consumers by giving them a variety of options and better-quality goods at competitive prices.

Intellectual property laws uphold finding a balance between the owner's exclusive right and the greater good. It makes sure that the owner of the intangible property receives an exclusive right and protection, allowing him to commercially exploit his creative invention and acquire the property's monopoly rights. IPR is a collection of rights that, for a brief period of time, allow the owner to prevent others from using the product.

Important provision of Competition Act and their co-relation with Intellectual Property Laws

Section 3 of Competition Act 2002 provides for Anti-competitive agreements.

Section 3(5) states that nothing contained in this section shall restrict—

- (i) the right of any person to restrain any infringement of, or to impose reasonable conditions, as may be necessary for protecting any of his rights which have been or may be conferred upon him under—
 - (a) the Copyright Act, 1957 (14 of 1957);
 - (b) the Patents Act, 1970 (39 of 1970);
 - (c) the Trade and Merchandise Marks Act, 1958 (43 of 1958) or the Trade Marks Act, 1999 (47 of 1999);

- (d) the Geographical Indications of Goods (Registration and Protection) Act, 1999 (48 of 1999);
 - (e) the Designs Act, 2000 (16 of 2000);
 - (f) the Semi-conductor Integrated Circuits Layout-Design Act, 2000 (37 of 2000).
- (ii) the right of any person to export goods from India to the extent to which the agreement relates exclusively to the production, supply, distribution or control of goods or provision of services for such export.

Section 4 of Competition Act provides for Abuse of Dominant Position. It states that

Dominance refers to a position of strength which enables an enterprise to operate independently of competitive force in the market or to affect its competitors or consumers in its favour. Dominant position of an enterprise itself is not prohibited; however, if the enterprise by virtue of having dominant position in the relevant market abuses its dominance then the same stands prohibited. Abuse of dominant position impedes fair competition between firms exploits consumers and makes it difficult for the other players in the market to compete with the dominant undertaking. Abuse of dominant position covers:

- imposing unfair condition or price, including predatory pricing;
- limiting production/market or technical or scientific development;
- denying market access;
- making conclusion of contracts subject to conditions, having no nexus with such contracts; and
- using dominant position in one relevant market to gain advantages in another relevant market.

Section 84(1) of Patents Act, 1970 states that at any time after the expiration of three years from the date of the grant of a patent, any person interested may make an application to the Controller for grant of compulsory licence on patent on any of the following grounds, namely:—

- (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.

Additionally, under Section 92 of the Patents Act of 1970, the government may grant the compulsory licence *suo moto* in response to a notification published in the official gazette under the following circumstances: a national emergency, an extremely urgent situation, or a situation involving public non-commercial use.

Moving on to a different method to stop anti-competitive behaviour, Parallel Imports has been addressed in several laws and legal rulings.

Under Copyright Act, 1957 a literary work buyer is permitted by Indian copyright law to resale her copy, while a software buyer is not permitted to do so. The interpretation of Section 14 that captures the meaning of the word “copyright.” In the case of a literary, dramatic, or artistic creation that is not a computer programme, Section 14(a)(ii) states that distributing copies of the production to the public that are not already in circulation.

Under Section 30(4) provision for parallel imports is discussed. It states that sub-section (3) shall not apply where there exists legitimate reasons for the proprietor to oppose further dealings in the goods in particular, where the condition of the goods, has been changed or impaired after they have been put on the market.

Competition is considered desirable for the economy because it encourages advancement, innovation, and increased competitiveness. While competition law protects the interests of the market and the larger community by restricting those private rights that may harm the community’s overall well-being and prosperity, IPR is about individual rights offering security and protection to private rights on inventions.

1. Licensing Contracts

Examining the anti-competitive implications of licencing agreements, which govern the transfer or exchange of rights to the use of intellectual property and result in the exploitation of market dominance, is one of the main responsibilities of competition policy. It is commonly agreed that the licencing of intellectual property generally has favourable effects. It allows the dissemination of technological innovation and know-how and their utilisation by enterprises that may have a higher and stronger comparative advantage. When technologies are used in a complementary way, production could become steadily more efficient and product quality could improve. Yet, there are rare circumstances that could occur where an exclusive licence completely prevents other companies from joining the market; in these cases, competition law must be put into action to stop such undesirable market activity. Here, Compulsory Licensing comes into play as a defence against such behaviour. The primary goal is to provide an overview of legal and economic developments regarding the treatment of licencing by competition law and policy, with a focus on areas where the role of competition law is controversial, according to the OECD (Organization for Economic Co-operation and Development) document on “Licensing of IP Rights and Competition Law.” The purpose is to examine whether Intellectual licencing practises have anti- or pro-competitive consequences.

2. Transfer of Technology

Exponential Growth of Technology in India has played a significant role in all round development and growth of economy in our country. Technology can either be developed through own research and development or it can be purchased through indigenous or imported sources. India has opted for a judicious mix of indigenous and imported technology. Purchase of technology is commonly called “Technology transfer” and it is generally covered by a technology transfer agreement.

Depending on the specific contractual clauses and market conditions, the transfer of patented technology may involve unreasonable restrictions on competition. Anti-competitive behaviour is what competition law seeks to forbid, not monopolies. Any technology transfer agreements which lead to a misuse of a market position by imposing unreasonable conditions of such intellectual property rights would be regarded anti-competitive.

3. Abuse of Dominant Position

A dominant position is a position of financial and economic power obtained by businesses and entrepreneurs that enables them to thwart the maintenance of real competition on the relevant market. It is obtained through time by an organisation, and a number of variables, including the state of technology, entry obstacles, the size of activities, etc., affect the achievement of a dominating position.

Market position of an enterprises can be exploited by –

- Imposition of unfair trading conditions, exploitative prices, or discriminatory practises.
- Restriction on supply of goods or services.
- Denial of market access.
- Utilising its hegemony in one pertinent market to enter another pertinent area.

The Competition Law forbids businesses from abusing their dominant positions. An organisation can establish control over a certain segment of the market thanks to its monopoly power; while, the monopoly itself is not illegal under anti-trust laws, the abuse of this position is, and has a negative impact on the market.

CASE LAW***United States vs. Microsoft Corporation [253 F.3d 34 (2001)]***

In this landmark case, it was claimed that Microsoft had abused its monopoly power by selling its operating system and web browser together. This prevented the arrival of other web-browser competitors in the market since Windows operating system customers already had a copy of Internet Explorer (the browser Windows coupled with its browser) (the browser Windows tied with its browser). Microsoft stated that Internet Explorer was a different and separate entity altogether since a separate version is found for other Operating Systems. The Court found that Microsoft had changed its dominant position in an effort to stifle competition, and that Microsoft had violated Sections 1 and 2 of the Sherman Anti-Trust Act by engaging in monopolization.

Later, Microsoft appealed this decision wherein it was held that Microsoft would have to be broken into two different components, one for the browser and the other for the operating system.

4. Supply License

For a specific period of time, the exclusive right provided by law belongs to the IPR holder. So, the owner of an IPR can prevent others from using it, but he cannot stop the development and application of advanced technology. The fact that intellectual property promotes market competitiveness makes this clear.

CASE LAW***IMS Health GmbH & Co. OHG vs. NDC Health GmbH & Co. KG (IMS Health Case) (2004 E.CR C-418/01)***

In this case it was held that for the Court to declare such a rejection to constitute an abuse of dominant position, three elements must be met. They are:

- That the refusal to grant a licence “is delaying the introduction of a new product for which there is a potential market demand”
- That such a refusal “excludes competition in the secondary market”
- That it is “unjustified.”

5. Cross-Licensing

The interchange of Intellectual Property Rights between at least two people is called cross-licensing. It might be a bar to competition if the technology licenced is substitute in nature rather than complementary. Cross-licensing can have anti-competitive effects, including higher prices, less innovation, scaled-back advancement, and reductions in production. These effects are more likely to occur when cross-licensing occurs between competing entities because, in that case, the competing entities wouldn't exist and they could collectively gain market power. Competition regulation aims at restricting and regulating attempts to extend the exploitation of an intellectual asset beyond the boundaries provided by IPRs. As a result, IPRs and competition law are inherently at odds.

6. Patent Pooling

Patent pool is an association of two or more companies to cross licence their patents in respect to a particular technology. Whether they are transferred directly from patentee to licensee or through a mechanism, like joint ventures, created specifically to administer the patent pool, IPRs that are the subject of cross-licensing are collectively referred to as “patent pools.” Both pro- and anti-competitive effects can be attributed to patent pools. Making patented technology open to licensees often has pro-competitive advantages. When patent pools are utilised to protect invalid patents or when they contain patents that are not complimentary and would compete with one another, they can have

a significant anti-competitive effect on the market. The per se rule applies to patent pools in the majority of nations, including the United States, Canada, Japan, Germany, etc.

CASE LAWS

Shamsher Kataria vs. Honda Siel Cars India Ltd. (25.08.2014 - CCI) 2014 SCC OnLine CCI 95

The Competition Commission of India ruled that Original Equipment Manufacturers (OEMs) who had neglected to provide the pertinent documentation evidencing the issuance of the applicable IPRs in India w.r.t. various spare parts were ineligible for the exemption provided by Section 3(5) of the Act.

While the CCI in this case clarified that the registration of an IPR does not automatically entitle a company to seek exemption under Section 3(5)(i) of the Act, it is crucial to consider whether the condition imposed by the IPR holder can be characterised as “imposition of reasonable conditions, as may be necessary for the protection of any of his rights” before deciding whether the exemption under Section 3(5)(i) is available or not.

It was held that-

The Commission notes that the exemption under section 3(5)(i) allows an IPR holder to “impose reasonable conditions, as may be necessary for protection any of his rights”. In view of the Commission, the concept of protection of an IPR is qualified by the word “necessary”. So the question that one should ask is: can the IPR holder be able to protect his IPR, even if such restriction was not present.

Therefore, even if the OEMs submit that one or more of such vertical agreements, by themselves, do not cause an AAEC in the automobile aftermarkets in India because of certain efficiency enhancing conditions or that such agreements would be eligible for exemption under mature competition law jurisdictions, the same is not acceptable to the Commission. The Commission is of the opinion that the network of such agreements allows the OEMs to become monopolistic players in the aftermarkets for their model of cars, create entry barriers and foreclose competition from the independent service providers. Such a distribution structure allow the OEMs to seek exploitative prices from their locked-in consumers, enhance revenue margin form the sale of auto component parts as compared to the automobiles themselves besides having potential long term anti-competitive structural effects on the automobile market in India.

Aamir Khan Productions Private Limited vs. Union of India (UOI) and Ors. (18.08.2010 - BOMHC): (2010) 112 Bom L R 3778

The petitioners have challenged the said show cause notices mainly on the ground that the Competition Commission established under the Competition Act, 2002 (hereinafter referred to as the “Competition Act”) does not have any jurisdiction to initiate any such proceedings in respect of films for which the provisions of the Copyright Act, 1957 contain exhaustive provisions.

In this case it was stated that-

What the petitioners are seeking to do is to redraft the language of sub-section (5) of Section 3 of the Competition Act, 2002 to read that nothing contained in this section (Section 3 of the Competition Act) shall apply to the right of any person under the Copyright Act, 1957. All that sub-section (5) of Section 3 provides is that sub-section (1) of Section 3 shall not take away or restrict the right of any person to restrain any infringement of copyright or the right of any person to impose reasonable conditions for protecting his rights under the Copyright Act. Hence all the defences which can be raised before the Copyright Board can be also raised before the Competition Commission.

The question whether the Competition Commission has jurisdiction to initiate the proceedings in the fact situation of these cases is a mixed question of law and fact which the Competition Commission

is competent to decide. There is no reason to believe that the Competition Commission will not consider all the contentions sought to be raised by the petitioners in these petitions including the contention based on sub-section (5) of Section 3 of the Competition Act.

COMMERCIALIZATION OF IPR

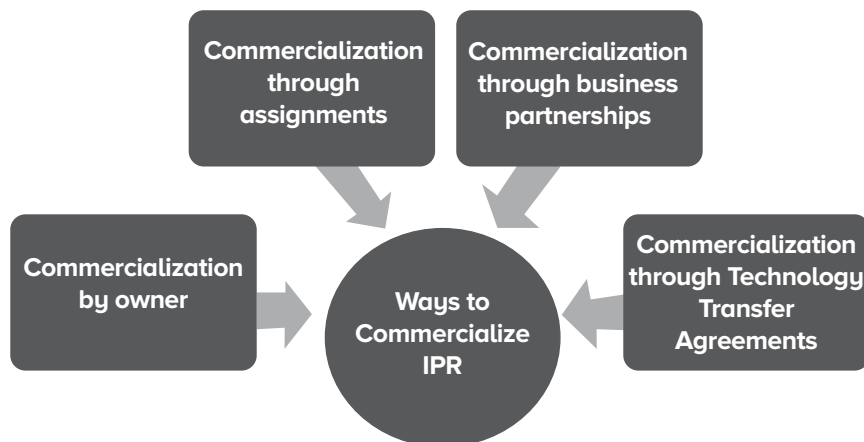
Intellectual property (IP) is an intangible asset that a person can use to create things that are original and distinguishable from others, such as designs and symbols, literary and artistic creations, names, and images that are used in commerce. The goal of intellectual property rights is to promote fresh ideas, works of art, and inventions that might boost the economy. Copyright, trademarks, patents, industrial designs, geographical indications, and other forms of intellectual property are included.

