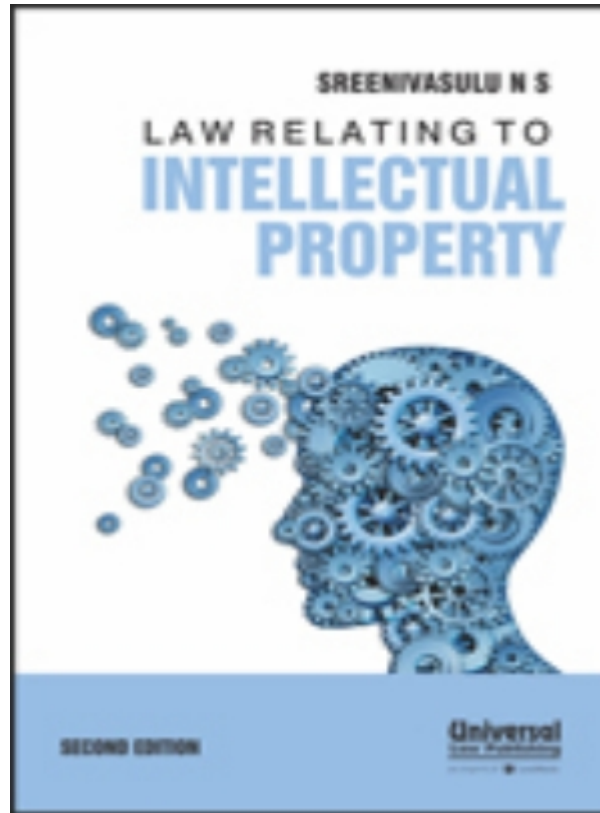


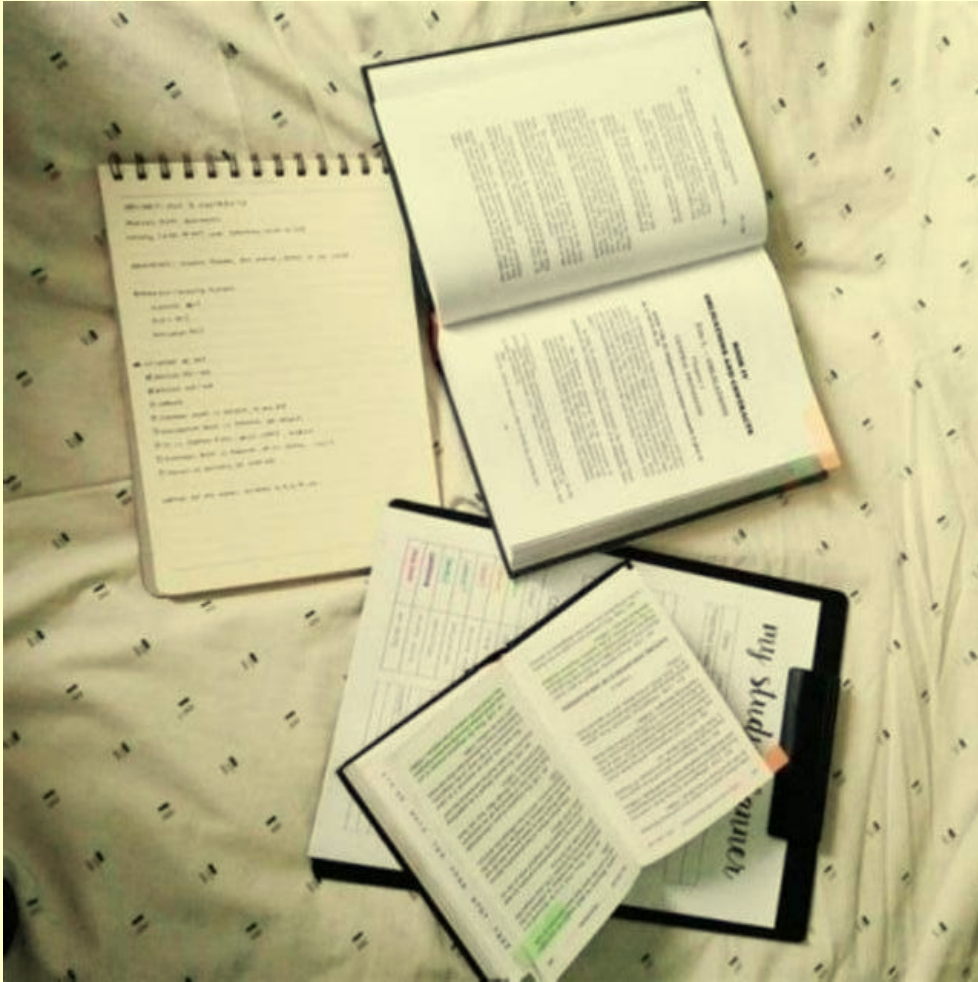
**Sreenivasulu NS: Law relating to Intellectual Property, 2nd ed**



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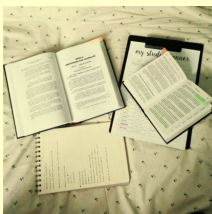
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## **Part I INTELLECTUAL PROPERTY: BASICS AND BOUNDARIES**

### **CHAPTER 1 INTELLECTUAL PROPERTY: GENESIS**

Human intellect and creativity is adorable and admirable<sup>1</sup>. Intellectual endeavors and creative pursuits often result in ingenuity and innovation. Intellectual property is all about human creativity, ingenuity and innovation.<sup>2</sup> It is the result of application of mind in the execution of creative and innovative thoughts.<sup>3</sup> Intellectual property rights are considered as reward for creative and skillful work in execution of ideas. Infact it is the knowledge and information which forms the core content of intellectual property. In the knowledge driven society, the rights associated with such useful knowledge are highly regarded. Intellectual property rights are rewards provided as recognition to the creative work. These rights are an incentive for creators and inventors for executing and expressing innovative thoughts and ideas. Broadly speaking intellectual property rights constitute the legal means to protect results and outcomes of intellectual activity such as inventions, literary and artistic works, as well as innovative symbols, names, expressions, indications and designs used in trade.<sup>4</sup> The impact of intellectual property rights has spread over every aspect of human life.

The subject called intellectual property being multidisciplinary has been drawing the attention of every one irrespective of the field or discipline they belong to. It has got something in store for everyone ranging from professionals, labor, industrialists, philosophers, ethicists, scientists, politicians, artists, lawmakers, entertainers, business entrepreneurs, economists, academia, students and common man. In the modern day protection and management of intellectual property rights is a core issue. In the recent past the importance of intellectual property rights have been universally felt and recognized. In the business world the one possessing intellectual property rights will have definite advantage over other competitors. In the era of globalization when the entire world is considered as a single (global) market there noticed stiffer competition from all the corners of the world in any given field. At this juncture possession of intellectual property rights would facilitate the owner a better and advantageous edge in the business<sup>1</sup>. Historically the roots of intellectual property law and the policy making could be found in the western civilization. Perhaps, UK, Europe and USA have been poised to promote the cause of intellectual property even since there recognized the significance of intellectual property both in terms of scientific and economic contribution. In general intellectual property rights are conferred upon those innovations and creations which are useful or having commercial value.<sup>2</sup> Way back in the 14th and 15th centuries itself there found promotion of intellectual efforts and creative pursuits in UK<sup>3</sup> and Europe. Equally in the USA also more formal legal framework got established for the purposes of promoting innovations and their economic contribution at par with scientific advancement. However, the GATT (General Agreement on Trade and Tariffs) negotiations, resulting in the formation of WTO (World Trade Organization) have played a vital role in bringing intellectual property into the main frame. The WTO endeavored in the adoption of several multilateral agreements including TRIPS (Trade Related aspects of Intellectual Property Rights) agreement.<sup>4</sup> The agreement is an endeavor in expanding and strengthening intellectual property systems in all the member states. Besides, the agreement also aims at rationalizing and bringing uniformity with reference to the intellectual property protection systems across the globe.

The regime of intellectual property desires to promote creativity and innovation and recognize the rights of the creators and innovators. Although the concept of intellectual property is very old, there appeared the need to harmonize laws off late to facilitate international trade and the free flow of technology. This became necessary because it

was difficult to obtain sufficient protection in other countries of the world, in view of the disparity in the laws in each country. In the developing countries the impact of patents and other intellectual property rights was not felt seriously prior to the coming into being of the TRIPS agreement. The agreement which mandated effective Intellectual Property System across the globe on rational and uniform basis brought radical and revolutionary changes in the system of intellectual property in its member countries including India<sup>5</sup>. That is the probable reason why scholars do consider the adoption of TRIPS agreement by the international society as the land mark in the spear of intellectual property which had great impact in the policy making which had implications not only in promoting innovation and creativity but as well in their commercial and economic contribution to the nations at large.

<sup>1</sup> Sreenivasulu NS, *Law relating to Biotechnology*, 1st Edn, 2016, Oxford University Press, (OUP) London, UK, p 1.

<sup>2</sup> Catherine Colstan, *Principles of Intellectual Property Law*, 1999, Cavendish Publishing Ltd, London, p 1.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights: A Master Glance*, MIPR, April 2007, Vol 1, Pt 4, P A-183.

<sup>4</sup> David Bainbridge, *Intellectual Property*, 5th Edn, first Indian Edn, 2003 Education, Delhi, P No. 5.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 1.

<sup>2</sup> Sreenivasulu NS, *Dynamic Interfaces of Intellectual Property Law*, 1st Edn, 2017, Butterworths Lexis Nexis Universal, New Delhi, p 12.

<sup>3</sup> In UK traders were granted patents and such other intellectual property rights for their creative endeavors in the 14th and 15th century.

<sup>4</sup> The TRIPS agreement is a multilateral agreement for the protection and regulation of intellectual property rights in the member states. At present there are around 150 nations which have signed the TRIPS agreement.

<sup>5</sup> India signed the TRIPS agreement in the year 1994 thereby obligating itself for bringing necessary changes in the intellectual property system.

## **Part I INTELLECTUAL PROPERTY: BASICS AND BOUNDARIES**

### **CHAPTER 1 INTELLECTUAL PROPERTY: GENESIS**

#### **1.1 Conceptualization of property**

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Basically property<sup>1</sup> means a thing, which has got some commercial value. Industrialization has brought significant changes in our understanding on the significance of the concept of property<sup>2</sup>. The present era of globalization added enough fuel to the many changes initiated by the industrialization. Globalization has its impact in revolutionizing the concept of property as well. It has also played a significant role in promoting private property rights. There are different schools of thought on conceptualization and definition of the term "property". These schools give us the jurisprudential and philosophical foundations and notions on the concept of property.<sup>3</sup> The first school of thought defines property as people's legal rights both proprietary and personal rights. In the sense property means rights that an individual enjoys by virtue of his personality and by virtue of certain things he possess. The second school of thought defines property to mean proprietary rights or rights over ones estate and property. This school confines the scope of property to rights over one's possessed property or estate. According to third school of thought property means proprietary rights in rem. Rights in rem in the sense, rights against everybody else in general. Here property is understood as something that an individual possesses and enjoys in exclusion of everybody else in general. Finally the fourth school of thought states that property means only the property in physical or material form. This school of thought limits the scope of property to only material things. Proprietary rights enjoyed over something which is physically felt or which has got corpus or body comes within the purview of property according to this school of thought. One common factor in all the schools of thought is that property is considered as proprietary rights. Proprietary rights are attached to something that has been owned by individuals. Therefore, essentially property connotes ownership which confers certain rights on the part of the owner including the possession of the property<sup>4</sup>. Possession is a feature of ownership, but not always it is required to be associated with the ownership. In the sense there could be ownership or proprietorship without possession. For example when one leases, licenses his or her property to an interested party, the possession of the property won't be with the owner, but he or she enjoys the ownership or proprietorship and the rights and privileges attached with it. According to WIPO intellectual property<sup>5</sup> means and include rights relating to

- (a) Literary, artistic and scientific works;
- (b) Performance of performing artists, phonograms and broadcasts,
- (c) Inventions in all fields of human endeavor;
- (d) Scientific discoveries;
- (e) Industrial design;
- (f) Trademarks, service marks and commercial names and designations;
- (g) Protection of information against unfair competition and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields<sup>1</sup>.

- 1 HOLYOAK AND TORREMANS, *Intellectual Property Law*, 2nd Edn, Butterworths, London, 1998, p 5.
- 2 David Bainbridge, *Intellectual Property*, 5th Edn, first Indian Edn, 2003, Pearson Education, Delhi, 2002, p 5.
- 3 Sreenivasulu NS, *Intellectual Property Rights: A Master Glance*, MIPR, April 2007, Vol 1, Pt 4, P A-185.
- 4 HOLYOAK AND TORREMANS, *Intellectual Property Law*, 2nd Edn, Butterworths, London, 1998, p 5.
- 5 International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.
- 1 David Bainbridge, *Intellectual Property*, 5th Edn, first Indian Edn, 2003, Pearson Education, Delhi, 2002, p 5.

## **Part I INTELLECTUAL PROPERTY: BASICS AND BOUNDARIES**

### **CHAPTER 1 INTELLECTUAL PROPERTY: GENESIS**

#### **1.2 Classification of property**

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Property<sup>2</sup> has been classified into different categories on the basis of some scientific thinking and logical sense. In general property<sup>3</sup> is classified into two different kinds, corporeal property and incorporeal property. This classification is based on the physical presence of property. Physical presence is also called as material form or corpus in the general sense. Corporeal property is a property which has got physical or corporeal existence and which could be possessed in physical form. Incorporeal property is a property which has got no corpus or physical existence and cannot be held in physical form. In the sense, corporal property means property in material or physical form. Examples for this type of property could be land, building and chattel. Incorporeal property means property in immaterial form or non-physical form. This type of property is again classified into two kinds: Property in encumbrances like leases, mortgages and Property over immaterial things resulted out of intellectual efforts. It is this property in immaterial things gives rise to patents, trademarks, copyrights, designs etc. It is this category of incorporeal property which is called as intellectual property rights in popular sense<sup>4</sup>. Infact there is another parallel classification of property as tangible and intangible property. Property, which is tangible in the sense, which can be seen through eyes, is classified as tangible property. Examples for tangible property include; land, buildings, chattels, etc. Property, which is intangible in the sense, cannot be seen through eyes is classified as intangible property. Examples for intangible property include; lease, mortgages, and intellectual property rights such as patents, copyrights, trademarks etc. There are certain similarities and connections between these two classifications. Comparing the similarities between the above two classifications of property, perhaps one can infer that; property which has got material form or physical form or corpus could be seen through the eyes and can be felt, hence it is tangible. On the other hand property which does not have physical form or corpus cannot be seen through eyes, hence it is intangible. Therefore it can be understood that classification of property as tangible and intangible property is subservient to the purpose of classification of property into corporeal property and incorporeal property at large.

<sup>2</sup> HOLYOAK AND TORREMANS, *Intellectual Property Law*, 2nd Edn, Butterworths, London, 1998, p 5.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights: A Master Glance*, MIPR, April 2007, Vol 1, Pt 4, P A-185.

<sup>4</sup> David Bainbridge, *Intellectual Property*, 5th Edn, first Indian Edn, 2003, Pearson Education, Delhi, 2002, p 5.

## **Part I INTELLECTUAL PROPERTY: BASICS AND BOUNDARIES**

### **CHAPTER 1 INTELLECTUAL PROPERTY: GENESIS**

#### **1.3 Industrial property as Intellectual property**

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Property which is commercially relevant and industrially significant is known as industrial property. A property which could be applied and used industrially for commercial purpose is called as industrial property<sup>1</sup>. It could be both corporeal property such as land and buildings and incorporeal property including intellectual property rights. The wide range of industrial property has got no boundaries and limitations. Earlier, when the concept of intellectual property<sup>2</sup> was not known, all the different forms of intellectual property including patents, trademarks, industrial designs, trade secrets were considered and treated as industrial property. There was no difference between property which is a result of physical labor and the property that is the result of mental labor. One element which uses to drive various forms of property together under one umbrella as industrial property was industrial and commercial application or commercial value attached to such property.<sup>3</sup> Those days, typical intellectual property such as literary and artistic works or related allied works or rights were not recognised as property at all. According to the above understanding the nature, origin, type and features of property were irrelevant. The only factor which was considered was the commercial application or industrial utility. Perhaps, intangible industrial property put together with literary and artistic works and the property rights related thereto considered as intellectual property rights in the present scenario. Industrial property and intellectual property are closely associated. Infact intellectual property was considered as industrial property<sup>4</sup> earlier considering the feasibility of commercial or industrial application of such property<sup>5</sup> Traditionally a number of intellectual property rights such as patents, trademark, indications of sources and industrial designs were collectively called as industrial property<sup>6</sup> It is pertinent to note here that; the Paris Convention on industrial property was adopted to protect patents, trademark, indications of sources and industrial designs considering the same as industrial property. The convention considers patents, trademarks, designs which are today popularly known as intellectual property to day as industrial property.<sup>7</sup> The nomenclature intellectual property was evolved when copyrights were brought along side patents, trademarks and designs under one umbrella. At this time, a school of thought came into being for the purpose of classification of property based upon its nature or origin and physical presence. The result being birth of intellectual property considered to comprise of those properties which are the result of mental labor and those are intangible or in non-physical form. As explained earlier, intellectual property is all about ideas skillfully expressed resulting in innovative and creative works. It is the property that results out of intellectual efforts and mental labour in the practical application of innovative ideas resulting from human intellect or ingenuity having commercial significance. Skillful ideas or creative thoughts capable of industrial application come under the purview of intellectual property<sup>1</sup>. The other properties which are not directly resulting from mental labor or which have got physical structure of material form were considered to be industrial property or property in general. It is considered as compensation for expending time, energy and money and a privilege over the society for gifting the society with some intellectual contribution. Precisely it is a monopoly over the outcome of the intellectual efforts for a limited period of time granted to the author of creator of such intellectual out come.<sup>2</sup> The element of mental labour was a core fabric of intellectual property considered to encumbrances and such other properties which also qualify as properties which are intangible or as properties not having material or physical form. Therefore, the property which is a result of mental



labor, which is incorporeal or intangible considered to be intellectual property. Earlier copyrights were not considered to be commercially and industrially applicable. It is later that the significance and commercial viability of copyrights were recognized. Commercial viability or industrial application of intellectual property is technically relevant for the purpose of protecting intellectual property rights. It goes without saying that intellectual property rights are offered protection only when are capable of industrial application or useful in commercialization. Promotion of creativity and ingenuity is the objective of protection of intellectual property<sup>3</sup> rights. Innovative thoughts put into action would lead to novel inventions, creations having greater significance in the society. The growth of research and development is directly attributed to the kind of support and promotion that is received through the protection of intellectual property rights arising out of such research and development. Modern world is driven by science, technology and useful arts. Research and innovation in these fields has got enormous scope, since societal progress heavily depends upon research, innovation and development.

Therefore any act of support, promotion of these intellectual property rights not only would boost research and development in the so called science, technology and useful arts but ultimately benefit the society and foster the economy. Society is the creator, consumer, protector and as well beneficiary which is very much true in the spear of intellectual property. Protection of intellectual property is required for the purpose of promotion of societies urge towards innovation, creation and development. Law relating to Intellectual property is not just about rules and regulation governing the rights and liabilities of the parties to the intellectual property.<sup>1</sup> It is more about promoting and incentivizing the intellectual endeavors in the fields of science, technology and useful arts. The enormous commercial viability of the rights associated with intellectual property makes it a very prominent type of property in the contemporary times. Intellectual property<sup>2</sup> law recognizes and protects such rights which arise out of creation and use of knowledge for commercial or industrial purposes.<sup>3</sup>

<sup>1</sup> HOLYOAK AND TORREMANS, *Intellectual Property Law*, 2nd Edn, Butterworths, London, 1998, p 5.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights: A Master Glance*, MIPR, April 2007, Vol 1, Pt 4, P A-184.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 4.

<sup>4</sup> International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.

<sup>5</sup> HOLYOAK AND TORREMANS, *Intellectual Property Law*, 2nd Edn, Butterworths, London, 1998, p 5.

<sup>6</sup> David Bainbridge, *Intellectual Property*, 5th Edn, first Indian Edn, 2003, Pearson Education, Delhi, 2002, p 5.

<sup>7</sup> HOLYOAK AND TORREMANS, *Intellectual Property Law*, 2nd Edn, Butterworths, London, 1998, p 5.

<sup>1</sup> David Bainbridge, *Intellectual Property*, 5th Edn, first Indian Edn, 2003, Pearson Education, Delhi, 2002, p 5.

<sup>2</sup> Sreenivasulu NS, *Dynamic Interfaces of Intellectual Property Law*, 1st Edn, 2017, Butterworths Lexis Nexis Universal, New Delhi, p 6.

<sup>3</sup> International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.

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- 1 International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.
- 2 HOLYOAK AND TORREMANS, *Intellectual Property Law*, 2nd Edn, Butterworths, London, 1998, p 5.
- 3 David Bainbridge, *Intellectual Property*, 5th Edn, first Indian Edn, 2003, Pearson Education, Delhi, 2002, p 5.

## **Part I INTELLECTUAL PROPERTY: BASICS AND BOUNDARIES**

### **CHAPTER 1 INTELLECTUAL PROPERTY: GENESIS**

#### **1.4 Constitutional background of Intellectual Property Law**

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As the constitutional law is the basic law of the country in any given case, it would be an interesting discussion to dwell on the constitutional background of the intellectual property law. To begin with; in the USA the constitution intends to promote science, technology and useful arts. It is not only the objective of the constitution but an obligation of the government to find and establish required means for the promotion of science, technology and useful arts. In this regard the US constitution<sup>4</sup> states that congress shall have power to promote science, technology and useful arts by securing to authors and inventors exclusive rights to their respective writings and inventions for a limited period of time. The significance of science, technology and useful arts in the progress of the society has been very well recognized by the US constitution. It empowers the government to take the required measures for the protection and promotion of inventions, writings and other creative works. In India, the Directive Principles of State Policy<sup>5</sup> under the Constitution mandates the government to take the possible measures to encourage the progress of science and technology and as well measures for inculcating scientific temper among the citizens of the country. Further, freedom of speech and expression under the Article 19 1(f) of the Constitution of India has been interpreted to mean the promotion of creative thinking, expression and application. The bare meaning of the Article 19 1(f) of the Constitution would mean to guarantee freedom of speech and expression to the citizens of the country. However, the judiciary has given wide interpretation to the article to the effect of promoting the progress of science and technology through guaranteeing the freedom of speech, expression and creation. Here, freedom of speech and expression has been read as the freedoms to think, express, invent and create. As thinking is the beginning of the process of expression leading to certain creative works and invention, broadly the phrase "speech and expression" has been interpreted to include "expression and execution of creative works and inventions" In *Ministry of Information and Broadcasting v Cricket Association of Bengal*,<sup>1</sup> it was viewed that the state is under obligation to ensure conditions in which the right to freedom of speech and expression can be effectively enjoyed by all citizens. Hence, the citizen shall have conditions amicable for innovative thinking, expression and application which would lead to creative works and innovations. By ensuring the necessary conditions for the citizens to enjoy the freedom of speech and expression the resultant creative works and innovations could be encouraged. It would ultimately works towards promoting the progress of science, technology and useful arts.

<sup>4</sup> Article 1, section 8 of the US constitution.

<sup>5</sup> Directive Principles of State policy have been enshrined under Pt IV of the Indian Constitution.

<sup>1</sup> (1995) 2 SCC 161.

## **Part I INTELLECTUAL PROPERTY: BASICS AND BOUNDARIES**

### **CHAPTER 1 INTELLECTUAL PROPERTY: GENESIS**

#### **1.5 Economy of intellectual property**

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Economic factors which largely determine the law and policy with reference to protection and promotion of intellectual property<sup>2</sup>. Perhaps, it is more so and quite significant in case of intellectual property. It is very much felt that economic reasons have influenced in the promotion of intellectual property rights all over the world. At this juncture an inquiry into the economic dimensions and justifications for intellectual property would be an interesting pursuit. There are various types of intellectual property rights recognized by the law where the creator of knowledge would enjoy certain privileges and rights, the driving force behind all these different types of intellectual property rights is their economic significance. In general intellectual property rights are conferred upon those innovations and creations which are useful or having commercial value. Industrial demand or commercial viability is one among the different requirements for conferment of intellectual property rights. It is not just creativity or innovativeness but the economic significance of the same is required to be honored with intellectual property<sup>3</sup> rights. In the market driven world, economic viability is of greater significance. Research and development with industrial demand, economic value is encouraged and protected. The intellectual property<sup>4</sup> regime perceives that research and development should not be of just academic interest, but rather it should have some economic and industrial significance in the market to entail for protection and reward through conferment of intellectual property rights. Although intellectual property is intangible in character, it consists of bundle of property rights. For instance, patent gives economic and commercial right to make, use, sell, and transfer the patented invention. The objective of the intellectual property regime is to promote and protect innovation and creation and reward innovative and creative activity.<sup>5</sup> For the functioning and development of the economy in an effective way innovation and creativity are very essential. Especially in the open competitive and free market economy, innovations and creativity would keep the momentum and upsurge of the economy. In this context, it is felt and experienced that; innovation and creativity are very much required for economic growth and prosperity. The perspective that individuals are able to acquire property right over the result of their investment is encouraging individuals and enterprises to invest in research and development.<sup>1</sup> These property rights would be granted to one who can economically maximize profits.<sup>2</sup> Intellectual property rights, enhances economic development of the Nation. Therefore, it may not be untrue, it is said that it is more because of its economic dimensions that; the intellectual property rights are protected than the scientific or technological reasons. There is always an element of scientific or technological progress and importance that every protected intellectual property brings forth. But the reality is that the scientific or technological elements or features however meritorious, they may be not sufficient to grant intellectual property rights without the presence of economic dimensions of such scientific or technological progress. Hence, you don't get protection under the intellectual property regime for scientific or technological progress without economic value being attached to it. On that count any justification or rationality behind the protection of intellectual property is being influenced by the economic significances.

<sup>2</sup> International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.

- 3 HOLYOAK AND TORREMANS, *Intellectual Property Law*, 2nd Edn, Butterworths, London, 1998, p 5.
- 4 David Bainbridge, *Intellectual Property*, 5th Edn, first Indian Edn, 2003, Pearson Education, Delhi, 2002, p 5.
- 5 US Council for International Business: A New MTN: Priorities for Intellectual Property, (1985) p 3.
- 1 Lunn, The Roles of Property Rights and Market power in Appropriating Innovative output (1985), *Journal of Legal studies*, 423 p 425.
- 2 Lehmann, "Property and Intellectual Property-Property Rights as Restrictions on competition in Furtherance of Competition" (1989) IIC 1 at 11 as cited in HOLYOAK AND TORREMANS, *Intellectual Property Law*, 2nd Edn, Butterworths, London, 1998, p 15.

## **Part I INTELLECTUAL PROPERTY: BASICS AND BOUNDARIES**

### **CHAPTER 1 INTELLECTUAL PROPERTY: GENESIS**

#### **1.6 Justifications and jurisprudence of intellectual property**

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Before looking into the justifications<sup>3</sup> for intellectual property it is pertinent to look into the justifications of property in common understanding. In general proprietary rights resulted out of labor is known as property. Property is nothing but proprietary rights resulted out of one's labor. One who labors deserves certain reward in the form of proprietary rights which have commercial or pecuniary interests. Here there is no difference between physical or mental labor as such. But as we understand, when it comes to intellectual property, it is always the result of mental labor. Jurisprudentially speaking one deserves rights over his labor, irrespective of whether it is physical labor or mental labor. In this context few theories on the jurisprudential meaning and connotations of property are very much relevant.<sup>4</sup> While searching for justifications for the protection of intellectual property<sup>5</sup> generally jurists fall back on the original theories of property and proprietary rights.

##### **1.6.1 John Locks Labour theory**

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The classical labor theory of jurisprudence is of great relevance in the context of property and proprietary rights. Famous English jurist John Lock's propounded the labor theory. John Lock states that human labor deserves certain proprietary rights. According to him whoever labors deserves reward in the form of proprietary rights.<sup>1</sup> Originally labor theory does not specifically talk about physical or mental labor. Perhaps when Lock propounded the theory since labour was understood to be the physical labour. It is felt that; the justifications for property and proprietary rights were all around physical labour only. The opponents of intellectual property contend that at the time when Lock propounded this theory he might not have thought of mental labor. The proponents of intellectual property protection however contend that his theory in general applicable to property and proprietary rights and seems to have no reservations in its application; therefore it need not be restricted only to physical labor. According to the pro intellectual property thinkers; conceiving and executing ideas involves mental work, which could be considered as mental labor. Since there are no restrictions or reservations with respect to the concept of labour which could be either physical or mental, there shall be equal application of jurisprudential theories. Therefore the labor theory, which rewards the one who labors, could justify reward for the one who does mental labor. On these lines protection of intellectual property<sup>2</sup> rights which are result of mental labor, could be justified under the Locks Labor theory.

##### **1.6.2 Jeremy Bentham's Utilitarian theory**

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Further the Utilitarian theory<sup>3</sup> propounded by the English jurist Jeremy Bentham states that maximum benefit of the maximum members of the society should be guaranteed by the law in force and in the regulation there under. Intellectual property rights serve the purpose of being an initiative or encouragement for innovative or creative work, which does ultimately benefit the society. The owner of the intellectual property is supposed to work on the subject of intellectual property and make it and its proceeds available to the public. Hence, the proceeds of mental labor or intellectual property rights ultimately reach the public. Besides, Intellectual property rights are granted to the owner for a particular period of time after which the intellectual work falls into the public domain and there could be no restrictions on public usage of such work

thereafter. Further, intellectual property rights are protected only when are capable of industrial application. The purpose of industrial application of any innovative work is to exploit the work commercially, market it and make it available to the public. Considerably the maximum benefit of any subject of intellectual property protection would be reaped by the public at large. In this way intellectual property rights serve the purpose of maximum benefit of the maximum members of the society. Therefore, it is argued that the utilitarian theory<sup>1</sup> also justifies the reward for intellectual efforts in the form of conferment of intellectual property rights and their protection.

### 1.6.3 Hegel's Personality theory

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The third theory which is being considered for justifying the intellectual property<sup>2</sup> rights would be that of personality theory propounded by Hegel. The personality theory also has got to say something with respect to protection of property rights in intellectual efforts. The theory states that; property is an extension of once personality and it is personality which blooms through the protection of one's proprietary rights. These proprietary rights could be either physical property rights or non-physical property rights such as intellectual property<sup>3</sup> rights. Though, people might have argued that Hegel's personality theory does not say anything specifically about intellectual property. However, the theory was general in nature and non-specific with respect to either physical property rights or non-physical property rights. Besides, there is nothing according to Hegel's theory which would prohibit protecting and possessing non-physical property rights. Therefore there is nothing wrong if one say that; Hegel's personality theory is in support of protecting and possessing property rights. There may not be anything specific and particular about protection of intellectual property rights under the theory, but there is nothing against intellectual property rights. Nevertheless, the jurisprudential notions and philosophical foundations of the theory justify possessing property rights in general. Logically, intellectual property is also a form of property; it might be a peculiar type of property but still a property which is logically justified and having rationale under the theory. Besides, any theory, policy and practice for that matter would not have contingency arrangement or would not be wholly comprehensive to meet the various needs. Moreover when the logic and rationality is firm and viable specificity is irrelevant. The advocates of intellectual property and people in support of protection of intellectual property do take account of John Locks Labor theory, Jeremy Bentham's Utilitarian theory and Hegel's Personality theory<sup>4</sup> for justifying the protection offered to non-physical property rights such as intellectual property<sup>5</sup> rights. Infact in the market driven world of contemporary times it is economic factors which play vital role in the policy making than the other reasons. No doubt intellectual property rights are having enormous economic value and viability; therefore there could not be any problem for offering protection and promotion to intellectual property<sup>6</sup> rights.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights: A Master Glance*, MIPR, April 2007, Vol 1, Pt 4, P A-185.

<sup>4</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, Regal Publications, New Delhi, 2011, p 6.

<sup>5</sup> International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.

<sup>1</sup> Donald S Chisum, *Cases and materials on Principles of patent law*, Foundation press, New York, 1998, p 35-44.

<sup>2</sup> HOLYOAK AND TORREMANS, *Intellectual Property Law*, 2nd Edn, Butterworths, London, 1998, p 5.

<sup>3</sup> Ibid, p 45-47.

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- 1 Sreenivasulu NS, *Intellectual Property Rights: A Master Glance*, MIPR, April 2007, Vol 1, Pt 4, P A-185.
- 2 David Bainbridge, *Intellectual Property*, 5th Edn, first Indian Edn, 2003, Pearson Education, Delhi, 2002, p 5.
- 3 International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.
- 4 Sreenivasulu NS, *Intellectual Property Rights: A Master Glance*, MIPR, April 2007, Vol 1, Pt 4, P A-185.
- 5 David Bainbridge, *Intellectual Property*, 5th Edn, first Indian Edn, 2003, Pearson Education, Delhi, 2002, p 5.
- 6 HOLYOAK AND TORREMANS, *Intellectual Property Law*, 2nd Edn, Butterworths, London, 1998, p 5.



## **Part I INTELLECTUAL PROPERTY: BASICS AND BOUNDARIES**

### **CHAPTER 1 INTELLECTUAL PROPERTY: GENESIS**

#### **1.7 Various types of intellectual property rights: The first look**

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Intellectual property rights exist in different works involving intellectual or mental labor. Generally speaking any intellectual efforts having commercial value could be given protection. Intellectual efforts in the field of literature, artistic, engineering, technology, science, manufacturing, business, agriculture etc., gives rise to certain intellectual property rights. Depending upon the nature of the intellectual work and field of application intellectual property<sup>1</sup> rights have been classified into different kinds. For the instance intellectual efforts in the field of science, technology, engineering or agriculture have been categorized as patentable subject matter and offered protection under patent system. Intellectual efforts in the field of literature, music, photography, arts, and paintings have been categorized as subject matter of copyrights and provided copyright protection. Therefore intellectual efforts in different fields have been offered protection under different heads under one umbrella called intellectual property rights.

<sup>1</sup> International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 2INTRODUCTION TO TRADEMARKS**

Goods and services in the market are sold and purchased not only on the basis of need and requirement, but also on the basis of quality and reputation. The quality and reputation of the goods and services are represented through some marks and indications. These marks and indications are used in the market to indicate and represent exclusive goods and services originating from a definite trader. It is required to confer exclusivity on the part of the indications used on a particular set of goods and services. This would ensure that there is no confusion on the part of the consumer in identifying the goods and services of some quality and reputation to have originated from a particular trader in the market. Perhaps, the indications, marks and other marketable elements used on goods and services would play a very vital role in reaching the consumer. Trademarks are a very valuable form of intellectual property since they are always associated with quality and consumer expectations in a product or service.<sup>1</sup> Trademarks safeguard the interest of both consumer and trader by making out the origin of goods from a definite trade source. Trademark as applied or attached to goods offered for sale in the market, consumer could distinguish those goods from similar goods and identify them with a particular trader or with his successor as the owner of a particular business.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, Regal Publications, New Delhi, 2011, p 123.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 2INTRODUCTION TO TRADEMARKS**

#### **2.1 What is trademark?**

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A trademark could be understood as a visual symbol applied on articles of commerce with a view to indicate its origin or to distinguish it from other goods/services. It could be in the form of a word, phrase, design, sound, smell, colors, product configuration, numbers, combinations of those, a device, or a label applied to articles of commerce, which is capable of distinguishing the goods or services of one person from those of others. In *Sumat Prasad v Sheojanan Prasad*,<sup>2</sup> it was viewed that trademark is a mark used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use that mark. It is an indication with reference to the origin or the owner of the goods. It could also indicate a specific quality and reputation on continuous use down the years. Trademark could be any symbol or indicator which identifies the goods with its owner or originator, indicating specific quality while adding reputation to the goods and services bearing it.

<sup>2</sup> AIR 1972 SC 2488.

## Part I **LAW OF TRADEMARKS**

### **CHAPTER 2 INTRODUCTION TO TRADEMARKS**

#### **2.2 Defining trademark**

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Trademark could be defined as any symbol or representative or indication which can identify a particular set of goods and services along with its owner or originator. The Trademarks Act, 1999 defines<sup>1</sup> trademark to mean: a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others. The Act defines<sup>2</sup> mark to include a device, brand, heading, label, ticket, name signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof. It includes:

- i. 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<sup>3</sup>; and
- ii. 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.<sup>4</sup>

Time and again the law courts have given judgments defining the term trademarks. In *Laxmikant Patel v Chetan Bhat Shah*,<sup>5</sup> it was held that the definition of a trademark is very wide and means a "mark capable of being represented graphically and which is capable of distinguishing the goods and services of one person from those of others". In *Kirloskar Diesel Recon Pvt Ltd v Kirloskar Proprietary Ltd*, while deliberating on the trade name or brand name being a valid trademark, the Bombay High Court held that a trade name/business name is also be registered and recognized as trademark. The definition of trademark includes "name" and as such the term "trade mark" includes "trade name". Name of a person or enterprise or business name can form a trademark. What is necessary is connection between the mark used in relation to the goods and the person claiming a right to use the same. Recently in *Jaleel Associates v Hotel Sugur*,<sup>6</sup> it was opined that if a name is used in relation to goods/services for the purpose of indicating a course of trade between the goods or services and some person having right to use such name whether with or without any indication of the identity of that person, such name is a trademark.

<sup>1</sup> Section 2(1)(zb) of the Act.

<sup>2</sup> Under section 2(1)(m) of the Act.

<sup>3</sup> In Relation to Chapter XII (other than section 107) of the Trade Marks Act of India, 1999.

<sup>4</sup> In Relation to the other provisions of The Trade Marks Act of India, 1999.

<sup>5</sup> AIR 2002 SC 275.

<sup>6</sup> (2005) 4 ICC 140 (Ker).

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 2INTRODUCTION TO TRADEMARKS**

#### **2.3 Characteristic features of trademark**

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The definition of trademark<sup>7</sup> is very wide to include any visual symbol used in relation to any goods or services. Such symbol shall be used to indicate the relation between the goods or services and the person using the mark. The symbol shall also signify certain amount of quality for which the goods or the persons producing the goods are known for. However, to bring a mark within the scope of the statutory definition of trademark, it should possess certain essential characteristic features. The essential features or requirements of a trademark could be listed as follows:

1. It must be a mark, that is a device, brand, heading, label, ticket, name or an abbreviation of a name, signature, word, letter or numeral shape of goods, packaging or combination of colors or any combination thereof.
2. It must be capable of being represented graphically.
3. It must be capable of distinguishing the goods or services of one person from those of others.
4. It must be used or proposed to be used in relation to goods or services.
5. The use must be of a printed or other visual representation of the mark.
6. Such use in relation to goods must be upon, or in any physical or in any other relation whatsoever to the goods.
7. In relation to services must be use of the mark as or as part of any statement about the availability, provision or performance of such services.
8. The use must be 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 to use the mark either as proprietor or by way of permitted user as the case may be user. It is necessary that the person using the mark should reveal his or her identity.

<sup>7</sup> Trademarks Act of 1999 for the definition of trademarks available at <http://lawmin.nic.in/ld/P-ACT/1999/The%20Trade%20Marks%20Act,%201999.pdf>, last visited 5 January 2018.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 2 INTRODUCTION TO TRADEMARKS**

#### **2.4 Different forms of trademarks**

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The definition of a "mark" contains a list of various forms of marks. The term "mark" has been in fact; defined to mean and include a device, brand, heading, label, ticket, name, signature, word, letter or numeral or any combination thereof<sup>1</sup>. Perhaps, the new trademark act has got certain additions to the definition of trademark. As per the new definition a mark includes shape of goods, packaging and combinations of colors also.<sup>2</sup> Well, perhaps in the contemporary times number of non-conventional trademarks has been introduced to the field of trademark.<sup>3</sup> They are called non conventional because going by the typical and conventional rules of trademark law these marks cannot be protected. On the other hand they have been so unconventional in their appetite and substance. For instance, fragrance marks, sound marks, flavor marks, feel marks, motion marks<sup>4</sup> which are being claimed for protection as they could potentially represent a particular type of products or service. The important thing to be noted over here is that in case of these non-conventional trademarks except the motion marks there could be no graphical or visual representation of the mark on the product. The mark has to be sensed, felt or experienced, in that way satisfying the conventional requirement of visual representation is not possible. Therefore, it seems one has to relax the strict requirements of trademark law to promote and protect these non-conventional or innovative marks if they are otherwise eligible. To have an idea with reference to unconventional or nontraditional trademarks, let us have brief discussion on these types of innovative trademarks.

<sup>1</sup> Section (1)(j) of Trade Marks and Merchandise Act, 1958.

<sup>2</sup> Section 2(1)(m) of Trade Marks Act, 1999.

<sup>3</sup> David I Bainbride, *Smell, Sound, Color and Shape Trade Marks: An Unhappy Filtration?*, Journal of Business Law, 2004 MAR, 219-246.

<sup>4</sup> For instance: Columbia Motion Trademark (USPTO TM 1975999).

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 2 INTRODUCTION TO TRADEMARKS**

#### **2.5 Functions of trademarks**

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The main function of the trademark is to identify the product or services with a particular trader or manufacturer or owner. It serves the purpose of being a bridge between the consumer and the trader<sup>1</sup>. It helps the trader in advertising and marketing the product or service. At the same time, mark guarantees some amount of quality and good will with which the goods and services are being associated with. The reputation of the trader which has been built by the trader after having produced quality goods and after having rendered quality services will be reflected by the mark used on the goods and services. Therefore, the mark functions as a carrier of reputation and goods will of the trader and guarantees the consumer with some assured quality. There are number of judicial pronouncements on the functions of the trademarks. While deliberating on the functions of the trademark In *Andrew v Keuhnrich*,<sup>2</sup> there identified number of functions the trademark. The court listed out the following functions of the trademark:

- (1) Identification of the origin of the product.
- (2) Guaranteeing the consumer with some quality which is unchanged even after number of years of production and service by the trader.
- (3) Advertizing and marketing the products of the trader.
- (4) Functions as the symbol of business.

Literally speaking trademark as its name goes helps the trader in advertising the goods and in securing the market for the goods. On the other hand it also helps the consumer in identifying the product. Debating on the function of the trademark to serve the purpose of consumer, in *Nicholson Application*<sup>3</sup>, it was viewed that trademark serves the purpose of assuring the consumer satisfaction with regard to the make and quality of the article he or she is buying. Perhaps mark helps the consumer in identifying the right and suitable product for his or her purpose. Alongside, it ensures expected quality to the consumer while guaranteeing about the make and the maker of the goods which are being purchased. In *Sumat Prasad v Sheojanan Prasad*,<sup>4</sup> it was observed that trademark tells the person who is about to buy that; what is presented to him is either what he has known before under the similar name as coming from a particular source.

<sup>1</sup> Trademark Law: An Economic Perspective (1987), Journal of Law and Economics, 30 p 265.

<sup>2</sup> (1913) 30 RPC 677.

<sup>3</sup> (1931) 48 RPC 227.

<sup>4</sup> AIR 1972 SC 2488.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 3PROTECTION OF TRADEMARKS**

Trademarks are protected<sup>1</sup> on the basis of certain established theories which have been universally recognised and followed. The philosophy of trademarks does always try to balance between the interest of the consumer and the trader. Trademark serves the purposes of at least two different sets of people namely; traders and consumers. Traders need advertisement and marketing for their goods and services and the trademark does serve the purpose. Further, trader needs to indicate to the consumer about the origin of the goods that have been sold to them. Besides, traders intend the mark to carry some reputation of the trader with reference to producing quality goods and services. On the other hand consumer would like to identify the owner or manufacturer or producer of the goods. Further they intend to be ensured about the quality of the goods and services which have been made available to them by the trader. Besides, consumer would not like to be deceived or defrauded by the wrong or duplicate goods. In this respect a distinctive trademark which could potentially identify the origin, definite quality could assist the consumer in getting their needed product or services.

<sup>1</sup> The TRIPS agreement read with the Paris Convention and Madrid agreements provide for solid international framework on the protection of trademarks across the globe.



## **Part IILAW OF TRADEMARKS**

### **CHAPTER 3PROTECTION OF TRADEMARKS**

#### **3.1 Objectives of trademarks law**

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Every law has got its own objectives on the basis of which it serves the purposes. The trade marks law has got an objective to provide for the registration and protection of trade marks for goods or services. It also intends for prevention of the use of fraudulent marks goods and services<sup>2</sup>. And by providing those provisions the trademarks law achieves two important objectives one is protection of individual interest of the proprietor of the trademark and another is protection of interest of the society. Balancing between these two conflicting interests is said to be the basic philosophy of trademark law. Let us dwell into some more details about these two important objectives.

<sup>2</sup> Service marks are recognized under the new Trademarks Act of 1999, see the Trademarks Act, 1999 available at <http://lawmin.nic.in/ld/P-ACT/1999/The%20Trade%20Marks%20Act,%201999.pdf>, last visited 05-01-2018.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 3 PROTECTION OF TRADEMARKS**

#### **3.2 Protection of individual interest of the proprietor of the trademark**

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The basic objective of the trademark law is to protect the individual interest of the proprietor or user of the trademark. This could also be referred to as the commercial interest of the trader. The protection of individual interest of the proprietor of the trademark can be studied under three different headings.

##### ***A. Protection of exclusive right of the proprietor of the trademark over his trademark***

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The trademark law confers upon the proprietor of the trademark an exclusive right to use his trademark. The proprietor would enjoy monopoly over the use of the trademark. The law provides for the relief in case of breach of monopoly or infringement of a registered trademark or passing off of a registered or unregistered trademark, in the form of injunctions, damages and account of profits. And in case the offence of falsification the law provides for the penalties in the form of imprisonment and fine. Therefore, trademark law protects the individual interest of the proprietor of the trademark by conferring exclusive monopoly to the proprietor and by prescribing remedies in case of breach of such monopoly.

##### ***B. Protection of the Proprietor's right of transfer***

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The law protects the individual commercial interest of the proprietor of the trademark like other tangible property. The exclusive right over the trademark conferred upon the proprietor by trademark laws includes his right to assign or transfer in favor of another person for some consideration. Instead of assigning he may also transfer his right to any interested person by granting license. Thereby trademark law confers not only the right of using the trademark to the proprietor but also right to transfer the rights involved with the trademark

##### ***C. Protection of the goodwill and reputation of the traders and businessmen***

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Trademarks used in the course of business or trade identify themselves with the "goodwill" or "reputation" of the traders and businessmen with respect to the "goods" and "services" with which their trademarks are associated. For example trademark of golden arches with the trade name "Mc Donald"<sup>1</sup> is identifiable with the fast food with the worldwide reputation.<sup>2</sup> Perhaps, trademarks are carriers of goodwill or reputation of the goods and the trader or manufacturer. Trademark law protects trademark directly as soon as the article having assumed a vendible character is launched in the market. Alongside, it protects the goodwill and reputation represented or carried through the trademark. It is based on a settled principle of law that nobody has a right to represent his goods as the goods of somebody else and sell it in the market for his own benefit. Hence, the basic purpose of the trademark is to protect the individual interest of the trader through conferring exclusive monopoly on the use of the trademark, by recognizing the rights of the proprietor to transfer his rights on the trademark and as well by protecting the goodwill and reputation of the goods and the trader represented through the trademark.

<sup>1</sup> Mc Donald is an international brand for fast food retail outlets.

2 Wadehra BL, *Law relating to Patents Trade Marks Copyright Designs and Geographical Indications*, Universal Law Publishing Co Pvt Ltd, Delhi, 2000, p 158.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 3PROTECTION OF TRADEMARKS**

#### **3.3 Protection of the interest of the society**

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Trademark identifies the origin of the "goods" or "services" while serving the interest of the society. Use of trademark should not indicate the false origin of goods and therefore trademarks should not be used on false goods or services. Indicating a false origin would attract penalties under the trademark law. In *Laxmikant Patel v Chetanbhai Shah*,<sup>1</sup> the Supreme Court of India held that the law does not permit anyone 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. Such practices are known as unfair trade practices. The law of trademark intends to prohibit unfair trade practices in penalizing wrong use of trademarks or false indication of the origin of the goods or services. The reasons of honestly, fair play are and ought to be the basic policies in the world of business. When a person adopts or intends to adopt a name in connection with his business or services, which already belong to someone else, it results in confusion and has probability of diverting the customers and clients of someone else to himself and thereby resulting in injury to the former.

Further, the trademark also indicates the quality of the "goods" and "services" by which it serves the interest of the society. It has been held in the case *Sumant Prasad Jain v Shajahan Prasad and State of Bihar*,<sup>2</sup> that trade mark not only identifies itself with its proprietor but also with the qualities of the goods with which it is associated. Therefore, the law of trademarks guarantees the quality of the goods and services and as well the proper origin. It protects the consumer from being deceived by the wrong goods or defrauded by the false indication of their sources. This perhaps serves the interest of the consumer and the general public. It is experienced that the protection of trademarks serves the established two objectives. While extending protection to serve the interest of the trader, protection of the interest of the consumer is guaranteed. Trademark is the bridge between the trader and the consumer. Industrialization has laid much emphasis on the trade and commerce. The aspects which are linked with trade and commerce gained lot of importance due to industrialization. The coming into being of WTO agreements on trade including the TRIPS agreement has fostered international trade and commerce by converting the entire world into a single market. In this background trade representatives, goodwill and reputation associated with trade have also garnered importance. Marketing and advertisement will have real impact on the consumer in driving them towards a particular product or service. Similarly marks and symbols representing goods and services will play major role in being a bridge between the consumer and the trader.

<sup>1</sup> (24) PTC 1 (SC) 2002.

<sup>2</sup> AIR 1972 SC 2488.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 3 PROTECTION OF TRADEMARKS**

#### **3.4 International law<sup>3</sup> on trademarks**

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Usage of trademarks and brand names in trade and commerce is not of recent origin, however usage of established brands and trademarks through similar or resembling marks in trade and commerce is a recent phenomena. In the globalized market when the competition is stiff, traders and businessman intend to take all those measures to ensure their market and consumer base. Since marks and brand names are the bridge between the consumer and the trader, in the recent times a lot of importance has been accorded to marks and brands representing a particular product or service. The coming into being of the TRIPS agreement postulating for strong mechanism for protecting trademarks and stringent measures for duplication and wrong use of marks and brands of established traders has played a vital role in recognising the significance of marks and brands in trade and commerce. At this juncture a look into the developments of law at international level pertinent to the regulation of usage of marks and brand names could be of very interesting. External influences on domestic intellectual property law are always there. Because no longer trade is confined to local or national markets and piracy and counterfeiting<sup>1</sup> are also not confined to domestic markets. This warrants evitable international co-operation at both international and regional level over procedural and substantive law. So in order to meet the international co-operation, at first, countries made arrangement of bilateral agreement to have reciprocity of treatment among them. Subsequently, bilateral agreement grew as multilateral agreement to include many states as members. And at the same time, organizations were created to administer these agreements or treaties. Among them WIPO is remarkable one as it is dedicated to promote the use and protection of works of human spirit and intellect (intellectual property). There are many international conventions on intellectual property rights but few conventions talk about trademarks namely; Paris convention on Industrial property, Madrid Agreement and the TRIPS agreement. Let us have a discussion on each of these conventions.

##### **3.4.1 Paris Conventions take on trademarks**

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The Paris Convention has ventured into providing some means of regulation for trademarks at international level probably for the first time. At the time of adoption of the convention concept of intellectual property was not there and the property what is called today as intellectual property including trademarks was known and called as industrial property. The Paris Convention was intended to apply to industrial property in broad sense including patents, trademarks, trade names, industrial designs and geographical indications.<sup>2</sup> At this juncture, Industrial property should be understood in the broader sense to be applied to industry, commerce, agriculture, natural and manufactured products and the signs and symbols used to represent them.<sup>3</sup> The convention provides for the reciprocity of treatment of intellectual property including trademark and establishes the principle of priority. It postulate for National treatment of the parties by the member states with respect to conferment, protection and enforcement of rights relating to trademarks. The member states shall treat the applicant claiming trademark protected under the convention without discriminating on the basis of the country of origin or work. In the sense the applicant belonging to any state shall be treated by every state at par with the applicant from within the country<sup>1</sup>. The convention speaks about industrial property protection and considers trademarks as the industrial property since trademarks are mostly associated with industries and

their business. Later on when there felt a need to have an exclusive international mechanism on the regulation of trademarks including the procedure of registration of trademarks there adopted couple of other agreements on trademarks including that of Madrid agreement. The recent TRIPS agreement accords great significance to the Paris Convention of Industrial Property while chalking out substantive law on trademarks and their protection

### **3.4.2 Madrid Agreements<sup>2</sup>**

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Being an exclusive regulatory framework for trademarks at international level the Madrid agreement probably attempted to provide the required means for ensuring appropriate procedure of registration of trademarks which the Paris Convention could not. The agreement concerning international registration of trademarks was adopted at Madrid. This agreement established a system of deposit for trademark registered nationally with WIPO. This deposit leads to protection in other designated member states after twelve months, if there is no objection in those states. The major disadvantage of this system is that a central attack on the validity of a trademark registration in one state leads to the revocation in every state designated for protection though the mark might have been unobjectionable in those countries. The Madrid agreement was amended by the Madrid System<sup>3</sup> which comprises of the Madrid agreement and Madrid Protocol. The Madrid agreement and protocol together form a special union called Madrid Union, which has got recognition under the Paris Convention.

The agreement was more accurately on international registration of trademarks intends to facilitate international registration of trademarks. The member countries to the Madrid agreement facilitate international filing of application for protecting the trademarks. The countries where the protection for the mark is sought for could be mentioned in the application. The member states to the agreement form the special union for the international registration of marks. An applicant from a member state may secure protection for the trademark in all the member states of the agreement or parties to the special union. It is facilitated through filing marks registered in a member state with International Bureau of Intellectual Property established under the agreement. The international applications are made through the national offices which have granted protection along with the details of type of mark, goods applied on, dates of filing of the application and registration, numbers of application and registration along with the information on the country of origin of such mark. The agreement was revised and amended from time to time, it was amended latest in 1979. There were some concerns which the Madrid system brought into picture which the international society intended to address. There were oppositions to what the Madrid system has actually provided and the result we have couple of more agreements on trademarks including the trademark law treaty.<sup>1</sup>

### **3.4.3 Trademark law treaty**

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The aim of the treaty was to approximate and streamline national and regional trademark registration procedures. This is intended to be achieved through the simplification and harmonization of procedures for the registration of trademark across the world. It is intended to make trademark application process and the administration of trademark registrations in multiple jurisdictions less complex and more predictable. The provisions of the treaty are applicable to goods and services and the marks used there on. However the treaty does not apply to specific types of marks such as; collective marks, certification marks and guarantee marks.<sup>2</sup> The treaty talks about the procedure of application for trademark registration and the contents of the application in great detail. The treaty acknowledges the Nice Agreement<sup>3</sup> on international classification of goods and services for the purpose of trademark registration

procedure. The treaty also talks about procedure for change of name<sup>4</sup> and address of the holder of trademark, procedure for change in ownership of the trademark and as well procedure for correction of any mistake with respect to the registration of trademark. The treaty acknowledges the Paris Convention on Industrial Property in broad sense.

#### **3.4.4 Singapore treaty on trademark**

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There felt the need for the interference of the World Intellectual Property Organisation (WIPO) in the spear of trademark regulation. In particular there was a need for streamlining the administrative procedure for trademark registrations through the hands of a neutral body. While revising the trademark law treaty there intended to adopt a new treaty on law of trademark. The WIPO has finally succeeded in its attempt to update and streamline the administrative procedures for national and regional trademark applications. On 27 March, 146 WIPO Member States adopted by consensus the Singapore Treaty on the Law of Trademarks<sup>5</sup>, concluding four years of work on the revision of the 1994 Trademark Law Treaty (TLT).<sup>6</sup> The adoption of the Singapore Treaty marks a major milestone for WIPO as well as the international intellectual property community. According to Article 2 of the treaty, this treaty applies to marks relating to goods (product marks) and service marks. This treaty does not apply to collective marks, certificate marks and guarantee marks. In establishing the Treaty, the member states collectively send out a powerful message of confidence in the international trademark system to all sectors of society across the globe.<sup>1</sup> The Singapore Treaty reaffirms the importance of trademarks, one of the major forms of intellectual property, in promoting domestic and international trade and in enhancing enterprise development and consumer confidence. The objective of the Singapore Treaty is to create a modern and dynamic international framework for the harmonization of administrative trademark registration procedures. Building on the Trademark Law Treaty of 1994 (TLT 1994), the new Treaty has a wider scope of application and addresses new developments in the field of communication technology. This Treaty, which deals mainly with procedural aspects of trademark registration and licensing, ensures that brand owners using the trademark system benefit from greater flexibilities and efficiencies in the delivery of trademark registration services. As compared with the TLT 1994, the Singapore Treaty is applicable to all types of marks registrable under the law of a given Contracting Party. Contracting Parties are free to choose the means of communication with their Offices. (Including communications in electronic form or by electronic means of transmittal) Singapore Treaty explicitly recognises that trademarks are no longer limited to two-dimensional labels on products.<sup>3</sup> The Treaty is applicable to a new set of marks which includes hologram marks, motion marks, colour marks, and marks consisting of non-visible signs such as sound, olfactory or taste and feel marks.<sup>4</sup> Most significantly, it is the first time that non-traditional marks are explicitly recognised in an international instrument dealing with trademark law. Relief measures in respect of time limits as well as provisions on the recording of trademark licenses are introduced and an assembly of the Contracting Parties is also established under the treaty. Other provisions of the Singapore Treaty, such as the requirements to provide for multi-class applications and registrations, and the use of the International classification of goods and services (Nice Classification), closely follow the TLT 1994. However, the two treaties are separate, and may be ratified or adhered to independently.

<sup>3</sup> International law on trademarks basically comprises of established international treaties and agreements on the subject trademarks.

<sup>1</sup> Copying both of trade mark and product.

<sup>2</sup> In fact patents, trademarks, industrial designs and indications of sources (geographical indications) were known as industrial property.

- 3 Article 1(3) of the Paris Convention for the Protection of Industrial Property.
- 1 Article 2 of the Paris Convention for the Protection of Industrial Property.
- 2 The Madrid agreement was adopted in the year 1989 but came into force in 1996.
- 3 The Madrid system was brought in the year 1994
- 1 The Trademark Law treaty was adopted in 1994 at Geneva.
- 2 Article 2 of the Trademark Law Treaty, 1994.
- 3 Nice Agreement on international classification of goods and services for trademark registration purpose of adopted at Nice in 1957 and was revised and amended regularly according to the need.
- 4 Article 10 of the Trademark Law Treaty.
- 5 WIPO Document TLT/R/DC/30 dated 28 March, 2006.
- 6 Trademark Law Treaty adopted at Geneva on 27 October, 2004.
- 1 Mathew Blackwell, "Singapore Trademark Treaty" (Oct, 2006), International IP Law Forum.
- 3 Ibid, Article 2.
- 4 "Whiff of new Trademarks, ABC Online, In the news 16 March 2006.



## **Part IILAW OF TRADEMARKS**

### **CHAPTER 3PROTECTION OF TRADEMARKS**

#### **3.5 The TRIPS agreement and trademarks**

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The coming into being of TRIPS<sup>5</sup> agreement which intended to introduce new forms of trademarks and uniform the law of trademarks in the member states has mandated changes in the existing trademarks law. Article 15 to Article 21 under the agreement talk about trademarks. This agreement is adopted and administered by the WTO. It establishes minimum level of harmonization of intellectual property law across the world including trademarks. The agreement mandates the member states to amend their trademarks laws to bring in harmony with the agreement. The least developed countries have been given an extended period to make the necessary changes in their respective trademark laws. It imposes an obligation on its participant states to apply the Paris Convention standards relating to trade marks. The content and substance of the Paris agreement on the subject trademark is applicable without any change under the TRIPS agreement<sup>1</sup>. It has broadened the definition of the signs capable of being marks, and introduced number of new types of marks. The agreement has been extending registration to marks for services as well.

These international treaties and agreements have the nations in formulating and reformulating trademark laws across the board. Ranging from Paris Convention, Madrid agreement, Trademark Law treaty, Singapore treaty on trademarks and the TRIPS agreement have provided required substantive and procedural elements in the protection and regulation of trademarks at all levels. Having taken clues from the set and established international law nations have either structured or restructured their domestic trademark legal framework while accounting for reciprocal arrangements in respecting and extending protection to cross border trademark applications and registrations.

<sup>5</sup> TRIPS Articles 15-21.

<sup>1</sup> Jayashree Watal, *Intellectual Property Rights in the WTO and developing countries*, First published 2001, Third impression 2002, Oxford University Press, New Delhi.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 3PROTECTION OF TRADEMARKS**

#### **3.6 Historical development of trademarks law in India**

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The object of trademark legislation is to provide for the registration and better protection of trademarks and for the prevention of the use of fraudulent marks. Registration of a trademark confers certain statutory rights on the registered proprietor that enables him to sue for infringement of the trademark irrespective of whether or not the mark is used. This is an addition to the Common law right to sue for passing off which is possible only where the mark has been used. In the earlier days, there was no definite mechanism or law for the regulation of trademarks in India. At that time there were substantial problems, especially for the actions of infringement and passing off. Different types of enactments both civil and criminal were managing the trademarks protection. In particular The Indian Penal Code of 1860,<sup>2</sup> in its Chapter XVII (sections 463 to 489E) speaks about offences relating to "documents and to property marks". Further sections 478 to 489 of the same Act<sup>3</sup> speaks about "property and other marks." However sections 478 and 480 of the Indian Penal Code were repealed by section 135 and Schedule of the Trade and Merchandise Marks Act, 1958 being the first Trademarks Act of India. Besides, the Indian Penal Code, the Specific Relief Act<sup>4</sup> also speaks about protection of trademarks and temporary injunctions in case of infringement. Illustrations (w) and (z) of section 54 of the Act, 1877 explains the intention of the framers in protecting the trade marks. Further, the registration system was attempted under the Indian Registration Act of 1908. Under the Act<sup>5</sup> there is a concept of declaration as to ownership of a trademark, which was ignored by the Trade and Merchandise Marks Act, 1958.<sup>6</sup> Until the enactment of Specific Trademark Act registration of trademark was secured through a declaration of ownership to the effect under the Registration Act. Subsequently in 1889, the then British rulers enacted the Indian Merchandise Marks Act, 1889 and the Trade Marks Act, 1940 for protecting the trademarks. The Act of 1940 was enacted in India by following Trade Mark Act of England. It is however interested to note that, the 1940 Act was not applicable to British Indian states like Mysore, Patiala, Saurashtra, Hyderabad, Kolhapur and Kapurthala where separate legislations were there. However, duplicity of trademark law was avoided by reciprocal arrangement between Government of India and these states. In 1948, common legislation was enacted covering whole of India except the state of Jammu and Kashmir. After independence, significant developments took place in the field of business and trade. There was a need to bring out a comprehensive legislation on the subject. Accordingly the Government of India appointed Trade Marks Enquiry Committee to make suggestions for the reforms in the Trade Marks Act, 1940. The committee submitted its recommendations but all members of the committee never had unanimous opinion in this regard. Therefore, the Government of India appointed Mr Justice N Rajagopala Ayyangar of Madras High Court to examine the report of Enquiry Committee and make recommendations for the reformatations. To give effect those recommendations, the Government of India appointed Dr Venkateswaran, officer on Special Duty (Trade Marks, Patents and Designs) in 1955. He drafted the Trade and Merchandise Marks Bill and in the year 1958 and the same was enacted in the form of Trade and Merchandise Marks Act, 1958. Since the passing of the Trade and Merchandise Marks Act, 1958, the Act has been amended several times. Moreover in view of developments in trade and commercial practices, increasing globalization of trade and industry, the need to encourage investment flows and transfer of technology at the international level and the need to simplify and harmonize trade mark management systems and in the light of mandates of the TRIPS agreement<sup>1</sup> it has

been considered necessary to bring out a comprehensive legislation on the subject. Accordingly the Trademarks Act, 1999 was enacted with all the necessary adjustments. The major changes that the Trademarks Act, 1999, brought in the trademarks law in India are as follows.

1. Enlargement of the scope of trademark to include figurative elements such as shape of goods, packing and also combination of colors.<sup>2</sup>
2. Widening of the definition of a mark by recognizing shape of goods; packaging and combination of colors as marks and trademarks.
3. Simplification of the procedure for registration, listing grounds for refusal of registration.
4. Recognition of unregistered licensing of registered trademarks and also assignment of unregistered trademarks.
5. The use of registered trademarks on similar goods compared to the goods covered by the registration is considered as an infringement.
6. The period of protection has been extended to ten years from seven years under the old Act.<sup>1</sup>
7. The owner can assign or license his registered trade mark or service mark.
8. The owner of a registered trademark or an assignee or a licensee can sue the unauthorized user of his mark (trade mark/service mark) for infringement in any court not inferior to a district court.<sup>2</sup> Relief may be granted in the form of injunction, damages<sup>3</sup> or accounts of profits.
9. Single application for registration of a part in different classes sufficient i.e. doing away with the system of maintaining registration of trademarks in Part A and Part B with different legal rights.
10. Simplification of the criterion for registration of a trademark.
11. Elaboration of marks, which are not registrable.
12. Provision for protection of well known trademark, and tests for determination of marks.
13. Abolition of Pt B register.
14. Abolition of the requirement of disclaimer.
15. Extension of period of registration to ten years.
16. Widening of the scope of infringement of registered trademark.
17. Assignment of unregistered trademark without goodwill of business permitted.
18. Simplification of registered user provision and powers to register in this regard.
19. Provision for licensing of unregistered trademark.
20. Publication of alphabetical index of classification of goods and services.
21. Jurisdiction to District Court<sup>4</sup> to entertain suits for infringement and passing off thus enabling a plaintiff to file the suit in the District Court within whose jurisdiction he resides or carries on business.
22. Creation of an Appellate Board<sup>5</sup> for deciding appeals against the registrar's decision to register or not to register trademarks.

23. Protection of well-known trademarks.

24. Registration of service marks.<sup>6</sup>

25. Registration of collective marks.

Developments at international level including WTO and TRIPS agreement have mandated for rationalization and uniformity of trademark laws across the world. A new set of trademarks also got introduced through these developments at international level. India being a signatory to these agreements brought up changes in its domestic trademark law through enacting a new legislation in 1999. The Trademarks Act of India talks about marks which are Registerable and which are not registrable. There is mentioning of procedure of registration of trademarks including the process of conducting opposition proceedings during the process of registration. There are provisions for enforcement of trademarks and remedies available for infringement of trademark. That act has been well tuned to meet the standards set at international level.

<sup>2</sup> Indian Penal Code (IPC) 1860 as amended in 2013.

<sup>3</sup> Ibid.

<sup>4</sup> Section 54 of The Specific Relief Act, 1877.

<sup>5</sup> Registration Act of 1908.

<sup>6</sup> Section 129 of the Trade and Merchandise Marks Act, 1958.

<sup>1</sup> TRIPS agreement proposed certain new types of trademarks which the 1999 Trademarks Act implements in India.

<sup>2</sup> TRIPS Article 15 which mandates protection of such types of marks.

<sup>1</sup> Article 18 of the TRIPS agreement.

<sup>2</sup> Section 134 of the Trade Marks Act, 1999.

<sup>3</sup> Section 135 of the Act.

<sup>4</sup> The court of first instance on intellectual property matters is the District Court.

<sup>5</sup> Appellate Board created under the Trademark Law is actually Intellectual Property Appellate Board which hears appeals on the registration of all the types of intellectual property rights including trademark.

<sup>6</sup> The 1958 Act was providing only for the protection of marks applied on goods.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 4ANALYZING THE CHARACTER OF TRADEMARK**

A mark cannot be called as valid trademark if it lacks distinctiveness which is a core feature of Trademark Law. There are several theories on the assessment of distinctive character of trademarks. All these theories state that distinctive character is the core feature of trademark without which a mark could not be a valid trademark and the same could not be protected. However, trademarks which are not distinctive<sup>1</sup> can be used provided they acquire distinctiveness after being put to use. It happens especially in case of marks used without registration. According to the law of trademarks a mark should be inherently distinctive or should have acquired distinctiveness on usage to be a valid trademark. The primary meaning of the marks which are not inherently distinctive is that they are not valid trademarks. These marks which are not valid according to their primary meaning would have secondary meaning on acquisition of distinctiveness. The marks which have acquired distinctiveness are valid trademarks according to the secondary meaning. Generally personal names, surnames and geographical terms are not considered as distinctive but could be registered as valid trademarks on acquisition of distinctiveness or secondary meaning. Even when the same owner uses two different marks on same type of goods the marks are said to be distinctive and valid provided those marks are indicating different qualities, such as the best quality and the second best quality of the goods produced by the same owner. In that sense, the marks should have ability to distinguish the different quality goods of the same owner. Hence, distinctive character is the essential feature of a valid trademark either naturally or through acquisition on regular use.

<sup>1</sup> Distinctive character requirements under the trademarks law serves the purpose of novelty in case of patent laws, originality in case of copyright laws.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 4ANALYZING THE CHARACTER OF TRADEMARK**

#### **4.1 Distinctive character of trademarks**

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The concept of distinctiveness can be regarded as the parameter on the basis of which the strength or weakness of marks is adjudged. Therefore, distinctiveness is considered to be the most important aspects of trade mark. Marks which are devoid of any distinctive character or not capable of distinguishing the goods or services of one person from those of others cannot be protected. Lack of distinctiveness is an absolute ground for refusal of registration<sup>2</sup>. A mark in order to be capable of distinguishing a particular good from other similar kind of goods ought to be distinctive. A mark need not be invented to be distinctive, innovative use of existing/known trademark can be distinctive. In *Imperial Tobacco v Registrar, Trademarks*,<sup>1</sup> it was viewed that; distinctiveness has been understood to mean "some quality in the trade mark which earmarks the goods so marked as distinct from those of other producers of such goods. Therefore, distinguishing the goods and service is not only the basic function of trademark but as well basic feature of a valid trademark. Further, it was viewed that; a mark has distinctive character if it communicates the fact that the goods with reference to which it used recurrently are those of one and the same undertaking. The capacity of communication by the mark to the consumer about the origin of the goods and the quality makes it distinctive. Meanwhile, in *British Sugar v James Robertson & Co Ltd*,<sup>2</sup> the courts have held that; to be distinctive a sign must be in cable of fair & honest application to the goods of anyone else. The basic feature of a trademark is to distinguish the goods and services on which it is applied from that of others in the market. Every trademark should possess distinctive character which may be possessed either by inherently or acquired through use.

There are certain marks which are inherently distinctive which do not require any further proof. However there are other marks which are not inherently distinctive but can acquire distinctive character on continuous use. Therefore, distinctiveness could be either inherent or acquired. The Trademark Act<sup>3</sup> specifies that to be able to get registration the mark should possess distinctive character of capacity to distinguish the goods and services, otherwise the mark cannot be registered. The European Union the Trademark Directive<sup>4</sup> states that a mark which lacks distinctive character cannot be registered. At the same time it has to be noted that possessing distinctive character is not a guarantee for registration and every mark which possesses distinctive character cannot be registered. There are certain marks which are not registered even if possess distinctive character. On the basis of public policy concerns the following marks cannot be registered even if they are distinctive:

1. Scandalous marks.
2. Obscene images/pictures.
3. Marks tend to mislead public.

<sup>2</sup> Grounds for refusal of registration of trademarks under the Trademarks Act, 1999, available at <http://lawmin.nic.in/ld/P-ACT/1999/The%20Trade%20Marks%20Act,%201999.pdf>, last visited 5 January 2018.

<sup>1</sup> AIR 1977 Cal 413.

<sup>2</sup> 1996 RPC 287.

- 3 Under section 9(1)(a) of the Act.
- 4 Under Article 3 of the Directive.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 4 ANALYZING THE CHARACTER OF TRADEMARK**

#### **4.2 Philosophy of Distinctive Character**

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The trademark should fulfill certain requirements<sup>5</sup> such as distinctive character, capable of being applied on goods and services, capacity of being represented graphically. These requirements also form the essential features of the trademark. A valid trademark shall possess these mentioned features or requirements. Protection and enforcement of trademark is done on the basis of the assessment of the above mentioned features. While assessing these features there followed various theories which decide whether a mark is capable of representing the goods and services graphically, whether it is capable of distinguishing the goods and services on which it is applied from that of other goods and services. Let us discuss these theories, their applicability, their role in determining the status of trademark and significance of their use in the protection and enforcement of trademark. There are different theories which are operating in the field of trademarks which are instrumental in determining the distinctive character of trademark. They are:

1. German Theory;
2. Second Theory and
3. Cynic's theory

These theories<sup>1</sup> do play an important role in law courts and help interpreters in reaching a decision with reference to the distinctiveness of a mark. Let us discuss these theories in some detail:

##### **4.2.1 German theory**

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Trademark which is distinctive by nature or a mark which is inherently distinctive is protected. At the same time, a mark which is in continuous use if acquires distinctiveness could be protected. An inherently distinctive mark could be registered without putting the same for use before registration. However, a mark which is not inherently distinctive can acquire distinctiveness only through continuous use. Therefore, in case of marks which are not inherently distinctive, usage of the mark before registration is required. According to the German theory before the date of application for registration or following the use the trademark should have acquired distinctive character. The theory postulates two types of distinctiveness:

Concrete distinctiveness: It connotes the ability the trademark to distinguish the particular goods or services of one undertaking from that of the goods and services of other undertaking.

Abstract distinctiveness: It connotes the ability of the trademark to distinguish the goods and services in abstract, without regard to any particular goods or services.

##### **4.2.2 Second theory**

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The second theory lays emphasis on the functional<sup>2</sup> aspect of trademark. According to the theory the expression "capable of distinguishing" takes account of the fact that marks may not have been used before filing an application for registration, but



contemplates "what must occur when the mark is used". In the sense, when a mark is "put to use" it must distinguish the goods/services of one undertaking from that of other undertakings. Therefore, usage of trademark before filing application for registration is not necessary; however it should have the capacity to distinguish the goods and services once it is put to use<sup>1</sup>.

### 4.2.3 Cynic's theory

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According to the theory there may be literal interpretation of the meaning of the expression "capable of distinguishing" than a logical or internally consistent interpretation. Cynic theory does not provide scope for going around what has been provided under the Act. The theory advocates for the literal interpretation of the provisions of the Act. Accordingly, the expression "capable of distinguishing" shall be given literal meaning and interpretation.

5 Among the various requirements that the applicant will have to fulfill the requirement of distinctive character is considered to be core and the most important under the trademark law.

1 These theories out lay the credible practices and beliefs in the execution of provisions of trademark law at different levels.

2 The basic function of any trademark is to identify and distinguish the goods and services on which is applied from that of other on which it is not applied.

1 It is called as acquisition of distinctive character aftermath on use which is also known as acquisition of secondary meaning in the spear of trademark law and practice.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 4ANALYZING THE CHARACTER OF TRADEMARK**

#### **4.3 Types of distinctiveness**

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There are two types of distinctiveness recognized under the trademark law. The law courts have time and again spoken about the different types of distinctiveness which play important role in determining the validity of a trademark. The following are the two types of distinctiveness:

- Inherent distinctiveness.
- Acquired distinctiveness.

##### **4.3.1 Inherent distinctiveness**

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The mark which do not provide any information as to the nature, quality or characteristics of the goods on which they are affixed are considered inherently distinctive marks.<sup>2</sup> It does mean that a valid trademark should not indicate any thing about the nature, characteristics or quality of the goods or services. There shall not be any direct or indirect or casual link between the mark and the features of the goods or services on which it is applied. It goes without saying that such a mark which provides any information about the goods is not distinctive and hence it is not a valid trademark. On the proof of the link between the mark and the features of the goods registration could be revoked on the ground of lack of distinctiveness.<sup>3</sup> Inherently distinctive marks would have the natural quality of distinguishing the goods and services.

###### **4.3.1.1 Inherently distinctive marks**

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It is to be remembered that while filing the application for registration of trademark the applicant should have a distinctive mark with or without having used it. Under the act no mark which is not distinctive could be registered. However, if somebody wants to use a mark without registration the mark chosen for use need not be distinctive. But for enforcing such mark the user should prove the distinctiveness of the mark which must have been acquired by the mark for having been associated with a particular set of goods or services over a period of time. Inherently distinctive marks are of different types and generally they are considered to be of following three types:

- Fanciful marks.
- Arbitrary marks.
- Suggestive marks.

###### **Fanciful marks**

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Fanciful marks consist of words which are invented, which do not exist earlier and their meaning is not being found in any dictionary. These marks consist of signs, words which were never in existence earlier. These are innovative marks and naturally the inventor would have right to use and exploit the marks. Generally these marks are catchy and attractive and the same time easily memorable.<sup>1</sup> These marks need not

have any meaning and one need not search for the meaning in any dictionary. The following are the examples for fanciful marks:

- RIN for Soaps.
- KODAK for Camera films.
- ONIDA for Television.
- NOKIA for mobile phones.

The above marks are very popular in the segment of goods on which they are used. None of the above marks carry any meaning. Further there is no relation between the marks and the goods they represent. Fanciful marks known for highest degree of distinctiveness. It is because they are innovative; do not have any meaning and no relation with the goods and services on which they are used. There is a practice of adding some new letters to an existing word or removing few letters in an existing word. Further, there is a practice of using wrong spelling to an existing word. However such usage of existing words does not make them innovative or fanciful. Neither addition of suffix or prefix to a known word nor misspelling a known word can constitute a novel or fanciful word. Meanwhile, combination of words which does not reveal anything about the underlying good can validly be considered to be fanciful marks. Such combination of words could be two known words having some meaning irrespective of the fact whether together or when combined they carry any meaning or not.<sup>2</sup> Hence, fanciful marks results not only by coining of words or invention of words but also by joining of two or more words having dictionary meaning.

### **Arbitrary marks**

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Arbitrary marks<sup>3</sup> consist of words which have a fixed meaning but they neither have any connection to the goods or services nor do they suggest anything about the goods and services for which they have been used. Unlike fanciful marks arbitrary marks carry some definite meaning but there would no connection between the marks and the goods.<sup>1</sup> The following are some of the examples of arbitrary marks:

- Apple: used in relation to computers
- Ship: used for match sticks
- Black & White: used for liquor
- Idea used for mobile phone services
- Kingfisher used for Airline services

The above marks are again popular marks and names of reputed companies and entrepreneurs carrying some definite meaning. But there is no connection between the marks and the goods or the companies which own these marks.

### **Suggestive marks**

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Suggestive marks consist of words which provide information to the consumers about certain characteristics, nature or quality of the goods or services. There will be some definite and proximate connection between the mark and the goods or services. The mark might indicate to the consumer about the special quality of the product or the nature of the product or the services. As the nomenclature goes the marks suggest the consumer about the features and qualities of the goods and services:

- Ever youth- stay young: used in relation to a face wash

- Fair and Lovely: used for face cream
- Fair and Handsome: used for face cream for men
- Limca used for lemon flavor soft drink

There are several such marks which are being used in the trade and commerce which suggest or indicate something about the goods and services they are representing. Traders generally intend to use such names or marks by which certain features or qualities of their goods and services could be carried. For such intentions suggestive marks are the most suitable.

#### **4.3.1.2 Marks which are not<sup>2</sup> considered inherently distinctive**

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If a mark is descriptive in nature or where mark comprises of geographical names, personal names or common surnames such marks are not considered as not inherently distinctive. At the same time, where the marks have become customary in the current language or in the *bona fide* and established practices of the trade such marks are also not considered as inherently distinctive. These marks are considered as inherently defective to be used as a valid trademark. These marks cannot be used and considered as a valid trademark. Following are the examples for marks which are considered as not inherently distinctive:

- Descriptive marks.
- Geographical terms.
- Personal names.

#### **Descriptive marks**

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A mark which describes about the goods or services on which it is used are considered descriptive marks. These marks provide some information or some indication about the features or qualities of the mark. Descriptive mark conveys direct information to the consumers as to the function, intended purpose, quality, ingredients, nature or characteristics of goods or services. In *Yorkshire Copper Works TM Application*<sup>1</sup> while discussing the nature and status of descriptive marks it was viewed that descriptive marks are not accorded the status of valid trademark. Marks which are descriptive or provide some information or indication about the goods or services do not possess distinctive character. Since these marks cannot sufficiently differentiate between the goods or services of one person from that of the others they are considered as not distinctive. Hence, marks which are not distinctive cannot form a valid trademark. Descriptive mark is one such example in this regard. In *Elas Presely Trademarks*<sup>2</sup> while deliberating on the nature of distinctive marks and the nature of descriptive marks and the differences; it was opined that more apt a word is to describe the goods of a manufacturer; the less apt is to distinguish them from the goods of others. The Trademarks Act<sup>3</sup> while mentioning about the marks which cannot be registered categorically states that; a trademark which consist exclusively of marks or indications which may serve in trade to designate the kind, quality, intended purpose, values, geographical origin or the time of production of the goods or rendering of the service of other characteristics of the goods or serviced shall not be registered. However, if a part of a mark is descriptive and the other part is not, there shall be no problem in registering it. It means that a mark which is not completely descriptive could be still a valid trademark capable of distinguishing goods and services. At the same time, a mark which is not completely distinctive or partly distinctive can also be valid trademark and the same shall be registered. Such marks could be a combination of

descriptive marks and distinctive marks or marks partly descriptive and partly distinctive. Examples for such marks could be as follows:

- Descriptive + fanciful marks
- Descriptive + arbitrary marks

Arbitrary marks and fanciful marks are inherently distinctive marks. A combination of descriptive marks and fanciful marks or descriptive marks and arbitrary marks could be a valid trademark which can distinguish the goods and services. Even the UK Trademark Act, 1994 also suggests the same.

### **Assessing the descriptive character of a trademark**

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Law courts do come across issues concerning the determination of what is a valid trademark and what is not a valid trademark. Perhaps, in order to determine the status and validity of a trademark it has to be viewed as a whole not in parts. In *California Cooler Inc v Loretto Winery Ltd*,<sup>1</sup> while deliberating on the status and validity of a trademark, it was viewed that validity of trademark is to be determined by viewing the trademark as a whole but not by examining its parts.

### **Doctrine of foreign equivalent and descriptive marks**

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Sometimes it happens that the mark may be a term, word or phrase in a foreign language conveying some meaning, information or indication about the quality or characteristics of the goods or services. In such cases its descriptiveness is determined after translating the mark into English. In *Otokoyama Co Ltd v Wine of Japan Import Inc*,<sup>2</sup> while discussing about the same issue it was felt that; no trader may acquire the exclusive right to the use of the term by which the covered goods or services are designated in the language observed. In the present case it was found that the expression otokoyama was a generic term in Japanese language and the same cannot be registered as trademark. It was viewed that foreign words should be translated into English to determine their character and status. If a mark after translation into English gives a meaning as to the generic word or describes the goods or services such marks cannot form a valid trademark and the same cannot be registered.

### **Geographic terms**

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Geographic terms, names of places are not registered as trademark. Since, such mark would indicate the place of the goods rather than indicating the source of origin. Further, such registration would bar all other manufacturers, traders operating from that particular locality from using such names. In *Eurolamb Trademark*<sup>3</sup> while addressing the issue of use of geographic terms as trademark and their validity it was viewed that the expression "Eurolamb" cannot be registered as trademark because the mark would be understood as being a lamb from Europe and amounts to describing the geographical characteristics of the goods. On the same lines, the name "Darjeeling" may not be used as trademark, however the same may be used as certification mark or protection could be offered under geographical indications regime. Further, trademark cannot be granted on the same "Swiss" either for representing Swiss watches or for any other products from Swill. However, extraterrestrial names and terms such as names of other planets, sun, Venus, Moon, Globe, and World can be registered as a valid trademark. Trademark law does not encourage registration of geographical names or terms as trademark. This is because of the fact that such registration by one trader would prohibit all others who can also validly use such geographical name as trademark. It would exclude even those who are doing business from using the

geographical name on the goods originating from the given geographical locality. Rather protection could be offered to such goods originating from a particular locality with a given quality. Provided the quality of such goods is attributable to the said geographical locality.<sup>1</sup>

## Personal names

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The Trademark Act of India does not allow or prohibit using personal names or surnames as trademark. However, personal names or surnames are not considered inherently distinctive. But it does not prevent a valid user from using the mark.<sup>2</sup> Onus is on the applicant to show that the mark has acquired distinctiveness during the course of its use before filing application for registration. If personal names are allowed as trademark, people having same name and who wish to use it will be at hardship. On the same lines surnames as trademark also prohibit all the others who are having same surname and want to use it. From the consumers perspective also the usage of personal name and surnames may not indicate the actual origin and may cause confusion with regard to the origin of goods and service. When several individuals can have same personal name or surname use of one person of such personal name or surname on goods might give an impression which could relate all the others having same personal name or surname with the goods. On the above discussion one can infer that; marks which can distinguish goods and services can be registered as a valid trademark. The mark should be distinctive inherently or it should acquire distinctive character on use. For using a mark which is not distinctive there is no prohibition. But one cannot register such mark which is not distinctive. On the other hand one cannot enforce a mark which is being used when it is not distinctive. Marks which are distinctive by nature are known as inherently distinctive marks. Other marks that are marks which are not distinctive by nature are called as marks inherently not distinctive. Naturally or inherently distinctive marks are *prima facie* form a valid trademark and can be registered. The one using a mark which is not inherently distinctive shall have to prove the acquisition of distinctiveness by his mark while it is being used. It is only after such acquisition of distinctive character such marks are registered and enforced.

### 4.3.2 Acquired distinctiveness

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Marks which are not inherently distinctive can acquire distinctiveness on use.<sup>3</sup> As per the established practices under the trademark law, those marks which are not inherently distinctive and acquire distinctiveness on use can be protected. All marks which are not inherently distinctive cannot be rejected trademark protection. There shall be no problem for registration of those marks which acquire distinctiveness by use. In such cases the question with regard to what makes a mark to have acquired distinctive character would arise. There are certain parameters on the basis of which an assessment of mark whether it has acquired distinctiveness or not will be done. Courts consider these parameters while determining the acquisition of distinctiveness by marks which are being used by the traders. Whether a mark has acquired distinctiveness or not could be determined on the basis of the impression of the consumers on the mark. If the consumer identifies a mark to be associated with goods or services from a definite source, it can be said that the mark has acquired distinctiveness. Such acquisition of distinctiveness is on the basis of the consumers association with the mark. As trademark is a bridge between the consumer and the trader, the mark used by the trader would acquire distinctive character if the consumer believes it to be associated with the trader. In the trademark law practice acquisition of distinctiveness or distinctive character by a mark which is not inherently distinctive is known as acquisition of secondary meaning. A mark which is not inherently distinctive is not a valid trademark is the primary meaning<sup>1</sup> attributed to the mark. The secondary meaning could be attributed if the consumer association with the mark proves the

acquisition of distinctiveness by the mark. Therefore, there are two different meanings attributed to a mark.

### **Primary meaning**

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Primary meaning signifies that marks which are inherently not distinctive cannot form a valid trademark. Such marks cannot be registered and protected.

### **Secondary meaning**

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Secondary meaning signifies acquiring of distinctiveness by a mark through consumers identification of the mark in association with goods or services of a definite source.

As explained, a mark which is primarily not distinctive, if acquires secondary meaning by use is considered to be distinctiveness and could be a valid trademark. The applicant who intends to claim a mark which is not inherently distinctive shall have to prove the consumers identification of the mark as associated with goods or services of a definite source. In *Wood Laboratories Inc v Ives Laboratories*,<sup>2</sup> it was viewed that to establish secondary meaning a manufacturer/trader must show that in the minds of the public, the primary significance of a product feature is to identify the source of the product rather than the product itself. In the minds of the public, the mark used by the trader should be a mark associated with the products of the trader. The consumer should identify the mark with the product of the trader. Such impression in the minds of the public about the product and the corresponding mark confers secondary meaning to the mark. A mark on which such secondary meaning has been conferred is said to have acquired distinctiveness. The mark which has acquired distinctiveness through consumer association which has been build after a continuous use is a valid trademark and without any doubt can be registered. The Trademarks states that; a mark shall not be refused registration if before the date of application for registration it has acquired a distinctive character as a result of the use made of it. Applicant has to demonstrate or prove that his mark which was having primary meaning (inherently not distinctive) has acquired secondary meaning (acquired distinctiveness). On the same lines a mark which is wrongly registered shall not be declared invalid if the mark has acquired distinctiveness after registration and before the commencement of any legal proceedings challenging the validity of such registration.<sup>1</sup>

#### **4.3.2.1 Acquisition of distinctiveness of personal names, surnames and geographic terms**

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Since, trademark law recognizes acquisition of distinctiveness by marks on use, a question might arise, whether personal names, surnames and geographic terms on which there could be many stake holders and taker can acquire distinctiveness on use. It has to be noted here that if trademark law recognizes such acquisition of secondary meaning or distinctiveness by such marks it would debar all the others including those who can also validly use such marks. In such cases the one who is using the mark continuously and who has earned consumer association and recognition for the mark would gain advantage.

In *Kirloskar Diesel Recon Pvt Ltd v Kirloskar Proprietary Ltd*,<sup>2</sup> while deliberating on the validity of trade name or brand name of "Kirloskar" as a trademark, the Bombay High Court held that a trade name/business name is also be registered and recognized as trademark. The definition of trademark includes "name" and as such the term "trade mark" includes "trade name". Name of a person or enterprise or business name can form a trademark. What is necessary is connection between the mark used in relation to the goods and the person claiming a right to use the same and the ability of the

mark to distinguish the goods and services. If the mark is able to distinguish the goods and services and has been recognised by the consumer to have been associated with the goods of the trader makes it a valid trademark. It does not matter whether the mark is a name of a person provided the same has acquired distinctive character to be able to distinguish the goods and services of the owner.

In *Windsurfing Chiemesee v Attenberger*,<sup>3</sup> the question before the court was whether "chiemesee" a geographic term, the name of a lake in Bavaria could be a trademark for sports clothing? The court opined that if a trademark, which is not inherently distinctive following the use which has been made of it, has come to identify the product as originating from a particular undertaking so as to distinguish the product from goods of other undertakings, there shall not be any problem in registering it. If the term "chiemesee" has been identified by the consumers in association with sports clothing it can be said that it has acquired distinctive character (secondary meaning) and is able to distinguish the goods and services.

Recently in *Jaleel Associates v Hotel Sugur*,<sup>1</sup> it was opined that if a name is used in relation to goods/services for the purpose of indicating a course of trade between the goods or services and some person having right to use such name whether with or without any indication of the identity of that person, such name is a valid trademark. Such name which is used in course of trade should have acquired distinctive character and should have been identified by the consumer. Such acquisition of distinctiveness and consumer base makes it a valid trademark. Therefore, personal names/surnames/geographical terms though are descriptive and not inherently distinctive can be provided trademark protection if due to the continuous use they are identified with goods and services of definite source. The following are such marks which have acquired distinctiveness on use and consumer association:

- McDonald's restaurants: A surname: A registered TM
- TATA motors: A surname: A registered TM
- Birla companies: A surname: A registered TM
- Dr Reddy's Laboratory: A surname: A registered TM
- Ajanta Watch: A geographic term: A registered TM
- Tajmahal Tea: Monument in Agra: A registered TM
- Bajaj Auto: A surname: A registered TM

However, it has to be remembered that; it is not necessary that acquisition of secondary meaning should displace the primary meaning. Acquisition of distinctiveness by a mark need not completely alter the impression of the primary meaning. In *Unilevers's Trademarks*,<sup>2</sup> it was held that; if an inherently not distinctive mark moderately acquires distinctiveness enabling it to differentiate the goods and services from a definite source from that of others, it is enough to grant trademark protection. It is not necessary that secondary meaning should completely displace the primary meaning. In *British Sugar v Robertson*,<sup>3</sup> it was viewed that; if substantial number of people identify an inherently not distinctive mark to be associated with a particular set of goods/services differentiating from other goods/services is sufficient to be considered to have acquired distinctiveness. One has to consider the market share held by the mark, how intensive and wide spread the mark has been, and the proportion of the people who identify the mark to have associated with goods/services originating from a definite source etc., while determining the acquisition of distinctive character by a mark. A mark which has acquired distinctiveness if becomes generic loses its status as a valid trademark. The following are the examples for such marks:

- Xerox<sup>4</sup> Photocopy machines
- Aspirin Pharmaceutical product



– Escalator

Building and construction

2 For instance NOKIA for mobiles.

3 The grounds for revocation of registered trademarks under the Trademark Act, 1999 available at <http://lawmin.nic.in/ld/P-ACT/1999/The%20Trade%20Marks%20Act,%201999.pdf>, last visited 5 January 2018.

1 However, if marks are catchy and easily memorable that only need not sufficient for protection. What is actually required is capacity of distinguishing the goods and services.

2 Whether the trademark carries some meaning or not, it does not matter, what is important is the distinctive character.

3 Though these marks carry some meaning, they are so arbitrarily used on such goods which may not have any link the actual name.

1 Even some times the actual meaning of the mark may be just opposite the kind of goods and services it represents.

2 The Trademarks Act, 1999 talks about marks which could be registered under which marks which are not inherently distinctive could also come.

1 1954 RPC 150.

2 1997 RPC 543.

3 Section 9(1)(b) of the Trademarks Act, 1999

1 774 F.2d 1451, 9th circuit, 1985.

2 175 F.3d 266, 2nd circuit, 1999.

3 1997 RPC 279.

1 It is done under the Geographical Indications Law.

2 Take for instance Kirloskar is a personal name and is used as corporate brand trademark as well.

3 Most of the unregistered trademarks may not be inherently distinctive but have acquired the same through use and consumer association.

1 It is an established practice in the spear of trademark law that something which is not *prima facie* distinctive cannot distinguish goods and services and hence cannot become a valid trademark.

2 456 US 844.

1 Section 32 of the Act.

2 (1996) IPLR Bom 284 (307).

3 1999 ETMR 585 ECJ.

1 (2005) 4 ICC 140 (Ker).

2 1987 RPC 13.

3 1996 RPC 281.

4 Xerox the title as such as been used by common man instead of duplication or copy as the term Xerox has become so generic amongst massess.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 4ANALYZING THE CHARACTER OF TRADEMARK**

#### **4.4 Use of names and images of God and Deities as trademark on goods**

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Can the pictures of Lord Ganesha on beedi (poor man's cigarette) pouches amount to an insult of the Hindu religion? No, observes Justice SS Parkar of the Bombay High Court<sup>1</sup> who has ruled that Mangalore Ganesh Beedi Works, Mysore, cannot be punished under the Indian Penal Code for commercial use of the deity. Maulana Ayyub Kadri, a Pune-based social worker filed a criminal complaint against the beedi-manufacturing company. According to Kadri, "who, though a Muslim, respects other religions," the company should be punished under section 295 of the Indian Penal Code due to the commercial use of Lord Ganesh. The case, heard before a magistrate in Pune, was filed not only against the company but also its Pune-based distributor KR Mallya. Mallya approached the High Court for quashing of the lower court proceedings. Justice Parkar has observed that use of the deity's pictures on the pouches does not constitute an offence because there is no intention to insult a place of worship, neither has the company damaged/defiled an object of religious worship. The company has been manufacturing beedis since the year 1932, and their Ganesh trademark was registered since 1942 under the Trade and Merchandise Marks Act. As per provisions of the Act, symbols/marks which hurt the religious susceptibilities of any class of citizens cannot be registered as trademarks. Before finalizing the trademark, the registrar calls for objections. Moreover, the Central government is further empowered to direct the registrar not to register a particular trademark. And even after registration is granted, objections can be raised before a tribunal. Therefore, the judge observed, since the Ganesh trademark is being used for the last six decades without objections, a criminal complaint at this stage cannot be entertained. Moreover, the complainant can approach the registrar under the Trade and Merchandise Marks Act, if he still has any grievance. According to the complainant, the beedi pouches are likely to be thrown on public streets, which will then be trampled upon by passersby. However, the judge observed that even if the pouches are thrown on the street, it does not constitute deliberate defilement of the picture of Lord Ganesha. Earlier in 1987, the same company had been dragged to the Madras High Court. The beedi label was challenged by a Hindu citizen. He stated that an object of reverence should not be allowed as a commercial trademark. But the Madras High Court had also not entertained the objection. Justice Parkar has stated that even if one assumes commercial exploitation of the object of worship, it does not bring the case within the four corners of IPC.

<sup>1</sup> Ganesh Trademark on beedi pouches is okay, rules HC, Monday, 13 September 1999, Hindustan Times.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 4ANALYZING THE CHARACTER OF TRADEMARK**

#### **4.5 Usage of two different marks by the trader and the distinctive character**

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Generally, trader uses a mark to represent their goods and services. The mark used by the trader not only has to be able to distinguish the goods and services but shall be different from those of other marks used by the other traders. However, if one trader uses more than one mark to represent his goods and services could there be any possibility of confusion among the consumers about the goods the marks representing? Such marks representing the same set of goods owned by the same owner could be distinctive in nature? Would there be any problem in the distinctive character of such marks since are representing same set of goods. In *Andrew v Keuhnrich*,<sup>1</sup> the court addressing the above issues took the view that a trader can use two different trademark to represent his or her goods<sup>2</sup>. The trader may indicate his best quality by one trade mark and his second quality by another trademark. The marks distinguish goods of the owner from that of others, but as well distinguish one set of goods of the owner from the other set of the goods. Both such marks should be distinctive in nature or should have acquired distinctive character after use. The continuous use of two marks on two different set of goods by the same owner to indicate two different qualities would leave different impression on the part of the owner with reference to the two marks and the two different goods. Further, in *GE Trademark*,<sup>3</sup> going a step ahead on the issue, it was viewed that; there appears to be nothing inherently wrong in two trademarks (logically any number of trademarks) having different connotations being used alongside each other by the same owner on the goods under the statutory law or common law provided that; there is a proper connection in the course of trade between the proprietor and the goods on which such marks are used. In such cases two marks of the same owner on the same goods may indicate two different qualities one representing the best quality of goods and the other representing the second best quality of goods owned by the same owner. Therefore, such marks distinguish the goods of the owner with reference to quality and are considered distinctive in nature.

<sup>1</sup> (1913) 30 RPC 677.

<sup>2</sup> One can use as many marks he or she would like to use, only thing is all those marks should be different and distinctive.

<sup>3</sup> 1973 RPC 297.

## Part IILAW OF TRADEMARKS

### CHAPTER 4ANALYZING THE CHARACTER OF TRADEMARK

#### 4.6 Trademark protection for characters in movies

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Titles of movies and names of characters in movies, in general, are undoubtedly "marks" and capable of distinguishing the goods of one person from another, are arguably "trademarks" as well.<sup>4</sup> In analyzing the trademark protection available to movie titles and names of characters in a movie, the scope of registration of titles and name of characters as a trademark and the likelihood of a trade infringement action or a passing-off action being upheld, need to be separately addressed. The Trade Marks Act, 1999 prohibits registration of a trademark of certain "absolute" and "relative" grounds.<sup>5</sup> Lack of distinctiveness, i.e., where the mark is not "capable of distinguishing the goods or services of one person from another person" is one such absolute ground for refusal of registration of trademarks.<sup>6</sup> It is submitted that movie titles and more importantly, movie characters, portraying real life on-screen, lack the capability of *inherent distinctiveness*, as they are likely to adopt everyday names for characters and even titles. Thus, lacking *inherent distinctiveness*, to acquire registration, trademarks in movie titles and names of characters must show *acquired distinctiveness*, in the sense of having acquired a secondary meaning, i.e., where the title or the name of the character, though non-distinctive by themselves, have acquired distinctiveness on account of wide spread popularity or usage.<sup>1</sup> Thus, it is submitted that movie titles and more so, movie characters, can be registered as a trademark only if they have *acquired distinctiveness*. A case point is the registration of the movie "Sholay" and character name "Gabbar" & "Gabbar Singh". While admittedly "Sholay" and especially "Gabbar Singh" are not everyday names, the trademark registration for "Sholay" and "Gabbar Singh" was undoubtedly facilitated by the pervasive popularity of the movie and its characters, whereby the name of the movie and the characters came to be exclusively associated with the movie and its makers<sup>2</sup>. In other words, while possibly lacking inherent distinctiveness, distinctiveness acquired on account of mass popularity of the movie, facilitated trademark registration of the title and the characters. In any action for infringement of trademark (and an action for passing-off) it needs to be shown that the use of the infringing mark would cause a "likelihood of association" with the registered mark in a manner that an average consumer would believe that the infringing mark originates and is provided for by those providing for the registered mark. Thus, in case of use of title and characters of a movie in another movie, it must be shown that the average viewer would associate the second movie as originating from the makers of the first movie. A generalization in this regard would be difficult to arrive at, however, it can be argued that the more popular a movie is and the more well known its makers are, the less the chances of any subsequent movie, using similar title and characters, being associated with the first movie.<sup>3</sup> Thus, it is submitted that a movie with the title *Ramgopal Verma Ki Sholay*, is not likely to be associated with the original *Sholay*, especially considering the usage of the director's name (Ram Gopal Verma) in the title of the movie itself. However, chances of association are higher in cases where the movie, whose title and characters, are being used, is not a cult movie like *Sholay*<sup>4</sup>. While the law in India on this subject is not much developed, a passing off action on use of title of a movie came up before the Delhi High Court in *Kanungo Media Pvt Ltd v RGV Film Factory*,<sup>5</sup>. In this case the Plaintiff contended that the title of the Defendant's movie "Nishabd" is deceptively similar to the Plaintiff's movie "Nisshabd" and hence, the Defendant must be restrained from using this title for the movie. The Court reviewing the law held that for a passing off action to be sustained the condition of acquired distinctiveness or secondary meaning and likelihood of association both need

to be shown. The Court in this case found that the Defendant's movie is in fact more known than the Plaintiff's movie and moreover, since the Plaintiff did not take any steps on having come to know of the making of the defendant's movie, the title in the Plaintiff's movie has acquired no distinctiveness or secondary meaning to prevent the use of the title by the Defendant. These perspectives have shown that as regards trademark protection of movie titles and characters those can be registered if they have acquired distinctiveness; however, infringement can be sustained only if there is a "likelihood of association" and more popular the movie is, less is such likelihood. In sum it can be said that; whereas trademark law provides protection to characters and titles in a movie, but it do not provide adequately strong protection to titles and characters in a movie. While the Hindi Film Industry is one of the largest film industries in the world, its creative input is suspect and it is known to borrow characters plot etc, freely from other film industries, especially from Hollywood: the movie *Sholay* itself borrows in various themes from movies such as *Magnificent Seven* and Akira Kurosowa's *Last Samurai*.<sup>1</sup> Where titles and characters in movies are weakly protected by trademark laws, legal challenges for infringement have been few and far between. Thus, drawing a lesson from the current state of the Hindi Film Industry, any step to strengthen trademark protection over titles and characters in movies would lead to more creative innovation in the Hindi Film Industry, and thus, would be a welcome step. Therefore, while analyzing the character of trademark, it is very pertinent to observe the distinctiveness of the mark or the name used as mark. Such distinctiveness need not be inherent but it is enough if it has acquired secondary meaning in the sense distinctiveness by use. Such acquisition of distinctive character or the inherent distinctive character is all that is required to assess while analyzing the character of a trademark. The trademark registry while addressing the issues of registration, revocation and cancellation of trademarks, the law courts while addressing the disputes with reference to trademark including infringement proceedings would look into the distinctive character of the trademark.

<sup>4</sup> Sections 2(1)(m) & 2(1)(zb) of the Trade Marks Act, 1999.

<sup>5</sup> Sections 9 & 11 of the Trade Marks Act, 1999.

<sup>6</sup> Section 9(a) of the Trade Marks Act, 1999.

<sup>1</sup> *Kanungo Media Pvt Ltd v RGV Film Factory*, 138 (2007) DLT 312. See also *MJM Productions v Kelley Productions, Inc.*, 68 U.S.P.Q. 2d 1131.

<sup>2</sup> Sreenivasulu NS & Kumarkeet Benarjee, *Sholay, Gabbar and Agg: Analysing the legality of copyright and trademark protection for titles and characters in Movies*, MIPR, October 2010, Vol 3, Pt 1.

<sup>3</sup> *MJM Productions v Kelley Productions, Inc.*, 68 U.S.P.Q.2d 1131.

<sup>4</sup> Sreenivasulu NS & Kumarkeet Benarjee, *Sholay, Gabbar and Agg: Analysing the legality of copyright and trademark protection for titles and characters in Movies*, MIPR, October 2010, Vol 3, Pt 1.

<sup>5</sup> 138 (2007) DLT 312.

<sup>1</sup> Sreenivasulu NS & Kumarkeet Benarjee, *Sholay, Gabbar and Agg: Analysing the legality of copyright and trademark protection for titles and characters in Movies*, MIPR, October 2010, Vol 3, Pt 1.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 5DECEPTIVE SIMILARITY**

Similarity could be understood as non existence of any difference. When two marks are alleged to be similar, it does mean that there is no difference between the two marks. Further, when two marks are said to be identical those marks are similar to each other. Identical, similar or nearly resembling marks could cause confusion in the minds of the consumer and the general public. These marks could misguide the consumer with reference to the goods and service they intend to purchase, possess and use. It would adversely affect the market of the trader as well. It could lead to unfair competition in the market which is considered as anti-trade practices or unfair practices<sup>1</sup>. Marks which are deceptively similar, which cause confusion in the minds of the consumer with regard to the origin or source or to the quality of the goods and services cannot be registered.

<sup>1</sup> Unfair trade practices or anti-trade practices in general are prohibited under the Competition Act, 2002. However, the trademark law also talks about prohibition of such practices through regulation of trademarks.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 5DECEPTIVE SIMILARITY**

#### **5.1 What is deceptive similarity?**

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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.<sup>2</sup> It is presumed that a mark which is so nearly resembles cannot indicate the proper source or origin or quality. It confuses or deceives the consumers with regard to their choice of goods or services. Choosing or using deceptively similar marks amounts to unfair competition. Person using a deceptively similar mark can also be challenged under unfair competition law. Deceptive similarity is a good ground for:

- (1) opposing the registration of a trademark
- (2) challenging the validity of a trademark
- (3) questioning the proprietorship over a trademark
- (4) the revocation of a registered trademark
- (5) defending in infringement action/passing off action

In principle, applications for the registration of deceptively similar marks can be rejected and the onus is on the applicant to prove that his mark is not deceptive. In *National Sewing Thread v James Chadwick*,<sup>3</sup> it was viewed that the law on trademark law does not provide registration for marks which are deceptive, identical or similar to any existing marks. If the mark claimed is similar or identical to any mark which is already registered or any mark already claimed in a pending application before the trademark registry such marks cannot be registered. The trademark registry can outwardly reject such marks from registration. Similarly, if the mark claimed is deceptively similar or identical to a mark which is continuously being used by any trader which has become familiar to the consumer, registration for such mark could be rejected by the registry. In such cases onus rests fairly upon the applicant to prove that the claimed mark is not deceptively similar to any registered mark or a mark in continuous use.

Such onus would be heavier when the mark is new. Where the opposition to the registration of a claimed mark is based on similarity of marks the applicant may be able to discharge the burden which rests upon him by argument based on the marks themselves. In *Frigiking Trademarks*<sup>1</sup> it was opined that the general view is that marks which are allegedly similar, identical to any existing mark cannot be registered. Applications for such deceptively similar marks cannot be entertained. The onus is always on the applicant to show that the mark is not deceptively similar to any existing mark. Further, even if the registry entertains such applications there would be another chance for disregarding such application when oppositions are invited after the claimed mark is advertized in the official gazette of the trademark registry. Any interested party can file opposition to the claimed mark if it is similar to any existing mark including the mark if any of the opponents. In such cases also the onus to disprove the opponents would lie on the applicant. The presumption always lies against the applicant and the same shall be rebutted by the applicant. Further, in *Amrithdhara*<sup>2</sup> while addressing the issue of deceptive similarity of the claimed mark and speaking on the onus on the part of the applicant the court held that; the factual circumstances of each and every case needs to be considered while deciding the onus

of the applicant. Each case depends upon its own particular facts and circumstances and therefore, though there is strong presumption operating against the applicant, the courts will have to consider the surround factual circumstances while applying the presumption and in determining the deceptive similarity. This interpretation of the court advocates for unbiased consideration of the facts which are in the background of the issue at hand. Again in *Parle Products v JP & Co*<sup>3</sup> it was held that the general principle is that onus is on the applicant to prove that his mark is not deceptively similar, however one cannot ignore the factual circumstances of the case which have contributed to the status of the case. The court has categorically said that;

1. Onus of the applicant arises only after the opponent has discharged the onus of establishing deceptive similarity.
2. In case of registration/rectification proceedings onus is on the applicant to disprove deceptive similarity
3. In case of infringement/passing off actions onus in on the applicant to prove similarity.
4. The purpose of trademark; that is
  - Indication of source/quality
  - Identification of goods/services
  - Differentiating the goods/services
  - Enabling the consumers to make right choice

Cannot be served through a deceptive mark.

<sup>2</sup> Section 2(1)(h).

<sup>3</sup> AIR 1953 SC 357.

<sup>1</sup> 1973 RPC 739.

<sup>2</sup> AIR 1963 SC 449.

<sup>3</sup> AIR 1972 SC 1359.



## **Part IILAW OF TRADEMARKS**

### **CHAPTER 5DECEPTIVE SIMILARITY**

#### **5.2 Speaking the language of the Trademarks Act<sup>1</sup>**

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Speaking in terms of the letter of the law, the Trademarks Act in India provides that: a trademark shall not be registered if because of

- Its identity with an earlier trademark and similarity of goods or services covered by the trademark
- Its similarity to an earlier trademark and the identity or similarity of the goods or services covered by the trademark

if is tending to create confusion and ambiguity in the minds of consumers with respect to the origin of the products.

Further, the Act under section 29(1) states that; a registered trademark is infringed by a person, who not being a registered proprietor/authorized person uses a mark which is identical or deceptively similar<sup>2</sup> to the registered trademark in relation to goods and services in relation to which the trademark is registered.<sup>3</sup>

<sup>1</sup> The Trademarks Act of 1999 available at <http://lawmin.nic.in/Id/P-ACT/1999/The%20Trade%20Marks%20Act,%201999.pdf>, last visited 5 January 2018.

<sup>2</sup> Further section 75 talks about deceptive similarity in case of certification marks.

<sup>3</sup> Besides, section 102 of the Act talks about regulating falsifying a trademark in order to deceive the consumers and the established trader.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 5 DECEPTIVE SIMILARITY**

#### **5.3 Types of similarity**

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Law of trademark identifies different types of similarities. Basically there are three types of similarities namely; visual similarity, phonetic similarity, conceptual similarity. The trademark registry considers these different types of similarities while assessing the character of the trademark. On the same lines, law courts while addressing the issues pertinent to the disputes with reference to trademark, in infringement proceedings considers different types of similarities. Let us examine these types of similarities in some detail.

##### **5.3.1 Visual similarity**

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- It is understood to be such similarity which appeals to eye or which can be seen or which has got visual appearance
- This includes the sequence of the letters, numbers, structure of the mark, wordings, figures, graphics, pictures used

##### **5.3.2 Phonetic similarity**

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- It is a similarity which is measured in terms of the pronunciation of the mark
- It includes the articulation of the mark and how it sounds

##### **5.3.3 Conceptual similarity**

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- It is similarity in terms of the meaning and content of the mark
- It includes the nature and features of the marks, its scope and content

##### **5.3.4 Assessment of similarity**

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Similarity or near resemblance is a cause for refusing the registration of trademark or for revocation of trademark. However, it has to be remembered that; mere similarity or resemblance is not sufficient. It should lead to something more, in the sense similarity or confusion should have caused some damage or problem to different set of people. Similarity must be likely to deceive/or cause confusion in the minds of the consumers. It must be likely to create ambiguity in the minds of consumer with reference to the origin or the products, its owner, its quality and other features. At this juncture, it is very pertinent to know what exactly we mean by resemblance and how it is being defined and interpreted. In particular, it is very much relevant to know the court rulings in India on the issue of resemblance and its possible impact on the consumer base. Perhaps, resemblance cannot be strictly defined and it varies based on the facts and circumstance of the case. In *Amrithadhara* case<sup>1</sup> the court took the view that there is no strict definition for resemblance, it depends upon factual circumstances of each and every case. While determining resemblance one needs to compare the alleged mark with a registered mark or a mark which is being continuously used in trade. For the assessment of resemblance and its possible impact on the consumer base

established tests of comparison or norms laid down by the courts or the judicial bodies can be considered. Further, the actors which have contributed to the status of the case also need to be considered.

Meanwhile, in *Smith Haydens Application*,<sup>2</sup> it was viewed that if the substantial numbers of persons are likely to be confused or deceived in a regular course of business by the usage of a mark, such mark is considered to be deceptively similar. It is not necessary that the entire society shall be likely to be confused or deceived by the use of the alleged mark. If a particular set of society or substantial number of people are likely to be confused or deceived by the usage of the alleged mark is sufficient. Further, in *Sabel v Puma*<sup>3</sup> while deliberating on the impact of similarity court held that similarity of mark could affect the consumers across the globe. In the spear of globalization and the open market system, where goods and services are sold and purchased from any corner of the world the marks used on the goods and services would be recognized by the consumers across the globe. Therefore, there shall be global assessment of the degree of similarity and its effect on the consumer. The court categorically said that; while assessing the similarity between the two marks and the degree of resemblance one shall have a holistic approach and consider the following factors:

- Identity, recognition, popularity of the mark registered/used
- Consumers association with the mark
- Nature of goods and services

Impact of deceptive similarity need not be uniform on different sets of people. The effect of deceptive similarity and nearly resembling marks would be different in case of different classes of people. Literate people may respond differently to that of the illiterate people. On the same lines, people having general awareness would respond differently to deceptively similar marks when compared to that of people who are not having such awareness. At the same time, the status of the consumer would also play a vital role in determining similarity and as well in responding to the similarity.

In *Jayabharat Industries v RT Engineering*,<sup>1</sup> it was held that' while determining similarity and resemblance the status of the consumers needs to be considered. The court took the view that the social and economic status of the consumer has got some role to play in determining similarity and its impact on the consumer. Further, in *Parle Products*,<sup>2</sup> while deliberating on the likelihood of similarity and the consumer's reaction the court opined that the psychological reaction of the consumers towards the alleged mark and consumer's mental association with the existing mark plays a vital role in determining the likelihood of confusion. The social factors such as consumer base, their status, and psychological reaction shall also be considered while determining the similarity alongside the technical factors such as degree of resemblance and similarity. Assessment of similarity and determination of resemblance not only depends upon the technical factors but as well on the social and psychological factors. It is the culmination of all these factors that lead to the appropriate determination of similarity and near resemblance. In *Pointiest Application*<sup>3</sup> addressing the issue of assessment of similarity the court took the view that; while assessing the extent and degree of deceptive similarity one need to consider the following aspects:

1. The look, sound and the content of the mark
2. The kind of goods on which the mark is being applied
3. Nature and status of customer who would be likely to buy the goods

4. Surrounding factual circumstances

Assessment of similarity is not mathematical but rather scientific in nature. The assessment shall be on scientific and rational grounds while taking into account the factual and surrounding circumstances. The social angle of the trademark and its impact on the consumer base and the society shall also be taken into consideration. Further in *Larsen and Toubro Ltd (L&T) v Lachmi Narain Trades*,<sup>4</sup> it was viewed that LNT could be similar to that of ELENTEE and at the same time L & T is similar to that of LNT. Court viewed that phonetically and visually these marks are identical and would confuse the minds of the general public at large. While in *International Foodstuffs Co LLC v Parle Products Pvt Ltd*,<sup>1</sup> the Bombay High Court has recently refused to grant an injunction on trade mark infringement and passing off where the only basis for the application for injunction was the existence of phonetic similarity between the marks of the Defendants and the Plaintiff. The Bombay High Court observed that since phonetic similarity was the only basis of this action a strong prima-facie case has not been made out and there are not sufficient grounds to warrant an injunction in favor of the Plaintiff.

<sup>1</sup> AIR 1963 SC 449.

<sup>2</sup> (1946) 63 RPC 97.

<sup>3</sup> 1998 RPC 199.

<sup>1</sup> AIR 1978 Guj 60.

<sup>2</sup> AIR 1972 SC 1359.

<sup>3</sup> (1906) 23 RPC 774.

<sup>4</sup> 2015 (64) PTC 386 (Del).

<sup>1</sup> Notice of Motion No. 2624 of 2012 in Suit No. 2497 of 2012.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 5 DECEPTIVE SIMILARITY**

#### **5.4 Can similar marks be used on different goods or services?**

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In general, according to the trademark law same marks cannot be used by different traders. However, the same does not apply if same marks are used on different goods and services. For instance, LUX<sup>2</sup> is a trademark of lux soaps and detergents. However, the trademark LUX is also a trademark of lux under garments<sup>3</sup>. Both the trademarks are similar in several respects. However, both are valid because the goods on which it is being applied and used are different and do not belong to same category. Had the trademark LUX has been used by another detergents and soaps manufacturer it would have been an infringement of the former's trademarks. In *Delip Chand v Escorts*<sup>4</sup> it was held that use of similar marks in relation to different goods do not constitute deceptive similarity since it will not lead to any deception or confusion. Since, deception and confusion in the minds of the consumer is the basis of determination of similarity, usage of same trademark for different goods which does not create confusion in the minds of consumers would not amount to infringement. However, if the existing mark's owner or trader is so reputed, use of the similar mark may indicate to the public that they are coming from the same source. In such cases onus lies on the applicant to prove that there is no such likelihood of deception or confusion.

<sup>2</sup> LUX is a famous brand name in the field of cosmetics and detergents. LUX has got at least two products 'Lux' and 'International Lux' and have other products in the same field.

<sup>3</sup> LUX is equally identified brand name for under garments including under wear and briefs.

<sup>4</sup> AIR 1980 Del 180.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 5DECEPTIVE SIMILARITY**

#### **5.5 Usage of partially resembling marks: Resemblance in prefix/suffix of the mark**

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Sometimes, it happens that the trademark in its entirety may not be similar or resembling. A part or a portion of the trademark may be similar to or resembling with an existing trademark. In *Cadila Health Care Ltd v Cadila Pharmaceuticals Ltd*,<sup>5</sup> the petitioner was using a trademark "Falcitab." When the defendants started using the trademark "Falcigo" the petitioners challenged the same in the court of law. The two trademarks were not entirely similar; however the first part of the marks was similar. The first part or prefix of both the mark "Falci" was taken from the name of the disease "falcipharm malaria". It is a common practice in pharmaceutical industry to use part of the name of the disease, part of the name of the organ it treats or ingredients of the drug as a trademark to indicate that a particular drug is meant for a particular disease. While assessing the similarity between the two marks the court opined that following factors needs to be considered while assessing similarity:

1. Similarity in nature and character of the product in the context
2. Similarity in performance of the products
3. Class of purchasers/customers

The court took the view that considering the similarity of the nature and character of the products that the marks representing and as well similarity of the function or performance of the products and as well considering the similar or same class of customers or purchasers receiving the products, the mark of the defendants was held to be deceptively similar to that of the petitioner. While addressing the issues of deception, confusion and consumer status in determining the degree of similarity or resemblance in *Scientific Compounds and Processes Pvt Ltd v Hanuman Cottage Industries*,<sup>1</sup> the court inferred the following:

1. The words deceive and confusion used in the definition of deceptive similarity under the Act<sup>2</sup> carry different meaning.
2. Deception involves intentionally or unintentionally telling a lie or misrepresentation or causing a person to believe a thing to be true which is actually false.
3. Confusion does not involve telling lie or false representation, it signifies lack of ability on the part of the consumers to distinguish the marks.
4. Therefore while assessing the similarity the mental status of the consumer needs to be considered.
5. The mental status of the trader, user is not relevant as long as there is action which violate the rights of the registered user of the mark.

Further, in *Smith Kline Beecham v Venkataiah*,<sup>3</sup> partial similarity of the marks came for the discussion. Where in, Smith Kline, a UK company is a well known manufacturer of pharmaceutical products. They produce "paracetamol" tablets with a particular design (red and blue color) of strip packing. They use "Crocin" as their trademark for their

paracetamol tablets. Defendants are using the mark "Nelcin plus" for selling paracetamol tables with same strip design packing. Smith Kline alleged that defendants mark is deceptively similar and moreover they copied the design of strip packing. The court observed that; in view of the mark that is used which is more or less similar and moreover strip packaging is similar, it could cause confusion or deception in the minds of the consumer. Again in, *St. Ives Laboratories v Indo Cosmetics Pvt Ltd*,<sup>4</sup> similarity of suffix or prefix of the mark came to the fore fronts of the courts. ST IVES Laboratories produces cosmetic and toiletry products. They use "ST IVES" as trademark for their products. Indo Cosmetics Pvt Ltd produces similar goods and they are using "MT IVES" as trademark for their products. Applicants alleged deceptive similarity on the basis of the following:

1. Similarity of business/goods/services.
2. Similarity of the suffix of the mark.
3. Similarity of class of customer or consumer base.
4. Substantial similarity of the marks.

The petitioners contended that use of such mark constitute deceptive similarity since it is having likelihood of confusing the consumers. While considering the above factors and in the light of similarity in terms of its appearance, articulation, spelling, function, performance, class of customer, the Court adjudged MT IVES to be deceptively similar to ST IVES. Court considered the different types of similarities while arriving at a decision. In terms of articulation both the marks are phonetically similar. In terms of appearance and look the marks are visually similar. In terms of function, performance and class of customers the mark is conceptually, functionally and substantially similar to that the earlier mark. Further, in *Sun Pharmaceutical Industries Ltd v Anglo French Drugs and Industries Ltd*,<sup>1</sup> the hon'ble High Court has held that the Supreme Court in its Judgment in the case of *Cadila Pharmaceuticals Ltd (supra)* has laid down the considerations that the Court has to keep in mind while considering the possibility of deception due to phonetic and/or visual similarity of trade mark in relation to pharmaceutical products. However the contours of the test laid down by the Supreme Court cannot be restricted by an artificial process which focuses attention only upon the factual aspect of both products being pharmaceutical preparations. Therefore, similarity is a matter of fact and its assessment for preventing confusion and ambiguity is a matter of law. Similarity is of different types including phonetic similarity, conceptual similarity and visual similarity. When a mark is substantially similar to or resembling an existing trademark in terms of its appearance, articulation, conceptualization it is said to be similar to an existing trademark. Usage of similar or resembling marks is considered as unfair trade practice and the same is prohibited under trademark law. Courts consider the function, performance of the goods on which the mark is being used, the class of customer or consumer base of the products and the look and makeup of the trademark while assessing similarity.

<sup>5</sup> 2001 (1) CTMR 288 SC.

<sup>1</sup> 2002 (24) PTC 249 (Mad).

<sup>2</sup> The Trademarks Act of 1999.

<sup>3</sup> (2005) 31 PTC 666 (Del).

<sup>4</sup> (2005) 312 PTC 635 (Del).

<sup>1</sup> 2015 (63) PTC 580 (Del).

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 6REGISTRATION OF TRADEMARKS**

Trademarks are protected through registration. Registration is conferred on those trademarks which fulfill certain minimum requirements. Fulfillment of minimum requirements is the eligibility for registration. Registration confers bundle of rights to the owner of the trademark. Registration is not compulsory for using a trademark, but if one intends to prohibit others from using his or her trademark then registration is required. Registration of trademarks is done by a quasi judicial authority established under the Trademarks Act of India. Registration of trademark is a quasi-judicial function conferred on the part of the registry of trademark<sup>1</sup>. At the same time settlement of disputes with respect to ownership and use of trademark is also a quasi-judicial function.

<sup>1</sup> The Trademark Act talks about the registry of the trademark which shall undertake the task of registration of valid trademark.



## **Part I LAW OF TRADEMARKS**

### **CHAPTER 6 REGISTRATION OF TRADEMARKS**

#### **6.1 Institutional mechanism for the registration of trademark**

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There is institutionalized mechanism for the protection of trademarks. In India the Trademarks Act, 1999 provides for the mechanism for the registration of trademarks. The protection and registration of trademark does get through the established institutional framework. The authorities in the institutionalized system of trademarks in India, which ensure protection of trademark at national and international level could be listed as follows.

1. Trademarks Registry
2. IPR appellate Board<sup>2</sup>
3. High Court
4. Supreme Court

Basically the trademarks registry provides registration for the trademarks. The IPR appellate Board ensures protection for valid trademarks through hearing appeals against the decisions of trademark registry if found aggravating the interests of the owner of trademark. Again High Court and the Supreme Courts would entertain appeals from the decisions of the IPR appellate Board if found aggravating the interest of the trademark owner or the user.

<sup>2</sup> Established by virtue of new Trademarks Act of 1999.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 6 REGISTRATION OF TRADEMARKS**

#### **6.2 Trademarks registry and the registrar of trademarks**

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The trademark registry is headed by the registrar of trademarks. Registrar of trademarks is the authority which executes the vision and mission of the trademark system. As mentioned earlier it is a quasi-judicial authority<sup>1</sup> which works in fulfillment of the objectives of the Act. The trademark act intends to protect the interest of the trader and the consumer by ensuring protection for the valid trademarks. The Registrar of trademarks is the executive authority for the implementing the mandates of the Trademarks Act.

<sup>1</sup> Quasi judicial authority would have the status of civil court and would enjoy the powers of civil court in adjudicating the matters before it.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 6REGISTRATION OF TRADEMARKS**

#### **6.3 Functions and Powers of the Registrar**

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The basic function of the registrar is to provide for the registration of trademarks. All the applications seeking registration of trademarks shall be addressed to the registrar of trademarks. The proceedings before the registry are quasi judicial proceedings. The registrar shall have the powers of civil court<sup>2</sup> in conducting the proceedings with reference to the registration of trademarks. Such powers include:

1. Summoning witness
2. Collecting evidence
3. Inquiry and investigations
4. Search and seizure of goods bearing invalid trademarks
5. Orders for the production of documents
6. Call for information
7. Any other power that the civil court would have

The marks which are registered with the registry shall be renewed and maintained with the registry. The registrar of trademarks provides for the renewal and maintenance of the marks.

<sup>2</sup> The Indian Civil Procedure Code for the status, powers, jurisdiction and functions of quasi-judicial authorities in India.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 6 REGISTRATION OF TRADEMARKS**

#### **6.4 Process of registration**

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The process of registration of trademarks and the procedure before the registrar of trademarks is governed by the regulations made under the Trademarks Act, 1999<sup>3</sup>. These regulations talk about the process of registration<sup>4</sup> ranging from the filing of, processing of the application, examination and publication of the application, inviting the objections against registration till the issue of certificate of registration to the applicant and the user of the trademark. In short, the process of registration could be listed as follows:

I: Filing of the application

- Coding of the application
- Number allotment to the application

II: Scrutiny and examination of the application

- Search for identical or similar trademark
- Evaluation of the claimed mark to assess whether it could be registered
- Objections by the trademark office

III: Refusal/withdrawal/abandonment/Acceptance of the application

- Refusal of the application
  - Absolute grounds for refusal
  - Relative grounds for refusal
- Withdrawal of the application by the applicant
- Abandonment of the application if there no response or follow-up from the applicant after filing the application
- Acceptance of the application

IV: Publication and Objections

- Publication of the application in the journal of the registry
- Invitation for objections/opposition
  - Institution of opposition proceedings
  - Hearing and disposal of the proceedings
  - Opposition is allowed/application is refused- (review can be sought)
  - Opposition is not allowed/application is accepted-(review can be sought)

V: Registration of the mark

- Entry in the registrar of trademark

- Issue of certificate of registration
- Aggrieved party may appeal to IPR Appellate Board<sup>1</sup>

#### **6.4.1 Who can apply for a trademark?**

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Before discussing the process of filing trademark application and the procedure of registration in detail, it is pertinent to know about the persons who can file application for trademark. A person claiming to be the proprietor of a trademark "used" or "proposed to be used by him," who is desirous of registering it, may apply for the registration of a mark. Section 18 of the Act<sup>2</sup> talks about the persons eligible to file application. The following persons are eligible to file application for trademark:

- a. User of the trademark
- b. Owner of the trademark
- c. Authorized agent
- d. Assignee
- e. Licensee

The user of an unregistered trademark or the assignee or the licensee or an authorized agent of the user of the unregistered trademark can file the application before the registry

#### **6.4.2 Filing application for registration**

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The application shall be filed with required enclosures. The design and the image of the trademark shall be filed with the application.<sup>1</sup> The applicant should file three different marks along with the designs or images before the registry. It would facilitate the registry to search for the availability of any one among the three marks filed with the application. The registry would grant registration to any one mark depending upon the availability.

#### **6.4.3 Can there be an application for trademark without any intention to use it?**

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It is not required that the mark claimed should proposed to be used by the applicant. Without any intention to use the trademark the applicant can claim registration. There is such possibility under section 46 of the Act where a person who applies for a trademark may obtain it for the purpose of assigning it to somebody who intends to use it. Therefore, it is not necessary that the applicant or the owner should use the mark, the registered mark could be assigned or licensed or given authorization to somebody to use by the owner

#### **6.4.4 Claiming proprietary rights over trademark through registration?**

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A person can become proprietor of a trademark either by use or by registration. When the mark is only proposed to be used, the applicant cannot claim proprietary rights in the trademark until he starts using the mark or he gets registration. Therefore a person who has not put the mark to use may claim to become proprietor through registration. In *Rawhide Trademarks*<sup>2</sup> it was held that proprietary rights over a trademark could be established in two ways. Through the use of mark without registration or registration of the mark with or without its prior use, the proprietorship over the mark could be established.

#### **6.4.5 Where the application be filed?**

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Application for registration of trademark shall be filed in the appropriate office. In India there are trademark offices at Mumbai, Delhi, Chennai, Kolkata and Ahmadabad. The application could be filed at any of the trademark officers. The applicant could prefer the officer which is near his or her official business place. In case of foreign applicants who do not have business office in India have to file the application in the office whose jurisdiction their address of service is situated.

#### **6.4.6 Requirements of registration**

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Trademarks are registered on the basis of certain parameters. The claimed mark shall have to fulfill certain requirements to be registered. There are certain universally recognised requirements of trademarks which form the essential conditions of registration. The international conventions such as Madrid convention on trademarks, Paris Convention on trademarks and the TRIPS agreement<sup>1</sup> recognize these requirements. In India, the Trademarks Act, 1999 also recognize these requirements for the registration of trademarks. The following are the requirements that the claimed trademark shall fulfill in order to be registered.

- Graphical representation
- Distinctiveness
- Indication of the source/origin
- Capable of being applied on goods or services

The mark shall be capable of being represented graphically, it should have the capacity to distinguish the goods and services on which it is applied or proposed to be applied. Further, the mark shall be capable of being applied on goods and services. At the same time, the mark shall indicate the origin or the source of the products and identify the goods on which it is applied with the owner. Registration is provided on the fulfillment of these requirements.

#### **6.4.7 Marks which can be registered and which cannot be registered**

---

In general marks which satisfy above requirement are registered unless otherwise prohibited. Marks which cannot satisfy the above requirements cannot be registered even if are not otherwise prohibited. Any name, symbol, sign, letter, phrase, numeral, color combination, are any combination thereof can be registered if otherwise not prohibited. The Trademarks Act<sup>2</sup> read with the Names and Emblems Act of India prohibits certain names and emblems from being registered as trademark. The names and emblems which belong to the Government of India cannot be registered as trademark. Further, the marks which are against public order and morality cannot be registered as trademark. The marks which are obscene and indecent also cannot be registered. Any mark which would hurt the sentiments of any religion, culture or sect cannot be registered. Finally the marks which cannot distinguish the goods and services, which cannot be applied on goods and services, which cannot indicate source or origin, which cannot identify the owner and which cannot be graphically represented cannot be registered as a valid trademark<sup>3</sup>.

<sup>3</sup> Trademarks Regulations, 2002 made under the Trademarks Act, 1999.

<sup>4</sup> Process of Regulation is conducted in the manner in which a civil court conducts its adjudicatory proceedings un-der the Civil Procedure Code.

## [https://t.me/LawCollegeNotes\\_Stuffs](https://t.me/LawCollegeNotes_Stuffs)

- 1 Appellate Board primary jurisdiction is to hear appeals from the decision of the trademarks registry.
- 2 Section 18 of the Trademarks Act, 1999.
- 1 It is like depositing the image of the trademark with the registry.
- 2 1962 RPC 1333.
- 1 Article 15 and 20 of the TRIPS agreement.
- 2 Talks about marks which cannot be registered.
- 3 Section 9 of the Trademarks Act, 1999 for marks which cannot be registered.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 6REGISTRATION OF TRADEMARKS**

#### **6.5 Grounds for refusal of registration**

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After the application has been received by the trademark office, the same would be examined for the purpose of assessing whether mark is eligible to be protected, whether all the necessary requirement of registration have been satisfied by the applicant or not. At the same time the procedure established under the regulations made under the Act needs to be fulfilled by the applicant. In case of any default there arises a ground for refusal of registration.<sup>4</sup> Even after acceptance of application also there is a possibility of refusal of registration by the office. It happens when the registration of the claimed mark has been opposed by any interested party. It is only after the successful completion of the opposition proceedings in favor of the applicant registration is granted to the claimed mark.

##### **6.5.1 Absolute grounds**

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The application could be refused by the trademark registry on various grounds. These grounds have been classified into two different categories, namely absolute grounds for refusal of registration and relative grounds for refusal of registration section 9 of the Act talks about the absolute grounds for refusal of registration. There are few grounds which are considered to be absolute grounds for refusal of registration. These grounds are as follows:

- (1) Marks devoid of distinctive character
- (2) Marks indicating nature/characteristics of goods/services
- (3) Marks common to trade
- (4) Generic marks, customary marks used commonly in the trade
- (5) Marks of such nature to deceive the public
- (6) Marks likely to hurt religious sentiments
- (7) Marks containing obscene or scandalous material
- (8) Marks prohibited under the Names and Emblems Act

These grounds need to be discussed in detail to understand the nature and characteristics of trademarks eligible for registration. Let us discuss these grounds one by one.

##### **6.5.1.1 Marks devoid of distinctive character**

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Marks devoid of distinctive character can't be registered since those marks can't distinguish the goods and services. Section 9(1)(a) of the Act states that if mark is not capable of distinguishing the goods and services it is an absolute ground for refusal of registration. In this connection one need to understand and reassess distinctive character? In *British Sugar v James Robertson*<sup>1</sup> while discussing about the absolute grounds for refusal of registration of a trademark the court happened to address the issue of what is a distinctive character which a mark must possess and devoid of the



same makes it ineligible for registration. The court analyzing the nature and scope of the distinctive character of trademark took the view that; a mark to be distinctive of a person's goods and services must be generally incapable of application to the goods of anyone else. It must be incapable of application in fair and honest application on other goods/services. Further, if people who are familiar to such mark are not regarding it as something which provides an indication as to the nature of the goods and services with reference to which it is used, such mark cannot be said to have distinctive character

#### **6.5.1.2 Marks indicating nature and characteristics of goods and services**

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A mark which indicates the kind, quality, quantity, function, value, purpose, geographical origin etc., cannot be registered. Section 9(1)(b) of the Act talks about this ground. In *ITC Ltd v Registrar of Trademarks*<sup>1</sup> while discussing the ground of indication of nature and characteristics of goods and services by the trademark it was held that the name of a major industrial area or city would not be registered as a trademark. But certain geographical names can be used as trademark provided that such name should never occur to any trader in such goods to use. It is rarest of the rare case when such registration is allowed. In general, a mark which tend to indicate or describe the nature and characteristics of goods and services which it is representing or which it is purporting to represent cannot be registered as a valid trademark.

#### **6.5.1.3 Marks common to trade**

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Marks common to trade such as generic marks, customary marks used commonly in the trade cannot be registered as trademarks. The Trademarks Act<sup>2</sup> talks about the marks which are common to trade. On these marks no one can enjoy monopoly in exclusion of others. Anybody can use these marks without claiming proprietorship or ownership over the marks. These are the marks which are part of general trade and commerce and have become well-known in general to everybody associated with the trade and commerce.

#### **6.5.1.4 Marks of such nature to deceive the public**

---

If the mark is tending to confuse or deceive the public, such marks are not registered as trademark. The Act<sup>3</sup> speaks about this ground on which application for trademark could be rejected. If the usage of a particular mark is going to deceive the public with reference to its origin and the owner shall not be registered. On the same lines, if the mark is going to deceive the public in terms of the goods it is associated with and in terms of quality it is representing, such marks are generally not registered.

#### **6.5.1.5 Marks likely to hurt religious sentiments**

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India being a multi religious country with number of cultures and tradition, there is a need to have religious and communal harmony. If any trader intends to use a mark which is against the interests or sentiments of any religion or community such marks shall not be registered. Use of marks tend to hurt religious sentiments shall not be encouraged. With this intention the Act<sup>4</sup> categorically states that marks which are likely to hurt religious sentiments cannot be registered.

#### **6.5.1.6 Marks containing obscene or scandalous material**

---

Marks should not indicate or contain anything which is obscene and scandalous. There shall not be anything which is objectionable to the moral standards of the society. Therefore, while choosing a mark one should keep in mind the societal standards which prohibit use, indication or any representation which is obscene or scandalous.

Under the Act<sup>5</sup>, read with obscene representation of Women Act, states that; obscenity, scandalous and indecency is an absolute ground for rejecting an application for a trademark.

### **6.5.1.7 Marks prohibited under the Names and Emblems Act**

---

The Names and emblems Act of India prohibits certain names, marks and indications from being used for commercial purpose. These marks and names are the property of the nation and hence are prohibited from being used as trademark. Prohibition under the Act<sup>1</sup>, and as well under the Names and Emblems Act is an absolute ground for rejecting the trademark application.

### **6.5.2 Relative grounds**

---

Apart from absolute grounds for refusal of application for registration of marks there are certain other grounds on the basis of which applications for trademark can be refused. These other grounds are called as relative grounds and section 11 of the Act mentions about these grounds. These grounds need to be established before rejecting the application. However, in case of absolute grounds no further proof is required and the application could be straight away rejected. Absolute grounds provide *prima facie* reason to reject the application without any further evidence or proof. Relative grounds do not provide *prima facie* reason for rejecting the application but provide for those reasons which on proof could form a valid ground for rejecting the application. Under section 11 a mark shall not be registered if:

- It is identical/similar to an existing trademark
- There is any likelihood of confusion on the part of the public
- There is any likelihood of wrongful association with the earlier mark

<sup>4</sup> Grounds for refusal of registration under the Act.

<sup>1</sup> 1996 RPC 28.

<sup>1</sup> AIR 1977 Cal 413.

<sup>2</sup> Section 9(1)(c) of the Trademarks Act, 1999.

<sup>3</sup> Ibid, section 9(2)(a) of the Trademarks Act, 1999.

<sup>4</sup> Ibid, Sec: 9(2)(b) of the Trademarks Act, 1999.

<sup>5</sup> Section 9(2)(c) of the Trademarks Act, 1999.

<sup>1</sup> Section 9(2)(d) of the Trademarks Act, 1999.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 6 REGISTRATION OF TRADEMARKS**

#### **6.6 How to test similarity/confusion?**

---

Existence of similarity between a claimed mark and an existing mark is a relative ground for refusal of registration. Hence, similarity needs to be assessed and established before rejecting the application. In this connection, there arises a question with reference to how similarity could be assessed and what factors need to be considered while assessing similarity. Often courts have looked into this aspect and laid down guidelines in this respect. In *Pianotist Company Ltd Application*<sup>2</sup> the court happened to address the issue of testing similarity between two marks. The court viewed that there are various factors which need to be considered while assessing similarity. In particular, similarity should be assessed after considering:

- (a) The look and sound
- (b) Nature and kind of the customer
- (c) Surrounding circumstances
- (d) What likely to happen if two marks are in use in the normal course of trade
- (e) Impression that the above factors leave on the status of the mark

Perhaps, the status of the consumer is a very important factor in determining the similarity. A socially forward and literate consumer might have lesser chances of getting confused or deceived compared to that of a socially backward and illiterate consumer. When there is similarity there could be confusion in the minds of the consumer with reference to the original goods, quality and the source. If the consideration of the above factors leaves an impression that there is a similarity and likelihood of confusion registration may be refused.

<sup>2</sup> 1996 23 RPC 774.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 6REGISTRATION OF TRADEMARKS**

#### **6.7 How similarity arises?**

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Assessment of similarity needs knowledge on what causes similarity and what makes the consumer to get confused. In *Punjab Tractors Ltd v Promod Kumar Garg*<sup>1</sup> the held that similarity and confusion depends upon several factors and in particular similarity and confusion might arise because of:

- The identity of the marks
- The identity of the goods and service or
- The trade connection between the goods and services
- If the marks are identical and the area of business is similar, if the goods and services are similar, than there is a likelihood of confusion

##### **6.7.1 Similarity in case of identical marks but area of business is different**

---

Sometimes it happens that marks may be similar or identical, but area of business would be different. The type of goods, consumer base and market would also be different. In such cases would there be any possibility of confusion in the minds of the consumer with reference to the origin of the goods. Section 11(2) of the Act speak about similarity and confusion in the above circumstances. It is categorically said under the section that; if the earlier mark is well known mark in India if the use of the later mark would take unfair advantage of or to be detrimental to the distinctive character or reputation of the earlier mark registration for the later can be refused. Therefore, even if the area of businesses, type of goods and even the consumer base is different there still is possibility of confusion and ambiguity in the minds of consumer who might have an impression that the owner of the well-known mark has ventured in the new business and is producing new type of goods.

##### **6.7.2 How to assess the mental status of the consumer**

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Along with the assessment of similarity it is equally important to assess the mental status of the consumer. In *Smith Hydens's Application*<sup>2</sup> it was held that; in a normal and fair manner of trade and commerce if the court is satisfied that usage of a mark leaves a reasonable likelihood of confusion or deception amongst substantial number of persons such marks cannot be registered. Perhaps, the mental status of the substantial number of persons decides the confusion and ambiguity caused by the identical mark. Therefore, assessment of mental status of the consumer depends upon the impression the alleged mark has left on the substantial number of persons or consumers. Further in *Amrithdhara v Lakshmanadhara*<sup>1</sup> the Supreme Court of India viewed that the two marks "Amrithdhara" and "Lakshmanadhara" are similar both phonetically and structurally. It was further held that when there is clear evidence with regard to the similarity there is every chance of likelihood of confusion and registration shall not be granted for such marks. Perhaps, existence of similarity would lead to confusion and ambiguity thereby rendering the mark ineligible for registration. The Trademark Law intends to serve the interest of the consumer in ensuring the use of marks which are not similar or identical. The law intends to avoid confusion and ambiguity in the minds of the consumer with reference to the origin and source of the

goods and as well quality. There are certain absolute grounds on the basis of which registration could be refused. There are certain relative grounds which on further proof could be a reason for refusing the registration. On the same lines, marks which are otherwise prohibited under any other law including the copyright law and the marks which cause copyright violation could also be refused registration.

### **6.7.3 Opposition proceedings and Registration of trademark**

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Once the application crosses the stage of scrutiny and examination the next stage would be that of publication of the claimed trademark and opposition proceedings. The applications would be accepted after assessing the validity of the claimed mark and after searching the existence of any registered similar or identical mark. The accepted applications would be published for inviting the oppositions to the registration if any. If there are no oppositions registration would be provided. If there is any opposition the registry would conduct the opposition proceedings<sup>2</sup> and hear the parties. The opposition proceedings will have to be disposed off before taking a decision on either registering or not registering the trademark. Registration of trademark takes place after the completion of the opposition proceedings.

<sup>1</sup> 2000 PTC 260 (Del).

<sup>2</sup> (1946) 63 RPC 97.

<sup>1</sup> AIR 1963 SC 449.

<sup>2</sup> Opposition proceedings are conducted in the manner in which a civil court conducts its proceedings.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 6 REGISTRATION OF TRADEMARKS**

#### **6.8 Publication of the application**

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Application for trademark registration once accepted will be published in the official gazette of the trademark registry. All the accepted applications claiming valid trademarks will be published. It is mandatory that application shall be published before registration to provide opportunity to the interested persons to oppose the registration.<sup>3</sup> Any interested party who thinks that the claimed trademark shall not be registered can file objections or initiate opposition proceedings. Opposition shall be based on certain valid grounds as provided under the trademark Act. Person filing opposition shall prove the reasons against registering the mark beyond doubt. The onus would lie on the one filing opposition. If the party filing the opposition proves why the mark shall not be registered with valid reason, then the onus of rebutting the same would be on the applicant.

##### **6.8.1 Who can file application for opposition?**

---

In fact there is no eligibility or suitability requirements for filing opposition to the claimed mark. Any person with or without personal interest in the claimed mark can file opposition. Filing of opposition would be in the public interest to ensure the rights of the persons who are eligible for protection and as well protecting interest of the consumer who would be affected with the registration of the claimed trademark. In general the following persons can file opposition:

- Registered owner
- Person claiming to be the proprietor of a trademark<sup>1</sup>
- Registered user,
- Authorized agent,
- Licensee<sup>2</sup>
- Customer or Purchaser
- General Public who are likely to be affected

In *PN Mayar v Registrar of TM*<sup>3</sup> while discussing on who can file objection to the registration of trademark the court held that; it could be anybody who is interested in filing such objection can file objections. The owner of the trademark who alleges that his or her mark is being claimed for the proposed registration, the registered user, agent, assignee or licensee who is already using the same mark which is being claimed for registration or a similar or identical trademark can initiate opposition proceedings. Any person who intends to prevent duplication of trademark and protect the interest of the parties concerned can file opposition. Here, any person may include: prior registered owner, customer or purchaser or a member of public who is likely to use goods and services on which the mark would be used or being used.

##### **6.8.2 Can an association or union or file opposition?**

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With reference to who can file opposition it is not necessary that a person who files opposition be a natural person. An association or union or a group and such other artificial persons can also file opposition against registration of a trademark. In *Kedarnath Gupta v JK Organization*<sup>4</sup> the issue before the court was whether a person filing opposition need be a natural person or could it include artificial personality such as association or union or group. In the instant case a trade union filed opposition to the registration of trademark. The application was for trademark "JAY KAY" filed by Kedarnath. Whereas, a trade union (JK Organization) a non-profit organization filed opposition. The Court took the view that; proprietor of the mark can file opposition; an aggrieved party can also file opposition. Meanwhile, it is not necessary that opponent should always be the registered owner or the aggrieved party. It is not required that opponent should be a natural person. An artificial personality such as a group or association or union or general public with or without personal interest can file opposition. At the same time, it was also held that there is no prohibition from filing opposition by a person or association without being an aggrieved party or without any personal interest. What is necessary is the existence of substance in the opposition but not the status and standing of the opponent.

<sup>3</sup> TRIPS Article 15(5).

<sup>1</sup> Section 18 of the Trademarks Act, 1999.

<sup>2</sup> Ibid, section 56.

<sup>3</sup> AIR 1960 Cal 80.

<sup>4</sup> 1998 PTR 15 (Del).

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 6 REGISTRATION OF TRADEMARKS**

#### **6.9 Opposition procedure**

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Any person who intends to oppose trade mark registration shall have to give "notice of opposition" to the Registrar of trademark in writing within three months from the date of advertising. The Registrar is obliged to serve a copy of notice to the applicant. The applicant shall have to file counter statement within two months from the date of receipt of copy of notice of opposition. Failure on the part of the applicant to file counter statement in two months renders his application abandoned. A copy of the counter statement shall be served on the opponent who has initiated the opposition proceedings. Both the applicant for the trademark and the opponent shall adduce evidence regarding their respective cases along with affidavits to the Registrar.<sup>1</sup> The Registrar shall have to conduct a hearing of both the parties and provide chances of examination and cross examination. While conducting opposition proceedings the Registrar will have the powers of civil court. Meanwhile, the Registrar himself may raise objection either on the basis of oppositions filed or on his own, which shall be communicated to the applicant of trademark. The applicant will have to respond to the objections raised by the Registrar and defend his application.

<sup>1</sup> Section 129 of the Trademarks Act, 1999.



## **Part I LAW OF TRADEMARKS**

### **CHAPTER 6 REGISTRATION OF TRADEMARKS**

#### **6.10 Adjudication of the opposition proceedings and registration**

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The proceedings before the trademark registry are governed by the Principles of natural justice. The opposition proceedings would also be conducted according to the principles of natural justice. Further the rules and regulations made under the Trademarks Act, 1999 would also govern the opposition proceedings. At the same time the factual circumstances and the merits of the case would play an important role in the opposition proceedings. Inferences would be drawn on the evidence adduced by the parties during the hearings. In *Pharamedia TM Application*<sup>2</sup> it was observed that the opposition proceedings of a trademark application serves not only the interest of the opponent but also the interest of the public. There is a fair chance that during opposition proceedings mark which does not deserve protection, which might deceive or confuse public, be identified. Therefore, the motive of the opponent is not relevant but the merits of the case are important. To assess the merits of the case both the parties shall be given a fair chance of being heard and to present their case. The registry shall follow the principles of natural justice in conducting the proceedings of the opposition while taking a note of the surrounding circumstances of the case. From the decision of the registrar in disposing the opposition proceedings an appeal may lie to the IPR appellate Board. At the disposal of the opposition proceedings if went in favor of the applicant on the satisfaction of the statutory norms the Registrar confirms the registration and issues a certificate of registration to the applicant. Certificate of registration is evidence and is a document regarding the ownership or proprietorship of the trademark which is admissible before the court of law as evidence. From the decision of the registrar in granting registration an appeal may lie to the IPR Appellate Board. From the decision of IPR Appellate Board appeal may lie to the High Court and from there to the Supreme Court.

<sup>2</sup> 2000 RPC 536 (542).

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 6REGISTRATION OF TRADEMARKS**

#### **6.11 Register of trademarks**

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Upon the completion of opposition proceedings the claimed trademark will be registered in the name of the applicant. With reference to the registration entries would be made in the register of trademark. The register of trademark would be kept at the trademark offices at Mumbai, Delhi, Chennai, Kolkata and Ahmedabad. The entries made in the register would be evidence with respect to the proprietary rights of the owner of the trademark. In case of any court proceedings and litigation the contents of the register could serve the purpose of documentary evidence alongside the certificate of registration. Any transaction with respect to the use and exploitation of the trademark would be mentioned in the register. The name, address and details of the owner of the trademark, the information regarding the authorization given to the agent if any for the use of the trademark would be mentioned in the register. At the same time information regarding licensing and assignment of trademark the names and addresses of the licensee, assignee and the duration of such license or assignment would be mentioned in the register. For any reason at any time if the registration is suspended, revoked the same would also be mentioned in the register of trademark. To put it in simple sense every transaction with reference to the use, exploitation, possession of the trademark would find a mention in the register. The Act<sup>1</sup> talks about the contents of the register. In general, following are the contents of the register.

- Specimen of the trademark registered
- Official serial number allotted to the mark
- The date of registration
- The name/s and address of the owner/s
- Address of service for service in case of foreign proprietors
- Description and class of goods/services in relation to which the mark is registered
- Conditions and limitations imposed if any
- Note of assignments/licensing if any
- Note of transmission/transfer if any
- Note of authorization to use/agents if any
- Names of the people who are registered users of the mark
- Note regarding renewal of registration
- Note regarding revocation proceedings
- Note regarding the infringement proceedings
- IPR appellate Board<sup>1</sup> directions if any
- High Court Directions<sup>2</sup> if any
- Non use/surrender of the mark

- Note regarding review proceedings

- 1 Section 6 of the Trademarks Act, 1999.
- 1 In case where the aggrieved party had approached the Intellectual Property Appellate Board (IPAB) for necessary directions.
- 2 If over and above the IPAB directions the aggrieved party had approached the High Court for further suitable directions.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 6REGISTRATION OF TRADEMARKS**

#### **6.12 Property in a trademark**

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A trader acquires a right of property in a distinctive trademark merely by using it upon or in relation to some goods irrespective of the length of such use or the extent of his trade<sup>3</sup>. As between two who are each desirous of adopting the same mark it is entirely a question of who gets there first. Property in a trade mark which is only proposed to be used in relation to some goods can be obtained by registration<sup>4</sup>. There is no right to the exclusive ownership of a trademark apart from its use or application of it in connection with some vendible commodity. Property in a non-distinctive trade mark as for example a distinctive work, surname, geographical name could be acquired by the extensive use of mark in relation to some goods resulting in the goods becoming distinctive of other goods in the market. Property in a trade mark could be lost by non-use for a length of time or by unregistered piracy. In case of registered trade mark property in the mark could be lost for non-payment of renewal fee. Trademarks are considered as a form of (intellectual) property. *Entertainment Network (India) Ltd v Super Cassette Industries Ltd*<sup>5</sup> The bench comprising of Justices Dalveer Bhandari<sup>6</sup> and Mukundakam Sharma while asking the central government to ensure that there was no unauthorised construction of temples, churches, mosques and gurdwaras on public streets or public places viewed that; since Article 300A provides for property rights it is required to control unauthorised constructions and properties. Particularly as religious constructions would involve sentiments it would be a very sensitive and sentimental issue to be dealt with. Therefore, the government shall ensure that on the public roads and public places there are no unauthorized constructions belonging to any specific religion. It will be more difficult deal with in the case of "Intellectual Property" as it is not tangible. If any unauthorised constructions involving intellectual property rights would give rise to serious consequences since intellectual property rights are well protected under Article 300A of the constitution of India. In the above case the honorable Supreme Court of India had taken note of the constitutional background of the intellectual property rights by reading the term "property" under the Article 300A of the Constitution to encompass and include "intellectual property" as well. Therefore, it can be said that intellectual properties such as trademarks are considered as property and are provided protection under the constitution. The justification for the property and proprietary rights in any given trademark would stem from the Article 300A of the Constitution of India. Since trademark is a property, it could be sold, purchased, assigned, and licensed in the lines of any other property. The very different feature of the trademark is that it is a symbol of goodwill. So the transfer of trademark requires much care and caution than that of the transfer of other properties. It is a very valuable asset in the field of business since it involves goodwill, reputation and the market. Reputation and goodwill could be earned only through hard work for years. Here we can appreciate the importance of trademarks by remembering the words "this hard-earned right is as important as money in the bank." Hence people are willing to invest large sums of money to acquire, assign or license trademarks. Protection of trademarks has always been safeguarded by the courts and the law in the interest of the business world as well as the consumer. The reforming of the laws with respect to trademark to meet the challenges of the technological business world is very much required and the same has been guaranteed by the international agreements like the TRIPS agreement.

<sup>3</sup> According to Trade and Merchandise Marks Act, 1958.

<sup>4</sup> Section 2(1)(m) of Trade Marks Act, 1999.

- 5 Vide decision of Supreme Court in Civil Appeal No. 5114 of 2005, decided on 16 May 2008.
- 6 Justice Dalveer Bhandari later acquired the distinction of becoming the Judge of International Court of Justice where he is currently serving.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 7 ENFORCEMENT OF TRADEMARK**

Protection and registration of trademark confers bundle of rights on the part of the owner. The owner can use and exploit this bundle of rights or can transfer the same to interested persons. Unauthorized use of the registered mark amounts to infringement and the same is determined after considering the similarity of the mark in the context, mental status of the consumer, psychological reaction of the consumer and the surrounding circumstances. Either the owner or the one to whom<sup>1</sup> the rights over the mark are transferred can file suit for infringement. However, every unauthorized act may not amount to infringement and there are certain defenses recognised under the act in case of alleged infringement. The defendant can claim these defenses in infringement proceedings. The conduct of the trademark owner and the intent of the defendant with reference to the registered trademark owner would be considered in disposing the infringement proceedings.

<sup>1</sup> Licensee, assignee, agent or the representative can also file the suit for infringement.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 7 ENFORCEMENT OF TRADEMARK**

#### **7.1 Rights conferred on registration**

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There are certain rights that the registration and use of the trademark ensures. Such rights would form the exclusive zone of the owner. Registration of trademark and as well as use of trademark without any interruption continuously would vest a bundle of rights on the part of the owner. Registration confers ownership on the applicant. Ownership vests proprietary rights on the owner. These proprietary rights bestow the owner with exclusive monopoly over the trademark. The exclusive rights involve two different rights. One is right to exclusive use of the trademark and the second is prohibiting the others from using the trademark. Prohibition does involve claiming remedies against violation of the exclusivity. The owner would have exclusive monopoly on the exploitation of rights on the trademark. In general the following are the rights conferred on the owner of trademark:

- Right to exclusive use of the trademark
- Applying it on the goods and services
- Transfer the rights on the mark
- Assigning (with or without goodwill)
- Licensing
- Authorizing somebody to use the mark

It is not necessary that the owner of the trademark shall use the trademark. The owner of the mark can authorize some interested party to use the mark on his behalf. Perhaps, the mark can be licensed or assigned to an interested party. Authorization of the use of the mark, licensing of the mark or the assignment shall be registered with the registry of the trademark. Registration of the mark is with reference to a particular set or class<sup>1</sup> of goods or services. Hence, the mark shall be used only on such goods and services for which it is registered. Exclusive monopoly on the mark is only with reference to the specific goods or services for which it is registered. Therefore, it goes without saying that all the rights<sup>2</sup> that the registration confers is with reference to only a particular type of goods or services. In case of the death of the owner the legal representatives would have the rights over the mark. On the death of the owner the rights would pass on to the heirs of the owner which is called as transmission of rights. If the owner of the mark is no more interested in possessing the mark the same could be surrendered. The registered trademark can be surrendered by the owner at any time. On the same lines the registration can be revoked by the registry in the public interest. Besides, the right on the mark could be temporarily suspended. In such cases the owner of the mark would lose proprietary ship over the mark. Any violation of the rights with reference to the mark during the time when the registered mark is surrendered or when the registration is revoked or when the rights on the mark are temporarily suspended would not constitute infringement.

<sup>1</sup> Goods and services have been classified under different classes for the purpose of providing registration of trade-marks on the goods under the Trademarks Act, 1999.

<sup>2</sup> Article 16 of the TRIPS agreement talks about rights of the owner of the trademarks.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 7ENFORCEMENT OF TRADEMARK**

#### **7.2 What is infringement?**

---

Infringement means unauthorized use and exploitation of a registered mark. Violation of rights conferred on the owner of the trademark would also constitute infringement. Section 29(1) of the Trademark Act talks about infringement with reference to a registered trademark. According to the above provision of the Act, a registered trademark is infringed by a person who not being a registered proprietor or a person using by way of permitted use, uses in the course of trade, a mark which is identical with or deceptively similar to the trademark in relation to goods and services for which trademark is registered. Precisely, infringement means the use of trademark by the one who is not permitted to such use. In *Indian Performing Rights Society Ltd v Sanjay Dalia*<sup>3</sup> it was held that; section 134(2) of the Trademarks Act, 1999 provides to ensure that the proprietor of the Registered Trademark does not have to face the inconvenience in suing the infringer at the place of their residence/business and can sue at the place and residence of the Trademark owner. It would mean that the courts located in the business place or residence of the owner of the trademark would have jurisdiction to entertain the infringement suits. Other way round it can be said that the owner who is alleging the infringement of his or her trademark will have to file suit against infringement at the court located in his or her place of residence or business place.

<sup>3</sup> (2015) 10 SCC 161.