Intellectual property (IP) is an immaterial good made by the human mind. IP is a mental invention, to put it simply. The inventor is granted legal rights known as intellectual property rights (IPRs). Copyright, trademarks, patents, industrial designs, geographical indicators, and other types of IP are among the most well-known IPs. To ensure that innovations are safeguarded and commercialised, governments from all over the world have passed laws and regulations. The objective is to safeguard original ideas and works from competitors who simply duplicate them while also encouraging people to invest in new concepts and innovations. To put it another way, the single most important tool for facilitating the market for ideas is intellectual property.

Today, IPR has value on the market in addition to being a legal asset. The final and most important step in the innovation process is marketing and commercialization, which is essential for the success of any invention or breakthrough. Consequently, the process of transforming an invention into a financially viable good, service, or method is known as commercialization.

IP commercialization turns a concept or innovation into a monetary-valued good or service. The most common method for monetizing creativity is the selling of such a good or service. IPRs are quite important in these situations. It stops rivals from using protected features in an unlawful manner.

Methods to commercialize IPR



COMMERCIALIZATION BY OWNER

Intellectual property can be independently commercialised by the owners, whether they are a person or a business. When the owner possesses the necessary marketing and commercialization knowledge, this form of commercialization occurs. Therefore, they hold the opinion that collaboration with any third-party organisation is not necessary for commercialization; if a company or an individual lacks the financial means to collaborate with another organisation; if the owner does not wish to share the specifics of their intellectual property with others; or if the owner does not wish to do so; then the owner may independently commercially exploit their intellectual property.

How an IPR you hold can be developed into a desirable product on the market, the time involved, the financing needed, and how to get it are the aspects to be taken into account before doing this. Also, the entrepreneur must put the market at the forefront of every activity. Your profits will be enormous once you discover the product on the market and it is desired by consumers.

That could be quite risky, though, as the owners might not be IP experts and might overlook some legal requirements that are crucial for product commercialization. An IP specialist, on the other hand, is required to be familiar with both the legal and business environments, making them the best people to advise business owners.

The main obstacle to this sort of commercialization is the lack of the necessary financial and technical resources to launch your product independently. For instance, the worldwide market is the main market for biotechnology and nanotechnology.

So, a company with IPR will frequently require business partners to develop a product because there is a significant lag between production and the receipt of sales revenue. As a result, it strains the IP owner's financial situation.

COMMERCIALIZATION THROUGH ASSIGNMENT

A transfer of ownership of certain intellectual property rights is known as an intellectual property assignment. The assigning party ("assignor") transfers its property in intellectual property rights, such as patents, trademarks, industrial designs, and copyrights, to the receiving party ("assignee").

The holder of intellectual property rights is free to assign all or a portion of such rights; for instance, the owner of a copyright might only do so with regard to some of his economic prerogatives. Intellectual property rights are transferred in exchange for a one-time payment or ongoing royalties.

As opposed to licence agreements, which permit the use of intellectual property under specific restrictions, assignments typically include the transfer of property rights without regard to how those rights will be put to use.

Assignment of Trademarks

According to the Trademarks Act of 1999, a trademark assignment must be made in writing and with the Registrar's approval. A trademark may be assigned by a registered or unregistered owner with or without goodwill. Usually, a submission of an assignment is necessary for consideration. To register the title of a person who becomes authorized by assignment to a registered trademark, an application in a prescribed format must be made to the Registrar of Trademarks by either the assignee or jointly with the assignor. After the assignment is finished, the Assignee must apply to the Registrar of Trademarks to register his or her title. If the Registrar is satisfied with the Assignee's information, he or she enters it in the Register on evidence of title.

An assignment, however, cannot be enforced in certain situations, including (a) where it would result in the creation of numerous exclusive rights in more than one person and (b) when it would result in the creation of multiple exclusive rights in various regions of India.

The Trade Marks Act's Section 2(b) defines assignment as a written assignment made by the parties implicated. The Trade Marks Act's Sections 37 and 38 govern trademark assignment. When a trademark is assigned, the assignee takes on the role of the former owner or proprietor and gains the right to use the trademark.

Assignment of an unregistered trademark - Even unregistered trademarks are transferable pursuant to Section 39 of the Trademark Act.

As opposed to licence agreements, which permit the use of intellectual property under specific restrictions, assignments typically include the transfer of property rights without regard to how those rights will be put to use.

CASE LAW***Mohammad Zumoon Sahib vs. Fathimunnisa, AIR 1960 Mad 80***

The court stated that registration of assignment is not a requirement for the assignee to bring an action for infringement, and an assignor of a registered trademark will not be barred from bringing such an action on the basis that assignment was not registered. For the assignee or representative to register this title, the legislation specifies a method. The claim that title is conferred by this registration by the Registrar pursuant to section 35(1) of the act is false. The legal representative already has the right to use the trademark, and the registrar registers him as the mark's owner after receiving satisfactory proof of that right. The plaintiff in the infringement lawsuit, whose name was not listed as the subsequent proprietor, was permitted to continue the case upon establishing prima facie ownership of the mark.

Assignment of Patent

A patent holder may transfer all or a portion of their patent rights to India as a whole or in part. Legal assignments, equitable assignments, and mortgages are the three different categories of assignments. A legal assignment (or agreement to assign) of an existing patent entitles the assignee to claim ownership of the patent in his own name. Equitable assignments are transfers of a specific share to another party, and mortgage transfers of all or part of the patent rights for financial gain.

In cases when the patentee bequeaths a portion of the patent to the assignee, the law also authorises the development of equitable assignments in the assignee's favour.

Section 69 of the Patents Act, 1970, allows the assignee's notice of interest to be registered in the Register of Patents in this situation, even if the assignee may not replace the patentee.

Moreover, patent rights may be mortgaged, with the mortgagee receiving the rights in exchange for a set quantity of money. According to the mortgage's conditions, the patentee will regain ownership of the patent after the mortgagee returns the payment. The Patents Act is the only piece of IP regulation that takes this kind of agreement into consideration.

A valid assignment under the Patents Act requires the assignment to be-

- Written
- With terms and conditions embodied
- Submitted within six months from the commencement of the Act or the execution of the document whichever is later.

Essentials of Assignment of Patent-

1. *Writing* - A patent assignment is only effective and enforceable if it is in writing and officially signed by the assignor or another person with the necessary authority, according to Section 68 of the Patents Act. All of the terms, conditions, rights, and duties of the parties must be set forth in writing.
2. *Time and Duration* - Assignment's scope must specifically state the innovation that is being transferred, as well as the duration and area that will be covered by the transfer.
3. *Payment terms* - The assignment agreement must expressly state the payment terms agreed upon by the parties, including whether the money will be paid in the form of a lump sum, a series of payments, a percentage of the revenue, or royalty payments.

Assignment of Copyright

The term "copyright" refers to a collection of legal rights held for a defined period of time by the creator of a cinematograph film or sound recording, as well as the author or owner, depending on the situation, of original literary, musical, dramatic, or artistic works, photographs.

Because copyright is a statutory creation, it can only be used to protect the rights established and given by the statute. Hence, only the rights given by the Copyright Act of 1957 exist as natural or common law rights

in a work. The Copyright Act contains provisions that grant writers' rights as well as measures that outline the acceptable public uses of works.

In essence, an assignment is a transfer of ownership of the work or the copyright from the assignor to the assignee. Assignments of copyright are governed by Sections 18, 19 and 19A of the Copyright Act. An assignment may be made entirely or partially in accordance with Section 18 of the Copyright Act. For instance, the author of a book may decide to maintain all other rights in the literary work while only assigning the right to adapt the book into a film. Joint authors/owners should assign the work jointly, it must be noted.

Essentials of Assignment of Copyright-

1. *Written* - Only when an assignment is in writing and formally signed by the assignor or another person with the appropriate authority is it legal and enforceable.
2. *Future work* - An assignment may be made for a future work, or one that hasn't yet been created as of the assignment date. Any interest a task may have generated in a future work becomes real at the time the work is produced.
3. *Scope* - An assignment agreement must specifically define the work being assigned, the rights associated with that work being assigned, the term of the assignment, and the region in which those rights may be exercised.
4. *Payment terms* - The parties' agreed-upon payment terms must be expressly stated in the assignment agreement. Such compensation could take the form of a one-time payment, a series of installments, a cut of the profits, or royalties.
5. *Term* - Whether the assignment is permanent or has a time restriction must be stated in the assignment agreement. If the agreement does not specify a term, the duration of such an assignment under the Copyright Act is five years by default.
6. *Territory* - If the assignment's territorial scope is left unspecified, India's territory will be included in its scope.

CASE LAW

Performing Right Society Ltd vs. B4U Network (Europe) Ltd [2012].

In this case, the major question at hand was whether an assignment clause in contracts between the claimant collecting organisation and its composer members should be interpreted in a way that results in a present assignment of copyright in future musical works that are commissioned by third parties as works for hire. The song Shukran Allah serves as an illustration of one of the in question works: Two well-known Indian composers with whom PRS had previously made deals were later given the job of writing the score for a movie. The commissioning agreement stated that the film producer would control all copyright. Following that, the producer entered into a number of sub-licence agreements, the result of which was to allow the defendant to broadcast the work in the United Kingdom.

It was ruled that the assignment to the movie producer failed because PRS had already been assigned to the project. The two agreements had different wording, but as a matter of construction, their effects were the same. In light of this, the PRS member agreement was deemed to constitute a first-in-time assignment of future copyright under section 91(1) of the Copyright, Designs and Patents Act 1988 (UK). According to the Court, this interpretation of the contract was not commercially irrational.

Assignment of Design

The Designs Act, 2000 ("Designs Act") defines a design as any characteristic applied to a finished product that appeals to the consumer's sense of aesthetics. Examples include shape, configuration, pattern, ornament, or composition of lines or colours. When a brand-new and unique design is registered, the owner is given the sole authority to use the design on any products for which the registration was obtained.

There are no defined rules regarding licencing and assignments in the Designs Act. Nonetheless, an assignment or licence must be in writing in accordance with Section 30 (3). Also, it is a good idea to have an agreement that outlines the terms and circumstances that were agreed upon between the parties. It is advisable to usually adhere to the specifications mentioned in paragraphs 3.2.1 through 3.2.3 when transferring designs. The specifications guarantee that each assignment or licence is thorough and includes all necessary clauses to safeguard the interests of both parties.

COMMERCIALIZATION THROUGH BUSINESS PARTNERSHIPS

A commercial partnership is a type of business arrangement in which two or more people join forces to operate and develop a business idea in accordance with their abilities and preferences. These are formally referred to as “commercial partnerships,” and the people involved are referred to as “partners.” Here, the owner of the intellectual property (IPR) engages into a business partnership with a third party who acts as an investor and aids in turning the IP into marketable goods or services. This idea is somewhat new to India, where IP owners typically prefer to design their own products or directly endorse them to others through assignment. However, collaboration between IP owners and corporate entities would be crucial for long-term viability. Business partners can make use of the already existing IP rights with either of them to make their business viable. Such shared IP can further be used for R&D purposes.

COMMERCIALIZATION THROUGH TECHNOLOGY TRANSFER AGREEMENTS

The development of technology in India has significantly contributed to the overall improvement and expansion of the economy in our nation. Technology can be created by one’s own research and development, or it can be bought from domestic or foreign sources. India has chosen to use a smart combination of domestic and imported technology. Technology transfer, as the act of purchasing technology is also known, is typically governed by a technology transfer agreement.

As the name suggests, technology transfer is the process through which one party transfers its technology to another for commercial purposes or the creation of new goods. To transfer technology, the parties sign a contract. A technology transfer agreement is, in a sense, a type of intellectual property licence in which the objective of the contract is a technological element (whether it is included in a product, covered by a patent (registered or pending), or in the development process).

“Technology transfer” refers to the use of knowledge, and when we discuss the transfer of technology, what we truly mean is the exchange of knowledge via a contract between nations or businesses. The term “transfer” refers to the use of technology; it does not refer to physical transportation or delivery.

Hence, it is technology application and is defined as the process through which technology created for one reason is employed in other applications or by a new user.

Licensing agreements are legally binding contracts where the owner of intellectual property (IP) in a valuable technology (the licensor), gives someone else (the licensee) permission to use that IP in ways (terms) that are spelled out in the agreement.

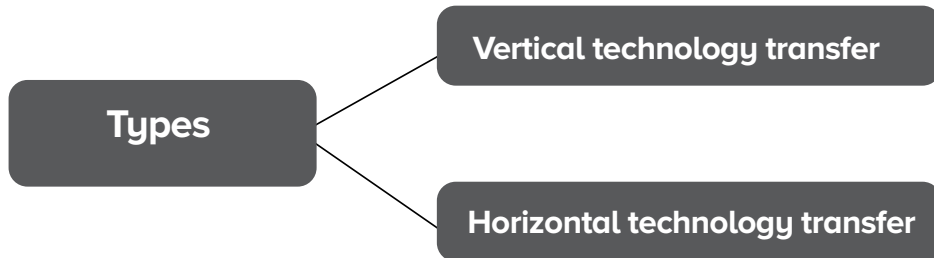
These terms determine the rights of the licensee: a broad license for any purpose in any territory and field of use, or a narrow license only for distribution or manufacturing in defined territories or technologies, or somewhere in between.