## **Part I LAW OF TRADEMARKS**

### **CHAPTER 7 ENFORCEMENT OF TRADEMARK**

#### **7.3 What constitutes infringement?**

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Infringement is a matter of fact as well as a matter of law. It is a factual violation of rights of somebody which leads to the application of law to ensure remedies to the owner of the rights for violation. Any act which goes against the fullest enjoyment of the rights of the owner of trademark does constitute infringement<sup>1</sup> of trademark. There are certain ingredients of infringement which are as follows:

- Using the mark in whole
- Taking its essential features with additions or alterations
- Using a similar or identical mark
- Using the mark in regular trade similar to that of the registered trademark owner
- Using the mark in respect of similar goods and services

In *DM Entertainment v Baby Gift House*<sup>2</sup> it was taken a view that; section 29 of the Trademarks Act, 1999 (hereinafter the Act) lays down the aspects of infringement of trademark. It elucidates that a when a person is using, in course of trade any mark, which is identical or deceptively similar to a registered mark and which he is not entitled or licensed to use shall be deemed to infringe onto the rights of the person who has the lawful right over the mark.

<sup>1</sup> Section 29(1) of the Trademarks Act.

<sup>2</sup> MANU/DE/2043/2010.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 7ENFORCEMENT OF TRADEMARK**

#### **7.4 Who can file suit of infringement?**

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After having discussed what infringement is and what constitutes infringement, it is pertinent to know who can initiate infringement proceedings<sup>3</sup>. The infringement proceedings could be instituted by filing a suit before the court of law. The following persons can file suit for infringement.

- Proprietor/Owner
- Assignee
- Exclusive Licensee
- Agent
- Representative
- Registered user

Along with the owner of the trademark, the assignee, exclusive licensee, agent, and user can file suit for infringement. However, if the trademark is licensed to few different persons, the licensees cannot file suit for infringement. In such cases the owner will have to file the suit. However, if the owner of the trademark is not willing to file the suit, the licensees together can initiate the suit. In case of the death of the owner the legal representatives can file the suit for infringement. The suit for infringement shall be filed in the appropriate forum. The appropriate forum for initiating infringement proceedings would be a court not below the rank of District Court. From the decisions of the District Court the appeal may lie to the High Court and the Supreme Court.

<sup>3</sup> IPAB does not have jurisdiction on the infringement of trademarks and related matters.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 7ENFORCEMENT OF TRADEMARK**

#### **7.5 Determination of infringement**

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Once infringement proceedings are instituted the first task before the court would be to assess the "*locus standi*" of the person who has instituted the proceedings. The second task would be to determine whether there is any infringement. Thirdly if infringement is determined, identify the possible remedies for the same. In *Durga Dutt Sharma v Narayan Pharmacy Laboratories*<sup>1</sup> determination of infringement was discussed. It was held that the test of infringement was to assess and identify if there is any similarity between the registered mark and the alleged mark by following rules of comparison. The rules of comparison postulate for:

- Comparing the marks visually, phonetically and conceptually
- Comparing the exact words, letters and numbers used in the mark
- Comparing the business and goods of the parties

It was viewed that where the two marks are identical or similar, infringement is made out and no further question arises. If there is no similarity even the near resemblance could constitute infringement provided there is a likelihood of deception or confusion. In *Hoffmann La Roche & Co v Geoffrey Manner & Co Pvt Ltd*<sup>2</sup> the court happened to compare the marks "PROTOVIT" and "DROPOVIT" While comparing the marks the court viewed that;

- While determining the infringement two marks must be compared both by look and by their sound
- The goods on which the mark is applied to be considered
- The nature and kind of customer who would be likely to buy those goods needs to be considered
- Surrounding circumstances which have contributed to the case needs to be considered
- What would happen if mark is used simultaneously with the similar registered mark shall also be considered

After all this if you come to a conclusion that there is a likelihood of confusion and deception in the minds of the public by the use of such mark it may be determined that the defendants act constitute infringement. Further, in *Ruston & Hornby Ltd v Zamindara*<sup>3</sup> the court opined that the test of infringement is same as that of passing off. It is to be noted that infringement is an action

against violation of rights on a registered trademark and passing off is an action against violation of rights on an unregistered trademark. While comparing the issues in case of infringement and passing off, the court categorically stated the following.

*In case of passing off, the issue is:*

Whether the defendant is selling goods as to be leading the purchasers to believe

that they are the goods of a reputed trader.

- Whether there is any deception or confusion resulting from such impression and belief.

*In case of infringement the issue is:*

- Whether the defendant is using a mark which is similar or identical to a registered mark.
- Whether there is proof of the effect of the use of similar or identical mark.

Perhaps, proof of deception or confusion is irrelevant as long as there is proof to the effect that the mark is similar or identical. The mental status of the consumer and their psychological reaction to the identical and similar marks is important in testing the infringement or passing off.

<sup>1</sup> AIR 1965 SC 980.

<sup>2</sup> AIR 1970 SC 2062.

<sup>3</sup> AIR 1970 SC 1649.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 7ENFORCEMENT OF TRADEMARK**

#### **7.6 Defenses in case of infringement**

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The defendant in the infringement proceedings can have certain defenses. The Trademarks Act under section 30 to 35 talk about the defenses that are available for the defendant in the infringement proceedings. The defendant can claim against the leveled infringement action by the trademark owner. There are various grounds on the basis of which the defendant can counter claim against the alleged infringement. These grounds form the defenses for the defendant. The following are the grounds of defense:

##### **7.6.1 Fair use of the mark**

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If the use of mark is permitted under the Act it amounts to fair use of the protected mark. Fair use could be for study or research or for any non-commercial purpose. Fair use or permitted use of the mark is a valid defense in the infringement proceedings.<sup>1</sup>

##### **7.6.2 Generic mark**

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If the protected mark has become generic or common in the course of trade and commerce, it would be a valid ground of defense in infringement proceedings. On generic marks or mark which is commonly used in trade one cannot have monopoly and therefore, question of infringement does not arise.

##### **7.6.3 Prior use of the trademark**

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If the defendant in the infringement proceedings is a prior user of the registered trademark, the same would be a valid defense for the defendant.<sup>2</sup> In *Kisan v Punjab Food*<sup>3</sup> it was held that if the defendant is using the mark prior to the registration by the plaintiff, his continuation in using the mark does not constitute infringement.

##### **7.6.4 Concurrent registration of trademark**

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If the defendant has concurrently registered the trademark which is being registered by the petitioner, the defendant also being the registered owner of the mark can claim against the infringement proceedings. In *Second Sight Ltd v Novell UK Ltd*<sup>1</sup> the opined that prior concurrent registration is a valid ground for defense in case of infringement proceedings.

##### **7.6.5 Invalid registration**

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The defendant can counter-claim invalidity of the registration of the trademark. At the same time, revocation of the registration can also be claimed by the defendant. If the registration of trademark of the petitioner in the infringement proceedings is invalid or if the same is revocable it would be a valid defense in infringement proceedings.

##### **7.6.6 Use is with the consent of the owner of the trademark**

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Use of the mark with the consent of the owner would be a valid defense. If the defendant has obtained the consent of the owner before using the mark, later the owner cannot claim infringement of the trademark.

### **7.6.7 The use is bona fide use<sup>2</sup> of the defendants own name**

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Everybody would have natural and *bona fide* right to use their personal name in their business. *Bona fide* use of personal name could be a valid defense in infringement proceedings. In *Baume v Moore*<sup>3</sup> the above issue came for discussion where in the court held that; the mere fact that a trader is using his own name which too closely resembles a registered trademark does not prevent the user from being a *bona fide* user provided he honestly thought that no confusion arise and he has no intention to divert the business

### **7.6.8 Defendant is innocent and unaware of the registration by the proprietor**

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Innocent use of a registered trademark without any knowledge about the registration of the mark could be a valid defense. Here, innocence shall be proved and established before the court of law.

### **7.6.9 Alleged act is not infringement**

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If the alleged act does not amount to violation of the rights of the owner the same could be a valid defense. However, the same shall be proven and established beyond doubt by the defendant

### **7.6.10 The plaintiff is not entitled to file the suit**

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The owner or user of the trademark sometimes becomes ineligible to institute infringement proceedings. There are certain reasons why the petitioner becomes ineligible or not entitled to file suit for infringement, which are as follows:

- The owner is not using the trademark
- The petitioner is not authorized by the owner eligible to file the suit
- His conduct amounts waiver of his rights<sup>1</sup>

The owner of trademark may lose the proprietorship over a trademark by non-use. Continuous non-use for 5 years makes a registered trademark owner to lose proprietorship, since trademark is protected on the basis of use. In *Khoday's Distilleries Ltd v The Scotch Whisky Association*<sup>2</sup> these issues came for discussion. Going by the facts of the case "PETER SCOT" registered trademark of Khoday's since 1968. Defendant's producers of Scotch whisky filed suit against khoday's after 14 years from the date of registration and use of the mark by Khoday's. The issues before the court were as follows:

- Whether delay in approaching the appropriate forum makes a trademark owner to lose right to file infringement suit
- Whether delay on the part of the trademark owner is a ground of defense in infringement proceedings
- Whether principle of acquiescence is applied in case of delay
- Whether acquiescence amounts to consent

It was viewed that according to the doctrine of "principle of acquiescence" knowingly if not intentionally allowing somebody to invade the rights of oneself amounts to acquiescence or consent. Conducting oneself in a way which signals waiver of one's rights on something owned is consent for use and exploitation of such rights. In view of the fact that there was a delay of 14 years in filing the suit for infringement, the court held that delay on the part of the trademark owner in moving the court is a good ground of defense. Besides, if the owner knowingly allows somebody to use his trademark in a way hinting at the other part to gain an impression that the owner has no objection or he has waived his rights would amount to consent and in such circumstances the owner loses his rights on trademark. The principles of acquiescence could be applied in such cases and the same could be a valid defense in infringement proceedings.

- 1 Section 30 of the Act considers permitted use as a ground for defense.
- 2 Section 34 of the Act talks about the defense of prior use of the trademark.
- 3 AIR 1983 Del 387.
- 1 1995 RPC 423.
- 2 Section 35 of the Act.
- 3 1957 RPC 226.
- 1 Acquiescence under section 33 of the Act.
- 2 MIPR 2008 (2) SC 253.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 7 ENFORCEMENT OF TRADEMARK**

#### **7.7 Passing off: Basic elements**

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No man is entitled to represent his goods or business as being the goods or business of another. A trader is not permitted to use any mark, device or other means whereby although he does not make a false representation to a direct purchaser of his goods, he enables such a purchaser to make a false representation to the ultimate purchaser of goods. False representation of goods or using unfair means to obtain business gains is not permitted. Passing the goods and services by falsely representing them as the goods and services of some reputed business man or trader is known as passing off. The individual who does pass off the goods with false indication or representation intends to cash the reputation, name, fame of the established trader and gain advantage of the consumer base. Passing off is an unfair act and is punishable under the common law. There are certain remedies prescribed under the common law for passing off. The act of passing off to be punishable shall have certain basic elements. These elements form the basic fabric of passing off which intends to use the name and fame of an established trader. According to Lord Diplock as he observed in *Ervin Warnick v Townend & Sons Ltd*<sup>1</sup> passing off must have the following elements.

- Misrepresentation
- It must have been made by a trader in course of trade
- to the customer or to the prospective customer
- Which has caused some confusion or deception in the minds of the consumers
- Resulting in some injury or loss to the goodwill or reputation of the trader
- Making the trader to suffer some damage to his business.

<sup>1</sup> 1979 AC 731.



## **Part I LAW OF TRADEMARKS**

### **CHAPTER 7 ENFORCEMENT OF TRADEMARK**

#### **7.8 What constitutes Passing Off?**

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Passing off is done to gain advantage of the established consumer base and good will of the trader. Therefore, nobody would intend to pass off their goods and services in the name of a trader who does not have goodwill or does not have established consumer base. Hence, the one claiming against passing off shall have established consumer base, goodwill and reputation which has been misused and misrepresented by the one who has done the act of passing off. Passing off act can only be done in case of such established trader. In *Reckitt & Colman v Borden*<sup>2</sup> the issue with regard to what constitute passing off was discussed and it was held that to constitute passing off there must be:

- established goodwill of a trader
- Misrepresentation by somebody
- Damage to the trader
- Likelihood of deception and confusion among the consumers

The plaintiff shall establish that there would be irreparable damages if the alleged act of passing off is not stopped. Such damage must include erosion of goodwill established by the plaintiff, loosing of consumer base etc. At the same time the plaintiff shall establish that from the angle of public also the act of passing off would cause confusion and deception which would defraud the consumer and the public. In such circumstances the law courts generally grant injunctions against misrepresentation of the trademark and the plaintiff would have strong case of preventing the misrepresentation and obtaining suitable remedies

<sup>2</sup> 1990 RPC 341.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 7 ENFORCEMENT OF TRADEMARK**

#### **7.9 Passing off: Invasion of proprietary rights**

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Selling the goods by misrepresentation or under the pretence that they are the goods of another man constitutes an invasion of proprietary rights vested in the plaintiff. If the plaintiff goods have acquired a reputation in the mark and are known for some distinguishing feature misrepresentation would damage such reputation. In *Reddway v Banham*<sup>1</sup> it was viewed that a trader cannot represent his goods as belonging to somebody else, by use of any mark, name, sign, and symbol or by any other means. Such representation would constitute invasion of proprietary rights of the established trader. The law of passing off recognizes the unfettered rights of the trader who has established credible goodwill and reputation through hard work and skill among the consumer. Law recognizes the proprietary rights of such established trader in terms of using a specific mark or symbol on the goods and services. Such credibility would be damaged and the proprietary rights would be violated if anybody misrepresents the symbol or mark of such established trader.

<sup>1</sup> (1986) 13 RPC 218.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 7ENFORCEMENT OF TRADEMARK**

#### **7.10 Modes and types of Passing Off**

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There are various modes and types of passing off. According to P Narayanan<sup>2</sup>, famous writer on Trademark Law passing off is committed in different modes. The following are few examples among such modes.

- False representation
- Adoption of a trademark either in whole or in part
- Colorable reproduction of trademark
- Copying the label, scheme or get up of the mark

Meanwhile, there are various types of passing off recognised under the common law which takes into account different types of misrepresentation of marks and symbols of an established trader. The following are the examples of the types of trademark:

##### **7.10.1 Contributory passing off**

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Contributory passing off does not involve use of some established trademark or misrepresentation but it involves assisting or aiding somebody to use the established trademark and pass off his goods as of some reputed trader. By aiding the false use or misrepresentation the defendant contributes to the act of passing off.

##### **7.10.2 Reverse passing off**

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In general passing off involves passing the goods as if they belong to a reputed trader. In case of reverse passing off it involves passing somebody else's goods as his goods. Reverse passing off is also equally punishable.

##### **7.10.3 Passing off in regular sense**

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It is passing off in general sense involving passing off one's goods or services as of belonging to some reputed trader. It is the most common type of passing off involving misrepresentation and false indication.

<sup>2</sup> P Narayanan is a credible and established author in India on Intellectual Property law more importantly Trade-mark law and Patent law.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 7ENFORCEMENT OF TRADEMARK**

#### **7.11 Factors relevant while deciding passing off**

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Passing off is a matter of fact and is determined on the basis of facts proven on the basis of factual circumstances. The actions for passing off seeking suitable remedies are adjudicated on the basis of the factors which underline the act of passing off and their implications on the business of the trader. There are certain factors which are relevant while considering passing off actions. In *Combe v School*,<sup>1</sup> the court happened to address the issue of determination of passing off and the role played by the factual circumstances in deciding passing off. It was viewed that the following factors would play a vital role in deciding passing off.

- Status of plaintiff in the business
- Goodwill and reputation of the plaintiff
- Was there any delay in approaching the court of law
- Status of the consumers
- Nature of defendants act: was it intended to deceive the consumer and the trader

Implications of passing off would depend upon various social factors including the status of the consumer, trader and the intention of the one using false indications. The social status of the consumer their awareness would be an important factor. In a socially backward society possibilities of deception and confusion are more when compared to a socially forward society. In *Sun Pharmaceutical Industries Ltd v Anglo French Drugs and Industries Ltd*,<sup>2</sup> it was stated that; in an action for passing off on the basis of unregistered trade mark generally for deciding the question of deceptive similarity the following factors to be considered:

- (a) The nature of the marks i.e. whether the marks are word marks or label marks or composite marks, i.e. both words and label works.
- (b) The degree of resemblances between the marks, phonetically similar and hence similar in idea.
- (c) The nature of the goods in respect of which they are used as trademarks.
- (d) The similarity in the nature, character and performance of the goods of the rival traders.
- (e) The 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) The mode of purchasing the goods or placing orders for the goods and
- (g) Any other surrounding circumstances which may be relevant in the extent of dissimilarity between the competing marks.

It was viewed that weight age to be given to each of the aforesaid factors depends upon facts of each case and the same weight age cannot be given to each factor in every case." It cannot lead to the conclusion that any slight resemblance of phonetic

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similarity between two marks would automatically satisfy the test of confusion to a man of average intelligence having imperfect recollection.

1 1980 RPC 1.

2 2015 (63) PTC 580 (Del).

## Part IILAW OF TRADEMARKS

### CHAPTER 7ENFORCEMENT OF TRADEMARK

#### 7.12 Passing off and the Trademarks Act

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Sections 27, 134 and 135 of the Trademarks Act refer to passing off. Section 135 which talks about trademark infringement also applicable to passing off actions. In *Teja Sing v Shanta Devi*,<sup>1</sup> it was viewed that passing off actions fall under the purview of section: 134 of the Act. In *Honda Motors Co Ltd v Charanjit Singh*<sup>2</sup> the court happened to address the issue of two trademarks which are similar. Honda motors are using "HONDA" as their trademark for their automobile products. The reputation and goodwill of HONDA is well known. Meanwhile, Charanjit Singh started using "HONDA" for his pressure cookers products. Plaintiff has instituted passing off action against Charanjit Singh. Charanjit Singh contented that he is using HONDA on totally different goods and the market is completely different, hence, it does not amount to passing off. The court after considering the:

- Status and goodwill of the Honda motors in the business
- Popularity and credibility of the trademark "HONDA" in the automobile business
- Status and acquaintance of consumers to the term "HONDA" to be associated with automobile company viewed that given the goodwill of the trademark HONDA which is very well established among the public which might tend the public to believe that HONDA company has ventured into new business or producing new products. Therefore, in the given case usage of same mark by the defendants even through for different product would constitute passing off. Accordingly an injunction was issued restraining Charanjit Singh from using the trademark HONDA. Further, in *DM Entertainment v Baby Gift House*<sup>3</sup> it was viewed that; The Act does not give a specific description of passing off as a result it has been derived through judicial precedents drawn from common law. Put simply, passing off would occur when the mark is not only being used deceptively similar to the mark of another but it is being used to create confusion in the minds of the consumer that results in the damage or loss of business for the person or company who/which is the lawful owner of the trademark

<sup>1</sup> AIR 1973 AP 51.

<sup>2</sup> (2003) 26 PTC 1 (Del).

<sup>3</sup> MANU/DE/2043/2010.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 7 ENFORCEMENT OF TRADEMARK**

#### **7.13 Remedies for infringement and Passing Off**

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There are certain remedies prescribed for the act of infringement and as well the act of passing off. Since the intention behind both the acts is similar that is to en cash the reputation and good will of the established trader and his mark to pass of wrong goods through false indication the remedies prescribed in both cases are similar. The common law prescribes remedies in case of passing off and the Trademarks Act prescribed remedies in case of infringement. Here the student of law will have to keep one thing in mind that is passing off takes place in case of unregistered trademarks having established goodwill and reputation and infringement takes place in case of registered trademarks with or without good will. Sections 134 and 135 of the Act talks about remedies in case of infringement and passing off. The following are the remedies prescribed.

- Injunction:
- Damages
- Accounts of profits
- Delivery of infringing labels and marks

In *Manus v Fulwood*,<sup>1</sup> it was held that if the infringement is proved on the establishment of loss suffered by the trademark owner damages or accounts of profits could be awarded. Further, in *Century v Roshan Lal*,<sup>2</sup> it was viewed that; the general rules governing the grant of injunction in trademark cases are based on the provisions contained in section 36 to 42 of the Specific Relief Act and

O XXXIX, rules 1 and 2 read with section 151 of Civil Procedure Code (CPC). Therefore while providing remedies in case of trademark infringement courts have to read sections: 134 & 135 of Trademarks Act with the above provisions of CPC and the Specific Relief Act. The law of passing off which is primarily based upon the court decisions has been well established. The Trademarks Acts also consider the established practices and guidelines of the courts in case of passing off. The courts do consider the practices and guidelines issued under the common law while deciding the trademarks infringement. In *Larsen and Toubro Ltd (L&T) v Lachmi Narain Trades*,<sup>3</sup> a permanent injunction was issued against the defendants from using any identical and similar trademark to that of Larson and Tubro in the forms of LNT ELNTEE and things like that. However, in *International Foodstuffs Co LLC v Parle Products Pvt Ltd*,<sup>4</sup> the Bombay High Court has recently refused to grant an injunction on trade mark infringement and passing off where the only basis for the application for injunction was the existence of phonetic similarity between the marks of the Defendants and the Plaintiff. The Bombay High Court observed that since phonetic similarity was the only basis of this action a strong *prima facie* case has not been made out and there are not sufficient grounds to warrant an injunction in favor of the Plaintiff. The common law and as well the Trademarks Act prescribes certain remedies in case of infringement of trademarks and as well as passing off. These remedies are prescribed in order to provide relief to the established trader and as well to permanently stop the violator from continuing the act of infringement or passing off. Violation of proprietary rights in case of registered trademarks and as well unregistered trademarks is prohibited under the common law and as well the Trademarks Act.

- 1 (1954) 71 RPC 243.
- 2 AIR 1978 Del 250.
- 3 2015 (64) PTC 386 (Del).
- 4 Notice of Motion No. 2624 of 2012 in Suit No. 2497 of 2012.



## **Part IILAW OF TRADEMARKS**

### **CHAPTER 8NEW AND INNOVATIVE TRADEMARKS**

In the recent past the field of trademarks<sup>1</sup> has witnessed considerable changes which are worth to be discussed. It is important to know about different trends in the field of trademarks which brought up new types of trademarks such as scent marks, collective marks, color marks, feel marks, certification trade mark, motion mark, shape mark, service mark, well known trade mark and so on. The Chapter attempts to throw some light on the new trends in the trademarks while emphasizing on the new and innovative types of trademarks. The adoption of the TRIPS agreement has recognized these new trends in the trademark fields with their relevance in the modern day business. There are certain marks which have influenced the present day business which runs on the basis of the representation made by the associated marks and the reputation and identification gained by those marks. The TRIPS agreement has mandated recognition and protection to these new trends<sup>2</sup> in the trademark fields. States with two hands welcomed the new trends by offering protection to these marks. India has made necessary changes in its trademark law to implement the mandate of the TRIPS agreement having ratified it. There are certain unconventional trademarks which are making the rounds in the sphere of trademark law which go beyond the current framework of trademark law both at national and international level. Probably in the days to come there could be some developments to assess and determine the possibility of offering protection to these non-conventional trademarks as well. Therefore here it is pertinent to know such new types of trademarks and the nontraditional or unconventional trademarks recognized all over the world due to innovative and new trends in the field of trademark. Let us discuss these new, innovative and non-traditional types of trademarks which have initiated new trends in trademark law one by one in some detail.

<sup>1</sup> A trade mark, or "mark" is any word, phrase, symbol, design, sound, smell, color, product configuration, letters, number, or combination of the above adopted and used by a company to identify its products or services, and also to distinguish them from products and services of others. In other words, Trademarks are valuable assets of the traders and businessmen as they identify themselves with the goodwill or reputation of the traders and businessmen. As the consumer becomes familiar with particular marks, trademarks will work as an indicator of quality. However marks often are categorized according to the type of identification involved.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 147.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 8NEW AND INNOVATIVE TRADEMARKS**

#### **8.1 Scent (Fragrance) marks**

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Scent<sup>3</sup> or perfume or fragrance generally attracts and impress one and all. Since human being can sense the fragrance or perfume which pleases and soothes them, using fragrance or perfume could be a good way to impress people while equally keeping oneself comfortable. In the commercial world where attracting consumer based on various reasons and measures is very important, application of perfume or fragrance representing goods and services could well get them near the consumer. Therefore, a particular type of scent or fragrance with can ideally represent a set of goods could well be a trademark provided it does satisfy other requirements of trademark law. Meanwhile, there is a requirement under the trademark law that the chosen mark should not essentially detail or describe the nature, content or characteristic features of the goods or services that it represents.<sup>1</sup> Descriptive trademarks are not considered as valid trademarks. In *Yorkshire Copper Works TM Application*<sup>2</sup> while discussing the nature and status of descriptive marks it was viewed that descriptive marks are not accorded the status of valid trademark. A mark which describes about the goods or services on which it is used are considered descriptive marks. These marks provide some information or some indication about the features or qualities of the mark. On the same lines if the fragrance is essentially from the content of the product it could very well describe the product. Therefore, applying the principle underling the descriptive trademark, fragrance which essentially makes out the product, its content and the function cannot be a valid trademark. Further, the scent or fragrance of the product was earlier never considered to have represented any product or business. However, in the changing times even the fragrance of the product could well be protected as a matter of brand image or trademark. In the year 1990 in *Re Clarke case*<sup>3</sup> the US patent and trademark office considered a particular type of scent as a valid trademark. The scent of plumeria added to swing thread was registered as valid trademark on the basis of its distinctiveness with other existing scents in the market and the established consumer base and the identification of the scent in the market. Likewise, fragrance or scent could well be a new and unconventional trademark.

<sup>3</sup> Scent mark is a very good marketing tool and strategy to attract consumers.

<sup>1</sup> David Vaver, Recent Trends In European Trademark Law: Of Shape, Senses and Sensation, 95, Trademark Reporter, p 85.

<sup>2</sup> 1954 RPC 150.

<sup>3</sup> 17 U.S.P.Q 2d 1238 (T.T.A.B 1990).

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 8NEW AND INNOVATIVE TRADEMARKS**

#### **8.2 Textile trademarks**

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A trademark used or proposed to be used in relation to textile goods is called as textile mark.<sup>4</sup> Usually numerals and letters are used as textile trademarks. Letters or numerals or any combination thereof could be registered as textile marks since they have the capacity to distinguish textile goods. In the fashion driven world textile products and costumes play a vital role representing individuals or entrepreneurs brand image and fame. That being the case there is a lot happening in the fashion industry to come out with new and innovative costumes and fabric which could present the new styles and images. Such innovative pursuits in the fashion industry where textile fabric innovation play a vital role could be well represented with textile marks. Sometimes a particular type of fashion or style in costumes in itself would become a brand image or trend. Such brands could be represented through a particular style of clothing or fashion in costumes. The marks which represent such fashionable textile fabrics or costumes could be deserving protection under the trademark law to represent a particular brand image. The one who intends to register the textile trademark representing a brand image will have to file an application designating claimed textile mark with the trademark registry. The procedure for registration of textile marks is similar to that of an ordinary or regular trademark. While deciding on the application for the registration of a textile mark the Registrar can hold two marks to be similar even if they satisfy the test under the relevant rules.<sup>1</sup> The textile mark should *prima facie* distinct from other marks. Use of heading is permitted in case of textile trademarks. Here heading means the lines, usually colored woven or printed at the end of the cloth sold in the piece. For instance, *Reid and Taylor, Grasim, Dinesh, Raymonds, Siyarams*, are the potential textile marks that textile industry is familiar with.

<sup>4</sup> Classes 22 to 29 of fourth Sch. to the Trademarks Act, 1999.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 148.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 8NEW AND INNOVATIVE TRADEMARKS**

#### **8.3 Color marks**

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According to the TRIPS agreement "color combinations",<sup>2</sup> shall be eligible for registration as trademarks although members may determine registration depending on distinctiveness acquired through use and members may require, as a condition of registration, that signs be visually perceptible. The Indian Trademarks Act<sup>3</sup> also ethos the same language with reference to color marks and color combinations as trademark. Perhaps, color can be easily identified whenever a particular color is continuously used on a particular set of products. Even an illiterate person who cannot read and understand the name of the marks, its bottom line or the information that it is providing, can very well follow the color of the product. Therefore, from the consumer's angle using a particular color or color combination could be consumer friendly and does not require much compatibility or literacy or awareness to follow the trademarks and to get the product that it is representing. For instance, the color blue would refer to "Pepsi Cola" in the cold beverages industry and color red represents Coca Cola. As the promos of Pepsi products are always appear and run in blue color or shades, blue has been identified to be associated with the Pepsi Company and its products among the masses. At the same time, promos of Coca Cola products are always appear and run in the red color or shades, red has been identified to be associated with the Coca Cola Company and its products among masses. On the similar lines, combination of red and white for Airtel Company, pink for Huch Company, Yellow for Idea, Blue for Reliance Company respectively identify and represent mobile services. Further, red color for Kingfisher airlines, blue for Indigo, blue, green and orange color combination for Indian airlines are the colors representing air line companies. In the field of sports and politics also color plays vital role in presenting the political parties and the sports teams and companies. Orange for Bharatiya Janatha Party, (BJP) Blue for Bahujan Samaj Party (BSP) Red for Left Front, Combination of Orange, white and green for Indian National Congress (INC) party are the representing colors which identify a particular political set up. In cricket, Indian cricket team is represented with Blue, Australia with Yellow, Pakistan with parrot Green, West Indies with dark Red, New Zealand with Black, South Africa with dark Green and so on. While in public senses, red color represents revolution, green for harmony white for peace and black for sadness in the general terminology since ancient times. Therefore, color and combination of colors has always been a good identifier which would potentially represent a particular idea or ideology since ages. Hence, color marks as business identifiers may not be a bad idea, if they could potentially represent goods and services.<sup>1</sup>

<sup>2</sup> Introduced under the Trademarks Act of 1999.

<sup>3</sup> Trademarks Act of 1999 which potentially replaces the old Trademarks Act of 1958.

<sup>1</sup> The requirements of trademarks law such as visual representation and description may not be smoothly made in case of color marks, since colours needs to be represented in graphical form and the description of the colors needs to be provided.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 8NEW AND INNOVATIVE TRADEMARKS**

#### **8.4 Collective marks**

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Collective mark means a trade marks that distinguish the goods or services of the members of an association of persons not belonging to a partnership firm. The association or the members of the association collectively own mark.<sup>2</sup> A trademark belongs to an individual, but a collective mark belongs to an association of persons not being a partnership firm. The members of the association are authorized to use the mark, governed by certain regulations and rules of the association to ensure certain consistent standards of genuineness and quality of the product concerned. Collective marks are very useful to persons who produce a particular agricultural product like basmati rice, Alfanso mangoes. Collective marks should satisfy the test of graphical representation, the test of capacity to distinguish and all other requirements, which are applicable to an ordinary trademark.<sup>3</sup> Collective marks are protected through registration. For registration application must be made in the prescribed form accompanied by the prescribed fee as prescribed under the Trademarks Act. The application should specify the persons authorized to use the mark, conditions with regard to the use of the mark and also the regulations of the association.<sup>4</sup> The Registrar may accept the application along with regulations, either unconditionally or subject to conditions. He may refuse to accept such regulations, which are open for public inspection. As the collective marks come within the scope of trade mark, all the infringement provisions of the trade mark apply to a collective mark also. Infringement of collective mark is dealt with in the same manner as it is done in case of infringement of trade mark. Revocation or cancellation of registered collective mark is done in the same way as it is done in the case of ordinary trademark. However following two special grounds are available for the revocation/cancellation of collective trademarks.

- The manner of use has been misleading the public.
- Failure of the proprietor to observe regulations governing the use of the mark.

<sup>2</sup> Introduced in the Trademarks Act, 1999.

<sup>3</sup> Sections 9, 10, 11 of Trademarks Act, 1999.

<sup>4</sup> Ibid, section 63(2).

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 8 NEW AND INNOVATIVE TRADEMARKS**

#### **8.5 Sound marks**

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Where the products and services are identified by means of an audio clip, the particular means of such identification could be a sound mark. In the case of sound marks, the commercial origin of products or services is achieved by means of specific sound or by means of an audio clip. Sound marks are not considered for registration uniformly in all the countries. Few countries do prefer to confer registration to and protect sound marks. The TRIPS agreement in its definition of trademarks states that trademark could be any sign capable of distinguishing goods and services.<sup>1</sup> Though explicitly the definition of trademarks under the TRIPS agreement does not talk or imply about sound marks, it is felt that since any sign could be a trademark, even the sign of sound could also be a potential trademark. The Trademarks Act of India also sounds the language of the TRIPS agreement while defining the scope and content of trademarks<sup>2</sup>. Perhaps, the acceptance of sound marks largely depends upon the consumer association and recognition. If the consumer does recognize a particular audio clip to represent and identify a particular set of goods or services, the mark is said to have gained the consumer acceptance. Generally, musical tones, ring tone, songs, noises, sound of desserts winds, sound of sea tides, sound of flowing water, sound of moving plants and leaves, sound of automobiles, etc., could well a sound mark. It could be any sound which could potentially identify a particular set of goods or services. For instance the audio clip of Ajanta watch is very famous and even an illiterate man can easily identify with the audio clip that an advertisement or promo of Ajanta watches is being played. On the same lines the audio clip of Air tel mobile company is also equally popular as a distinct sign representing the mobile services of Air tel company. Likewise there are various audio clips or sounds which potentially identify the goods and services which they represent. Therefore, uniqueness of sound marks, their reach and consumer identification is undisputed. However, sound marks considered to have certain technical limitation which needs to be looked into by the trademark authorities.<sup>3</sup> For instance description and visual representation may not be easily made in cases of sound marks.

<sup>1</sup> Therefore protection of sound trademark is left to and up to the member states of the TRIPS in accordance with their local legislation.

<sup>2</sup> The Indian Trademarks Act, 1999.

<sup>3</sup> Requirements such as description and visual appeal which are essential for considering a mark as a valid trademark may not be possible in case of sound marks.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 8NEW AND INNOVATIVE TRADEMARKS**

#### **8.6 Service marks**

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To day marks are not only used with respect to goods manufactured but also to the services. Service marks<sup>4</sup> are signs used to identify and distinguish the services of the user with that of the others. Service means service of any description made available to potential users in connection with the business such as banking, communication, education, financial insurance, chit funds, real estate, transport, storage, material treatment, processing, supply of electrical or other energy, boarding, lodging, entertainment, amusement, construction, repairs, conveying of news, information and advertising.<sup>1</sup> Service marks are registered in the same way in which a regular mark is registered. Further protection and enforcement of service marks is also no different with that of regular marks. Examples for service marks: Sign depicting flame in between two hands for Life Insurance Corporation of India (LIC), Sign of lock opener for State Bank of India (SBI), Two parallel lines with sharp edges for Air India, UTI, ICICI, ITC hotels, Taj hotels, Airtel, DLF etc., in the respective titles itself.

<sup>4</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 150.

<sup>1</sup> "The trademarks Act, 1999", section 2(1)(2).

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 8NEW AND INNOVATIVE TRADEMARKS**

#### **8.7 Certification trade marks**

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Certification trademark is a mark which certifies that goods or services on which it is used meet certain very specific standard of quality. It is a mark capable of distinguishing the goods or services certified by the proprietor of the mark with respect to its origin, material used, type of manufacturing of goods, kind of performance of services, quality and accuracy.<sup>2</sup> A mark used by the manufacturer or the service provider to certify his goods or services are eligible to be registered and protected.<sup>3</sup> The proprietor of the mark certifies that goods or services on which it is used possess certain characteristics. A certification mark should be capable of being represented graphically.<sup>4</sup> The definition of the trademark under the new trademark Act of India includes certification mark.<sup>5</sup> Here the Proprietor will not use the certification trademark for his own goods; he licenses others to do so. Hence, a certification trademark cannot be registered in the name of person who undertakes on a trade in goods of the kind certified or a trade of the services of the kind certified. For the registration of certification trade marks an application should be made in the prescribed form accompanied by the prescribed fee and the draft of the regulations for its use. The Registrar<sup>6</sup> has to consider the competency of the applicant to certify the goods in respect of which the mark is to be registered. The Registrar may accept or refuse the application for registration. If he accepts, then he may approve the draft regulation with or without modifications either unconditionally or subject to any conditions or limitations, as he thinks necessary. The draft regulation of the certified trade mark shall contain details with regard to the conditions which should be satisfied by the proposed user of the mark before seeking certification by the proprietor of the certification mark. Registrar has got power to impose any other conditions on the user, which he deems fit and necessary. If the application is accepted, the Registrar shall advertise the claimed mark to invite oppositions if any.<sup>7</sup> Application and regulations are open for public inspection. Any person aggrieved by the registration of certification marks may appeal to the Registrar. The Registrar on the appeal by the aggrieved person may cancel or vary any entry in the register in the following circumstances<sup>8</sup>:

1. Where the proprietor is no longer competent to certify the goods or services in respect of which the mark is registered.
2. Where the proprietor has failed to follow the regulations prescribed.
3. Where the registration is no longer in the public interest.
4. Where the registration required to be varied in the public interest.

The proprietor of the mark may assign or transfer the certification mark with the consent of the Registrar. Any person who uses the certification mark without the consent of the proprietor infringes the mark. However the following acts do not constitute infringement of the certification mark.<sup>1</sup>

- Where the mark is used in any manner beyond the scope of the rights of the registered proprietor or in circumstances in which the registration does not extend to.
- Where the proprietor has consented to the use or the use certified by the



proprietor or where such use is not contrary to the regulations.

- Where the use of the mark in relation to goods or services adopted to form part of, or accessories to other goods in relation to which the mark has been used without infringement if the use is reasonably necessary to indicate that the goods are so adopted.

2 Ibid, section 2(1)(e).

3 In accordance of Chapter 1(x) of Trademarks Act, 1999.

4 Sections 2(1), (2b)(ii) of Trademarks Act, 1999.

5 Section 2(1)(m) and 9, 10, 11 of Trademarks Act, 1999.

6 Ibid, section 74.

7 Ibid, section 21.

8 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 149.

1 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 149.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 8NEW AND INNOVATIVE TRADEMARKS**

#### **8.8 Taste (Flavor) marks**

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One among the senses of human being is that of taste sense which identifies the flavor of the product. Taste or flavor marks are those marks which are identified with specific taste or flavor. One can choose a particular taste or flavor as the trademark of his or her product provided that taste or color has acquired distinctive character in terms of having consumer association to have identified the same as a distinct trademark. Substantial use of the taste mark is essential before seeking protection and registration.<sup>2</sup> If it is a common taste or flavor which is available and known in the market, the same cannot be claimed as a mark. The claimed flavor needs to be unique and be very specific in its application and marketing. For instance in the market of biscuits, goods with different flavors such as Elaichi, Choco, butter and coconut are very famous. Similarly in the market of ice creams, goods with Pista, Badam and Strawberry are well-known. In the field of beverages, Orange flavor, Lemon flavor and Mint flavor are famous. In the field of perfumes also goods with various flavors such as Jasmine flavor, Rose flavor are equally well established. At the same in the hot beverages industry also we come across number of flavors such as which have been well recognized. The above mentioned flavors are unique, distinctive and well known among the consumers in the market. These flavors could be sensed and the effect could be felt by the users and the consumers<sup>3</sup>. In the western countries such as US and Europe there is increasing demand for recognizing the taste or flavor marks. However, in the eastern world these marks have not yet received the attention of the businessman and the consumer. Flavor trademarks cannot be visualized or seen through eyes but could be experienced while using the products. The requirement of visual representation a requirement of trademark under the classical trademark law may not be possible to satisfy in case of taste marks. One needs to liberally or innovatively interpret and implement the trademark law to project and get these marks as valid trademarks.

<sup>2</sup> David I Bainbride, *Smell, Sound, Color and Shape Trade Marks: An Unhappy Filtration?*, Journal of Business Law, 2004 MAR, 219-246.

<sup>3</sup> These flavors could be registered as taste or flavor marks before the trademark offices, while expecting the trademark office to be flexible in assessing the fulfillment of requirements of under trademark law for the time being in force.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 8 NEW AND INNOVATIVE TRADEMARKS**

#### **8.9 Feel marks**

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Sometimes, we get the feelers of the goods or products generated out of touch of the texture of the mark. Touch which is one among the various senses marks its presence and appeal in the business world though apparently feel trademarks. These marks are also known as touch marks or texture marks which essentially give the feelers to the consumer with reference to its existence and the goods or services it is representing. Perhaps, the touch mark should be distinctive to the consumers; it must not be just a decorative or ornamental element. It must be a beyond decoration and packaging of the goods or services that it is representing and must possess the feature of regular trademark. However, feel marks which ignites the touch sense of human beings is not been claimed by business man in the lines of other non-traditional trademark and therefore feel marks remain as less acclaimed or less claimed marks in the spear of non-traditional trademarks.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 8NEW AND INNOVATIVE TRADEMARKS**

#### **8.10 Well known trademarks**

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Well known trademarks means a mark which has become well known to the substantial segment of the public familiar with a particular type of goods or services for which it is used. The procedure for filing application for protection of well known trademark is specified under the new Trademark Rules, 2017.<sup>1</sup> 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 person using the mark in relation to the first mentioned goods or services.<sup>2</sup> One claiming a particular trademark as well known trademark will have to bring it to the notice of the registrar of trademark. It is the Registrar of trademarks who has got authority to determine whether a mark is a well-known mark or not after considering the following.<sup>3</sup>

- The knowledge or recognition of the alleged well-known mark in relevant section of the public including knowledge obtained as a result of promotion of the trademark.
- The duration, extent and geographical area of any use of that trade mark.
- The duration, extent and geographical area of any promotion of the trade mark including advertising or publicity and presentation at fairs of exhibition of the goods or services in which the trademark appears.
- The duration, and geographical area of any recognition or any publication for registration of that trade mark to the extent they reflect the use or recognition of that trademark.
- The record of successful enforcement of the rights in that trademark, in particular the extent to which the trademark has been recognized as a well known trademark by the court or registrar under that record
- The number of actual or potential consumers of the goods or services.
- The number of persons involved in the channels of distribution of the goods or services.
- The business circular dealing with the goods or services to which the trademark applies.

Registrar shall take necessary measures to protect a well-known trademark against identical or similar trademarks.<sup>1</sup> He has to take into consideration the bad faith involved either on the part of the applicant or on the part of the opponent affecting the right relating to the well-known trademark. However, a mark does not become well-known trademark on the following grounds.

- The trademark has been used in India
- The trademark has been registered
- The application for registration if the trademark has been filed in India

- The trademark is well known in, or has been registered in, or respect of which an application for registration has been filed in any jurisdiction countries other than India or
- The trademark is well known to the public at large in India

1 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 151.

2 Section 2(1)(zg) of the Trademarks Act, 1999.

3 Ibid, section 11(6) to (9).

1 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 4.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 8 NEW AND INNOVATIVE TRADEMARKS**

#### **8.11 Motion marks**

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Moving images, logos, motion pictures, video clips, film clips, documentary clips are also registered as trademark in few jurisdictions. In USA, numbers of motion marks have been protected under the Federal Trademarks Act.<sup>2</sup> For instance the trademark of Motion Pictures, 20th Century Fox Movies, Columbia Pictures are well known motion marks registered in USA. Perhaps, in the field of media the movies the presence of motion marks is extremely felt and recognized. In case of motion marks, the marks are represented by a moving image or clip which identifies a particular source or origin with reference to a product of service. For instance in case of 20th Century Fox Movies the phrase "20th Century Fox movies" appears in two lines in golden color words. The visuals shows the phrase while camera moves from right to left bringing the phrase exactly in the middle of the television or theaters screens. Likewise there are motion or video clips of Columbia pictures and Motion Pictures.<sup>3</sup> In India also the momentum is gaining importance with big movie and media companies looking for motion marks to represent their products and services. For instance in India Raj Kapoor Films (RK Films) could be a potential motion mark. On screen while the motion clip is being shown we get to see the alphabetic letters RK and in the second line Films to indicate that the movie which would be screened is produced by RK films. Similarly Yash Raj Films with motion clip showing the title Yash Raj that glitters and brightens to indicate the audiences that the movie produce is Yash Raj could well be a motion mark.

<sup>2</sup> Lanham Act is the Federal Trademarks Act in USA.

<sup>3</sup> Columbia Motion Trademark (USPTO TM 1975999).

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 8NEW AND INNOVATIVE TRADEMARKS**

#### **8.12 Shape marks**

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The shape, packaging and the outlook of the product is protected as trademark. These marks are known as shape marks which represent the container of the product, packaging of the product, and three dimensional shape of the product. The definition of the term trademark under the Indian Trademark Act includes packaging of the product.<sup>1</sup> The TRIPS agreement also mandates the protection of shape marks by obligating the member states to consider packaging of the products as trademarks. Perhaps, the latest trademark law in India the Trademarks Act of 1999 introduces shape marks including packaging of goods as trademarks protected in India. For instance the shape of the bottle of Coca Cola cool drink is a mark protected as shape mark carrying the shape of the cool drink bottle representing the business of Coca Cola Company and its product of Coca Cola cool drink.<sup>2</sup>

<sup>1</sup> The definition of the term 'trademark' under section 2(1)(zb) of the Indian Trademarks Act, 1999.

<sup>2</sup> The shape mark of Coca Cola has long been a registered trademark in USA.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 8 NEW AND INNOVATIVE TRADEMARKS**

#### **8.13 To say at the end**

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The new trends and developments in trademarks are recognized as new concepts under the trade mark laws. Trademark is essentially a product of competitive economy, where more than one person competes for the manufacture of the same product or providing same kind of service necessitating the marketing of each manufacture or service by a symbol or mark. Today marks have been recognized not only in the goods sectors but also in the service sectors. There also recognized collective marks in respect of collective services or goods produced by an association. Carrying forth a color of combination of colors, color marks are recognized and registered as valid trademarks. Further there recognized certification marks for the purpose of certifying the goods and services with a given quality. The packing and shape of the marks are forming shape marks in the contemporary times. The taste, flavor finds presence in the taste marks, the touch or textures presence is felt in the touch or feel marks. There also recognized textile marks meant to be used in the textile sectors. On the other hand well-known trademarks are recognized which are the marks or symbol used in association with a particular type of goods or services generally for a long period and become well-known in association with such goods or services. Further, the moving images and video clips are registered as motion marks. Fragrance and smell is registered as scent or smell marks. The recent trends and developments in the field of trademark law have brought out revolutionary changes in our perception on trademarks in terms of changing our attitude towards in accepting innovative types of trademarks including non- traditional non-conventional types of marks as trademarks.



## **Part IILAW OF TRADEMARKS**

### **CHAPTER 9DOMAIN NAME AND CYBER SQUATTING**

Internet is a worldwide network of computers that share a common communication protocol. History recalls that internet was initially conceived by the US Military during the times of cold war between Russia and USA. Perhaps the ambition behind conceiving a network was completely military and the intention was to communicate in the event of a nuclear attack. In the later stages the advent of World Wide Web and its competency to mould the entire globe into a single village has dramatically changed the perceptions of the modern world. From a purely military network internet has moved ahead a lot and transformed itself into such a platform which can fetch anything and serve the various or almost every need of the community. Internet is an ocean of information with reference to any need or deed. At the same time it is also a platform to post information.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 9DOMAIN NAME AND CYBER SQUATTING**

#### **9.1 What is domain name**

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Creation of identity on the internet and posting the information with reference to the identity and utility that the identity serves is done through establishing individual domains. These domains carrying independent names and identities are known through their domain names which are provided through registration.<sup>1</sup> Technically, a domain name is a combination of numeric values, it is by these numeric values the address of a domain name, network, or a computer is identified. These identifiers are also known as the Internet Protocol (IP) address. For instance if yahoo.com is having 123.743.123.58 as its IP address, "123" is the network, "743" and "123" are the sub-networks, and "58" is a specific computer and alpha numeric or domain name. Browsers such as Internet Explorer automatically look up the numeric IP address that corresponds to the designated alphanumeric address primarily because numeric addresses are harder to remember and programming has come to replace the flaws of memory. It is for this reason that domain names have come to replace numeric addresses. Moreover, domain names today have become business identifiers which signify the association of a particular web page and the information stated therein to the alphanumeric variable used.<sup>2</sup> Domain names are divided into two levels, namely, the "Top Level Domain" ("TLD") corresponds to either the generic type of organization or the geographic origin of the organization. The "Second Level Domain" ("SLD") portion of the domain name appears before the TLD and often refers to the organization which it seeks to represent.<sup>1</sup> For instance, www.tata.com should ideally refer to the business of Tata which is of high repute in automobile business in India and www.yahoo.co.in should ideally refer to the business of yahoo in India. Hence, registration of such domain names should be done only by the owners of such reputed and established business. However, in practice it is felt that the registration of domain names has been done without any reference to the fact whether the applicants are actually the owners of the reputed business houses the names of which have been claimed and registered.

<sup>1</sup> Sreenivasulu NS and Abhay Vohra, *Domain names and Cyber squatting: Cause of concern for the trademark owners*, MIPR May 2012, Vol 2, Pt 1, p 161.

<sup>2</sup> This has led to a substantial increase in the registration of domain names. As of 29 October 1998, the weekly growth rate of domain name registration was 74,087, and the number of registered domain names totaled over four million. Between October 28 and 29 October 1998, alone, over seven-thousand ".com" domain names were registered.

<sup>1</sup> Sreenivasulu NS and Abhay Vohra, *Domain names and Cyber squatting: Cause of concern for the trademark owners*, MIPR May 2012, Vol 2, Pt 1, p 162.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 9DOMAIN NAME AND CYBER SQUATTING**

#### **9.2 Domain names Registration**

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Domain names are registered based on a first come first served policy which does not either question or verify the choice of a particular name with reference to either existing trademarks or to any possibility of distortion of an existing business reputation. It gives rise to potential problem and leaves the actual owner of the reputed business house deprived of using the business name as the domain name. Even if they intend to use it, they have to take permission from those who have already registered the names. The aforementioned problem has arisen primarily because of the erstwhile policies practiced for registration of domain names. It potentially deprives the owner of a registered trade mark and trade name from registering and using the same as domain name. This interface between trademark law and domain names have lead to what has been termed as domain name disputes. Domain name disputes are caused by those who intend to make profit by registering names, trade names and trademarks of reputed and popular business houses. They are known as cyber squatters and it is within this arpeggio that one notices the terms cyber-squatter and cyber-squatting. Cyber squatters are classified into three categories such as squatters, parasites and twins/poachers.<sup>2</sup> In *Intermatic v Toeppen*,<sup>3</sup> it was viewed that; a cyber-squatter could be defined as an individual who attempts to profit from the Internet by reserving and later reselling or licensing domain names back to companies that spent millions of dollars developing the goodwill of the trademark which they have obtained by capitalizing on the first come first served policy. And cyber-squatting is defined as the practice of registering a trademark as a domain name with the intent of profiting from it by selling it, usually to the trademark owner. As long as the cyber-squatter owns the domain name, the trademark owner cannot register its own trademark as a domain name. In this sense, the cyber-squatter breaches the fundamental rights of the trademark owner to use his or her trademark.<sup>4</sup> It was for this reason that the anti-cyber squatting legislation in the US was largely supported by the trademark owners association. This was because it was felt that there was a need for concerted action against cyber squatters who do misappropriate the goodwill of registered trademarks and the reputation of popular business names. In *Penavision International v Toeppen*<sup>1</sup> it was viewed that; the legislation was sought to prevent actions by which cyber squatters could register popular business names, registered trademarks as domain names and offer them back to their original trademark owners or use them for uploading pornographic material and capitalize on customer confusion,<sup>2</sup> to engage in fraud etc.<sup>3</sup> Although they were aware of the fact that traditional trademark laws in fact is sufficient to deal with cases of cyber squatting the concern of the association was with respect to cyber squatters who being aware of the relevant case law safeguarded themselves against any claim under traditional Trademark Law. Their concern was also with respect to the possibility of enforcing trademarks which was absent to trademark owners in cases where potential cyber squatters did not offer the domain name for sale or the fact that litigation costs were often higher than the price charged by the cyber squatter for the domain name. In such cases, the company chose to pay off the cyber squatter rather than involve themselves in costly litigation. Considering the fact that the quantum of e-commerce had grown substantially over the years the association was of the opinion that the lack of a legislation to prevent cyber squatting could cause a substantial dent to e-commerce and therefore wanted to evolve a mechanism which limit customer confusion in cyberspace, protect the investment of trademark owners and maintain the goodwill associated with trademarks. The call therefore was for an Act which while prohibiting acts of cyber squatting permit the use

in the legitimate exercise of the freedom of expression. All of these concerns have been addressed in the Anti-cyber-squatting Consumer Protection Act, 1999 which makes an act of cyber-squatting illegal if committed in bad faith.<sup>4</sup>

<sup>2</sup> Rodney D Ryder, *IP and the Internet*, 2002, p 198-206.

<sup>3</sup> 947 F. Supp. 1227, 1233 (N.D. Ill. 1996).

<sup>4</sup> Monica Killian, Cybersquatting and trademark infringement, at [www.murdoch.edu.au/elaw/issues/v7n3/kilian73.html](http://www.murdoch.edu.au/elaw/issues/v7n3/kilian73.html) last visited 24 July 2008.

<sup>1</sup> 141 F 3d 1316 (9th Circuit, 1998).

<sup>2</sup> *Sporty's Farm LLC v Sportsman's Marke, Inc.*, 202 F3d C.A. 2 (Feb 2000).

<sup>3</sup> *Green Products Co v Independence Corn By-products Co*, F. Supp 1997 WL 836372.

<sup>4</sup> Sreenivasulu NS and Abhay Vohra, *Domain names and Cyber squatting: Cause of concern for the trademark owners*, MIPR May 2012, Vol 2, Pt 1, p 164.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 9DOMAIN NAME AND CYBER SQUATTING**

#### **9.3 Concerns of Trademark in the internet**

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Traditionally, trademark serves the purposes of identification and certification of the goods or services with which it is associated. Identification of the producer and the certification with respect to a given quality are advantageous both from the perspective of the consumer and the producer. This is more so given the fact that today a product is often sold due to the presence of a certain trademark and the reputation that it possesses. In essence, the product guarantees certain satisfaction to the customer which either that particular customer or other such customers have obtained from using a good which had that mark and identifies for the purpose of the consumer that the good has come from an accustomed maker or source and is therefore of a certain quality.<sup>5</sup> Since a trademark identifies a product as satisfactory and stimulates for the purchases by the consuming public, it can be said that the trademark is not just the symbol of goodwill but it is sometimes a creator of goodwill. The importance of a trademark is most clear in a supermarket (where the retailer is absent) wherein a product is sold depending on the strength of the trademark

Usage of trademarks which guarantee certain quality and reputation would attract the consumer and would help producers and traders in marketing and selling a given product or service. In the current digital world usage of internet for the commercial activities has become manifold thereby increasing the scope of trademarks. In general trademarks are protected in the physical world for their use on the products and services. The problem arises, when a registered trademark in the physical world is used as a domain name in the internet. As such, there is no prohibition for using a registered trademark as a domain name in the digital world of internet. The common practice of using websites and domain names in the internet for commercial activities is of concern for the trademark owners and users. Use of trademarks or any other symbol or sign as domain names which are confusingly similar to the existing trademarks raises concerns of conflict between trademarks in the physical world and domain names in the digital world. The trademark laws adopted several decades back do not contain any clue for the current problem of overlapping of rights and conflicting of interests. Since in the literal sense trademarks are protected in the physical world, usage of the same trade mark or the one similar to as domain name in the digital world may not literally encroach upon the rights of the trademark owner which are confined only to the physical world. The digital world having no boundaries is considered as a separate entity altogether from the physical world does not come within the purview of trademark law whose territorial boundaries are specific and limited. This leverage has been taken for use while using registered trademarks or similar ones as domain names with or without an intention to cause confusion in the minds of the consumer with respect to the origin of the domain name and the quality and reputation of the products it markets and services it renders. In the initial stages of registration and usage of domain names there was no policy to prohibit existing trademarks in the commercial world from using as domain names. Therefore, literally anybody can register a reputed trademark as a domain name with or without any intention to confuse the customers of the owner of the trademark or to sell the domain name to the original trademark owner off late. The use of existing trademarks as domain names in the internet may be legitimate in the case of competing rights but is illegitimate as in the case of cyber-squatting where the usage of a trademark as domain name by somebody who is not the owner of trade mark is intended to deprive the legitimate interests of the owner of trademark.



## **Part IILAW OF TRADEMARKS**

### **CHAPTER 9DOMAIN NAME AND CYBER SQUATTING**

#### **9.4 Legitimate use of trademark in the internet**

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The use of a registered trademark as a domain name by a different person is considered legitimate in the context of "competing interests" where both the owner of trademark and the owner of domain name both are legally eligible for use. This is where two companies use same trademark as business name and wish to register their business name as a domain name.<sup>1</sup> Such cases are certainly more complicated than instances of cyber-squatting, since both users have legitimate right to use the domain name on the Internet. The decisions in these cases are therefore highly fact specific and the ratio would more often than not depend upon the registration of the domain name but on the discretion of the Court.<sup>2</sup> Another form of legitimate use is where both users of the domain name have a historical connection to the mark, but they operate in different industries. Although this could lead to the proposition that the uniqueness of the product has been a dilution by the registration of such a trademark as a domain name by one of the users, trademark law traditionally does not grant any injunction against such use because of the historical association. The same reasoning is applicable to cases of domain name disputes<sup>3</sup> wherein the courts have relied upon the prudence of the consumers by applying the Polaroid test and stated that since the businesses were not competitively proximate, the consumers would be prudent enough to distinguish between the products of the two manufacturers. For instance, Lion for dates and Lion for water pumps. In *Polaroid Corp v Polard Electronics Corp*,<sup>4</sup> an eight factor test was adopted by the United States Court of Appeals for the second circuit to determine confusion which may be listed as follows:

1. The strength of the plaintiffs mark
2. The similarity of the plaintiffs and the defendants marks
3. The competitive proximity of the products
4. The likelihood that the plaintiffs will "bridge the gap" and offer products like the defendants
5. Actual confusion between products
6. Good faith on the part of the defendants
7. Quality of the defendant's product

<sup>1</sup> This is also termed as 'concurrent claims'. See Sanjay Bhatia, Domain Names, Cyber Squatting and Trademarks in India-A Legal Perspective, available at [www.asianlaw.org/projects/internet\\_trademark.htm](http://www.asianlaw.org/projects/internet_trademark.htm), last visited 27 July 2008.

<sup>2</sup> Rodney D Ryder, *IP and the Internet*, 2002, P198-206.

<sup>3</sup> *Toys 'R' Us Inc. v Feinberg*, No. 98 Civ 2780.

<sup>4</sup> 368 US 820.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 9 DOMAIN NAME AND CYBER SQUATTING**

#### **9.5 Illegitimate use of Trademark, Cyber-squatting: Various forms**

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Illegitimate use of trademark by registering the same as domain name is known as cyber-squatting. This practice which would essentially deprive the owners of the registered trademarks from using their marks as their domain names in the internet. There are various forms of illegitimate use of trademarks where basically the person who registers and uses a trademark as domain name, is neither the owner of the trademark nor the one having competing interest. These practices deprive the owner of the trademark from registering and using his or her trademark as domain name. Let us discuss the different forms of cyber squatting in some detail.

##### **9.5.1 Classic Cyber-squatting**

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The classic definition of cyber-squatting is the practice of registering a trademark as a domain name with the intent of profiting from it by selling it, usually to the trademark owner. As long as the cyber squatter owns the domain name, the trademark owner cannot register its own trademark as a domain name. In this sense, the cyber squatter breaches the moral right of the trademark owner to use its trademark in the digital world as his domain name. What the cyber-squatting does in essence is to hold the domain names in hostage until the trademark owner pay the ransom.<sup>1</sup> Courts have consistently held in this regard that such cyber-squatting constitutes trademark dilution and that could lead to infringement proceedings.<sup>2</sup>

##### **9.5.2 Derogatory Cyber-squatting**

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Derogatory cyber squatting is similar to tarnishing of reputation or dilution whereby although the person who registered the domain name does not use it in a manner so as to compete with the original owner of the trademark but uses it in such a manner that it will be detrimental to the reputation of the trademark. In *Hasbro, Inc. v Internet Entertainment Group, Ltd*<sup>3</sup> it was viewed that such use may be seen in cases where the registered trademark has been used in a domain name which is used to upload pornographic material.

##### **9.5.3 Typographical Cyber-squatting**

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It is a case of free-rider trademark infringement whereby the domain name registrant, knowing full well of the implications of his actions registers a domain name which is substantially similar to a registered trademark so as to capitalize upon the errors made by potential consumers.<sup>4</sup> In *Rediff Communications Ltd v Cyberbooth*,<sup>5</sup> where rediff.com and radiff.com at contest the court held that such cases are examples of outright infringement and the courts have been inclined to strike down such actions in an absolute sense.

##### **9.5.4 Political Cyber-squatting**

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Political cyber squatting is where the domain name registrant registers a domain name which is substantially similar to that of either an established trademark or name of any institution with the object of creating an opposite opinion. For instance, in *Bally Total*



*Fitness Holding Corp v Faber*<sup>6</sup> the registration of the domain name "nike.com" and using the same for something which is no way related to the nature of business of the owner of the trademark "nike" which is basically a sports goods company. Similarly, creation of website, [www.electioncommission.com](http://www.electioncommission.com) and providing information about the commonwealth games, which is again no way connected to the nature of functions of election commission. In *Planned Parenthood Federation of America Inc v Bucci*<sup>1</sup> it was viewed once again that such types of acts would come under political cyber-squatting.

### 9.5.5 Linking and Meta tagging

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These cases involve creating hyperlinks or meta tags in websites by using a registered trademark to serve as a link, when there may be no connection between such a website and the original trademark. What is sought to be prohibited here in most cases is injury to the registered trademark. Generally courts decide such cases depending upon the nature of the injury, effect or possibility of effect on reputation and goodwill of the trademark.<sup>2</sup>

### 9.5.6 Regulating the outrage of cyber squatting

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At the outset, when the internet took birth there arose a practice of registering popular trademark as domain name. As we observe the intention of the people who were going for such registration was to defeat the chances of the owner of the trademarks from having their trademark registered as domain name. These owners of trademarks were forced to purchase such registered domain names. This practice of registering popular trademarks as domain names needs to be prohibited in order to benefit the owner of the trademark to continue his business over internet through registering the popular, well established trademark as their domain name. Perhaps, the purpose that the trademark serves in the physical world is being served by the domain name in the online world. The function of the trademark and the domain name is same as to represent the business of the trader. Since the internet has got no boundaries and the domain names used on the internet would also have no boundaries and could be reached by anybody from any corner of the world. Therefore the presence of the trader could be found across the globe through the domain name. Since its inception internet has been phenomenally growing in terms of its scope, application and use. It has got its own positives and negatives and one among its negative implications has been cyber-squatting. In general cyber-squatting would amount to passing off or dilution of registered trademarks. Given the outrage and damage caused to the registered trademarks by the different types of cyber-squatting the attempt of the law enforcement authorities would be not only to stop cyber-squatting but also to regulate trademark infringement, dilution and passing off. The following discussion is an attempt to highlight the various instances of cyber squatting in the US and India which have been decided by the law courts.

### 9.5.7 Instance of Classic Cyber-squatting

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The most pressing concern for trademark owners is with respect to domain name speculation or cyber squatting in the classic sense of the term. The position of the courts with respect to this form of cyber-squatting was laid down in the case of *Intermatic v Toeppen*<sup>3</sup> and reiterated in *Panavision v Toeppen*.<sup>4</sup> The defendant in both cases Dennis Toeppen was a notorious cyber squatter who registered several domain names which were identical registered trademarks. He then attempted to coerce the original trademark owners into buying the domain name from him at inflated prices and when he was asked to surrender the domain names he refused. This is the primary reason for the litigation which resulted in two landmark judgments. It must be noted

that the yardstick to assess the menace is only marginally applicable in such a case since<sup>1</sup>:

1. There is no misrepresentation as to the source of the goods, since the cyber squatter, Toeppen, in this case did not intend to make "commercial use" of the domain name in the traditional sense of the word.
2. Since the domain name itself is not being used there is no possibility of affecting either goodwill or the reputation of the product/services. However, there is a possibility of affecting the selling power of the mark. For instance, in the case of *Panavision v Toeppen*, the use of the domain name panavision.com affects the ability of Panavision to have an effective web presence, thereby affecting its commercial ventures on the Internet. Therefore there is in fact a form of infringement which is detrimental to the business of Panavision.
3. It is only marginally that the use of the domain name affects the exclusivity of the mark. The case presents the most pertinent problem with respect to the application of trademark law to a case of classic cyber-squatting. In *Intermatic v Toeppen* the petitioner basically had to prove that it owned the rights to the name "Intermatic" and that Toeppen's registration of intermatic.com is likely to cause consumer confusion, deception.
4. The problem that Intermatic facing was that Toeppen was not "using" the mark to sell products or services. The case of the defendant in this regard was much stronger. He did not dispute that the Intermatic mark was a famous mark, but argued that his use of the mark was not a commercial use in commerce. However, the Court found that Toeppen's intention to arbitrage the domain name constituted a commercial use. According to the Court, "Toeppen's desire to resell the domain name is sufficient to meet the "commercial use" requirement of the Lanham Act."

The yardsticks based on traditional principles of trademark law may not be entirely applicable to a case of classic cyber-squatting. However, trademark law is malleable to deal with problems arising from innovative forms of infringement and passing off which lead to a dilution of the value of the mark. A similar position may be seen as being followed in the Indian context with respect to trademark infringement on the internet. In *Yahoo! Inc. v Akash Arora*,<sup>2</sup> Yahoo filed a suit in the Delhi High Court against the defendants for a decree of injunction restraining them from using the domain name yahooindia.com which was identical or deceptively similar to the their Yahoo trademark. It was submitted by the plaintiffs that their trademark Yahoo! was a well-known mark which had acquired a distinctive reputation and goodwill and that the defendant by adopting a similar name for similar services was attempting to pass off their services as that of the plaintiff's. It was also submitted that when Internet users generally attempted to locate their website, they would invariably albeit erroneously come upon the defendant's website and use their services believing that they were in fact using the services provided by the plaintiffs. According the given yardsticks for assessing misrepresentation and passing off it is evident that:

1. Misrepresentation as to the source of the goods since customers would be of the belief that the services offered by Yahooindia.com were those of Yahoo.com, which is the original source of the service.
2. There exists the possibility that if customers were to use the services of yahooindia.com believing them to be those of Yahoo.com, and such service was not up to the mark, the name presume that the services as provided by yahoo.com were inferior. Therefore, the reputation and goodwill of Yahoo! Could be at stake.

3. There is a detrimental effect upon the selling power of the mark since the profits which would have accrued to yahoo; if the consumers had visited their website would now be misdirected to yahooindia.com.
4. The exclusivity of yahoo.com is lost by such infringement.

The defendants argued that passing off action is applicable in case of goods only, since in the present case services are involved, the passing off action would not apply. The court rejected that defendant's argument and held that passing off action is equally applicable in case of services also. What does matter is; misrepresentation and the intention to pass off to gain benefit at the cost of some one. Court relied on the rationale of *Ellora Industries v Banarsi Dass*,<sup>1</sup> wherein it was held that the scope of passing off included services, while rejecting the defendant's argument and issued an ad interim injunction against the defendant from using the contentious mark.

### **9.5.8 Instances of Derogatory Cyber-squatting**

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Registration of domain name in the name of or similar to the name and trademark of a reputed association, person, authority, institution leading to damage to the reputation of such association, person, authority or institution is considered as derogatory cyber-squatting. In *Archdiocese of St. Louis v Internet Entertainment Group, Inc.* one such instance came to the fore fronts of the court. In this case, the defendant had registered and launched websites such as "papalvisit 1999" and others during the visit of pope to the US to lure followers of the Pope to the defendant's web site, only to find pornographic material on the site. The court finds that:

1. Although it is neither good nor services which have been provided through the Internet, it is evident that there is misrepresentation as the source, i.e., the followers of Pope may assume that the website related to Pope, Papal Authority or to the city of Vatican.
2. It is certainly derogatory and an injury to the reputation of the Pope and as well as the Papal Authority.

Given these considerations and public interest involved Court issued preliminary injunction against the actions of the defendants.<sup>1</sup> A similar ruling may be seen in the opinion of the arbitrator in dealing with the case of a website registered as bodacioustatas.com that contains pornographic material. Considering the possibility of consumers of gaining access to the above website thinking that it is associated with Tata Company and end up accessing pornographic material, the arbitrator ruled that the act is derogatory and detrimental to the reputation of the Tata.

### **9.5.9 Instances of Typographical Error Cyber-squatting**

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Registration of domain names with grammatically or typographically misspelled names and trademarks of repute comes within the purview of typographical error cyber-squatting. In *Rediff Communication v Cyberbooth*,<sup>2</sup> Rediff Communications filed a suit for permanent injunction restraining the defendants from using the mark "Radiff.com" considering the factum of substantial similarity and possibility of confusion. It was submitted on behalf of the plaintiff's that the defendants had sought to use the mark "Radiff" to capitalize upon the typographical error of the consumers so as to pass off their goods and services as those of the plaintiff's by having consumers believe that they were in some way associated with the plaintiffs. The defendants contention that there was a substantial similarity in the mark itself and the prospect of consumers (educated) would not be confused was rejected by the court while inferring that;

1. There is clearly misrepresentation as to the source of the goods since prospective customers would be of the belief that the goods and services offered by radiff.com are similar to those offered by rediff.com.
2. There is clearly a possibility of injurious association primarily as a result of the misdirected of profit, since the consumers who intended to use the goods and services of rediff.com would now use those of radiff.com

It was opined that the exclusivity and uniqueness of the services offered by rediff.com would be diluted as a result of the ensuing customer confusion. The Court stated that the actions of the defendants constituted a case of passing off since there exist in actual damage to the business of rediff.com resulting from the use of the contentious domain name (radiff.com) by the defendants.

### 9.5.10 Instances of Political Cyber-squatting

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Although it may not be clear as to whether political cyber squatting is in fact cyber squatting at all. However, if the trademark is used so as to detrimentally affect the reputation and the goodwill of the trademark owner it would tantamount to a case of trademark infringement. A classic example of the same may be seen in the case of *Bally Total Fitness Holding Corp v Faber*,<sup>1</sup> wherein Andrew S Faber, the defendant, created a domain name [www.ballysucks.com](http://www.ballysucks.com) which was dedicated to complaints about Bally's health club business. In response to this Bally brought an action for trademark infringement, unfair competition, and dilution against the defendant. It is submitted on behalf of the plaintiffs that the only difference between the marks is that Faber attached the word "sucks" to Bally's marks. Furthermore, it was submitted that "Sucks" has entered the vernacular as a word loaded with criticism and the attachment of such a word to the registered trademark of Bally was detrimental to their reputation.<sup>2</sup> However, the Court rejected the arguments of the plaintiffs with respect to the likelihood and evidence of confusion and similarity of the marks. If a comparison is made to the decision given by the arbitrator in the *Tatas* case, if an Internet user were to use a search engine the search results resulting there from would show [www.ballysucks.com](http://www.ballysucks.com). Therefore, on the Internet the domain name [www.ballysucks.com](http://www.ballysucks.com) is detrimental to the reputation and goodwill created by Bally Corporation. The decision of the court has been criticized on the ground that one of the cardinal objectives of trademark law which is the protection of goodwill and reputation of the trademark has been ignored. Quite contrary to this decision in *Planned Parenthood* case<sup>3</sup> the settled principles of trademark law have been upheld. The use of the domain name [plannedparenthood.com](http://plannedparenthood.com) by the defendant to lure customers of the complainant (Planned Parenthood) only to find passages critical of the activities and policies of Planned Parenthood was held to be a case of trademark infringement given the factum of detrimental effect upon the reputation of the trademark owner.

<sup>1</sup> Rodney D Ryder, *IP and the Internet*, 2002, p 198-206.

<sup>2</sup> *Panavision International V Toeppen*, 141 F.3d 1316 (9th Circuit. 1998).

<sup>3</sup> 950 F Supp 737 E.D.Va. 1997.

<sup>4</sup> Rodney D Ryder, *IP and the Internet*, 2002, p 198-206.

<sup>5</sup> AIR 2000 Bom 27.

<sup>6</sup> 29 F Supp. 2d 1161.

<sup>1</sup> 42 USPQ 2d 1430 (S.D.N.Y. 1997).

<sup>2</sup> Rodney D Ryder, *IP and the Internet*, 2002, p 198-206.

<sup>3</sup> 947 F Supp. 1227, 1233 (N.D. Ill. 1996).

<sup>4</sup> 141 F 3d 1316 (9th Circuit. 1998).

## [https://t.me/LawCollegeNotes\\_Stuffs](https://t.me/LawCollegeNotes_Stuffs)

- 1 Sreenivasulu NS and Abhay Vohra, *Domain names and Cyber squatting: Cause of concern for the trademark owners*, MIPR May 2012, Vol 2, Pt 1, p 168.
- 2 1999 PTC (19) 201 as cited in VIVEK SOOD, CYBER LAW SIMPLIFIED 244 (2001).
- 1 1981 PTC 46 at p 12.
- 1 *Archdiocese of St. Louis, et al v Internet Entertainment Group Inc.*, 34 F Supp. 2d 1145 (E.D MO., 12 Feb 1999) at 6, 7.
- 2 Manu/MH/0308/1999 or AIR 2000 Bom 27.
- 1 29 F.Supp. 2d 1161.
- 2 *Ibid.*
- 3 42 USPQ 2d 1430 (S.D.N.Y. 1997).

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 9 DOMAIN NAME AND CYBER SQUATTING**

#### **9.6 ICANN and the administration of domain names**

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The Internet domain name system was originally run by US government through various contractors and the National Science Foundation (NSF). In response to the exponential growth of the Internet problems began to arise. For example there was a trend for trademark holders to grab increasing numbers of .com domains which created a pressure for new top level domains such as .edu, .name and the like. Additionally UK and European governments, ever more aware of the crucial value of the Internet to their economies, began to be more concerned about the US hegemony on domain name control. These political technical and infrastructure requirements resulted in the US Department of Commerce (DoC) devolving DNS management and decision making system by establishing Internet Corporation for Assigned Names and Numbers (ICANN).<sup>4</sup> With the creation of ICANN in 1998<sup>5</sup> and the near-simultaneous death of Postel, Internet governance was put on a new basis of legitimacy. In this first round of institutional design, the authority previously vested in an individual came to be vested in an institution. Policy-making power was located in ICANN, specifically in its nineteen member board of directors. This legitimacy-giving body combined both democratic and expertise-based legitimacy. In ICANN's original design, nine directors were to be selected by technical communities with expertise in Internet identifiers. Nine more directors were to be selected by Internet users through global elections. (The remaining position was reserved for ICANN's top administrator.) In terms of expertise, this arrangement combined expertise in technology and expertise in user issues. In terms of interest representation, this arrangement balanced the interests of users and those of the Internet supply industry. As designed, the board of directors would have final authority. Unlike other global governance institutions, ICANN was not to derive its legitimacy from national governments. Indeed, governments were barred from having representatives on the ICANN board and were instead relegated to an advisory body, the Governmental Advisory Committee (GAC). In what was presented as a temporary arrangement, the US government would exercise top authority over the Internet's core technical resources, but only until ICANN's design was fully implemented. However, ICANN's board never was fully implemented. The full complement of user directors were never seated, and four years later ICANN's bylaws were modified to eliminate user representation altogether. The ensuing outcry gave evidence of ICANN's loss of legitimacy. Representatives of the user community, industry, and government questioned ICANN's right to make policy, denying ICANN the recognized right to govern. ICANN's policy making was decried as the exercise of power rather than as the expression of consensus in the Internet community. ICANN's revised institutional design of 2002 brought to the fore the role of the United State government. In this regard there adopted certain agreements between the US department of commerce and the ICANN Despite its original commitment to cede its authority to ICANN, shortly after ICANN's founding the US Department of Commerce published a contradictory notice that it had "no plans to transfer to any entity its policy authority to direct the authoritative root server".<sup>1</sup> Decisions by ICANN would have to be validated by the US before being implemented; ultimate power lei with the US and would remain there. As the perceived legitimacy of ICANN's board eroded, the US government was increasingly seen as legitimating ICANN's decisions. This constituted an important shift. Whereas ICANN's original design had embodied a novel form of legitimacy, based in large part on the direct election of user representatives from around the world, the emergence of the US as the supreme authority endowed ICANN with a more traditional source of legitimacy: the nation state. The ICANN experiment in private, non-governmental

authority was stillborn, and traditional political authority reasserted itself. However, there are no institutionalized, universally accepted set of norms of regulation and administration of domain names and the disputes relating to cyber-squatting. This called on ICANN for adopting Uniform Dispute Resolution Policy (UDRP) for domain name disputes. At this juncture, the statement of policy issued by the Department of Commerce of the US in June 1998, is an important document to deal with the management of domain name system, once it is opened up to private competition. Considering the issue of cyber-squatting, it states that the "US Government will seek international support to call upon the World Intellectual Property Organization (WIPO) to initiate a balanced and transparent process, which includes the participation of trademark holders and members of the Internet community who are not trademark holders, develop recommendations for a uniform approach to resolving trademark/domain name disputes involving cyber piracy".<sup>1</sup> It does not empower the trademark owners from suing anyone using a domain name that merely resembled the protected name or mark. It limits its scope to cases of bad faith – "abusive registration of domain names that violate trademark rights ("cyber-squatting," in popular terminology)." Using a domain name in good faith, that is, in connection with a *bona fide* offering of goods or services, or using it in a fair, non-commercial way is not an offence.<sup>2</sup> Based on WIPO's final report, ICANN adopted its UDRP in October 1999. It streamlines trademark-based disputes about domain names, as it compels registrars to have either an agreement signed by disputants, a court order, or an arbitration award before removing or transferring a domain. It is lucid from the above discussion that an ideal international system of administering domain names needs to include conflict resolution mechanisms that provide for the maintenance of decision-making abilities even where there is neither an internationally applicable law or a court with the power to enforce regulatory decisions. ICANN has taken the approach of mandatory arbitration as a means of resolving disputes between trademark owners and domain name holders. It has the advantage of being slightly quicker and cheaper than litigating in court and besides ICANN has less risk being a party to proceedings.<sup>3</sup> The UDRP rules provide that domain registrations can be amended on the basis of a court order or legal requirement or an arbitration panel decision. The arbitration is compulsory and is based on three considerations:

1. An assertion is alleged of trademark infringement; and
2. That there is no legitimate interest in the domain; and
3. The registration has been made in bad faith.

The experience hitherto unfolds that "bad faith" features highly in complaints in the domain name administration system and ICANN specify certain factors to be assessed in determining bad faith:

1. Was domain name obtained for reselling to the trademark owner or a competitor for a sum that is more than out of pocket expenses; or
2. Whether it prevents the domain owner from using his trademark in a domain name;
3. Was it intended for disrupting the business of a competitor; or
4. Whether it aims to diverting surfers to a web site by causing confusion as to source affiliation or sponsorship of a site or its contents.<sup>1</sup>

Since it has been recognized that there is a possibility of infringement of trademark on the relatively new commercial medium of the Internet through the registration of domain names, trademark law must be effective enough to tackle these new forms of

infringement of trademark. The discussion above infers that cyber-squatting is merely a new form of trademark infringement. As it has been held in several cases, the principles outlined under the trademark law are sufficient to tackle this menace. Although in the US the legislators have gone a step ahead to create a legislation to deal specifically with the problem of cyber squatting, the Indian experience holds that the existing trademark law itself is sufficient to address the concerns raised by the domain name and cyber-squatting disputes. The ICANN Dispute Resolution Policy has also been providing the much required helping hand in this regard. The decisions of various courts dealing with various forms of cyber-squatting have been instrumental in promoting the application of principles of protection of trademarks in the world of online. The experience suggests that courts have found the existing trademark law to be sufficient and effective enough in dealing with the cyber-squatting and domain names disputes. The rationale of protection and enforcement of trademarks has been successfully and very effectively applied in the context of administration of domain names as well. The court rulings do say that violation of trademarks through the use of registered trademarks and names as domain names could be effectively dealt with by the regular trademark law itself. The precedents set by the courts in this regard could provide required wisdom in dealing with domain name disputes in the future. The developed nature of "stare decies" in India would also play a vital role as well. Under the circumstances there is no necessity to supplement judicial wisdom with a legislative effort in India.