The transfer of knowledge and information about technology can take place in two ways:

1. Informal transfer of knowledge is becoming more and more important in the academic environment as the mobility of researchers and students is greatly contributing to the dissemination of knowledge worldwide. Knowledge can also be transferred through publications, teaching, conferences, courses, presentations, meetings, informal exchanges and personal contacts between scientists, academia and industry.
2. Formal channels of technology transfer, there is no such thing as a standard contract or agreement. Some universities and research institutions propose standard models as part of their IP policies, but such models are only to be used as a starting point, a support or a tool, and need to be adapted to

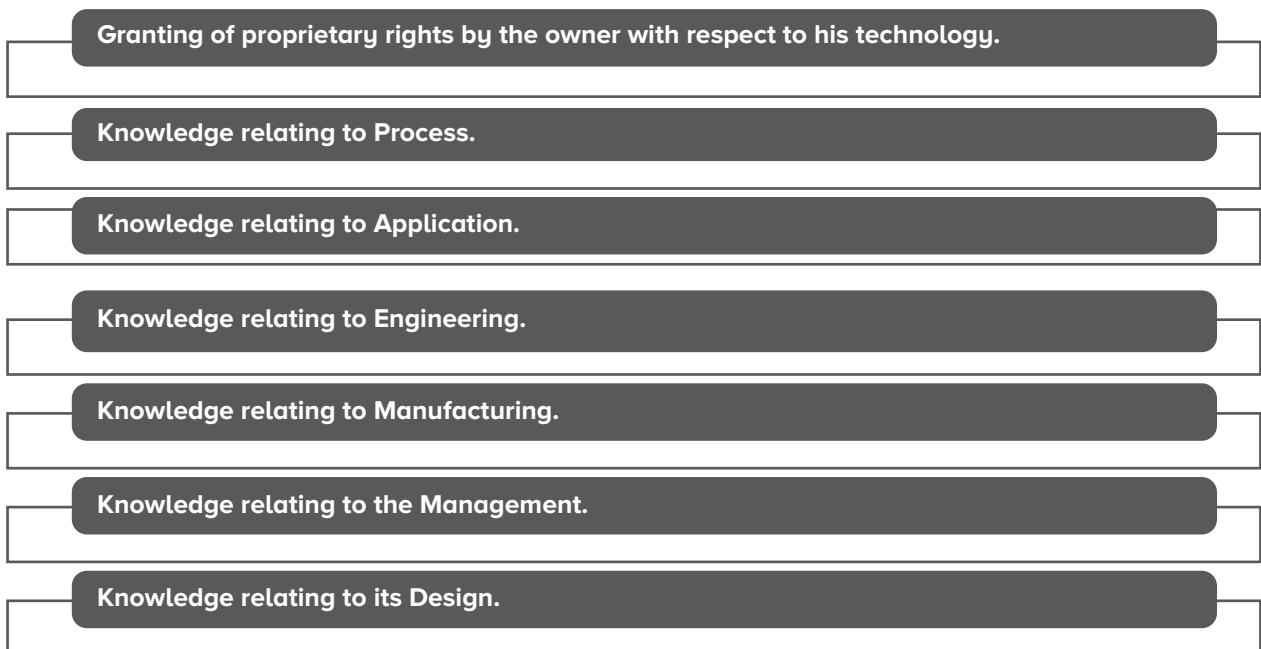
the specific circumstances and requirements of each case. It is crucial to consult an IP lawyer from the beginning of the negotiation and in particular when signing the agreement.

Types of technology transfer agreements



1. **Vertical technology transfer**- It occurs when new technologies are conducted from a new range of technologies when the technology is still under development and research.
2. **Horizontal technology transfer** - The transfer of well-known technology from one organisation to another is known as a horizontal technology transfer agreement.

Essential Elements of Technology Transfer Agreement



Pros and Cons

Pros-

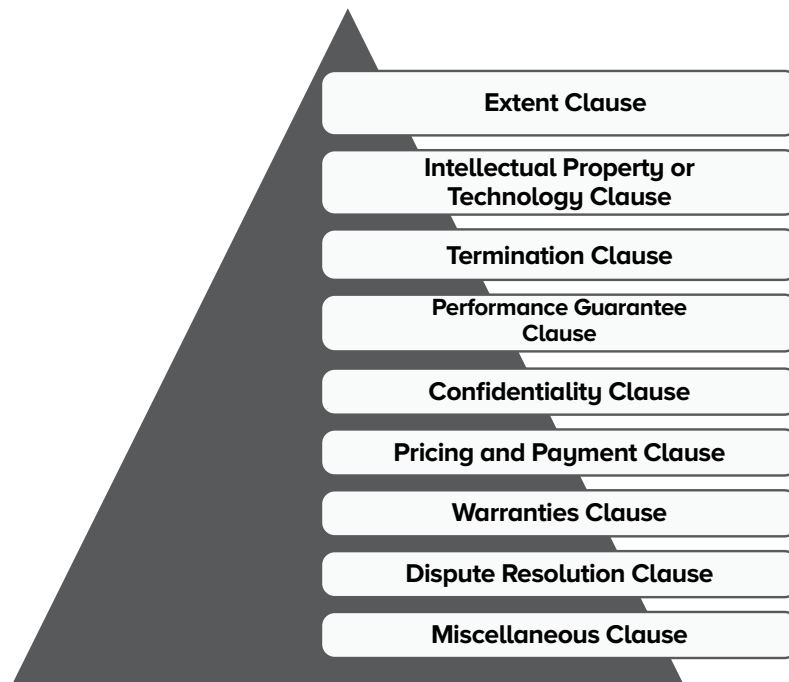
- *Expansion* - To acquire businesses and organisations that will accept new technology or offset technology that is already being blocked by cross-licensing.
- *Less Expensive* - Access to resources for technology advancement without the need for research and development costs.
- *Brand Image* - Increase market awareness of the company's brand.

- *Meeting global standards* - Transferring commercial ownership in order to meet technological standards imposed by global national and international bodies.
- *Co-operation* - Avoiding intellectual property litigation can transform infringement or rivalry into cooperation.
- *Expanding Clientele* - Strengthening and establishing the company's relationships with its current and potential clients.

Cons-

- *Exploitation*– Extensive Use by the Licensee in any way of the Technology Transfer made possible by the aforementioned Agreement.
- *Reduced functionality* - Leads to reduced functionality of the licenced technology by the licensee, which results in harm to the technology's goodwill and a reduction in the technology's worth.
- *Litigation* - After the transfer of technology, the possibility of litigation increased, compelling the licensor to face legal action.

Important clauses in a Technology Transfer Agreement



1. Extent Clause

This clause outlines the broad definition of technology transfer, including the approach, tools, and resources. The clause should clearly outline what is excluded from the license's scope as well as the parties' respective roles in the performance.

The reach can take the shape of technical details that can be provided in a way that the other party can easily replicate them. The agreement that a patent licensor offers the licence to use the patent solely in a specific area can include a field of use restriction clause.

2. Intellectual Property or Technology Transferred Clause

Patents, trademarks, designs, and know-how are examples of intellectual property that is covered under a technology transfer agreement. It takes a lot of work to develop technology, yet it is simple to copy such intellectual property.

The intellectual property clause is typically provided to the client to ensure that they are the only owners of the intellectual property and to shield the genuine owner from any infringement by third parties.

3. Termination Clause

It should be made clear in the termination provision under what conditions a technology transfer agreement may be cancelled. Any legal dispute need not be the cause of the termination. With or without the other party's consent, the agreement may be terminated. The termination clause may specify grounds such as failure to pay the agreed-upon fee or price, any breach of the contract by either party, or a failure to provide goods or services of the calibre promised by the vendor. Moreover, one of the grounds for termination and insolvency is *force majeure*.

4. Performance Guarantee Clause

It is a guarantee relating to technical performance requirements that the investor must meet. It should guarantee that the design will be carried out and include sanctions in the event that it is not. The contract may be terminated if the promised performance is not met in some cases.

To create a fair contract, this provision makes the product's quality, timely completion of the work, and superior research and development facilities vital considerations.

5. Confidentiality Clause

The terms governing the management of confidentiality and privacy must be made clear in the agreement. The obligations and responsibilities of both parties to keep all information pertaining to the technology private must be specified in the confidentiality agreement. Any violation or unlawful activity by a third party could result in legal action, financial penalties, and reputational damage for the licensee.

The remedies and indemnity clause should be specified for both parties in the event of a similar breach in the future.

6. Pricing and Payment Clause

The fee structures stipulated in the agreement must include a timetable for recurring fees, taxes, foreign exchange, employee-on costs, employee entitlements, and many other expenses that must be explicit as to what, how, and where they will be used. Customers shall have the right to audit all invoices and bills under a clause that is provided for their satisfaction and transparency.

In the event that the company encounters financial difficulties in the future, the parties may additionally stipulate a minimum payment. It should be stated if they will pay on a royalty basis or a lump sum basis.

7. Warranties Clause

A warranty clause in a technology transfer agreement will ensure that the licensor is the only owner of the transferred intellectual property and that it doesn't violate the rights of any third parties. Because there is always a danger of risk in a contract, the clause must have a warranty period during which the customer can receive some advantage of rework or newly added service with some conditions. If the vendor discovers any involvement by a third party without his knowledge, he has the right to reject the guarantee.

8. Dispute Resolution Clause

The procedure that will be followed if a dispute occurs between the parties is described in full in this clause. If a dispute arises between the parties, they can settle it with the help of an arbitrator and outside of court by using the predetermined settlement outlined in this clause. Arbitration is one of the ADR processes used to settle business disputes between parties. The jurisdiction clause and controlling law must be referenced in this clause.

In the event that an indemnity situation arises between the parties, either the vendor will indemnify, hold harmless, and defend the client indemnities or the client will indemnify, hold harmless, and defend the vendor indemnities from and against any losses brought on by any Third Party Claim.

9. Miscellaneous Clause

The additional points or issues that are not covered by the aforementioned provisions are all included in the miscellaneous clause, which is used to address those clauses that are also important for a fair contract. Periodic auditing, details of the indemnification, insurance provisions, etc. are all mentioned in this section. It is optional to mention ownership changes in a separate clause or to include them in the miscellaneous. This section also discusses the organisational structure and how the business will be conducted to accomplish the purpose.

If any alteration is necessary, whether completely or partially, it can be made with the parties' previous consent or understanding with regard to the topic of this agreement.

INTELLECTUAL PROPERTY ISSUES IN THE SALE OF BUSINESS

The seller is frequently required to transfer ownership of any IP that is a component of the firm being sold in a buy/sell transaction. These may contain any trade secrets that are essential to the business's operations as well as any patents, trademarks, and copyrights that are utilised by the enterprise. Both the buyer and the seller run some risks when ownership is transferred.

The buyer would often want to confirm that they are purchasing all the intellectual property (IP) related to the business and that there are no open questions or legal challenges over who owns or has the right to use the IP. Additionally, the buyer may wish to confirm that the IP is legitimately registered, protected, and that no other parties are making claims to the IP.

Protection of IP assets builds value for sellers. Before going to market, astute sellers build the quality and level of legal protection of IP assets to at least a minimum or base level of best practice. Ideally this work should be done at least 6 to 12 months before a sale. Best practice includes use of up-to-date IP registrations and documentation. This affects copyright, trade marks, trade secrets, industrial design and patent assets.

Lower levels of protection may lead the buyer and its advisers to discount the price sought by the seller. The effective solution for a seller involves preparation of an intellectual capital register, business documentation and IP registration or codification.

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The buy/sell agreement should have clauses that outline the IP being transferred, the conditions of the transfer, and any relevant warranties or indemnities in order to handle these difficulties. Any ongoing commitments or limitations on the use of the IP after the sale should also be covered.

Key issues are-

1. Issues regarding documentation of intellectual property

The seller must have compiled for the acquirer's review a thorough list of all IP (and related documentation) that is crucial to the seller's business, including but not limited to Confidentiality and Invention Assignment Agreements with employees and consultants, Patents and patent applications (including patent numbers, jurisdictions covered, filing, registration, and issue dates), Trademarks and service marks, Key trade secrets, and Proprietary Know-How etc. The disclosure schedule that is attached to the acquisition agreement will normally need to cover a number of these items.

2. Issues regarding Development and IP Acquisition

An acquirer will want to make sure that the value it places on the selling company is supported by the extent to which the company owns (or has the right to use) all of the IP that is essential to its current and anticipated business. This is especially true if the selling company is a technology company. Private businesses frequently discover that there are questions about who owns (or has the right to use) their most important intellectual property. This is especially true for those businesses who did not engage IP counsel in the early stages of their existence.

These agreements may also limit the transfer of the IP, mandate sharing or ownership of the IP with third parties, or demand payment in connection with the acquisition if the seller's IP was created jointly with another party, with the aid of government, academic, or military resources.

At the beginning of their employment with or relationship with the company, the seller's employees and independent contractors are typically required to sign an agreement assigning to the company any intellectual property developed by them related to the company's business. This is especially true of those involved in the creation of the seller's IP. These may or may not include transfer or waving off some moral rights. All is required to be disclosed.