4 Frank I Schechter, *The Rational Basis of Trademark Protection* (1927), *Harvard Law Review*, 40, p 813.

5 Sreenivasulu NS and Abhay Vohra, *Domain names and Cyber squatting: Cause of concern for the trademark owners*, *MIPR* May 2012, Vol 2, Pt 1, p 172.

1 For further details see: NTIA (National Telecommunications and Information Administration) (1999) *Domain Name Agreements between the US Department of Commerce, Network Solutions, Inc. and the Internet Corporation for Assigned Names and Numbers (ICANN)*, Fact Sheet', available at, <http://www.ntia.doc.gov/ntiahome/domainname/agreements/summary-factsheet.htm>.

1 Adam Waxer, *The Domain Name Fiasco: The Legal Battle between the Current Domain Name Registration System and Traditional Trademark Law*, available at [www.hofstra.edu/PDF/law\\_cyberlaw\\_waxer.PDF](http://www.hofstra.edu/PDF/law_cyberlaw_waxer.PDF)

2 Hazel Carty, *Dilution and Passing Off: Cause for Concern* (1996), 112 L. Q. R. 632.

3 Ibid.

1 Ira S. Nathenson, *Showdown at the Domain Name Corral: Property Rights and Personal Jurisdiction* (1997), 58 U Pitt. L Rev. 991.



## **Part IILAW OF TRADEMARKS**

### **CHAPTER 9DOMAIN NAME AND CYBER SQUATTING**

#### **9.7 Domain names and Law of Passing Off**

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Law of passing off is extensively used for providing a solution for the domain name disputes and the litigation. The general proposition of law of passing off that nobody can take an undue advantage of the endeavors of the other, nobody can misuse the property, reputation or goodwill of the other with bad faith have been used in case of domain name dispute resolution also. Trademark and domain names perform similar function, and both are protected under the similar philosophies. Passing off<sup>2</sup> is a useful and appropriate remedy in case of trademark can also be used in case of domain names disputes and litigation. Often law courts have applied the law of passing off in deciding domain name disputes.

Domain names get equal protection as that of trademark under passing off. There are certain classical decisions made by the law courts in India using the principles of law of passing off in adjudicating domain name litigation. In *Yahoo v Akash Arora*<sup>1</sup> for the first time application of law of passing off in domain name disputes was discussed by the law courts. Where in "Yahoo" is the owner of "yahoo" trademark and as well "yahoo.com" domain name for internet services.<sup>2</sup> Akash Arora registers "yahooindia.com" for similar type of services. Yahoo initiates passing off action against Akash Arora. Yahoo contended that Yahooindia.com would cause confusion and deception in the minds of consumers. Akash Arora contended that there is a disclaimer on the web site regarding the origin of the services, therefore there is no confusion. Since, plaintiffs have sought for passing off remedy in the case, Akash Arora further contends that passing off is a remedy in case of misrepresentation of goods. Since the product in the instant case is services, passing off remedy is not suitable. He hence pleads for the dismissal of the suit claiming passing off remedy. The court held that Law of passing off could provide for the required solutions for the domain name disputes. In the instant case mere disclaimer with regard to origin of service is not sufficient to avoid confusion. Given the reputation and goodwill of the yahoo and their services, similar trademark or domain name would amount an attempt to exploit the same. The function of trademark and domain name is similar. Therefore, passing off action could be a remedy for domain name disputes. The court decided that yahooindia.com is deceptively similar to yahoo.com and the same is prohibited from use. Further, in *Rediff. Communications v Cyber Booth*<sup>3</sup> the dispute was pertinent to two domain names namely "REDIFF.COM" and RADIFF.COM. Rediff.com is the owner of rediff.com domain name. Meanwhile Cyber booth registers rediff.com as their domain name. Rediff.com institutes passing off action at Bombay High Court and contends that Cyberbooth's domain name is deceptively similar to rediff.com and there is a likelihood of confusion among the consumers. While Cyber booth contends that they have no intention to deceive or confuse the consumers of rediff.com, therefore passing off action cannot sustain. The Bombay High Court while applying the principles of passing off categorically stated that Intention to deceive is not a pre-requisite to passing off. If the fraud or deception is proved no further enquiry is required upon the likelihood of confusion. Both the domain names so nearly resemble and there is a likelihood of confusion among the consumers. Accordingly an injunction was issued against Cyber booth from using radiff.com. Further, in *The Coca-Cola Company v Bisleri International Pvt Ltd*,<sup>4</sup> the Delhi High Court held that if the threat of infringement exists, then this court would certainly have jurisdiction to entertain the suit. It was also held that the 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, Bisleri by a master agreement, had sold and assigned the trade mark MAAZA including formulation rights, know-how, intellectual property rights, goodwill etc for India only with respect to a mango fruit drink known as MAAZA to Coca-Cola. In 2008, the defendant filed an application for registration of the trade mark MAAZA in Turkey and started exporting fruit drink under the trade mark MAAZA. The defendant sent a legal notice repudiating the agreement between the plaintiff and the defendant, leading to the present case. The plaintiff, the Coca Cola Company also claimed permanent injunction and damages for infringement of trade mark and passing off. It was held by the court that the intention to use the trade mark besides direct or indirect use of the trade mark was sufficient to give jurisdiction to the court to decide on the issue. The court finally granted an interim injunction against the defendant (Bisleri) from using the trade mark MAAZA in India as well as for export market, which was held to be infringement of trade mark.

2 Passing off action is a recognized remedy for infringement of unregistered trademarks under the Trademarks Act, 1999.

1 1999 IPLR Del 19.

2 Sreenivasulu NS and Abhay Vohra, *Domain names and Cyber squatting: Cause of concern for the trademark owners*, MIPR May 2012, Vol 2, Pt 1, p 169.

3 AIR 2000 Bom 27.

4 Manu/DE/2698/2009.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 9DOMAIN NAME AND CYBER SQUATTING**

#### **9.18 Could there be a descriptive domain name**

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The law of trademark states that a trademark shall not be descriptive of the nature, characteristics or features of the goods or services it is representing. The marks which are descriptive are not valid trademarks and considered as inherently not distinctive. Whether the same principle is applicable in case of descriptive domain names was an issue in *Online India Capital Co Pvt Ltd v Dimensions Corporate*,<sup>1</sup> there were two descriptive domain names namely; MUTUALFUNDSINDIA.COM and MUTUALFUNDINDIA.COM. In an action for passing off instituted by online India, Dimensions corporate counter challenges the validity of the plaintiffs domain name MUTUALFUNDSINDIA.COM, contending that it is descriptive in nature and has not acquired distinctive character. The Delhi High Court views that Plaintiff's domain name is descriptive of their business. Applying regular trademark law and practice it was held that a descriptive domain name without acquiring secondary meaning cannot become a valid domain name. Since, MUTUFUNDSINDIA.COM is descriptive and has not acquired secondary meaning it is not a valid domain names, therefore passing off action cannot be sustained. Therefore going by the language of the above case it can be said that a domain name shall not be descriptive.

<sup>1</sup> 2000 PTC Del 396.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 9DOMAIN NAME AND CYBER SQUATTING**

#### **9.8 Whether trademark owner has pre-emptive right to domain name**

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As discussed earlier, the menace of cyber-squatting is all about registering popular trademarks as domain names. There were no restrictions for such registration of domain names which as deprived potential owners of popular trademarks from having their trademark as their domain name. In such circumstances there arises a question with respect to the status and rights of the owners of trademark. The courts happened to address whether there is any pre-emptive right on the part of the trademark owners to have their trademark as domain name. In *Aqua Minerals Ltd v Pramod Bose*<sup>2</sup> there was a trademark "BISLERI" and a domain name "BISLERICOM" possessed by different owners. Aqua minerals was processing "BISLERI" trademark and Pramod Bose had registered "BISLERICOM" as domain name. In action instituted by Aqua minerals defendant contend that they are not involved in the mineral water business and have no intention to confuse the customers of Aqua. The Delhi High Court viewed that a trademark owner has got pre-emptive right over the trademark to register the mark as domain name. It was held that even if the business of the domain name owner is different from that of the trademark owner registering the trademark as domain name by the one who is not the owner of the trademark amounts to violation of the rights of the trademark owner. It has to be noted here that Clause: 4 of the UDRP also speak about registration of established trademark as domain name by its owner. Further in *TATA Sons Ltd v Manu Kosur*<sup>1</sup> defendants have registered 10 domain names on TATA which is a popular trademark. In a passing off action instituted by TATA Delhi High court held that in the light of long use and popularity of TATA, domain name on the same by somebody else would cause confusion among the consumers and the same cannot be permitted. Hence, the owner of the trademark has got pre-emptive right over the trademark to register the same as domain name. Nobody except the owner of the trademark can register the mark as domain name which is also recognized by the UDRP guidelines.

<sup>2</sup> 2001 PTC 619 (Del).

<sup>1</sup> 2001 DLT 90, 499.

## **Part IILAW OF TRADEMARKS**

### **CHAPTER 9DOMAIN NAME AND CYBER SQUATTING**

#### **9.9 Whether principles of trademark law can be applied for protecting domain name**

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In *Satyam Infoway Ltd v Sifynet Solutions Pvt Ltd*<sup>2</sup> the issue was the applicability of principles of trademark law on the regulation of domain names. In the instance case there were two domain names namely; sify.net.com, sifysmall.com one by the plaintiffs who are in the field of computers and internet related business and the other by the defendants who are in the business of internet marketing. In a suit for passing off Lower Court issued injunction based on the principle of passing off against the defendant which has been reversed by the High Court on the ground that the business of the parties is different. On appeal, the Supreme Court views: the function of domain name is similar to trademark as the business identifier. Though the businesses of the parties is not similar but are interlinked, therefore there is a possibility of confusion among the consumers. In the absence of exclusive legislative mechanism in this connection to the extent possible the domain names could be protected under passing off. Domain names given its function and relevance could fit into the definition of services under the Trademarks Act and therefore the principles of trademarks law and as well as passing off could be applied to provide a remedy to protect domain names.

<sup>2</sup> (2004) 28 PTC SC 566.

## **Part I LAW OF TRADEMARKS**

### **CHAPTER 9 DOMAIN NAME AND CYBER SQUATTING**

#### **9.10 Anti-cyber Squatting (Consumers Protection) Act, 1999<sup>3</sup>, USA**

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In the light of bad faith registration of popular trademark as domain names by those who are not the owners of the trademark, the US congress brought up a legislation for regulating the registration and maintenance of domain names and to prohibit the practice of cyber-squatting. The legislation recognizes the bad faith registration of domain names as cyber squatting and prescribes measures for regulating the same. The salient features of the Act are as follows;

- Protection of domain names from bad faith registration.
- Avoiding confusion among the consumers on domain names.
- Protection of the interest of the consumers from bad faith use and registration of trademark as domain names.
- Protection of the interest of the trademark owner in having the trademark as domain name.
- Guidelines for addressing issues concerning domain name registration, protection and dispute adjudication.

The act has been an attempt to regulate the menace of cyber squatting which has been bothering the owners of the trademark. The act states that; while adjudicating domain name dispute one has to consider:

- Whether there is any intention to cause confusion
- Whether there is any intention to gain commercial advantage
- Whether it is a *bona fide*/bad faith registration
- Whether it is a non commercial/fair use
- Whether it is distinctive/descriptive
- Whether it involves use of the legal name of the person

The act in USA intends to protect the interest of the consumer through regulating domain names and in prohibiting cyber squatting. There is a consumer angle in the regulation of trademarks in general. Since the principles of protection of trademarks are being followed in the regulation of domain names the consumer angle is being considered for domain names regulation in the lines of trademark law. In India though there is no separate legislation on the regulation of domain names and prohibition of cyber squatting the law courts have been following the principles of trademark law practice and passing off in regulating cyber squatting and in providing protection for the domain names. In particular the principles of passing off are being followed in the regulation of domain names in India. The guidelines of the Uniform Dispute Resolution Policy at the international level are also being considered while adjudicating domain name disputes. Often law courts in India referred to the principles of passing off in deciding the domain name disputes and hence law of passing off is very much relevant in domain name disputes and regulation in India.

3 After number of instances of different forms of cyber-squatting government of USA felt the need for an exclusive legislative mechanism in the form of Anti-cyber squatting Act of 1999.

## **Part III TRADE SECRETS**

### **CHAPTER 10 LAW OF TRADE SECRETS AND CONFIDENTIAL INFORMATION**

Information that enjoys the confidence of the trader that it could give commercial advantage would be kept secret for legal protection and enforcement. Secret information is commercially useful since it could be industrially applied. The owner of the information intends to keep it secret since it could bring commercial advantage to him. If the secret information is revealed it could become commercial advantage to the competitors. Once the secret is revealed to others it loses the luxury of being called and protected as a trade secret. A secret, which is made known to others, becomes knowledge available in the public domain and no one can claim ownership over it. Information is knowledge, information is power, and information is money. Information and knowledge plays a vital role in the modern day life. Every day we use receive information, which we may not intend to keep secret. But certain information, which could be gained only after cumbersome intellectual efforts, or information which could be obtained only on the application of human ingenuity needs to be kept secret for securing commercial advantage. Information kept secret is valued and protected especially in the business world.<sup>1</sup> Such sensitive information if revealed will lose its value. The information may be pertaining to ones business, profession, trade or occupation.<sup>2</sup> As long as certain sensitive and confidential information is kept secret it gains commercial advantage. Such secret information is commercially exploited and traded in the business world.<sup>3</sup> The success of a business is being increasingly driven by its confidential information and knowledge, especially in a global environment. It is important that every business policies and practices are poised to safeguard its confidential information from inadvertent disclosure or misappropriation. A trade secret is information of any kind that is valuable to its owner, not generally known, and is maintained in confidence by its owner. Trade secrets can last forever, as long as they remain secrets and are protected as such. Only the owner's ability to enforce against misappropriation may vary. However, once disclosed, whether accidentally or otherwise, their value to the business is irretrievably lost. Trade secret protection, also can last indefinitely as long as the protected information continues to be kept in secrecy. It is only with diligent effort to keep information secret that a trade secret becomes and remains a company's intellectual property asset that is valuable and capable of being the subject of a license. A trade secret can be a combination of elements that may exist individually in the public domain, but the secret consists in a certain combination of such elements, or a particular unified process that yields the competitive advantage to the business. It is felt that; trade secret protection may be most important during the pendency of an application for a patent, for inventions that are not sufficiently novel for patent.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights in Trade Secrets*, MIPR, July 2007, Vol 2, Pt 2, PA-40.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 159.

<sup>3</sup> Sreenivasulu NS, *Trade Secrets, Competition and Innovation*, Paramjit Jaswal, Sandhu & Pawar (ed) *Consumer Activism, Competition and Consumer Protection*, Rajiv Gandhi National Law University, Patiala, Punjab, Edn, 2012, Pg. No: 22.



## **Part III TRADE SECRETS**

### **CHAPTER 10 LAW OF TRADE SECRETS AND CONFIDENTIAL INFORMATION**

#### **10.1 Defining trade secret**

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Trade Secret is confidential information not generally known to others. A trade secret refers to data or information relating to the business which is not generally known to the public and which the owner reasonably attempts to keep secret and confidential. The information must derive independent economic value, either actual or potential.<sup>1</sup> The secret must give the holder a competitive edge. English Law does not distinguish between various types of confidential information or trade secret. Trade secret can be defined to mean information which has got certain commercial value and which provides commercial advantage to the owner.<sup>2</sup> Under the TRIPS Agreement "trade secrets" are referred as "Undisclosed information". Any information is prevented from being disclosed so long as such information<sup>3</sup>:

- (a) 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 within the circles that normally deal with the kind of information in question;
- (b) has commercial value because it is secret; and
- (c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

Trade secrets can be either confidential technical information or business information and broadly may include manufacturing processes, industrial designs, product formulas, sales and advertising strategies, distribution methods, customer lists, computer algorithms, and the like. In US under the Uniform Trade Secrets Act, trade secret has been defined to mean; information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

- "(a) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use, and
- "(b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy<sup>1</sup>."

Similarly, the Unfair Competition Law of China provides that "trade secret" means technical or business information that is unknown to the public, is capable of bringing economic benefits to the rights owner, has practical utility, and requires that the rights owner take measures to keep that information secret. As long as certain information is kept confidential away from all others it enjoys the status of trade secrets. Any information which could be sold and purchased in trade, a secret, which could be traded, can be called as trade secret. Further the information must be new and original in the sense the same information must not available with anybody and the possessor of such information must be the original owner of the information. In *Coco v AN Clark Engineers Ltd*,<sup>2</sup> it was held that the kind of information which will be protective must have the necessary qualification of confidence in it, in the sense that it is not

something which in public property and public knowledge. In *Hudson Hotels Corporation v Choice Hotels International*<sup>3</sup> the second Circuit Court had held that "in our opinion, New York law dictates that an idea, whether embodied in a product and called a trade secret or otherwise reduced to concrete form, must demonstrate novelty and originality to be protectable as a property right under any cause of action for its unauthorized use. The commercial element in secrets makes it tradable and the element of secrecy makes it trade secret. In the spear of trade commerce and industry, there would always be certain knowledge, information which is sensitive, confidential and commercially viable which could provide advantage to the possessor. Such knowledge or information is always sought after for trade and purchase or for economic value. A trade secret may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. But tremendous demand for personal computers has created a vast and extremely profitable market for software producers which has fuelled the idea of protecting software products under trade secrets regime. This new market is essentially a consumer market in which a large volume of programs are sold through mail order businesses and retail stores. *Mr Anil Gupta v Mr Kunal Dasgupta*,<sup>4</sup> the Delhi High Court deliberating on this pertinent issue it was 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. While *American Express Bank Ltd v Ms Priya Puri*,<sup>5</sup> the court defined trade secret as formulae, technical knowhow or peculiar mode or method of business adopted by an employer which is unknown to others<sup>1</sup>." The Delhi High Court in *American Express Bank Ltd v Priya Puri*,<sup>2</sup> defined trade secret as formulae, technical know-how or a method of business adopted by an employer which is unknown to others and such information has reasonable impact on organizational expansion and economic interests. Indian courts have approached trade secrets protection on the basis of principles of equity, action of breach of confidence and contractual obligations. The recent Indian Innovation Bill<sup>3</sup> attempts to define "confidential information" to mean information, including a formula, pattern, compilation, program device, method, technique or process, that:

1. 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 within circles that normally deal with the kind of information in question;
2. Has commercial value because it is secret and
3. Has been subject to responsible steps under the circumstances by the person lawfully in control of the information, to keep it secret.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights in Trade Secrets*, MIPR, July 2007, Vol 2, Pt 2, P A-41.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 160.

<sup>3</sup> Sreenivasulu NS, *Trade Secrets, Competition and Innovation*, Paramjit Jaswal, Sandhu & Pawar (ed) *Consumer Activism, Competition and Consumer Protection*, Rajiv Gandhi National Law University, Patiala, Punjab, Edn, 2012, Pg. No: 23.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights in Trade Secrets*, MIPR, July 2007, Vol 2, Pt 2, P A-41.

<sup>2</sup> (1969) RPC 41.

<sup>3</sup> 1993 2nd Circuit Court 1173.

- 4 97 (2002) DLT 257; 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.
- 5 (2006) 111 LLJ 540 Delhi High Court.
- 1 In Michael Heath Nathan Johnson v Subhash Chandra and Others 353 and John Richard Brady And Ors v Chemical Process Equipments P Ltd And Anr took note of the contentions of the counsels who referred to English decisions to define trade secrets.
- 2 (2006) HI LLJ 540 (Del).
- 3 The National Innovation Bill originally drafted and introduced in Parliament in 2008 and lapsed and again reintroduced in 2013 and lapsed again.

## **Part III TRADE SECRETS**

### **CHAPTER 10 LAW OF TRADE SECRETS AND CONFIDENTIAL INFORMATION**

#### **10.2 What makes a trade secret?<sup>4</sup>**

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There are certain essential features which a trade secret must possess to be considered as a trade secret. To be able to get protection, there are certain requirements to be satisfied, which form essential ingredients of trade secrets. Unlike other forms of intellectual property, trade secrets are essentially internal instruments. In *Bombay Dyeing & Manufacturing Co Ltd v Mehar Karan Singh*,<sup>5</sup> it was viewed that; it is the information which includes formula, pattern, compilation, programme, device, method, technique, or process, that derives independent economic value from not being generally known or readily ascertainable. The responsibility for their protection is in the hands of the owner of the trade secret if they are kept confidential. Most famous example of trade secret is the coca-cola formula. This formula is kept locked in a bank vault in Atlanta, can be opened only by a resolution of the company's board and is known to only two employees at the same time. The public has no access to the name of those employees and they are not allowed to fly on the same air plane. It is important to bear in mind that a trade secret<sup>6</sup> need not be something that is novel nor should it have any real or intrinsic value to be protected. The only important requirement is that it must be a secret. Irrespective of kind of protection either under common law or under legislative mechanism certain features would make the essence of a trade secret. A trade secret must fulfill the following essential<sup>1</sup> conditions<sup>2</sup>:

1. Known only by a limited number people or employees or limited circle of access. The information must only be known by a restricted circle of persons outside the business. It is not known to the public, which means that the information cannot be directly acquired from public channels and should meet two specific conditions: the information is "not known to the public" and is "not readily accessible."
2. Kept secret or the owner has taken reasonable steps to keep it secret. In other words, to be considered a trade secret, the information must be in fact a secret. The rights holder must have taken measures to keep the information secret, including signing confidentiality agreements, establishing confidentiality systems, and taking other reasonable measures to maintain the confidentiality of the information.
3. The information or knowledge is scientific, technical, related to useful arts or business. Mere knowledge that is known among persons in the industry cannot be appropriated as a trade secret.
4. The information should be difficult to acquire by outsiders. The information must be scarce and not publicly available or must not be easily available or difficult to acquire.<sup>3</sup>
5. Information shall have commercial value or utility or capable of being applied industrially. The information must have a value for the business and its competitors. It should bring economic benefits to the rights owner and has practical utility<sup>4</sup> while providing the owner a commercial advantage or competitive edge over competitors.

Therefore, the determination of the existence of a trade secret depends on the examination of the facts of each particular case and identifying the various definitional elements<sup>5</sup> required for the finding of a trade secret. These trade secrets lose commercial value once revealed or made known to others. A method of conducting business or a manufacturing process or a formula could become trade secret when kept secret. Everyone who holds or owns such sensitive and commercial information intends to keep it secret in order to gain competitive edge in their respective business. The following are the examples of trade secrets;

1. Formulas for chemicals, drugs, cosmetics, foods, etcetera, mathematical formulae<sup>1</sup>
2. Industrial processes and manufacturing techniques
3. Technical and scientific information relating to the practical application of patented or unpatented inventions.
4. Plans, sketches, diagrams and blueprints, such as for a building or machinery.
5. Computer software, Source code and algorithms to the extent it cannot be reverse engineered.
6. Sources of supply, pricing information, identity of vendors or suppliers, and customer lists.
7. Commercial records, such as customer lists, sales information, strategy and information about commercial plans.
8. Unpublished copyright works
9. Marketing techniques, procedures and price lists

Business world is much concerned with keeping certain information secret or confidential for which huge investments and cumbersome efforts are made. The secrets in trade or business are protected and enforced against unauthorized exploitation or use. Law guarantees enforcement of trade secrets for the purpose of remedying the loss or damage suffered by the owner due to the unauthorized exploitation of trade secrets.

<sup>4</sup> Article 39(2) of the TRIPS agreement. See: International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1st Edn, 2001.

<sup>5</sup> 2010 (112) Bom LR 3759.

<sup>6</sup> Trade secrets also may be referred to as confidential information or know-how.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights in Trade Secrets*, MIPR, July 2007, Vol 2, Pt 2, P A-41.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 160.

<sup>3</sup> Trade Secrets Law and protecting your client's process. KRISTY JOI DOWNING, American Bar Association, section of Litigation, Spring 2006. See also *Intellectual Property Litigation Newsletter* 16:16 Summer, 2005.

<sup>4</sup> This means that the information has certain applicability and can bring about practical or potential economic interests or a competitive edge to the rights holder.

<sup>5</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 160.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights in Trade Secrets*, MIPR, July 2007, Vol 2, Pt 2, P A-40.

## **Part III TRADE SECRETS**

### **CHAPTER 10 LAW OF TRADE SECRETS AND CONFIDENTIAL INFORMATION**

#### **10.3 Types of information that forms trade secret**

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The English law does not distinguish between various types of confidential information. Even the American Law does not classify the information that can form trade secrets. In the Indian scenario and under common law any information which has commercial significance is classified as trade secrets under different headings or terminologies. But, generally trade secrets relate to different types of information such as;

1. Technical information
2. Scientific information
3. Confidential information
4. Commercial information
5. Negative information
6. Financial information

Let us have brief detail of the above types of information which could be considered as trade secret. Technical and scientific information may include technical composition of a product manufacturing methods, know-how to produce a product, designs, drawing, Laboratory confidential data, computer codes etc. Commercial information<sup>2</sup> may include any business strategy or plan, lists of suppliers and name of clients, customer's requirements and preferences etc. Financial information includes-internal cost structure, employee's agreements, salary and compensation plans etc. Again, negative information includes causes of failure to rectify and solve any problem at the time of manufacturing of certain product, unsuccessful efforts to attract customers in purchasing a product etc. Trade secrets generally give the business a competitive edge over their rivals. Almost any type of data, processes or information can be referred to as trade secrets so long as it is intended to be and kept a secret, and involves an economic interest of the owner. For example, a business may have certain internal business processes that it follows for its day-to-day operations that give it an edge over its competitors. This could be regarded as a trade secret. Customer lists, business information, employee details, financial records, data compilations, business plans and strategies, formulae, designs, drawings, algorithms et al, could all amount to trade secrets. Trade secret is considered as a form of intellectual property rights across the world. Information or knowledge encompasses certain intellectual efforts which are protected through offering protection to trade secrets.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 160.

## **Part III TRADE SECRETS**

### **CHAPTER 10 LAW OF TRADE SECRETS AND CONFIDENTIAL INFORMATION**

#### **10.4 Importance of trade secret**

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The existing formal tools of intellectual property law may not be suitable to protect some intellectual knowledge. Patents, for example are available only for inventions in the field of technology and that too for only limited period. Patent is not suitable to protect other business secrets in conducting the day to day activities of business. Again, in case of scientific invention, which is protected by patent, a time period is necessary to get patent protection. This time period commences from the moment of submission of patent application to the moment of granting of patent. During the pendency of the patent application the subject matter of patent, i.e. the invention is not protected unless the provisional specification is filed before the controller which is followed by complete specification with the limited time as prescribed under the Patent legislation of respective country. During this period, trade secret can be effectively used for the protection of scientific invention. It will give protection to the owner of invention against any wrongful disclosure of the invention by the others, irrespective of the fact whether patent will be granted or not. Trade Secrets<sup>1</sup> are the intellectual property of the new millennium and can no longer be neglected. Trade Secret misappropriation costed Walt Disney 240 million dollar. Trade secret regime covers over 90% of new technology generation and protection.

Patents are considered as tips of ice bergs in an ocean of Trade Secrets. Trade Secrets precede, accompany and follow patents. Trade secrets can be virtually any kind of business information. These are important to industry and the economy because they protect and encourage innovation. A trade secret has the advantage of protecting information that possibly could be protected by a patent, a copyright, or the law on industrial designs. Indeed, getting a patent for a product requires that it be novel and non-obvious. Exactly in the same way, copyright only applies to an original work which depends upon the pain and labor taken to create a copyright work. But, innovation in case of patent, originality in case of copyright, distinctive character in trademarks or such other technical fulfillments is not required in case of Trade Secret protection. Like other Intellectual Property Instruments, no fixed time limit of validity is necessary for trade secret.<sup>1</sup> An inventor need not disclose a trade secret for its registration like patent, copyright or trademark.<sup>2</sup> So long as the Trade Secret remains undisclosed, protection is available for an indefinite period of time. Unlike other forms of intellectual property, trade secrets are essentially internal instrument. The responsibility for their protection is in the hands of the owner of the trade secret which is purely internal. Trade secret is confidential information not generally known to others and derives independent actual or potential economic value.<sup>3</sup> The secret gives the holder a competitive edge in the market over others. Where, however, the confidential information/trade secret is disclosed to the third parties, or where the information has entered into the public domain, it will no, longer be regarded as confidential and hence it is not protectable by trade secret. However, absolute secrecy is not required; there must be substantial element of secrecy so that third persons face difficulty in acquiring the necessary secret information. It is felt that no heroic attempt to preserve secrecy is necessary. What is necessary is that the business owner has to take reasonable efforts to maintain secrecy. This reasonableness will differ from case to case. Business houses and undertakings often face fierce competition among themselves in the market. In order to survive and to be the leader in the market, competitive strength will

be attained only by acquiring some innovative techniques, new idea and new know-how in the industrial and commercial world. Importance of these new innovative techniques, idea and know-how is very important. It is thus idea and/or know-how which will make difference. This specified knowledge and secret will give a competitive edge to the concerned business house. Hence protection of this trade secret is very important.

1 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 160.

1 As we known patents are protected for 10 years, copyrights for life plus sixty years and trademarks for 10 years with facility of renewal.

2 Disclosing and detailing innovation or creation is necessary while registering patent, copyright or trademark.

3 Sreenivasulu NS, *Intellectual Property Rights in Trade Secrets*, MIPR, July 2007, Vol 2, Pt 2, P A-41.



## **Part III TRADE SECRETS**

### **CHAPTER 10 LAW OF TRADE SECRETS AND CONFIDENTIAL INFORMATION**

#### **10.5 International Law on trade secrets**

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Before calling on the domestic law on the issue of protection and enforcement of trade secrets it is required to know the international law on the point which would provide us with an understanding on how the international community is thinking and how the nations have arrived at a decision with reference to the protection of trade secrets and the confidential information at international level which could be executed at the domestic levels. Since international norms and treaties would bind the nations which have agreed them, it is pertinent to have a discussion on the same. It is very much essential in the sphere of trade secrets, since trade secrets and confidential information is rather protected according to the conscience of the civil society which comprises of common law mechanism and certain doctrines and theories which are basically the result of general conscience of the civil society. Let us have discussion on couple of international conventions and agreements with respect to what have they got to say about trade secrets.

##### **10.5.1 Paris Conventions take on trade secrets**

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The Paris Convention<sup>1</sup> was intended to apply to industrial property in broad sense including trade secrets and confidential information.<sup>2,3</sup> The convention postulate for National Treatment of the parties by the member states with respect to conferment, protection and enforcement of trade secrets. The member states shall treat the trade secret protected under the convention without discriminating on the basis of the country of origin or work. In the sense the trade secret owner belonging to any state shall be treated by every state at par with the trade secret owner from within the country.<sup>4</sup> The Paris Convention also intended to regulate unfair competition in the spear of commerce and industry through prohibiting unauthorized use of confidential information or trade secrets. The Convention introduced provisions on unfair competition. Convention provides for ensuring effective protection against unfair competition. The agreement states that:

- (1) The member states are bound to assure to nationals of such countries effective protection against unfair competition.
- (2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.
- (3) The member states shall prohibit the following acts:
  - (i) 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;
  - (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) 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.

However, though, Article 10 bis(3) does not include the wrongful misappropriation of trade secrets or confidential information, the protection of industrial, trade and business secrets is implied by the general obligation under Article 10 bis(1) and (2).<sup>1</sup> Prior to TRIPS<sup>2</sup>, international intellectual property law recognized that acts contrary to honest business practices must be prohibited. The World Intellectual Property Organization has also taken various initiatives to protect trade secrets from unauthorized users. The convention considers unfair use, misuse and misappropriation of undisclosed information such as confidential information and trade secrets as violation of the rights of the owner of such undisclosed information. Besides, such violation of rights of the owner of undisclosed information is also considered as unfair competition which is nothing but using unfair means in the course of business, trade and commerce. The recent TRIPS agreement follows the Paris Convention of Industrial Property in the protection and enforcement of trade secrets and confidential information."

### 10.5.2 The TRIPS agreement

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With the globalization and the birth of World Trade Organization (WTO) all the member states including India are under obligation to protect all the intellectual properties conceived under the WTO including trade secrets. One among the several agreements adopted under WTO, the General Agreement on Trade and Tariffs (GATT), agreement as agreed by member states that; "undisclosed information" must be protected against use by others without the consent of the owner if the use is contrary to honest commercial practices.<sup>3</sup> Further the exclusive agreement on intellectual property namely the TRIPS Agreement<sup>4</sup> provides protection for "undisclosed information". It states that; such information must be secret, i.e., not generally known or readily accessible to "persons within the circles that normally deal with the kinds of information in question". Also, the information must have commercial value because it is secret and the information must be the subject of reasonable steps by its owners to keep it secret. The TRIPS<sup>5</sup> agreement under section 7 and Article 39 talks about protection of undisclosed information. The agreement states; in the course of ensuring effective protection against unfair competition as provided under the Paris convention members shall protect undisclosed information. Natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to acquired by or used by others without their consent in a manner contrary to honest commercial practices provided that;

1. Such information or secret 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.
2. Such information or secret has got commercial value because it is a secret or commercial information and
3. Such information or secret has been subjected to reasonable steps under the circumstances by the person lawfully in control of the information to keep it secret

The agreement<sup>1</sup> mandates the member states to take the necessary measures to protect undisclosed information against unfair commercial use. In addition, member states are supposed to protect such data, information against disclosure except where necessary to protect the public or unless steps are taken to ensure that the data is

protected against unfair commercial use. TRIPS<sup>2</sup>, however, has extended this concept specifically to trade secrets and to confidential information. Article 39(1) says that members shall protect undisclosed information in accordance with Article 39(2) and data submitted to Governments or Governmental Agencies in accordance with Article 39(3). Article 39(2), says that natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices so long as:

- (i) such 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 within the circles that normally deal with the kind of information in question;
- (ii) has commercial value because it is secret; and has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

While, Article 39(3) says that members, when requiring, as a condition of approving the marketing of pharmaceutical or of agricultural chemical products which utilize new chemical entities, the submission of undisclosed test or other data, the origination of which involves a considerable effort, shall protect such data against unfair commercial use. In addition, members shall 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. The agreement<sup>3</sup> 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.<sup>4</sup> "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."

1 International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998, p 67.

2 In fact patents, trademarks, industrial designs and indications of sources (geographical indications) were known as industrial property.

3 Article 1(3) of the Paris Convention for the Protection of Industrial Property.

4 Ibid, Article 2.

1 International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998, p 67.

2 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

3 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.

4 International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998, p 32.

5 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

1 International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998, p 32.

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- 2 Sreenivasulu NS, TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system, MIPR, October 2007, Vol 3, Pt 2 P A-71.
- 3 International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998, p 32.
- 4 Sreenivasulu NS, TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system, MIPR, October 2007, Vol 3, Pt 2 P A-71.

## **Part III TRADE SECRETS**

### **CHAPTER 10 LAW OF TRADE SECRETS AND CONFIDENTIAL INFORMATION**

#### **10.6 Protection of proprietary rights in trade secrets**

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Protection of trade secrets is a must for any business since it may encompass the secret formulas of business, which give competitive advantage. The owner of the trade secrets must undertake all possible measures to protect his trade secrets. The owner who tried his level best to protect his trade secrets can enforce his rights in case of infringement of his rights through misuse of trade secrets. Protection to trade secrets is offered by recognising the proprietary right in the information that is considered as trade secrets. Before protection is offered to trade secrets the same has to be recognised as property. Rather the information considered as trade secrets must be recognised as property. Perhaps trade secrets protection offers recognition to the proprietary rights involved in the information which is a trade secret. In *International News Service v Associated Press*,<sup>1</sup> it was viewed that the defendant was a news service that had copied the plaintiff's news stories from public sources, including early newspaper editions and bulletin boards. The Supreme Court found that the defendant had tried to "reap where it has not sown". The Court further ruled that the news was "quasi-property" and enjoined the defendant from copying further news stories from the plaintiff. In his concurrence Justice Oliver Wendell Holmes disagreed with this property conception by the Court, stating that "property, a creation of law does not arise from value, although exchangeable," and that the existence of exchangeable value is "a matter of fact," rather than law. In other words, if a thing has value, that is a fact, but there is no automatic requirement that the law should protect that thing as property. However, in *Peabody v Norfolk*,<sup>2</sup> the Massachusetts Supreme Court defined a principle that it intended to apply to the protection of all branches of intellectual property including trade secrets: The court held that; if somebody establishes a business and makes it valuable by his skill and attention, the goodwill of that business is recognized by the law as property. If there is some confidential information pertinent to such business which is valuable and commercially viable, the information forms the trade secret of the business and is considered as property of the business. In *Hudson Hotels Corporation v Choice Hotels International*,<sup>3</sup> the Second Circuit Court had held that; "in our opinion, New York law dictates that an idea, whether embodied in a product and called a trade secret or otherwise reduced to concrete form, must demonstrate novelty and originality to be protectable as a property right under any cause of action for its unauthorized use". While, Indian experience suggests that trade secrets are treated as property and rights in trade secrets are termed as proprietary rights. In *Promod Laxmikant Sisamkar and Uday Narayana Rao v Garware Plastics and Polyester Ltd*<sup>4</sup> while addressing the issue of trade secret being a property and misuse of trade secrets being misappropriation of property the court held that; whoever, being a clerk or servant or employed as a clerk or servant and being in any manner entrusted in such capacity with property, or with any dominion over property, commits criminal breach of trust in respect of that property. Such persons shall be punished with imprisonment of either description for a term which may extend to seven years, and shall also be liable to fine. Section 420 of Indian Penal Code deals with cheating and dishonestly inducing delivery of property: whoever cheats and thereby dishonestly induces the person deceived to deliver any property to any person, or to make, alter or destroy the whole or any part of a valuable security, or anything which is signed or sealed, and which is capable of being converted into a valuable security shall be punished with imprisonment of either description for a term which may extend to seven years, and shall also be liable to fine.

## 10.6.1 The Common Law mechanism

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Earlier to the formulation of the National Innovations Bill, which was introduced and lapsed in the parliament, in India there was no statutory mechanism for the protection and enforcement of trade secrets. Usually trade secrets were protected either under common law<sup>1</sup> or under unfair competition laws or according to contract laws. The common law<sup>2</sup> mechanism comprises of the decisions of courts, established practices and conventions. The contract law provides for measures for the governance of contractual relationships in general. In the absence of special or specific statutory framework to regulate and protect trade secrets, common law mechanism mostly comprising of judicial pronouncements have played a significant role in the protection of trade secrets and development of law relating to trade secrets. Infact, trade secrets are largely based on few doctrines and theories, which form the basis of law on trade secrets. Let us discuss these doctrines and theories which play a vital role in the process of protection and enforcement of trade secrets.

## 10.6.2 Doctrine of misappropriation

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Misuse of trade secrets is considered as misappropriation<sup>3</sup> of a thing that never belonged to the one who has appropriated it. Misuse of trade secret will have a bearing impact on the owner who labored for gathering the information or for earning knowledge and who made efforts to protect the information as a secret. In a way it also deprives the owner from enjoying its commercial advantage and the competitive edge over competitors. Misappropriation of trade secrets<sup>4</sup> amounts to unjust enrichment at the cost of the one who labored for it. The Uniform Trade Secrets Act, of USA defines "misappropriation to mean".

- (i) Acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or
- (ii) Disclosure or use of a trade secret of another without express or implied consent by a person who;
  - a. Used improper means to acquire knowledge of the trade secret; or
  - b. At the time of disclosure or use knew or had reason to know that his knowledge of the trade secret was
    - i. Derived from or through a person who has utilized improper means to acquire it;
    - ii. Acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use; or
    - iii. Derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or
  - c. Before a material change of his position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake.

The doctrine of misappropriation states that: a person who has not worked for it has got no right to use it depriving the one who worked for it. The doctrine is more a moral principle than a doctrine of law, since it demands to adhere to moral obligation in the absence of contractual terms under the law. Common law recognizes cause of action for unjust enrichment, which is independent from any breach of contract or inducement.<sup>1</sup> The doctrine is universally accepted to prevent unfair or dishonest commercial practices. Misuse or misappropriation of trade secrets will have drastic

impact on the business of the owner of the trade secrets. Therefore it is a common law identified obligation on the part of every person who comes across trade secrets or a person to whom trade secrets have been disclosed to upkeep its confidentiality and value by not disclosing and misusing.

At this juncture what amounts to misuse or when it can be said that a person has misused the trade secret needs to be ascertained? In *Ei Du Pont de Nemours v Christopher*<sup>2</sup> attempts were made to analyze the misappropriation of trade secrets. The plaintiff's chemical plant was under construction which was being designed to carry out a new and secret process for producing methanol. The defendant took the photographs of the plant under construction from an aero plane. It would have been possible to discover the secret process by studying photographs of the plant in partially completed state. The plaintiffs moved the court contending that the defendant's act of taking photograph of the plant amounts to wrongful obtaining, misappropriation and misuse of its trade secrets. The defendants contended that they had neither engaged in any fraudulent or illegal activity nor had any intention of obtaining or misusing the trade secrets of the plaintiff. It was further argued that they took photographs in public air space, which does not belong to the plaintiffs, and they have no fiduciary duty towards the plaintiff.

It was also argued that the defendants are not in any confidential or fiduciary relationship with the plaintiff; therefore they are subject to the confidentiality of the trade secrets of the plaintiff. The court opined that taking photographs of an unfinished plant when it would be possible to discover the trade secrets and secret process that it undertakes amounts to wrongful obtaining and misusing of trade secrets. It was also held that had the plant was in finished stage taking photographs would not have amounted to wrongful obtaining, misappropriation or misusing of trade secrets. Considering the contention of the defendants that they have no confidential or fiduciary relationship with the plaintiffs it was opined that whoever comes across trade secret of other does fall into a relationship with its owner to upkeep its secrecy. In *John Richard Brady v Chemical Process Equipments Pvt Ltd*<sup>1</sup> it was held that independent of an underlying contract or in the absence of one, he who has received information in confidence is not allowed to take unfair advantage of it. This lays down that undue enrichment at the expense or detriment of another goes against the tenets of equity and fairness which need not be dependent on contractual obligations. The findings of the law courts and the common law practices in regulating misappropriation of trade secrets as enshrined under the said doctrine have been recognized by the civil society. The international norms, national legislations have taken serious note of the courts pronouncements and practices under common law. It is quite significant to note here that the Paris Convention<sup>2</sup> and also the TRIPS agreement<sup>3</sup> prohibit unfair trade practices, which result in unjust enrichment. The European Competition law and the US Anti Trust laws do consider unjust enrichment as an unfair trade practice. The Competition Law<sup>4</sup> of India also considers unfair trade practices, which results in unjust enrichment as violation of law. These provisions of law could be given effect to in protecting trade secrets while prohibiting unfair trade practices and unjust enrichment.

### **10.6.3 Doctrine of fiduciary duty**

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Fiduciary relationship<sup>5</sup> need not be in black and white or in written form. It is a matter of practice or convention that the law courts impose an obligation on the part of the one who comes across the trade secrets of the other to upkeep the secrecy. Most common law jurisdictions protect trade secrets on the basis of fiduciary relationship<sup>6</sup>, which prevails between the employer and the employee. The employee has got a duty not to disclose the secrets of the employer to others, since he places himself in a relationship of trust and confidentiality with the employer who has disclosed the

secrets of his business under the contract of employment. Thus fiduciary relationship usually arises in one of four situations:

1. When one person places trust in the faithful integrity of another, who as a result gains superiority or influence over the first.
2. When one person assumes control and responsibility over another, while having a duty to act for or give advice to the said another on matters falling within the scope of the relationship.
3. When there is a specific relationship that has traditionally been recognized as involving fiduciary duties, as with a lawyer and a client or a stockbroker and, a customer.

The doctrine of fiduciary relationship is based on common law principles, which recognizes the fiduciary relationship between the employer and the employee. In *Ei Du Pont de Nemours v Christopher*<sup>1</sup> addressing the issue of confidentiality and the fiduciary relationship the court held that whoever comes across trade secret of other does fall into a relationship with its owner to upkeep its secrecy. In *Chemettal decision*<sup>2</sup> it was held that an employee is obligated to upkeep the trade secrets of the employer. The fiduciary relationship that exists between the employer and the employee imposes an obligation on the part of the employee not to disclose or misuse the trade secrets of the employer. The fiduciary relation theory proposes that certain relations embrace an implied duty of secrecy. Now a day it is recommended to incorporate non-competition and loyalty clauses in the employment contracts as a measure to prevent disclosure and misuse of trade secrets. Non-competition clause states that the employee once leaves the employment will not undertake any business, which may become competition to the business of the existing employee. However the effect of this clause is limited only for a temporary period. Since the constitution of India guarantee freedom of trade, commerce, occupation and business<sup>3</sup> to everyone nothing prevents the employee from taking up any business. The loyalty clause states that the employee shall be loyal to the employer in helping the later to protect his trade secrets. As per this clause the employee is obligated not to disclose secrets of the employer to any competitor or not to help the competitor in acquiring the secrets of the employer. Common law of fiduciary implies a duty on the part of the employee towards the secrets of the employer. In the absence of express contractual terms between the employer and the employee trade secrets are protected on the basis of fiduciary relationship. There is a difference between secrets acquired and skills acquired during the course of employment. Employee is obligated only not to disclose or misuse the secrets that he acquired during the course of the employment and after the termination of the employment. But he can very well use the skills that he acquires during the course of the employment either independently or in any new employment after terminating the existing employment. Further an independent inventor who acquires the knowledge of the secret information can use it without any objections.

#### **10.6.4 Theory of contractual obligation<sup>1</sup>**

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Parties to the trade secrets can mutually agree upon certain terms and conditions on the basis of which the information and the trade secrets can be dealt with. In case of any misuse or misappropriation of trade secrets it does violate the terms of the contract and the contractual relationship<sup>2</sup> binds the parties. The contractual obligation theory simply states that; the duty not to divulge or use trade secrets ordinarily arises from a contractual relation between the right holder and the person with access to the confidential information. As a matter of practice trade secrets are given protection under the contracts law, which gives rise contractual obligations on the part of the parties to the contract. The person possessing the trade secrets may enter into a



contract with a person or persons to whom he is going to communicate the trade secrets not to disclose it to others.<sup>3</sup> The other party to the contract will be under the obligation to keep the confidentiality of the information or not to breach the confidence of the owner and the contract as well.

The person to whom the secret is disclosed or whoever comes across a trade secret should not disclose it to other or should not misuse it to deprive the owner from enjoying the benefits of its secrecy. Now a day's having recognized the necessity of protecting trade secrets it is a regular practice to incorporate "non-disclosure" clause in contracts or to execute a separate non-disclosure agreement to obligate the other party not to disclose the secret information, which he comes across once, the contract is executed. Employment and trade secrets licensing contracts are most likely to include a secrecy obligation (non-disclosure agreements). The obligation stems from the contractual relationship. Since the rights and obligations of the parties to the contract depend upon what the parties have agreed and what has been laid down in the contract, enough care and caution shall be exercised while drafting the contract. At the most every clause with respect to; what is trade secret that is the subject of the contract, the terms which have been proposed to protect the same as agreed by the parties, proposed and agreed penalty in case of breach of contract etc., shall be dealt with and drafted with required care and caution. In any contract intended to protect trade secret, the parties shall ensure that the standard provisions providing the following substance are incorporated:

- (1) The description of what items of information disclosed under the contract are designated and treated as confidential. The law governing the contract where the parties are governed by the laws of different countries and a provision for settlement of disputes;
- (2) A covenant that the disclosed information should be kept confidential and used only for the purposes of that contract and that it should not be disclosed to any one, other than recipient's employees who would have a need to know the information;
- (3) A restriction that the recipient shall not, except as may be permitted by law decompile, disassemble, decode, reproduce, redesign, or reverse engineer any samples or computer software containing confidential information or any part thereof provided to him. Undertakings of confidentiality by the recipient of the confidential information and his employees, dealing with the work under that contract;
- (4) The period for which this information is to be kept confidential and the period of the contract and a provision for terminating it before that term and the ground on which it may be terminated. Return of all the records containing the confidential information to the disclosing party on the termination of contract at any time, for whatever cause;
- (5) Information on what is considered as breach of the terms of the contract, the prescribed penalties and the remedies which parties agree in the event of a breach of contract in case of such eventuality.

In *Niranjan Shankar Golikari v Century Spinning*,<sup>1</sup> it was held that negative covenants in employment agreements pertaining to non-disclosure of confidential information operative during the period of the contract of employment and even thereafter, are generally not regarded as restraint of trade and therefore do not fall under section 27 of the Contract Act, 1872 as a former employee should not be allowed to take unfair advantage of the employer's trade secrets which are vital for business. In as was held in *Homag India Pvt Ltd v Mr Ulfath Ali Khan*<sup>2</sup> it was viewed that post service restraint in maintaining confidentiality and also carrying on any other business for a limited period

is permissible under the exception to section 27 of the Contract Act. Therefore it could be inferred that; contract execution is used as tool to protect trade secrets. In such circumstances the wording of the agreement or the contract becomes critical in as much as the protection depends on the confidential information protective clause inclusiveness in the contract. The contractual relationships between the parties are governed by the Indian Contracts Act and courts do recognize the prescribed features, terms and conditions under the Act and as well the implied terms and conditions followed as a matter of practice in the circles of trade and commerce.

### 10.6.5 The Springboard theory<sup>1</sup>

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A person who comes across or obtains the trade secrets of any person should not disclose or misuse the same for the detrimental effect of the owner.<sup>2</sup> The springboard theory<sup>3</sup> states that a person who comes to know about others trade secrets is under moral obligation to upkeep the confidentiality of the trade secret. This theory is applied especially to counter the dishonest conduct or to prohibit unreasonable behavior with regard to the trade secret. Few states have clearly recognized this theory to extend protection to trade secrets. Usually Courts apply this theory as an equity measure to counter dishonest, immoral behavior of the defendant or in cases where access to trade secret is obtained illegally. *Spring Board theory* developed by the English Courts attempts to prevent a person from using any special information that may have been obtained in confidence from giving an advantage over others who would have had to obtain the information by other means. In essence, the doctrine aims to ensure that a person who breaches a duty of confidence is not able to benefit from the breach. In matters relating to technology, the "springboard" principle offers a useful guide. In *Coco v AN Clark (Engineers) Ltd; Cranleigh Precision Engineering Ltd v Bryant*<sup>4</sup> it was held that; a person who is in receipt of information which is confidential ought not to use it to save himself the time and expense of creating the information, as he would have had to do if he had no prior knowledge of it or the expense of obtaining it from someone else.<sup>4</sup> As point pointed out by the court in *In Ei Du Pont de Nemours v Christopher*<sup>5</sup> whoever comes across trade secret of others is under moral obligation to upkeep the confidentiality of the trade secret and shall not misuse the same for the detrimental effect of the owner. In *Potteers Baltoni v Weston Baker*<sup>6</sup> it was viewed that; a person who has obtained information in confidence is therefore, not allowed to use it as a spring board activities which are detrimental to the person who has made confidential communication. Such information remains a spring board even when all the features have been published or can be ascertained by actual inspection by any member of the public. In *Zee Telefilms Ltd v Sundial Communications Pvt Ltd*<sup>7</sup> it was laid down that in an action of breach of confidence, the obligation of confidence is not limited to the original recipient but also extends to those persons who received the information with knowledge acquired at the time or subsequently that it was originally given in confidence. Although a person must not use confidential information he acquires as a spring board, such a spring board does not last forever. There is a time period within which the court can restrain activities of such person but such restriction is not forever. Courts have also held that due to the inability to conclusively determine as to when the spring board started, and indicated that it would be more equitable to allow monetary relief than injunctive relief. Where information has been acquired unlawfully, the springboard principle applies to prevent the recipient and others utilizing the information, but not indefinitely. The factors to consider in assessing include; whether the principle will apply include the means and manner by which the information becomes public; by what other lawful means could the defendant acquire the information and the defendant's state of mind in disclosing the information.

<sup>1</sup> 248 US 215 (1918).

<sup>2</sup> 98 Mass 452, 458 (868).

- 3 1993 2nd Circuit Court 1173.
- 4 1986 (3) Bom CR 411.
- 1 Sreenivasulu NS, Trade Secrets, Competition and Innovation, Paramjit Jaswal, Sandhu & Pawar (ed) Consumer Activism, Competition and Consumer Protection, Rajiv Gandhi National Law University, Patiala, Punjab, Edn, 2012, Pg. 24.
- 2 Sreenivasulu NS, *Intellectual Property Rights in Trade Secrets*, MIPR, July 2007, Vol 2, Pt 2, P A-42.
- 3 Ibid.
- 4 Sreenivasulu NS, Trade Secrets, Competition and Innovation, Paramjit Jaswal, Sandhu & Pawar (ed) Consumer Activism, Competition and Consumer Protection, Rajiv Gandhi National Law University, Patiala, Punjab, Edn, 2012, Pg. 24.
- 1 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 163.
- 2 (1970) US Court of Appeals for the 5th Circuit.
- 1 AIR 1987 Del 372.
- 2 Article 10 bis of the Paris Convention. See: International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1st Edn, 2001.
- 3 Ibid, Article 39(2) of the TRIPS agreement.
- 4 The Competition Act, 2002 replaced the MRTP Act of 1969.
- 5 Sreenivasulu NS, *Intellectual Property Rights in Trade Secrets*, MIPR, July 2007, Vol 2, Pt 2, P A-43.
- 6 Sreenivasulu NS, Trade Secrets, Competition and Innovation, Paramjit Jaswal, Sandhu & Pawar (ed) Consumer Activism, Competition and Consumer Protection, Rajiv Gandhi National Law University, Patiala, Punjab, Edn, 2012, p 25.
- 1 (1970) US Court of Appeals for the 5th Circuit.
- 2 Stuart R Hemphill, You acquired Trade Secret Assets. Now, can you enforce them? INTELLECTUAL PROPERTY UPDATE, Vol 3, p 5.
- 3 Article 19(g) of Constitution of India.
- 1 Sreenivasulu NS, *Intellectual Property Rights in Trade Secrets*, MIPR, July 2007, Vol 2, Pt 2, P A-42.
- 2 Sreenivasulu NS, Trade Secrets, Competition and Innovation, Paramjit Jaswal, Sandhu & Pawar (ed) Consumer Activism, Competition and Consumer Protection, Rajiv Gandhi National Law University, Patiala, Punjab, Edn, 2012, p 25.
- 3 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 162.
- 1 AIR 1967 SC 1098.
- 2 MFA No. 1682/2010 C/W MFA No. 1683/2010 (CPC) decided on 10 October 2012, Karnataka High Court.
- 1 Sreenivasulu NS, Trade Secrets, Competition and Innovation, Paramjit Jaswal, Sandhu & Pawar (ed) Consumer Activism, Competition and Consumer Protection, Rajiv Gandhi National Law University, Patiala, Punjab, Edn, 2012, p 25.
- 2 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 164.
- 3 Sreenivasulu NS, *Intellectual Property Rights in Trade Secrets*, MIPR, July 2007, Vol 2, Pt 2, P A-44.
- 4 [1966] RPC 81: 3 All ER 289.
- 5 (1970) US Court of Appeals for the 5th Circuit.

6 (1977) RPC 2002.

7 2003 (27) PTC 457 (Bom).

## **Part III TRADE SECRETS**

### **CHAPTER 10 LAW OF TRADE SECRETS AND CONFIDENTIAL INFORMATION**

#### **10.7 Trade secrets and employment contracts**

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It is a general practice among the industry and entrepreneurs to execute employment contracts between the employer and the employee. For the purpose of ensuring the confidentiality of the sensitive information of the company which will be disclosed to the employee for the effective functioning and furtherance of the object of the company it is necessary that employer incorporates non-disclosure and loyalty, non-compete clauses in the employment contracts. Such clauses would bind the employee to uphold the secrecy and confidentiality of the information supplied to him or her. Perhaps the rights and obligations of the parties would be detailed by the employment contracts. In *Faccenda Chicken v Flower*<sup>1</sup> it was held that the obligations of the employee are to be determined by the contract between him and his employer.<sup>2</sup> It was viewed that; where the relationship is that of an employer and employee, the employee must observe his duty of fidelity while the employee remains in employment. In *Coral Index v Regent Index*<sup>3</sup> the court viewed that "duty of fidelity" embraces the protection of trade and commercial secrets, including both information which is given to the employee and that which he generates in the course of his work. But it is wider than a matter of confidence and may, in some circumstances, embrace a duty not to engage indirectly competitive work, either with another employer or on his own account. Further in *Baker v Gibbson*<sup>4</sup> it was viewed that the employee duty of fidelity during his term of employment is implied and need not be expressed in specific terms in the contract of employment. Further, the employees in service in a contract of employment, a term will be implied if it is not expressed that the employee will act at all times during his service in his employer's best interest. In *Printers & Finishers v Holloway* it was ruled that during the continuance of employment there is certainly an obligation on the part of the employee to take care of the secret information of the employee and maintain its confidentiality. It involves keeping rival staff away from accessing the technical information and the secrets of the employer.<sup>5</sup> It has to be noted here that such duty is confined to the period during which the employee is employed. Taking this view further in *Shree Gopal Paper Mills Ltd v Surendra K Ganeshdas Malhotra Y*<sup>1</sup> Indian court held that after the course of the employment that is after the employee leaves the employment, the balance rests largely in favor of the employee and is entitled to use any skill or knowledge that an employee of this kind would have acquired. In *Canadian Aero v O'Malley*<sup>2</sup> it was opined that the duty of fidelity embraces protection of trade and commercial secrets, including both information which is given to the employee and which he generates in the course of work. Further in *Christofi v Barclays Bank Plc*<sup>3</sup> it was further viewed that; duty of fidelity would also include duty not to provide the employees own trade union with the employer's commercial information relevant to wage negotiations. In *Bents Brewery v Hogan*,<sup>4</sup> courts have opined and given same impression regarding duty of fidelity while giving verdict on the employment contracts and trade secrets.

##### **10.7.1 Skill and experience of the employee**

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The employer can obligate the employee not to disclose the secret information of his undertaking. However he cannot restrict the employee from learning skills and in gaining experience in doing what he has been asked to do in the course of the

employment. If the employee develops certain skill and gains some experience in the company the employer cannot confine the employee not to use the gained skill and experience further once he leaves the employment where he learned or developed such skill and experience. In such circumstances one has to distinguish between the confidential information of the employee and the skills and experience of the employee gained during the course of the employment. Courts have often ruled that employer cannot restrict the former employee in using his skills and in utilizing his experience. The employer can only restrict the employee from disclosing the employer's secret information. In *Stevens Jordan and Harris Ltd v Macdonald and Evans*<sup>5</sup> while addressing the issues of skill and experience of the employee and the secret information of the employer the court held that there is a need to draw a dividing line between the skill, experience gained and the information acquired by employee personally and confidential information of the employer. It was laid down by the Court that employer cannot restrict the employee in not using the skill and experience that he gained during the course of employment in future. At the same time, the information acquired by the employee, which is the result of employee's skill and experience can be freely used by the employee after he leaves the employment. In *United Indigo v Robinson*<sup>6</sup> the Court held that nature has bestowed special skill to each and every individual. But only few individual can make use of it. Some time skills can be achieved by virtue of experience earned through his employment. Where the information is no more than knowledge, skill or experience that a person has acquired in course of his duties a person cannot be restrained from excelling or achieving based on the use of skill, experience and knowledge.

### 10.7.2 During and beyond the course of the employment

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Any contract of employment which controls the conduct of the employee during the course of the employment on official and professional front is considered valid as long as it is justifiable and reasonable. However, if the work of the employee is such that the information, knowledge and skill acquired during the course of the employment could be used by the employee after the termination of the employment contract either by the employee himself or by working for the competitor of the former employer the employer may prompt to regulate the conduct of the employee in order to safeguard the trade secrets. In such cases the employer intends to stop the employee from using the trade secrets and the information after the termination of the employee. The question of validity of such restrictive terms in the employment contracts have been dealt in with by the courts often. In *Gujarat Bottling v Coca Cola Co*<sup>1</sup> where in it was viewed that; any restrictive clause shall be applicable only during the period of service and any restraint beyond the service is in violation of section 27 of the contract Act, 1872. In *Jet Airways (I) Ltd v Mr Jan Peter Ravi Karnik*<sup>2</sup> the Court viewed that any restraint after the employment will not be a valid restraint.<sup>3</sup> But in case the restrain is to prevent a person from divulging trade secrets it will be a valid restrain. Sometimes courts have felt that the express term agreed upon by the employee and the employer expressively in terms of not using the trade secrets of the employer after the termination of the employment are valid. While, in UK, in *Coral Index v Regent Index*<sup>4</sup> the court held that if the there is a valid expression in the employment contract with reference to restricting the employee beyond the course of the employment, such expressions could be executed. However, there is a general presumption in such circumstances that the employee has signed the contract knowingly. Further the court must be satisfied that such restrictive expressions are in the interest of the employer but not to unnecessarily restrict the employee. In *Baker v Gibbson*<sup>5</sup> it was viewed that the employer who has not signed such expressive terms in the contract can also have the remedy. Meanwhile, in *Niranjan Shankar Golikari v Century Spg & Manufacturing Co Ltd* the Supreme Court held that the agreement prospectively restricting the employee after the termination of the employment to be valid. The employment contract specifies "employer shall have the right to restrain an employee from divulging any and all

information, instruments, reports etc., which may have come to his knowledge while in service of the company. Court makes a distinction between general information and special information. General knowledge is the asset of the employee and there can't be any restriction on the use of it. Special knowledge is the asset of the employer and there could be restriction imposed by the employer which is generally not regarded as restraint of trade or anti-competitive. The employee was appointed for a period of five years on the condition that during this period he shall not serve anywhere except in the employers company, even if he left the service earlier. The restrictive condition virtually stops the employee from joining any other company, if he leaves the present company within five years. The court considered that; the restrictive covenant was restrictive with regard to time and nature and location of employment and it is not intended to prevent competition. Further it was viewed that the condition was reasonable and in the interest of the employer. Courts have held that, as a matter of public policy, an individual cannot be barred from carrying out a trade in which he/she has been trained except to the extent that is necessary to protect the employer. However, in *Shree Gopal Paper Mills v SKG Malhotra*<sup>1</sup> Employment contract stipulating "employee shall not divulge nor communicate to any person or persons whatsoever any information which he may receive or obtain in relation to the affairs of the company" was held non-enforceable. The court held that as long as there is no special training imparted or when there is no opportunity to acquire any information that is qualified as a trade secret or as information that required any protection such contract cannot be enforced. It is only special expertise/information that the employee acquires during the course of employment through special training which empowers the employer to restrict the activities of the employee. In *Omniplex World Servs Corporation v US Investigations Servs. Inc.*<sup>2</sup> the Virginia Courts held that non-compete covenant are only reasonable if they prevent the employee from entering into direct competition with the employer and must not encompass any activity in which the employer is not engaged. Courts while enforcing the employment contracts restricting the employees would demand the employer to show that it is not unduly harsh or oppressive in restricting the employee's ability to earn a living. In *Motion Control Sys. v East*,<sup>3</sup> the Virginia courts held that covenants not to compete have only been upheld when employees are prohibited from competing directly with the former employer or through employment with a direct competitor. In *Eastham v Newcastle United Football Club Ltd*,<sup>4</sup> the court viewed that in employment contract restricting the conduct/behavior/conduct of the employee, employer can protect his trade secrets and as well as his business interests.

Any restraint of trade for the protection of trade secrets is reasonable, if restricted to time, nature of employment and area. In *Gujarat Bottling v Coca Cola Co*,<sup>5</sup> a negative covenant that the employee would not engage himself in a trade or business or would not get himself employed with anyone else to perform similar or substantially similar duties, was held not to be a restraint of trade unless the contract as aforesaid is unconscionable or excessively harsh or unreasonable or one sided. Meanwhile, in *Brahmaputra Tea Co v Scarth*,<sup>1</sup> a stipulation in an employment contract prohibiting employee from engaging himself in cultivation of tea for a period of 5 years from the date of termination of the employment was held to be void. (Non-competition stipulations) The court observed that; contracts by which persons are restrained from competing, after the term of their agreement is over, with their former employers within reasonable limits, are well known in English law.<sup>2</sup> The above discussion reveals that the law of trade secrets intends to protect the secret and sensitive information of the employer while he deals with number of employees to whom the secrets get disclosed. Any measure taken by the employer to upkeep the confidentiality of his secrets could be enforced by the courts provided such measures are warranted in the interest of the company, are not unduly restricting the employee from earning the livelihood and are reasonable.

<sup>1</sup> (1986) 1 All ER 617, Neill LJ.

- 2 (1986) 1 All ER 617.
- 3 (1970) RPC 147.
- 4 (1972) 2 All ER 759.
- 5 (No. 2) (1964) 3 All ER 731.
- 1 AIR 1962 Cal 61.
- 2 (1974) 40 DLR (3d).
- 3 (1998) 2 All ER 484, 371; See also: *Normalec v Britton*, (1983) FSR 318.
- 4 (1945) 2 All ER 570.
- 5 (1952) 69 RPC 10 (CA, P15).
- 6 (1932) 49 RPC 178.
- 1 AIR 1995 SC 2372.
- 2 2000 (4) Bom CR 487.
- 3 *Jet Airways (I) Ltd v Mr Jan Peter Ravi Karnik*, 2000 (4) Bom CR 487.
- 4 (1970) RPC 147.
- 5 (1972) 2 All ER 759.
- 1 AIR 1960 SC 61.
- 2 618 S.E 2nd 340, 342 (Va. 2005).
- 3 546 S.E 2nd 424 (Va 2001).
- 4 1963 (3) All ER 139.
- 5 AIR 1995 SC 2372.
- 1 ILR (1885) 11 Cal 545.
- 2 But omission to make any such contract an exception to the general prohibition contained in section 27 indicates that it was not intended to give them legal effect in this country.



## **Part III TRADE SECRETS**

### **CHAPTER 10 LAW OF TRADE SECRETS AND CONFIDENTIAL INFORMATION**

#### **10.8 Reverse engineering and industrial espionage**

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Perhaps, India was alleged by the member states of WTO as to have encouraged reverse engineering during pre TRIPS<sup>3</sup> era. Reverse engineering and industrial espionage describes activities such as theft of trade secrets, bribery, blackmail, and technological surveillance, as well as spying on commercial organization.<sup>4</sup> Acts of industrial espionage and reverse engineering are being considered to be immoral and unethical in terms of law and practice. It is like spying on somebody and copying what that somebody is doing for the self benefit or applying the technique, method invented or used by the owner in a manner which is detrimental to the interest of its owner. Even the instances of theft of trade secret are also considered to fall under the categories of acts which are considered as industrial espionage. The congress of the US has enacted couple of legislations which directly and indirectly deal with trade secrets.

<sup>3</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P A-71.

<sup>4</sup> Government can also be targets of commercial espionage.

## **Part III TRADE SECRETS**

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#### **10.9 Trade secrets and software**

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Apart from patent another intellectual property domain that helps in protecting software, is that of trade secrets and perhaps is in most cases used in conjunction with copyright. A trade secret comprises of any formula, pattern, device, machine, process, technique, compilation of information, or program (referred to collectively as proprietary information) including software program. In addition this proprietary information must be used in one's business and give a competitive advantage or a potential competitive advantage. The proprietary information must be kept secret so that, except by improper means, it is difficult to acquire.<sup>5</sup> Patent applications need only disclose the best mode and enablement of the software innovation and the code itself and collateral know-how need not be disclosed, but can be maintained as trade secrets. The bond holding the patentable and trade secret ideas together, which transforms these ideas into expression, is often the technical know-how, the grist for trade secrets. But in fact, any technology, which is easy to copy, is not fit for protection by trade secrets. As computer software technology "*bears it all*" on the face, its protection as trade secret has a limited utility as a mode of intellectual property protection. Like software, innovative business methods are also quite often protected by keeping them secret, particularly in financial industries. And the business trade secret owner's rights against the party who made the secret public may not be of much use if the party is unknown or does not have enough money to pay for the value of the secret. In *Andrew Beckerman-Rodau*, the question that arose for consideration was "*Does Copyright provide best protection*"<sup>1</sup>, it was viewed that; a trade secret may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. But tremendous demand for personal computers has created a vast and extremely profitable market for software producers. This new market is essentially a consumer market in which a large volume of programs are sold through mail order businesses and retail stores. Trade secret law is an ineffective method of protecting this type of market because trade secret protection requires a limited and strictly controlled use of the protected software. Keeping a technology secret, however, can impose an additional cost, because the only way to market a competing system is to develop the technology independently, without the benefit of the reverse engineering. Trade secret is used by the Hardware Assisted Software Protection (HASP) installers where a particular algorithm is used to protect software from being copied and cracked. However once the algorithm is out the inventor has nothing to complain to except in cases where the person who made the code public got the information from the owner and knew that it was confidential. Thus at the cost of repetition it is worthwhile to note that keeping a technology secret, however, can impose an additional cost and trade secret has protection as long as secret is not out. However, hardware embedded software which depend on layout of integrated chip can also be protected by Designs protection laws and also by Semi conductor Integrated Circuits Layout Design Act.

<sup>5</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 313.

<sup>1</sup> (1983) 714 F 2d 1240 (3rd Circuit).

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#### **10.10 Protection of trade secrets in U.S**

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In the United States of America, trade secrets have been protected and enforced through a more formal and legislative mechanism. In the US, laws protecting trade secrets are enacted by the states, but most such laws are based on the model Uniform Trade Secrets Act linked here. Under this model US draft which has been adopted by 46 states in the US trade secret has been defined to mean; information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

- "(a) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use, and
- "(b) Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy."

Another significant development in US law is the Economic Espionage Act of 1996.<sup>1</sup> which makes the theft or misappropriation of a trade secret a federal crime. This law contains two provisions criminalizing two sorts of activity. The first, provision criminalizes the theft of trade secrets to benefit foreign power.<sup>2</sup> The second one criminalizes their theft for commercial or economic purposes.<sup>3</sup> However, the statutory penalties are different for the two offenses. The act makes the theft or misappropriation of a trade secret a federal crime. Conversely trade secret owners who cannot evidence reasonable efforts at protecting confidential information, risk losing of 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. In *Kewanee Oil Company v Bicron Corp.*<sup>4</sup> it was viewed that the trade secret owner is not granted exclusivity to the information, but rather is only protected against improper acquisition and/or use of the information. As a result, others are free to discover a trade secret by any fair means. In *Dupont De Nemours v Christopher*<sup>5</sup> plaintiff's chemical plant was under construction which is to carry out a new and secret process for producing methanol. Defendant took the photographs of the plant under construction from a flight. Plaintiff moved the court contending that the defendants act amounts to wrongful obtaining and misuse of its trade secrets. Defendants contend that they had neither engaged in any fraudulent or illegal activity for obtaining trade secrets of the plaintiff. They took photographs ion public air which does not belong to the plaintiff and they do not have fiduciary duty towards plaintiff. The court was confronted with the following questions:

1. Whether it is possible to discover the trade secrets of the plant through a photograph taken from a flight?
2. Whether such an activity amounts to wrongful obtaining of trade secrets?
3. Whether there exist fiduciary duty, does it require formal relationship between the plaintiff and the defendant?

While answering the above questions the court took the view that an expert in the field of similar nature could understand and reproduce the work if it is shown. In the given case, the photographs of the unfinished plant could well give an idea to the person skilled in the art to execute, practice and reproduce the idea. Therefore, taking photographs of the unfinished plant amounts to breach of confidentiality of the trade secrets and it amounts to wrongful obtaining of the trade secrets of the unfinished plant. As per the common law rules and practices of courts anybody who comes across any trade secret would have a duty to upkeep the secrecy and confidentiality of such information while not misappropriating the same. In such situation formal relationship between the owner of the trade secrets and the one who has come across is not required.

### 10.10.1 Trade secrets protection in Common Law countries

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In Common law<sup>1</sup> jurisdictions, confidentiality and trade secrets are regarded as an equitable right rather than a property right. But in countries like Hong Kong consider confidential information as a property right. Some countries of the world treat trade secrets as a subject matter of Tort Law. Most of the common law countries apply the common law doctrines<sup>2</sup> such as Doctrine of contractual obligation, Doctrine of fiduciary duty, Doctrine of unjust enrichment, Doctrine of misappropriation in dealing with trade secrets. Under common law principles, the protection of confidential information is looked at as an equitable right rather than a property right. Courts in common law countries often rely on the said common law theories while protecting trade secrets. These doctrines offer protection to trade secrets against unauthorised use, breach of confidence and such other misappropriation of trade secrets. In *United Indigo v Robinson*<sup>3</sup> the Court held that breach of confidence consists of any disclosure or use which is against the limited purpose for which the information was given but not where the information is no more than a knowledge, skill or experience that a person has acquired in course of his duties. Strictly speaking nature has bestowed special skill to each and every individual. But only few individual can make use of it. Some time skills can be achieved by virtue of experience earned through his employment. As a result, the courts are aware of the fact that a person cannot be restrained from excelling or achieving based on skills, experience and knowledge. Such knowledge might be acquired even through the reverse engineering. Some time there was innocent acquisition of trade secret which will not amount to infringement of trade secrets even though the employees' trade secret is lost. The Court of Appeal of England and Wales in the case of *Saltman Engineering Co Ltd v Campbell Engineering Ltd*,<sup>4</sup> held that the action for breach of confidence is based on a principle of preserving "good faith".

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 AN Clark (Engineers) Ltd*,<sup>5</sup> where it was held that the information itself must have the necessary quality of confidence about it. The information must have been imparted in circumstances imparting an obligation of confidence and there must be an unauthorized use of that information to the detriment of the party communicating it. The "quality of confidence" highlights 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 can prove that reasonable efforts have been made to keep the information confidential, the information remains a trade secret and generally remains legally protected. According to the language of Copyright, Designs and Patents Act, 1988 of UK, if the information is placed in the public domain by the owner with the intention of making it freely available to the public, the duty of confidentiality dissolves. Reverse engineering of such information is not a breach of confidence and contractual rights that seek to do so may be unenforceable when carried out by a person entitled to use it: It may be that a person is under no obligation to treat the information

confidentially where they have received the information prior to a contractual or fiduciary duty arising.

1 18 US.C § 1831–1839.

2 18 US.C § 1831(a).

3 18 US.C § 1832.

4 (1990) 416 US 470.

5 (1970) US Court of Appeals for the 5th Circuit.

1 Sreenivasulu NS, Trade Secrets, Competition and Innovation, Paramjit Jaswal, Sandhu & Pawar (ed) Consumer Activism, Competition and Consumer Protection, Rajiv Gandhi National Law University, Patiala, Punjab, Edn, 2012, p 24.

2 Sreenivasulu NS, *Intellectual Property Rights in Trade Secrets*, MIPR, July 2007, Vol 2, Pt 2, P A(42-44).

3 (1932) 49 RPC 178.

4 (1948) 65 PRC 203.

5 (1969) RPC 41 at 47.

## **Part III TRADE SECRETS**

### **CHAPTER 10 LAW OF TRADE SECRETS AND CONFIDENTIAL INFORMATION**

#### **10.11 National Innovation Bill and trade secrets**

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The recently brought up National Innovation Bill<sup>1</sup> attempts to create the much required formal legal mechanism on the protection and enforcement of trade secrets and confidential information. The bill which is basically meant for protection and promotion of innovations in the field of science and technology for the progress of the economy and the nation, has provided for certain measures with reference to the protection of confidential and sensitive information including trade secrets. The government's endeavour in bringing out a comprehensive legislation to boost research and innovation in the country has crossed the first milestone. The National Innovation Bill has a three pronged approach as evident by its preamble. The Bill undertakes to encourage innovation through an Innovation support system facilitated by the public, private or public-private partnership. The second approach strategy is evolving into a National Integrated Science and Technology Plan. The third and last objective is the codifying and consolidating the law of confidentiality in aid of protecting Confidential Information<sup>2</sup>, trade secrets and Innovation. The Innovation Bill was widely speculated to be modelled on Competes Act of US which states; to invest in innovation through research and development, and to improve the competitiveness in the market three primary areas of prime importance which would help maintaining and improving innovation in the 21st Century. The Act identified the following three primary areas to be the prime focus of the regulation under the act:

- a. Increasing research investment,
- b. Strengthening educational opportunities in science, technology, engineering, and mathematics from elementary through graduate school, and
- c. Developing an innovation infrastructure.

On the similar lines the Indian National Innovation Bill has got certain prime areas of focus for the promotion of innovation, increasing investment in research and development and in improving the innovation. The two objectives of the Indian Act run similar to that of the three focus areas of the Competes Act of US. The following are the two basic objectives of the Act.

- (1) To build an Innovation support system facilitated by the public, private or public-private partnership and
- (2) A National Integrated Science and Technology Plan for promoting innovation in the country.

As a matter of practice people who deal with innovation, technology, confidential information and trade secrets do execute contracts for maintaining the confidentiality. In case of any breach of confidentiality the contractual terms would bind the parties who have violated terms of contract by breaching the confidentiality. However, in case of non-contractual relations, that do exist in the spear of trade and commerce in general and in use, exchange and transfer of innovations and technology in particular, there arises a serious problems with reference to how to maintain the confidentiality since there would be no contract or no terms and conditions on the basis of which the

non-contractual relations are existing. In this background the National Innovations Bill, 2008 is a major boost in filling the gap of statutory framework in the spear of non-contractual relationships. The Bill categorically talks about non-contractual relationships and maintenance of confidentiality. Obligations on the part of the parties to the non-contractual relationship in case of use and transfer of innovations and technology have been prescribed. While addressing the issue of enforcement of breach of confidentiality in case of non-contractual relationships the Bill talks about remedies for the breach of confidentiality including penalties. Measures have been prescribed for protecting and preserving the confidentiality of information. At the same time, any attempt or threat of misappropriation of confidential information and trade secrets are prohibited. In this regard the Bill prescribed injunctions to restrain the parties who are indulging in misappropriation of confidential information and trade secrets or parties who are breaching the confidentiality of the information. The aggrieved parties are provided with remedies in the form of mandatory damages in case of breach of confidentiality of misappropriation of trade secrets. However, certain acts done in good faith have been exempted from the purview of breach of confidentiality or misappropriation of trade secrets through the similar acts under the ordinary circumstances would have attracted penalties. Codification and consolidation of the law of confidentiality, the third highlight in the preamble of the draft Innovation Bill<sup>1</sup> demonstrates the significance of trade secrets and confidential information within the realm of innovation. Innovative ideas, products and business practices help enterprises to maintain competitive superiority in the market alongside furthering their economic interests. It is for this reason that there is a need to prevent others from taking advantage of the breakthrough ideas and knowledge or in ordinary parlance the confidential information or trade secrets. The Chapter: VI<sup>2</sup> of the Bill talks about confidentiality and confidential information at the same time provides for remedies for the offenses of breach of confidentiality and misappropriation of confidential information. The draft section 8(1) allows parties to "contractually set out the terms and conditions governing rights and obligations in respect of confidential information, including with a view to maintain confidentiality and prevent misappropriation." Section 8(2) gives<sup>1</sup> the appropriate government power to set out the terms and conditions governing the rights and obligations of parties in respect of confidential information.