3. Issues regarding open Software

These agreements may also limit the transfer of the IP, mandate sharing or ownership of the IP with third parties, or demand payment in connection with the acquisition if the seller's IP was created jointly with another party, with the aid of government, academic, or military resources.

At the beginning of their employment with or relationship with the company, the seller's employees and independent contractors are typically required to sign an agreement assigning to the company any intellectual property developed by them related to the company's business. This is especially true of those involved in the creation of the seller's IP.

The buyer will be looking for representations and warranties from the seller that no open source or comparable software has been incorporated into any of its software or products in a way that would require the seller to reveal to anyone the source code of proprietary software or intellectual property in its products, and that no open source licencing agreements have been violated or infringed.

4. Issues regarding Declarations and Warranties relating to Intellectual Ownership

Among the most important IP representations and warranties are those made by the seller regarding its ownership of IP. The acquirer wants assurance that the seller is the sole and exclusive owner of each piece of intellectual property that the seller claims to be in possession of and that such property is free from any encumbrances or restrictions that would unreasonably limit the seller's ability to exploit the property or grant third parties rights to the property that are inappropriate or would materially reduce its value. The buyer will also want to know that the seller is authorised to utilise any third-party intellectual property (IP) that is crucial to the seller's business through a licence (exclusive or not) or other contractual arrangement.

5. Issues regarding disclosure of IP Infringement Representations and Warranties

Often, the buyer wants the selling business to guarantee and reflect the following:

- No other parties' intellectual property rights are violated, infringed upon, or violated in any way by the selling company's conduct of its business.
- No other party is misusing, stealing, or abusing the selling company's intellectual property rights.
- None of the aforementioned are the subject of any pending litigation or threatened claims.

The extent and exclusions of these representations and warranties are frequently subject to extensive negotiation. The danger of significant, unrecognised infringement claims that other parties might make against the acquirer following the signing or closing worries the acquirer.

6. Issues regarding Concerns in IP-Related Agreements

The significant difficulties relating to the IP-related agreements of the selling company may come up in the context of an acquisition of a privately owned company.

The provisions in the IP-related agreements needing approval for an “assignment” should be carefully examined by the acquirer.

Clauses in the seller’s IP-related agreements that are overbroad in some respects relevant to the acquisition are another problem that frequently occurs in the acquisition of a privately owned company.

7. Issues regarding IP-Related Conflicts

An acquirer will thoroughly investigate the seller’s participation in any ongoing or previous IP lawsuits or other problems. Discovering the seller’s vulnerability to IP claims and the rigour with which it has attempted to protect its rights can be part of this evaluation.

The selling corporation and its advisors should demand a particular indemnification clause in the acquisition agreement as compensation for purchasing a business where there is either active litigation or a potential for future IP-related disputes.

8. Issues regarding Websites and Social Media

A business websites and social media presence is of utmost importance in this digital reliant world. Main concerns regarding social media that a business should be concerned about are-

- Are all of the important merchant domain names showing the merchant as the registered owner of a legitimate domain name registration?
- Do the terms of service and privacy statement effectively safeguard the business?
- Does the seller abide by the privacy statement?
- What are the accounts of a telecommunications company? Are they registered under the company’s name, the employee’s name, or the coordinator’s name?
- Whether any problems exist with customers uploading material or comments on business websites or social media pages?
- Who is the owner of the content placed on business websites and social media pages? Can the business utilise that content at will?
- Has the seller complied with Digital Millennium Copyright Act?

9. Issues regarding Data Protection and Privacy

The buyer will want to make that the seller has put in place and is continuing to maintain the necessary procedures, security, and privacy policies. One should be diligent with respect to below given points while engaging in such business. They are-

- Review of any computer intrusions or attacks on the seller’s systems.
- Users’ personal information is collected by the seller in accordance with its privacy policy.
- Review of third-party agreements to confirm that they are properly subject to confidentiality obligations.
- Review of any allegations or grievances involving data or privacy violations.
- The seller’s IT business continuity plan is examined.
- Checking whether background checks, drug tests, credit checks, or other screening procedures are used when employing new employees according to the seller’s security policies.
- Verification of the seller’s internal policies and practises for reporting any security breaches.

Further representations and warranties on the seller's compliance with data protection and privacy laws may be included in the acquisition agreement by the buyer.

10. Issues regarding the Scope, exposure, limit of Seller's Indemnity for IP Problems

An acquirer will request that the seller and/or its stockholders hold the acquirer harmless from any and all known claims (including those that are the subject of litigation) and, frequently, future claims relating to the seller's intellectual property (IP). One of the most crucial conversations in an M&A deal, particularly when the seller's IP represents its genuine asset, is the terms, circumstances, and restrictions of these indemnity clauses.

One should focus on –

- The scope of indemnification.
- The exposure covered by such clause.
- Threshold limits etc.

11. Issues regarding Disclaimers made by the Seller

The accusation that a seller has committed fraud is among the most significant ones that a dissatisfied receiver might make to a seller. The buyer may claim that the records in the database are untrue or deceptive, or that the information given to him or her throughout the course of their interactions with management was false or deceptive.

A statement indicating the seller made and that the seller is aware that the seller made the representations and warranties outlined in the acquisition agreement should be included in the acquisition agreement.

In the purchase agreement, the acquirer must explicitly indicate that it has investigated the merchant's operations and has not relied on any representations or warranties made by the seller (or its officers, employees, or advisers) other than those mentioned.

12. Issues regarding the problems with Assignment or Change of Control

IP licencing and other agreements involving IP frequently have clauses stipulating that the other party must agree before the selling firm can change its control or assign the arrangement. The structure of the acquisition deal typically determines the extent to which such permission is necessary. A mechanism for asset sales will need authorization from third parties. Contrarily, it will be necessary to carefully study the contract language and the pertinent case law to determine if third-party approval is necessary for a sale of the selling firm's stock or a merger involving the selling business.

The selling business may violate the IP licence or other IP-related agreement if the necessary consent is not obtained.

13. Issues regarding the key IP Disclosure Schedule Problems

A disclosure schedule is a document that goes along with the acquisition agreement and outlines the necessary disclosures from the seller on any open contracts, intellectual property, employee information, on-going legal matters, and much more. Since the disclosure schedule "qualifies" the seller's claims and warranties made in the acquisition agreement, it is essential to ensure that the disclosure schedule is well-written.

The biggest error committed by sellers is a poor evaluation of all the intellectual property representations and warranties in the acquisition agreement and failing to include the proper exclusions in the disclosure schedule. To minimise any culpability, this error must be avoided at all costs.

IMPORTANT ASPECTS RELATED TO COMMERCIALIZATION

For the business sector, IP assets are a key source of value-added growth and competitive advantage. This movement in corporate composition from physical-capital intensive sectors towards knowledge based businesses including R&D activities, pharmaceuticals, etc. has led to an understanding that an organization's intellectual property is what gives a business its worth.

The management of technology transfer and innovative enterprises in general requires a strong understanding of intellectual property. The current chapter discusses how businesses, including small and medium-sized enterprises, can account for intellectual property and can activate it in their balance sheets, as well as how to place a meaningful value on intellectual assets. It also covers how public research organisations and innovative businesses can identify valuable intellectual property through IP audits.

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.

If a trade secret is really kept a secret, the monopoly on an idea or product may never end. According to government regulations, trade secrets are not recorded. According to contracts and agreements for information non-disclosure, it is kept secure. The purpose of protection is to prevent members from disclosing trade secrets to the company's rivals. The contract terms specify the term length for which the trade protection is valid. Because it is not recorded, the paperwork that must be written must state when this period expires. If this trade secret is made public, it will no longer be protected by exclusive rights and will no longer be able to be kept a secret.

How to Protect Trade Secrets in a Company?

- *Recognising the Trade Secret*- One must be aware of your trade secret. The company may lose its ability to compete in the market if certain information is made public. This information is merely a trade secret.
- *Restricted Access*- If stored digitally or physically the access to it should be restricted. It should always be protected, for instance using passwords to open that can only be used by specific employees.
- *Imposition of Contractual obligations*- Those who possess a trade secret must sign contracts committing them to keeping it a secret. Even after leaving the organisation, they are not permitted to share such information for any particular reason.
- *Secrecy*- The employees, personnel, and employers of the companies need to be regularly updated on the secret.

Methods of Protection of Trade Secrets

Trade secrets are protected by TRIPs under the guise of confidential information. Trade secrets are safeguarded by the legal framework and technological advancements of the US and many other nations. However, depending on the country, there may be different forms of crimes, such as trust breaches, information leaks, fraud, unfair competition, etc. The nature of the crimes that they defend against can vary. But, because they are trade secrets, these secrets cannot be legally protected. It wouldn't be considered a violation of trade if someone we can think of as a rival reverse engineered the secret legitimately without having access to the secret because he discovered it himself.

To prevent someone else from using trade secrets for commercial gain without authorization, the United States created the UTSA (Uniform Trade Secret Act). They also passed the EEA statute in relation to this (Economic Espionage Act, 1996). This law penalises those who divulge secrets without authorization.

The people who work with computer security must sign non-disclosure agreements in order to ensure that trade secrets are protected and that only a small number of people, including employees, are aware of them. No secret will continue to be a secret if these actions are not done.

Protection of Trade Secret in India

According to Article 39 of TRIPs, India, the preservation of confidential information is crucial. Yet, if there is a violation or breach of the contract, no law may stop it. The documents that are presented to the government are not subject to the secrecy restrictions, according to Article 39(3) of TRIPs. Thus, there is a substantial likelihood of obtaining such trade secrets illegally. The doctrine of confidentiality breach also affects trade secrets.

Sui Generis Doctrine

A *sui generis* is something that is unique in its own right. It establishes a new legal framework that may safeguard trade secrets and other intellectual property related to biodiversity resources, which will be advantageous for India's economy. This promotes greater growth in the area of foreign investments in India and aids in the expansion of Indian businesses. For both domestic and foreign investors in India, this system is essential to ensuring the safety and security of trade secrets. This mechanism can also offer remedies for harms brought on by the exposure of information or the creation of illegitimate or illogical contracts, among other things.

India adopted a mechanism known as *sui generis* for the protection of confidential information, which is provided by both Article 39 of TRIPs and Article 10 of the Paris Agreement. We still need to enforce it, despite how challenging it is.

Case Law

John Richard Brady vs. Chemical Process Equipments Pvt Ltd 1987

Facts:

Plaintiffs have prayed for an ad interim injunction to restrain the Defendants from manufacturing, selling, offering for sale, advertising, directly or indirectly dealing in Machines that arc substantial imitation and reproduction of the design, manuals and Drawings of the Plaintiffs' Fodder Production Unit and thereby amounting to infringement of the Plaintiffs' Copyright therein, or from dealing in those Machines made on the basis of information and know how disclosed to them by the Plaintiffs in conditions of strict confidence, and from doing any other thing as is likely to lead to passing off the Defendants' products as those of the plaintiffs.

According to the plaintiffs, John Richard Brady (hereinafter referred as Brady) is an American National. He is a Mechanical Engineer and is the President and Managing Director of Fometa Overseas S.A. Castellana, Madrid, Spain. He conceived the idea of growing fresh green grass used as basic food for livestock in a compact unit capable of producing grass throughout the year irrespective of external climatic conditions. He developed the original Fodder Production Unit in the year 1972. It was tested under extreme climatic conditions in various Countries in the World. Steps were taken, from time to time, to improve the Unit by optimising its size and achieving greater productivity. After extensive experimentation, an improved Fodder Production Unit (hereinafter referred to as the FPU) was invented by Brady. He applied for grant of patent in India in relation to the FPU. His patent application is pending. Technical details of the FPU are contained in catalogues which illustrate it by technical Drawings and other specifications. The Drawings are the original artistic work. Brady is the owner of Copyright in the Drawings and is entitled to exclusive right to publish and reproduce the Drawings whether two dimensionally or three dimensionally.

It was decided by the plaintiffs that a phased programme would be adopted to manufacture the FPU in India for both domestic and export sales. To indigenise manufacture of the FPU, the Plaintiffs sought quotations from Defendant for the supply of thermal panels manufactured by it. The panels required were of highly specialised type. To enable the Defendants to send their quotations for supply of the said components and to precisely match those components with the FPU, all the technical material, detailed know how, Drawings and specifications concerning under express condition that it must maintain strict confidentiality regarding the know how Discussions between the parties culminated, in an agreement whereby Defendant agreed to supply the specialised thermal panels required by the Plaintiffs, Terms and conditions of the agreement were set out in a letter dated 31-8-84 written by Defendant to Plaintiff. Later, Plaintiffs discovered the inability of the Defendants to supply the required thermal panels, so, they did not place any order on the Defendants. It is alleged that Defendant No. 2, who is Managing Director of Defendant No. 1, along with several other representatives of the Defendants, with a view to acquire the working know how and technology of the FPU, made a number of visits to Goa where the Plaintiffs' FPU was in operation. Some of these visits were without the knowledge of the plaintiffs who were later informed about them by their employees. The plaintiffs learnt that in the month of November, 1985 the Defendants were falsely representing that the innovation concerning the FPU originated from them. The plaintiffs also acquired a pamphlet of a Fodder Production Unit (FPU) manufactured by the Defendants, or on their behalf, without the consent, permission and authorisation from the plaintiffs. The Defendants described the Machine produced by them as 'pushti'.

It is alleged by the plaintiffs that the Machine produced by the Defendants is an inferior version of the plaintiffs' FPU. It is causing and is further likely to cause immense damage to the plaintiffs' business and reputation. The plaintiffs claim jurisdiction of this court to entertain and try the suit under Section 62(2) of the Copyright Act, 1957 on the plea that they have been carrying on their business for profit and gain at Delhi and that the Defendants have also been circulating pamphlets of the infringing Machine and offering it for sale at Delhi.

Issue:

Whether there was alleged infringement?

Held:

Court held that-

"These rules may, according to the circumstances in any given case, either rest on the principles of equity, that is to say the application by the Court of the need for conscientiousness in the course of conduct, or by the common-law action for breach of: confidence which is in effect a breach of contract.

Balance of convenience is clearly in favor of grant of injunction to the plaintiffs. Unless the Defendants are restrained by grant of temporary injunction during pendency of the suit, irreparable injury and loss which cannot be estimated in terms of money, will be caused to the plaintiffs by the Defendants continuing to manufacture, sell or deal in their Machine which is a substantial reproduction in three dimensional form of the Drawings of the plaintiffs' FPU in which Brady has copyright. It will also be in the interest of justice to restrain the Defendants from abusing the know-how, specifications, Drawings and other technical information regarding the plaintiffs' FPU entrusted to them under express condition of strict confidentiality, which they have apparently used as a 'spring-board' to jump into the business field to the detriment of the plaintiffs.

Therefore, the Defendants are hereby restrained from manufacturing, selling, offering for sale, advertising, directly or indirectly dealing in Machines that are substantial imitation and reproduction of the Drawings of the plaintiffs' FPU or from using in any other manner whatsoever the know-how, specifications, Drawings and other technical information about the FPU disclosed to them by the plaintiffs till the final disposal of the suit."

LEGAL AUDITING OF INTELLECTUAL PROPERTY

An intellectual property audit is a tool for identifying your potential IP assets. Ideally an audit should be carried out by professional IP auditors, but often a preliminary audit can be done in-house, within a company.

Through an IP audit one can make an inventory of their potential IP assets. This helps you to:

- Uncover unused or under-utilized assets.
- Determine ownership of these assets.
- Identify any related threats, i.e. IP infringement from your side or by others.

IP audit is a method that businesses frequently employ to account for the intangible assets that they have created over a specific period of time. While being of an intangible nature, intellectual property (IP) contributes to one of the company's most important fundamental values, namely the reputation that its brands enjoy in the marketplace. Generally speaking, one of the main justifications for why the industries obtain protection is the goodwill of the IP. This goodwill is then represented by the consumer preference and market acceptance of the brand, which is now a key driver of income generation.

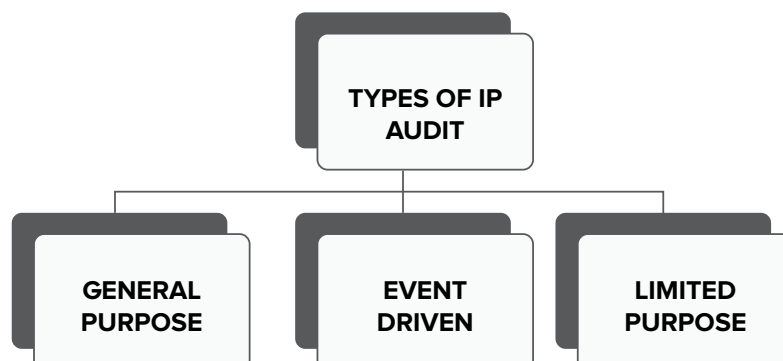
The firms have never been more aggressive about their promotion, advertisements, and cooperation regarding their products considering the changing times and the digital culture we live in. As a result, they have begun exploring the uncharted territory of the market, making them vulnerable to harm, threats, and other legal difficulties. So, the situation has highlighted an urgent necessity for IP owners to act more assertively and to be well-prepared before an actual impact is produced.

Function of IP Audit

The IP Audit follows the SWOT analysis process as below:

1. *S – Strength*: To assess the strongest and safest points of the IP of the owner. This could range from the goodwill of the product to the well framed legal and comprehensive protection which would be the best asset of the owner.
2. *W – Weakness*: One of the major aims of the IP Audit is to identify the weak spots and loose ends which would be the possible breeding grounds to future legal disputes. The Audit would help the owner, to prepare well in advance and help them to device a full proof mechanism to overcome such abnormalities.
3. *O – Opportunities*: IP audit can also be seen as preparation which the owner carries out to assess the present situation before proceeding to take any further actions. The owner of an IP could also undertake such preparatory measures before proceedings to use their IP to generate revenues, like licensing, tech – transfer and leasing.
4. *T – Threats*: The intangible rights being vulnerable and frail are always defenseless without proper protection and legal enforcements. Given the highly digital and technologically advanced competitive market threats to the IP have been imminent and thus the IP Audit serves at timely interval serves the owner to entail and trace the source of possible conflict and take adequate measure to avert it.

Types of IP Audit



1. General-purpose

This is broadest type of IP audit, used by new companies or those considering implementing new IP policies, standards, or procedures.

It is also suitable for companies implementing new marketing approaches, directions, or major reorganizations.

2. Event-driven

This type of IP audit is also known as “IP due diligence”. It is used to assess the value and risk of a company’s IP assets. The event-driven audit is often utilized:

- in the context of mergers/acquisitions and joint ventures;
- before entering into a financial transaction involving IP, such as an initial public offering;
- when launching a new product or service;
- when considering IP licensing; and
- in cases of bankruptcy and layoffs.

3. Limited purpose focused audits

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.

A limited purpose focused audit is done in the following types of contexts:

- *Personnel turnover*
Before a major personnel turnover of in-house research and development or marketing, especially if it involves disgruntled employees, an IP audit should be done to secure the status of a company’s IP assets.
- *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.
- *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.
- *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.
- *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 to reduce the risk of infringing third party copyright.

- *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.

Advantages of Conducting an IP Audit

Carrying out an IP audit can add value to the following:

- *Cost reduction efforts* – A well-managed list of IP assets can help you identify obsolete assets. Decisions can then be taken to stop paying maintenance costs for obsolete assets, resulting in significant cost reductions.
- *Licensing* – An IP audit is vital to know which IP assets are core to your business and which are not. Licensing decisions can then be made accordingly. For example, you may decide to license a non-core IP asset in order to create an additional revenue stream.
- *Mergers and acquisitions* – IP assets will play an important role in a third party deciding whether to merge with or acquire your business.
- *Anti-infringement actions* – Knowing the value of your IP assets makes it easier to take decisions on whether it is cost-effective to take action against infringement and in what way this could be done.

Preparation for an IP Audit

'Audit' in normal parlance, refers to a detailed, formal examination and verification of the accounts and processes of an enterprise, which is undertaken to understand the overall picture of its financial position and good standing in the market. An audit is followed by a report on the findings of the diligence, which can be used by the enterprise for planning the future growth of business.

In order to conduct an IP Audit, it is most important to identify and determine in advance to the desired objective of the audit.



- **Purpose**

The first step in preparing an IP audit is to make sure you are clear on its purpose. This means determining the type and scope of the audit, as well as the time and money available for it. These early-stage decisions will have a significant impact on the conduct of the audit and its outcome.

- **Research**

The purpose is to gather as much relevant information as possible on the way your IP assets relate to internal and external relations; your business strategy; other business assets; your current IP management situation; any existing IP disputes; and ties to the financing of your company.

- **Plan**

An audit plan specifies the business areas to be covered (e.g divisions, lines of business, affiliated or non-affiliated agency operations), the scope of the audit (registered assets or broader), the timetable, the budget, roles and responsibilities of team members, and the form of the final report.

- **Checklist**

A detailed checklist minimizes the chances of skipping one or more relevant steps in the audit process. Each checklist is tailor-made to an individual company's type, size, location, and to the scope of the audit being carried out. The checklist will be used by each member of the audit teams.

- **Contracts**

It is key to identify and assess the adequacy of relevant provisions in any agreements that could have a significant impact on IP. These include agreements on: licensing, assignments, employment and independent contractors, joint ventures and collaborations, and R&D grants.

Through various embodiments the IP audit affective provides an assessment over the following concerns:

1. To identify the scope of the present and to create a future profile for the tangible assets of the company.
2. To reinforce the IP protection mechanism and device secure portfolio to avoid legal conflicts.
3. To identify the idle IP and to set them in process and to harness them as a potential.
4. To assess the financial equivalent of the assets and to be able to use them as leverage or guarantee with other financial institutions.
5. To foresee and steer clear of any risks or unwanted litigation which may evolve or affect the functioning.

Carrying Out an IP Audit

After having gone through the necessary preparatory steps, the IP asset audit takes place over four main steps:

- **Inventory**

The first step is a basic stock-taking exercise in which all of your intangible assets are catalogued, along with a description of each. This clarifies how these assets are being used and identifies any differences in their use.

- **Ownership**

In this step you determine if all the assets identified in the inventory are in fact owned by your company and, if not, who they are owned by. Where you own assets, the nature of that ownership (sole, joint, licensed, etc.) is determined.

- **Infringement check**

This step sees you gather information on whether assets owned by your company are subject to infringement by others, as well as on assets not owned by your company that could be infringing upon the rights of others.

- **Protection Plan**

This step reveals any lapses in the legal, regulatory and administrative procedures related to the management of IP assets and identifies potential improvements to policies, procedures and IP management practices.

DUE DILIGENCE OF INTELLECTUAL PROPERTY RIGHTS IN A CORPORATE TRANSACTION

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.

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.

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.

In general, 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.

Purpose of IP due diligence

IP due diligence is essentially an audit to assess the quantity and the quality of intellectual property assets owned by, or licensed to, a company, business or individual. IP due diligence is done in the following types of contexts:

- **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.

- **Financial transactions**

IP due diligence is important before entering 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 assess a structured IP portfolio more meaningfully as part of its overall analysis of the credit worthiness of a target company.

- **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.

- **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.

- **IP licensing**

A potential licensor must ensure, for example, that it owns the IP that is sought to be licensed to others. Also, it must be sure that there are no existing licenses that would interfere with the proposed new

license. A potential licensee must 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.

- **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.

Who will conduct an IP Audit?

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.

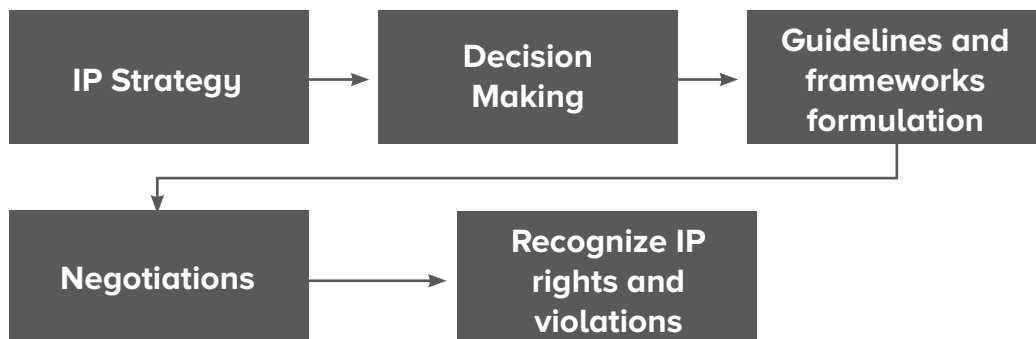
The IP audit team should have a basic understanding of the product lines, the relevant business environment, and the future plans of the company so that the audit remains focused on IP assets of maximum business relevance.

It is also pertinent to mention here that 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.

MANAGEMENT OF INTELLECTUAL PROPERTY

Companies that invest time and money in securing their intellectual property can become more competitive in a variety of ways, including by preventing rivals from copying or closely imitating their goods or services, avoiding unnecessary spending on R&D and marketing, establishing a distinctive corporate identity through trademark and branding use, and negotiating licencing, franchising, or other intellectual property-based contractual agreement.

Management Process goes as follows-



1. Developing IPR Strategies

The objectives of a typical intellectual property strategy are to manage, enforce, and protect assets. Organizations can build on four fundamental IP strategies to meet their commercial goals.

- *Minimisation of Risk*- Cross-licensing and the development of different IP portfolios are the main points of risk minimization. Businesses that want to stay out of legal trouble adopt risk reduction.
- *Cost Cutting*- Cost cutting is the business technique that is most frequently used. It eliminates wasteful spending while maintaining assets and their usefulness.
- *Value approach*- Businesses who want to make money by directly using intellectual property utilise this tactic.

- *Strategic Approach*- Strategic patenting and the form and direction of IP-based rivalry are prioritised in this tactical strategy. It entails reorienting research and development (R&D) efforts and re-evaluating current alliances with clients and pertinent parties.

2. Decision making strategy

To explain asset valuations and accomplish desired results, the IP strategy must be put into practise once it has been created.

Profiting from intellectual property involves careful consideration and conversation with both the asset's creators and corporate executives. The action items listed in the plan must be absolutely visible for the intellectual management process to be complete.