Further, section 8(3) says that notwithstanding anything in sub-section (1) "parties may nevertheless enforce any rights in confidential information arising in equity or as a result of circumstances imparting the obligation of confidence." Section 9 of the Bill says that when confidential information been received by a third party without the consent of the complainant, "obligations of confidentiality and equitable considerations" may also create rights and obligations in respect of the confidential information. The Bill has been a major boost for the dealings in innovation and technology where the confidentiality of the innovation and technology at business is of greater significance. It explicates on obligations of confidentiality and remedies to protect and preserve confidentiality. The obligation to maintain confidential information, under the draft statute, rests on the contractual terms and conditions, governmental recommendation and on any right arising in equity. Remedy in the form of preventive or mandatory injunction restrains misappropriation of confidential information and mandatory damages on proof of breach of confidentiality. Exceptions to misappropriation of confidential information find a mention. Interestingly, disclosure of the confidential information in public interest forms one of the exceptions.

To spur innovation through planned and systematic investments and providing incentives is a dynamic idea which is amply reflected in the draft Innovation Bill but the sore patch seems to be the part dealing with protection and preservation of trade secrets and confidential information. There is no doubt that innovation, as defined in the draft Innovation Bill, relate to incremental developments often resulting in value enhancement or economic significance which may be a trade secret or a confidential information if vital to competitive strategy. Trade secrets such as technologies,

proprietary knowledge (know-how), ideas and business methods acquire paramount importance in the present scenario of aggressive competition, industrialization and liberalization, but a statute meant to give a boost to research and innovation may not treat the subject matter of protection and preservation of trade secret and confidential information adequately as a separate statute would accomplish.

1 Sreenivasulu NS, Trade Secrets, Competition and Innovation, Paramjit Jaswal, Sandhu & Pawar (ed) Consumer Activism, Competition and Consumer Protection, Rajiv Gandhi National Law University, Patiala, Punjab, Edn, 2012, p 26-27.

2 Ibid, p 23.

1 Sreenivasulu NS, Trade Secrets, Competition and Innovation, Paramjit Jaswal, Sandhu & Pawar (ed) Consumer Activism, Competition and Consumer Protection, Rajiv Gandhi National Law University, Patiala, Punjab, Edn, 2012, p 26-27.

2 Provisions in connection with trade secrets are found in Chapter VI of the Innovation Bill, titled "Confidentiality and Confidential Information and Remedies and Offences". Available at [http://www.prsindia.org/uploads/media/vikas\\_doc/docs/1241500117&&Draftinnovationlaw.pdf](http://www.prsindia.org/uploads/media/vikas_doc/docs/1241500117&&Draftinnovationlaw.pdf), last visited 5 January 2018.

1 Subject to the contract between the parties.



## **Part III TRADE SECRETS**

### **CHAPTER 10 LAW OF TRADE SECRETS AND CONFIDENTIAL INFORMATION**

#### **10.12 Enforcement of trade secrets and criminal sanctions**

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Trade secrets are enforced against misuse and breach of confidentiality. Before embarking on approaching the court for the enforcement of trade secrets the owner of the trade secret must have taken all that is necessary for safeguarding his trade secrets. It is for this reason that the courts do not intend to enforce the trade secrets of the person who is not keen in taking precautionary measures or the one who has knowingly neglected in adopting measures which would have prevented the disclosure and the misuse of the trade secret. In *Fraser v Thames Television*,<sup>1</sup> it was held third parties to be liable only when the information is unknown to public and is known to be confidential by the defendants who have allegedly misused it. In *Omega Optical Inc v Chroma Technology Corporation*<sup>2</sup> the court opined that every business must make reasonable efforts to maintain the secrecy of its confidential information. It was opined that before trying to enforce his rights for trade secrets the owner must prove that he has taken all possible measures to protect his trade secrets. There prescribed criminal sanctions for the violation of the rights conferred on the part of the owner of the trade secrets. Misappropriation<sup>3</sup>, misuse, theft of trade secrets is considered as a crime. Few countries protect trade secrets under criminal law. Application of criminal law in the sphere of trade secrets is warranted by the thefts of trade secrets. In this regard the National Innovation Bill, 2008 attempts to define who misappropriator is section 2(8) of the National Innovation Bill defines "misappropriator" to mean any person, who:

- (a) Wilfully or knowingly commits any of the acts comprising Misappropriation as defined under section 2(6); or
- (b) Aids or abets any person described under clause (a); or
- (c) receives Confidential Information<sup>4</sup> from any person in circumstances that would to a reasonable person indicate the necessity to investigate ownership or claim of title of such Confidential Information, and who has, in such circumstances, omitted or neglected to conduct such investigation as may be reasonable in the circumstances and obtain appropriate representations regarding ownership and claim of title in respect of the Confidential Information in issue.

The definition provided under the Bill would be very useful in determining and fixing the liability on the culprit who has misappropriated the trade secret.

<sup>1</sup> (1983) 2 All ER 101.

<sup>2</sup> 13 VT Lawweek 85 (2005).

<sup>3</sup> Under section 2(7) of the National Innovation Bill Misappropriation means: Acquisition of a trade secret of another by a person who knows or has reason to know that the confidential information was acquired by improper means; or Disclosure or use of confidential information of another without express or implied consent by a person who: used improper means to acquire knowledge of the Confidential Information; or at the time of disclosure or use knew or had reason to know that his knowledge of the confidential information was:

- a. Derived from or through a person who has utilized improper means to acquire it; or
- b. Acquired under circumstances giving rise to a duty to maintain its secrecy or limit its use;  
or
- c. Derived from or through a person who owed a duty to the person seeking relief to maintain its secrecy or limit its use; or;
- d. Before a material change of his position, knew or had reason to know that it was a trade secret and that knowledge of it had been acquired by accident or mistake.

4 Sreenivasulu NS, Trade Secrets, Competition and Innovation, Paramjit Jaswal, Sandhu & Pawar (ed) Consumer Activism, Competition and Consumer Protection, Rajiv Gandhi National Law University, Patiala, Punjab, Edn, 2012, p 22.

## **Part III TRADE SECRETS**

### **CHAPTER 10 LAW OF TRADE SECRETS AND CONFIDENTIAL INFORMATION**

#### **10.13 Determination of infringement and remedies**

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The owner of the trade secret shall prove that his secret information has been misappropriated or somebody has breached its confidentiality. An act to constitute breach of the confidentiality of trade secret or to infringement or violation of the rights of the owner it must fulfill the following necessary conditions.

1. The trade secret meets the necessary requirements and ingredients;
2. The defendant's allegedly infringing information is identical or substantially identical to the plaintiff's; and
3. The defendant takes unfair means or breaches his obligation to maintain secrecy.

In other words, when adjudicating such cases, as long as the rights holder can prove that the information used by the defendant is consistent with or identical to his own trade secret, and that the defendant has access to the trade secret, while the defendant cannot or refuses to produce evidence that the information used by him was acquired or used legally, the court can then conclude that the defendant committed infringing acts on the basis of the evidence. In *Promod Laxmikant Sisamkar and Uday Narayana Rao v Garware Plastics and Polyester Ltd*<sup>1</sup> respondent contended that the action of the petitioner's in acquiring the technical knowhow through cheating amounts to criminal breach of trust and filed a criminal complaints. The Courts while opining that the plaintiffs have failed to prove the dishonest intention on the part of the appellants made an observation that if the use of the technical know-how in contravention of the agreement of service, then sections: 408 and 420 of Indian Penal Code, 1860 can be attracted. Section 408 deals with criminal breach of trust by clerk or servant: whoever, being a clerk or servant or employed as a clerk or servant and being in any manner entrusted in such capacity with property, or with any dominion over property, commits criminal breach of trust in respect of that property, shall be punished with imprisonment of either description for a term which may extend to seven years, and shall also be liable to fine. Section 420 deals with cheating and dishonestly inducing delivery of property: whoever cheats and thereby dishonestly induces the person deceived to deliver any property to any person, or to make, alter or destroy the whole or any part of a valuable security, or anything which is signed or sealed, and which is capable of being converted into a valuable security shall be punished with imprisonment of either description for a term which may extend to seven years, and shall also be liable to fine.

In *Mr Anil Gupta v Mr Kunal Dasgupta*<sup>2</sup> the Court held that the concept of "swayamvar" a reality television show has been 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 plaintiff conceived the idea of "Swayamvar", a reality television show concerning match making. The plaintiff shared a concept note on this with the defendants. Later on the plaintiff came across a newspaper report informing that the defendants were planning to come out with a big budget reality matchmaking show using the plaintiff's concept.

The court viewed the action of the defendants to be in breach of the trade secret of the plaintiff. However there are certain exceptions to the misuse or misappropriation of trade secrets. The person who has been alleged to have misappropriated the trade secret or the one who has breached the confidentiality of the trade secrets can claim the following defenses as exceptions. In most of the trade secret litigations we often come across the following defenses, that:

1. The trade secret was readily ascertainable from the information in the public domain.
2. The defendant independently developed the information claimed to be a trade secret.
3. The plaintiff did not take adequate steps to ensure confidentiality of the information.
4. The secret was abandoned.

The owner of the trade secrets enjoys certain rights with respect to his trade secrets in the same way the owner of other intellectual property rights enjoys. The owner shall have exclusive rights to use and exploit the secret information "forever" provided he takes all possible measures to upkeep its secrecy. The owner can assign or license the trade secrets to any interested party. Since trade secrets could be sold the owner can transfer his rights on trade secrets on sale either individually or while selling or transferring his business. He has got right to enforce his secrets if it has been wrongfully obtained or misused by any one. Cause of action for misuse of trade secrets arises from breach of contract or breach of fiduciary duty or breach of confidence and unjust enrichment of trade secrets. However one needs to prove that he or she has made all efforts to keep it secret. Further, one needs to prove that the information is commercially viable or industrially applicable. Universally remedies are made available to the owner for trade secrets in case of infringement in the form of injunction, damage and ex parte search and seizure order. The TRIPS<sup>1</sup> agreement requires member countries to provide effective remedies for trade secret misappropriation including:<sup>2</sup>

- (a) Injunctive relief;
- (b) Damages; and
- (c) Provisional relief to prevent infringement and to preserve evidence.

The theft of trade secrets constitutes crime in many countries. Some countries treat trade secret as a subject matter of Tort law. In few countries like Germany, Switzerland and in most of the US states criminal sanctions have been prescribed for the misuse of trade secrets.<sup>1</sup> For instance US considers theft of trade secrets as crime under The Economic Espionage Act, 1996. The Act provides criminal sanction for the offence of theft of trade secrets through prosecution. Trade secrets theft forms a federal crime in US, which attracts sanctions in the forms of penalty of \$ 2,50,000 (\$ 5,00,000 for organizations) and imprisonment for a term of ten years. Besides the Act states that if the breach of the trade secret is benefiting a foreign country the punishment is penalty of \$ 5,00,000 (\$ 10,00,000 for organizations) and fifteen years of imprisonment. Germany also provides for criminal sanction for the theft of trade secrets under its unfair competition laws. Generally, when court finds that trade secret theft has occurred, it may issue an order or injunction to the person in wrongful possession of the information to refrain the one from using it or disclosing it to others. The court may also award the trade secret owner monetary compensation or damages to compensate for any monetary loss suffered as a result of those thefts. In cases of willful or deliberate theft; the court may also awarded punitive damages to punish the

wrongdoer. A successful plaintiff in a petition for the protection and enforcement of a trade secret is entitled to various forms of judicial relief, including:

- an injunction.
- an account of profits or an award of damages.
- a declaration.

In essence an injunction would permanently prohibit the one misappropriating the trade secret. An injunction against the offender may not be an exhaustive relief for the petitioner but it would relieve the petitioner from the damage that would have been caused by the actions of the offender. Further, award of damages would undo the damage or loss suffered by the trade secret owner and the petitioner. Accounts of profits from the offender would entail the trade secret owner from recouping what he has lost due to the act of the offender which has violated his or her trade secret.

### 10.13.1 Injunction

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Injunction<sup>2</sup> is an order of a court prohibiting someone from doing some specified act or commanding someone to undo something which is a wrong or injury. Generally, it is a preventive and protective remedy aimed at preventive future wrongs. In exceptional circumstances, an injunction may condition future use upon payment of a reasonable royalty for no longer than the period of time for which use could have been prohibited. Exceptional circumstances include, but are not limited to, a material and prejudicial change of position prior to acquiring knowledge or reason to know of misappropriation that renders a prohibitive injunction inequitable. In appropriate circumstances, affirmative acts to protect a trade secret may be compelled by court order. In *Hivac v Park Royal*,<sup>3</sup> the plaintiff company, which produced hearing aids of advanced design, secured an interlocutory injunction to prevent a rival company from giving jobs to some of its technicians by way of "moonlighting" after hours. In *Tractors and Farm Equipment Ltd v Green Field Farm Equipment Pvt Ltd*<sup>1</sup> the Court held in cases of breach of trust or misuse of the confidentiality person responsible for such an act should be restrained by an order of injunction, failing which the plaintiff would be put to irreparable loss. If the damage that would be caused to the plaintiff is in the nature of irreparable damage, it is a case and cause for the issue of injunction to prevent such irreparable damage and to stop the person causing such irreparable damage to the plaintiff through his act. In *Control (Print) India Ltd v Sanjay Sribastab*<sup>2</sup> while discussing on granting injunction against the employee using the trade secrets of the employer the Court held that in order to prove that the confidential information will be or is being used by the ex-employee, it has to be proved to the satisfaction of the court that the ex-employees or the defendant by virtue of their employment had access to the secret information which was not available to any outsider. Unless this is proved there is no scope of granting injunction. Actual or threatened misappropriation may be enjoined. In the Indian scenario in celebrated case of *M/S Gujarat Bottling Co Ltd v The Coca Cola Co*<sup>3</sup>, the court has laid down the test for granting injunction, and has stated that, The grant of an interlocutory injunction during the pendency of legal proceedings is a matter requiring the exercise of discretion of the Court. While exercising the discretion the Court applies the following tests—

- (i) whether the plaintiff has a *prima facie* case,
- (ii) whether the balance of convenience is in favour of the plaintiff, and
- (iii) whether the plaintiff would suffer an irreparable injury if his prayer for interlocutory injunction is disallowed.

The decision whether or not to grant an interlocutory injunction has to be taken at a time when the existence of the legal right assailed by the plaintiff and its alleged violation are both contested and uncertain and remain uncertain till they are established at the trial on evidence. Relief by way of interlocutory injunction is granted to mitigate the risk of injustice to the plaintiff during the period before that uncertainty could be resolved. The object of the interlocutory injunction is to protect the plaintiff against injury by violation of his right for which he could not be adequately compensated in damages recoverable in the action if the uncertainty were resolved in his favour at the trial. The need for such protection has, however, to be weighed against the corresponding need of the defendant to be protected against injury resulting from his having been prevented from exercising his own legal rights for which he could not be adequately compensated. The Court must weigh one need against another and determine where the "balance of convenience" is required.

In *Sandhya Organic Chemicals v United Phosphorus Ltd*<sup>4</sup> ex employee of Sandhya chemicals who know its trade secrets allegedly leaked certain information to United Ltd which helped them produce similar products to that of Sandhya. A suit for injunction against United Ltd to stop them from using the trade secrets of Sandhya was granted by the Court. However, it was held that; unless Sandhya Chemicals could prove patentability of its product, United Ltd is permitted to bring out similar products and would incur no liability whatsoever towards Sandhya for making use of trade secrets received from an ex employee of Sandhya. Law courts were strictly interpreting the provisions of section 27 of the Contract Act for so many years since 1872. However, in the recent past a for more liberal approach has been taken towards employment contracts restricting employees. Section 27 of the Contract Act has been criticized by the scholars as a redundant provision enacted at a time when trade was under developed in India. Because of global mobility of employees it has rather become inevitable to be liberal in our approach and have concern on the employers interest also in protecting trade secrets and as well as business interests. In *Bholanath Shankar Dar v Lachmi Narain*<sup>1</sup> it was opined that on application to the court an injunction shall be terminated when the trade secret has ceased to exist, but the injunction may be continued for an additional reasonable period of time in order to eliminate commercial advantage that otherwise would be derived from the misappropriation. In *Homag India Ltd v IMA AG Asia Pacific PTE Ltd*<sup>2</sup> In an interesting judgment dated 10 October 2012 the Karnataka High Court, sitting at Bangalore, has passed an interim injunction restraining IMA AG Asia Pacific PTE Ltd (a German subsidiary based in Singapore) from exploiting the trade secrets of Homag India Ltd the Indian subsidiary of a German company.

### 10.13.2 Damages

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Except to the extent that a material and prejudicial change of position prior to acquiring knowledge or reason to know of misappropriation renders a monetary recovery inequitable, a complainant is entitled to recover damages for misappropriation. Damages<sup>3</sup> can include both the actual loss caused by misappropriation and the unjust enrichment caused by misappropriation that is not taken into account in computing actual loss. In lieu of damages measured by any other methods, the damages caused by misappropriation may be measured by imposition of liability for a reasonable royalty for a misappropriator's unauthorized disclosure or use of a trade secret. If willful and malicious misappropriation exists, the court may award exemplary damages in the amount not exceeding twice any award made under subsection. The objective of protection of trade secrets is to prohibit the "misappropriation" of information by unfair or commercially improper means. Though trade secret infringement disputes are not new the controversies arising from the legal issues are many. The judges should, in trying trade secret infringement cases shall guide the parties to produce and confront evidence and make decisions as to whether the information at issue constitutes a

trade secret based on the established facts and law, determine, whether the defendant's acts infringe the trade secret, and identify the methods of bearing civil liability are again contentious issues.

1 1986 (3) Bom CR 411.

2 97 (2002) DLT 257.

1 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

2 Article 39(2) of the TRIPS agreement. See: *International Legal Instruments on Intellectual Property Rights*, National Law School of India University, Bangalore, 1st Edn, 2001, p 32.

1 KRISTY JOI DOWNING *Trade Secret Law and protecting your clients process*, American Bar Association, section of Litigation, Spring, 2006.

2 Article 44 of the TRIPS agreement, See: *International Legal Instruments on Intellectual Property Rights*, National Law School of India University, Bangalore, 1st Edn, 2001, p 32.

3 (1946) 1 All ER 350.

1 (2006) 32 PTC 343 (Mad).

2 (2006) 2 Cal LT 145 (HC).

3 AIR 1995 SC 2372.

4 AIR 1997 Guj 177.

1 AIR 1931 All 83.

2 <http://judgmenthck.kar.nic.in/judgments/bitstream/123456789/759406/1/MFA1682-10-10-10-2012.pdf>, last visited 12 January 2018.

3 Article 45 of the TRIPS agreement, See: *International Legal Instruments on Intellectual Property Rights*, National Law School of India University, Bangalore, 1st Edn, 2001, p 32.

## **Part III TRADE SECRETS**

### **CHAPTER 10 LAW OF TRADE SECRETS AND CONFIDENTIAL INFORMATION**

#### **10.14 Maintaining the confidentiality of trade secrets: Guidelines**

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Irrespective of the norms and rules in the protection and enforcement of trade secrets, it is felt that the owner of the trade secret must take necessary precautions in maintaining the confidentiality of the trade secrets. Since protection of trade secrets is a must for any business its administration and maintenance is a matter of concern. Every business endeavors to protect its trade secrets in order to gain commercial advantage over the competitors. Trade secrets last forever if properly protected. Unlike other kinds of intellectual property rights, which expire after a stipulated period trade secrets never, expire.<sup>1</sup> Therefore it is very important to evolve a proper approach to protect trade secrets from being disclosed or misused. In this regard the following measures are recommended for the effective protection of trade secrets and the maintenance of confidentiality. It is highly recommended<sup>2</sup> that the people dealing with trade secrets could follow these guidelines.

1. Conduct regular audit to identify trade secrets or confidential information of the business.
2. Assessment of the market value of the trade secrets and the commercial information.
3. Restrict access to the secret information. Lock it away in a secure place.
4. Limit the number of people who know the information and execute proper agreements with them to maintain confidentiality.
5. Have the people who know the trade secrets agree in writing not to disclose the information through signing non-disclosure agreement.
6. Mark any written material pertaining to the trade secrets as proprietary in order to exercise caution while handling.
7. Prepare a list of competitors in the market in the same are similar business to whom the trade secrets would be of some interest.
8. In case of purchase of business see that trade secrets transfer clause is incorporated and given effect to in the sale agreement.
9. If possible obtain a separate assignment of transfer of trade secrets and other intellectual property with separate listings.
10. Request the seller of trade secrets to become a party in case of any litigation for infringement of trade secrets by others in future.
11. While hiring employees it is recommended to obligate them to upkeep the trade secrets of the employer.
12. There may be incorporated loyalty clause in the employment/hiring agreement to assure that employees show loyalty to the employer in protecting trade secrets during the term of the employment.
13. There may also be incorporated non-competition clause in the



employment/hiring agreement to assure that employees do not set up same kind of business by utilizing the knowledge on the secrets of the employer for a specific agreed period after leaving the employment.

14. Make the people who are dealing with the trade secrets the consequences of its misappropriation and breach of confidentiality.
15. Initiate legal proceedings immediately on the finding of the fact that the trade secret has been violated or the confidentiality of the information has been breached.

As a matter of fact it could be inferred that; protection is offered for trade secrets basically under the common law.<sup>1</sup> There was no statutory mechanism to offer protection to trade secrets. However after the coming into being of the TRIPS agreement<sup>2</sup> mandating the protection to trade secrets there made definite attempts all over the world to offer protection to trade secrets. States now protect trade secrets either under unfair competition laws or under economic espionage law along with contract laws and common laws. Earlier to 1991 the policy of the government of India was demanding the business entrepreneurs to disclose their trade secrets and technology before undertaking any business. This was considered as a major hurdle in the industrialization process of the country since industrialized countries offer protection to trade secrets instead compelling their disclosure. However after 1991 with the adoption of liberalization policies and economic reforms India changed its stand on trade secrets. Further the coming into being of the TRIPS agreement<sup>3</sup> has mandated to offer protection to trade secrets all over the world. India is also obligated to offer protection to trade secrets and in this regard the National Innovation Bill, 2008 marks significance. The act not only fulfilled India's obligations under the TRIPS agreement<sup>4</sup> in terms of taking the necessary measures for the protection of trade secrets and confidential information, besides provides for definite measures for the maintenance of confidentiality. It can be said that the Bill has eventually completed the task of implementing the provisions of the TRIPS agreement in providing for the necessary mechanism for protecting various types of intellectual property rights. At the same time, it provides much needed statutory support for the protection and enforcement of trade secrets and confidential information in India.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 167.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights in Trade Secrets*, MIPR, July 2007, Vol 2,Pt 2, P A-46.

<sup>1</sup> Sreenivasulu NS, *Trade Secrets, Competition and Innovation*, Paramjit Jaswal, Sandhu & Pawar (ed) Consumer Activism, Competition and Consumer Protection, Rajiv Gandhi National Law University, Patiala, Punjab, Edn, 2012, p 24.

<sup>2</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

<sup>3</sup> *International Legal Instruments on Intellectual Property Rights*, National Law School of India University, Bangalore, 1st Edn, 2001, p 32.

<sup>4</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2,P A-71.

## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

Patent is a temporary monopoly right granted by the government for using and exploiting certain innovation made by the inventor.<sup>1</sup> Patented inventions have, in fact, pervaded every aspect of human life, from electric lighting (patents held by Edison and Swan) and plastic (patents held by Baekeland), to ballpoint pens (patents held by Biro) and microprocessors (patents held by Intel, for example).<sup>2</sup> All patent owners are obliged, in return for patent protection, to publicly disclose information on their invention in order to enrich the total body of technical knowledge in the public domain. Such an ever-increasing body of public knowledge promotes further creativity and innovative spirit in others. In this way, patents provide not only protection for the owner but valuable information and inspiration for future generations of researchers and inventors.<sup>3</sup> Patents provide incentives to individuals by offering them recognition for their creativity and material reward for their marketable inventions in exchange of full disclosure of the invention. These incentives encourage innovation, which assures that the quality of human life is continuously enhanced. In the context of globalization, there appeared the need to harmonize laws to facilitate international patents and free flow of technology. This became necessary because it was difficult to obtain patents for inventions in the countries other than the country of origin, due to the varied nature of laws in each country. Patents play a vital role in the international trade and flow of technology from laboratory to industry. Since in the era of globalization such trade and technology should flow across the world, there required uniform laws and policy with respect to protection of inventions in the form of patents not only in the country of origin but elsewhere in the world as well. At this juncture it becomes imperative to know about the patents, terms of patenting and the law relating to patents at domestic level and as well international level. Patents provide incentives to individuals by offering them recognition for their creativity and material reward for their marketable inventions in exchange of full disclosure of the invention. These incentives encourage innovation, which assures that the quality of human life is continuously enhanced. Patent grants an exclusive right to the inventor for limited period over his invention<sup>1</sup> in exclusion of others, for making, using, selling, and importing the patented product or process producing that product for the above purposes. The purpose of this system is to encourage inventions by promoting their protection and utilization so as to contribute to the development of industries, which in turn, contributes to the promotion of technological innovation and to the transfer and dissemination of technology. Patents<sup>2</sup> ensure property rights (legal title) for the invention for which an exclusive right has been granted, which may be extremely valuable to an individual or a Company. One should make the fullest possible use of the Patent System and the benefits it provides. After the monopoly period expires, everyone else is free to practice and use the invention on the basis of the disclosure made available by the inventor at the time of obtaining the patent.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights: A Master Glance*, MIPR, April 2007, Vol 1, Pt 4, P A-191.

<sup>2</sup> Sreenivasulu NS & Preethi Venkataramu, *Patent Law in India: A perspective*, *The Journal of World Intellectual Property Rights*, Serials Publications, New Delhi, January-December 2008, Vol 4, Pt 1-2, p 79.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 26.

- 1 Patent is a temporary government granted monopoly right on something new and innovative produced by the inventor.
- 2 Sreenivasulu NS & Preethi Venkataramu, *Patent Law in India: A perspective*, *The Journal of World Intellectual Property Rights*, Serials Publications, New Delhi, January-December 2008, Vol 4, Pt 1-2, p 80.

## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.1 What is a Patent**

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A patent is an exclusive right<sup>3</sup> granted on an invention, which may be either a product or a process that provides, in general, a new way of doing something, or offers a new technical solution to a problem.<sup>4</sup> It is a reward for contributing to the development of knowledge in a given field. It is an incentive to the innovators to come out with new and novel innovations that could benefit the society at large. Patent grants an exclusive right to the inventor for limited period<sup>5</sup> over his invention in exclusion of others, for making, using, selling, and importing the patented product or process producing that product for those purposes. The purpose of this system is to encourage inventions by promoting their protection and utilization so as to contribute to the development of industries, which in turn, contributes to the promotion of technological innovation and to the transfer and dissemination of technology. Patents ensure property rights (legal title) for the invention for which an exclusive right has been granted, which may be extremely valuable to an individual or a Company.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights: A Master Glance*, MIPR, April 2007, Vol 1, Pt 4, P A-191.

<sup>4</sup> Sreenivasulu NS & Preethi Venkataramu, *Patent Law in India: A perspective*, *The Journal of World Intellectual Property Rights*, Serials Publications, New Delhi, January-December 2008, Vol 4, Pt 1-2, p 80.

<sup>5</sup> Monopoly right is usually for 20 years. After the monopoly period expires, everyone else is free to practice the invention on the basis of the disclosure made by the inventor at the time of obtaining the patent.

## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.2 History of Patent Law**

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The objective behind granting of patents should be to strengthen the economy through initiatives and incentives for research and development.<sup>6</sup> Infact, "patent systems are created in the interest of the economy." The history of the development of international patent law and reforms makes a fascinating reading.<sup>1</sup> The history of patent system dates back to the Seventh Century BC, when Greeks began granting short-term exclusive rights to cooks to prepare new recipes in order that the others might be induced to labor at excelling in such pursuits. But the global adoption of the system gradually increased in the course of time. It spread to the state of Venice in 1474, England in 1623, the US in 1790, France in 1791 and Sweden in 1819. The first patent Law in the history was that of Venetian statute 1494. Venetian statute was the foundation for the patent systems that exist in the present world. The basic policies underlying modern patent law regimes including the *quid pro quo* were present in the Venetian statute. The statute set forth the statutory requirements for the patentability of inventions, which are still relevant.<sup>2</sup> In the US Thomas Jefferson drafted the first patent statute and it was enacted in the year 1793. The Act articulates the requirements of patentability as enshrined under the Venetian statute such as "utility", "novelty", and "non-obviousness". The philosophy of the 1793 Act was that "the ingenuity should receive a liberal encouragement"<sup>3</sup> The Act defines patentable subject matter in broad terms to mean "any new or useful art, machine, manufacture or composition of matter, or any new or useful improvement thereof". The subsequent Acts of 1836, 1870 and 1874 reiterates the philosophy outlined by the 1793 Act. In the year 1952 the law on patents was recodified in the form of patent Act, 1952. In doing so the term, art was replaced with process in the definition of the patentable subject matter. The altered definition of patentable subject matter stands as "any new and useful "process, machine, manufacture or composition of matter or any new and useful improvement thereof."<sup>4</sup> In the European Union the European Patent Convention of 1952 regulates the field of patents. The respective countries of the European Union have enacted their patent legislations on the basis of the said convention. For instance UK has its patent law enacted in the year 1852. In the Indian scenario the history of patent law could be divided into different phases namely pre independence era, independence era and post independence era.

<sup>6</sup> Sreenivasulu NS, *Product Patent Regime: Patenting of Food and Pharmaceuticals*, MIPR, September 2007, Vol 3, Pt 1, P A-2.

<sup>1</sup> Sreenivasulu NS & Preethi Venkataramu, *Patent Law in India: A perspective*, *The Journal of World Intellectual Property Rights*, Serials Publications, New Delhi, January-December 2008, Vol 4, Pt 1-2, p 80.

<sup>2</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 19.

<sup>3</sup> Writings of Thomas Jefferson, 75-76, (Washington, ed. 1871).

<sup>4</sup> The present patent law in the US is the result of the recodification of patent laws in 1952.

## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.3 Features of pre-independence patent system in India**

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To make a mention in the earlier days in the UK patents were granted by the Crown to the traders of repute. Later the legislative mechanism was set up to formalize such practices of Crown. Grant of patent was considered rather discretionary of the Crown, than as a reward for technical or scientific contribution. However, the legislative mechanism adopted more professional and formal system of granting patents for innovations in the various fields of science, technology, useful arts and trade. In India, before independence being a British colony, based on the British Patent Law of 1852, certain exclusive privileges were granted to inventors of new manufacturers for a period of 14 yrs. However, less well known is the fact that the Government of India has offered citizens of the country the opportunity to protect their intellectual property for exactly 150 years: the first intellectual property legislation was enacted in British India in 1856. Under the legislation, DePenning and DePenning, a Chennai-based firm of IPR Attorneys whose history runs a close parallel with that of the IPR industry in the country was granted the first ever patent in the country. Therefore, patent system is not totally new to India.

The first patent law was enacted in 1858. A comprehensive law was, however enacted by the British rulers in 1911. During the times of pre independence, India had a strong patent system inherited from British government<sup>1</sup> in the form of Patent Designs Act of 1911.<sup>2</sup> The act was enacted by the British Government following system in place in the UK. In the lines of the patent Act of England the Patents and Designs Act of India, 1911 was enacted in India which is the first such enactment in India on both patents and designs. This Act was allegedly designed to serve the foreign interests and for control over markets for finished goods by multi-national corporations. In so far as pharmaceutical products were concerned over a period, almost 85 % of medicines were supplied by the multi-national corporations. Kefauver Committee of USA that deliberated extensively on the availability of medicines worldwide and the role of the multi-nationals pointed out in their report that the prices of antibiotics and other medicines in India were the highest in the world.

<sup>1</sup> Sreenivasulu NS, *Product Patent Regime: Patenting of Food and Pharmaceuticals*, MIPR, September 2007, Vol 3, Pt 1, P A-2.

<sup>2</sup> In the British era we had a patent Act in the name Patents and Designs Act, 1911 which governed Indian patent system till 1970 when a new patent Act was enacted.

## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.4 Patent Law in the independent India**

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The Patent and Designs Act of 1911 was followed by the post independence legislation that is Patent Act, 1970.<sup>3</sup> Immediately after the Independence in 1947 our leaders were seriously concerned about the enactment of a national patents system relevant to the stage of our development.<sup>4</sup> After the independence judicial enquires were being undertaken under the Chairmanship of Justice Bekshi Tek Chand and Justice Rajgopal Iyengar on the working of the patent law.<sup>5</sup> The objectives were that there should be faster industrialization of the country and law should be designed to serve the public interest in a balanced manner. The two important committees headed by Justice Bakshi Tek Chand and Justice Rajagopal Iyengar dealt with the patent law issues relevant for our country in their reports. These committees established that foreigners for monopolistic control over the market were exploiting the patents in India. The patents registered by foreigners were not being worked in the country. It was also established that in the field of pharmaceuticals foreigners hold 95% of the patents. The reports of the committee influenced the parliament to enact a new legislation on patents which could facilitate greater benefit to the society. After an extensive debate in the parliament the patent Act, 1970 was enacted.<sup>1</sup> Based upon the recommendations in these reports a comprehensive Patents Bill was framed and debated extensively in parliamentary committees and in the both Houses of Parliament and finally the National Patents Act was enacted in 1970. The Patents Act, 1970 repealed the provisions of the Patents and Designs Act, 1911, so far as they related to Patents. With the passage of the Act, having received enough support for their inventions, industry, science and technology sector in India, in particular, Indian pharmaceutical sector grew at a fast pace and their share of market in the availability of medicines went up to about 85%. As regards the prices of medicines due to competitive environment and because of the new patent system the prices of medicines became the lowest in the world. The industry has also developed enough surplus capacity to meet export demands from the developed and developing countries. The main features of the Patents Act, 1970 were as follows<sup>2</sup>:

1. There was no product patents and only process patents for innovations.
2. The term of the patent was 7 years from the date of application or 5 years from the date of sealing of patent whichever was earlier.
3. In order to ensure pronounced role of the domestic enterprises in the patents field a system of "licensing of right" was also provided.
4. There were no constraints on exports.
5. The patent holder was under obligation to use the patent. There was also provision for revocation of patent for non-use.
6. For licenses of right the royalty ceiling was stipulated at 4 %.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 27-28.

<sup>4</sup> Sreenivasulu NS & Preethi Venkataramu, *Patent Law in India: A perspective*, *The Journal of World Intellectual Property Rights*, Serials Publications, New Delhi, January-December 2008, Vol

4, Pt 1-2, p 81.

5 Sreenivasulu NS, *Product Patent Regime: Patenting of Food and Pharmaceuticals*, MIPR, September 2007, Vol 3, Pt 1, P A-2.

1 The patent Act of 1970 is still in force being amended once in 1999, for the second time in 2002 and latest in 2005.

2 Sreenivasulu NS, *Product Patent Regime: Patenting of Food and Pharmaceuticals*, MIPR, September 2007, Vol 3, Pt 1, P A-2.



## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.5 Fabric of Patent system in the post independence**

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The intention behind the enactment was not merely to grant monopoly rights to the inventor. The objective of the Act<sup>3</sup> was to stimulate research and innovation; at the same time keeping essentials such as food, medicine and pharmaceuticals away from the monopoly control of private individuals. The Act intended to abolish the system of monopolies prevailed earlier to the enactment of the Act. The framers of the Act envisioned that product patenting would create complete monopoly and control over the innovations and their products. They feared that few individuals would have control over the products such as food grains and medicines and such other essentials through patents. Accordingly the patent Act of 1970<sup>4</sup> was enacted only to grant process patents only which could stimulate inventing different processes for producing various products. There may be different ways or different processes to produce a product. If patent is granted on the product produced through a particular process it would bar everybody else from producing and using the product in any way. Even if one invents a new process to produce the same product he or she cannot produce the product and cannot get reward for the efforts in inventing a new process. In a way it blocks the product and confers exclusive monopoly over it. However, if only process patent is granted it leaves the product unblocked. Any person who invents a new process to produce the same product can practice such different process to produce the product and get reward for his invention. The intention behind not granting product patent was to keep the product beyond the monopolistic control of few individuals. Having adopted the above philosophy the 1970 Act was against granting of product patents. Infact the Act was very particular to keep bare essentials such as food, medicine and pharmaceuticals entirely from the patent monopoly. The concept of social justice was underlined in the Act in intending to keep the essentials away from the patent monopoly.<sup>1</sup> However, with the coming into being of the TRIPS agreement, which mandated certain drastic changes in the patent systems throughout the world including the grant of product patents, necessitated certain changes in the Indian patent system.<sup>2</sup> Being a signatory to the agreement, the Government of India amended the patent Act.<sup>3</sup> The amended Act, in accordance with TRIPS, has provided for product patents various sectors including foods, medicines and chemical substances. The changes in the Patent system were brought at three different intervals between the years 1995 to 2005. With the enactment of Patents (Amendment) Act, 2005<sup>4</sup> the amending process of Indian Patents Act, 1970 to bring it in line with the TRIPS<sup>5</sup> agreement has been completed. The earlier two amendments were enacted by the Parliament during 1999 and 2002. In the amending process some safeguard provisions have been incorporated in the form of exceptions to patent monopoly in the public interest. These exceptions empower the government of India to acquire any patented product or process or grant compulsory license of such patent in the public interest. Considerable changes have been made in the patenting procedure through the introduction of Patent Rules, 2003, which were further amended in 2005 and 2006, resulting in new practices and procedure. In 2009 Government of India brought another set of rules namely Patent Rules, 2009 on which comments of the various stake holders were invited. The stake holders meetings were held at Mumbai, Chennai, Bangalore, Kolkata and New Delhi. As a scholar of intellectual property and patent law, I am honoured to have been part of the consultation process of the stake holders meetings conducted by the Government of India. The Draft Patents manual, 2009 was revisited and revised in accordance with the outcomes of the stake holders meetings.

The latest version of the Patent Manual is available with the Controller of Patents and the same can be read from the official website<sup>1</sup> of the Indian Patent office. However, it is felt by the developing world that the framework of the TRIPS Agreement<sup>2</sup> is more favorable to the western or developed countries. In India it is observed that, there are few stipulations under the Indian Patent Act, which need to be altered to avoid legal disputes. Experts view that the original Patents Act, 1970 was a balanced one, which helped the growth of industry and also adequately covered the public interest angle through compulsory licensing and government acquisition provisions. The Indian pharmaceutical industry produces high quality products of almost all types of therapeutic groups and exports the generic produce to the developing and developed countries at the most competitive prices. The multinational companies are apprehending difficulties in obtaining products patents in India because of the strict provisions in regard to the compulsory licenses for effective role of the domestic enterprises in the patented products.

<sup>3</sup> The Patent Act of 1970 in its original form.

<sup>4</sup> The Act was providing only for process patents until recent amendments made to implement the mandates of the TRIPS agreement. Now the amended patent Act provides also for product patents.

<sup>1</sup> India is a socialist country and it follows socialist philosophies. The constitution of India, the basic law of the country mandates the government to guarantee social justice to all.

<sup>2</sup> Sreenivasulu NS & Preethi Venkataramu, *Patent Law in India: A perspective*, *The Journal of World Intellectual Property Rights*, Serials Publications, New Delhi, January-December 2008, Vol 4, Pt 1-2, p 82.

<sup>3</sup> India is member country to the TRIPS agreement and the WTO.

<sup>4</sup> Section 1(1) & (2) for Patents (Amendments) Act, 2005.

<sup>5</sup> TRIPS is one of the most contentious agreement of the WTO.

<sup>1</sup> The official website of the Indian patent office: <http://www.ipindia.nic.in/>

<sup>2</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.6 Journey from socialism to capitalism**

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Socialism encourages common property or public property and it does not encourage private property rights. In the modern world driven by open market system or capitalism socialist approaches and philosophies have lost their significance.<sup>3</sup> The approach of capital economy or free market concept has outweighed the socialist philosophies. Private property rights have been encouraged in the free market system which leads to granting of monopolies. Here at this juncture product patenting of essentials like food and pharmaceuticals gains special mention. Since product patenting blocks an invention in the hands of few individuals product patenting of food and pharmaceuticals being the essentials for the society raises serious concerns. The philosophers of market economy or capital economy state that patenting of food and pharmaceuticals encourages further research and innovation in the food and pharmaceutical sectors which ultimately benefits the society at large. They contend that product patenting of any invention for that matter encourages and stimulates further research in the given field. The advocates of product patents say that product patenting of any invention ultimately serves the purpose of the community in the long run. They contend that patents last only for certain period of time after which the invention falls into the public domain for the use and benefit of everyone. Granting of product patent on an invention grants the inventor an exclusive right to deal with the invention and also to further research on the invention. This stimulates research and development, which in the long run benefits the entire society. Patent on a process or method to produce a product does not properly recognize the efforts of the inventor since another patent can be granted for different process to produce the same product. But patent on the ultimate product (product patent) gives proper reward to the inventor by granting exclusive right to deal with the product to its entirety.<sup>1</sup> However, the opponents of product patenting advocate that the above contentions are not totally acceptable, since private monopoly keeps the invention in few hands, serving of public purpose may not be guaranteed. Further, product patenting of inventions blocks the invention in few hands by excluding everyone from dealing with the invention in any manner. Infact as per the philosophies of socialism and communalism public purpose can be better served through different or several hands than through few hands. These systems do not prefer to grant monopolies to individuals at all. Though patent system is prevailing in the socialistic and communist countries there prescribed many safeguards to uphold the interest of the public or community at large. Prohibition of product patenting is one among several safeguards prescribed in these systems. The objective was to keep essentials away from the monopoly of individuals and to ensure community rights. Community rights would overweigh private rights in these systems. In the system of capitalism these issues does not hold much water. Therefore, product patenting of inventions in the socialistic and communalistic countries amounts to the incorporation of the philosophies of the open market system or capitalism in their respective approaches.

<sup>3</sup> Sreenivasulu NS, *Product Patent Regime: Patenting of Food and Pharmaceuticals*, MIPR, September 2007, Vol 3, Pt 1, P A-3.

<sup>1</sup> Sreenivasulu NS, *Product Patent Regime: Patenting of Food and Pharmaceuticals*, MIPR, September 2007, Vol 3, Pt 1, P A-3.

## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.7 International Law<sup>2</sup> on Patents**

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Earlier, when the concept of intellectual property was known as industrial property, patents were forming part of the so called industrial property. During the times of crown patents were conferred on business man and entrepreneurs by the crown as recognition to their business and commerce. At that time, the law of patents was not there and the conferment of patents was depending on the satisfaction, confidence and discretion of the crown. Technical requirements existing under the modern day patent law were not there and the significance of the business man in the trade and commerce was considered. Later when certain attempts were made to streamline the process of conferment of patents there adopted certain international conventions and treaties which showed us the way on the regulation of patents. These conventions and treaties are forming part of the international law on patents. Ranging from the Paris convention till the TRIPS agreement<sup>3</sup> have played vital role in formulating international law on patents. The following discussion would provide us insights about the international law on patents.

##### **11.7.1 Paris Conventions take on Patents**

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The Paris Convention was intended to apply to industrial property in broad sense including patents, trademarks, trade names, industrial designs and geographical indications.<sup>1</sup> At this juncture, Industrial property should be understood in the broader sense to be applied to industry, commerce, agriculture, natural and manufactured products.<sup>2</sup> The convention postulate for National Treatment of the parties by the member states with respect to conferment, protection and enforcement of patent rights. The member states shall treat the applicant claiming patent protected under the convention without discriminating on the basis of the country of origin or work. In the sense the applicant belonging to any state shall be treated by every state at par with the applicant from within the country.<sup>3</sup> There shall be no discrimination between a patent applicant from within the state or from outside the state. Foreign patent applicants shall be treated as if they are local applicants. The convention said to be one among those initial agreements which have been adopted for the protection of patents and such other industrial property. The convention has been amended at least seven times since its adoption in 1883 on various fronts in particular patents. The recent TRIPS agreement, accords great significance to the Paris Convention of Industrial Property, while uniforming and rationalizing the law regulating patents and innovations. The convention was followed by couple of exclusive conventions on patents namely patent co-operation treaty and patent law treaty.

##### **11.7.2 Patent Co-operation treaty**

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The Patent Co-operation Treaty was adopted in 1970 at Washington and modified latest in 2000. The treaty makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries which are parties to the treaty by filing an "international" patent application. Such an application may be filed by any anyone who is a national or resident of contracting State of the treaty. 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 option of the applicant, with the International Bureau of WIPO in Geneva. In the application names of the states where the protection is sought

would be designated. The treaty talks about international patent application,<sup>4</sup> international search,<sup>5</sup> international searching authority,<sup>6</sup> international examination authority<sup>7</sup> and international examination of the application.<sup>8</sup> The treaty introduces filing of international applications claiming patent protection in more than one country. For the purpose of examining such application the treaty establishes international examination authority which shall process the application. International search would be conducted in search of any existing patented invention similar to that of the one claimed in the application. For this purpose the treaty establishes international searching authority and prescribes for procedure to be followed by such authority in this regard. The treaty being instrumental in reducing the risks of filing different applications in different countries for same patent has been ratified by many states. The patent co-operation treaty was followed by the patent law treaty.

### 11.7.3 Patent Law treaty

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The Patent Law Treaty was adopted at Geneva in 2000. It aims to harmonize and streamline formal procedures in respect of processing of national and regional patent applications and grant of patents, and thus to make such procedures more user-friendly. With the significant exception of the patent application filing date requirements, the treaty provides for maximum sets of requirements, which the office of a contracting party may comply. This means that a contracting party is free to provide for requirements that are more generous from the viewpoint of applicants and owners, but are mandatory as to the maximum that an office can require from applicants or owners of inventions. The treaty is applied to national and regional application for patents for invention, patent for addition. The treaty is also applied to the international patent applications filed under the Patent co-operation Treaty. It talks about details procedure of application and the general contents of the application. There is an assembly to which contracting parties are members and there is an international bureau for the purpose of administration under the treaty. The treaty acknowledges the Paris Convention on industrial property and states that nothing under the treaty would derogate the provisions of Paris Convention.

<sup>2</sup> International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.

<sup>3</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

<sup>1</sup> Infact patents, trademarks, industrial designs and indications of sources (geographical indications) were known as industrial property.

<sup>2</sup> Article 1(3) of the Paris Convention for the Protection of Industrial Property.

<sup>3</sup> Article 2 of the Paris Convention for the Protection of Industrial Property.

<sup>4</sup> Article 3 of the Patent Co-operation Treaty.

<sup>5</sup> Ibid, Article 15.

<sup>6</sup> Ibid, Article 16.

<sup>7</sup> Ibid, Article 32.

<sup>8</sup> Ibid, Article 33.

## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.8 The TRIPS agreement<sup>1</sup> and the uniform patents system**

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There are number of international conventions on IPR and Patent law. However, the TRIPS agreement is known be the one which has uniformed and rationalized the IPR and patent systems across the globe. The TRIPS Patents System is based upon a joint statement (paper) presented by the multinational associations of USA, Europe and Japan to the GATT Secretariat in June 1988 during the Uruguay Round of Negotiations.<sup>2</sup> The main features of the TRIPS patent system are as follows: The TRIPS agreement<sup>3</sup> provides for patent protection for any inventions whether products or processes in all fields of science and technology provided that they are new, involve an inventive step and are capable of industrial application. The foreign patent holders are absolved from working on their patents and imports since, they enjoy the same patent rights without discrimination as to the place of invention, field of technology and whether the products are imported or locally produced. The patent granting procedure has been streamlined and complexities have been minimized. The term of patents has been fixed as 20 years from the date of application. There is no "licensing of right" provision recognized under the new system. The compulsory license provisions are having strict conditions with prescribed constraints for exports. There is no royalty ceiling as well for compulsory licenses. The royalty payment is based on the economic value of the license. The above features of the TRIPS agreement have been implemented in the Indian Patents Act, 1970 through amendments which brought up following changes.

1. Term of patent to be for a period of 20 years from the date of filing.
2. Time period for restoration of a ceased Patent has been increased from 12 months to 18 months.
3. Publication of the patent application after 18 months has been introduced; therefore, every patent will be published just after 18 months from the date of filing and will be open for public on payment.
4. Patenting of products<sup>1</sup> and as well as processes.
5. A request for examination system has been introduced.
6. Provision for filing request for examination by any other interested person other than applicant) has also been introduced.
7. Provision for the withdrawal of application by the applicant any time before grant has been introduced.
8. Fees on documents shall be paid within 1 month from its date of filing.

The above mentioned international conventions, treaties and agreements do formulate law of patents at the international level. The fabric of patent law in substance and procedure has been supplied by these international conventions and the TRIPS agreement<sup>2</sup> has brought the uniformity and rationality in this regard. Nations which are already having patent law at domestic front have made necessary changes and modifications in accordance with the mentioned international law on the point. While, the nations which were not having patent laws have formulated patent laws at their

domestic level on the basis of these international conventions, treaties and agreements.

1 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

2 Sreenivasulu NS & Preethi Venkataramu, *Patent Law in India: A perspective*, *The Journal of World Intellectual Property Rights*, Serials Publications, New Delhi, January-December 2008, Vol 4, Pt 1-2, p 82.

3 International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.

1 Sreenivasulu NS, *Product Patent Regime: Patenting of Food and Pharmaceuticals*, MIPR, September 2007, Vol 3, Pt 1, P A-3.

2 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt2, P A-71.

## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.9 Objectives of Patent Law**

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Ingenuity shall receive liberal encouragement is the notion with which patent systems are functioning. Creativity, innovation and ingenuity shall be encouraged and promoted for the purpose of research and development. The basic objective of the patent law is to promote ingenuity in the various spears of science, technology and useful arts. In general the objectives of the patent law could be set forth as follows:

1. Promotion of science, technology and useful arts.
2. Encouragement of creativity and innovation.
3. Protection of inventions.<sup>1</sup>
4. Granting of exclusive monopoly over the patents for a temporary period.
5. Providing incentives to the research and development.
6. Institutionalizing the system of technology transfer from laboratory to industry.
7. Ensuring the exploitation of inventions.
8. Providing economic means for the inventions.
9. Making the inventions and proceeds of the inventions available to the public.
10. To ensure that patents are means of development of novel technologies.
11. Balancing the interest of both the inventor and the general public at large.
12. Enhancing the depth and width of patent pool in the society.
13. Increasing the knowledge available in the public domain or prior art.
14. Preventing the misuse of inventions by the one other than the actual inventor.
15. Providing the means for development of commerce and industry.

Likewise, patent law has got very wide range of objectives which are very essential for the growth of not only science, technology and useful arts but as well for the growth of commerce and industry. The system intends to encourage<sup>2</sup> the inventors and as well the industry to utilize the inventions. Once the inventor and the industry work in their respective domains in producing the invention and in exploiting the invention, the next stage would be the benefit of the public. Exploited inventions would ultimately reach the market for public consumption, when not only public would get their needs catered, but the inventor and the industry get rewards for their efforts. That is how the balance of interest is being achieved under the patent system. The system of patents encourages innovative works in producing novel products and inventing new and useful processes. The creators of new and novel products and process are offered recognition through registration under the patent system. Historically patents are granted to the inventors of new machines and manufacturing processes. The basic objective of patent law is to promote creation and innovative use of technology. Scientific and technological endeavors are encouraged and provided incentives under the patent system. It is believed here that grant of patents encourages further research



and development in the given field of science and technology which ultimately benefits the society in the long run.

- 1 Sreenivasulu NS & Preethi Venkataramu, *Patent Law in India: A perspective*, *The Journal of World Intellectual Property Rights*, Serials Publications, New Delhi, January-December 2008, Vol 4, Pt 1-2.
- 2 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 26.

## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.10 Subject matter of Patents**

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The first and foremost requirement of granting patent is that an invention should fall within the ambit of patentable subject matter.<sup>1</sup> Inventions falling within the purview of patentable subject matter are only eligible for patent protection. The components of patentable subject matter were not uniform in different Nations. However with the coming into being of TRIPS, there found uniformity with reference to subject matters that are patentable in all the member states.<sup>2</sup> The TRIPS agreement speaks about the patentable subject matter in broad terms.<sup>3</sup> It states that patents shall be made available for any invention, whether products or process, in all fields of technology provided that they are new, involve an inventive step and are capable of industrial application. It further states that patents shall be available without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced.<sup>4</sup> However members may exclude from patentability certain inventions on the grounds of public order, morality, protection of human, animal or plant life or health or to avoid serious prejudice to the environment. Further members may exclude from patentability; diagnostic, therapeutic and surgical methods for the treatment of humans or animals; plants and animals and essentially biological process for the production of plants or animals.<sup>5</sup> However it is believed that microorganisms<sup>6</sup>, plants and animals produced through non-biological or microbiological processes could be patented under the agreement.

<sup>1</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 63.

<sup>2</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

<sup>3</sup> Article 27 of the TRIPS agreement.

<sup>4</sup> Kevin. W Mccobe, The January 1999 review of Article 27 of the TRIPS agreement, for diverging views of developed and developing countries toward the patentability of biotechnology, *Journal of Intellectual property law*, Fall, 1998, 6J Intelle. Prop. L41.

<sup>5</sup> The TRIPS agreement sub-clause (2) and (3) See generally, See, Jayashree Watal, *Intellectual Property Rights in the WTO and developing countries*, First published 2001, Third impression 2002, Oxford University press, New Delhi, p 461.

<sup>6</sup> All unicellular organisms with dimensions beneath the limits of vision, which can be propagated and manipulated in a laboratory, are termed as microorganisms. Microorganism includes bacteria and yeasts but also fungi, algae, protozoa, plasmids, viruses and human animal and plants.

## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.11 What is invention**

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An invention means any new and useful art, process, method or manner of manufacture; machine, apparatus or other article; or substance produced by manufacture, and includes any new and useful improvement of any of them, and an alleged invention. A patentable invention must, in general, fulfill the required conditions. That is it must be of practical use; it must show an element of novelty, that is, some new characteristic that is not known in the body of existing knowledge in its technical field and it must be capable of being described in written form. In cases, where written description is not possible, it could be substituted by the deposit of the actual invention. In many countries, scientific theories, mathematical methods, plant or animal varieties, discoveries of natural substances, commercial methods, or methods for medical treatment (as opposed to medical products) are generally not patentable. The following inventions are not patentable under the Indian Patent System.<sup>1</sup>

- (a) An invention which is frivolous or which claims anything obviously contrary to well-established rules of natural law;
- (b) An invention the primary or intended use or commercial exploitation of which could be contrary to public order;
- (c) The mere discovery of a scientific principle;
- (d) The mere discovery of any new property or new use for a known substance or the mere uses of a known process, unless such known process results in a new product or employs at least one new reactant;
- (e) A substance obtained by a mere admixture;
- (f) The mere arrangement or re-arrangement of known devices;
- (g) A method of agriculture or horticulture;
- (h) Any process for the medicinal, surgical, curative, prophylactic (diagnostic therapeutic);
- (i) Plants and animals in whole, biological processes for production or propagation of plants and animals;<sup>2</sup>
- (j) A mathematical or business method or a computer programme per se or algorithms;
- (k) A literary, dramatic, musical or artistic work;
- (l) A mere scheme or rule or method of performing mental act or method of playing game;<sup>3</sup>
- (m) A presentation of information;
- (n) Topography of integrated circuits;
- (o) An invention, which in effect, is traditional knowledge;
- (p) Inventions relating to atomic energy and prejudicial to the defense of India, and

(q) Claimed subject matters which do not satisfy the requirements of patents

1 Section 3 of the Patent Act, as amended in 2005.

2 However, non-naturally produced plants, animal and non-natural, non-biological processes are seemingly patentable.

3 The Patent Act, 1970 as amended in 2005 available at <http://www.wipo.int/edocs/lexdocs/laws/en/in/in065en.pdf>, last visited 5 January 2018.

## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.12 The dichotomy<sup>4</sup> of invention and discovery**

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It is universally accepted that patents are given for inventions and not for discoveries.<sup>5</sup> It has long been established that discoveries are not patentable. Invention is something newly designed or created or the activity of designing or creating new things. Discovery is the act of finding something that had not been known before.<sup>1</sup> The term invention is not defined under the TRIPs agreement or under other international conventions on patents like Paris Convention or Patent Co-operation Treaty.<sup>2</sup> The US patent statute defines the term invention to mean any "invention or discovery".<sup>3</sup> As per the US patent law there is no difference between an invention and discovery. It seems that the approach of US patent system is far liberal and does not want to acknowledge the difference between invention and discovery. The treatment of discovery and invention could be same or similar under US patent law. However, literally there is a difference between invention and discovery. It is felt that a discovery does not involve creation or design of new thing hence is not patentable.<sup>4</sup> Almost all patent laws throughout the world say that discoveries or substances found in nature do not constitute an invention and are excludable from patent grant. Anything new which has been created including the non-natural living beings could be an invention, but something found in the nature could not be an invention and is a discovery. Therefore, there is a need to draw a distinguishing line between a discovery and an invention. This distinction is relevant in terms of patentability, between the "discovery" of something that exists in nature and the invention and creation of something new, involving a pre-determined degree of human effort. In fact in the sphere of biotechnology where the subject matter is living being it is very difficult to differentiate between invention and discovery.<sup>5</sup> Perhaps the debate on invention and discovery is more pertinent to the field of biotechnology where the raw material used is found in the nature and the resultant product is claimed for patent as an invention. One of the contentious issues raised in patent law is that of the extent to which the traditional concept of invention can be applied to new and novel inventions.<sup>6</sup> However, the complexity arises due to the fact that it is increasingly becoming difficult to determine where 'discovery' ends and "invention" begins. This issue is resolved more through judicial decisions and patent office practices on the facts and circumstances of each case rather than through clear-cut criteria laid down in law. The case law pronouncements have made it clear that finding of a product of nature is a discovery. The product of nature becomes product of man due to the intervention of human being or due to the application of human ingenuity. In the sense a product of nature through some human intervention becomes product of man. This human intervention to the product of nature gives it a new existence, making it to possess some special features, which it was not possessing earlier, which renders it an invention. Therefore, it could be said that something found in the nature could be an invention provided there is human efforts or human intelligence involved in altering its features and in enhancing its traits and qualities.

<sup>4</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 64.

<sup>5</sup> PK Vasudeva, patenting biotech products: complex issues, EPW, Commentary, 14-20 October 2000.

<sup>1</sup> Cambridge dictionary of American English, Cambridge University press, Cambridge, UK, 2000.

<sup>2</sup> Patent Co-operation Treaty, 1970, modified in 1984.

3 35, US patent Act, section 100.

4 Dr T Ramakrishna, Biotechnology and intellectual property rights, Center for intellectual property rights research and advocacy {CIPRA}, National Law School of India University, Bangalore, 1st Edn, 2003.

5 Jayashree Watal, *Intellectual Property Rights in the WTO and developing countries*, First published 2001, Third impression 2002, Oxford University press, New Delhi, p 132-133.

6 Dr Swaminathan KV, *An introduction to the guiding principles in the decisions on patent law*, 1st Edn, October 2000, Bahri brothers, Delhi, p 329.

## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.13 Dynamism in the subject matter of patents**

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Practically the subject matter which satisfies the requirements of patentability is considered as patentable subject matter. This practical approach is very much required because of the dynamic nature of the subject matter of patents. It is infact true that subject matters which were not patentable at one point of time became patentable subject matters in the later stages. Besides, certain subject matters which were considered to be part of common heritage of mankind or common property of mankind were brought within the purview of patentable subject matter aftermath of the TRIPS agreement.<sup>1</sup> Taking the debate between invention and discovery to the new levels, the developments in the field of novel technologies such as information technology and biotechnology have been contentious all the time. The fact that biotechnology deals with life or living beings and alters and modifies them according to the needs of industry raises many questions with reference to the status of the products of biotechnology. While, the fact that the innovations in the field of information technology in particular software and computer programs which are based on mathematical algorithms which are otherwise prohibited from patenting raised further questions with reference to the status of innovations of information technology. Earlier the philosophy of patent law was that anything involving life is not patentable or living beings are beyond the subject of patentability. At the same time, mathematical algorithms are beyond the subject of patentability since are considered as no inventions. The question with reference to whether they are discovery or invention was not considered relevant since the subject has been kept outside the purview of patent system. But the developments at the international level, in particular in regions such as USA<sup>2</sup> and the European Union<sup>3</sup> with reference to the efficacy and proficiency of the science of biotechnology and information technology have mandated debates on the patentability of living inventions and computer programs. The enormous potential of the products of biotechnology and information technology including software having tremendous industrial demand necessitated contentious discussions on granting patents to such products. Living beings which were considered as part of common property or common heritage of mankind under the international law have now been considered to be patentable given the changing fabric of patentable subject matter. At the same time computer programs based on mathematical algorithms are being allowed to be patented.<sup>4</sup> On similar lines, subject matters which were not considered to be relevant for private monopoly have been now considered for patents. For instance, agriculture products, food products, medicine and pharmaceutical products were considered not relevant for private monopoly through patents. The reason behind this notion was that food and medicine are essential for the human being and there should no private monopoly on these items. However, changing time once again altered the fabric of patentable subject matter and now patents or made available on agriculture products, food products and on pharmaceuticals.<sup>1</sup> It is noticed that dynamism of the subject matter of patents has brought many changes in the system of patents with reference to what is patentable and what is not patentable. It appears now that the philosophy of US Supreme court that "anything under the sun made by man to be patentable" is gaining lot of importance.<sup>2</sup>

<sup>1</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P A-71.

- 2 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 19.
- 3 *Ibid*, p 67.
- 4 Sreenivasulu NS, *New Face of Patent Law: Impact of information technology and biotechnology revolutions*, MIPR, March 2007, Vol 1, Pt 3, p 135.
- 1 The 2005 amendment to the Patent Act has made it clear that there is no bar on patenting of pharmaceuticals and agriculture products.
- 2 *Diamond v Annadha Chakraborty*, US SC 404.



## **Part IV LAW OF PATENTS**

### **CHAPTER 11 INTRODUCTION TO PATENTS**

#### **11.17 Types of Patents**

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The patent system recognizes various types of patents which are granted for the inventions satisfying the technical requirements of patentability. The concept of process patent was well known since there was no reservation in any of the patent systems in the world with reference to such patents. However, products patents are considerably new to at least in the developing world including India since those were not allowed before the coming into being of the TRIPS agreement<sup>3</sup> in the developing nations. There are other types of patents such as; plant patents, designs patents and utility patents which are recognized under certain patent system like the US patent system since long time. Let us examine these various types of patents one by one.

##### **11.17.1 Product Patents**

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Patents are granted for new and novel products having an inventive step and useful for industrial use. These are the patents granted for the production of a particular type of product which is commercially viable. The inventor of the product gets a monopoly over the use and exploitation of products through patent. The owner of product patents gets right to use, produce, and sell the product and also to license, lease or assign the right of producing and selling the product. There granted rights also for importing, exporting and dealing with the product in any of the above mentioned ways by the inventor or the registered licensee, assignee or the agent of the inventor. Once the patent is granted on a product, nobody else apart from the owner can produce the same products either through the process followed by the inventor or by any new process which has been conceived later by anybody. Product patents are considered to be providing stringent protection to the work of the inventor, since nobody else can produce the product even after having conceived a new means of producing the product. There are arguments that product patents<sup>1</sup> blocks further research and debars any researcher who has conceived a new means or methods to produce the products is under privileged because there is already somebody who is owing the product completely and no new method could be applied to produce the same product.

##### **11.17.2 Process Patents**

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These are patents granted on process or methods. These could be processes for producing a particular product. The owner of process patents enjoys right to exploit the process to produce an intended product. However the owner of the process patent does not have monopoly right over the products of the process. Rights are confined to the use of the process in producing some product. Besides a patent on a process to produce a particular product cannot prevent another different process to produce the same product to be owned by another patent holder. Process patents<sup>2</sup> would not prevent any other inventor who has conceived a new process or method of producing the same products from exploiting it and from obtaining patent on it.

##### **11.17.3 Design Patents**

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These are specific kind of patents. Inventions of designs with reference to the manufacturing or producing of a product or machine could be granted patents. These patents are confined to the design of the produce and authorize the owner to exploit

the design commercially. The design could be applied and used on a particular type of product or machine only by the registered owner having patent over it. No other person could use the invention on similar or different products or machines.

#### 11.17.4 Plant Patents

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New and novel plants and plant varieties are protected across the globe either through patents or through sui generis system. In countries like US there is a separate policy and legislation on plant patents.<sup>3</sup> Protection for new and novel plants and plant varieties is being offered through the grant of patents. Even, the TRIPS agreements<sup>4</sup> states that there shall be patent protection or sui generis protection for plants and plant varieties. With respect to terms and conditions of patents there is no difference between plant patents and other patents. The owner gets exclusive monopoly over the use and exploitation of plants in exclusion of others.

#### 11.17.5 Utility Patents

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These are residue patents, patents which does not fall under any of the above discussed patent types do fall under this category. These are the model patents which are granted keeping in mind the utility of such patents. In case of these patents the utility or usefulness of the inventions plays vital role obtaining the patent grant. Initially patents on plants and engineered living beings such as microorganisms were granted patents being considered as utility patents. The overall utility of the patents to the society a large comes for the consideration more than any other requirements of patentability in case of these utility patents.

Patents are granted for those inventions which are patentable. In general discoveries are not patentable but inventions are patentable. However, in countries like USA, there is no difference between invention and discovery. Perhaps the approach of the framers of patent law is that invention involves human intellect but discoveries which are found and identified in the nature do not involve enough intellectual efforts to make them as inventions. Discovery is something available and found in the nature. Invention means something new created which was not in existence earlier. For the inventions there are various types of patents granted according to the suitability. For an invention of a process or a method of manufacture a process patent is granted. For an invention of a product there could be product patent for the product and there could be process patent for the process by which the product has been produced. There are also provisions for tailor made patents such as design patents for works of designs, plant patents for novel plant varieties and there could be utility patents for the inventions which are granted on the basis of the utility of the invention.

<sup>3</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

<sup>1</sup> Sreenivasulu NS, *Product Patent Regime: Patenting of Food and Pharmaceuticals*, MIPR September 2007 Vol 3, Pt 1.

<sup>2</sup> Ibid.

<sup>3</sup> Plant Patent Act, Plant Varieties Act are legislations in USA in this regard.

<sup>4</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

## **Part IV LAW OF PATENTS**

### **CHAPTER 12 REQUIREMENTS OF PATENTS**

Inventions could be patented only on the fulfillment of certain requirements. There recognized certain parameters or yardsticks to test the inventions before granting patents. Patents are technical in nature and the process of patenting also involves certain technicalities. There are certain technical requirements under the patent laws which are to be fulfilled before granting patents on an invention. Inventions are considered to be inventions only when they satisfy these requirements. Fulfillment of these requirements is a criterion<sup>1</sup> of patentability. The scientific advancement the invention has made to the given field, technical contribution it has made and the commercial significance the invention has got would be tested out while fulfilling the requirements of patentability. At the same time, these requirements would also entail the invention to be available in the public domain after a temporary period to be made use of by everybody on the basis of description given on the invention while obtaining patent. There are certain universally recognized criteria or technical requirements of patents which have been promoted by the international conventions of patents.<sup>2</sup> In general inventions should satisfy the following requirements.<sup>3</sup>

Novelty;

Inventive Step or Non-Obviousness;

Industrial Application or Utility;

Written Description and Enablement.

Now, let us discuss, examine and assess each and every requirement of patentability which would enable us to understand the technical nature of patents and as well the system of patenting.

<sup>1</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 63.

<sup>2</sup> Article 37, The TRIPS agreement.

<sup>3</sup> Sreenivasulu NS & Preethi Venkataramu, *Patent Law in India: A perspective*, *The Journal of World Intellectual Property Rights*, Serials Publications, New Delhi, January-December 2008, Vol 4, Pt 1-2, p 84.

## **Part IV LAW OF PATENTS**

### **CHAPTER 12 REQUIREMENTS OF PATENTS**

#### **12.1 Novelty**

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If an invention is falling within the parameters of patentable subject matter if the invention does not fall under any of the prohibited categories mentioned under section 3<sup>4</sup> of the patents Act in India the first task would be to test its novelty. The invention must be new and hitherto not in existence. The applicant shall demonstrate and prove that the invention is new, novel and not forming part of the public domain or the public knowledge. The knowledge in the public domain is considered as part of prior existing art or knowledge. Inventions cannot be granted patent if are in the public domain. As per the first modern patent statute enacted in Venice in 1474, every person who shall build any new and ingenious device, not previously made shall be granted an exclusive right to use and operate the device.<sup>1</sup> The TRIPS agreement says that<sup>2</sup> patents shall be available for any inventions, whether products or processes in all fields of technology provided they are new. According to the US patent law, any person who contributes something new to the society,<sup>3</sup> who brings out something novel, hitherto not known to the society is eligible for patent grant. According to the European Patent Convention, inventions are patentable in the European Union only if they are new.<sup>4</sup> An invention should not form part of the state of the art or knowledge in the public domain in order to consider it as a new invention.<sup>5</sup> The state of the art comprises of everything made available to the public by means of a written or oral description, by use or in any other way before the date of filing of the patent application. The invention shall be considered as novel if it is not known or used or described in any printed publication or patented. Novelty is not defined under the Patent law of India. But invention is defined to mean a new product or process involving an inventive step and capable of industrial application.<sup>6</sup> The Indian patent Act defines inventive step and industrial application but it does not define the term novelty. Hence it is left to the patent office and the Courts to define and mean the term novelty. Indian courts have adopted very strict interpretation of the term novelty. Very recently Supreme Court of India in the case of *Novartis*<sup>7</sup> while discussing on the novelty of a cancer drug the court held that if the invention is a mere addition to what is already existing it cannot be considered as novel invention. The inventor will have to produce stand out and absolutely novel thing in its strict terms and mere scientific arrangements or minor addition to the existing stuff is not considered as novel innovations. As per the meaning given to the term invention, in general a subject matter must be new to constitute an invention. The Patent Act specifically states that certain subject matters are not inventions, in doing so it indirectly states that certain subject matters are not considered as novel or new. In particular subject matters such as discoveries are not considered new and as well are not called as inventions. For instance, finding of a living thing or substances occurring in the nature are considered as not new and the same does not constitute an invention.<sup>8</sup> In *CTR Manufacturing Industries Limited v Defendants Sergi Transformer Explosion Prevention Technologies Pvt Ltd*,<sup>1</sup> it was held that the invention cannot be a mere arrangement or rearrangement of previously known integers all functioning independently in a known way. These integers, though all themselves previously known, may be combined in a previously unknown way, acting inter-dependently, each of them essential, to produce a new and improved result. Therefore, it could be inferred and said that novelty is the first and foremost requirement of patent law which thrives to gift something new to the society through patents.

<sup>4</sup> Section 3 of the Indian Patent Act talks about subject matter prohibited from patenting.

- 1 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 73.
- 2 The TRIPS agreement: Article 27 sub clause (1).
- 3 35, US.C, section 102, See, Chisum, Principles of patent law, p 33.
- 4 The EU directive on biotechnology inventions: Article 3.
- 5 EPC: Article 54.
- 6 Section 2(1)(j) of the Patent Act of India as amended in 2005.
- 7 *Novartis v Patent Controller*, decided by the Indian Supreme Court dated 01-04-2013. At the time of printing this book the court was not yet reported but the decision was made.
- 8 The Patent Act as amended in 2005, section 3(c).
- 1 Case No.: Motion No. 497 of 2014 in Suit No. 448 of 2012 Court: High Court of Bombay, Order Pronounced on: 23rd October 2015, available at <http://stratjuris.com/files/Top-15-patent-Cases-of-2015-in-India.pdf>, page. No: 7, last visited 12 January 2018.

## Part IV LAW OF PATENTS

### CHAPTER 12 REQUIREMENTS OF PATENTS

#### 12.2 Inventive step or non-obviousness

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The invention shall involve certain inventive step, which takes it further from the existing knowledge in the society. Inventions must involve certain creativity and innovation, which adds to the knowledge of the society. An invention which does not demonstrate inventive step remains obvious and does not qualify for patent grant. Not all subject matters, which are new, are patentable if they do not demonstrate inventive step. The invention must involve an inventive step in order to be patented. The invention must be a leap forward by the inventor that puts him ahead of the existing pack of knowledge and justifies patent grant.<sup>2</sup> According to the established international conventions, patents shall be granted provided the requirement of inventive is satisfied over and above the other requirements. The expression inventive step is deemed to be equivalent to the requirement of non-obviousness. The demand for inventive step has great potential to act as a hurdle for patentability.<sup>3</sup> The quest for inventive step is perhaps the most difficult aspect of the patent procedure.<sup>4</sup> A patent may not be granted if the differences between the subject matter sought to be patented and the prior art (knowledge in the public domain) are such that the subject matter as a whole would have been obvious at the time the invention was made, to a person having ordinary skill in the art to which said subject matter pertains.<sup>5</sup> The invention should represent a significant advance over previously discovered information existing at the time the invention was made.<sup>6</sup> Obviousness is a question of law. The patent examiner bears the burden of establishing a *prima facie* case of obviousness. If examiner establishes *prima facie* case of obviousness, then burden shift to the applicant to rebut it.<sup>1</sup> The current practice of the US Courts, in testing the non-obviousness of the invention has been laid down in famous *Graham* case.<sup>2</sup> The Court of Federal Circuit in the above case has clarified the meaning of the term "non-obviousness" under the US patent code by stating that non-obviousness involves a leap forward by the invention over and above the existing knowledge in the prior art.<sup>3</sup> The Court has set forth a test for deciding the non-obviousness of an invention. The test imposes three requirements to be fulfilled by an invention in order to get patent. The Court laid down that<sup>4</sup>:

- (1) The Courts must survey the scope and content of the prior art.
- (2) It must examine the differences between the prior art and the claimed invention.
- (3) There shall be a determination as to the level of ordinary skill in the art.<sup>5</sup>

In addition to these three elements the Court of Federal circuit has added a forth element to the test. The Court states that the Courts may use secondary considerations such as commercial success, long felt but unsolved needs, or the failure of others to shed light on the circumstances surrounding the origin of the invented subject matter to test the obviousness of an invention. These considerations are not by themselves dispositive but they are highly persuasive of non-obviousness.<sup>6</sup> Obviousness of the invention is tested on the basis of the prior art that existed at the time of filing of patent application. The state of prior existed at the time of examination of the application or at the time of grant of the patent is not considered in testing the non-obviousness of the invention. In *Novartis v UOI*<sup>7</sup> the patent for a Drug which was not "inventive" or had an superior "efficacy" Novartis filled 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.

2 Donald S Chisum, Craig Allen Nard, Herbert F Schwartz, Pauline Newman, F Scott. Kieff, *Cases and Materials Principles of Patent Law*, 1998, New York Foundation Press, New York, p 668.

3 Dr T Ramakrishna, *Biotechnology and Intellectual Property Rights*, Center for Intellectual Property Rights Research and Advocacy (CIPRA), 1st Edn, 2003, National School of India University, Bangalore, p 24.

4 Paul Torremans, Jon Holyoak, *Intellectual Property Law*, Butterworth's, London, 2nd Edn, 1998, Pg. No. 78.

5 35 U.S.C, section 103, See, Brian C Cannon, "Toward a clear standard of obviousness for biotechnology patents", Cornell Law Review, Cornell University, March 1994.

6 Manu Luv Shahalia, *Perspectives in Intellectual Property Law, many sides to a coin*, 2003 Edn, Universal Law Publishing Company Pvt Ltd, Delhi, p 173.

1 Donald section Chisum, Craig Allen Nard, Herbert F Schwartz, Pauline Newman, F Scott. Kieff, *Cases and Materials Principles of Patent Law*, 1998, New York Foundation Press, New York, p 698-699.

2 *Graham v John Deer Co*, 383 US 1142, See, Brian C Cannon, "Toward a clear standard of obviousness for biotechnology patents", Cornell Law Review, Cornell University, March 1994.

3 Richard Stin, *Intellectual Property, Patents, Trademarks and Copyrights*, 2nd Edn, 2001, West Thomson Learning, West legal studies, US, p 442.

4 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 80.

5 Becca Alley, The biotechnology process patent act of 1995: providing unresolved and unrecognized dilemmas in US Patent Law, Journal of Intellectual Property Law Association, Becca, Fall, 2004.

6 Brian C Cannon, "Toward a clear standard of obviousness for biotechnology patents", Cornell Law Review, Cornell University, March 1994.

7 (2013) 6 SCC 1.

## **Part IV LAW OF PATENTS**

### **CHAPTER 12 REQUIREMENTS OF PATENTS**

#### **12.3 Prior art: Knowledge in the public domain**

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In the light of the fact that obviousness of inventions is decided on the basis of the knowledge in the prior art it is necessary to know what exactly is meant by prior art. Prior art can be defined as the knowledge or information or technology, existing in the public domain or known, published or used in any form in any part of the world. It is the knowledge existed in the society at the time of the claiming of the invention. Present day Intellectual property rights frameworks consider documented knowledge as prior art.<sup>1</sup> Defining what constitutes prior art and establishing the state of knowledge at any point of time, would be a major challenge. An invention in the public domain is nothing new and known and it would be obvious to any person skilled in the art to practice the same. US patent law states<sup>2</sup> that for an invention known or used or patented or described in a printed publication or in public use before in America or in a foreign country, no patent shall be granted.<sup>3</sup> Here printed publication includes single copies of doctoral dissertations catalogued in University libraries, and single copies of grant proposals indexed and publicly available on file with the National science foundation. The phrase printed publication has been meant also to include specimen sheets from the museum. Therefore an invention that already known or in use or published becomes part of the state of the art or prior art. An invention part of prior art does not involve any inventive step and is obvious to a person skilled in the relevant art hence it is not entitled for patent grant.

<sup>1</sup> Prabudha Ganguli, *Intellectual property rights, Unleashing the knowledge economy*, 2002, Tate McGraw-Hill publishing company limited, New Delhi, p 136.

<sup>2</sup> US Patent Code, section 102.

<sup>3</sup> 35, U.S.C section 102, Sub-clause (a) to (g).



## Part IV LAW OF PATENTS

### CHAPTER 12 REQUIREMENTS OF PATENTS

#### 12.4 Person having ordinary skill in the art

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Obviousness is not judged from the angle of the inventor, rather, it is judged from the angle of an imaginary legal construct, the Person Having Ordinary Skill In The Art (PHOSITA), who is imagined to know the relevant prior art.<sup>4</sup> In *Hoffmann-La Roche Ltd v Cipla Ltd*<sup>5</sup> the learned Single Judge has said that the person skilled in the art as a competent craftsman and a skilled worker but nothing further. In USA in *Re O Farrell*<sup>6</sup> the Federal Circuit Court considered the knowledge in the prior art in deciding the obviousness of the invention.<sup>1</sup> The invention claimed was a method of producing protein. The Court laid down following test to an invention in order to satisfy the requirement of non-obviousness:<sup>2</sup>

- (1) There must be no expectation of success.
- (2) There must be no indication in the prior art disclosing what was necessary to reach the desired result, and
- (3) There must be only general guidance in the prior art.

It was argued that the invention is obvious in the light of the prior art containing applicant's prior publications. The prior art suggested a procedure and technique for producing protein with a reasonable expectation of success. Two out of three inventors published earlier giving details regarding the method of producing protein. The Federal Circuit evaluated the prior art consisting of prior procedures, methods and the available scientific procedures.<sup>3</sup> It was observed that the co-inventors publication has revealed the detailed methods and techniques to produce the protein, which makes it obvious to a person skilled in the art. The Court found that<sup>4</sup>:

- (1) There is a suggestion in the prior art for the invention with a reasonable expectation of success.
- (2) The prior art explicitly suggested the invention and
- (3) The suggestion provided explicit and detailed methodology, which is not a general guidance.

The Federal Circuit concluded that in the light of the findings made the present invention has not passed the test non-obviousness test. Further the Court analyzed that mere suggestion for the invention finds it obvious to try but not obvious.<sup>5</sup> It was held that every obvious invention is obvious to try but every obvious to try invention is not obvious. It was viewed that obvious to try refers to a mere suggestion for invention. A mere suggestion is not enough to find an invention as obvious without reasonable expectation of success.