3. Establish guidelines and frameworks

Provide frameworks for establishing specialised IP management teams, teaching staff members on IP, and disseminating the company's IP policies and plans of action. Create frameworks for contracts, licencing, and associated agreements.

4. Negotiations

Legal service providers continue to play a crucial role in asset management even if the IP process is no longer isolated to the legal department. Consult with professionals and business associates who can oversee pertinent agreements and aid in carrying out necessary talks.

5. Recognize IP rights and violations

A corporation needs intellectual property because it serves as a means of recognising, supporting, and promoting the company's goods and culture. To derive value and make investments in innovation and creativity, it is essential to protect intangible ideas and assets.

Internal materials should be made available to staff so they are knowledgeable of the various corporate assets (patents, copyrights, and trademarks), related IP rights, and potential infringements by third parties.

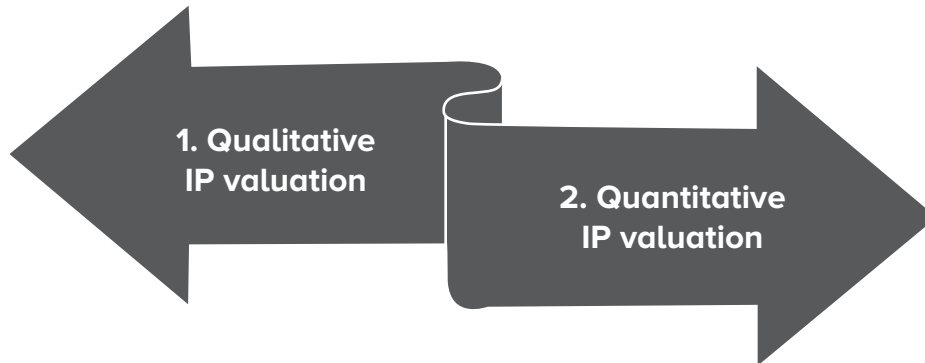
VALUATION OF INTELLECTUAL PROPERTY

IP valuation is the process of identifying and measuring potential benefits and risks of an intangible asset. IP valuation is important for business planning, licensing, acquisitions, mergers, investments, joint ventures and loans. Valuation methodologies are important, because funding institutions are often willing to consider investment in research and innovative technologies, but lack the methodology with which to assess the value of IP assets.

IP valuation is considered as one of the most complex issues in the process of IP commercialization as it is very volatile and subjective. IP valuation, at least in its quantitative approach, appears as a scientific calculation. However, it is only an estimation depending on the experience of the valuator in the particular area and his or her ability to make technical, market and IP projections in the future (except in litigation where valuation of the lost benefit would be done based on past events and existing market data). In addition, the value of an intangible asset further depends on the context, thus the same asset can simultaneously have different values in different contexts.

Valuation process can be challenging for multiple reasons, starting with the fact that universities and R&D institutions often deal with early-stage technologies, very far from market penetration and use, which makes any projection of the future benefit extremely risky – at this stage it is very difficult to define potential fields of use and thus to identify a suitable market in which technology would be exploited. The other impeding element is the lack of IP professionals with appropriate skills to conduct IP valuation.

Types of valuation approaches



There are two major IP valuation approaches:

1. **Qualitative IP valuation** of an invention is based on defined criteria related to technical, IP and market requirements in order to determine if the research result is valuable for further investment and IP commercialization, usually done in pre-commercialization phase.
2. **Quantitative IP valuation** is the process of measuring the potential benefit and risk that can be generated by an IP under assessment.

The quantitative approach, which aims to give monetary value to IP, has a number of developed methodologies associated with it, among which the most used are:



- *Cost Method*- By figuring out the price of an identical or similar asset, this establishes the worth of the intellectual property asset. When the Property is susceptible to simple copying or its economic benefits cannot be precisely measured, the cost technique can be helpful.
- *Market Method*- This approach compares comparable IP assets based on the transfer fees associated with each. Given that it is based on a market comparison, this strategy is straightforward. It is frequently used to estimate tax and royalties rates.
- *Income Method (which has numerous variations such as Discounted Cash Flow, Monte Carlo program, Real Option etc.)* - With this method, the asset is valued based on projected earnings and alterations to its current value. It is the approach of appraisal that corporations utilise the most frequently. For assets with a positive cash flow, the income approach is thought to be the simplest to use.

CASE STUDY

Jawaharlal Nehru Tropical Botanical Garden and Research Institute (JNTBGRI)**Background:**

Nestled in the tropical forests of the Agasthyamalai hills of the Western Ghats, a mountain range in Kerala state, India, live the indigenous Kani tribe, traditionally a nomadic people with a population of almost 25,000. In

December 1987, Dr. Palpu Pushpangadan, then director of the Jawaharlal Nehru Tropical Botanical Garden and Research Institute (JNTBGRI) in Kerala, was leading a team from the All India Coordinated Research Project on Ethnobiology (AICRPE) on an ethnobotanical expedition to the Western Ghats.

Knowing that the Kani knew the area better than anyone, Dr. Pushpangadan employed some of them as guides. While traversing through the rough terrain, the team was surprised that after several hours their Kani guides did not feel tired, while they themselves were constantly feeling fatigued. Curious as to why, they observed their guides and saw them continuously munching black fruits of some plants. Seeing their exhaustion, the Kani guides offered some of the fruit to the AICRPE team. Upon eating the fruit, the team immediately felt full of energy and vitality.

The Kani have a rich tradition of using wild plants found in the region for health reasons, and their tribal physicians – known as Plathi – are the exclusive holders of the traditional medicinal knowledge of the tribe. According to Kani tribal customs, only the Plathi have the right to transfer and disseminate their traditional medicinal knowledge. Because of this, the Kani guides were reticent to share with the AICRPE team the source of the revitalizing fruit. However, after a great deal of pressure, the Kani led the team to a plant known locally as “arogyapacha” (known scientifically as *trichopus zeylanicus* ssp. *Travancoricus*).

Invention:

With first-hand experience of the medicinal benefits of arogyapacha, Dr. Pushpangadan knew that the effect of the plant’s berries was unusual, and that it had significant sales potential if it proved to be safe. He and his team of scientists took the plant back to JNTBGRI’s research facilities and began to analyze it through a multitude of chemical and pharmacological tests. Their research over eight years discovered that not only did the plant (particularly the fruit and leaves) have anti-stress and immune-stimulating properties, but it also boosts stamina, relieves fatigue, helps control tumors and activates the body’s natural defenses and cellular immune system.

After seven years, JNTBGRI’s research isolated twelve active chemical compounds in the plant that yielded the effects they experienced. The traditional way in which the Kani used arogyapacha was to eat its fruit. JNTBGRI discovered that crushing the plant’s leaves was the most effective way to get to the twelve compounds. These chemicals were then combined with three other plants and TBGRI produced a scientifically verified and standardized herbal formulation for its reproduction. JNTBGRI named this formulation “Jeevani,” which means “giver of life.” The product comes in granules and is mixed with hot water or milk.

Research and development:

With a standardized formulation in hand, JNTBGRI continued its research and development (R&D) program on Jeevani, particularly through clinical trials in which it was administered orally to one hundred human subjects in studies involving either healthy or unhealthy individuals. The research focused on determining the ability of these people to withstand adverse conditions (such as an increased work load), the quality of work completed under stress, athletic performance, any increase in mental alertness and overall work output.

Results of the clinical trials were very successful and Jeevani was found to exert favorable effects in a number of situations. JNTBGRI’s research scientifically demonstrated the important medicinal benefits of the arogyapacha plant, and proved that when used alone or combined with other ingredients, it can be more effective and safer than ginseng.

JNTBGRI has applied the success of Jeevani to other R&D projects and it believes that the project is a model for bringing beneficial traditional medicinal plants to the world market. “Our purpose here is to make sure that these valuable plants remain available, and that science into their medicinal uses continues,” Dr. Rajasekharan, head of JNTBGRI’s ethnomedicine division, explained. “We are dedicated to this work. We hope to initiate more work like the Jeevani project, in time developing other medicines. There are so many valuable plants that can help people with common health

Patents:

Dr. Pushpangadan and his research team realized that without intellectual property (IP) protection, they would not be able to generate much revenue from Jeevani. With an interest in also helping the Kani people through a benefit sharing agreement, Dr. Pushpangadan also knew that no IP protection also meant there would be no financial gains for the Kani people. IP protection was thus essential.

Therefore, after successfully finishing R&D and further refining Jeevani, in cooperation with the Council of Scientific and Industrial Research (CSIR), a premier Indian R&D organization, JNTBGRI decided to make a patent application in 1994 with the Office of the Controller General of Patents, Designs & Trademarks of India (IP India) for the manufacturing process of an herbal sports medicine based on the compounds isolated from arogyapacha. In 2007, Dr. Pushpangadan became Director General of the Amity Institute for Herbal & Biotech Products Development (AIHBPD) at Amity University in Uttar Pradesh. After the original patent application, Dr. Pushpangadan and Amity University filed an updated application with IP India for Jeevani in 2008. The patent application (No. 2319/DEL/2008) was published in 2010 but a patent has not yet been granted.

Licensing:

Since JNTBGRI is a research institute, it does not have the capacity to commercialize any products resulting from its Jeevani invention. Therefore, it authorized the licensing of the technology for manufacturing Jeevani to interested parties. JNTBGRI established a committee to determine which organization would be most suitable for licensing. The committee chose Arya Vaidya Pharmacy Ltd. (AVP) of Coimbatore, one of the largest herbal pharmacies in India, to be the primary manufacturer, and in 1995 AVP signed a seven-year licensing agreement with JNTBGRI and paid a US\$50,000 licensing fee.

Under the terms of the agreement, JNTBGRI would receive two percent royalties on any sales of Jeevani products. The licensing agreement with AVP was primarily to establish a market for Jeevani products, after which JNTBGRI maintained the right to license its manufacturing technology to other companies if it so desired. The license agreement between JNTBGRI and AVP proved to be successful and therefore has been consistently renewed thereafter.

Commercialization:

Initial commercialization of Jeevani was undertaken by AVP. A unique aspect to the commercialization process is that the land that the Kani people live on is actually owned by the Indian Forest Department. Because the Forest Department is concerned about the sustainability of the forests and natural resources of the region, any cultivation of land requires its prior approval. Large scale manufacturing of Jeevani therefore faced some significant early challenges, and because of sustainability concerns the Forest Department initially prohibited any products to be sold that were made from the arogyapacha plant.

As a solution, JNTBGRI pointed out that only the leaves of the plant needed to be used to make Jeevani, and that several harvests of the leaves could be made from the perennial plant each year without actually destroying it. In October 1997, a proposal was made to the Forest Department and the Integrated Tribal Development Program (ITDP), an initiative run by the Directorate for Tribal Welfare of the government of Kerala, stipulating that JNTBGRI was willing to pay the Kani people money for the seeds necessary for the cultivation of the plant and would subsequently buy the leaves harvested. This was not only a sustainable solution, but the sale of the leaves would give the Kani an additional, stable source of income.

To facilitate this arrangement a pilot program for the cultivation of arogyapacha was carried out with support from the ITDP between 1994 and 1996. Fifty families were given approximately US\$ 40 each for cultivating the plant. JNTBGRI was to buy five tons of the leaves per month and supply them to AVP for the production of Jeevani. This scheme was a resounding success, through which many Kani people secured employment and training in cultivation and harvesting, which provided them with stable income and new skills they could use for sustainable cultivation of other natural resources in the region. As a result of this success, the Kani people continue to supply AVP with arogyapacha leaves through similar programs.

IP Infringement and Enforcement:

Although Jeevani's powerful and safe effects have garnered worldwide attention, due to high patenting costs JNTBGRI has yet to secure IP protection for it outside of India as of 2010. This has resulted in a few difficulties for JNTBGRI which may possibly inhibit AVP from international expansion. In 1999, Nutrisciences Innovations LLC (Nutrisciences), a New York based herbal medicine company, applied to register a trademark with the United States Patent and Trademark Office (USPTO) for the Jeevani name. For some time, it sold its product in the United States Market without the knowledge of JNTBGRI. When this came to JNTBGRI's attention, a dispute erupted and brought considerable media attention. While the case never officially resolved, Nutrisciences abandoned its trademark application in 2001.

A similar case happened when Great Earth Inc. (Great Earth), another New York based supplement and vitamin company, registered a trademark for Jeevani in the United States in 2000. Great Earth marketed an energy drink called "Jeevani Jolt 1000" that included the same ingredients as those in the original Jeevani, though it is unclear how Great Earth acquired arogyapacha. This product did not technically infringe on any IP because JNTBGRI never filed a trademark registration for Jeevani with the USPTO. As a result of Great Earth's product, Jeevani became widely known in North America, and many other companies have since released products under the Jeevani name or claiming to be made of Jeevani. Because these companies are purchasing the arogyapacha plant from suppliers other than AVP, the Kani people are not enjoying any benefits of their traditional knowledge. Although JNTBGRI would like to take up the issue with the USPTO, as of 2010 costs of contesting a trademark in the United States are too high, leaving JNTBGRI with little recourse.