In the European countries<sup>6</sup> inventive step is referred to as equaling to the issue of non-obvious in United States. The European Patent Convention (EPC) states that; an invention shall be considered to involve an inventive step if, having regard to the state of the art it is not obvious to a person skilled in the art.<sup>1</sup> In *Catnic Components Ltd v Hill & Smith Ltd*,<sup>2</sup> House of Lord viewed that if the persons having practical knowledge in

the field to which the invention belongs to would understand the compliance of the words used in the claim as to be intended by the patentee to be essential part of the invention, it renders any variant to fall outside the claimed monopoly. It was opined that; the purpose of the language used in the claim has to be understood and given effect, after assessing the same in the eyes of person having practical skill and experience in the field. In *Windsurfing International Inc* for the first time Court considered inventive step as a requirement of patentability.<sup>3</sup> The Court laid foundation for a clear test of inventive step through evolving a four-prong test.<sup>4</sup> The test involves:

1. Identification of the inventive concept embodied in the patent suit.
2. Assessment of prior art on the date of patent application through the eyes of normally skilled but unimaginative addressee in the prior art.
3. Identification of difference between the generally known matter i.e., prior art and the claimed invention in the patent application.
4. Assessment of the claimed invention whether it would have been obvious to a person skilled in the art in the light of prior art.

Subsequently in *Kirin-Amgen Inc v Hoechst Marion Roussel Ltd*,<sup>5</sup> Lord Hoffman said that if a person skilled in the art understands the specification to have described and demarcated the claimed invention categorically, according to such understanding by the person skilled in the art in the light of the knowledge in the public domain, the claims of the invention and the alleged acts of infringement have to be interpreted and analyzed. If the inventor has used certain language not intentionally and purposefully to form part of the essential features of the claim and the invention, the analysis of such language would fall outside the purview of monopoly. Any alleged act with reference to such language in the claim would not amount to infringement of the patented invention. The intention of purposive construction is to focus on the intention and understanding of the persons skilled in the art with reference to what is claimed and what it encompasses. Once the purpose of the claim and its scope is clear, any alleged acts of infringement could be judged in the light of such purposive scope of the claim.

While, any new product or process that involves an inventive step is patentable in India. In India the patent law<sup>6</sup> provides that when an application for patent is made, the patent examiner<sup>7</sup> will have to conduct an investigation to find the relevant prior art. If in the investigation, it is found that the invention has been anticipated by publication in India or elsewhere before the date of the applicants filing of complete specification than patent shall not be granted. In such circumstances the invention falls within the realm of prior art, the knowledge in the public domain. In such cases the claimed invention does not involve inventive step. Such knowledge in the public domain being obvious to a person skilled in the relevant art and such invention are deemed not have satisfied or complied with the requirement of inventive step.<sup>1</sup>

<sup>4</sup> Dan L Burk, *Biotechnology in the federal circuit: A clockwork leman*, Symposium: Biotechnology patents get special treatment, *Arizona Law Review*, Fall, 2004, Arizona Board of Regents.

<sup>5</sup> RFA (OS) Nos. 92/2012 & 103/2012.

<sup>6</sup> (1988) 853 F. 2d 894 Federal Circuit.

<sup>1</sup> The invention was a method to produce a foreign protein in a transformed species of bacteria. The process involved isolating and inserting the stretch of DNA coding for the protein into the bacterium.

<sup>2</sup> Manu Luv Shahalia, *Perspectives in intellectual property law, many sides to a coin*, 2003 Edn, Universal Law Publishing Company Pvt Ltd, Delhi, p 176.

- 3 Brian C Cannon, "Toward a clear standard of obviousness for biotechnology patents", Cornell Law Review, Cornell University, March 1994.
- 4 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 84.
- 5 (1988) 853 F 2d 894 Federal Circuit.
- 6 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 690.
- 1 Article 56: Inventive Step. European Patent Convention.
- 2 1982 RPC 183.
- 3 *Windsurfing International Inc. v Tabur Manne (Great Britain) Ltd*, (1985) RPC 59.
- 4 Adam Holyoak and John Torryman, *Intellectual property law*, Butterworths, London, 1998, 2nd Edn, Pg. No. 67 & 68.
- 5 2005 (1) All ER 667.
- 6 Indian Patent Act as amended in 2005.
- 7 Under Indian Patent Act, examiner is a person to who will scrutinize the patent application and conduct patent search to find relevant prior art.
- 1 Section 13 sub-clause (1) to (4), Patent Act of India, See also Manish Arora, *Guide to Patent Law*, 2002 Edn, Universal Law Publishing Co Pvt Ltd, Delhi, p 27-28.

## Part IV LAW OF PATENTS

### CHAPTER 12 REQUIREMENTS OF PATENTS

#### 12.5 Industrial application or utility

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Invention should be capable of industrial application or the invention should be commercially viable. Inventions, which are of just theoretical, interest without any commercial application, are not encouraged in the patent system. An invention must be useful and must be capable of industrial application in order to be patented.<sup>2</sup> There must be some demonstrable utility or specific benefit from an invention. The invention must have some practical utility in the form of immediate benefit to the public. The requirement of industrial applicability shall be satisfied not at the time of filing of patent application but at the time of grant of the patent.<sup>3</sup> It implies that; at the time of filing the patent application if the invention has no practical utility or industrial application, nevertheless the application shall be considered and processed. In such cases, if the inventor could establish the utility before the disposal of the application patent could be granted. This requirement of utility is a new phenomenon. Courts have started imposing utility requirement on inventions recently. For the first time US Supreme Court stressing on the requirement of utility rejected an invention due to the lack of utility in *Brenner v Manson*.<sup>4</sup> The Court stated that the invention shall be useful and it shall bring certain benefit to the society otherwise no patent shall be granted. The Court laid down the following guidelines for identifying the utility of an invention. The guidelines states that:

- (1) The term "useful" is not so broad to include any invention not harmful.
- (2) Utility shall be established before the grant of patent. Mere fact that the invention is an object of scientific enquiry did not establish utility.
- (3) The function of the invention shall be made known. Patent shall not be granted to an invention whose function is not known.

The *quid pro quo*<sup>1</sup> of the view of Court is that monopoly shall not be granted on an invention without function or utility or any benefit. Mere producing of something that may be an object of scientific research can't justify patent grant without specific and definite benefits in the currently available form.<sup>2</sup> The utility must be substantial utility, in the sense the utility, must be useful in the real world. To put it otherwise there shall be some practical utility of the invention. An invention either a product or a process if it is useful or if it is industrially applicable benefits the society.<sup>3</sup> Before patenting an invention it shall be made sure that it fetches something to the industry or to the society. The utility guidelines 2001 issued by the US patent office prescribe for following four-prong test to evaluate the utility of the inventions.<sup>4</sup>

Does an invention have a well-established utility?

Does an invention have a specific utility?

Does an invention have a substantial utility?

Does an invention have a credible utility?

An invention, which satisfies above test, is said to have satisfied the utility requirement.<sup>5</sup> As per the guidelines the examiner of a patent application must adhere

to the following procedure<sup>6</sup> while assessing the utility of the claimed invention.

- (1) There shall be determination of specific claim as the invention.
- (2) There shall be determined whether the specification and claims made in the application disclose any credible utility of the invention.
- (3) If no credibility is disclosed or asserted and if such utility would not have been readily apparent to one of normal skill in the art, the application should be rejected for lack of utility.
- (4) If the utility would be credible to a person of ordinary skill in the art in view of the evidence submitted on record the application should not be rejected.

The examiner must to put forward evidence and sound reasoning in case of rejection of patent on the ground of lack of utility. The burden lies on the examiner to prove the lack of utility beyond doubt. Once the lack of utility is established than the burden to rebut it shifts to the applicant who shall prove the utility of the claimed invention to obtain patent. As per the utility guidelines an invention should have specific, substantial, credible and well-established utility in the eyes of a person having skill in the art.<sup>1</sup> Let us understand the various kinds of utilities in detail:

### **12.5.1 Specific utility**

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Specific utility has been defined to mean a "utility that is applicable specifically to a particular subject matter." Any utility, which is generally applicable to broad class of the invention, would not be considered specific. For example, a general method of producing a product is said to have no specific utility. If the method is to produce a particular product specifically such method is said to have a specific utility.<sup>2</sup>

### **12.5.2 Substantial utility**

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An invention, which does not require any further research to prove its utility, to confirm its use, is said to have substantial utility or real world utility. An invention having substantial utility can be practically applicable for the needs of the society. The invention shall be complete in itself and substantial which does not require further research or experimentation.<sup>3</sup>

### **12.5.3 Credible utility**

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Credibility refers to reliability of the invention. If the utility is reliable then such utility is credible. Credibility of any invention depends upon the evidence in support of its assertion. If the inventor could bring enough support or evidence in favor of the utility of the claimed invention, such a claim can't be rejected. The credibility of the invention can be established through evidence comprising of expert statements, reports of clinical trials and laboratory records. The assumption is that an assertion is credible unless, the logic underlying the assertion is seriously flawed or the facts upon which such assertion is based are inconsistent with the logic underlying the assertion. The credibility of the invention shall be judged from the angle from a person having ordinary skill in the art. The inventions utility shall be believable by a person or ordinary skill in the art.<sup>4</sup>

### **12.5.4 Well-established utility**

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In general any utility, which is specific, substantial and credible, is called as well-established utility. It is a utility supported by enough evidence disclosed in the

specification. It is a utility that would be demonstrable by the inventor and identifiable by a person of ordinary skill in the art. This utility can't be questioned or disputed. Well established utility is established where the utility is specific, substantial and credible. The utility guidelines set out different procedures to be followed for various claims of inventions.<sup>1</sup> The patent office shall follow the procedure set forth in under the utility guidelines for testing the utility of any invention. The guidelines set out different procedure for different inventions. The procedure is as follows:

### 12.5.5 Utility of process claims<sup>2</sup>

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Process claims that recite more than one utility, in which if at least one utility is credible, specific and substantial the application should not be rejected. If any of the utilities of such claim is not specific, credible and substantial than the application should be rejected. Therefore, in case of process claims the inventor will have to demonstrate at least one utility which must invariably be either credible specific or substantial.

<sup>2</sup> US patent code, section 101. See also, England Patents Act of 1977, See Donald S Chisum, Craig Allen Nard, Herbert F Schwartz, Pauline Newman, F Scott. Kieff, *Cases and Materials Principles of Patent Law*, 1998, New York Foundation Press, New York, p 729.

<sup>3</sup> Novelty and non-obviousness shall be established at the time of filing of application but industrial application shall be established at the time of granting of patent, See: Dr Swaminathan KV, *An introduction to the guiding principles in the decisions on patent law*, First Edn, October 2000, Bahri brothers, Delhi, p 330.

<sup>4</sup> Brian C Cannon, "Toward a clear standard of obviousness for biotechnology patents", *Cornell Law Review*, Cornell University, March 1994.

<sup>1</sup> Donald section Chisum, Craig Allen Nard, Herbert F Schwartz, Pauline Newman, F Scott. Kieff, *Cases and Materials Principles of Patent Law*, 1998, New York Foundation Press, New York, p 729.

<sup>2</sup> Dr Swaminathan KV, *An introduction to the guiding principles in the decisions on patent law*, 1st Edn, October 2000, Bahri brothers, Delhi, p 34.

<sup>3</sup> Ibid, p 331.

<sup>4</sup> Earlier utility guidelines 1995 were providing for two prong test to test the utility of inventions.

<sup>5</sup> Under the US Patent Law section 100 speaks about the utility of inventions.

<sup>6</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 97.

<sup>1</sup> Utility examination guidelines issued by the USPTO in 1995, revised in 2001.

<sup>2</sup> Dr Swaminathan KV, *An introduction to the guiding principles in the decisions on patent law*, 1st Edn, October 2000, Bahri brothers, Delhi, p 344-345.

<sup>3</sup> Ibid, p 344 & 345, See also, Leslie G Restaino, Steven E Halpen and Dr Eric L, Tang, "Patenting DNA-related inventions in the EU, US and "Japan: A trilateral approach or a study in contrast? *UCLA Journal of Law & Technology*. (JL & Tech 2), 2003.

<sup>4</sup> Leslie G Restaino, Steven E Halpen and Dr Eric L, Tang, "Patenting DNA-related inventions in the EU, US and "Japan: A trilateral approach or a study in contrast? *UCLA Journal of Law & Technology*. (JL & Tech 2), 2003, See also Dr Swaminathan KV, *An introduction to the guiding principles in the decisions on patent law*, 1st Edn, October 2000, Bahri brothers, Delhi, p 344.

<sup>1</sup> The US patent office Utility examination guidelines 2001.

<sup>2</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 99.

## **Part IV LAW OF PATENTS**

### **CHAPTER 12 REQUIREMENTS OF PATENTS**

#### **12.6 Written description and enablement**

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Finally invention should be capable of being described in written form. The inventor needs to disclose and describe the invention in written form while applying for patent in order to see that public can use the invention on the basis of the disclosure once the invention falls into public domain after the patent monopoly granted to the inventor/owner expires. However in case of living invention where written description may not be possible, depositing the invention could satisfy this requirement. An invention must be described in a written form as a necessary condition to be satisfied to grant patent. In addition to satisfying requirements such as novelty, non-obviousness and industrial application an inventor must adequately disclose the invention in written form.<sup>3</sup> The TRIPS agreement states that the patent application 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 shall disclose the best mode for carrying out the invention known to the inventor.<sup>4</sup> The written description<sup>5</sup> shall provide the details of the invention, in a complete, clear and concise manner and shall disclose the best mode of processing, making and using the invention to enable a person skilled in the art to practice the invention. In general terms the requirement is to disclose "how to make" the invention and "how to use the invention."<sup>6</sup> The requirement of written description of the invention serves the purpose in evaluating the inventor whether he does possess the invention at the time of filing the patent application.<sup>7</sup> Written description is a public notice that the inventor possesses the invention. The description provided should be sufficient enough to inform one skilled in the art that the applicant was in possession of the claimed invention at the time of the application. The objectives of the written description can be summarized as follows:

1. Ensuring that the inventor was in possession of the invention at the time of application
2. Notice to the public regarding the invention
3. Defines the boundaries and limitations of the invention
4. Enables the person skilled in the art to practice the invention after the term of the patent.
5. Ensures fair play by the inventor in disclosing the best mode to the public against monopoly
6. Ensures *Quid pro quo* knowledge to the society against private monopoly.

The development of law relating to written description requirement is of recent origin.<sup>1</sup> The requirement of written description was historically not well delineated.<sup>2</sup> The premise of the patent system is that an inventor having taught the world something it did not know, is encouraged to make the product available for public and commercial benefit, by governmental grant of the right to exclude others from practice of that which the inventor has disclosed. The boundary defining the excludable subject matter must be carefully set; it must protect the inventor, so that commercial development is encouraged but the claims must be commensurable with the inventors contribution. For many years the requirement was interpreted to mean description to enable a person skilled in the art to practice. Now a day the requirement of written description is

strictly imposed<sup>3</sup> in order to confine and limit the scope of the invention to what is described in the application. The US patent Act states: "the invention shall be described in such full, clear, concise and exact terms as to enable any person skilled in the art to which it pertains or with which it is most nearly connected to make and use the same."<sup>4</sup> The requirement of written description is enshrined under section 112 of the US patent law. At the same time United States Patent and Trademark Office has interpreted section 112 to have consisted of three dimensions as follows.<sup>1</sup>

- (1) Written description.
- (2) Enablement.
- (3) Best mode & deposit of the invention

### **12.6.1 Reasonable experimentation and undue experimentation<sup>2</sup>**

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When an invention is described in a written form it shall to be decided whether such description provides enough details of the invention, whether it enables a person skilled in the art to practice the invention, whether the inventor has disclosed the best mode of practicing the invention. But a question arises as to what is the standard of description that enables a person skilled in the art to practice the invention. If the description requires a person skilled in the art to experiment in order to reduce the invention to practice, in such cases it is a moot question whether such experimentation constitutes insufficient description of the invention. If such experimentation does not amount to insufficient description what is the extent of experimentation that is allowed? However enablement to practice the invention is not precluded by the necessity for some experimentation such as routine screening, but it must not be undue. But what amounts to reasonable experimentation and undue experimentation depends on the factual situation of the case. Here one must consider the nature of the invention and state of the art.<sup>3</sup>

### **12.6.2 Best mode of practicing the invention**

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The requirement of written description states that the inventor shall disclose the best mode of practicing the invention in order to enable a person skilled in the art to practice the invention. Infact a mode that is not a best mode can also enable a person skilled in the art to practice the invention. However US Patent Act states that application shall disclose the best mode of practicing the invention. The rationality behind best mode requirement is that inventor should not be allowed to take monopoly rights without disclosing the best mode.<sup>4</sup> However the requirement of best mode is not new. The passage of patent Act,1870 in USA brought the best mode requirement as a necessary condition for the patent grant. The best mode requirement was applied only in case of patents on machines. Later on it was applied to all types of inventions. The best mode requirement serves following purposes. It prevents the invention from concealing from the public preferred embodiments of invention, which they have conceived. It enables a person skilled in the art to practice in the best-contemplated and preferred mode by the inventor. It reveals the state of mind of the inventor at the time of the filing of patent application. As the disclosure of the best mode is compulsory, the Courts use a two-step analysis to determine the compliance with the best mode requirement. Court use to test the compliance of the best mode requirement through subjective and objective analysis. The subjective inquiry assesses the inventor's state of mind at the time of the filing of the application to determine whether the inventor had a preferred mode of carrying out the invention. The objective inquiry assesses whether the contemplated mode described by the inventor was sufficient enough to enable a person skilled in the art to practice the invention in the preferred best mode. The inventor shall not conceal from the public method, which he prefers to be the best mode. If the inventor had a



preferred mode than the one he disclosed in the application it does constitute violation of the requirement description of best mode of practicing the invention. However if the inventor does not consider a mode to be the best mode, which a third party considers to be, it does not amount to violation of the best mode requirement. Therefore enabling a skilled person to practice the invention by a mode is not enough; the description has to enable him to carry out the invention in the preferred best mode.<sup>1</sup>

### **12.6.3 Deposit of the invention in fulfillment of written description**

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In case of biotechnology inventions sometimes it may not be possible to describe the invention with its chemical and physical properties detailing its structure and sequences. In such circumstances depositing the invention in recognized depositories is considered equivalent to satisfying the written description requirement. There are International depositories established and recognized for the purpose of facilitating the deposit of living material for the purpose of patent procedure.<sup>2</sup> The Budapest Treaty provides for the establishment of depositories all over the world to acknowledge and accept the deposits of biotechnology inventions such as microorganisms and other living material for the purpose of patent protection. Depositories provide an accession number for every deposit of the invention for reference. The deposit of the invention serves following purposes.

1. Helps inventor to fulfill the written description requirement when it is difficult to describe the invention verbally.
2. Insures against possible factual errors made in the application.
3. Assists the inventor in rebutting challenges on the invalidity of the claims.
4. Insures against improper or vague descriptions
5. Helps inventor in rebutting claims against validity for failure to fulfill written description requirement.
6. Besides, the deposit of invention gives additional security to the biotechnology patent applicants, in describing the invention and also in defending the validity of the invention.

In the European Union the EPC states that patent applications must disclose the invention in a complete and clear manner to enable a person skilled in the art to reduce the invention to practice. The convention<sup>1</sup> says that the claims in the patent application must be supported by the description. The claim to the invention needs support in the form of written description disclosing the method to make and use the invention. The approach of the Europe is no different with that of the US<sup>2</sup> The patent application must give complete specification of the invention in order to ascertain the nature of the invention.<sup>3</sup> The description must be such that a person of ordinary knowledge of the subject would at once perceive, understand and be able practically to apply the discovery without the necessity for making further experimentations.<sup>4</sup>

### **12.6.4 Enabling disclosure and priority date**

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Patent applications in the European Union may claim priority of earlier patent applications on the same subject matter. However priority date of the earlier application shall be given only when the earlier application describes the inventions in a sufficient manner to enable a skilled person in the art to practice the invention. Inventors are entitled to claim the priority only for what they have disclosed in the earlier application. What they have not disclosed for that no priority shall be given. The reason is that what is not conceived that cannot be described, what is not described for

that no priority can be claimed. Further if the earlier application does not provide adequate description of the invention than also no priority will be given though the later application claims exactly what is defined in the earlier application. The features of the invention must be described in the prior application adequately and unambiguously in order to claim the priority of the prior application in the later application. In *Collaborative research application*<sup>5</sup> it was held that a patent application is entitled to priority with respect to an invention, which was adequately disclosed in the prior application. It was viewed that the subject matter of both the applications must be clearly identified though identical wording is not required. Priority can be only claimed to what is adequately defined in the earlier application.<sup>6</sup>

India is no different as far as written description of inventions is concerned. The patent Act states that the patent application shall be accompanied by the complete specification or provisional specification of the invention. The application must be accompanied by provisional or complete specification.<sup>1</sup> The specification must describe the invention, its operation or use with the help of drawings if necessary.<sup>2</sup> If the applicant does not give complete specification of the invention at the time of filing the application within twelve months he can file complete specification.<sup>3</sup> Further, the specification must disclose the best mode method of performing the invention, which is known to the applicant.<sup>4</sup> In case of claiming the priority of an earlier filed application, running parallel to that of US and Europe position in India also priority shall be given only when the earlier application does give the complete specification of the invention to enable a person skilled in the art to practice the invention in the best possible way.<sup>5</sup> Further the specification shall define the scope of the claimed invention with claim or claims on the invention.<sup>6</sup>

The above discussion has given us an idea about the certain requirements on the fulfillment of which patents are granted. The inventor will have to demonstrate the novelty, inventive step and utility of the invention alongside describing the invention. The requirement of novelty is the first and foremost requirement of an invention. According to the requirement of novelty an invention in order to be patented should not have existed earlier and it should be something essentially new. The requirement of inventive step states that an invention should be a step forward in the given discipline of technology. The invention should contribute to the existing knowledge in the society and mark the progress of the knowledge in the society. The requirement of utility and written description further tests the compatibility of the invention for the grant of patent. Utility or industrial application requirements test the commercial viability of the invention. Patent law does not encourage invention which lack commercial viability. In the sense, inventions of academic interest are not granted patents. On the other hand the requirement of written description is the real test for the inventor wherein the information with reference to the making of the invention and as well functioning of the invention should be disclosed to the patent office. Based upon the written description given by the inventor an equally efficient person should be in a position to make the invention and as well put the invention to function. The requirements of patentability are technical and as well as commercial in nature. The thrust is to test the contribution of the invention to the society and to assess its commercial viability before granting it a patent.

<sup>3</sup> Debra Z Anderson, "How to enable your biotech disclosure for US patent application", *Lawyers Journal*, 11 July 2003, Allegheny County Bar Association.

<sup>4</sup> The TRIPS agreement: Article 29: Conditions on patent applicants.

<sup>5</sup> Section 112 of the US patent code provides for the disclosure requirement of the inventions.

<sup>6</sup> Debra Z Anderson, "How to enable your biotech disclosure for US patent application", *Lawyers Journal*, 11 July 2003, Allegheny County Bar Association.

7 Leslie G Restaino. Steven E Helpen and Dr Eric L Tang, patenting DNA relating, UCLA Journal of law & technology 2003.

1 David Kelly, THE FEDERAL CIRCUIT TRANSFORMS THE WRITTEN DESCRIPTION REQUIREMENT INTO A BIOTECH-SPECIFIC HURDLE TO OBTAINING PATENT PROTECTION FOR BIOTECHNOLOGY PATENTS 2002, Albany Law Journal of Science and Technology 2002.

2 *Wood v Underhill*, See, Debra Z Anderson, HOW TO ENABLE YOUR BIOTECH DISCLOSURE FOR US PATENT APPLICATION, lawyers Journal, Allegheny County Bar Association, 11 July 2003. In the mid 1800, the Supreme Court determined that a disclosure, which requires one skilled in the art to experiment in order to practice the claimed, is defective. Later it was decided that some experimentation was acceptable but it must not be undue. Held in *Minor Separation v Hyde*, See, Debra Z Anderson, HOW TO ENABLE YOUR BIOTECH DISCLOSURE FOR UNITED STATES PATENT APPLICATION, lawyers Journal, Allegheny County Bar Association, 11 July 2003.

3 The later claim over and above the earlier claim will not receive the benefit of the earlier filing date.

4 The U.S Patent Code: section 112.

1 David Kelly, The Federal Circuit transforms the written description requirement into a biotech-specific hurdle to obtaining patent protection for biotechnology patents. Albany law journal of science and technology, 2002. See also, Tressa Jennifer James, Implications of the best mode requirement on patent involving biotechnology.

2 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 108.

3 *Ansul Co v Uniroyal Inc*, 448 F 2d 872, 878, 79, 169 USPQ 759, 762, 63 (2d Cir. 1971) cert, denied, 404 US 1018, 92 section Ct 680, 30 LED 2d 666 (1972).

4 However the requirement of best mode is not new. The passage of patent Act,1870 brought the best mode requirement as a necessary condition for the patent grant. The best mode requirement was applied only in case of patents on machines. Later on it was applied to all types of inventions. The best mode requirement serves following purposes. It prevents the invention from concealing from the public preferred embodiments of invention, which they have conceived. It enables a person skilled in the art to practice in the best-contemplated and preferred mode by the inventor. It reveals the state of mind of the inventor at the time of the filing of patent application.

1 Tressa Jennifer James, Implications of the best mode requirement on patents involving biotechnology, Houston Business and tax Law Journal, University of Houston Law Center, 2001-2002632.

2 Budapest Treaty for the international deposits of microorganisms, 1977.

1 European Patent Convention, section 84, See: [www. European-patent-office-org](http://www.European-patent-office-org).

2 Sections 83 & 84 of EPC.

3 *O Fume v Pitch Ford*, (1935) 52 RPC 231 (CA), See, Cornish WR, *Cases and Materials on Intellectual Property*, 3rd Edn, 1999, Sweet and Maxwell Ltd, London, p 87.

4 *Hills v Evans*, (1862) LJ Ch 457 (463).

5 Decision T81/87 (1990) OJ EPO 250.

6 Cornish WR, *Cases and Materials on Intellectual Property*, 3rd Edn, 1999, Sweet and Maxwell Ltd, London, p 4.

1 Section 9, Patent Act, 1970 Provisional and complete specification.

2 The Patent Act of India, section 10 Contents of specification.

3 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 36.

- 4 Ibid: Sub-clause 4(b).
- 5 Supra Note No. 89: section 11 Priority dates of claims of a complete specification.
- 6 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 127.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

Patents are granted after a series of formal procedures.<sup>1</sup> Grant of patent encourages transfer of an invention from the world of science and technology to the world of commerce.<sup>2</sup> It is journey for the innovation from laboratory to the industry with its credential been authenticated by patent. The first step in securing a patent is the filing of a patent application. The patent application generally contains the title of the invention, as well as an indication of its technical field. It must include the background of the invention and a description of the invention in a clear language with enough details to enable an individual in the relevant field to use or reproduce the invention. Visual materials such as drawings, plans, or diagrams to better describe the invention usually accompany such descriptions. The application also contains various "claims", that is, information which determines the extent of protection sought under the patent. The Patent Office encourages innovators or applicants to file applications claiming patents. However, on behalf of the clients through power of attorney patent agents may also file patent applications. Patent agents are the authorized persons before the patent office for taking up patent filing and such other matters connected with. They are selected as patent agents after passing of patent agent test conducted by the patent office. In general, while filing the application for patent following documents needs to be enclosed:<sup>3</sup>

- (1) Provisional or complete specification<sup>4</sup> in duplicate. If provisional specification is filed, it must be followed by the complete specification within maximum 15 months in the Form: 2 as specified under the Patent Act and the rules made there under.
- (2) Drawing in duplicate (if necessary).
- (3) Abstract of the invention in duplicate.
- (4) Information & undertaking listing the number, filing date & current status of each foreign patent application in duplicate.
- (5) Priority document (if priority date is claimed) in convention application.
- (6) Declaration of inventor-ship where provisional specification is followed by complete specification or in case of convention application in Form: 5 as prescribed under the Patent Act and the rules made there under.
- (7) Power of attorney<sup>1</sup> (if filed through Patent Agent).
- (8) Fees to be paid in cash/by cheques/by demand draft according the prescription of the patent office.

<sup>1</sup> Lionel Blenty, Broad Sherman, *Intellectual Property Law*, First published 2001, First Indian Edition 2003, Oxford University Press, New Delhi, p 340.

<sup>2</sup> Ibid.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 34.

<sup>4</sup> Contents of provisional and complete specification.

<sup>1</sup> Power of Attorney can be filed any time within 90 days of filing of patent application.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.1 Who can file<sup>2</sup> application for patent?**

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Patents are granted on filing of an application describing the invention and making certain claims. There is no qualification fixed for the persons applying for patents. Any person who is an inventor of a novel invention can apply for patent on his invention. The applicant should prove that he is the real inventor of the invention.<sup>3</sup> However, apart from the inventor there could be other persons who can apply for patent either on an authority granted by the inventor or through the operation of law.<sup>4</sup> In case if the original inventor is dead, his legal representatives could make an application for patent. Generally, the following persons are entitled to apply for a patent in:

- (1) The inventor.<sup>5</sup>
- (2) The assignee of the inventor.
- (3) The agent of the inventor.
- (4) The legal heirs or legal representatives of the inventor.

Generally, inventors file application in their country of origin claiming patent for their invention. If the protection is sought in other countries, than the application shall be filed before the patent office of such country or countries where the protection for invention is sought. Whereas, if the applicant wants protection in more than one country the countries where and all protection is sought will have to be designated in the patent application while filing it at an appropriate office. An Indian resident can file application<sup>6</sup> for patent at the appropriate Patent Office under whose jurisdiction he resides or has his principal place of business. For non-residents, the address for service in India or principal place of business of his agent determines the appropriate patent office where applications for patent can be filed.<sup>7</sup> We have four patent offices, at Delhi, Calcutta, Mumbai and Chennai, Calcutta being the Head office. Patent applications could be filed from any of the four offices. Depending upon the nature of patent claimed, an application for patent<sup>1</sup> can be made in the following ways:

- (a) An application for an ordinary Patent<sup>2</sup> on an invention may be made by any person, whether a Citizen of India, or not, claiming to be the true and first inventor of the invention or his assignee. The first importer of an invention into India or the first communicator of an invention from outside India cannot be considered as the "true and first inventor". The term "person" here includes the government.
- (b) An application for a Patent of Addition may be made only by the applicant for the original patent to which it is an addition, if the application for the main patent is pending; or by the patentee of such main patent, if it has been granted.<sup>3</sup>
- (c) A convention application<sup>4</sup> may be made by any person who has made an application for a patent in respect of that invention in a convention country or by his assignee or his legal representative.

In most of the patent systems "first to file system" is being employed, in which, among persons having filed the same invention, first one to file the application is granted a patent. Therefore, a completed invention should be filed promptly. There is no objection to the secret working of the invention by way of reasonable trial or experiment, or to the disclosure of the invention to others confidentially. The inventors frequently wait until their inventions are fully developed for commercial working, before applying for patents. It is felt that they could apply for a patent as soon as the inventor's idea of the nature of the invention has taken a definite shape and execution. In this connection, it is permissible to file an application for a patent accompanied by a "provisional specification" describing the invention. This could be followed by complete specification later, once the invention is completely made. In general, following are the successive stages of the procedure for granting a Patent.<sup>5</sup>

1. Filing an application for a patent accompanied by either a provisional specification or a complete specification.
2. Filing complete specification if a provisional specification accompanied the original application.
3. Examination of the application by the patent office.
4. Acceptance of the applications and advertisement of such acceptance in the official gazette.
5. Search for Prior art with reference to the claimed inventions.
6. Overcoming opposition, if any, to the grant of a patent.
7. Granting and Sealing of the patent.<sup>1</sup>

In India patent applications can be filed at any branch offices situated at Chennai, Bombay or Delhi or at the head office at Kolkata. If application is filed at the branch offices the head office shall be furnished with complete details of the application.<sup>2</sup> Any person claiming to be the true and first inventor of the invention, his assignee or his legal representatives, can file an application. There is also the possibility of joint applications by two or more inventors in case all of them have worked for the invention.

<sup>2</sup> Sreenivasulu NS & Preethi Venkataramu, *Patent Law in India: A perspective*, *The Journal of World Intellectual Property Rights*, Serials Publications, New Delhi, January-December 2008, Vol 4, Pt 1-2, p 85.

<sup>3</sup> This could be determined if the applicant is able to fulfill the requirements of patentability under the patent code to get a patent. The real inventor who endeavored in bringing out the invention can only describe the invention as required under the patent law.

<sup>4</sup> While describing the invention in the applications these persons derives knowledge from the inventor.

<sup>5</sup> 35 USC 111 Applications.

<sup>6</sup> The application for registration of a design can be filed at the Patent Office at Kolkata and its Branch Offices at New Delhi, Mumbai and Chennai.

<sup>7</sup> Territorial Jurisdiction of Appropriate Office for the Applicants.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 33.

<sup>2</sup> Alternatives to an ordinary patent-1) The utility model 2) The short-term patent 3)The "petty patent".

<sup>3</sup> Patent of addition may be made as independent patent when the original patent is revoked.

- 4 The Convention Application has to be made within one year from the date of the first application.
- 5 Extracted from the "General Information for applicants for patents in India" published by the patent office, Calcutta.
- 1 To be done by the Head Quarters at Kolkata.
- 2 Patent Rules as amended in 2002, See rule 20C.



## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.2 Filing and contents<sup>3</sup> of the application**

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Application for a patent shall be made in the prescribed form<sup>4</sup> as specified under annexure to the patent act accompanied by prescribed fee as specified from time to time under the schedule to the Patent Act<sup>5</sup> only one invention can be claimed in one application and there is no possibility of claiming different inventions or more than one invention in a single application.<sup>6</sup> Patent application in India shall be made in Form: 1 specified in the second schedule to the patent rules accompanied by fee as specified in the first schedule.<sup>7</sup> The patent fee is different for natural persons, companies and legal persons.<sup>8</sup> The application shall give details regarding the name and address of the applicant. The application shall be accompanied by an abstract of the invention providing technical information about the invention,<sup>9</sup> complete or provisional specification<sup>10</sup> describing the invention, claims describing the scope of the invention.<sup>11</sup> Complete specification shall be filed within twelve months, if provisional specification is filed at the time of filing the application. The failure to file complete specification in time renders the application abandoned. The complete specification shall describe the making of the invention, its operation, use and the best method by which it could be executed. The patent office publishes the application in the official gazette, at the expiry of eighteen months from the date of filing of the application or from the date of priority whichever is earlier.<sup>1</sup> Until the publication of the application, public access to the application and its contents shall not be allowed. After publication, on payment of fee public can have access to the application and its contents including specification and drawings of the invention.

<sup>3</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 158.

<sup>4</sup> Annexure to the Patent Act for forms of patent application.

<sup>5</sup> First schedule to the patents Act as amended in 2005.

<sup>6</sup> Patent Act of India (amended in 2005) section 7 Form of application.

<sup>7</sup> Rule: 8 of Patent Rules, See *also* second schedule to the patent rules as amended in 2002.

<sup>8</sup> First schedule to the Paten Rules as amended in 2002.

<sup>9</sup> Patent Act as amended in 2005, section 10.

<sup>10</sup> If complete specification is not filed at the time of filing of the application a provisional specification could be filed. However while filing complete specification the applicant need to pay fourteen hundred in case of natural persons and four thousand and nine hundred in case of legal persons.

<sup>11</sup> Patent Rules as amended in 2002, rule 16, See *also* Budapest Treaty for the deposit of microorganisms for the purpose of patent procedure.

<sup>1</sup> Patents Act as amended in 2005, section 11A Publication of application.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.3 Claim drafting and specification**

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Drafting a claim is an art; it is usually done by the experts such as patent agents and patent attorneys. Claim specifies the scope of the invention and hence it should be very much specific and certain. Patent office does not encourage broad claims which would unnecessarily encroach upon any existing patents or might over broadly cover any claims in the pending applications. The patent application shall comprise of specification of the invention and the actual claims made there in. Specification could be either provisional or complete according to the convenience. The Indian patent Act entertains filing of provisional specification which shall be substituted by the complete specification later. While filing the application complete specification may not be required, but for all other practical purposes it is required. For instance, for conducting the search of prior art, for ascertaining the scope of the invention, for claiming the priority of the application complete specification is very much required. Without complete specification an application becomes redundant. Therefore, before the advertisement and processing the application complete specification shall be filed. On the basis of the complete specification search of the prior art would be conducted and the scope of the invention would be determined. Beside, the priority date of the application may be claimed in the later application only if the earlier applications are containing the complete specification. Complete specification shall in detail describe the invention in terms of making it and as well using it. It could be accompanied by drawings and pictures if any. Based upon the specification claims could be well defined. Claim is something which is the end result of some process, method or technique which has been well described in the specification along with its properties and features. Therefore, specification and claims are interlinked. Often patent offices and courts have reiterated that drafting of claims should be completely based upon the detailed specification given in the application. Claim should not be very restrictive but at the same time it should not be very broad. For instance in *Harvard Oncomouse*<sup>2</sup> case the broadness of the claim was such that all the practicing of some method in all the mammals was claimed, though the specification was describing the method as practiced on mice only. The US patent office which was considering the above mentioned claim having learned lessons from the case, issued guidelines soon after its decision in the above case specifying that claims should not be too broad and there should be definite proximity between what has been specified and described and what has been claimed. In most of the other patent office's including Indian patent office also the practice of not allowing broad claims is being ventured.

<sup>2</sup> Harvard Oncomouse decision was made in 1988 in US 1990 in Europe with respect to the patentability of non-natural, genetically modified mice susceptible to cancer.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.4 Provisional specification and complete specification<sup>1</sup>**

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Application for patent shall be accompanied by a complete specification or a provisional specification as mentioned earlier. It should contain the description of invention with drawing, if required.<sup>2</sup> However, the complete specification should be fairly based on the matter disclosed in the provisional specification and should be filed within 12 months (extendable by 3 months) from the date of filing of provisional specification. If the complete specification is not filed within 12 months or within the extended period, the application is deemed to have been abandoned. The complete specification is an essential document in the procedure of patent application with drawings required to be attached according to the need and requirement. Complete specification shall fully describe the invention, disclosing the best method of practicing the invention, known to the applicant. The Claim/Claims made in the application shall define the scope of protection sought.<sup>3</sup> The protection under the Patents Act depends upon the detailed disclosure of the invention as the subject of its protection. The specification<sup>4</sup> must be written in such a manner that person of ordinary skill in the relevant field, to which the invention pertains, can understand the invention and by taking note from the specification and description should be in a position to practice the same. The specification must start with a title, which is short, and describes the general nature of invention. The title should not contain a fancy name or trade name or personal name or any abbreviation etc. A brief outline of the specification can be laid down as follows<sup>5</sup>:

- (1) Title of invention.
- (2) Field of invention.
- (3) Background of invention with regard to the drawback of associated with known art.
- (4) Object of invention.
- (5) Statement of invention.
- (6) A summary of invention.
- (7) A brief description of the accompanying drawing.<sup>6</sup>
- (8) Detailed description of the invention with reference to drawing/examples.
- (9) Claim(s).
- (10) Abstract of the invention.<sup>7</sup>

<sup>1</sup> Sreenivasulu NS & Preethi Venkataramu, Patent Law in India: A perspective, The Journal of World Intellectual Property Rights, Serials Publications, New Delhi, Vol 4, Number 1-2, January-December, 2008.

<sup>2</sup> Not necessary to include Claim.

<sup>3</sup> The complete specification must have at least one Claim.

<sup>4</sup> The specification must be written in good and clear English or Hindi.

- 5 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 37.
- 6 Drawing should be filed on standard A4 size sheet in duplicate.
- 7 Abstract is the concise summary of the invention preferably within 150 words.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.5 Processing and publication of patent applications**

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Patent applications are processed to examine the content of the application and for the publication of the same. Publication of all the applications for patents is mandatory except when such publications would be prejudicial in the interest of defense of India. Incomplete applications or applications abandoned due to non-filing of complete specification within the prescribed time limit will not be published.<sup>1</sup> Publication will include the particulars of the date of the application, application number, name and address of the applicant along with the abstract of the claimed invention. After the publication<sup>2</sup> as stated above, the complete specification along with provisional and drawing, if any, and abstract may be accessed and inspected by anybody at the appropriate office by making a written request to the Controller in the prescribed manner under the Act. All the contents of the publication shall become public information and free to be accessed by anybody following the procedure prescribed for the purpose. Publication would also serve the purpose of notice to the public or to all the concerned with reference to the claimed invention. It would entail interested parties and the public to file for any objection to the claimed invention and for instituting opposition proceedings before the patent office

<sup>1</sup> Provisional application or withdrawal of the application will be published in the official Gazette after 18 months from the date of filing of the application or the date of priority whichever is earlier.

<sup>2</sup> No application for patent shall be opened for public inspection before publication.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.6 Examination and search for prior art**

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The applicant may request the controller of patents for the examination of the application.<sup>3</sup> No application for patent will be examined if no request is made by the applicant or by any other interested person in Form: 19. The request shall be accompanied by the prescribed fee of Rs 1,000/- and Rs 3,000/- for individual and for legal entity respectively (The exact amount of fee at the moment to be verified with the patent office). Where no request for examination of the application has been filed within the prescribed period, the application is deemed to have been withdrawn.<sup>4</sup> Applications for patent, where requests have been made by the applicants or by any other interested persons, the applications will be taken up for examination strictly according to the serial number of the requests received on Form 19. On request of the applicant for examination, the controller refers an examiner to conduct examination of the application and to report.<sup>5</sup> The application is examined to check its compliance with the requirements under the Act and to find out any lawful ground of objection to the grant of patent. The relevant prior art (documented knowledge about the invention) will be looked in to, to find out anticipation to the claimed invention, or any existing invention or granted patent which is similar to that of the one claimed in the application. The invention lacks novelty if before the filing of the complete specification<sup>6</sup> of the invention if there was any anticipation or documented knowledge on the invention or if it is published in India or elsewhere. Further, if the invention is claimed in any pending patent application,<sup>1</sup> the invention claimed in the present application suffers from lack of novelty. If the invention is published without the knowledge of the inventor prior to the date of application or prior to the date of priority it cannot be considered to be anticipation in the prior art.<sup>2</sup> If the applicants are able to prove that their application or the priority date is on or before the filing of the pending application or priority date of the pending application where the invention is anticipated the controller may accept the application and the specification.<sup>3</sup> The examiner shall submit the report within a period of eighteen months from the date of reference. A First Examination Report (FER) stating the objections/requirements is communicated to the applicant or his agent. An applicant shall submit his first reply to the FER within a period of 4 months from the date of FER. On the findings of the examiner's report, if the application or complete specification is required to be amended in order to meet the objections/requirements specified in the report, the amendment has to be completed within a period of 12 months<sup>4</sup> from the date of the report. If all the objections are not cleared or instructions are not complied with within the period of 12 months, the applications are deemed to have been abandoned. On the removal of objections or amendments to the application or complete specification<sup>5</sup> the same shall be accepted by the patent office.<sup>6</sup> If the applicant fails to make amendments or if he fails to remove objections to the satisfaction of the controller the application may be rejected. When the applications are in order for acceptance, a notification in the official gazette takes place to the effect. After such notification, public can be provided access to the application and the specification.<sup>7</sup> From the date of publishing the acceptance of the complete specification, the applicant enjoys the like privileges and rights as if the patent is granted and sealed,<sup>8</sup> except the right to sue against infringement.<sup>9</sup>

<sup>3</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 159.

- 4 Application treated a withdrawn cannot be revived.
- 5 Section 12 Examination of application.
- 6 Section 13 of the Act.
- 1 If any application filed after the filing of the present application but claiming the priority of an earlier patent application filed before the present application claims the invention than the present invention suffers from lack of novelty.
- 2 An invention claimed in the specification is deemed not to have been anticipated by reason that the invention was published before the priority date of the application without his consent or the true inventors consent, where the inventor has obtained the invention from someone else. See: section 29 of the Act: Anticipation by previous publication.
- 3 Section 18 Power of controller in cases of anticipation. See *also* section 22 Acceptance of complete specification.
- 4 No extension of time is available for amendments.
- 5 Section 22 Acceptance of complete specification.
- 6 Section 21 Time for putting application in order for acceptance, See *also* section 22 Acceptance of complete specification.
- 7 Section 23 Advertisement of acceptance of complete specification.
- 8 Section 24 Effect of acceptance of complete specification.
- 9 From the date of acceptance of complete specification, the applicant can enjoy rights as if the patent is granted but he cannot sue for the infringement of the patent committed prior to the actual grant and sealing of the patent.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.7 Application for patent in U.S**

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In the United States, applications for patents shall be made to the Director of the United States Patent and Trademarks Office along with prescribed fee. An application for patent shall be made or authorized to be made by the inventor.<sup>1</sup> The application shall provide specification<sup>2</sup> of the invention and drawings<sup>3</sup> if any followed by certain claim or claims. The application shall also contain an oath<sup>4</sup> by the inventor stating that that he is the real inventor of the claimed invention to his belief.<sup>5</sup> In case if two or more persons make the invention all of them can jointly file an application for patent.<sup>6</sup> An inventor coming from any part of the world can file patent application claiming protection for his inventions in the United States. It is not necessary that the applicant must be a resident of the United States to claim patent. On the other hand inventors from the United States can also file patent applications in foreign countries claiming protection for their inventions made in the United States. However, a license must be obtained from the Commissioner of patents prior to six months from the date of filing of such foreign patent application.<sup>7</sup> If application is filed without obtaining license from the Commissioner no patent shall be granted<sup>8</sup> and the applicant is liable for penalty of US \$ 10,000 or imprisonment for not more than two years or both.<sup>9</sup>

##### **13.7.1 Priority**

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Patent applications filed<sup>10</sup> in a foreign country shall have the same effect in the United States as such application would have if filed in the United States if later, application claiming the priority of such foreign application is made within twelve months from the date on which such foreign application was filed. However, if a patent is already granted or if the invention is disclosed in a printed publication in any country or if the invention is in public use or on sale in the United States for more than one year before the date of the application, no patent shall be granted.<sup>11</sup> The application claiming the priority shall refer the application from which the priority is claimed. In case priority is claimed from an application filed in a foreign country a certified copy of such foreign application issued by the intellectual property authority of such foreign country shall be enclosed to the present application. Priority can also be claimed of any provisional application filed on the same invention by the same inventor in the later application filed. However such claim to priority shall be made within twelve months from the date of provisional application. An application filed for United States National patent can claim priority of an earlier filed International application designating at least one country other than United States.<sup>1</sup> Further, priority of applications filed for inventor's certificates filed in a foreign country where the applicants have right to apply either for patent or for inventor's certificate can be claimed in the later applications filed in the United States.<sup>2</sup> However, applicants cannot claim two or more independent inventions in one application. If two or more inventions are claimed in one application the Director of the USPTO may request the inventor to restrict the application to any one of the invention. The inventor may claim the other invention by filing another application. In such circumstances the later application enjoys the priority of the earlier application claiming two or more inventions.<sup>3</sup>

##### **13.7.2 Publication**

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An application for a patent is published at the expiry of eighteen months from the date of the application or from the earliest filing date of which priority is claimed. At the request of the applicant, an application could also be published even before the expiry of eighteen months.<sup>4</sup> However, an application shall not be published if such publication is detrimental to the national security.<sup>5</sup> Further, a provisional application shall not be published. It is only the original application, which could be published.<sup>6</sup> A later application claiming the priority of the provisional application could be published at the expiry of eighteen months from the date of provisional application. Publication is a notice to the public that a particular invention is made and claimed for a patent in the application. It is invitation to the interested persons to raise their claim to the claimed invention if any or to file objection and initiate opposition proceedings against the claimed patent.

### 13.7.3 Examination

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An application claiming a patent is examined in order to determine the credentials of the invention.<sup>7</sup> Further, the entitlement of the applicant to claim the invention is also determined while examining the application. The Director of the USPTO may seek any further compliance to the requirements by issuing a notice to the applicant.<sup>8</sup> The applicant shall react within six months from the date of notice either to continue with the application with or without amendments, otherwise the application is deemed to have been withdrawn.<sup>9</sup> After receiving the notice if the applicant intends to continue with the application without any amendment the application shall be reexamined. If the claims in the application are interfering with any pending application or with any unexpired patent, the Director must give notice to the applicant to that effect. If the claim is same as the claim of an issued patent the application shall not be processed unless such a claim is made prior to one year from the date on which the patent is granted.<sup>1</sup> After the examination the Director of the USPTO may take a decision either accepting or rejecting the application. From the decision of the examiner an appeal<sup>2</sup> may lie to the Board of Patent Appeals and Interferences on payment of prescribed fee.<sup>3</sup> Any aggrieved party from the decision of the Board may either appeal to the United States Court of Appeals for the Federal Circuit<sup>4</sup> or may institute a civil action<sup>5</sup> against the USPTO Director in the United States District Court for the District of Columbia within sixty days from the decision of the Board.<sup>6</sup> Further, if the adverse parties to the appeal are from different states of the United States or belong to foreign country the District Court of Colombia shall have jurisdiction to adjudicate the appeal.<sup>7</sup> If the aggrieved party chooses to appeal to the Federal Circuit he or she waives the right to institute a civil action against the Director.<sup>8</sup> On appeal to the Federal Circuit the Director of the USPTO shall transfer a certified list of documents<sup>9</sup> pertaining to the patent application on the request of the Federal Circuit. The Director may even submit in writing the grounds for his decision. The Federal Circuit shall give parties to the appeal a hearing before deciding the case. There shall be a direction<sup>10</sup> to the Director of the USPTO from the Federal Circuit in reviewing the decision appealed. In case of civil action against the Director, the Court while adjudicating on its satisfaction that the applicant is entitled to the patent may issue a direction to the Director to grant patent. The decision of the Court either in favor of the applicant or against shall be made known to the Director of USPTO.<sup>11</sup>

<sup>1</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 131.

<sup>2</sup> 35 U.S.C 112 Specification.

<sup>3</sup> 35 U.S.C 113 Drawings.

<sup>4</sup> 35 U.S.C 115 Oath of applicant.

- 5 However oath and fee could be submitted after the submission of specification and drawings. Failure to submit oath and fee within prescribed period renders the application abandoned.
- 6 35 U.S.C 116 Inventor.
- 7 35 U.S.C 184 Filing of applications in foreign countries.
- 8 35 U.S.C 185 Patent barred for filing without license.
- 9 35 U.S.C 136 Penalty for not seeking license.
- 10 By the inventor or his legal representatives or persons authorized by him.
- 11 35 U.S.C 119 Benefits of earlier filing date; right of priority.
- 1 U.S.C 365 Right of priority; Benefits of the filing date of prior application.
- 2 35 U.S.C 119(d).
- 3 35 U.S.C 121 Divisional Applications.
- 4 35 U.S.C 122 Confidential status of applications; Publication of patent applications.
- 5 35 U.S.C 181 Secrecy of certain inventions and withholding of patent.
- 6 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 133.
- 7 35 U.S.C 131 Examination of application.
- 8 35 U.S.C 132 Notice.
- 9 35 U.S.C 133 Time for prosecuting application.
- 1 35 U.S.C 135 Interferences.
- 2 35 U.S.C 134 Appeals to the Board of Patent Appeals and Interferences.
- 3 The aggrieved party from the decision of the patent office may prefer an appeal to the Board on payment of prescribed fee.
- 4 35 U.S.C 141 Appeals to the Court of Appeals for the Federal Circuit.
- 5 35 U.S.C 145 Civil action to obtain patent.
- 6 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 134.
- 7 35 U.S.C 146 Civil action in case of interference.
- 8 Further a party aggrieved by the decision of the Board with reference to interferences by the application of any existing patent or pending application may also appeal to the Federal Circuit. A notice of appeal shall be filed with the USPTO Director within sixty days from the date of the decision from which an appeal is taken to the Federal Circuit. However the appeal gets dismissed if the adverse party to the interference elects to institute a civil action within sixty days from the date of decision from which appeal is taken. Such decision of the adverse party shall be made within twenty days from the date of notice of the appellant to the USPTO Director. See: 35 U.S.C 146 Civil action in case of interference.
- 9 35 U.S.C 143 proceedings on appeal.
- 10 35 U.S.C 144 Decision on appeal.
- 11 35 U.S.C 145 Civil action to obtain patent.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.8 Application for patents in the Europe**

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In the Europe Union patents are granted as per the procedure established under the European Patent Convention. (EPC) European Union follows post grant opposition method in granting patents in the same way as practiced in the United States. While, there are virtually no restrictions on who may apply for patent in Europe.<sup>1</sup> Any natural or legal person or any equivalent to a legal person by virtue of the law governing it may file a European Patent application.<sup>2</sup> Where appropriate an application for a patent may be made by two or more applicants or joint applicants from different contracting states of the European Patent Convention.<sup>3</sup> The inventor or his successor is entitled to file a patent application.<sup>4</sup> If the inventor is an employee the patent application shall be filed as per the law of the state in which the employee is being employed.<sup>5</sup> In such circumstances patent will be granted as per the law of the land where employee is working read with the contract between the employer and the employee. In case where two or more persons have contributed to the invention independently of each other then the right to the European patent shall belong to the person whose European patent application is filed first and published.<sup>6</sup>

##### **13.8.1 Filing of patent application**

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European patent application can be filed at the European Patent Office (EPO) at Munich or at its branch office at Hague or at the central industrial property office of any contracting state to the European Patent Convention (EPC). Patent applications filed before the central industrial property office of a contracting state to the EPC shall be forwarded to the European Patent Office.<sup>7</sup> Patent application may also be filed at the central industrial property office or other competent authority of the respective state where the applicant is hailing from, if the law of the contracting state so permits.<sup>8</sup> A patent granted by the EPO is protected in all the contracting states of the European Union. The receiving division of the EPO receives the patents applications. A European patent application should satisfy certain requirements in order to be processed.<sup>9</sup> The requirements of a European patent application as per the European Patent Convention<sup>10</sup> are as follows.

- (1) The application shall be in the prescribed form and be accompanied by prescribed fee. The application shall meet prescribed physical requirements under the regulations<sup>11</sup> of EPC.
- (2) A request for the grant of a European patent.
- (3) The designation of contracting state or states.
- (4) Name and address of the applicant or applicants.
- (5) A description of the invention.
- (6) One or more claims.<sup>1</sup>
- (7) Any drawings referred to in the description or the claims.
- (8) An abstract of the invention.

At the time of filing the patent application, the applicant shall pay filing fee and search fee. If the applicant fails to pay the above fee at the time of filing the application he shall pay the fee within one month from the date of filing the application. The date of filing of the required documents in the application shall be the date of filing of the European patent application.<sup>2</sup> An applicant from a member state of the union can claim protection to his invention in all the member states of the Union along with his native State. In order to get patent protection in different member states of the union the applicant is required to designate the states where he is intending to get protection.<sup>3</sup>

### **13.8.2 Designation of states in the application**

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The designation of a member state is subject to the payment of designation fee. In the applicant intends to seek protection in five member states of the union he has to pay designation fee for five states. If he intends to seek protection in twenty contracting states of the union he shall pay designation fee for twenty states. More the number of designations more will be the number of states where the protection for the invention is sought and more will be the fee. The designation fee shall be paid within twelve months from the date of filing of the application.<sup>4</sup> The designation of states may be withdrawn at any time. However the designation fee once paid is not refundable.<sup>5</sup> Failure to pay the designation fee for any particular state is deemed as withdrawal of the designation of that particular state. Further the failure to pay the total fee comprising of filing fee, search fee and designation fee for all the member states where protection is sought, shall be deemed to be the withdrawal of the application.<sup>6</sup> The application should disclose the invention in a manner sufficiently clear and complete to enable a person skilled in the art to reduce the invention to practice.<sup>7</sup> The applicant may take the help of drawings to describe the invention.

The claims made in the application shall define the matter for which protection is sought.<sup>8</sup> The application shall be accompanied by an abstract of the invention containing a piece of technical information of the invention in a concise manner.<sup>1</sup> At the expiry of three years from the date of filing the application needs to be renewed with payment of renewal fee.<sup>2</sup> Renewal fee falls due every year after the expiry of the period of three years from the date of the application till the grant of the patent. The grant of patent terminates the obligation to renew the application.<sup>3</sup> The renewal fee shall be paid before the due date i.e., at the expiry of three years from the date of filing the application after that at the expiry of every year. If the fee is not paid within due time, it could be paid within six months from the due date along with additional fee for failure to pay before the due date. The failure to pay renewal fee after the expiry of six months from the due date along with additional fee shall be deemed to be the withdrawal of the application.

### **13.8.3 Priority of the application**

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Applicants can claim priority of their applications filed earlier to the filing of the original patent application. The European Patent Convention<sup>4</sup> states that a person who has duly filed in any state party to the Paris convention an application for a patent or for the registration of a utility model or for a utility certificate or for an inventor's certificate or his successors in title shall enjoy for the purpose of filing a European patent application in respect of the same invention, a right of priority during a period of twelve months from the date of filing the first application.<sup>5</sup> Priority can be claimed from any regular national filing under the national law of the state where it was made under bilateral or multilateral agreements under Paris convention or under the European Patent Convention.<sup>6</sup> Applicants intending to claim priority of their earlier application should

declare in the later application their intention.<sup>7</sup> A copy of the earlier application along with a translation of the application in one of the official languages of the EPO if the earlier application was not filed in one of the official languages of the EPO shall be enclosed to the application.<sup>8</sup> If priority of earlier application is claimed, the application will have the effect of filing on the date of earlier application.

#### **13.8.4 First examination**

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The EPO examines every patent application through the examining division,<sup>9</sup> in order to check its compliance with the requirements under the EPC. The examination of the application will be done once at the time of filing of the application and again at the time of processing the application.<sup>1</sup> Generally an application will be examined in order to determine whether it:

Meets the physical requirement as prescribed in the implementing regulations;

Provides information regarding the name and address of the applicant;

Contains, designation of the inventor;

Contains an abstract of the invention;

Requests for the grant of a patent;

Provides description and drawings of the invention;

Provides for designation of states and information of with regard to the payment of the designation fee;

Gives information with reference to the deposit of the invention like; characteristics of the invention, name and address of the depository where the deposit is made along with the access number given to the deposit;

Any discrepancies or deficiencies found in the application will be informed and an opportunity will be given to the applicant to make required corrections.<sup>2</sup> Deficiencies may be like failure to furnish drawings to describe the invention,<sup>3</sup> failure to pay designation fee,<sup>4</sup> failure to give details of the deposit<sup>5</sup> of the invention if required,<sup>6</sup> failure to designate the inventor.<sup>7</sup> Further if the required corrections are not made it is deemed that the application is withdrawn. The examining division accepts the application which is complete and which fulfils the requirements under the EPC. The application will be given date of filing if the application is accepted. In case of discrepancies, filing date will be given only after correcting the discrepancies. Any decision of the examining division could be appealed to the EPO Board of Appeals.

#### **13.8.5 Search for prior art**

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Once the patent application is given a date of filing, the search division of the EPO conducts search for prior art with relation to the claimed invention. The objective behind conducting search is to evaluate the claimed invention whether it merits an improvement over the existing prior art or it forms part of the prior art.<sup>1</sup> The inventive step involved in the claimed invention will be put a test to in evaluating it in the light of the prior art. If the invention marks an improvement or advancement over the existing knowledge in the prior art than it is eligible to get a patent. If the invention does not mark any advancement over the prior art or if the invention already exists in the prior art or is predicted or suggested by the prior art the application will be rejected.<sup>2</sup> Further, the invention claimed in the application must not have been claimed and patented

earlier. The invention should not have been published earlier. A published invention is disentitled for the grant of a patent in the European Union. While conducting search of the prior art the European patent office shall investigate whether the invention is already published prior to the filing of the application, whether the invention is already patented, whether the invention is being claimed in an earlier application which is pending before the patent office and whether the claimed invention clashes with the claims of other patents. The search division after conducting search shall draw up search report<sup>3</sup> on the basis of the claims made in the application after considering the description and drawings of the invention. The search report and cited documents if any shall be transmitted to the applicant.<sup>4</sup> The examination for the compliance of formal requirements and the search for prior art should be completed before the completion of the period of eighteen months from the date of filing the application.<sup>5</sup>

### **13.8.6 Publication of the application**

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Search for prior art is sub seeded by the publication of the application. A patent application is published at the expiry of eighteen months from the date of filing the application or from the date of priority if priority of any earlier application is claimed.<sup>6</sup> A patent application is published in the official gazette of the patent office only on the finding that the application is in compliance with the formal requirements. Further the findings of the search for prior art should state that there is no prior art relevant to the claimed invention. The patent office publishes the description of the invention, claims and drawings of the invention along with the application. The patent office could also publish the search report and the abstract of the invention if it deems necessary.

### **13.8.7 Second examination**

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The applicant may request the patent office for the examination of the application and the invention. Such request shall be made before the expiry of six months from the date of the publication and transmittal of the search report to the applicant.<sup>1</sup> The request shall be in written form accompanied by the examination fee.<sup>2</sup> If no request for examination has been filed the application shall be deemed to be withdrawn.<sup>3</sup> The intention of the first examination of the application at the time of filing was to examine the compliance of the application with the requirements under the EPC. The second examination after conducting search and after the publication of the invention is to examine the invention.<sup>4</sup> In the examination the credibility of the invention and its compliance with the requirements under the EPC will be examined. Further, the patent application is also being examined to check its compliance with the requirements. If the result of the examination shows that the application or the invention does not meet the requirements of the EPC the examining division of the EPO shall invite the applicant to file his observations. If the applicant fails to reply and file observation within the time prescribed for the purpose, the application shall be deemed to be withdrawn.<sup>5</sup>

### **13.8.8 Post examination proceedings**

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The application can be withdrawn at any time before the grant of patent. The application withdrawn after the date of publication cannot be refiled as it is already laid open for public inspection. However, applications withdrawn before the publication can be refiled provided they are not open to the public otherwise. After the examination of the application and removal of difficulties if any and after the publication of the application, it is the stage for inviting objections and oppositions to the claimed invention in the application if any. Publication of the application is a notice to the interested parties to file objections. In India objections could be filed in the form of notice with the patent office. Notice of opposition must be filed within 4 months from the date of publication. Extension of one month is available in this respect, but must be

applied for, before expiry of initial four month period in Form: 4 with prescribed fee. A patent is granted by a national patent office or by a regional office that does the work for a number of countries, such as the European Patent Office or the African Regional Intellectual Property Organization. Under such regional systems, an applicant requests protection for the invention in one or more countries, and each country decides as to patent protection to the claimed invention within its borders.

1 Article 59 EPC, See also Lionel Blenty, Broad Sherman, *Intellectual Property Law*, First published 2001, First Indian Edition 2003, Oxford University Press, New Delhi, p 340.

2 Article 58 European Patent Convention (EPC).

3 Article 59 EPC, See also Supra Note No. 156, Pg. No. 348.

4 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 146.

5 Article 60(1) EPC.

6 Article 60(2) EPC.

7 Article 77 EPC.

8 Article 75 EPC.

9 Lionel Blenty, Broad Sherman, *Intellectual Property Law*, First published 2001, First Indian Edition 2003, Oxford University Press, New Delhi, p 345.

10 European Patent Convention as amended in 2000.

11 Ibid.

1 Article 14 EPC.

2 EPC Article 80.

3 EPC Article 79(1).

4 EPC: Article 79(2).

5 Ibid, sub clause (3).

6 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 148.

7 EPC: Article 83.

8 EPC Article 84.

1 EPC Article 85.

2 EPC Article 86.

3 EPC Implementing regulations.

4 Read with the Paris Convention for the protection of industrial property.

5 EPC: Article 87 Priority can be claimed from any regular national filing under the national law of the state where it was made under bilateral or multilateral agreements under Paris convention and also under the European Patent Convention are eligible to a right of priority. In case subsequent application is filed for the same subject matter, the date of the subsequent application shall be considered for priority provided the previous application is withdrawn.

6 In case subsequent application is filed for the same subject matter, the date of the subsequent application shall be considered for priority provided the previous application is withdrawn.

7 EPC Article 88, the application claiming priority of an earlier application shall contain a declaration to the effect.

8 EPC Article 87 sub-clause (2) to (5).

9 The examination division has got the powers of civil court. See: EPC Article 117.

1 Lionel Blenty, Broad Sherman, *Intellectual Property Law*, First published 2001, First Indian Edition 2003, Oxford University Press, New Delhi, p 351-353.

- 2 EPC Article 90.
  - 3 Filing date will be given to the application from the date of filing drawings if drawings have not been filed at the time of filing the application.
  - 4 If the applicant fails to pay designation fee with respect to the designation of any state, if the same is not paid even after giving him the opportunity to pay it is deemed that he has withdrawn the designation of that particular state for which he failed to pay designation fee. If the applicant fails to pay total designation fee for all the states he designated the application itself is deemed to be withdrawn.
  - 5 In particular failure to give details of the deposit of the invention makes the application incomplete and failure to correct the same is deemed as the withdrawal of the application.
  - 6 EU Directive on the legal protection of biotechnology inventions, Article 13 Failure to give details of the deposit renders the application incomplete and failure to correct the same even after opportunity is provided to do the same is deemed as the withdrawal of the application.
  - 7 In case of omission of the designation of the inventor, the same must be corrected within sixteen months. However in case of application claiming the priority of an earlier application designation of the inventor could be made after the date of priority.
- 1 The search intends to find out the existence of the invention in the prior art.
  - 2 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 151.
  - 3 The search report will be made and submitted in the prescribed form as specified under the regulations of EPC.
  - 4 EPC: Article 92.
  - 5 Lionel Blenty, Broad Sherman, *Intellectual Property Law*, First published 2001, First Indian Edition 2003, Oxford University Press, New Delhi, p 353-354.
  - 6 At the request of the applicant the application could be published even before the expiry of the period of eighteen months. See EPC Article 93.
- 1 Request for examination could also be made before EPO transmits the search report to the applicant. In case if the applicant has requested for examination even before the transmittal of the search report to him, after transmitting the report on the basis of the findings of the report, the EPO shall invite the applicant to know whether he intends to proceed with the application or not. See: EPC Article 96.
  - 2 The examination fee will be as prescribed under the EPC regulations.
  - 3 EPC Article 94.
  - 4 Lionel Blenty, Broad Sherman, *Intellectual Property Law*, First published 2001, First Indian Edition 2003, Oxford University Press, New Delhi, p 354-355.
  - 5 EPC Article 96.



## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.9 Opposition proceedings**

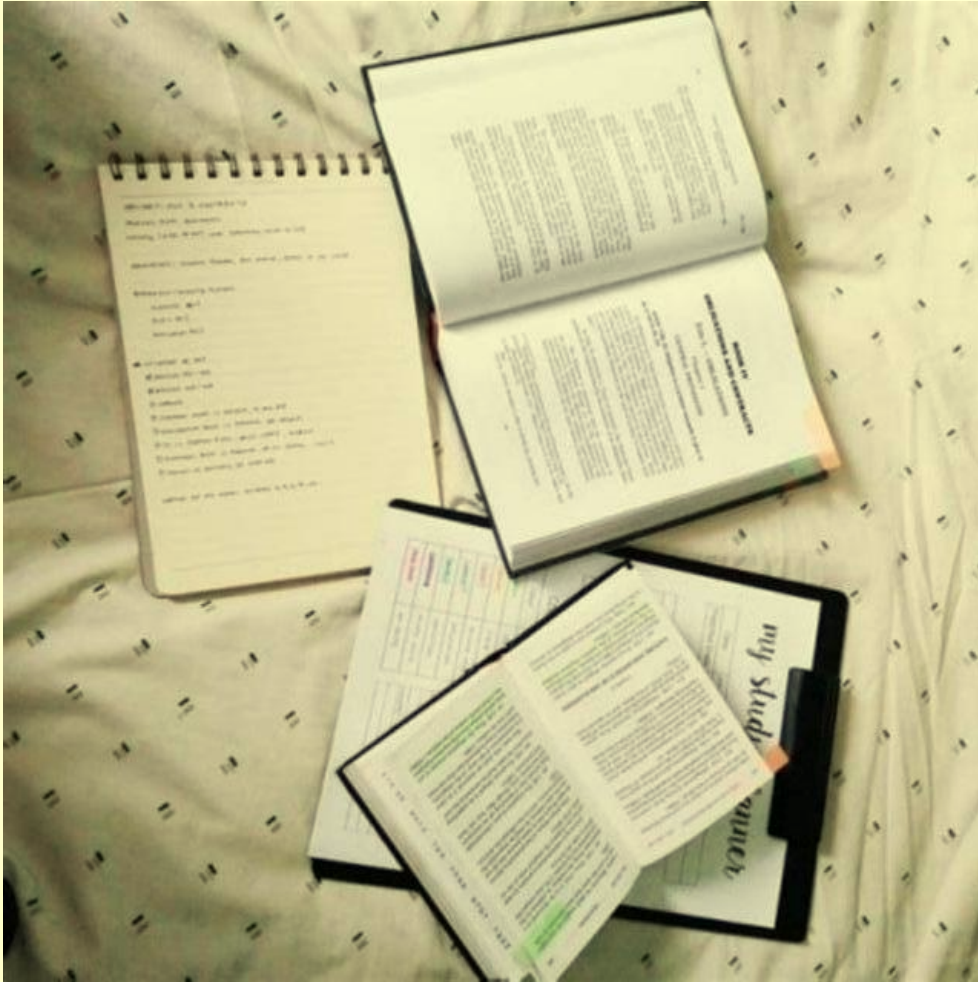
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Nations follow different systems with reference to opposition<sup>1</sup> proceedings. Few nations follow pre-grant opposition procedure and few other nations follow post-grant opposition procedure. In the pre-grant opposition procedure before granting the patent objections or oppositions against the patent grant would be invited. USA and Europe follow post grant opposition procedure. In the post-grant opposition procedure oppositions would be invited after the grant of patent. India follows pre-grant opposition method in granting patents. Before granting the patent oppositions are invited and any interested person within four months from the date of publishing of the acceptance of the application and the complete specification may give notice<sup>2</sup> of opposition to the controller of patents. Patent grant may be opposed on specific grounds such as:<sup>3</sup>

- (1) The applicant has wrongfully obtained the invention.
- (2) The invention had been published before the priority date of the application in India or elsewhere or is published in any document.
- (3) The invention is being claimed in an application filed earlier to the priority date of the present application.
- (4) The invention is publicly known or used in India before the priority date of the application.
- (5) The invention is obvious and does not involve any inventive step.
- (6) The invention is not patentable under the Act.
- (7) The specification does not describe the invention in a sufficient manner to enable a skilled person in the art to practice the invention.
- (8) The specification does not set out the best mode of practicing the invention.
- (9) The specification does not disclose or wrongfully mentions the source or geographical origin of biological material (if any) used for the invention.
- (10) The invention is anticipated in the prior art in the filing country or elsewhere.

The person filing notice of opposition shall within sixty days from the date of notice send a written statement in duplicate setting out the nature of his interest, the facts upon which he bases his case and relief that he seeks and evidence if any in support of his case. A copy of the opponent's statement shall be served<sup>4</sup> on the applicant.<sup>5</sup> Within sixty days from the receipt of the copy of the opponent's statement the applicant shall file a reply statement. A copy of the applicants reply statement shall be served on the opponent. Further the opponent shall reply to the applicant statement within thirty days and a copy of his reply shall be served on the applicant.<sup>1</sup> The parties to the opposition proceedings are heard before making a decision by the patent office.<sup>2</sup> If the opposition is based on valid grounds and supported by enough evidence to the satisfaction of the controller of patents, the claimed patent may not be granted. However, if the applicant succeeds in defending his claimed invention in the application against opposition patent may be granted.

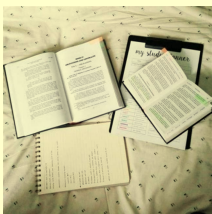
- 1 Sreenivasulu NS & Preethi Venkataramu, Patent Law in India: A perspective, The Journal of World Intellectual Property Rights, Serials Publications, New Delhi, Vol 4, Number 1-2, January-December, 2008, Pg. No: 89.
- 2 Notice shall be given in form 7 specified in the second schedule to the patent rules as amended in 2002.
- 3 Section 25 of the Act, Opposition to grant of patent.
- 4 Patent Rules as amended in 2002, rule 36 Written statement of opposition.
- 5 Ibid, rule 37 Time for filing reply statement.
- 1 Patent Act as amended in 2005: section 40 Reply evidence by opponent. The time period for filing reply statement or evidence could be extended by the order of the controller at the request of the parties after the payment of required fee specified under the First schedule to the patent Act as amended in 2005, See: Patent rules: rule 43:Extension of time.
- 2 Ibid: rule 44: Hearing.



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## Part IV LAW OF PATENTS

### CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS

#### 13.10 Grant and Sealing<sup>3</sup> of Patent

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After the acceptance of the complete specification and publication, if the application is not opposed or when the opposition is decided in favor of the applicant or when the application is not refused or withdrawn for any other reason, the patent shall be granted and sealed. In general, patents are granted and sealed<sup>4</sup> only after the acceptance of the complete specification and after the expiry of the time for filing opposition. A request for sealing of patent shall be made by the applicant in Form: 9 along with sealing fee. Request for sealing shall be made within 6 months from the date of notification of acceptance of the complete specification in the official gazette of patent office, at the appropriate office where the application was filed. However, it is extendable by three months. If the sealing fee is not paid within the prescribed period, patent will not be granted. On request, the patent office causes the patent to be sealed with the seal of the patent office and the patent details along with the date of sealing shall be entered in the patent register kept at the patent office.<sup>5</sup> The patent certificate is granted in a prescribed form which is valid for a term of twenty years<sup>6</sup> from the date of filing of the application and shall have effect throughout India.<sup>7</sup> Accordingly, date of patent is the date on which the application for patent is filed. In *Dr Snehlata C Gupte v UOI*,<sup>8</sup> the question before the court was about the actual date of grant of a patent. 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" 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. The certificate of patent is valid evidence before the court of law with reference to the ownership of an invention. It is a valid document in support of the proprietorship of the inventor or the registered owner.

<sup>3</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 164.

<sup>4</sup> Section 43 of the Act, Grant and sealing of patents.

<sup>5</sup> Patent Rules: rule 56.

<sup>6</sup> Section 53 of the Act, Term of patent.

<sup>7</sup> Section 46 Form and extent of patent.

<sup>8</sup> W.P. (C) No. 3516 and 3517 of 2007 (Delhi HC).

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.11 Maintenance of patent in India**

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To keep the patent in force, it has to be renewed regularly by paying prescribed fee.<sup>1</sup> The first renewal fee is payable for the third year of the patent's life and must be paid before the patent's second anniversary. If the patent has not been issued within the period, renewal fees may be accumulated and paid immediately after the patent is sealed, or within three months of its recording in the Register of Patents or within extended period of six months up to 9 months from the date of recording.<sup>2</sup> The patent owner shall pay renewal fee at regular intervals to maintain the patent for a term of twenty years. The renewal fee<sup>3</sup> shall be payable at the expiry of the second year from the date of the patent. The renewal fee shall be remitted to the patent office. While paying the fee the details with reference to the patent shall be furnished to the patent office. In general the following details shall be furnished at the time of paying renewal fee:

- (1) The number of the patent;
- (2) Year for which the fee is being paid;
- (3) Owner/proprietor of the invention.

Renewal fee can also be paid in advance before the fee falls due. Failure to pay the renewal fee renders the patented lapsed.<sup>4</sup> Lapsed patent can be further revoked on the ground of non-renewal or non-payment of renewal fee. Patents can be revoked at the instance of the courts. In *Maj (Retd.) Sukesh Behl v Koninklijke Phillips*<sup>5</sup> 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. It was viewed 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. However, restoration of revoked patent is possible provided application is made within eighteen months from the date of revocation. Revoked patents could be restored if the controller is satisfied that the default of the patent owner in paying the renewal fee is not intentional.<sup>1</sup> In such circumstances the patent owner may apply for restoration of the patent<sup>2</sup> by applying in form: 15<sup>3</sup> along with the payment of the fee that has fallen due.<sup>4</sup> The application for restoration shall be advertised in order to invite objections. The patent shall be restored only after disposing the oppositions if any.<sup>5</sup>

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 40.

<sup>2</sup> If the renewal is not paid within the prescribed time, the patent will cease to have effect.

<sup>3</sup> First Schedule to the Patent Rules as amended in 2002.

<sup>4</sup> The Act, section 53 Term of patent.

<sup>5</sup> FAO (OS) No. 16 of 2014 Pronounced on: 07-11-2014.

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- 1 The Act, section 61 Procedure for disposal of applications for restoration of lapsed patents.
- 2 The Act: section 60 Application for restoration of lapsed patents, See also Patent Rules: rule 68 Restoration of patents.
- 3 Second schedule for Form 15: Form for the applying for the restoration of lapsed patents.
- 4 Patent Rules, rule 70 Payment of unpaid renewal fee.
- 5 Patent Rules, rule 69 Opposition to restoration.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.12 Opposition proceedings and re-examination in U.S**

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United States follows post grant opposition method in issuing patents. Once patent is issued the same will be published in the official gazette of the USPTO in order to invite oppositions if any. Patent could be opposed on the basis of relevant prior art consisting of patents or printed publication on the patented invention.<sup>6</sup> Person intending to oppose the patent can make an application in writing along with re-examination fee to the USPTO requesting the reexamination<sup>7</sup> of the patent.<sup>8</sup> The request will be considered<sup>9</sup> if it is supported by substantial new question of patentability of the invention.<sup>10</sup> If the Director of the USPTO decides to reexamine the patent a copy of the request shall be served on the patent owner along with the determination of the Director to reexamine the patent. Within two months from the date of the determination of Director to reexamine the patent the patent owner may file a statement in support of his patent. The patent owner if necessary can amend his patent through his statement and the same shall be served on the opponent.<sup>1</sup> The opponent can also file a statement in support of his opposition to the patent within two months from the date of receipt of the patent owner's statement, which shall be again served on the patent owner.<sup>2</sup> The reexamination is conducted in the same way of conducting examination of the patent application before granting the patent.<sup>3</sup> While conducting reexamination the prior art citation by the opponent is considered and both the parties to the opposition i.e., the opponent and the patent owner will be heard before deciding the case. In concluding the adjudication of opposition and reexamination proceedings the Director may take a decision to cancel any claim, which is not patentable in the light of the prior art cited by the opponent or may confirm any patent rejecting the opponent's contention to cancel the patent.<sup>4</sup> The Director may issue and publish a certificate to the above effect. The decision of the reexamination proceedings could be appealed against to the Board of Patent Appeals and Interferences and from the decision of the Board of Patent Appeals and Interferences an appeal may be preferred to the Court of Federal Circuit in USA.

<sup>6</sup> U.S.C 301 citation of prior art.

<sup>7</sup> Any third party requester at any may also file a request for interparties reexamination by the USPTO on the basis of any prior art. Interpartes reexamination shall be conducted in the same manner of conducting the examination of the patent application before the grant of the patent.

<sup>8</sup> U.S.C 302 Request for examination.

<sup>9</sup> Within three months from the date of request for reexamination the Director of USPTO must decide whether to entertain the request or not. The Director will order for reexamination of the patent on his determination that there exist substantial new question of patentability of the invention. However the decision of the Director that there exists no substantial new question of patentability is final and non-appealable.

<sup>10</sup> U.S.C 304 Reexamination order by Director.

<sup>1</sup> However patent owner cannot propose any new claim or propose amended claim enlarging the scope of a claim of the patent in the reexamination proceedings.

<sup>2</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 143.

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- 3 U.S.C 305 Conduct of reexamination proceedings. Reexamination is conducted according to the procedure established for the conduct of examination of the patent application before granting the patent.
- 4 U.S.C 307: Certificate of patentability, unpatentability and claim cancellation.



## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.13 Grant and issue of a Patent in US**

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Patent is issued<sup>5</sup> to the applicant after the examining the credentials<sup>6</sup> of the invention. The Patent office must satisfy itself that the invention is patentable,<sup>7</sup> novel,<sup>8</sup> non-obvious<sup>9</sup> and useful. Further the eligibility of applicant to file patent application and his or her credentials to obtain the patent also are assessed before granting a patent. The patent office must satisfy itself that the applicant is the original inventor or he is the authorized person or agent or assignee<sup>10</sup> or the legal representatives of the inventor to file the application. As well, beyond doubt the credibility and competency of the invention for patent grant shall be assessed and proved. No patent shall be granted or refused without the applicant being heard.<sup>11</sup> On the satisfaction of patent office the Director of the USPTO may issue a patent on the claimed invention. If it appears to the Director that the applicant is entitled to a patent having fulfilled all the requirements under the US patent code a notice shall be given to the applicant asking him to pay the patent issue fee within three months. If the applicant pays specified sum as issue fee within such time limit patent shall be issued.<sup>1</sup> The failure to pay such fee within such time period renders the application abandoned. Every patent issued by the USPTO is issued in the name of the USA under the seal of the USPTO signed by the Director.<sup>2</sup> A certificate of patent to this effect shall be issued under the sign and seal of the Director of USPTO.

<sup>5</sup> U.S.C 151 Issue of patent.

<sup>6</sup> The US Patent Code expressly provides under section 161 of the code for the patenting of asexually produced patents satisfying the requirements of novelty, non-obviousness and utility. On the grant of such patents on plants under section 163 of the code the owner shall have exclusive right to reproduce, use sell the plant and its parts.

<sup>7</sup> U.S.C. 101 Invention patentable.

<sup>8</sup> U.S.C 102 novelty.

<sup>9</sup> U.S.C 103 non-obviousness.

<sup>10</sup> U.S.C 152 Issue of patent to assignee.

<sup>11</sup> On the same lines no international application shall be granted or refused without the applicant being heard See, Article 28 PCT, See also, U.S.C. 371.

<sup>1</sup> U.S.C: 151 Issue of patent.

<sup>2</sup> U.S.C 153 How issued.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.14 Term of the Patent**

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Every patent issued by the USPTO will have a term of twenty years.<sup>3</sup> The patent shall be valid and enforceable for a period of twenty years. Patent term may be adjusted if the patent application was pending for more than three years from the date of filing before granting. The pending of the application may be due to any delay in processing the application or due to appellate review by the Board of Patent Appeals and Interferences or by the Federal Court. The days of pending after the expiry of three years shall be added to the full term of patent.<sup>4</sup> Any applicant dissatisfied with such patent term adjustment may institute a civil action against the Director of USPTO in the US District Court for the respective district within one eighty days after the grant of the patent.<sup>5</sup> At the expiry of twenty years of term patent expires. However, before the expiry of the patent term the patent owner may make an application to the USPTO seeking the extension<sup>6</sup> of patent. The patent office may extend the term of such patent provided no such extension was made earlier and if the patented invention had been subjected to a regulatory review under the Federal Food and Drug and Cosmetic Act initially before its first commercial marketing or use. On the extension of the term of the patent there issued a certificate<sup>7</sup> of extension under the seal of the USPTO.<sup>8</sup> The certificate states the length of the extension and identifies the invention to which extension is granted.

<sup>3</sup> Twenty years from the date of earlier application or provisional application if priority is claimed from such earlier or provisional application.

<sup>4</sup> The Director of the USPTO establishes regulations with regard to the adjustment of patent term.

<sup>5</sup> Adjustment of patent term under U.S.C 154 Contents and term of patent: Provisional rights.

<sup>6</sup> U.S.C 156 Extension of patent term.

<sup>7</sup> U.S.C 155 Patent term extension. See *also*, 155A patent term restoration.

<sup>8</sup> The extension shall be published in the Official Gazette of the USPTO.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.15 Maintenance of Patents in US**

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Patents are maintained subject to the payment of maintenance fees. In order to maintain a patent issued by the USPTO maintenance fee shall be paid at the expiry of three and half years, again at the expiry of seven and half years finally on the expiry of eleven and half years from the date of the grant of patent.<sup>9</sup> The schedule to the US patent law provides for the list of maintenance fees to be payable at different intervals.<sup>1</sup> The fee shall be paid within six months period from the due date. The period of six months from the date of maintenance fee falling due is called as window period. While paying the maintenance fee the patent number, the application number of the patent shall be mentioned. If maintenance fee is not paid at three intervals during the window period as mentioned above patent could not be maintained and the failure to pay maintenance fee renders the patent expired. However within six months of grace period following the due date, maintenance fee could be paid along with the prescribed surcharge to keep the patent term active and in force.

<sup>9</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 144.

<sup>1</sup> Schedule of US patent code for the list of maintenance fees.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.16 Grant of Patents in Europe**

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European patents are granted to the inventions fulfilling the requirements under the EPC on a successful application. On any application filed before the EPO, patents could be obtained on the fulfillment of necessary requirements as prescribed by the EPC. Patents are granted on the basis of the search report and the examination reports of the EPO. Patents are granted on the satisfaction of the patent office that the application does meet the requirement under the EPC.<sup>2</sup> Further patents are granted only after the payment of grant fee, renewal fee<sup>3</sup> and printing fee. The EPO can withhold the grant of patent on the failure of the applicant to pay the above fees. The failure to pay the above fees in due time is considered as the withdrawal of the application. The grant of the patent is published in the European Patent Bulletin<sup>4</sup> along with the specification, drawings and claims of the invention.<sup>5</sup>

<sup>2</sup> If the application does not meet the requirements of the EPC as well as the PCT (in case of international applications) the application shall be rejected. See, EPC Article 97.

<sup>3</sup> Renewal fee is payable if the application is pending before the EPO for three and half years.

<sup>4</sup> The grant of a European patent does not take effect until it is published in the European Patent Bulletin.

<sup>5</sup> EPC Article 98.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.17 Opposition to the grant of Patent**

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The grant of the patent is published in the official gazette of the EPO in order to invite oppositions from any interested persons. Persons having objections to the patent may give notice of opposition to the EPO, by paying the opposition fee.<sup>6</sup> The opposition division of the EPO adjudicates the oppositions.<sup>7</sup> Patent grant may be opposed on the following grounds.<sup>8</sup>

The subject matter of the patent is not patentable.<sup>9</sup>

The patent does not disclose the invention sufficiently.

The subject matter of the European patent extends beyond the content of the application.

There is no rigid rule under the European patent law that the patents should be opposed only on certain grounds. The above-mentioned grounds are not exhaustive but illustrative; patent may be opposed on some other suitable grounds also. On receiving notice of opposition from an interested party the opposition division of the EPO examines<sup>1</sup> the opposition as per the implementing regulations of the EPC. The division hears the parties, the opponent and the applicant before taking any decision. The applicant and the opponent may submit evidence in support of their contentions. The applicant can amend claims in the patent application before the opposition division, in order to rebut the objections raised in the opposition. If the division is of the opinion that the opposition is on valid grounds and the patent is not maintainable or contrary to the law the patent shall be revoked. If the applicant successfully rebuts the objections raised in the opposition or if the opposition is not on valid grounds or is not rational the patent shall be maintained by rejecting the opposition.<sup>2</sup> The decision of the opposition division is published by the EPO. If there made amendments to the application during the opposition proceedings, the amended specification, drawings, and claims should also be published.<sup>3</sup> A party aggrieved by the decision of the opposition division may prefer an appeal to the EPO Board of Appeals within four months from the decision of the division.<sup>4</sup> The Board may adjudicate the appeal or it may refer the same to the Enlarged Board of Appeals on its own motion or on the request of the applicant.<sup>5</sup> The decision of the Enlarged Board of Appeals shall be final and binding.<sup>6</sup> The Board of Appeals and the Enlarged Board of Appeals have the powers of a civil court<sup>7</sup> and may take help and opinion of experts in adjudicating matters. The process of granting a patent gets completed on the conclusion of the opposition proceedings. Every patent granted by the EPO shall be entered in the EPO patent register with particulars, along with the names and addresses of the inventor.<sup>8</sup> The European Patent Bulletin publishes the new entries made in the EPO patent registry from time to time.<sup>9</sup>

<sup>6</sup> EPC Article 99 Opposition.

<sup>7</sup> The opposition division has got the powers of civil court in adjudicating the matters before it.

<sup>8</sup> EPC Article 1000 Grounds of opposition.

<sup>9</sup> In oncomouse case the patent was opposed as not patentable.

<sup>1</sup> EPC Article 101 Examination of opposition.

- 2 EPC Article 102 Revocation and maintenance of European patent.
- 3 EPC Article 102 Publication of the new specification.
- 4 EPC Article 106 and 107 Appeals. Appeal may lie to the Board from the decision of the examining division in accepting or rejecting the application.
- 5 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 155.
- 6 EPC Article 112 Decision/opinion of the Enlarged Board of Appeals.
- 7 EPC Article 117 Taking of evidence.
- 8 EPC Article 127 Register of European patents.
- 9 EPC Article 129 Periodical publications.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.18 Maintenance of Patents in Europe**

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Patents are maintained subject to reasonable conditions, procedures and formalities prescribed under the local law.<sup>10</sup> Patents granted in the Europe through the EPO are maintained in accordance with the EPC.<sup>11</sup> Patents opposed on valid grounds<sup>1</sup>, could not be maintained except on amendments made or objections removed by the applicant subject to the decision of the opposition division.<sup>2</sup> The holder of a European patent need not pay any maintenance fee during the term of the patent. However, if the application for patent is pending for more than three and half years, than the applicant needs to pay maintenance fee for the maintenance of the application.<sup>3</sup> This obligation to pay maintenance fee gets terminated on the grant of the patent.<sup>4</sup> The patent granting procedure in Europe is no different from US. Inventors coming from different member states of the European Union can file patent application in the European Patent Office. All the member states of the Union have single patent office in the name European Patent Office (EPO). Applicant seeking protection in more than one member country must designate the states in which protection is sought. The patent application must give information regarding the designated states where the applicant is indenting to get protection for his invention. The EPO examines the application and processes the same for further needful action. A search for prior art with reference to the claimed invention will be conducted by the EPO. Patent will be granted on the basis of findings in the examination of the application and search. A patent granted would have duration of twenty years in all the states, which have been designated in the application.

Having discussed in detail about the process of granting of patents in general and more specifically in the USA and India one could have following inferences. Patents are granted<sup>5</sup> based on the application filed by the inventor or other eligible persons. The application shall consist of complete details and description of the invention. The patent office examines the application and conducts search to find out any pending applications or granted patents on the same invention. Patent application could be rejected at any stages of examination and search. All the accepted application would be published by the patent office and the applicant can claim the priority of any earlier filed application either in India or elsewhere. Publication of the application is a public notice to the interested parties to file any objections on the claimed invention in the application. Before granting the patent the patent office entertains objections or oppositions from any interested parties. In case of such objections patent can only be granted after conducting opposition proceedings where by both the applicant for the patent and the opponents would be heard before taking a decision on the grant of patent. Nations follow different system of conducting opposition proceedings. For instance US follow post grant opposition system whereby opposition would be entertained after the grant of patent. The nations like India which follow pre-grant opposition system do conduct opposition proceedings before the grant of patent. Once the patent is granted the owner of the patent enjoys monopoly over the patented invention for a term of twenty years. The patent owner will have to pay the renewal fee at regular intervals to maintain the patent.

<sup>10</sup> TRIPS Article 62 Acquisition and maintenance of intellectual property rights and related interparties procedures.

<sup>11</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 156.

- 1 Patents obtained through misrepresentation, fraud cannot be maintained and the patent office revokes such patents.
- 2 EPC Article 102 Revocation or maintenance of European patents.
- 3 EPC Article 141 Renewal fee for European patents.
- 4 EPC Article 86 Renewal fees for European patent application.
- 5 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 38.



## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.19 Rights conferred on the grant of patent**

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Grant of patent confers certain rights on the patent owner.<sup>1</sup> Patent grant is a negative right, it does not confer a right to use the invention; instead it prevents others from using the invention.<sup>2</sup> Without a patent also the inventor can exploit the invention, but the grant of patent excludes others from using the invention. Patent grant confers on the owner an exclusive to exploit, use, make exploit, sell the invention. The Indian Patent Act, the US Patent Act and as well the EPC confirm the same. Except the owner or without the authorization of the owner nobody can exploit the invention. Where a patent covers a product, the grant of patent gives the patentee the exclusive right to prevent others from performing, without authorization, the act of making, using, offering for sale, selling or importing that product for the above purpose. Where a patent covers a process, the patentee has the exclusive right to exclude others from performing, without his authorization, the act of using and offering the sale, selling or importing the process. A patent owner has the right to decide who may or may not use the patented invention for the period in which the invention is protected. The patent owner may give permission to, or license, other parties to use the invention on mutually agreed terms. Any licensing or assignment shall be in writing and the same shall be registered with the controller of patents.<sup>3</sup> The owner may also sell the right to the invention to any interested person, who will then become the new owner of the patent. Once a patent expires, the protection ends, and an invention enters the public domain. After which, the owner no longer holds exclusive rights to the invention, which becomes available to commercial exploitation by anybody.

<sup>1</sup> TRIPS Article 28 and 30.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 39.

<sup>3</sup> The Act, section 68 Assignment etc., to be valid unless in writing and registered, See also, section 69 Registration of assignment, transmission, See also, Patent Rules, rule 73-75.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.20 Rights conferred on the grant of a European regional Patent**

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A patent granted by the EPO confers on the inventor the same rights as would be conferred by a national patent in any state. European patent is a regional patent having force in all the member states of the European Union. European patent is granted with reference to the member states of the European Union and the inventor enjoys his rights on his invention in the member states.<sup>4</sup> The name of the owner shall be mentioned as the owner or proprietor of the patent in the patent registry kept at the EPO.<sup>5</sup> Rights under the European patent could be enjoyed from the date of publication of the application in the same manner, as would be enjoyed after the grant of the patent.<sup>6</sup> A patent grant confers on the inventor exclusive right to exploit, use, make, the invention.<sup>7</sup> He has also a right to assign or license his rights under the patent to any interested party.<sup>1</sup> By virtue of patent the rights of the inventor on the invention are protected.<sup>2</sup>

<sup>4</sup> EPC Article 64 Rights conferred by a European patent.

<sup>5</sup> EPC Article 62 Rights of the inventor to be mentioned.

<sup>6</sup> EPC Article 93.

<sup>7</sup> TRIPS Article 28 Rights conferred.

<sup>1</sup> EPC Article 72 Assignment, Article 73 Licensing.

<sup>2</sup> Ibid Article 10 and 11.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.21 Government acquisition of patents**

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Patent rights are created by statute are circumscribed by certain limitations or exceptions. For instance, government can acquire<sup>3</sup> the invention in the public interest, or give the compulsory license on the invention to any interested party on certain specified grounds. Generally, following are the grounds on which government can acquire the patent in the public interest.

- (1) The invention is not being practiced by the inventor.
- (2) The invention is in much demand in the market but not available.
- (3) There is public emergency and the invention is very much required for.
- (4) The price of the proceeds of the invention is not affordable to the public.
- (5) On an application filed by an interested party who has exhausted all other means of getting authorization to work on the invention.
- (6) Any other ground of public interest or social interest.

Further, for study or research purpose as well, anybody can use the invention without any authorization or permission from the registered owner. An academic pursuit does not need any authorization or permission even when those pursuits would incidentally exploit the work of the patented owner of the invention.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 39.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.22 Inventions made with government assistance**

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Inventions made with government funding<sup>4</sup> are treated apart from the inventions made by private individuals and organizations. Patents rights on such inventions are granted in accordance with the agreement executed between the government agencies which have funded the research and the institution or organization or individual who has conducted the research leading to the invention. Subject to the terms and condition agreed upon in the agreement patents rights on the inventions will be granted to such organizations working on the invention or to the government. In case patent rights are retained by the private organization federal government may impose conditions to further develop the invention<sup>5</sup> or to work on the invention in the public interest. A patent on an invention made with government assistance or patents on inventions made by government agency gives same rights to the patent owner no different from the rights conferred by the patents on inventions made without government assistance. However, the government may reserve the right to grant licenses on such inventions. Exclusive licenses could be granted in the public interest by giving notice to the parties interested.

<sup>4</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 141.

<sup>5</sup> U.S.C. 202 Disposition of rights.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.23 Employer Patents**

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When the research is undertaken by an inventor under the employment any innovation that stems from such research would belong to the employer. This is because the employer has employed the inventor for the purpose of work in relation to the work and production of an invention. The application of intellectual efforts of the inventor in such cases is being paid and owned by the employer, since the employer undertakes to pay for the employee and as well fund the work of invention. Therefore, the employer would have rights to file application for patents but not the inventor who is an employee. The situation of like nature is very much prevalent in research institutions and laboratories which hire qualified scientists, experts and researchers to undertake the task of research and development. The research would be undertaken according to the vision and mission of the employer and the scientist would be fully compensated for their work in the institution. Besides, the entire funding of the research and innovation would be borne by the research institution. Naturally, the research institution would have rights over the invention produced by its scientist or employee. The research institution being the owner of the invention would be entitled to file application for patents. In such cases the employee cannot claim proprietorship over the invention, since he or she are compensated for the invention through salary or honorarium.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.24 Register of patents**

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Every patent granted by the patent office in India is entered in the patents register<sup>1</sup> kept at the head office at Kolkata. The same is with respect to any patent granted by USPTO or EPO which would be entered in the patent registers maintained by the respective offices. A Register of Patents<sup>2</sup> can be inspected in search of any granted patent or extract of a patented invention on payment of fee. Register of Patent contains the information with reference to names and addresses of the patentee, details of the invention, notification of assignment, license if any and other details with respect to validity or proprietorship of patent and renewal. Any licensing, assignment of the patent shall also be entered along with the names and addresses of the licensee or assignee. Entries shall also be made if a patent is revoked or surrendered or lapsed. Any extension of the term of a patent shall also be mentioned in the patent registry. The register is maintained under the supervision and control of the patent controller. It is a public document and the information contained therein is public information.

<sup>1</sup> The Act, section 67 Register of patents, see also, Patent Rules, rule 72.

<sup>2</sup> The Patent Office and its branches have Technical Library Services which are available to the public.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.25 Surrender and revocation of patents**

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Patent owner may surrender his or her patent at any time by giving notice to the controller.<sup>3</sup> The controller shall advertise the same to invite any opposition from any person who is interested in the patent.<sup>4</sup> The controller shall decide to accept or reject the surrender after hearing the patent owner and the opponent to the surrender if any. Further a patent may be revoked on the petition of any interested person or by the Central Government or by the High Court. A petition for revocation of a patent may be instituted on certain specified grounds.<sup>1</sup> The grounds on which a patent application could be opposed could also be grounds for revocation of patent. The following are the usual grounds on the basis of which patents are revoked:

- (1) The applicant has been wrongfully obtained the invention.
- (2) The invention had been published before the priority date claimed in the application in India or elsewhere or is published in any document.
- (3) The invention is being claimed in an application filed earlier to the priority date claimed by the patent.
- (4) The invention is publicly known or used in India before the priority date of the application.
- (5) The invention is obvious and does not involve any inventive step.
- (6) The invention is not patentable under the Act.
- (7) The specification does not describe the invention in a sufficient manner to enable a skilled person in the art to practice the invention.
- (8) The specification does not set out the best mode of practicing the invention.
- (9) The specification does not disclose or wrongfully mentions the source or geographical origin of biological material (if any) used for the invention.
- (10) The invention is anticipated in the prior art in India or elsewhere.
- (11) Successful invalidity claims in an infringement suit.
- (12) Broad claims.
- (13) Patent owner is not eligible to be the owner of the patent.
- (14) Patent is no longer valid.

For instance, in 1995 a biotech patent owned by Agracetus Company, USA on "genetically engineered cotton" was revoked on the ground of broad claims.<sup>2</sup> Patents free from discrepancies are maintained subject to the fulfillment of requirements such as payment of renewal fee. If a patent is suffering from flaws, any person can file a petition for the revocation of the patent. On the revocation of the patent a notice shall be served on the owner and also on all the interested persons.

<sup>3</sup> The Act, section 63 Surrender of patents, See also, Patent Rules, rule 71 Surrender of patents.

4 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 166.

1 The Act, section 64 for grounds of revocation.

2 Jayashree Watal, *Intellectual property rights: in the WTO and developing countries*, Oxford University Press, New Delhi, First published in India 2001, Third impression 2003.



## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.26 Withholding of patent grants in Governments interest**

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Patent shall not be granted if the claimed invention would be detrimental to the national security.<sup>3</sup> Such invention shall be kept secret and the Federal Government may use it against the payment of compensation<sup>1</sup> to the inventor. In such cases the inventor cannot continue with his claim or the patent application. Any invention which is detrimental to the national security could be withheld by the government. No patent shall be granted on such invention; rather government acquires such inventions in the national interest. In such cases, in the suitable situation government may compensate the inventor for his efforts in bringing out the invention. It generally happens in case of inventions relating the defense or any such other nationally important fields. Government does not discourage innovation in such fields but does not encourage private monopoly on such inventions in the general interest of the nation.

<sup>3</sup> U.S.C 181 Secrecy of certain inventions and withholding of patents.

<sup>1</sup> U.S.C 183 Right to compensation: In case of withholding of patents by the government there may be brought a suit against the US for just compensation in the US Court of Federal claims or in the District Court of the US.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.27 Licensing and assignment of patents**

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Licensing or assignment of patents<sup>2</sup> is a marketing strategy to bring the laboratory research to the commercial world. Laboratory invention should not be limited to the lab. The laborious research should yield fruits benefiting the society and as well as the inventor. The invention shall be exploited in pursuit of deriving benefits from it. If the inventor is not in a position to exploit the invention, he may license the invention to any interested party who can exploit the invention. Licensing is an instrument, which transfers the laboratory invention to the commercial field.<sup>3</sup> Licenses or assignments are granted against payment of royalty to the inventor. Licenses may be exclusive or general. Generally in order to attract the license seekers inventors use to license the inventions exclusively. Exclusive license is granted to one person or company. Once exclusive license is granted again on the same invention no license should be granted to any other person or company. There cannot be more than one licensee in case of exclusive licenses. However in case of general licenses the inventor can grant license to more than one person. There could be more than one licensee in case of general licenses. All the licensees can use and exploit the invention simultaneously. Commercial undertakings prefer exclusive licensing of inventions in order to acquire ability to work in a particular field at the same time blocking the competitors from working on the invention. If more than one undertaking is working on the same invention there will be competition in exploiting and marketing the invention. Therefore commercial undertakings prefer to have exclusive licenses to have exclusive and sole authority on any particular invention in the field. Inventions could be licensed or assigned by executing an agreement in writing signed by both the parties. The licensing agreement must specify the period of the license, terms and conditions subject to which license is granted. An inventor can license his or her invention to any interested party. However, if the invention is made with the aid from the government or if the government owns the invention, small business houses are preferred in granting licenses by the government. In the US the Bayh Dole Act<sup>1</sup> specifically states that small business firms are preferred in licensing government aided or owned inventions. The licensing agreement shall be executed and enforced as per the contract law. The patent office shall be informed about the licensing of a patented invention. The patent office shall make necessary entries in the patent registry with reference to the licensing of the invention. The name and address of the license or licensees must be entered in the patent registry. On licensing the licensee would enjoy the same rights just as the patent owner. In case of infringement of a licensed patent the licensee can sue the infringer with the permission from the owner. In the field of science and technology, Academic institutions, Universities, non-profit organizations and research institutions which do not involve in the business of using producing and marketing the products of patented inventions tend to license or assign their inventions to commercial undertakings. Licensing of inventions is necessary to promote investment in the downstream research. At the same time licensing of inventions provides an opportunity to the industrial undertakings to exploit the inventions commercially. Further, it benefits the inventor who himself may not be in a position to exploit the invention by investing huge money and labor. Ultimately licensing helps in bringing the invention from the laboratory for the use and benefit of the society. Nevertheless, it is inferred that patent grant confers certain rights to the owner which could be licensed or assigned to any interested party. The owner can use, exploit the invention until the expiry of the patent term in exclusion of everybody else. In case of inventions made with the assistance from government or any funding agency patent would be granted in the name of the

government or the funding agency. On the same lines if the invention is made in the due course of the employment the employer would have rights over the invention. The details of the owner of the patented invention would be entered in the registry of patents as a matter of authenticity and evidence. In case of assignment or licensing of patent rights the details of licensing or assignment shall be entered in the register as the authorized persons to use and exploit the patented invention which is otherwise exclusive to the owner.

2 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 144.

3 Michelle R. Henry, Mildred K Cho, Meredith A Weaver Jon F Merg, A Pilot survey on the licensing of DNA inventions, American Society of Law, Journal of Law, medicine and ethics, Fall, 2003

1 Government of India brought in Public Funded Research Bill, 2008 in the lines of US Bayh Dole Act, which got lapsed late in the parliament. The text of the bill is available at [http://www.prindia.org/uploads/media/1229425658/1229425658\\_The\\_Protection\\_and\\_Utilisation\\_of\\_Public\\_Fun](http://www.prindia.org/uploads/media/1229425658/1229425658_The_Protection_and_Utilisation_of_Public_Fun) last visited 12 January 2018.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.28 Compulsory licensing**

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Compulsory license is a measure to recognize third party rights in the patents. Compulsory license is defined to mean an authorization permitting a third party to make, use or sell a patented invention without the patent owners consent.<sup>2</sup> If the patent owner does not exploit the invention or if he is unable to work on it in order to satisfy the needs of the society, usually compulsory licensing of inventions may be sought by any interested party to exploit the invention. Unexploited or improperly exploited invention could be exploited through the instrument called compulsory licensing. Compulsory licenses are generally authorized in the public interest, in the event of undesirable practices such as anti-competitive, non-working, high prices or blocking behavior by the patentee.<sup>1</sup> In fact compulsory licensing ensures transfer of technology from the laboratory to the commercial market. Compulsory licensing lifts the invention from the patent owner's monopoly by the government to the licensee working in the commercial market. Any interested party can file an application to the government of India seeking compulsory license on any invention. The Government grants compulsory licenses to widen the distribution of and increased access to the patented technologies. Compulsory license may be granted against the payment of reasonable royalty to the patent owner as determined by the government.

##### **13.28.1 Compulsory licensing under the TRIPS agreement**

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During the various rounds of discussion at the time of the formation of WTO which adopted number of agreements including TRIPS<sup>2</sup> the nations participated in the discussion were divided into two groups. One group comprising of mostly developing countries contended for compulsory licenses to be incorporated formally in the TRIPS agreement<sup>3</sup>. These countries wanted to use compulsory licensing as a measure by the government in the public interest to regulate patent monopoly. It is also viewed as measure to control the market to see that it is not monopolized in a way against the public interest. The other group mostly comprising of developed nations contended for strong protection of intellectual property rights. These nations argued against compulsory licensing of inventions and contended that it would discourage innovation and creation. Finally, due to the pressure of developing nations which have successfully presented the case for compulsory licensing with reference to:

- (1) How it serves the public purpose,
- (2) How it could be used sparingly,
- (3) How transparently it could be granted,
- (4) How it balances both the interest of inventor and the public,
- (5) Why it is required in the market and
- (6) What it guarantees.

The developed nations agreed to incorporation of compulsory license in the spear of patent law unwillingly but could strongly advocate that it should be left to the member states and there shall be no hard and fast rule in this respect. Accordingly, under the TRIPS agreement scope has been provided for compulsory licenses and it is left to the

member states to assess the situation and grant compulsory licenses in the public interest if necessary. The agreement postulates for a comprehensive framework for the compulsory licensing of inventions. It states that member states may grant compulsory licenses in case of public emergencies in public interest.<sup>1</sup> However compulsory licensing comes into picture only when the inventor is not exploiting the invention in order to make it available to the public or not offering the products of the invention at affordable prizes. Further, before applying for compulsory license the applicant must exhaust all other ways to get the authorization from the patent owner to work on the invention. Perhaps it is the voice of the developing countries such as India which could see some scope for compulsory licensing in the international agreements such as TRIPS<sup>2</sup>. Countries like India strongly advocate for compulsory licensing of inventions in the general interest of the public.

### **13.28.2 Compulsory licensing in US**

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The government prescribes the term of the compulsory license. In the USA from long time compulsory licensing have been very much controversial.<sup>3</sup> The USA advocates for strong patent protection and in the way it strongly opposes compulsory licensing of patents. Compulsory license has been seen as an instrument to weaken the patent monopoly and the same is not encouraged in the US. The view of the US is that compulsory licensing of the inventions harms the incentive for research and innovation. However, with the coming into being of the TRIPS agreement<sup>4</sup> now compulsory licensing of inventions, remained unexploited is mandatory in the public interest.

### **13.28.3 Compulsory licensing in Europe**

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In Europe the patent laws do not consider compulsory licensing of patents. The European patent convention does not provide for any express provision on the compulsory licensing of patented inventions.<sup>5</sup> It was only the Community plant variety rights regulation which talks about compulsory exploitation of rights in general.<sup>6</sup> The regulation states that in the public interest compulsory exploitation of rights can be granted. The Paris convention and the agreement of TRIPS postulate for compulsory licensing of inventions in the public interest. All the member states of the TRIPS agreement may provide for compulsory licensing of inventions. However, compulsory license is granted only after the unsuccessful attempts of the applicant in obtaining the authorization from the owner. The applicant must demonstrate the significance of the patented invention or the plant variety, which constitutes significant technical progress of considerable economic interest. The patent office must be convinced that; it is necessary to work on the invention for the further advancement or to satisfy the needs of the general public. In particular the owner of the younger patent, which is depending on, an older patent, may request for a compulsory license of the old patent. If the younger patent compared with the older one brings about an important technical progress of significant economic importance, it is a very good ground for granting of compulsory license or rights of compulsory exploitation in the European Union. This situation will particularly exist, in case of improvements over already patented pharmaceutical substances or, even more often, in case when a new indication of a protected pharmaceutical substance is found. In the later case the owner of the younger patent can seek a compulsory license of the older patent under reasonable conditions.<sup>1</sup> Compulsory license may not grant absolute rights over the patented invention and it may be subjected to certain terms and conditions. The patent owner is entitled to get a reasonable remuneration, compensation or royalty against the grant of compulsory license. The owner of the patent may claim the patent by asking for the revocation of the compulsory license if the circumstances, which warranted the grant, have reversed.<sup>2</sup>

### 13.28.4 Compulsory licensing in India

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The patent Act says that the patent owner must exploit the invention after obtaining the patent. Section 84 of the Act talks about compulsory licensing of patented inventions in public interest. The patent owner is not supposed to keep the invention without working on it. He should work on it to fulfill the reasonable requirements of the public connected with the invention. The patent Act states that if the patent owner does not exploit the invention, any interested person can seek compulsory license to work on the invention. However, compulsory license can be sought after the expiry of three years from the date of granting and sealing of the patent in India. Further, the person seeking compulsory license must have exhausted all the other avenues to work on the invention. Such as; the inventor was approached for license or assignment of the invention. The applicant must have sought authorization from the inventor for working on the invention before approaching the court of law for the grant of compulsory license. The objective behind granting compulsory license is to exploit the invention in order to satisfy the needs of the public. As per the provisions of the Indian Patent Act compulsory licenses maybe sought on the following grounds.<sup>3</sup>

- (1) The reasonable requirements of the public with reference to the patented invention have not been satisfied.
- (2) The patented invention is not available to the public at a reasonably affordable price
- (3) The patented invention is not been exploited or worked in India.
- (4) The applicant has exhausted all other avenues to work on the invention.
- (5) The court is satisfied that a situation has aroused where in compulsory license is the only method to see that public demand is met on the invention.

In *Bayer Corp v UOI* on 9 March 2012 the Indian Patent Office granted its first Compulsory License to Natco Pharma Ltd. for producing generic version of Bayer Corporations's patented medicine Nexavar which is used in the treatment of Liver and Kidney cancer. While the multinational giant was selling the drug at Indian Rs 2.80 lakh for a month's course, Natco promised to make available the same at a price of Indian rupees 8800. . Natco was directed to pay 6% of the net sales of the drug as royalty to Bayer. Among other important terms and condition of the non assignable, non exclusive license were directions to Natco to manufacture the patented drug only at their own manufacturing facility, selling the drug only within the Indian Territory and supplying the patented drug to at least 600 needy and deserving patients per year free of cost. Aggrieved by the Controller's decision, Bayer immediately moved to the Intellectual Property Appellate Board (IPAB) for stay on the order alleging that the grant of compulsory license was illegal and unsustainable. The Board rejected Bayer's appeal holding that if stay was granted, it would definitely jeopardize the interest of the public who need the drug at the later stage of the disease. It further held that the right of access to affordable medicine was as much a matter of right to dignity of the patients and to grant stay at this juncture would really affect them. The Board stated that the invention must be available to the public at a reasonably affordable price and if not, compulsory license can be issued and observed that the sub-sections (a), (b) and (c) of section 84(1) are separated by the disjunctive "or" and therefore, even if one condition is satisfied, the Controller will be well within his rights to order compulsory license. The Board further noted that the research and development costs and the prices of other drugs do not assist in deciding what the public can afford reasonably. It stated that the reasonably affordable price necessarily has to be fixed from the view point of the public and the word "afford" itself indicates whether the public can afford to buy the drug.<sup>1</sup> The Board held that the Controller was right in holding that the sales of the drug by the

appellant at the price of about 280,000/- was alone relevant for the determination of public requirement and he was also right in considering the purchasing capacity of the public and the evidence available to conclude that the invention was not reasonably affordable to the public. Perhaps, before granting compulsory license, the patent office must give the inventor an opportunity of being heard on the issue. Cases of compulsory licenses cannot be decided *ex parte* and the inventor always stands an opportunity to present his or her case against the compulsory license before the court of law. There is a possibility of not granting compulsory license if the inventor satisfies the court that he had valid reasons in not properly working on the invention. If the inventor undertakes to work on the invention in the way to satisfy the public demands connected with the invention, the authorities may not grant compulsory license on the invention. Further, in case of international patents if the invention is not exploited in India though the invention is protected in India, compulsory license can be obtained to work on it in India. Compulsory license could also be sought even when the patent owner is working on it, if the needs of the public or not satisfied or if the price of the products of the invention is not affordable to the public. Compulsory licenses are granted to interested parties to commercially exploit the inventions to serve the needs of the public.

2 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 187.

1 Colleen Chien, Cheap drugs at what price to innovation: Does the Compulsory licensing of pharmaceuticals hurt innovation? *Barkley technology law journal*, summer 2003.

2 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P. A-71.

3 International legal instruments on intellectual property, National Law School of India University, Bangalore, 1998.

1 Article 30 of the TRIPS agreement.

2 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P. A-71.

3 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 187.

4 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P. A-71.

5 In Europe compulsory licensing of patents was not considered in the patent laws. It was only the Community plant variety rights regulation provides compulsory exploitation of rights in general.

6 Community plant variety rights regulation, Article 29.

1 Dr Heinz Goddar, European Patent and Trademark Attorney, " Patents/Public –Limits of Patent Protection", A paper presented at the Faculty of Law, University of Delhi, on 14 November 2005.

2 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 190.

3 The Patent Act, section 84 Compulsory license.

1 <http://www.talwaradvocates.com/landmark-judgements-patent-law/>, last visited 12 January 2018.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.29 Mode of granting compulsory license**

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The application for compulsory license shall be accompanied by 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.<sup>1</sup> Another pre-requisite is that; before applying for compulsory license the applicant must have exhausted all the other possibilities to work on the invention as mentioned earlier. He must have approached the patent owner for the license or assignment of the patent and must have been rejected by the inventor. Credible evidence to this effect shall be supplied along with the claim for compulsory license. The copies of the application for compulsory license shall be served on the patent owner and any other interested persons to invite their objections. Statements by the patent owner and other interested in opposition to the grant of compulsory license shall be served on the applicant. Both the parties will be heard by the patent office before deciding to grant or not to grant compulsory license.<sup>2</sup> Besides, a person having a general license to work on the invention may also apply for compulsory license. In such case by amending or abandoning existing license compulsory license can be granted.<sup>3</sup> Further, if the patent owner owes more than one patent those are related to each other and if it is not possible to work on one patent without infringing other patents the patent controller may grant compulsory license with reference to other patents also to enable the licensee to work on the patents efficiently.<sup>3</sup> Generally compulsory licenses are granted subject to following conditions or patent office may impose following conditions while granting compulsory licenses.<sup>4</sup>

- (1) Royalty shall be paid to the patent owner or persons entitled to the benefit of the patent.
- (2) The invention shall be exploited to the fullest extent.
- (3) The products of patented invention must be made available to the public at reasonably affordable prices.
- (4) The licensee shall not assign or license the patent further.
- (5) The license is only for the remaining period of the patent.
- (6) The licensee shall not import the licensed product or the products of licensed process from abroad.
- (7) The license should not be abused or misused.

The patent Act states that the central government may at its satisfaction in circumstances such as national emergency or extreme urgency may make a declaration in the official gazette authorizing the controller of patents to grant compulsory license on any patent subject to such terms and conditions.<sup>1</sup> In such situations, in order to serve the public interest, government might authorize granting of compulsory licenses. Such licenses are granted to exploit the inventions for non-commercial purposes in order to secure the availability of a patented product or articles or substances made out of a patented process at the lowest prices to the public.<sup>2</sup> Especially, in case of patents on food products and medical products compulsory licenses are granted on the declaration made by the central government to



meet the emergencies. In case of shortage of food or in the light of prevailing drought conditions or floods or earthquakes in order to serve food to the needy government may authorize the granting of compulsory license on such patents on food articles. Further, in case of spread of diseases to supply drugs and medicines at lowest prices or at free of cost compulsory licenses may be authorized on the patents on medical inventions. In such cases the inventor or the owner of the patent may not be given the opportunity of being heard before granting the compulsory license. Once granted the compulsory license holder shall work on the invention in the light of the terms and conditions imposed on him. If he fails to meet any of the terms and conditions compulsory license may be revoked on the application of the patent owner or any interested person.<sup>3</sup> Further compulsory license may also be revoked if the licensee is abusing it or not exploiting it properly to satisfy the needs of the public or the patent owner establishes that the situations that warranted the granting of compulsory license have changed. Compulsory license is an instrument to exploit the invention, which is remained unexploited. It is a weapon in the hands of the government to keep vigilance on the patent owners who shall meet the requirements of the public in exploiting the inventions. The Patent Act intends to serves the public purpose in granting compulsory licenses in order to make the products of a patented invention available to public at affordable prices. A person having compulsory license over a patent can also institute infringement suit as if he is the owner of the patent.

<sup>1</sup> The Patents Act, section 84(3).

<sup>2</sup> Ibid section 87 Procedure for dealing with applications for compulsory license.

<sup>3</sup> Ibid section 84 Power of controller in granting compulsory license.

<sup>4</sup> Ibid section 84 Power of controller in granting compulsory license.

<sup>1</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 192.

<sup>2</sup> Ibid: section 92 Special provision for compulsory license on notification by the central government.

<sup>3</sup> Ibid section 94 Termination of compulsory license.

## **Part IV LAW OF PATENTS**

### **CHAPTER 13 PROCEDURE FOR GRANT OF PATENTS**

#### **13.30 Government acquisition of patents in India**

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The government can acquire any patented invention by a notification in the official gazette against payment of compensation to the patent holder.<sup>4</sup> On such acquisition all rights with respect to the invention stands transferred to the central government. Further government may authorize in writing any person to use the patented invention for the purpose of government or in the public interest against the payment of adequate remuneration<sup>1</sup> to the patent owner or to the person entitled. Infact the TRIPS agreement<sup>2</sup> postulates for the use of a patented invention in the public interest without authorization from the owner.<sup>3</sup> Such authorization may be given even before the grant of the patent. Any dispute with regard to the use of inventions for the purposes of government and authorization to any person to work on the invention in the public interest shall be referred to the High Court.<sup>4</sup> Perhaps, compulsory licensing and government acquisitions are exceptions to patent monopoly. These are used as a weapon to have a check on the patent and its exploitation. Generally compulsory licenses are granted if the patented invention is not properly exploited or if it is not affordable to the public. Government can acquire the patented invention or grant compulsory license on the patented invention. The purpose behind is to see that the invention is properly exploited and made affordable to the general public. Countries like US are strong opponents of compulsory licensing; however countries like India are strong supporters of compulsory licensing. Being a welfare nation India intends to upkeep and protects the public interest in granting compulsory license. Compulsory license is a mean to maintain balance of the interest in the spear of patent law.

<sup>4</sup> The Act section 102 Acquisition of inventions and patents by the central government.

<sup>1</sup> Section 100 Power of central government to use inventions for purposes of government.

<sup>2</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

<sup>3</sup> TRIPS agreement Article 31 others use without authorization of the right holder.

<sup>4</sup> The Act section 103 Reference to High court of disputes as to use for purposes of government.

## **Part IV LAW OF PATENTS**

### **CHAPTER 14 INTERNATIONAL PROTECTION OF PATENTS**

Generally, patents are granted by the country of origin and patents are effective within the boundaries of the country of origin. If the patent is claimed in any other country than the country of origin, the patent would be effective in the country which has granted the patent. Precisely, the patent is effective within the four walls of the country of origin or the country which has granted the patent. There was no scope for securing protection for the inventions elsewhere or across the world. If an inventor intends to get protection for the invention in different countries, he or she will have to make different applications claiming the invention in such different countries.<sup>1</sup> For instance, if the inventor intends to seek protection in twenty countries for his invention, there should be twenty applications filed in those twenty countries. When the invention has got demand and market in many countries, the inventor would tend to seek protection for the invention in all such countries to take advantage of the market and to exploit the invention to the maximum in all those countries. However, the requirement of filing separate applications in all the countries where the protection is sought<sup>2</sup> use to discourage the inventor from seeking strong and wide protection for their invention in number of countries. By which the inventor use to lose the market and as well would be disadvantaged to have not been able to exploit the invention to the maximum.

<sup>1</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 135.

<sup>2</sup> Ibid.

## **Part IV LAW OF PATENTS**

### **CHAPTER 14 INTERNATIONAL PROTECTION OF PATENTS**

#### **14.1 Protection of patents beyond boundaries**

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Finding market or demand for the industrial products and processes is not an easy thing. The market demand depends on various issues. The quality of the product, the origin of the product, the price of the product, the content of the product, the suitability of the product, the ingredients of the product etc.,. When there are several products in the market available to satisfy the needs of the consumer, it is not easy to have an established market for any given product or invention. If any product or invention is having huge demand in many countries but the owner is unable to exploit the same due to the reason of requirement of multiplied patent application, cumbersome process involved in such varied application process, it is discouraging and not good for the growth and health of the market. As well, it would hurt the innovation and research. In this context, there was an emergent need to have a system of patenting where in, an inventor could seek patent protection in different countries through a single application filed in the country of origin. There was a need for the system which would not demand multiplicity of applications and cumbersome process for obtaining patent grant in different countries. There was a necessity to gain wide market reach for the inventions secured through monopoly granted by the patents which are effective in more than one country or rather number of countries. In this background there adopted a treaty called patent co-operation Treaty which enable the inventor to obtain patent protection in different countries through a single application filed in any country of choice.

## **Part IV LAW OF PATENTS**

### **CHAPTER 14 INTERNATIONAL PROTECTION OF PATENTS**

#### **14.2 Patent Co-operation treaty**

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The Patent Co-operation Treaty (PCT)<sup>1</sup> was adopted in 1970 at Washington. The treaty was amended and modified from time to time and modified latest in 2000. The treaty makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries which are parties to the treaty by filing an "international" patent application.<sup>2</sup> Such an application may be filed by any anyone who is a national or resident of contracting state of the treaty. 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 option of the applicant, with the International Bureau of WIPO in Geneva. In the application names of the states where the protection is sought would be designated. The treaty introduced and talks about international patent application,<sup>3</sup> international examination authority<sup>4</sup> international examination of the application,<sup>5</sup> international search,<sup>6</sup> and international searching authority.<sup>7</sup> The treaty introduces filing of international applications claiming patent protection in more than one country. For the purpose of examining such application the treaty establishes international examination authority which shall process the application. International search would be conducted in search of any existing patented invention similar to that of the one claimed in the application. For this purpose the treaty establishes international searching authority and prescribes for procedure to be followed by such authority in this regard. The treaty being instrumental in reducing the risks of filing different applications in different countries<sup>8</sup> for same patent has been ratified by many states. The treaty establishes an assembly all the member states of the treaty are members in the assembly. The assembly determines the application and operation of the treaty. Any modifications and changes in the system established under the treaty shall have to be ratified by the assembly. Generally the treaty is applicable for the members of the assembly.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 34.

<sup>2</sup> Ibid.

<sup>3</sup> Article 3 of the Patent Co-operation Treaty, See, *International Legal Instruments on Intellectual Property*, National Law School of India University, Bangalore, 1998.

<sup>4</sup> Ibid, Article 32.

<sup>5</sup> Ibid, Article 33.

<sup>6</sup> Ibid, Article 15.

<sup>7</sup> Ibid, Article 16.

<sup>8</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 34.

## **Part IV LAW OF PATENTS**

### **CHAPTER 14 INTERNATIONAL PROTECTION OF PATENTS**

#### **14.3 International patent applications**

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Patent Laws differ from country to country and there is no "World patent" or "International Patent". However, there is an international filing system that has been facilitated under the Patent Co-operation Treaty (PCT). Applicants seeking protection to their inventions on International basis may prefer filing of International patent application under the Patent Co-operation Treaty.<sup>1</sup> The Treaty provides for filing of International patent applications.<sup>2</sup> Filing of International application lessens the multiplicity of applications and expenses involved in filing different patent applications in different countries. With the coming into being of the Patent Co-operation Treaty now inventors can get international patent protection through single application. The application seeking international patent protection shall refer the countries in which protection is sought. Such referring of countries or naming of countries where the protection is sought is known as designation of states. When an application is filed in one of the member-states of the treaty, this is legally in effect equivalent to filing in all member states of the treaty, which have been designated in the application. In such cases, the application shall be filed in the country of origin and perhaps, it is the country of origin which grants patent right after the international patent application enters the national phase in that country.

<sup>1</sup> Patent Co-operation Treaty done in 1970, modified in 1984.

<sup>2</sup> Article 3 of the Treaty.

## **Part IV LAW OF PATENTS**

### **CHAPTER 14 INTERNATIONAL PROTECTION OF PATENTS**

#### **14.4 Who can file international patent application**

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Generally, any resident or national of a member state of the treaty may file an intentional application. However, if the assembly under the treaty comprising of member states may allow the residents and the nationals of any country party to the Paris Convention, which is not a party to the Patent Co-operation Treaty to file an international patent application.<sup>3</sup>

<sup>3</sup> Patent Cooperation Treaty (PCT) Article 9.

## **Part IV LAW OF PATENTS**

### **CHAPTER 14 INTERNATIONAL PROTECTION OF PATENTS**

#### **14.5 Process of filing**

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For the purpose of filing international patent application the desired applicant may choose a country, which is a party to the Patent Co-operation Treaty as the receiving office for his application.<sup>4</sup> Receiving office is the country where the applicant files international patent application.<sup>5</sup> Usually applicants choose their own national patent office as the receiving office. For example applicants from the USA choose the patent office of the USA as the receiving office for filing their international patent application. The USPTO (United States Patent and Trade marks Office) shall act as the receiving office<sup>6</sup> for an international application filed by the nationals or residents of US. In accordance with any agreement made between the US and any other nation the USPTO can act as the receiving office for patent applications filed by nationals or residents belonging to such other nations. The applicant of the international patent application shall pay following fee while filing the application:

- (1) Application fee,
- (2) Transmittal fee,
- (3) Search fee,
- (4) Handling fee,
- (5) Preliminary examination fee and
- (6) Any additional fees.<sup>1</sup>

The concerned patent office where the application is filed shall act as international searching authority and also as international preliminary examining authority with respect to international applications before it. The application shall designate<sup>2</sup> the states where protection is sought in the application. Any member state of the treaty could be designated as a designating state for the purpose of an international patent application.<sup>3</sup> Such applications designating for instance, India, as the designating office shall have the same effect of a national application filed in India.

International patent applications can be filed through the EPO as well. Any person coming from a member state of the Patent Co-operation Treaty can file international patent application from the EPO. For such applications EPO can act as the receiving office.<sup>4</sup> The same office could be a designated states patent office<sup>5</sup> if the international application is filed through any other Patent offices outside the European Union. For international patent applications designating any member states of the European Union, the EPO is the designated office. Applicants filing international patent applications choosing the EPO as receiving office shall file the applications in tinplate in the same manner provided for the filing of regular European patent applications. Similarly Indian Patent Office could be the receiving office for international patent applications filed from India. Such international patent application could designate different states where the protection is sought while routing the application through Indian patent office. International patent application should fulfill certain requirements under the PCT.<sup>6</sup> International patent applications should be accompanied by special fee known as transmittal fee along with regular fees.<sup>7</sup>



- 4 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 135.
- 5 PCT Article 10.
- 6 U.S.C 361 Receiving office.
- 1 U.S.C 362 International searching authority and international preliminary examining authority.
- 2 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 34.
- 3 U.S.C 363 International application designating the US: effect.
- 4 EPC Article 151.
- 5 EPC Article 153.
- 6 PCT Article 4-5 and rule 13 to the PCT regulations.
- 7 EPC Article 152.

## **Part IV LAW OF PATENTS**

### **CHAPTER 14 INTERNATIONAL PROTECTION OF PATENTS**

#### **14.6 Requirements of an international application**

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According to the Patent Co-operation Treaty an international application shall give details about the invention and also about the states where protection is sought for the claimed invention. All the other requirements of a national patent application are also applicable to an international patent application. An international patent application claiming an invention shall contain<sup>1</sup>:

- (1) A request<sup>2</sup> to the effect that the application be processed according the Patent Cooperation treaty.
- (2) Designation of states where protection is sought.
- (3) Details with reference to the applicant.
- (4) The title of the invention.
- (5) The description<sup>3</sup> of the invention.
- (6) Pictures and drawings<sup>4</sup> of the invention.
- (7) Claim or claims<sup>5</sup> defining the matter for which protection is sought.

An international application filed as per the PCT giving above details shall be filed in triplicate. The receiving office shall keep one copy known as home copy. One copy shall be transmitted to the international bureau working under the PCT. Another copy known, as search copy shall be transmitted to the competent international searching authority working under the PCT.<sup>6</sup> A copy of the international application may be transmitted to the designated<sup>7</sup> offices at request.<sup>8</sup> The receiving office processes<sup>9</sup> the international patent application. The receiving office shall check the conformity of the application to the PCT requirements. In case of any defects in the application the applicant shall be invited for correction. At the instance when the applicant fails to correct the defects the application is considered to be withdrawn.<sup>10</sup>

<sup>1</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 19.

<sup>2</sup> Article 4 PCT.

<sup>3</sup> Article 5 PCT.

<sup>4</sup> Article 7 PCT.

<sup>5</sup> Article 6 PCT.

<sup>6</sup> Article 12 PCT.

<sup>7</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 34.

<sup>8</sup> Article 13 PCT.

<sup>9</sup> U.S.C 364 International stage: procedure.

<sup>10</sup> Article 14 PCT.

## **Part IV LAW OF PATENTS**

### **CHAPTER 14 INTERNATIONAL PROTECTION OF PATENTS**

#### **14.7 Priority of the international application**

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International patent application can claim priority of any earlier filed national or international applications. On the same lines the priority of the international application could be claimed in any international or national patent applications made later. For instance, an international patent application claiming an invention designating the US is entitled to the right of priority based on a prior foreign application or a prior international application designating at least one country other than the US.<sup>11</sup> Similarly an international patent application claiming an invention designating any member state of European Union is entitled to the right of priority based on a prior foreign application or a prior international application. While claiming priority a certified copy of the application of which priority is claimed along with a translation in English needs to be supplied, if such application was filed in other than the English language.

<sup>11</sup> U.S.C 365, Right of priority; benefit of the filing date of a prior application.

## **Part IV LAW OF PATENTS**

### **CHAPTER 14 INTERNATIONAL PROTECTION OF PATENTS**

#### **14.8 International preliminary examination**

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International preliminary examination of the international patent application is conducted on demand made by the applicant. The demand shall be made in a prescribed form<sup>1</sup> and accompanied by prescribed particulars. The applicant is required to pay separate fee for the above purpose. The demand shall indicate the member state or states in which the applicant intends to use the results of the international preliminary examination. The receiving office or the international bureau specifies international preliminary examining authority. The receiving office itself can act as the international preliminary examining authority for international applications filed before it. The application would be assessed in terms of its compliance with the requirements as specified under the treaty. The initial scrutiny of the application would be done by the international preliminary examination authority. The objective of the preliminary examination is to formulate a preliminary and non-binding opinion with reference to the fulfillment of requirements of novelty, non-obviousness and utility by the international patent application. After the conclusion of the international preliminary examination the international preliminary examining authority submits its report to the receiving office. The international preliminary examination report<sup>2</sup> must be transmitted to the applicant and to the international bureau. The report shall also be communicated to each designated office. In case of any discrepancy the applicant can amend application before the international preliminary examining authority.

<sup>1</sup> Article 31 PCT.

<sup>2</sup> Article 35 PCT.

## **Part IV LAW OF PATENTS**

### **CHAPTER 14 INTERNATIONAL PROTECTION OF PATENTS**

#### **14.9 International search and publication**

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International patent applications are subjected to international search.<sup>3</sup> The international search shall be made on the basis of the claims considering the description and drawings of the invention.<sup>4</sup> The international searching authorities<sup>5</sup> recognized under the PCT conduct international search. International search is conducted as per the regulations under the treaty to discover relevant prior art with reference to the claimed invention. The receiving office itself can act as international searching authority. For instance, the USPTO/EPO/Indian Patent Office can act as an international searching authority for searching prior art with reference to the inventions claimed in the international patent applications filed before it. In the process of international search, the searching authority may request the applicant to furnish further details on the inventions. After the search is conducted the search report shall be transmitted to the applicant and also to the international bureau. After receiving the search report the applicant is entitled to amend the claims before the bureau.<sup>1</sup> The international application together with international search report shall be communicated to each designating office.<sup>2</sup> The international bureau shall publish international applications along with international search report at the expiry of eighteen months from the date of application or from the date of priority of an application filed earlier. The effect of the publication of international application is same as that of a regular national application in any contracting state.<sup>3</sup> The international application shall be kept confidential and access should not be provided to until its publication.<sup>4</sup> After the publication anybody can access the application and its contents including the details of the invention and the specifications.

<sup>3</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 137.

<sup>4</sup> Article 15 PCT.

<sup>5</sup> The assembly of PCT appoints international searching authorities. Any national patent office or any intergovernmental organization having enough infrastructures, manpower may be appointed as an international searching authority.

<sup>1</sup> Article 19 Amendment of claims before the international bureau.

<sup>2</sup> Article 20 PCT.

<sup>3</sup> Article 29 PCT.

<sup>4</sup> Article 30 PCT.

## **Part IV LAW OF PATENTS**

### **CHAPTER 14 INTERNATIONAL PROTECTION OF PATENTS**

#### **14.10 Processing of international application at national level**

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In processing international patent application at the receiving office, the international search report takes place of the national patent office search report. On the same lines international preliminary examination report takes place of the national patent office examination report. After the completion of both international search and preliminary examination at international level the ball comes to the receiving office for further proceedings. International patents are granted by the national patent office's only when the application after completion of international phase enter national phase.<sup>5</sup> It is to be remembered that only international search and preliminary examination are done at international level under the PCT. The rest of the procedure is done at the national patent office as per the national patent laws. It is only the national patent office, (receiving office as per the PCT) which receives international application and transmits to international bureau and other designated countries where protection is sought.<sup>6</sup> Infact the national patent office could conduct international preliminary examination, international search and as well do the international publication as well. The same national patent office grants the international patent as per the national laws in consensus with the treaty. Soon after the completion of international search and international preliminary examination copies of reports will be sent to the respective designated states along with the copy of international application. For instance, if the designated state is India, the Indian patent office, would receive the above mentioned copies for further necessary action at national level.<sup>7</sup> In general national stage commences at the expiry of twenty months from the date of filing of the International application or from the date of priority. Within the period of twenty months from the date of filing the application the international preliminary examination, international search and as well international publication of the accepted application and the specification should be completed.

<sup>5</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 34.

<sup>6</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 139.

<sup>7</sup> U.S.C 371 National stage: Commencement.

## **Part IV LAW OF PATENTS**

### **CHAPTER 14 INTERNATIONAL PROTECTION OF PATENTS**

#### **14.11 Grant<sup>1</sup> and issue of an international patent**

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Patent is granted to the inventor after testing out its technical and commercial merits. Patent grant takes place after successful completion of process through which an applicant will have to get through. An applicant after fulfilling necessary requirements after providing sufficient evidence, after rebutting oppositions if any would get the grant of the patent. In case of international application, patent would be granted by the designated state. The designated state in the application which undertakes the post examination and search stage of the international application is responsible for the grant and issue of international patent. The grant and issue of patent would be according to the national law. There is no difference between the procedure of grant and issue of patent with reference to international patent application and a national patent application. It is the national patent office which does the act of granting the patent by following the national patent law in case of both international and as well as national applications. For instance, If India is designated state in an international application, the patent would be granted according to the Patent Act of India. The post examination and search stage of the international application would be done according to the procedure prescribed under the Indian patent law and the rules made there under. On payment of sealing fee and upon the request for sealing by the applicant, patent would be granted and sealed on an international patent application by the Patent office in India. The patent issued on an international application shall have same effect and force of a patent issued on a national application in India.<sup>2</sup> The term of patent issued under an international application is no different from that of a patent issued under a national patent application. The uniform patent term of twenty years as prescribed by the TRIPS agreement<sup>3</sup> is equally applicable to the patent claimed in an international application. Inventors who want to seek protection in more than one country can file international patent applications under the Patent Co-operation Treaty. The process of filing such applications involves designating the states where the protection is sought. At a time protection could be obtained in number of countries as sought by the applicant. International patent application can be filed from the state of domicile of the applicant and the patent office of the domicile country would be the receiving office of the application. Processing of the application takes place at international level and the grant of patent takes place at the national or domestic level. The mechanism of international patent application helps the inventor in obtaining protection in number of countries at a time through single application.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 38.

<sup>2</sup> U.S.C 375 Patent issued on international application: Effect.

<sup>3</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P. A-71.

## **Part IV LAW OF PATENTS**

### **CHAPTER 15 INFRINGEMENT AND ENFORCEMENT OF PATENTS**

Universally patents offer protection for a term of twenty years.<sup>1</sup> Protection is offered to the inventor as a reward to his efforts in inventing something, which is useful to the society. Patent monopoly gives an exclusive right to the inventor to use, make and exploit the invention. During the term of the patent it is only the patent owner who only can use or exploit the invention. Without his authorization no one can use or exploit the invention. If anybody uses or exploits the invention without the authorization of the patent owners, he or she does infringe the patent. Patent law offers remedies for infringement of a patent. The patent owner may institute an infringement suit to enforce his patent. The question of enforcement arises at the instance of infringement of the rights of the patent owner. However, as far as enforcement of patented inventions is concerned the international conventions like Paris Convention<sup>2</sup> or the TRIPS agreement<sup>3</sup> do not say anything comprehensively. International convention leaves the enforcement of patented inventions to the respective member states. Therefore, it the respective member state which must take all necessary steps to enforce a patented invention as per the local or municipal law.

<sup>1</sup> TRIPS: Article 27.

<sup>2</sup> International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998, p 67.

<sup>3</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.



## **Part IV LAW OF PATENTS**

### **CHAPTER 15 INFRINGEMENT AND ENFORCEMENT OF PATENTS**

#### **15.1 Enforcement of patented inventions**

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The patent law of U.S provides for certain mechanism for the purpose of the enforcement of patented inventions. The U.S patent law states that till the expiry of the period of a patent except the owner no other person can use or exploit the invention. If any person without the authorization of the owner happens to use the invention it does amount to infringing of a patented invention.<sup>4</sup> The US patent law provides for certain remedies to the patent owner against infringement. Remedies may be made available in the form of injunction, damages or compensation. In case of infringement a suit may be filed in a District Court, from the decision of the District Court appeal may be preferred to the Courts of Appeals for the Federal Circuit. From the decision of the Court of Federal Circuit again an appeal may lie to the Supreme Court of America. In the European Union, the European Patent convention provides for suit for infringement in cases of violation of rights in the patented invention. The member states of the European convention have provided for infringement actions in their respective domestic patent legislations. For instance the patent Act of U.K does talk about infringement action for patent violations. In the Indian scenario also the patent Act of India as amended in 2005 provide for infringement mechanism and remedies for patent violations. In this connection, it is pertinent here to know about; what exactly constitute an infringement of a patented invention.<sup>1</sup>

<sup>4</sup> U.S.C 271: Infringement of patent.

<sup>1</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 168.

## **Part IV LAW OF PATENTS**

### **CHAPTER 15 INFRINGEMENT AND ENFORCEMENT OF PATENTS**

#### **15.2 What constitutes infringement?**

---

Any unauthorized use or exploitation of a invention does constitute infringement of the patent on such invention. The infringer is liable to the patent owner.<sup>2</sup> The Patent Act in India Act states that it is the owner who can exclusively use and exploit the patented invention. If any person without the authorization from the owner uses, makes, exploits, sells offers to sell or imports the patented invention, he does infringe the patented invention. Accordingly, the following acts do constitute infringement.

- (1) Making, using, exploiting in any manner a patented invention.
- (2) Selling, offering to sell patented invention.
- (3) Importing the patented invention.

On the other hand importation of patented products by any person from a person who is duly authorized by the patentee to sell or distribute the product also does not constitute infringement.<sup>3</sup> The patent owner cannot claim against certain acts though such acts amount to infringement of the patented invention. If the government uses the patented invention without the authorization of the patent owner, there cannot be instituted infringement suits as the government can use any patented invention without any authorization from the owner.

<sup>2</sup> Patent Act was amended in the month of March 2005, it got the assent of the president in April 2005 in the same month the Act was published in the official gazette of India.

<sup>3</sup> The Act, section 107A: Certain acts not to be considered infringement. This section was inserted by the amendment made to the Act in 2002.

## **Part IV LAW OF PATENTS**

### **CHAPTER 15 INFRINGEMENT AND ENFORCEMENT OF PATENTS**

#### **15.3 Exceptions to infringement:<sup>4</sup>**

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There are certain exceptions to the act of infringement. Certain acts though involve unauthorized use or exploitation a patented invention but do not constitute infringement. For instance, any act of making constructing using or selling 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 any country that regulates the manufacture, construction, use or sale of any product does not constitute an infringement. The following acts even if involves unauthorized use of the patented invention do not constitute infringement:

- (1) Government use or exploitation of any invention.<sup>1</sup>
- (2) Using the invention for research or education purpose.
- (3) Making, using, offering to sell or selling within the country or import into the country a patented invention solely for uses reasonably related to the development and submission of information under a law in force.<sup>2</sup>
- (4) Use of an invention for research or study purpose.
- (5) Alleged use of an invention before the grant of the patent.

<sup>4</sup> Section 47 of the Patent Act.

<sup>1</sup> But the Government can use or exploit any biotech invention without the authorization from the patent owner subject to the payment of compensation. In such cases no infringement suit can lie against the government. Government use of any biotech invention is subject to the payment of compensation to the inventor.

<sup>2</sup> For instance: U.S.C 271: Infringement of patent, sub clause (e). However making, using, offering to sell or selling within the US or import into the US a patented biotechnology invention like a new animal drug or veterinary biological product which is primarily manufactured using recombinant DNA, recombinant RNA, hybridoma technology or other biotechnology methods or processes involving site specific genetic manipulation does constitute infringement of a patented invention.

## **Part IV LAW OF PATENTS**

### **CHAPTER 15 INFRINGEMENT AND ENFORCEMENT OF PATENTS**

#### **15.4 Who can sue against infringement?**

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A suit may lie against the action of infringement with an intension to make the infringer liable to the patent owner. Generally, the following persons are eligible to file sue suit against infringement.<sup>3</sup>

- (1) The patent owner or
- (2) Assignee or Licensee of the invention
- (3) Legal representatives of the patent owner

In case of infringement the burden lies on the patent owner to prove that the action of the defendant does amount to an infringement of his patent. If the patent owner happens to prove the infringement, than, the burden shifts to the defendant to disprove the alleged infringement of the patent. In case if the defendant claims the invalidity of the patent than the burden lies on him to prove that the patent is invalid. The validity of the patent is presumed in infringement cases therefore the defendant should prove the invalidity of the patent in such cases.

<sup>3</sup> David Bainbridge, *Intellectual Property*, 5th Edn, first Indian Edition, 2003, Pearson Education, Delhi, 2002, p 403.

## **Part IV LAW OF PATENTS**

### **CHAPTER 15 INFRINGEMENT AND ENFORCEMENT OF PATENTS**

#### **15.5 Instituting infringement proceedings**

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The patent owner or the legal representatives of the patent owner can institute infringement proceedings. The assignee or licensee of the patent with the authorization from the owner can also institute infringement proceedings. Besides, the authorized exclusive licensee shall have same powers and rights as of the registered owner in case of the infringement of the patent.<sup>4</sup> On the same lines, any person to whom a license has been granted shall be entitled to call upon the patent owner to initiate proceedings to prevent any infringement of the patent. If the patent owner neglects or refuses to institute infringement proceedings a licensee may in his name or in the name of the patent owner can institute infringement proceedings.<sup>1</sup> Infringement proceedings shall be instituted in any Court not inferior to a District Court. A suit against infringement must be transferred to the High court when a counter claim for revocation of the patent is made.<sup>2</sup> The burden of proof lies on the plaintiff/patent owner to prove that the alleged product is identical or similar to the patented product or the alleged product has been obtained from the patented process since the product is identical or similar to the product obtained from the patented process. If the applicant proves that the alleged product is a result of using a patented process or is identical or similar to the patented product the burden shifts to the defendant to prove that his product has not been obtained from the patented process or his product is not identical or similar to the patented product.<sup>3</sup> Meanwhile, prior to the institution of infringement proceedings any person can institute a suit for declaration that such use of any process or the making, use or sale of any article does not or would not constitute an infringement of any patented invention.<sup>4</sup> Such suit for declaration could be instituted only if the plaintiff in such suit had approached the patent owner to acknowledge to the above effect and the patent holder refused or neglected to give such an acknowledgement. The procedure to be followed in conducting a suit for infringement is not laid down under the act or the rules made there under. Therefore, the procedure for patent infringement suits could be under the provisions of Civil Procedure code. The section 158 of the Act empower the High Court to make rules for the conduct and procedure of suit proceedings. The period of limitation for bringing suits for infringement of patent is governed under the Indian Limitation Act. Section 40 of the Limitation Act states that three years should be the period within which the suit for an infringement should be brought in. Therefore, from the date of cause of action, that is date of infringement within three years suit for infringement should be brought in, otherwise bar of limitation period applies to such suits.

<sup>4</sup> The Act, section 109 Rights of exclusive licensee to take proceedings against infringement. The exclusive licensee is entitled to such remedies for infringement in the form of injunction or damages or accounts of profits.

<sup>1</sup> Patents Act, 1970, section 110 Right of licensee to take proceedings against infringement.

<sup>2</sup> Ibid, section 104 Jurisdiction.

<sup>3</sup> The Act, section 104A: Burden of proof in case of suits concerning infringement. This section was inserted by the patented amendment Act, 2002.

<sup>4</sup> The Act, section 105 Power of court to make declaration as to non-infringement.

## **Part IV LAW OF PATENTS**

### **CHAPTER 15 INFRINGEMENT AND ENFORCEMENT OF PATENTS**

#### **15.6 Defenses in case of infringement**

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Defence is natural phenomena and it should not be abridged by any procedure practiced under law. Accordingly, the alleged infringer has got certain defenses<sup>5</sup>, which he or she can claim for in infringement suits. In such cases the infringement suit could be disposed of only after addressing and assessing the defenses claimed by the alleged infringer. The validity and reasonability of such defenses would be put a test to by the law courts. There could be a number of defenses which the alleged infringer may contend or counter claim in the infringement proceedings. For instance, there may be a counter claim alleging the invalidity of the patent. Such claims make the infringement proceedings very interesting and at the same time, it gives rise to contesting and conflicting of interests. Let us examine the various defenses available to the infringer in this regard. In general, the following are the defenses that could be claimed by the alleged infringer:

- (1) The patent owner is not entitled to the patent as he is not the original inventor or he has got no right to apply for patent.
- (2) The patent was obtained through misrepresentation or fraud.
- (3) The patents owner's rights have been exhausted.<sup>1</sup>
- (4) The patented invention does not meet the requirement of patentability.
- (5) The patented invention is not novel as it was existing in the public domain prior to the grant of the patent.<sup>2</sup>
- (6) The patent is invalid and could not be protected.<sup>3</sup>
- (7) The patented invention does not involve an inventive step and is obvious in the light of the prior art.
- (8) Specification of the invention provided in the patent application does not define the invention properly.
- (9) Specification does not enable a person skilled in the art to reduce the invention to practice.<sup>4</sup>
- (10) The method disclosed by the inventor to practice the invention does not set out the best mode of practicing the invention.
- (11) The inventor has concealed the best mode of practicing the invention while obtaining the patent.
- (12) The alleged infringer or the defendant acting in good faith actually reduced the subject matter to practice and commercially used at least one year before the effective filing date of the patent involved in the issue.<sup>5</sup>
- (13) The patent owner did not exploit the invention or the invention is not exploited in a way to satisfy the needs of the public.
- (14) The products of the patented invention are not available to the public at affordable prices.

- (15) Use made of the invention is for research or education purposes
- (16) Use made of the invention is for public purpose and is authorized by the government.
- (17) The claims in the patent are too broad.

The patent Act of India, the U.S patent code and as well the European Patent Convention does illustrate the above defenses for the acts of infringement.<sup>1</sup> An alleged infringer can defend his act on the same grounds on the basis of which a patent can be opposed or<sup>2</sup> revoked.<sup>3</sup> The alleged infringer can counterclaim the invalidity of the patent on the grounds like: lack of novelty, inventive step, insufficient specification, invention not patentable, wrong mention or not mentioning of biological sources used for the invention if any, broad claims etc., While adjudicating infringement suit the Court may take help from scientific advisors.<sup>4</sup> In order to determine whether an act does constitute infringement of an existing patent or not an investigation into the scientific and technical merits of the invention and of the alleged act should be done. Since, judges may or may not be having scientific and technical expertise in it is advisable to take assistance from the experts in the field in determining the acts of infringement, novelty, inventive step or such other technicalities of the invention. It is advisable while addressing patent validity claims and as well broadness of claims of the patented invention in the dispute. The opinion of the experts may help the Court in claim construction and interpretation to trace out the scope of monopoly and the substance of the alleged infringement.

<sup>5</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 169.

<sup>1</sup> U.S.C 273 Defense to infringement based on earlier inventor.

<sup>2</sup> U.S.C 282: Presumption of validity defenses.

<sup>3</sup> U.S.C 273: Defense to infringement based on earlier inventor.

<sup>4</sup> Tressa Jennifer James, *Implications of the best mode requirement on patents involving biotechnology*, 2001-2002, Houston Business and Tax Law Journal.

<sup>5</sup> U.S.C 273 Defense to infringement based on earlier inventor.

<sup>1</sup> The Act, section 107 Defenses in suits for infringement.

<sup>2</sup> Ibid: section 25 for grounds of opposition.

<sup>3</sup> Ibid: section 64 for grounds for revocation.

<sup>4</sup> The Act, section 115 Scientific advisors.

## **Part IV LAW OF PATENTS**

### **CHAPTER 15 INFRINGEMENT AND ENFORCEMENT OF PATENTS**

#### **15.7 Schools of thought on determining infringement**

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There are two schools of thoughts with reference to claim construction and infringement proceedings. One school of thought says that the interpretation of the claim should strictly on what has been mentioned in the claim and the specification. The claim has to be read as it is and no reading up, down or around the claim. This school of thought gives some liberty to others in practicing any improvement or advancement that is not clearly within the purview of the claims of the patented invention. Therefore, practicing anything not specifically covered in the claim does not amount to an infringement according to the first school of thought. The second school of thought in this connection says that ambiguity and loopholes in the claim drafting would not prevent the patent holder from what he has invented and obtained patent on. The second school of thought runs in favor of the inventor by extending protection to the real meaning and scope of the invention even if the same is not properly or completely drafted and mentioned in the claim and specification. According to this school of thought an act amount to infringement if it is principally within the protected range of the invention even the same is not specifically and clearly mentioned in the claim. It is the perceptions of this school of thought which are ventured in the form of doctrine of equivalents.



## Part IV LAW OF PATENTS

### CHAPTER 15 INFRINGEMENT AND ENFORCEMENT OF PATENTS

#### 15.8 Infringement of patents and Doctrine of equivalents

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While adjudicating the infringement suits, courts do follow certain practices and doctrines. These doctrines are regularly used by the law courts, in deciding the infringement suits. In particular, the "doctrine of equivalence"<sup>1</sup> plays an important role in deciding infringement cases. The doctrine says, where there is no substantial difference between the accused invention and the previously patented invention, the accused invention is equivalent to the patented invention and falls within the purview of the doctrine of equivalents and therefore infringes the patented invention. United States Federal Courts and Courts in United Kingdom, have adopted this doctrine in deciding several patent infringement cases.<sup>2</sup> Courts, while adopting this doctrine often apply function way result test, which examines whether the accused invention performs substantially the same function as the patented invention in substantially same way to obtain substantially the same result.<sup>3</sup> Further courts use to examine the interchangeability<sup>4</sup> between each element of the accused invention and its corresponding element in the patented invention. According to the doctrine, if the accused invention is substantially similar to the patented invention and performs the same functions in the same way that the patented invention performs than the accused invention infringes the patented inventions. The doctrine of equivalents holds that one cannot avoid infringement by making immaterial or insubstantial changes to the patented invention and take it beyond the scope of the patent claim using the loopholes in the language of the patent claim.<sup>5</sup> The doctrine of equivalent is viewed to be in favor of the inventor or the patent owner in holding that ambiguities and loopholes in the language of the claim and the specification cannot preclude the inventor from holding on to what he has invented and owned. In this connection views of Lord Diplock are very important. In *Bristol-Myers Co (Johnson's) Application*<sup>6</sup> speaking for the House of Lords he states that;

*In essence what the law of patents is about is stopping people from using things. Where the invention claimed is not a process but a substance irrespective of the means by which it is produced, the rights of the patentees are infringed by anyone who makes or supplies that substance commercially for use by others even though he does not know that it is that substance he is making or supplying.*

Therefore, the intention of patenting is to stop others from using the invention which has been patented. If anybody who uses the patented invention it does infringe the rights of the patent owner and entitle him to have some legal remedies. Courts in England and US have regularly applied the Doctrine of Equivalents in judging patent infringement disputes quite successfully. Since, the claims in a patent specification are the principal determinants of the scope of the monopoly, claim construction and interpretation of claims are the main issues in an action for infringement. The need for claim construction is necessitated by two conflicting interests;<sup>1</sup>

- (1) First, is the interest of the inventor not to be destined to lose his right of exclusivity of all or part of his invention by reason of the imperfection of the legal system
- (2) The second is interest of the public; to be kept informed of the limits of the inventor's rights enabling others to formulate and build within the public domain beyond the patentee's rights.

In England, initially method of strict literal interpretation of the claim was followed, which; say that an act would amount to infringement if it strictly falls within the ambit of literal meaning and scope of the claim. This method had two fold effects; firstly, the claims were needed to be perfectly drafted covering all the variant aspects of the invention. Secondly, it would allow a potential infringer to escape from the liability on the ground of improper or ambiguous draft of claims to the disadvantage of the inventor. This led to the development of another doctrine called "Pith and Marrow Doctrine" in the spear of patent infringement. The notions of the doctrine were quite wide enough to catch the potential infringer. The doctrine brought textual infringement or taking substance from the patented invention within the meaning of infringement.<sup>2</sup> However, this doctrine was considered as a vague doctrine and there felt a need to a fresh approach on the issue of determination of patent infringement. Following the need for a new approach on interpretation of patent claims in *Catnic Components Ltd v Hill & Smith Ltd*.<sup>3</sup> House of Lords came with method of "purposive Construction" which says that the purpose of the claim drafted by the patent owner to be considered while adjudicating patent infringement suits. It was viewed that specification is a unilateral statement made by the inventor addressing those likely to have a practical interest in the subject matter of his invention. By specification it is informed about what is claimed and what its essential features are. These essential features constitute pith and narrow of the claim. A patent specification and claim should be given purposive construction rather than being purely literal based upon the verbal analysis of what has been understood by the language of the claim. If the persons having practical knowledge in the field to which the invention belongs to would understand the compliance of the words used in the claim as to be intended by the patentee to be essential part of the invention, it renders any variant to fall outside the claimed monopoly. It was opined that the purpose of the language used in the claim has to be understood and given effect, after assessing the same in the eyes of person having practical skill and experience in the field. Subsequently in *Kirin-Amgen Inc v Hoechst Marion Roussel Ltd*,<sup>4</sup> Lord Hoffman says that if a person skilled in the art understands the specification to have described and demarcated the claimed invention categorically, according to such understanding by the person skilled in the art in the light of the knowledge in the public domain, the claims of the invention and the alleged acts of infringement have to be interpreted and analyzed. If the inventor has used certain language not intentionally and purposefully to form part of the essential features of the claim and the invention, the analysis of such language would fall outside the purview of monopoly. Any alleged act with reference to such language in the claim would not amount to infringement of the patented invention. The intention of purposive construction is to focus on the intention and understanding of the persons skilled in the art with reference to what is claimed and what it encompasses. Once the purpose of the claim and its scope is clear, any alleged acts of infringement could be judged in the light of such purposive scope of the claim.