Business Results:

Despite the lack of IP protection in major markets such as the United States, Jeevani has been a big success for JNTBGRI, AVP and the Kani people. Jeevani is now known as the "ginseng of India" and has been one of AVP's most successful products. As such JNTBGRI has regularly renewed AVP's license to market Jeevani. Perhaps more important, it has made a significant financial impact on the lives of the Kani people. The Kani have already received financial injections into their community, and the success of the benefit sharing agreement has led BMC to propose that the license fee be doubled to US\$ 52,000 and the royalty payment also be doubled from two percent to four percent, which would translate into more financial gains for the Kani.

Drawing on IP and Benefit Sharing for Development:

Recognizing the rights of traditional knowledge holders can make a significant impact on economic and social development. IP protection is one of the most important tools through which this recognition can come. Even before the patent applications based on arogyapacha were granted, they yielded strong financial gains, half of which was shared with the Kani people. As is these case shows, the effective use of IP in concert with benefit sharing agreements can go a long way to foster development for traditional knowledge holders and their communities.

LESSON ROUND-UP

- Competition law and IP laws are important elements of the legal system that provides a framework for the modern economy. IP law seeks to create monopolies while competition law seeks to prevent monopolistic behavior.
- The idea behind antitrust law, a subset of competition law, was developed in the late 19th century to prevent the exploitation of various trusts.
- Competition Act, 2002, is a comprehensive law that governs competition that aims to stop corporate activities in India from having a significant negative impact on the country's market.
- IPR aims to reward the innovator, to encourage other innovators, and to make innovative information that could otherwise remain trade secrets accessible to the public, laws typically grant a right of exclusive use and exploitation. Whereas Competition Law, ensure healthy competition in markets, competition authorities control close to monopolies, mergers, and business partnerships.

- IP commercialization turns a concept or innovation into a monetary-valued good or service. The most common method for monetizing creativity is the selling of such a good or service. It can be commercialised in multiple ways.
- A technology transfer agreement is, in a sense, a type of intellectual property licence in which the objective of the contract is a technological element (whether it is included in a product, covered by a patent (registered or pending), or in the development process).
- “Technology transfer” refers to the use of knowledge, and when we discuss the transfer of technology, what we truly mean is the exchange of knowledge via a contract between nations or businesses. The term “transfer” refers to the use of technology; it does not refer to physical transportation or delivery.
- The seller is frequently required to transfer ownership of any IP that is a component of the firm being sold in a buy/sell transaction. These may contain any trade secrets that are essential to the business’s operations as well as any patents, trademarks, and copyrights that are utilised by the enterprise.
- A sui generis is something that is unique in its own right. It establishes a new legal framework that may safeguard trade secrets and other intellectual property related to biodiversity resources, which will be advantageous for India’s economy.
- India adopted a mechanism known as sui generis for the protection of confidential information, which is provided by both Article 39 of TRIPs and Article 10 of the Paris Agreement.
- IP audit is a method that businesses frequently employ to account for the intangible assets that they have created over a specific period of time.
- 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.
- IP valuation is the process of identifying and measuring potential benefits and risks of an intangible asset. IP valuation is important for business planning, licensing, acquisitions, mergers, investments, joint ventures and loans.

GLOSSARY

Anti- Trust Laws – It was to prevent the exploitation of various trusts. A law prohibits any association or trust from engaging in unfair business activities that slow the growth of other companies or enterprises.

Dominance – It refers to a position of strength which enables an enterprise to operate independently of competitive force in the market or to affect its competitors or consumers in its favour.

Abuse of dominant position – It is a position of financial and economic power obtained by businesses and entrepreneurs that enables them to thwart the maintenance of real competition on the relevant market. It is obtained through time by an organisation, and a number of variables, including the state of technology, entry obstacles, the size of activities, etc., affect the achievement of a dominating position.

Patent pool – It is an association of two or more companies to cross licence their patents in respect to a particular technology. Whether they are transferred directly from patentee to licensee or through a mechanism, like joint ventures, created specifically to administer the patent pool, IPRs that are the subject of cross-licensing are collectively referred to as “patent pools.”

Cross–Licensing – The interchange of Intellectual Property Rights between at least two people is called cross-licensing.

Commercialization – the process of transforming an invention into a financially viable good, service, or method is known as commercialization.

Assignment – A transfer of ownership of certain intellectual property rights is known as an intellectual property assignment. The assigning party (“assignor”) transfers its property in intellectual property rights, such as patents, trademarks, industrial designs, and copyrights, to the receiving party (“assignee”).

Vertical technology transfer – It occurs when new technologies are conducted from a new range of technologies when the technology is still under development and research.

Horizontal technology transfer – The transfer of well-known technology from one organisation to another is known as a horizontal technology transfer agreement.

TEST YOURSELF

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

1. With the help of case laws explain the inter-relationship between IP laws and Competition Act.
2. What do you mean by IP Audit? Discuss various methods of IP Audit
3. Explain commercialization of IP through Assignments.
4. What do you mean by technology transfer agreements and major clauses? Discuss.
5. What are the key issues that a company faces regarding IP during the sale of business?
6. What is IP due diligence? Why is IP due diligence necessary?
7. Why valuation of IP is plays an important role
8. Write short note on-
 - Care and Maintenance of Confidential Information
 - Sui Generis Doctrine
 - Types of IP Audit
 - Management of IP

LIST OF FURTHER READINGS

- National IPR Policy, 2016
- United Nations Conference on Trade And Development (UNCTAD), Transfer of Technology
- United Nations Economic Commission for Europe Intellectual Property Commercialization Policy Options and Practical Instruments
- ASEAN Handbook on IP Commercialization Strategies for Managing IPRs and Maximising Value.

OTHER REFERENCES (Including Websites / Video Links)

- <https://ipindia.gov.in/gi.htm>
- <https://www.wipo.int/technology-transfer/en/access-market.html>
- <https://unctad.org/system/files/official-document/psiteiitd28.en.pdf>
- [https://www.wipo.int/sme/en/ipaudit.html#:~:text=An%20intellectual%20property%20\(IP\)%20audit,of%20your%20potential%20IP%20assets.](https://www.wipo.int/sme/en/ipaudit.html#:~:text=An%20intellectual%20property%20(IP)%20audit,of%20your%20potential%20IP%20assets.)
- https://www.wipo.int/edocs/mdocs/sme/en/wipo_smes_bwn_13/wipo_smes_bwn_13_14_damodaran.pdf
- https://www.wipo.int/export/sites/www/sme/en/documents/pdf/ip_panorama_10_learning_points.pdf

WARNING

Regulation 27 of the Company Secretaries Regulations, 1982

In the event of any misconduct by a registered student or a candidate enrolled for any examination conducted by the Institute, the Council or any Committee formed by the Council in this regard, may suo-moto or on receipt of a complaint, if it is satisfied that, the misconduct is proved after such investigation as it may deem necessary and after giving such student or candidate an opportunity of being heard, suspend or debar him from appearing in any one or more examinations, cancel his examination result, or registration as a student, or debar him from re-registration as a student, or take such action as may be deemed fit.

It may be noted that according to regulation 2(ia) of the Company Secretaries Regulations, 1982, 'misconduct' in relation to a registered student or a candidate enrolled for any examination conducted by the Institute means behaviour in disorderly manner in relation to the Institute or in or around an examination centre or premises, or breach of any provision of the Act, rule, regulation, notification, condition, guideline, direction, advisory, circular of the Institute, or adoption of malpractices with regard to postal or oral tuition or resorting to or attempting to resort to unfair means in connection with writing of any examination conducted by the Institute, or tampering with the Institute's record or database, writing or sharing information about the Institute on public forums, social networking or any print or electronic media which is defamatory or any other act which may harm, damage, hamper or challenge the secrecy, decorum or sanctity of examination or training or any policy of the Institute.

PROFESSIONAL PROGRAMME

INTELLECTUAL PROPERTY RIGHTS - LAW & PRACTICE

GROUP 1 • ELECTIVE PAPER 4.3

(This test paper is for practice and self-study only and not to be sent to the Institute)

Time Allowed: 3 Hours

Maximum Marks: 100

All questions are compulsory.

Marks for each question is indicated alongside the question.

Read the following case study and answer the questions given at the end:

Question No. 1

The plaintiff, Tadka Today Broadcasting Ltd., wished to run a radio station on the FM band, known as “Tadka Today”, and intended to play both film and non-film songs on their radio station. They paid licence fees to the producers of the film and non-film songs, who were members of Phonographic Performance Limited (PPL). However, they did not intend to pay any royalties to the lyricists, composers and other artists, who were members of the Indian Performing Rights Society (IPRS), the defendant. The defendant threatened the plaintiff with violation of copyright law if the songs were played on their radio station, and the plaintiff filed the instant action claiming protection under section 60 of the Copyright Act 1957.

The plaintiff filed the present suit to seek an injunction against the continuance of threats of infringement, and the defendant filed a counterclaim alleging copyright infringement by the plaintiff.

The issue before the High Court of Calcutta was whether the plaintiff radio station was obliged to pay any royalty and/or licence fees to IPRS for the songs broadcasted through its radio station in addition to the licence fees paid to PPL, a society of producers.

The court held, following the Supreme Court decision in IPRS v. Eastern Indian Motion Pictures Association (EIMPA) that though the right of a composer or lyricist in respect of a song that was put into the sound track of a film was “extinguished” when he was paid, he could nonetheless still claim copyright in his song and reserve his right to assign it to others for commercial exploitation of his work in other modes if there was an express agreement between him and the producer of the film reserving his copyright.

In the present case, the plaintiff radio station did not contend that the IPRS members had assigned their exclusive rights to the producers by agreement. The court held that unless it was shown that these exclusive rights of the IPRS members were expressly assigned in favour of the members of PPL, IPRS was entitled to claim royalties from the plaintiff if it wanted to exploit the work by broadcasting the songs on its proposed radio station.

This decision is noteworthy for it affirmed, following the Supreme Court decision in IPRS v. EIMPA, the separate nature of the authorship rights of composers and lyricists in their musical compositions, and the derivative rights of producers in the sound tracks of their movies. It resolved the misunderstanding that the Indian composers’ and lyricists’ as authors could not licence their songs for use with other media once they were assimilated into the producers’ films as sound tracks. On the facts, the plaintiff radio broadcaster was held to require licences from both IPRS (representing the composers and lyricists) as well as PPL (representing the producers of both “film” and “non-film” songs) in order to secure permission to broadcast all the songs on their radio station. With the liberalization of the broadcasting industry by the Indian government since October 1999 to grant licences for private FM stations to provide entertainment-related broadcasting services, this decision affirmed the necessity for FM broadcasters to seek both IPRS and PPL licences for the broadcast of music (songs) and pay royalties to both.

Questions

- (i) Shed light on the relevant provision of the Copyright Act dealing with the Statutory Licence for Broadcasting of Literary and Musical Works and Sound Recording.
- (ii) Whether the plaintiff was legally right or wrong? Explain
- (iii) Discuss whether plaintiff was eligible to get remedy in this case, explain with reference to Section 60 of the Copyright Act, 1957.
- (iv) What is the 'assignment of copyright'? Discuss the relevant provision of the Copyright Act dealing with the assignment of copyright.

(5 marks each)**Question No. 2**

The Olem Inc. is a company incorporated under the laws of United States of America (U.S.A.) consequent to its Research and Development (R&D) activities the company invented and developed its patented drugs to enable its administration to human beings. On successful invention of the patented drug in 1999, the company applied for a patent in U.S.A. Thereafter, on 11 July, 2000 the company applied for an international patent under the Patent Cooperation Treaty (PCT) and on 5th July, 2001 applied in India for grant of the patent to the patented drug in India. On March, 2008 the office of the Controller granted the company's application dated 6th July, 2001. This patent granted in India on 4th March, 2007 corresponded to the patent granted to this patented drug in over 45 countries of the world.

The patented drug is used in the treatment of patients suffering from Colon cancer i.e. Colon Cell Carcinoma (CCC). The aforesaid patented drugs acts more as palliative i.e. relieves patients from the pain and to an extent also slows down the spread of cancer by restricting the speed with which the cancer cells grow. As a consequence of being granted a patent, the company had exclusive right to make, manufacture, use and sell the patented drug either by itself or through its licensee to the exclusion of others for a period of 20 years from the date of its application. Thus, the company had exclusive right to prevent third parties from making/manufacturing, using, selling or importing the patented drug in India without the company's permission/license.

The company Olem Inc. sells this drug under a brand CCCWIN which is registered Trademark in India, USA, Europe, China, Russia, Japan and New Zealand. Olem Inc. through its subsidiary Olem India Ltd. sells the drug in India. The drug was found to be very effective and the doctors worldwide appreciated the result of the drug.

M/s. Bright Pharmaceuticals established in the year 1930, located in Mumbai, Maharashtra, India is a manufacturer of various generic drugs.

Owing to the huge demand for the drug, which was nearly about 20 lakh units and the failure of Olem Inc. to meet the growing demand due to the import restrictions since their manufacturing units is in Washington, Bright Pharmaceuticals approached Olem Inc., for technical assistance and license manufacturing of their patented drug CCCWIN in India on 19th January, 2012. However, Olem Inc. declined to grant the license of manufacture for reasons best known to them. As per the records available, Olem Inc. had supplied only 2 lakh units against the huge demand in India at the rate of Rs.2.5 lakhs per month. Bright on other hand manufacturing the same drug at Rs. 20,000 per month.

In the 2012, the Olem India came to know that exact copies of their product CCCWIN is being manufactured by M/s Bright Pharmaceuticals. Immediately, thereafter, a Cease and Desist notice was issued by Olem Inc. to Bright Pharmaceuticals for infringing the Patent of Olem Inc. Taking the plea that pharmaceutical companies spend billions of dollars on research. It is estimated that, of every thousand potential drugs screened, only 4-5 reach clinical trials and only one is actually approved for marketing. Pharmaceutical companies patent the drugs that they develop and thereby obtain exclusive marketing rights.

Further at the time of expiry of its Patent on CCCWIN the Olem Inc. came with a minor change in the effectiveness and quality of CCCWIN and de-novo applied for Patent before the controller of Patents, who rejected to grant the patent on the ground that it 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.

Questions:

- (i) The rights of the Olem Inc. are not absolute. Discuss.
- (ii) Discuss about the matter of dispute between Olem Inc. vs. Bright Pharmaceuticals in the light of provisions of Indian Patent Act, 1970.
- (iii) Discuss in detail the rationale for Intellectual Property Protection to the companies like Olem Inc. as a Patentee.
- (iv) Critically examine the actions of Olem Inc. to evergreen its pre-existing patent for its pre-patented product and validity of the rejection order of the controller of patents in the light of provisions of the Patent Act, 1970 and relevant case law.

(5 marks each)

Question No. 3

Hoity is a brand name for the manufacturer of luxury cars by Drive Lux Ltd. The company is based in Japan. It has earned world-wide reputation of producing varieties of luxury cars. It has presence in many countries across the world. In India it has acquired registration in different classes of luxury cars for its trade mark "*Hoity*", "*Luxe*", "*Comfo*", "*Comfo Trvl*" and "*Comfo Device*" during the years 1989-2003. It launched the world-wide world's first commercial hybrid car called "E-Revvs" in Japan in the year 1997 and in other countries like UK, Australia, the USA etc. during the year 2000-01. The company claims to have registered the trade mark 'E-Revvs' in different countries as early as the year 1990 (in Japan) and in other jurisdictions around the world. In India the car was released in the year 2009 and till then the company had not registered the mark in India.

It plans to enter in the Indian market in the year 2008 with new luxury car. The Company discover that the Carpediem had not only got the "E-Revvs" registered in India way back in the year 2002-03 for all types of auto parts and accessories but they had also been using the said trade mark in carrying out trade in such auto parts and accessories. The first party or plaintiff therefore approached the trade mark registry for cancellation of the registered trade mark of the defendant and also filed the suit in the court questioning the other party's using the well-known trade mark of the first party without their authorisation and taking unfair advantage of the reputation and goodwill of the first party earned over a period of time across the globe. Plaintiff prayed for permanent injunction restraining the defendant from using the plaintiff's registered trade mark and permanent injunction restraining the defendant from using the well-known unregistered marks "E-Revvs".

The defendant replied that they are using the mark 'Comfo', 'Comfo India' and 'Comfo device' on the packaging materials in which the auto parts manufactured by them are packed for the purpose of item identification and nothing more. Since operating in the same area of industry they are supposed to indicate the cars for which the spare parts have been manufactured by displaying the name on the packaging of the products. Therefore, it is honest use under section 30 and therefore protected under the Act.

With regards to the 'E-Revvs' they had registered the mark in year 2002 and continuously using same since the year 2001. They have been regularly supplying the auto accessories to various automobiles giants. By the time they have acquired market reputation for the mark and their services. Since they are operating in India from a time when the plaintiff has not established the product, therefore they are entitle to have the trade mark in their favour.

Questions

- (i) What is the nature of Intellectual Property Rights in general and trade mark in particular the territorial or international or both?
- (ii) What is a well-known trade mark? Explain its essentials with relevant examples and cases.
- (iii) Can a trade mark which has acquired reputation in foreign State is entitled to acquire trade mark in India?
- (iv) What are the grounds of passing off and infringements?

(5 marks each)

Question No. 4

OAGRO S.A. (OAGRO) is an Argentinean seed company belonging to the Terra family. The origins of OAGRO are to be found in the Terra Countryside Organization (TCO) which was established in the 1966 as the first company in Argentina to devote itself to the genetic improvement of soyabean. TCO was responsible for the program that led to the registration of the first Argentinean soyabean “variety” (a plant grouping within a single botanical taxon of the lowest rank) in 1980’s.

OAGRO’s business strategy concentrates on the production and sale of plant seeds of mainstay crops: soyabean, wheat and maize. Its activities are conducted throughout the Argentinean agricultural and livestock industry. Its central offices are in Rosario, Santa Fe, a major grain marketing, soyabean grinding centre and seed export zone. In fact, the most important soyabean producing-exporting centre in the world is to be found in an area within a radius of 150 kilometers around Rosario.

Despite its traditional approach in certain areas (e.g. the company’s main experimental field remains the Terra family farm), OAGRO has dramatically changed its way of doing business and has managed to prosper following some of the important changes that took place in the Argentinean seed industry since the mid-1990s. One of the main reasons for OAGRO’s success has been its ability to manage its intellectual property (IP) successfully and to establish partnerships with foreign and domestic companies and research institutes.

The Argentinean Law No. 20.247 on Seeds and Phylogenetic Creations, guarantees ownership of plant varieties, and the Argentinean Association of Protection for Plant Breeds (ARPOV) deals with the defense of rights and provides the possibility for collecting royalties for IP rights holders. Additionally, Argentina’s accession to the 1978 Act of the International Union for the Protection of New Varieties Convention (UPOV Convention) plays an important role in the development of companies such as OAGRO.

One of OAGRO’s major areas of work is the genetic improvement of soyabean. The company’s market position, however, was seriously challenged when Monsanto, a multinational agricultural biotechnology corporation, started commercializing the Round-up Ready (RR) gene (RR technology allows for the use of herbicide without any adverse effect on the crops) in Argentina during the mid-1990s. The RR gene based plant varieties soon became popular among farmers. OAGRO was quick to realize that to retain its market position, they would have to market RR varieties too. Therefore OAGRO reached an agreement with Monsanto Argentina that authorized its use of the RR gene. This agreement also allowed OAGRO to place its soybean varieties in other countries.

As far as maize is concerned, due to the high degree of adoption of transgenic (genetically engineered) forms of maize in Argentina, OAGRO signed a testing agreement with Monsanto in order to work with MON 810, a maize variety based on the Bt gene (gene of a naturally occurring bacteria that produces a protein toxic to certain types of insects. The Bt gene can be transferred to crops, thereby making them more resistant to the corresponding insect).

OAGRO has registered over a dozen trademarks. Among them, the most important ones are OAGRO, TECNOSOJA, TECNOTRIGO and TECNOMAIZ. The company has also registered the name with which it identifies its lines of products, such as CANAL. Trademark registrations are done primarily for the domestic market with Argentina’s National Institute for Industrial Property (INPI), as varieties that are licensed to foreign companies, for example American companies, are generally sold under the licensee’s trademarks.

The growth of OAGRO in recent years is essentially based on license agreements linked to IP. It has been capable of negotiating licenses for its own varieties and those created by third parties to other companies in Argentina and abroad.

Agreement with the National Institute of Agriculture Technology (INTA) of Argentina: In 2002, OAGRO concluded an agreement on technology transfer with INTA for the genetic improvement of subtropical germplasm of maize. Under the Agreement, INTA provides the germplasm, installations and technical staff, and OAGRO covers the operating expenditures. The hybrids obtained are marketed exclusively by OAGRO while INTA receives a percentage royalty as the owner of the germplasms. This unique public-private agreement also allows OAGRO to produce the hybrids with its own trademark and also to license them out to third parties.

Licensing Agreement with the National Livestock Research Institute (INIA) of Uruguay: INIA and OAGRO have a special deal under which INIA has granted OAGRO exclusive rights over the licenses for INIA's wheat varieties in Argentina. In return, OAGRO has authorized similar rights to INIA for soyabean varieties from OAGRO. This license agreement allows OAGRO to enter the wheat seed market with adapted varieties at a cost roughly equivalent to that of developing its own crops, however at a much quicker pace. INIA benefits from the expansion of the market for its wheat varieties. For OAGRO, this is a very good commercial opportunity; OAGRO has typically focused on soyabean sown in summer, but the incorporation of the seeds of winter crops from INIA allows them to expand their sales structure and to generate more revenue. The scheme of licenses for soybean varieties to INIA, with a view to market them in Uruguay, has similar results for both parties.

Licensing-out to South African companies : In the past, OAGRO had granted licenses for conventional varieties in South Africa, and, more recently, it has done so for RR varieties, thereby contributing to the development of the crop in that country. As in previous agreements, OAGRO is the owner of the varieties and a South African company exploits them commercially.

Partnership with Innovativ et Plantes (Seeds and Plants) S.A. (DSP) of Switzerland: OAGRO established a commercial relationship with DSP in Switzerland, which includes licenses for varieties of wheat for the whole of South America and technical collaboration, including the training of OAGRO staff in Switzerland. Like in the Agreement with INIA, the varieties here are also owned by DSP, and OAGRO is responsible for commercial exploitation. The agreement allowed OAGRO to access the Argentinean markets with high quality wheat varieties.

Argentina constitute a major market for the production of soyabean in the world. FMT provides important technical support for the crop in Brazil, where approximately 16 million hectares are cultivated. OAGRO has established a program of work which includes the joint launch of varieties of soyabean, which is carried out in both countries. This joint project does not involve any licenses but an ambitious joint development of varieties and research on disease resistance, as well as cultivation technology.

Integration with Seedaw S.A. : In April 2009, OAGRO reached an agreement with Seedaw S.A., another Argentinean seed company. Based on this agreement, Seedaw has taken over the responsibility of the distribution of seeds for OAGRO in Argentina. Seedaw will build upon the existing marketing structure of OAGRO and improve its services to customers and distributors. For its part, OAGRO will be integrated into Seedaw and will focus on research programs and improvement of soyabean and wheat to meet Argentinean requirements. It will at the same time continue its technology exports to neighbouring countries.

Starting as a small family business, OAGRO has come a long way to establish itself as a pioneer in the genetic improvement of soyabean in Argentina. The partnership strategy that OAGRO pursued not only enabled it to retain its market position in Argentina, but also provided it with improved plant varieties, access to foreign markets and consequently higher revenue. The integration with Seedaw allows OAGRO to concentrate more in research and development while at the same time assuring it of the much-needed market access at home and abroad.

A strategic partnership approach through licensing and intelligent use of IP was the key factor behind OAGRO's success. While the national and international legal framework facilitated the task of ensuring the ownership of phytogenetic creations (varieties or lines), the partnerships helped OAGRO move forward quickly and very actively in retaining and extending its domestic and foreign market positions.

Questions

- (i) Evaluate the OAGRO's achievement in successfully managing its intellectual property (IP).
- (ii) How does Argentina's 1978 Act of UPOV Convention (International Union for the Protection of New Varieties Convention) entry play a significant role in the growth of businesses like OAGRO?
- (iii) Even though genetically improving soyabeans is one of the OAGRO's main areas of focus, Monsanto continues to substantially threaten the company's market position. How?
- (iv) To what extent is OAGRO benefited by the licencing agreement with INTA and INIA, the National Institute of Agriculture Technology and the National Livestock Research Institute, respectively?

(5 marks each)

Question No. 5

Mr Ravi was the whole time Director of the Kor Pvt Ltd., engaged in the manufacturing of textiles (bedsheets, duvets etc.) appointed under the Agreement of employment dated 22.8.2005, for the period 24.7.2004 to 23.7.2009. Under the said agreement, he inter alia agreed not to divulge or disclose confidential information of any nature to any person by way of a Non-Disclosure Agreement (NDA). The parties agreed that such information shall be the property of the Company.

The Defendant is stated to have divulged confidential information to a competitor being Solom & Solom Private Limited (SSP) by way of forwarding on e-mail a manual of a customised software for real estate business of the Plaintiff obtained by the Plaintiff upon payment of consideration from the software producer Oracle. The Defendant is shown to have taken up initially employment by the directorship and later by way of being an Executive Director on the Board of various Companies being SSP Group Companies which has come to be discontinued or terminated by SSP.

The Defendant's employment with the Plaintiff no longer subsists. The Defendant claims to have resigned and the Plaintiff claims to have terminated his services as whole time Director.

The suit is essentially for injunction against divulgence and disclosure of confidential information. The suit is also for money claim for damages upon the divulgence claimed by the Plaintiff as also for refund of excess salary paid to the Defendant during his tenure as whole time Director. The Notice of Motion is for the aforesaid injunction as well as the order of deposit of the excess remuneration paid with interest at 18% per annum from the date of the payment made to the Defendant until realisation.

Questions

- (i) What is a trade secret? The action of Mr. Ravi in sharing the manual of software would amount to disclosure of confidential information or not?
- (ii) Why is it important to protect one's trade secret? Enumerate merits and demerits of such protection.
- (iii) How can be a business's trade secret be protected? Give suitable case laws pertaining to protection of business's trade secrets.
- (iv) Trade Secret Protection can be sought world-wide. Under what international instruments such protection is granted and how?

(5 marks each)

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