In USA in *Genetech v Wellcome Foundation Ltd*,<sup>1</sup> the Court of Federal Circuit applied the doctrine of equivalence to decide the infringement of a patent. The invention was a recombinant protein produced through recombinant DNA technology, which activates the protein tissue plasminogen and converts it to plasmin.<sup>2</sup> The defendants were producing a modified protein through recombinant DNA technology with same activating function. The patentees filed infringement suit against the defendants (Wellcome Foundation Ltd) alleged to have infringed the patented invention. While testing the defendants method with doctrine of equivalents the court observed that "though the defendants practiced recombinant DNA technology to produce the recombinant protein the same end product as produced by the patent holders, the methods to bind to the fibrin in order to produce the recombinant protein is different" and not equivalent to the method involved in the patent. Eventually it was decided that the practice of the invention of the defendants does not amount to infringement of the patent in the dispute since there is no substantial equivalence. Therefore it can be

inferred that as per the doctrine of equivalence when there is no substantial difference between the patented method and the accused method, the practice of the accused method does infringe the patented method. However, if there existed difference between the patented method and the accused method even when the end product is same and the technology is same the practice of the accused method does not amount to infringement of the patented method. The presumption is that if a product is allegedly made out of a patented process it is deemed to be so when there is a substantial likelihood existing that the product was made by the patented process, and when the plaintiff in the suit for infringement was able to determine the actual process involved in producing alleged products. In such circumstances the burden lies on the alleged infringer to prove that the patented process does not make the alleged product.<sup>3</sup> Further, *Regents of University of California v Eli Lilly*,<sup>4</sup> illustrates how invalidity or insufficiency of description could be successfully taken as a defense in patent infringement cases. A patent, which suffers from insufficient disclosure, cannot be maintained and no suit can be instituted against infringement of the same. In Europe in *Chiron Corp v Murex Diagnostics Ltd*,<sup>1</sup> a patent infringement suit was adjudicated considering the counter claims of invalidity of the patent. The plaintiffs have patent on the kits/method of detecting the presence of Hepatitis-C virus. The invention involves the determination of the genetic sequence of the Hepatitis-C virus. The defendants started manufacturing and selling their own kits for the detecting the presence of Hepatitis-C virus. The petitioners filed a suit alleging infringing of their patent by the defendants and they wanted to prevent the defendants from selling their own immunoassay kits. The defendants counter claimed the invalidity of the patent. They contended that the invention does not involve an inventive step, as it was available in the public domain. The determination of the genetic sequence of the Hepatitis-C virus is does not involve an inventive step as the presence of the Hepatitis-C virus could be established by conventional methods of tissue culture growth, microscopic growth or genomic characterization. Meanwhile, the Court by taking a scientific view of the invention and the relevant prior art in the public domain viewed that the invention involves the identification and sequencing of a specific stretch of genetic material responsible for causing Hepatitis-C virus. It was observed that the genetic material is not available to be easily isolated and moreover it is not available in the purified form. The identification and purification of the genetic material does involve immense creative work. The invention was not general in nature, it was specific and having substantial utility in identifying virus causing Hepatitis-C. Besides, rebutting the contention that the invention was in the public domain, it was held that the prior art was not consisting of such a genetic material. There was no evidence in the prior art suggesting the subject matter of invention prior to the date of the patent application It was observed that the conception of the invention involves an inventive step. The Court by striking down the contention of the defendants upheld the validity of invention. Further, it was held that the defendants who produced kit for the detection of the detection of Hepatitis-C have infringed a valid patent on the production of kit for the detection of Hepatitis-C virus. Accordingly, the patentee was granted suitable remedies in the form of; an injunction restraining the defendants from producing the kit and damages to compensate the loss suffered by the patentee due to the selling of infringed kits by the defendants. In contrast to the above decision in *Biogen v Medeva*<sup>2</sup> the Court invalidated a patent in an infringement suit. The claims were for genetically engineered DNA molecules coding Hepatitis-B virus.<sup>3</sup> The claims were broad enough to cover any recombinant DNA molecule, which expresses Hepatitis-B virus in any host bacterium. The claims included expression of a protein crucial in producing vaccine for Hepatitis-B. The plaintiffs brought infringement suit against the defendants who were producing vaccine for Hepatitis-B virus.<sup>1</sup> Defendants raised different issues in defense in the infringement suit. They counter claimed the invalidity of the patent on the ground of broad patent, lack of inventive step, insufficient disclosure of the invention. Defendants argued that the invention does not involve inventive step as it was in the public domain at the time when the patent application was filed.<sup>2</sup> Further, the

application does not disclose the invention sufficiently to enable a skilled person to practice the invention. They further argued that the inventor described a method to produce recombinant DNA molecules coding for Hepatitis-B. However, they claimed patent on any recombinant DNA molecule coding for Hepatitis-B virus in any host cell. Therefore, the claims in the patent are broad, hence the patent is invalid. House of Lords<sup>3</sup> observed the prior art consisting of large fragments of Hepatitis virus. It was viewed that the inventor produced DNA molecules by using the available large fragments of Hepatitis-B virus. It was viewed that the description of the method to produce recombinant DNA molecules coding for a protein useful in the production of vaccine against Hepatitis-B does not enable a person skilled in the art to practice the invention on any recombinant DNA molecule to express the genes of any Hepatitis-B virus in any host cell. In the light of the above observations House of Lords held that; the patent is invalid on the ground of lack of inventive step. Further, it was held that the inventor could not describe the invention sufficiently, which forms another ground to declare the patent invalid. It was also held that the patent involves broad claims, which the applicant did not conceive and describe. Eventually the infringement suit instituted by Biogen was dismissed. The case illustrates how the defendant can take defenses such as invalidity, lack of inventive step, insufficient disclosure and broad claims in infringement suits. In case of invalidity of the claims the patentee cannot claim against infringement, because invalid patents are not enforced against infringement. No remedy is available for the infringement of a patent, which is invalid. The burden lies on the patent owner to prove the infringement with relevant evidence and as well the validity of his patent if counter claim of invalidity is made by the defendants. The patent owner must prove beyond doubt that the defendant has used his patented product or process without his authorization. He must also prove that the alleged product or process is substantially similar or equivalent to the patented invention.

In India also the doctrine of equivalents as followed in England and US was closely observed in deciding patent infringement disputes by the courts. The notions of pith and substance and as well purposive construction were also equally observed by the courts. In *FH & B Corporation v Unichem Laboratories*,<sup>4</sup> a suit for patent infringement under section 29 of the Patent Act was adjudicated. The invention was pertinent to manufacturing of new urea and salts of those compounds granted a patent under the Indian Patent Act. When the defendants started working on a similar process, the plaintiffs instituted suit for infringement proceedings against the defendants. Defendants counter claimed invalidity of the patent on the grounds of; insufficiency of description, want of monopoly, no novelty and no inventive step. The court felt that the onus of proving the invalidity was on the defendants. However, while looking into the invalidity of the patent on the above grounds, the court observed that patent holder had given as many as 40 examples with reference to the making and working of his invention in the description. It was viewed by the court that following those examples there would no difficulty in practicing the invention. It was viewed that alleged knowledge as to have reflected in the prior art not necessarily make the invention obvious, because practical application of an idea and rough knowledge about the idea or totally different. The court also opined that the patent holder had detailed about the various steps and techniques involved in the making and application of his claimed invention, which are totally new. On these findings the court opined that claims of invalidity of the patent stands rejected and the act of the defendant's amount to infringement. The plaintiffs were granted injunction stopping the defendants from further continuing with their act constituting infringement and were ordered to deliver up or destruction of all articles made in infringement of the plaintiffs patent. This case is an example for patent infringement proceedings in India where in invalidity of patent was claimed unsuccessfully by the defendants on the basis of doctrines such as doctrine of equivalents and the like.

In *Hoffmann-La Roche Ltd v Cipla Ltd, Mumbai Central*,<sup>1</sup> F Hoffmann-La Roche Ltd. and OSI Pharmaceuticals Inc., filed the suit for permanent injunction restraining

infringement of patent, rendition of accounts, damages and delivery against Cipla Ltd. Mumbai. Indian Generic manufacturer Cipla won this landmark case in the Delhi High Court. The case is the first Patent Litigation in India post India's 2005 Product Patent Regime which included public interest and pricing issues in addition to India's section 3d that prevents evergreening. The case was followed by Pharma Giants worldwide. Roche sued Cipla in 2008 before Delhi High Court claiming that Cipla's generic product Erlotinib violates former's Indian '774 patent claiming "Erlotinib Hydrochloride". The trial Judge rejected Roche's appeal to grant interim injunction restraining Cipla from selling generic version of Tarceva on the grounds of public interest and the fact that there was an ongoing patent revocation proceedings against '774 patent. Cipla's generic version costs about one-third of Roche's patented drug. Roche's subsequent appeal to Division Bench also failed when not only did the bench uphold the findings of Trial Judge but also imposed costs on Roche for suppression of material patent information about Roche's later filed application in India.<sup>2</sup> This was the Patent Application which was actually on Polymorph Form B of Erlotinib Hydrochloride but was rejected in 2008 Roche's subsequent appeal before the Supreme Court (SC) challenging the order passed by the division bench got dismissed due to the ongoing trial at the Delhi High Court. Further, in *Bajaj Auto Ltd v TVS Motor Co Ltd*,<sup>1</sup> the matter involved was the controversy regarding the unauthorized application of the patent of the DTSi technology. The case became very vital regarding the doctrine of pith and marrow also termed as Doctrine of Equivalents. The plaintiffs (Bajaj Auto Ltd), along with the state of Maharashtra alleged the defendants (TVS Motor Company Ltd.) of infringement of the patents of the plaintiffs, which apprehended the invention of the technology of advanced internal combustion engine. The case engaged the questions of patent infringement by the defendant and the damages for the same while throwing light upon the argument regarding justification of the risks issued by the defendant of the same case. The plaintiffs sought remedy of permanent injunction and damages for obstructing the defendants from using the technology or invention prescribed in the patents of the plaintiffs; and for obstructing them from marketing, selling offering for sale or exporting two-third wheelers (including the proposed 125cc TVS FLAME motorcycle) that consisted of the disputed internal combustion engine or product that infringed the patent. 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.

<sup>1</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 174.

<sup>2</sup> Manu Luv Shahalia, *Perspectives in intellectual property law, many sides to a coin*, 2003 Edn, Universal Law Publishing Company Pvt Ltd, Delhi, p 177

<sup>3</sup> *Graver Tank and Manufacturing Co v Linde Air Products Co*, 339 US 605 (1950) at 607-608.

<sup>4</sup> *Warner-Jenkinson Co v Hilton Davis Chemicals Co*, 520 US 17 (1997) at 25-28.

<sup>5</sup> NS. Gopalakrishnan & TG Agitha, *Principles of Intellectual Property*, 1st Edn, 2009, Eastern Book Company, Lucknow, p 461.

<sup>6</sup> 1975 RPC 127 at 153 (HL).

<sup>1</sup> NS. Gopalakrishnan & TG Agitha, *Principles of Intellectual Property*, 1st Edn, 2009, Eastern Book Company, Lucknow, p 460.

<sup>2</sup> Willian Aldous et.al., *Terrel on the Law of Patents*, 13th Edn, p 174-177.

<sup>3</sup> 1982 RPC 183.

<sup>4</sup> (2005) 1 All ER 667.

<sup>1</sup> 29 F.3d 1555 (Fed.Cir.1994).

- 2 Donald S Chisum, Craig Allen Nard, Herbert F Schwartz, Pauline Newman, F Scott, *Cases and materials on Principles of Patent Law*, 1996, New York Foundation Press, New York, p 1253-1271.
- 3 U.S.C 295 Presumption: Product made by patented process.
- 4 (1997) 119 F.3d 1559 (Federal Circuit).
- 1 (1997) RPC 535 CA.
- 2 (1997) RPC 1.
- 3 The claims included expression of a protein crucial in producing vaccine for Hepatitis-B.
- 1 Manu Luv Shahalia, *Perspectives in intellectual property law: Many sides to a coin*, 2003 Edn, Universal Law Publishing Co. Pvt. Ltd, Delhi.
- 2 WR Cornish, *Cases and materials on Intellectual property*, 1999, Sweet and Maxwell, London, 3rd Edn.
- 3 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 182.
- 4 AIR 1969 Bom 255.
- 1 RFA (OS) Nos. 92/2012 & 103/2012, Judgment Delivered on: 27 November 2015 and revised on December 8th, 2015.
- 2 IN/PCT/2002/00507/DEL.
- 1 JT 2009 (12) SC 103.

## **Part IV LAW OF PATENTS**

### **CHAPTER 15 INFRINGEMENT AND ENFORCEMENT OF PATENTS**

#### **15.9 Remedies available to the patent owner**

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The patent Act states that the owner of a patent shall get certain remedies on infringement of his patent. According to the Act the patent owner may seek relief<sup>2</sup> in the form of injunction to refrain the infringer from continuing with the alleged act of infringement of the patent or in the form of damages or accounts of profits to compensate the loss suffered. Interlocutory Injunction can be sought even pending the infringement proceedings as an immediate relief from the infringement to stop the infringer from continuing with the infringement. However, in such cases if infringement is not proved the applicant will have to compensate the defendant for refraining him from continuing his work. If the infringement is proved before the court of law, an injunction can be granted to permanently prohibit the infringer from continuing with the act of infringement of the patent. Besides, the court may award damages to compensate the loss suffered by the patent owner due to the infringement. Further, accounts of profits can be awarded which compels the wrong doer to deposit the money he made or the profit he earned through infringing the patent in question along with details of accounts. The Court may also order the seizure of infringing articles<sup>3</sup>, which are similar or identical to the patented product or the articles derived by using the patented process. If in the infringement proceedings it is found that any claim of the specification is invalid but other claim is valid relief may be granted only in respect of the valid claim.<sup>1</sup> However, Court shall not grant any damages or accounts of profit in infringement proceedings if the defendant proves that at the time of the alleged infringement he was not aware and had no reasonable grounds for believing that the patent on such product or process is in existence.<sup>2</sup> In *Ericsson v Xiaomi*<sup>3</sup> 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 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 that Xiaomi would only sell devices having Qualcomm chips. 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 5 January 2015. This amount was to be kept in a fixed deposit for three months during the proceeding of the case. In *Novartis v Cipla*<sup>4</sup> the 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 v 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 Patents 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. While, In *Vringo v ZTE* 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. In *Merck v Glenmark over "Sitagliptin"* the Supreme Court of India on Special Leave Petition filed by Glenmark stayed the Delhi High Court order which passed injunction against Glenmark for the generic drug Sitagliptin till 28th April 2015. Merck Sharp & Dohme filed an application for an ad interim injunction restraining the respondent/defendant Glenmark Pharmaceuticals from using its patented product Sitagliptin. The Delhi High Court conclusively held that all the three ingredients (*Prima facie*, Irreparable injury and balance of convenience) for passing the order of injunction were established by MSD and hence injuncted Glenmark from manufacturing and selling of Zita and Zitamet. Further, in *SYMED Labs v Glenmark Pharmaceuticals*<sup>1</sup> Symed Labs had sued Glenmark Pharmaceuticals Laboratories before the Delhi High Court for allegedly infringing two of its patents. First patent was granted for "Novel intermediates for Linezolid and related compounds" while the second patent was for "A novel process for the preparation of linezolid and related compounds. The court was convinced that the Plaintiff has got good *prima facie* case, there will be irreparable loss and injury because of the long uninterrupted use of patents and the balance of convenience also lies in favour of the Plaintiff. 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 court 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. In *Merck Sharp & Dohme Corp v Defendant Glenmark Pharmaceuticals Ltd*<sup>2</sup> the defendant was restrained by a decree of permanent injunction from making, using, selling, distributing, advertising, exporting, offering for sale or dealing. In *Enercon v Dr Aloys Wobben* the Supreme Court of India addressed the multiplicity of patent proceeding cases with respect to Invalidation, opposition and revocation. Dr Aloys Wobben has filed around 19 infringement suits before the High Court and Enercon India Limited have filed around 23 "revocation petitions" before the Appellate Board, praying for the revocation of the patents held in the name of the Dr Wobben. The respondents had also filed "counter claims" to the "patent infringement suits" filed by the appellant. Even though some revocation petitions have been settled by the IPAB, the same issues were being re-agitated by Enercon before the High Court. The Supreme Court of India following rules – firstly, if "any person interested" has filed proceedings under section 25(2) of the Patents Act, the same would eclipse all similar rights available to the very same person under section 64(1) of the Patents Act. This would include the right to file a "revocation petition" in the capacity of "any person interested" (under section 64(1) of the Patents Act), as also, the right to seek the revocation of a patent in the capacity of a defendant through a "counter-claim" (also under section 64(1) of the Patents Act). Secondly, if a "revocation petition" is filed by "any person interested" in exercise of the liberty vested in him under section 64(1) of the Patents Act, prior to the institution of an "infringement suit" against him, he would be disentitled in law from seeking the revocation of the patent through a "counter-claim."<sup>1</sup>

The objective behind enforcing patents against infringement is to guarantee exclusive rights on the invention to the patent owner. Such rights are granted for a particular period of time. During such period if anybody uses the invention without the authorization from the patent owner he does infringe the patent there by violating the rights of the patent owner. In order to prevent such infringement activities patent law enforces patents. The question of enforcement of patent does arise only in case of infringement. If there is no infringement the question of enforcing the patent does not



arise. In case of infringement certain remedies are guaranteed to the patent owner for having suffered loss due to the infringement of his patent. Using of the patented invention after the period of twenty years does not constitute infringement. A patent is protected only for a certain period and during that period patents are enforced against infringement. After the expiry of the period of patent when it falls into the public domain, anybody can use the invention without any authorization and without infringing any patent rights. Patents are enforced against infringement or violation of rights conferred by the grant of patent. Any unauthorized use of the patented invention amounts to infringement. However, use of the invention for study, research purpose does not constitute infringement. Enforcement of patents against infringement makes certain remedies available to the patent owner. The remedies would compensate the owner of the patent for having suffered loss due to the infringement of patented invention.

2 Ibid: section 108 Relief in suit for infringement.

3 Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008,

1 The Act, section 114 Relief for infringement of partially valid specification.

2 Ibid: section 111 Restrictions on power of court to grant damages or accounts of profit against infringement.

3 Civil Suit (Original Side) No. 1045 of 2014, 1, 8, [Del HC] (13 March 2015).

4 (OS) 21/2015 & CM Nos. 731/2015, 1288/2015, 2090/2015, delivered on 9 March 2017.

1 MIPR 2015 (1) 310: (2015) 61 PTC 485 Del.

2 MIPR (2013) 2 249: 201 (2013) DLT 126.

1 <https://iiprd.wordpress.com/2015/04/29/recent-patent-litigation-cases-2014-15-india/>, last visited 13 January 2018.

## **Part IV LAW OF PATENTS**

### **CHAPTER 16 PRODUCT PATENTS AND PATENTING OF ESSENTIALS**

There is probably no country in the world where the pros and cons of intellectual property protection in particular product patenting of food articles and pharmaceuticals are under extensive debate than in India. Throughout the world the issue of product patenting of food articles (agriculture products) and pharmaceuticals has raised heated debates in the recent past. The concept of patents and patenting of products and process is not totally acceptable to socialistic or communist countries and even countries, which follow mixed political systems like India. Patent system prioritizes private property, over community property or public property which is against the principles of socialism.<sup>1</sup> Patent system has developed and got deep rooted in the western countries, which follow capitalism and open market system.<sup>2</sup> It is perceived by the socialism that; the patent system echoes the capitalistic beliefs. Capitalism broadly encourages private monopoly rights and open market system. Nevertheless, in the sphere of technological and scientific advancements which are making big strides in the modern world, patent system considered as the facilitator of such growth gained enormous significance.

Patents draw special attention since they provide incentives for research and development and involve granting of private monopoly rights over inventions. Today patent system has become deep rooted in almost all the political systems including socialist and communist countries diluting the original fabric of the socialistic and communist beliefs. In the spear of globalization irrespective of policy or beliefs one follows, certain things have become inevitable. Globalization brought many changes with respect to the policies of the nations and the belief they follow. These changes have been warranted by the changing needs of the current world. For instance, all the member states of the TRIPS agreement<sup>3</sup> are support to extend patent protection to inventions in all the fields of technology and science without any discrimination. However, the policy makers endeavored to keep certain inventions away from the patent monopoly in the general public interest. In the sense inventions that feed the essential needs of the community at large were excluded from the purview of patents in order to avoid private monopoly. In particular essentials like food articles (agriculture products or substances or article which are used to produce food products) and pharmaceuticals were kept outside the purview of patent monopoly. However, the present trends in the patent system which mandate patents on any invention warrants granting of patents on essentials. The premise of policy of excluding the essentials from patent purview was to see that there is no private control over the public essentials such as food and medicine. It was done in pure public interest; however, the new trends suggest that patents are made available on the products of food and medicine and as well on the processes to produce such products.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 282.

<sup>2</sup> Sreenivasulu NS, *Product Patent Regime: Patenting of Food and Pharmaceuticals*, MIPR, September 2007, Vol 3, Pt 1, P. A-1.

<sup>3</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

## Part IV LAW OF PATENTS

### CHAPTER 16 PRODUCT PATENTS AND PATENTING OF ESSENTIALS

#### 16.1 Keeping track of changes in the patent system

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The western world that follows capitalism was unhappy with the patent systems in the countries like India for not granting product patents.<sup>1</sup> India was alleged to have encouraged reverse engineering<sup>2</sup> by way of not granting product patents which facilitates different process patents on the same product. The argument in support of product patents was that since a product can be produced through different processes granting process patents doesn't grant complete monopoly since it keeps open the invention to be exploited through any new process. Therefore the first person who invents a product cannot get proper reward, since only his invented process is rewarded with patent but ultimate result of the process is not patented. Western world argues that the Indian patent system in this way encourages reverse engineering.<sup>3</sup> It was viewed that if a product is invented and patent is given only for the process of producing the product, there is a possibility that by making minor changes in the existing process (reverse engineering) a new patent could be obtained on such altered process. Such practices would hurt the prospects of the first inventor. Therefore, it is felt that process patents encourage reverse engineering which involve: using of existing knowledge, making minor changes in the existing process and claiming the modified process as new. This would not happen if product patents are granted which prohibits anyone from dealing with the invention in any manner. The result will be complete monopoly and adequate reward to the inventor for his endeavors. The perceptions of the western world were clear in promoting product patents for the inventions. It is argued that these perceptions have been universally applied through the TRIPS agreement<sup>4</sup> which mandate granting of both product and as well patents in the inventions in all the fields. Most of the developing nations which have signed the agreement were not granting product patents earlier. However, having signed the agreement now all these states including India have been mandated to grant product patents in all the fields of technology, including food and pharmaceuticals. This is a major area of concern for developing countries like India which were not willing to see the product patent system in place. Besides, food and pharmaceuticals were forming exceptions even from process patenting<sup>1</sup> and granting product patents on food and pharmaceuticals is a complete reversal of the existing perceptions. Developing countries like India were asked to bring food and pharmaceuticals within the ambit of patents and to make product patents available for the same.

<sup>1</sup> Sreenivasulu NS, *Product Patent Regime: Patenting of Food and Pharmaceuticals*, MIPR, September 2007, Vol 3, Pt 1, P. A-1.

<sup>2</sup> Reverse engineering involves manipulating an existing process or method to produce a new process or method. India is alleged to encourage reverse engineering by not providing for product patents. Product patent does not allow manipulation of existing processes or methods since patent prohibits manipulating or dealing with the product in any way.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 287.

<sup>4</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

<sup>1</sup> Patent Act of India 1970, which does not provide for granting of product patents. Moreover under the Act food and pharmaceutical forms an exception to patenting.

## **Part IV LAW OF PATENTS**

### **CHAPTER 16 PRODUCT PATENTS AND PATENTING OF ESSENTIALS**

#### **16.2 Present trends in the patent system: product patents**

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The developed countries were aware of the fact that the developing countries through their process patent regime<sup>2</sup> have encouraged the manufacturing of drugs (through various processes) that were similar to the medicines and drugs having patents in the developed countries.<sup>3</sup> The TRIPS regime does not encourage such practice anymore any more through the stringent system it has formalized across the world.<sup>4</sup> It is felt that through product patents and patents on food, medicine and pharmaceuticals, the developed countries have taken the lead in trying to force even the poorest countries in the world to sacrifice their public health and the welfare of their people to preserve the interests of multinational corporations. It is felt that probably the worst single feature of GATT/WTO/TRIPS was the decision to include product patents for food and pharmaceuticals and apply them on developing and poor countries. This has effectively locked the developing countries in a system where they have no access to pharmaceuticals once they are patented. The similar kind of effect will take place in food sector also. Once product patents are allowed in the food sector access to these food articles will be curtailed. Patent holders could be at liberty to fix prices of the products, which are used for preparing food articles and pharmaceuticals. There is an apprehension that due to the grants of product patents on food articles and pharmaceuticals the basic essentials may go beyond the reach of the common man. Few multinational companies having patents will have control over the essentials of the society. It is felt that developed nations are working as tools for corporate interests who are able to pursue developed countries not only to adopt policies in their favor but also to pressurize the whole world to do the same. As mentioned earlier the Patent Act of India, 1970 was not providing for product patents on food and pharmaceuticals and the same were forming exceptions to patents on the whole.<sup>1</sup> Besides, the Act was authorizing the government to grant compulsory licenses on patented inventions in the public interest, if the invention is not available to the public at affordable prices. Compulsory license was a weapon in the armory of the government to control the prices of patented inventions including the ones on food and pharmaceuticals. But developed world is not in favor of compulsory licenses, despite immense pressure from these countries, developing countries were able to incorporate exceptions to the patent monopoly in the TRIPS agreement.<sup>2</sup> With these efforts of the developing countries now the TRIPS agreement authorizes the member states to provide for exceptions to patent monopoly or to dispense with patent monopoly in the public interest, when the patented invention is not been exploited properly to serve the needs of the society or when the price is too high and not affordable to the general public.<sup>3</sup>

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 288.

<sup>3</sup> Sreenivasulu NS, *Product Patent Regime: Patenting of Food and Pharmaceuticals*, MIPR, September 2007, Vol 3, Pt 1, P. A-5.

<sup>4</sup> It is feared that there are major international efforts to stamp out all pharmaceutical "piracy" anywhere regardless of the circumstances and the human cost, but these efforts go far beyond unauthorized drug manufacture to impose other restrictions as well.

<sup>1</sup> The Patent Act of India 1970 before amendments for details on the issue.

2 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 289.

3 Sreenivasulu NS, *Product Patent Regime: Patenting of Food and Pharmaceuticals*, MIPR, September 2007, Vol 3, Pt 1, P. A-6.

## **Part IV LAW OF PATENTS**

### **CHAPTER 16 PRODUCT PATENTS AND PATENTING OF ESSENTIALS**

#### **16.3 TRIPS<sup>4</sup> mandate: product patents on food and pharmaceuticals**

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Many of the developing countries including India do not provide patents on food and pharmaceuticals at all. Essentials form exception to patent monopoly in majority of developing countries. Countries like Angola, Argentina, Cuba, Egypt, Iran, Iraq, Kuwait, Zambia, Zimbabwe and India do not grant patents on essentials. Few countries like Canada though grant patents on essentials provide for compulsory licensing of the invention when the patented invention is kept away from the reach of the common man. On the same lines India does grant compulsory licenses on any patented invention if the price of the invention is not affordable to the common man. The concept of granting any kind of patent either product or process on essentials is not digestible to many developing countries including India. However, having ratified<sup>5</sup> the TRIPS agreement India amended the patent law in 1999 to implement the provisions of the agreement to grant exclusive marketing rights on pharmaceuticals pending the grant of product patent. Soon after this amendment thousands of applications were filed for product patents on essentials. Majority of the applications were on pharmaceuticals and drugs and few of them were on food items. Between 1999-2005, all the applicants who claim product patents on pharmaceuticals and food products were given exclusive marketing rights to sell their products in India until the patents are granted. These applications were opened for processing on 1-1-2005 when the transformation period to implement the TRIPS provision expired and TRIPS came into being for India.<sup>6</sup> Until 1 January 2005 all the applications were kept in sealed boxes called mailboxes. Further in 2002 and again in 2005<sup>1</sup> India amended its patent law to implement the provision of the TRIPS to its full extent. There is a lot of fear among common people that product patenting of essentials would deny them access to food and medicine. Since patent holders enjoy monopoly till twenty years, it is apprehended that they may fix very high prices to the products.<sup>2</sup> However, the Government states that there should be no such fear since compulsory license can be granted if the price of the patented medicine or food article is kept high. Besides, the Drug price control regulation which is in force in India regulates the prices of drugs and medicines in India. The government is trying to convince the common man by stating that the objective behind the government policy in this respect is to see that the price of the essentials is kept under check. From the public point of view; inventors could be given incentives and rewards for their efforts in the form of patents, but patents should not result in control of the market in few hands. The objective behind patent grants is to serve the purpose of the society by encouraging and stimulating further research and development. The purpose of any research should be the benefit of common man. We can support market incentives in the form of patent grants. However, we cannot support market extremism in the form of product patents and exclusive monopoly in particular over the essentials. It is felt that there is an obligation on the part of the government to guarantee access to patented inventions especially essentials such as food articles and medicine at affordable prices to the common man.

##### **16.3.1 Courts on pharmaceutical and drug patents in India**

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After the Indian Act became TRIPS compliant for the first time in 2007 a test with reference to whether Indian patent law is fully in tune with the TRIPS mandates are not came before the Madras High Court. In *Novartis AG v UOI*,<sup>3</sup> popularly known as the Glivec case the Madras High Court addressed the above issue. The claimed patent was

for imitinib mesylate sold under the trade name Glivec and used for curing Leukemia. The patent application was rejected on the ground that the claimed subject matter is not patentable since the element claimed was known and there is no enhancement in its efficiency. Novartis argued that claimed matter is a patentable subject matter within the meaning of Article 27 of the TRIPS agreement and has been granted patent by many countries. It was opined that if patent office in India does not grant patent it would amount to violation or non-compliance of the mandates of the TRIPS agreement<sup>4</sup> to which India is a party. The High Court of Madras took the view that the High Court is not an appropriate forum for addressing the raised issue and the parties shall approach other higher bodies including the Dispute Settlement Body of the WTO. When the matter was taken to the IPAB by the Novarties against the decision of the patent office in rejecting the patent application for Glivec the Board confirmed<sup>1</sup> the decision of the Patent office while holding that granting product patent to such an important drug would go against the interest of the public. Whenever there is a conflict between the public interest and the private interest, it is the public interest which shall prevail over. Novartis has taken the matter to the Supreme Court of India. Where in it was decided on 1st of April 2013 that Novartis cannot be given patent on life saving cancer drug. There was number of issues Supreme Court raised on the basis of which the patent was rejected. Public interest involved in the cancer drug, lack of absolute novelty in strict terms and ever greening of patents were the different issues that were addressed by the Supreme Court in this case. However, the most important issue on the basis of which the patent was rejected was that of public interest and availability of essential and life saving drug to the common man at affordable prices. Recently, the Delhi High Court took the view similar to that of the Madras High Court and the IPAB in upholding the Public interest in terms of keeping the drugs pharmaceuticals within the reach of the public. In *F Hoffmann-LA Roche Ltd v CIPLA*<sup>2</sup> a drug used to cure metastatic non small cell lung cancer was claimed for patent. There were oppositions to the claimed patent by CIPLA which intends to release generic version of the same drug. The Delhi High Court viewed that patent law though equipped to grant patents on inventions satisfying some technical criteria is not immune from reasonable restrictions in the interest of the public. Therefore, though the claimed drug is satisfying the technical requirements of patentability it is not necessary to grant patent if such grant is against the public interest. Patent office is not obliged to grant a patent on a drug if the grant of the patent is going to result in fixing the price of the drug not affordable to the common man. The above decisions by the High Courts, the IPR Appellate Board and the Supreme Court of India echo the public interest. The public policy windows have been successfully installed in the patent law and policy by the Indian judiciary in terms of upholding public interest in the above discussed cases. Therefore, at the moment the position in India is that patent may not necessarily be granted on essentials like food articles and drugs if it is against public interest or going to result in high prices which are not affordable to the public. The interest of the public would prevail over the interest of the drug, food and such other essential commodities producing companies.

<sup>4</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

<sup>5</sup> India was given 10 years of transformation period to implement the provisions of TRIPS, which ended on 1 January 2005. India made necessary modifications in the patent Act to implement the provisions of the TRIPS agreement on patents.

<sup>6</sup> Sreenivasulu NS, *Product Patent Regime: Patenting of Food and Pharmaceuticals*, MIPR, September 2007, Vol 3, Pt 1, P. A-7.

<sup>1</sup> The latest amendment to the patent Act was in 27 March 2005, which brings the patent Act in conformity with the TRIPS agreement.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 290.

3 (2007) 1 MJ 1153.

4 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

1 Intellectual Property Appellate Board in its decision dated 26 June 2009 *Novarties AG v UOI*, MIPR 2009 (2) 345.

2 159 (2009) DLT 243.



## **Part IV LAW OF PATENTS**

### **CHAPTER 17 TECHNOLOGY PATENTS: NEW TRENDS**

The system of patents has generated heated debates throughout the world in the recent past. Infact the patent system has developed amidst many controversies. At the same time system of patents is subjected to continuous changes in its philosophy and in its purview.<sup>1</sup> The recent controversy of patenting biotechnology inventions comprising of living beings raised several questions on the rationality of the patent system. Granting patents on living beings or on life was criticized since it allegedly involves conversion of life from nature's gift into private property. The principles of patent law broadly state that the invention must be a patentable subject matter to grant patent. Patentable subject matter has not been properly defined and there is no fixed boundary for its purview. As a consequence, it was interpreted depending upon the existing needs. In the light of rapid developments in science and technology its scope has been widened and expanded on several occasions giving rise to dramatic changes and new trends in patent law. A current development in the patent law and the trend of patenting of biotechnology inventions or patenting of life has brought changes in its philosophy and has literally altered the contours of patent law. How these changes took place or what made these changes to happen is a matter for concern.<sup>2</sup> In this connection it is very much pertinent to analyze the new trends in patent law leading to technology patents including patents on biotechnology and the living beings produced through biotechnology.

<sup>1</sup> Sreenivasulu NS, *New Face of Patent Law: Impact of information technology and biotechnology revolutions*, MIPR, March 2007, Vol 1, Pt 3, P. A-135.

<sup>2</sup> Sreenivasulu NS, *Patenting genetically modified life forms: Legal issues and Challenges*, July-Dec 2005, Indian Bar Review, Bar Council of India Trust, New Delhi, Vol XXXII, Pt (3&4), p 485.

## Part IV LAW OF PATENTS

### CHAPTER 17 TECHNOLOGY PATENTS: NEW TRENDS

#### 17.1 Biotechnology and its inventions

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Biotechnology is a study relating to the practical application<sup>3</sup> of living beings in different fields.<sup>4</sup> Basically it is a study relating to the practical application of living organisms in different fields for industrial purposes.<sup>5</sup> It is the technology, which uses living organisms or its parts for specific commercial use.<sup>6</sup> Modification and application of living beings for different practical purposes is possible through biotechnology. Today biotechnology is being used in different fields for better results.<sup>1</sup> It may not be untrue if it is said that there is no field where biotechnology has got no application.<sup>2</sup> The progress of the modern world is dependent on the development of biotechnology due to its diverse and significant application. Research in biotechnology has given rise to many inventions with enormous utility and commercial value. For instance, we have seen BT cotton, BT rice, BT tomato, BT potato and even recent BT brinjal which have been known for high yield being cost effective. On the same line we have seen the production of insulin through biotech methods, invention of various methods of cures and surgeries including gene therapy which is known for curing genetic diseases. We have seen genetically modified animals including cow giving high yield of milk, sheep giving high yield of woolen, and as well genetically modified rabbit, monkey and various other types of animals. In the spear of environment protection also biotechnology is being used for better results. In the field of fishers, forestry, poultry and many such industries and ventures biotechnology is being used for better results. It is this vast application of biotechnology makes it and its inventions commercially viable. It is the wide reach of biotechnology leading to great research and development which is giving rise to production of intellectual property. In particular various biotechnology inventions are being claimed for patent protection, since patent system is thought to be the most suitable regime of intellectual property which can accord protection to biotechnology inventions.<sup>3</sup> At this juncture an analysis of how biotechnology inventions as explained above became patentable subject matter would be very interesting and contesting.

<sup>3</sup> Sreenivasulu NS, *Biotechnology, Patents and Human Rights*, July 2012, International Journal of Law and Policy Review, School of Technology, Law and Development, National University of Juridical Sciences, Kolkata, Vol 1, Pt 2, p 147.

<sup>4</sup> Sreenivasulu NS, Dr C Basavaraju (ed), *Biotechnology and Patent Protection, Intellectual Property Rights*, 1st Edn, 2006, Serials Publications, New Delhi.

<sup>5</sup> Sreenivasulu NS, *Law relating to Biotechnology*, 1st Edn, 2016, Oxford University Press (OUP), London, p 6.

<sup>6</sup> Gabrielle J, *Agricultural biotechnology : Opportunities for International development*, 1990, CAB International, Wallingford, United Kingdom, p 31.

<sup>1</sup> Dr Talwar Sabanna (ed), *Information technology and Biotechnology, Globalization and WTO*, 2006, 1st Edn, Serials Publications, New Delhi, Vol 1.

<sup>2</sup> John E Smith, *Biotechnology*, 1996, 3rd Edn, Cambridge University Press, London.

<sup>3</sup> Sreenivasulu NS, *New Face of Patent Law: Impact of information technology and biotechnology revolutions*, MIPR, March 2007, Vol 1, Pt 3, P. A-140.

## **Part IV LAW OF PATENTS**

### **CHAPTER 17 TECHNOLOGY PATENTS: NEW TRENDS**

#### **17.2 Patentable subject matter**

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The new international agreement on Intellectual Property Rights, the Trade related intellectual property rights agreement (TRIPS) has mandated the member countries to provide for a mechanism<sup>4</sup> to guarantee patents in all the fields of technology if they are novel, non-obvious and industrially applicable.<sup>5</sup> The European Patent Convention (EPC) being the basis for the TRIPS agreement states: "any new, novel invention having industrial application is patentable."<sup>6</sup> These international legal instruments state that an invention should constitute a patentable subject matter to grant patent. However, both the agreements do not state what is patentable and does not define patentable subject matter. There is no specific mention of subjects or classes of inventions that are patentable but there provided exclusions for patenting. Therefore, it seems that the inventions, which are not specifically excluded or prohibited, constitute patentable subject matter.<sup>1</sup> The patent system varies from country to country. The US Patent Law talks about what is patentable. It says "whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent."<sup>2</sup>

The England patent law talks about what is not patentable. It states that inventions against public interest public policy and morality are not patentable. In India the Patent Act,<sup>3</sup> specifies what is not patentable and what is prohibited from the purview of patents. As a matter of practice inventions relating to life were kept outside the purview of patentable subject matter. As per the strict interpretation of patent laws living beings such as microorganism, plant and animal produced through natural or essentially biological processes are not patentable. However, the recent developments in the patent system articulate that natural living beings are prohibited from patenting but non-natural living beings produced through non-biological process like biotechnological processes are patentable. This innovative approach has laid foundation to the patenting of genetically modified organisms, which are technically and scientifically non-natural<sup>4</sup> living beings produced through biotechnology.

<sup>4</sup> Sreenivasulu NS, *Patenting genetically modified life forms: Legal issues and Challenges*, July-Dec 2005, Indian Bar Review, Bar Council of India Trust, New Delhi, Vol XXXII, Pt (3&4), p 486.

<sup>5</sup> Jayashree Watal, *Intellectual property rights in the WTO and developing countries*, First published 2001, Third impression 2002, Oxford University press, New Delhi.

<sup>6</sup> Gerald Kamsra, Mark Doring Nick Scott, Andrew Sheard, Henry Wixen., *Patents on biotechnological invention: The EC Directive*, Sweet & Maxwell, London, 2002, p 125.

<sup>1</sup> Jasmine Chambers, *Patent eligibility of biotechnological inventions in the US, Europe and Japan; How much patent policy is public policy*, 2002, George Washington International Law review.

<sup>2</sup> Sreenivasulu NS, *Biotechnology and patent law*, THE WORLD JOURNAL OF INTELLECTUAL PROPERTY RIGHTS, Jan-Dec 2005, Serials Publications, New Delhi, Vol 1, p 1-2.

<sup>3</sup> Section 3 of the Indian Patent Act as amended latest in 2005.

<sup>4</sup> Sreenivasulu NS, Dr CB Raju (ed), *Biotechnology and patent protection*, INTELLECTUAL PROPERTY RIGHTS, 2006, 1st Edn, Serials Publications, New Delhi.

## Part IV LAW OF PATENTS

### CHAPTER 17 TECHNOLOGY PATENTS: NEW TRENDS

#### 17.3 Doctrine of product of nature

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The Basic philosophy of conventional patent laws was that the life and living beings are products of nature, which are created by god. Almost all the religions say that life and living beings are the creation of God and cannot be owned by private individuals.<sup>5</sup> There is a doctrine under the conventional patent laws which say that products of nature could not be patented since are created by nature.<sup>6</sup> The product of nature doctrine was successfully used to deny patents on life and living beings.<sup>7</sup> Earlier, there were attempts to patent living beings but Patent offices and Courts were reluctant to consider living beings as patentable subject matter on the basis of the doctrine. In *Exparte Latimer*<sup>8</sup> it was viewed that products natural, biological products and living beings were not patentable. In, *American Fruit Growers*<sup>1</sup> again the fact that classical patent laws do not considered natural, biological products and living beings as patentable subject matter was reiterated. Further, in *Funk Brothers Seed Co v Kalo Inoculant Co*,<sup>2</sup> the claim was a mixed culture of different strains of microorganism, each of which was useful to inoculate the roots of different species of leguminous plants, assisting the plants in nitrogen fixation. Different species of root-nodule bacteria were existed in the nature. Applicants made efforts to combine the different species of bacteria in a mixed culture suitable for inoculating a range of crops. These attempts were failed because the different species inhibited each other's effectiveness in combination. The US Supreme Court rejected to consider the claimed living beings as patentable subject matter and denied the patent on the ground that the product belongs to nature.

There evolved a judicial doctrine "product of nature" which prohibits natural and biological products including living beings from patenting. It was held that the claimed bacterium is a natural bacterium that exists in the nature and there is no effort of the patentee to change its status of product of nature. At the time of the above decision living beings were not considered patentable and the concept of patenting of life was not known. Perhaps, cases such as *Latimer*, *American Fruit Growers* and the *Funk Brothers* have impression given was that something that is available in the nature, living beings, a mere discovery is not a patentable subject matter. However, at later point of time, there witnessed a change in the premises of patent laws. Patent offices and Law Courts started reconsidering their stands on the patenting of life. In the later stages of 1970s there witnessed remarkable change in the approach towards patenting life. In particular, the US judiciary known for its liberal and innovative approach, was pro-active in rewriting the purview of patentable subject matter to encompass living beings made through biotechnology. It is this approach of the judiciary which laid foundation for patenting of non-natural living beings produced through biotechnology and patenting life.<sup>3</sup>

<sup>5</sup> Sreenivasulu NS, *Patenting genetically modified life forms: Legal issues and Challenges*, July-Dec 2005, Indian Bar Review, Bar Council of India Trust, New Delhi, Vol XXXII, Pt (3&4), p 488.

<sup>6</sup> Sreenivasulu NS, *New Face of Patent Law: Impact of information technology and biotechnology revolutions*, MIPR, March 2007, Vol 1, Pt 3, P. A-1141.

<sup>7</sup> Sreenivasulu NS, *Patenting genetically modified life forms: Legal issues and Challenges*, July-Dec 2005, Indian Bar Review, Bar Council of India Trust, New Delhi, Vol XXXII, Pt (3&4), p 488.

<sup>8</sup> 1889, Dec. Com. pat. 123.

- 1 283 U.S 1.11.51 S.ct, 328, 330, 75 L.Ed. 801 (1931).
- 2 33 U.S 127 (1948).
- 3 Sreenivasulu NS, *Patenting genetically modified life forms: Legal issues and Challenges*, July-Dec 2005, Indian Bar Review, Bar Council of India Trust, New Delhi, Vol XXXII, Pt (3&4), p 489.

## **Part IV LAW OF PATENTS**

### **CHAPTER 17 TECHNOLOGY PATENTS: NEW TRENDS**

#### **17.4 Life as a patentable subject matter**

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The beginning of 1980s there witnessed a complete departure from conventional patent laws towards patenting life.<sup>4</sup> The product of nature doctrine that opposes monopolization of life in the hands of private individuals, which formed the basic premise in denying patents on life and living products, was overruled by the US Supreme Court to grant patents on life. Even before the adopting of liberal approach towards patenting life by the US judiciary in the European Union there witnessed few developments with respect to patenting the living inventions of biotechnology. In fact in the European Union, in particular in Germany in the case of *Red dove case*,<sup>1</sup> for the first time there raised few questions: whether life forms a patentable subject matter? Whether life is patentable? The invention claimed for patent was a method of breeding of doves. Interestingly, patent was rejected not on the ground of product of nature but on the ground that the breeding method was not repeatable. The patent office did not answer the questions raised and refrained from rendering an opinion with respect to the patentability of claimed living beings. It seems the Patent Office over here deliberately left the questions unanswered with a foresight of patenting life in the near future. Though patent were not granted on the claimed living being the decision of the Court kept the question of patenting of life and biological products alive.

##### **17.4.1 Life on the earth and its different forms**

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Before discussing how life, living products and biological material produced through biotechnology became patentable subject matter, it is pertinent to know the various forms of life on the earth. There are different life forms or species on the earth. Broadly speaking life on the earth encompasses different living beings like; plant, animal and microorganisms such as fungi, algae and bacteria and more. Perhaps, life forms such as plants, animal and microorganisms or parts there of, their genetic material and by products are considered as biological resources.<sup>2</sup> Biologically speaking life on the earth could be classified into two different forms namely; lower life forms and higher life forms. All the single cell organisms (microorganisms) like bacteria, fungi, algae and certain multi-cellular organisms like plants are considered as lower life forms. Apart from plants other multi-cellular organisms like animal and human being are considered as higher life forms. The ability of animal and human being to think and express, the developed nervous system are among the reasons which differentiate animal and human being from plants which are otherwise equally multi-cellular organisms. These biological differences were also part of debates and discussion with reference to the patentability of living beings.

##### **17.4.2 Patenting lower life: Microorganisms as patentable subject matter**

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Strictly speaking, till nineteen eighties life in any form was not considered as patentable. It was reported that in the early seventies German Federal Supreme Court upheld patent protection for new microorganisms, if the inventor were to demonstrate a reproducible way for its generation.<sup>3</sup> As the judiciary started moving towards considering life as patentable and the patent system was poised to patent life in *Rank-Hovis McDougall Ltd*<sup>4</sup> in Australia it was held that a naturally occurring micro-organism is not patentable, but a claim to a pure culture of such an organism in the presence of some specified ingredients, would be patentable as would a new process which uses a

naturally occurring micro-organism to produce a new product.<sup>1</sup> The implication of the decision was that non-natural and human made living beings such as genetically engineered or modified microorganism are patentable. This approach of the judiciary, which gave rise to conflicting arguments, was intensively debated all over the world. In fact it was not the fulfillment of technical requirements of patentability but the ethical issues involved in making life a patentable subject matter were the core issues of the debate. The debate on patenting life was much intensified with the decision of US Supreme Court in *Chakraborty* case<sup>2</sup> In this case the Court was confronted with few questions: whether life is patentable? Whether life constitutes patentable subject matter? The inventor Dr Chakraborty sought a patent on 'genetically modified bacteria being capable of eating oil spills.' Patent was opposed on the ground of product of nature; that the invention is related to life and the life does not constitute patentable subject matter. By exploding the conventional practices of patent law for the first time the US Supreme Court held that non-naturally occurring, man-made life such as genetically engineered microorganisms are patentable.<sup>3</sup> The US Patent Law states that "any invention or discovers any new and useful process, machine, manufacture or composition of matter or any new and useful improvement thereof, forms a patentable subject matter<sup>4</sup>". The same provision was liberally interpreted to encompass non-natural, man-made living beings like genetically engineered microorganisms as patentable subject matter. In response to the issue of product of nature the Court held that the microorganism in its claimed form does not exist in the nature; it was purely a product of human ingenuity that can be patentable. It was also held that the role of human agency and addition of human ingenuity differentiates a product of man from a product of nature. The Court eventually over ruled the long-standing premise under the conventional patent law that life is not patentable. The biotechnology industry, which is responsible for the innovations of non-natural, human made genetically engineered living beings, received major boost from the decision. The result is being, the plethora of patent applications before the patent offices throughout the world claiming genetically engineered microorganisms like bacteria, algae and fungi. Soon after the above decision the US patent office alone, granted patents on at least 500 applications claiming genetically produced inventions including living beings.

In Europe, in *Genentech-I/Polypeptide expression*<sup>5</sup> a living being was claimed for patent. The invention was a plasmid, a microorganism suitable for transforming a bacterial host, which included an expression control sequence or "regulon" which could enable the expression of foreign DNA as a recoverable polypeptide. The European Patent Appeals Board opined that only essentially biological processes and products thereof are excluded under patent laws, but non-biological processes and products thereof are not excluded. Therefore non-biological processes and products thereof are patentable under the convention. The Board viewed the present invention as a product of biotechnological processes, which in the opinion of the Board does not constitute essentially biological processes and held the same as patentable. The above discussed decisions have uprooted the philosophy that biological products are not patentable. They have formulated a new doctrine where in products of man or man made products including non-natural living matter produced through biotechnology as patentable.

#### **17.4.3 Plant as patentable subject matter**

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For the first time in *Expart Hibberd case*<sup>1</sup> the US Patent Office Board of Appeals viewed a mutant of maize plant<sup>2</sup> invented by the applicant as patentable. Initially the Patent Office refused to grant patent on the ground of products of nature. On appeal, the Board of Patent Appeals overturning the decision of the Patent Office held that claimed plant is patentable since it does not exist in the nature in the claimed form. Therefore, the claimed plant does not constitute product of nature but it constitute a product of man since it is non-natural and human made. Eventually, the Board laid a foundation for

patenting of non-natural plants such as genetically engineered or biotechnologically produced plants<sup>3</sup>. In Europe, in *Ciba Geigg* implying the stand of the EPO, the European Patent Office Technical Board of Appeal<sup>4</sup> granted a patented on a plant. By referring to the exclusions under the European Patent Convention the Board observed that EPC Article 53(b) prohibits only the patenting of plants and their propagating material in their natural form. It further opined that the propagating material claimed is not the result of an essentially biological process, but is a non-natural process of treating cultivated plants in the form of their propagating material. The Board held that the claimed invention is a non-natural plant, which is a result of treatment with chemical agents and held patentable. These decisions in USA and Europe have influenced the nations in terms of considering non-natural and biotechnologically produced plants as patentable.

#### **17.4.4 Patents on Higher life: Animal as a patentable subject matter**

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In *Exparte Allen case*<sup>5</sup> the Court was confronted with the question whether an animal constitute a patentable subject matter? The applicants claimed "oyster" an animal, which was rejected patent by the Patent Office and confirmed by the Appeals Board on the ground that the invention is a naturally existing living matter. Though patent was refused interestingly the Board did not deny the patentability of non-natural animal. Nevertheless, progress in science and research brought many non-natural animals, which were claimed for patent and there were number of applications claiming non-natural animal pending before the patent office. In light of these developments the US Patent Office issued a statement reflecting its policy on patenting of animals. The Policy statement says that the Patent Office now considers non-naturally produced non-human multi-cellular living organisms, including animals as patentable. Reflecting the policy of the US Patent Office for the first time in *Harward Oncomouse*<sup>1</sup> a non-natural animal was patented.<sup>2</sup> The claim was for a genetically modified mouse susceptible to cancer disease which was developed to be used in cancer research and drug development. The US Patent Office granted patent on "onco mouse" reflecting its change of approach on patenting animal. Again in the Europe in the same *Harward Oncomouse*<sup>3</sup> the European Patent Office also considered that the non-natural genetically engineered purpose based animal could be patented. The overall benefit of the society if any drug or medicine is found on cancer though testing the experiments involving the claimed mice were considered by the court in arriving at the decision. The decision of the Patent Office opened the door for patenting of various non-natural animals. As a result many non-naturally produced and genetically modified animals were patented. Based on the above two decision, later on patents were also granted on transgenic pig, rabbit, sheep and many more.

#### **17.4.5 Patenting biotech processes**

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Biotechnological processes being non-natural processes have been claimed for patents since patents are available to products as well as processes. The task of the inventors was to convince the patent office that biotechnological processes are non-natural and there is a role of human agency or human ingenuity involved in it. It is the human role or involvement, which differentiate their biotechnological process from that of any existing similar natural processes. In *Hybertech Inc v Monoclonal Antibodies Inc*,<sup>4</sup> a patent was claimed for process of utilizing proteins to fight against diseases. The process involves a technique to identify proteins in the body, produce such proteins outside the body and use the same for prescribed purpose. The inventors convinced the Court that the method is a non-natural and involves application of some technique. The process of utilizing the proteins produced in the human body for varied prescriptions outside the human body was found to be novel and non-natural and accordingly patent was granted. Further in *Re Wands*<sup>5</sup> patent was granted on a process



of detecting viruses causing hepatitis-B disease. In *Re Farrell*<sup>1</sup> invention was a process to produce foreign proteins in bacteria in a non-natural way. Meanwhile in Europe in *Chiron Corp case*<sup>2</sup> upholding the new trend of patent law a patent was granted on a process of producing proteins through in-vitro propagation of Hepatitis-C virus in a non-natural and biotechnological way. As a step further in *Pioneer Hi-bred International v Holden Foundation Seeds Inc*, human cloning methods were held as patentable.<sup>3</sup> However, at the same time it was held that human cloning is prohibited except for therapeutic purposes. As a matter of concern the patent law has witnessed certain unpredicted developments in patenting life.

#### **17.4.6 Patents on human genetic material: Human cells, genes and DNA**

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The race of patenting life has continued and reached a stage where patents were being claimed on human genetic material.<sup>4</sup> For the first time in the history of patent law in 1984 a patent was granted on a human cell line.<sup>5</sup> The cell lines are found to be useful in producing cancer-fighting protein and were isolated and purified from the body of a patient by name Moore. In the light of vehement oppositions centered on the ethics involved in, the claimants contended that the claimed human cell line is not available in the nature in its isolated and purified form. It involves laborious efforts to isolate and purify a genetic material. It was also contended that the claim is not for cell line in its natural form that exists in the human body, but for the cells line in the isolated and purified form. Patent was granted on the claimed cell lines as a reward to the endeavors in isolating and purifying the cell line useful in producing proteins to fight against cancer. It seems ultimately the benefit to the society was considered in patenting human cell lines and the same time ignoring the questions with reference to ethics and morals involved in such research and as well patenting. With this decision now human genetic material such as cells, genes and DNA have become patentable. In *Amzan Inc v Chugai pharmaceuticals Co Ltd* patent was granted on a DNA sequence coding human protein erythropoietin (EPO) and on the protein itself, in a highly purified form. (Erythropoietin is a protein that boosts red blood cell production). In another interesting development the US Court of Federal Circuit in *Re Vaeck* granted a patent on a chimeric gene, which is a combination of both an animal gene and a human gene. Again in *Re Bell* patent was granted on nucleic acid molecules i.e., DNA (Di-oxyribo Nucleic Acid) and RNA (Ribo Nucleic Acid) containing human sequences, proteins, amino acid sequences coding for human insulin like growth factors that play a role in the mediation of somatic cell growth on the administration of growth hormones. Further in *Re Deuel* patent was granted on DNA and cDNA (composite DNA) encoding Heparin-Binding Growth Factors (HBGR) that stimulate cell division and facilitate the repair or replacement of damaged or diseases tissue. For the first time in Europe In *Relaxin case*<sup>1</sup> the EPO happened to decide whether human genetic material are patentable or not.<sup>2</sup> The claim was for a gene coding for a hormone called relaxin. The hormone is expressed in the body of a pregnant woman during the time of delivery to relax the body that labored and suffered pain in delivering baby. It was first case where a patent for genetic material was claimed in the European Union. Patent was granted by opining that EPC does not exclude genes in isolated and purified form from patenting. Meanwhile, in England in *Novartis case*, human genes were held to constitute patentable subject matter.

<sup>4</sup> Sreenivasulu NS, *New Face of Patent Law: Impact of information technology and biotechnology revolutions*, MIPR, March 2007, Vol 1, Pt 3, P. A-141.

<sup>1</sup> Jayashree Watal, *Intellectual property rights in the WTO and developing countries*, First published 2001, Third impression 2002, Oxford University press, New Delhi, p 152.

<sup>2</sup> Sreenivasulu NS and Kariyanna KS, *International framework on regulation of intellectual property in biological resources and biodiversity*, MIPR, April 2012, Vol 1, Pt 2, p 111.

- 3 Sreenivasulu NS, *Patenting genetically modified life forms: Legal issues and Challenges*, July-Dec 2005, Indian Bar Review, Bar Council of India Trust, New Delhi, Vol XXXII, Pt (3&4), p 490.
- 4 Patricia Loughtan., *Intellectual Property-Creative and Marketing Rights*, LBC information services, Sydney, 1998.
- 1 Sreenivasulu NS, *Law relating to Biotechnology*, 1st Edn, 2016, Oxford University Press (OUP), London, p 137.
- 2 Donald S Chisum., *Principles of Patent law*, 1998, Foundation Press, New York.
- 3 Sreenivasulu NS, *Patenting genetically modified life forms: Legal issues and Challenges*, July-Dec 2005, Indian Bar Review, Bar Council of India Trust, New Delhi, Vol XXXII, Pt (3&4), p 491.
- 4 Sreenivasulu NS, *New Face of Patent Law: Impact of information technology and biotechnology revolutions*, MIPR, March 2007, Vol 1, Pt 3, P. A-141.
- 5 T 292\85) (1989) O.J E.P.O 275.
- 1 Jayashree Watal, *Intellectual property rights in the WTO and developing countries*, First published 2001, Third impression 2002, Oxford University press, New Delhi, p 152.
- 2 Sreenivasulu NS, *New Face of Patent Law: Impact of information technology and biotechnology revolutions*, MIPR, March 2007, Vol 1, Pt 3, P. A-142.
- 3 Sreenivasulu NS, *Patenting genetically modified life forms: Legal issues and Challenges*, July-Dec 2005, Indian Bar Review, Bar Council of India Trust, New Delhi, Vol XXXII, Pt (3&4), p 492.
- 4 (1984) O.J EPO 112, Tech, Bd. App.
- 5 Manu Luv Shahalia, *Perspectives in intellectual property law, many sides to a coin*, 2003 Edn, Universal Law Publishing Company Pvt Ltd, Delhi, p 173.
- 1 Brian C Cannon., *Toward a clear standard of obviousness for biotechnology patents*, March 1994, Cornell Law Review, Cornell University.
- 2 Sreenivasulu NS, *New Face of Patent Law: Impact of information technology and biotechnology revolutions*, MIPR, March 2007, Vol 1, Pt 3, P. A-142.
- 3 T 19/90 (1990) O.J EPO 476, Tech. Bd App; (1991) E.P.O, R.525, Ex. D.
- 4 (1986) 802 F.2d 1367 (Federal Circuit).
- 5 (1988) 858 F.2d 731 (Federal Circuit).
- 1 (1988) 853 F. 2d 894 (Federal Circuit).
- 2 For further details on the case See: Adam Holyoak, *Intellectual Property Rights*, 2001, 1st Edn, Butterworths, London.
- 3 Jayashree Watal, *Intellectual property rights in the WTO and developing countries*, 1st published 2001, Third impression 2002, Oxford University press, New Delhi, p 151-152.
- 4 Sreenivasulu NS, *Biotechnology, Patents and Human Rights*, July 2012, International Journal of Law and Policy Review, School of Technology, Law and Development, National University of Juridical Sciences, Kolkata, Vol 1, Pt 2, p 147.
- 5 Sreenivasulu NS, *Biotechnology and patent law*, THE WORLD JOURNAL OF INTELLECTUAL PROPERTY RIGHTS, Jan-Dec 2005, Serials Publications, New Delhi, Vol 1, p 1-2.
- 1 (1995) Official Journal of the European Patent Office 388; (1995) E.P.O R 541.
- 2 Modern law review, 1998, p 675.

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### CHAPTER 17 TECHNOLOGY PATENTS: NEW TRENDS

#### 17.5 What is next?

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By noticing the progress of research and development in biotechnology might think that non-natural human being is not far away. One might wonder, if it becomes a reality what would be the stand of the patent law on the processes (could be cloning) of producing such non-natural human being and the resultant human being. As it stands today methods of cloning human being and human being are not considered as patentable subject matter even if produced non-naturally.<sup>3</sup> The ethical and moral standards of the society strictly prohibit creation and patenting of non-natural human being. The benefits to the society have successfully outweighed the ethical and moral concerns of the society in case of patenting of non-natural microorganisms, plant, and animal and even in human genetic material. There is no doubt that biotechnology has developed to such an extent where non-natural human being is possible. However, international society is against non-natural human beings and it does not allow producing and patenting of human life. There is a move to adopt an international convention to prohibit human cloning and non-natural human beings. Meanwhile, the European Patent Convention read with the European Union's Directive<sup>4</sup> prohibits patenting of inventions of human cloning and non-natural human being on ethical grounds.<sup>5</sup> Further, it states: processes of cloning human beings, processes for modifying the germ line genetic identity of human beings, use of human embryos for industrial or commercial purposes and processes for modifying the genetic identity of animal which are likely to cause them suffering without any substantial medical benefit to man or animal and also animals resulting from such processes are not patentable. Once there was a premise that living beings in any form are not patentable. The developments took place at the later stages have overruled the earlier premises and philosophies. This development was gradual but remarkable given the fact that it incentivizes research and innovation, which is very useful to the society at large. Interestingly, there was no statutory breakthrough for considering inventions of biotechnology or life as a patentable subject matter. It was the judiciary, which took initiative in modifying the premises and philosophy of law to patent biotechnology inventions including non-natural living beings. Since, Chakraborty till today judiciary has interpreted the existing patent laws in an innovative and liberal way to patent different non-natural living beings of biotechnology in the regions of USA and Europe. It may not be untrue in saying that the premise of law relating to patenting biotechnology is mostly judge made than statutory driven. The innovative and liberal approach of the judiciary laid foundation for patenting technological innovations. As stated in the Chakraborty decision "anything under the sun made by man is patentable". However, the application of the above statement is restricted only to non-natural, man-made, genetically modified microorganisms, plants and animals and other inventions of biotechnology but not human beings.

<sup>3</sup> Jayashree Watal, *Intellectual property rights in the WTO and developing countries*, First published 2001, Third impression 2002, Oxford University Press, New Delhi, p 151-152.

<sup>4</sup> Sreenivasulu NS, *Biotechnology, Patents and Human Rights*, July 2012, International Journal of Law and Policy Review, School of Technology, Law and Development, National University of Juridical Sciences, Kolkata, Vol 1, Pt 2, p 157.

<sup>5</sup> Gerald Kamsra, Mark Doring Nick Scott, Andrew Sheard, Henry Wixen., *Patents on biotechnological invention: The EC Directive*, 2002, Sweet & Maxwell, London, p 103.

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### **CHAPTER 17 TECHNOLOGY PATENTS: NEW TRENDS**

#### **17.6 Biotech patents in India**

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In India, the Patent Act, 1970 highlights that an invention that satisfies the universally accepted requirements of patentability such as novelty, inventive step and industrial application is patentable. The Act defines invention to mean any new and useful art, process, method or manner of manufacture, machine, apparatus or other articles substance produced by manufacture and includes any new and useful improvement of any of them.<sup>1</sup> The Act does not specify the inventions, which are patentable, but it illustrates subject matters that are not patentable.<sup>2</sup> The Act allows patenting of processes but it does not consider patenting of products. However Indian Patent Act enacted in the year 1970 does not mention any thing about biotechnological invention. The reason could be that at the time of its enactment, biotechnology industry was not developed in India. After biotech industry started flourishing in the United States and in the European Union there found some momentum in India.<sup>3</sup> Once patents are granted for different biotechnology inventions in U.S.A. and in the European Union the demand for adopting same approach gained significance throughout the world including India. As a matter of fact, the judiciary was responsible for the evolution of patent law on biotechnology inventions in the US as well as E.U., following the suit of judiciary patent laws were suitably amended and few specific legislations were brought up to grant patents on biotechnology inventions. This momentum set new trends in the history of patent law and influenced the adoption of international conventions like Trade Related Intellectual Property Rights. (TRIPS)<sup>4</sup> The agreement states that patents shall be made available to all types of inventions in all fields of science and technology. The agreement mandates patenting of biotechnology inventions in the member states.<sup>1</sup> After ratifying TRIPS India modified all its intellectual property laws including patents law and started marching towards patenting of biotechnological inventions. To fulfill its obligation under the TRIPS agreement<sup>2</sup> to provide patent protection to all kinds of invention in all the fields of science and technology including biotechnology inventions India has thrice amended its Patent law. First amendment was made in the year 1999; this amendment was brought into effect retrospectively from 1995. The basic objective of this amendment was to provide for mailbox applications for agricultural and pharmaceutical inventions. The amendment brought changes in the original Act to extend patent protection to inventions relating to manufacture of chemical substances intended for use or capable of being used as food or as drug.<sup>3</sup> These changes are significant in the light of the prosperity of the biotechnology industry being capable of isolating genetic material coding for certain chemical substances in any living being which are useful in the preparation of drugs and medicine. Infact the 1999 amendment provides only for accepting patent applications claiming for inventions relating to agriculture and pharmaceuticals. After the amendment there filed thousands of applications before the Indian patent office<sup>4</sup> claiming inventions relating to pharmaceuticals and agriculture, among which considerable number of applications are relating to biotechnology inventions like chemical substances isolated from the body of living beings. However all these applications were kept in mailbox which was opened on 1 January 2005 and were processed later on. For the second time India amended its patent law in the year 2002<sup>5</sup> bringing major changes in allowing patenting of living beings such as microorganisms, plant and animals produced through biotechnological processes. Till the time of this amendment the term "invention" under the patent Act was encompassing only processes but the amendment included the term product within the meaning of invention. After the amendment the definition to

invention stands as follows; "a new "product" or process involving an inventive step and capable of industrial application.<sup>6</sup> After this amendment products as well as processes are patentable in India. Amendment brought few major changes in the Act, which is worth discussing here. The amendment restructures the section 3 of the original Act, which illustrates subjects, which are not considered as inventions or which are not patentable. The amendment<sup>1</sup> adds following provisions to the section 3 of the Act, which may be significant in the light of patenting of biotechnological inventions.<sup>2</sup>

1. An invention the primary or intended use of commercial exploitation of which could be contrary to public order or morality or which causes serious prejudice to human, animal or plant life or health or to the environment.
2. Discovery of any living thing or non-living substances occurring in nature.
3. Therapeutic and diagnostic or other treatment of human beings or animals.
4. 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 mentioned subjects are not considered as inventions and are not patentable. These amended provisions incorporate TRIPS provisions under Article 27 in the Indian patent law. The amendment states that microorganisms are patentable but plant and animal varieties and essentially biological processes for the production of the same are excluded from the purview of patent protection. However, it is mentioned that above exclusion does not apply to microbiological processes and products thereof. In the sense; it is perceived that microbiological processes and products thereof are patentable. At the same time it is further stated that discovery of any living thing is not patentable. Discovery of a living thing existing in the nature does not involve any human interference and hence is not patentable. On the same lines natural things produced out of natural or essentially biological processes, which does not involve any human interference, are not patentable. It implies that a non-natural process that involves some technical interference to a natural process is patentable. Technical interference to a natural or essentially biological process renders it non-biological processes, which is patentable. On the same lines products of biotechnological process produced through some technical interference to natural process are non natural hence patentable. Chemical processes are patentable under the original Act, however 2002 amendment added explanation to chemical process, which states: "*Chemical processes include biochemical, biotechnological and microbiological processes.*"<sup>3</sup> As chemical processes are patentable with the added explanation to it now "biochemical, biotechnological and microbiological processes are also patentable.

Biotechnological inventions concerns biochemical, biotechnological and microbiological processes in producing non natural, human made and transgenic living beings such as microorganisms, plants, animal, isolating human genetic material and also in producing the products of such genetic material. Such being the case the amendment is significant in encouraging and promoting biotechnology inventions in India. In March 2005, for the third time India amended its patent law.<sup>1</sup> The amendment recognizes Budapest treaty<sup>2</sup> for the deposit of microorganisms for the purpose of patent procedure. Patent applications claiming biotechnological inventions involving living matter shall be accompanied by a deposit of the invention in any depository recognized under the treaty. As it may not be possible to describe a biotechnology invention the Treaty recognizes the practice of depositing the invention to compensate the written description. In order to fulfill TRIPS mandates of providing patent protection to biotechnology inventions India recognized the Budapest treaty, which facilitates for the deposit of biotechnology inventions. Further the 2005 amendment totally omits

section 5 of the original Act, which restricted patents only to the methods or processes of manufacture. The 1999 amendment altered this section by inserting sub clause (2), which provided for exception for the main provision to provide product patenting of drug and medicines. With the recent amendment totally omitting this particular section, now both products as well as processes are patentable in India.<sup>3</sup> In the field of biotechnology processes as well as products are claimed for patents. Biotechnology inventions such as microorganisms, plants, and animals are products of biotechnological processes, which are patentable under the patent Act. Further, methods or processes to genetically manipulate living beings or to produce genetically engineered living beings are also patentable. The emergence of biotechnology patent law in India can be traced back to the TRIPS agreement<sup>4</sup> and the amendments made to the patent law by virtue of TRIPS agreement. But even earlier to implementing the TRIPS agreement a patent on a living being was granted. In 2002, Dominico, a subsidiary of American Home Remedies was granted a patent on a process for the preparation of infectious Bursitis Vaccine. The vaccine is useful in protecting poultry against infectious Bursitis. Initially patent office rejected patent and an appeal was made to the High Court of Kolkata.<sup>5</sup> The High Court held that there is no bar for patenting a claim, which is a living being or living process. The Court interpreted the term "manufacture" under the patent law to include producing of any living being or living process through artificial means and directed the patent office to grant patent. It was the first instance where a living process was patented in India. With the amendments made to the patent law fulfilling obligations under the TRIPS agreement there emerged biotechnology patent law in India. Unlike US and European Union where biotechnology patent law is a result of judicial pronouncements in India the emergence of biotechnology patent law is a result of ratifying international conventions and obligations under such conventions. Having ratifying the TRIPS agreement<sup>1</sup>, which mandates for patent protection to biotechnological inventions now in India microorganisms, plants, animals and isolated human genetic material including the products of such genetic material such as proteins are patentable. It can be inferred that as far as biotechnology and its regulation is concerned India is not lagging behind too far as it has got considerable legal mechanism to patent and regulate biotechnology inventions. Many foreign biotech companies have filed patent applications in India on different biotechnology inventions. As of now there is no a substantive case law on the patenting of biotechnological inventions.

<sup>1</sup> Section 2 of the Indian Patent Act, 1970.

<sup>2</sup> Section 3 of the Patents Act, 1970.

<sup>3</sup> Sreenivasulu NS, *Biotechnology and Patent Law, patenting living beings*, 1st Edn, 2008, Manupatra Publications, Noida, p 56.

<sup>4</sup> The TRIPS agreement is a multilateral agreement on intellectual property rights. It provides for universal law on intellectual property rights. As far as biotechnological patents are concerned the convention gives respect to the developments in the United States and the European Union. It mandates all the member states to provide patents on biotechnological inventions.

<sup>1</sup> Article 27 of the TRIPS agreement.

<sup>2</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

<sup>3</sup> Apart from all chemical substances which are ordinarily used as intermediates in the preparation of manufacture of any of the medicines or substances defined under section 2(1) (1) of the 1970 Act, a claim for patent of an invention for a substance itself intended for use or capable being used as medicine or drug could be patented. See: section 5(2) of the Patents Act (as amended in 1999).

- 4 In India the Main patent office is situated at Calcutta, however there are regional offices at Delhi, Bombay and Chennai. Applicants can file their applications at any of the above patent offices.
- 5 Patents Amendment Act, 2002.
- 6 The amendment includes the word "product" in the definition of invention to imply that patents are made available to products or processes. See: the definition of invention under the Patents Act, 1970.
- 1 Sreenivasulu NS, Arnabsen Gupta, *Biological resources, IPR and Biodiversity*, MIPR, April 2010, Vol 1, Pt 4, p 153.
- 2 Section 3 of the Patent Act as amended in 2002.
- 3 Explanation to section 5 of the Act as amended in 2002.
- 1 Patents amendment Act, 2005, published in the official gazette of India on 5 April 2005.
- 2 Budapest Treaty for the deposit of microorganisms for the purpose of patent procedure was adopted in the year 1977; India is a party to this treaty.
- 3 Patent Act as amended in March 2005.
- 4 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.
- 5 Ramakrishna, *BIOTECHNOLOGY AND INTELLECTUAL PROPERTY RIGHTS*, 1st Edn, 2003, National Law School of India University, Bangalore.
- 1 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

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#### **17.7 The way ahead**

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The current trend in the patent law states that non-natural life; living beings and non-natural living processes are patentable. Biotechnological process and microbiological processes are non-natural processes, which involve addition of human intelligence to the natural processes in producing non-natural and genetically modified living beings. Going by the current trends, the inventions of biotechnology, ranging from non-natural microorganisms such as bacteria, plasmid, non-natural plant, non-natural animal and non-natural human genetic material are undoubtedly patentable under the present patent system. Besides, biotechnological processes which are considered as non-natural processes could also be patented in the upsurge of the new trend in patent laws.



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### **CHAPTER 17 TECHNOLOGY PATENTS: NEW TRENDS**

#### **17.8 Information technology and its innovations**

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Information technology can be called as the most effective media of communication in the modern day. It is the technology, which provides a platform for easy, quick and effective communication.<sup>2</sup> The technology involves using of computers and computer networks for the purpose of communication and dissemination of knowledge. Continuous research in the field of information technology guaranteeing effective communication has resulted in new and novel inventions. These inventions are being claimed for patents to reap profits with their practical application in the society at large. Inventions in the field are usually patented without any objections or oppositions. Patenting of tangible or physical inventions in the field like computer, computer equipments and the like could be done on the satisfaction of regular requirements of patentability.<sup>3</sup> However patenting non-physical inventions like computer programs and software is a new phenomenon and is the issue for concern. Computer programs and Software are equally protected under the copyright law as a form of literary work. However, there is a growing demand for patenting of software and computer programs. In countries such as U.S.A, patents are made available for innovations of new software and computer programs already. In India at the moment they are protected under the copyright regime and under the patent regime they are not patentable. At this juncture an understanding the inventions of information technology along with their compatibility for protection under the patent law would be quiet interesting.

<sup>2</sup> Sreenivasulu NS, *New Face of Patent Law: Impact of information technology and biotechnology revolutions*, MIPR, March 2007, Vol 1, Pt 3, P. A-135.

<sup>3</sup> *Ibid*, Pg. No: A-136.

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#### **17.9 Patenting the inventions of information technology**

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The history of development of intellectual property regime demonstrates the complexity of the issue of protecting novel technologies.<sup>1</sup> Inventions in computer hardware, equipment, functional components, devices etc., have been traditionally protected through patents. Common yardsticks of patentability have been applied to patenting of information technology equipments which qualify for protection under the head of machines and tools. But, patenting of computer programs or software, the lifeblood of information technology was not encouraged for patenting. However, through judicial decisions policy for patenting of software has been continually evolved in the last thirty years. The US judiciary well known for its innovative and liberal interpretation of law took the initiative for patenting computer related inventions and in particular software. A review of the development of patent law in this field of technology would help to appreciate insights that have gone into arriving at legal frameworks for protection of computer related innovations. A major set of steps were taken in the US to evolve the criteria for the patentability of computer programs and software through a range of case laws.<sup>2</sup>

<sup>1</sup> Prabudha Ganguli, *Intellectual Property Rights: Unleashing the knowledge economy*, 1st Edn, 2000, Tata McGraw Hill Publishers, New Delhi, p 379.

<sup>2</sup> Sreenivasulu NS, *New Face of Patent Law: Impact of information technology and biotechnology revolutions*, MIPR, March 2007, Vol 1, Pt 3, p 135.

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### **CHAPTER 17 TECHNOLOGY PATENTS: NEW TRENDS**

#### **17.10 Software: Conceptualization**

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Computer functions on the basis of programs which are written using mathematical algorithms. Software is a set of programs put together to instruct the computer to perform an intended task. Software can be defined as a combination of programs written with the help of algorithms to perform special tasks. Algorithm is defined as a set of rules for solving a problem in a finite number of steps. In general, software can be defined to mean a set of rules or instructions designed and combined through mathematical algorithms in order to generate an intended output on computer.

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### **CHAPTER 17 TECHNOLOGY PATENTS: NEW TRENDS**

#### **17.11 Patenting computer programs and software**

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Patents were granted on computer related inventions like computer equipments, computer hardware and other computer related physical objects.<sup>3</sup> It was presumed that computer related objects do satisfy the requirement of patentability. But computer programs and software were not considered patentable. Perhaps there was increasing demand for patenting of software production of which is considered to be the most stringent. Though software was protected under the copyright regime, it was considered insufficient and patent regime was considered to be the most efficient, stringent vibrant and suitable regime for the protection of inventions of software and computer programs. The policy makers were not in favor of considering software as a patentable subject matter due to various reasons including the fact that it is being protected under the copyright regime. A patent is considered to have provided a secure protection than the copyright or trade secret, wherein the protection is determined by the scope of the patent and not how the competitor developed the product. It protects the "idea" or "functionality" of the software. By way of a patenting, the precise boundary of the patented software is known due to the very nature of the "claims" laid down by the patentee in the patent claiming document. Unlike copyright protection, patent protection does allow non-infringing, independently created similar product of a process. Patent can prevent competitors to deliver the same/similar product and deriving benefits regardless of whether the competing product is copied, reverse-engineered, or independently developed. Patents provide monopoly granted to invention on meeting this criteria. But the applicability of this criterion in the case of computer software has been a debatable issue. The machine/computer under the influence of software may act in a "novel" manner. In such cases, software patents are granted by many countries.<sup>1</sup> Software is, however, different in many respects from the conventional technology. Firstly, it is more complicated than any other product. It is observed that in most of the industries, a product could contain 22-25 parts. A major computer programme may contain up to 10,000 million lines of code. Therefore, unlike other products, which contain a few parts, software product contains a large number of factors leading the complete inventions. Secondly, software is more abstract. A software product depends on different computer technologies. One cannot make a distinction between these technologies. Thirdly, unlike the conventional industry, which generates a new product in a very long span of time, the software industry product changes its generation much faster. Therefore, the application of patent regime for the protection of software invention when compared with the conventional industry is found to be incapable of achieving any of its desired goals. Moreover, innovations in software are incremental in nature and the reason for the rapid technological developments in software industry has been mainly due to free exchange of information between the programmers in the earlier days. Further, the software industry is a market driven industry and not a technology driven industry. It is not the control over the technology that matters but the implementation of already existing technologies for the customer's requirements that leads to success. Unlike the other manufacturing set-ups with their capital intensive work orientation, the software industry is not only labor intensive but also has low barriers to entry. However, in the due course of time the new approach and innovative interpretation of patent law made computer software as patentable. Title 35 US Code in section 101 gave a wide definition of patentable subject and as a result US post 1981 started allocating patent protection to software. Earlier, there were instances when patents were rejected on software under the existing patent laws.<sup>1</sup> The scenario was different in pre 1981 era

where US Supreme Court in various decisions like *Re Freeman*, *Re Tanner*, *Re Abele*, *Re Pardo* and *Re Meyer* discouraged patenting of software. In *Grottschal v Benson*<sup>2</sup> the US Supreme Court held that a computer program whose sole objective is to generate numerical values according to an algorithm would not be patentable. The Court considered algorithm as a mental act and held mental acts as not patentable. Since, software a set of computer programs that involves using of algorithms to make the computer function it was considered as not patentable. However, for the first time in *Re Toma*<sup>3</sup> the US Patent Office Board of Appeals taking a complete departure from the earlier practices and the decision of the Supreme Court in the earlier case held a software that translate one language into another as patentable.<sup>4</sup> It was the first case where computer software was considered as patentable. Infact there was no statutory support for considering or patenting computer software. However, judiciary interpreted the existing patent laws in an innovative way to patent software. It was considered that software technically satisfies the requirements of patentability and there is no reason why it should not be patented. Further in *Diamond v Diehr*<sup>5</sup> inspired by the above decision of the US patent office to patent software, held a computer controlled process, which involved certain algorithm to perform an intended task as patentable. Here, the Court for the first time viewed algorithm as patentable. Infact it was the presumption that algorithm which involves mathematical formulas does not qualify for patents, which had earlier driven the Courts to consider software that involve algorithms as not patentable. Here, the Court defined the term "algorithm" to mean "a fixed step by step procedure for accomplishing a given result usually in a simplified procedure for solving a complex problem." The Court considered algorithm as a defined process or set of rules that leads and assures the development of a desired output from a given input." It was also opined that algorithm involves a sequence of formulas and or algebraic/logical steps to calculate or determine a given task". Hence, it was viewed that the technical requirements of patentability have been satisfied by the new software and the reason that software is equally protected under copyright regime could not a ground on which patents on software could be rejected. Once the Courts started considering software as patentable the picture started becoming clear. In particular in nineteen nineties the decisions of the Courts were more clear and comprehensive in patenting software.<sup>6</sup> In *Arrythmia Research Technology Inc v Carasonix Corp*<sup>1</sup> a computer process for diagnosing heart attacks was given patent. The claim was for the process to analyze electro cardiac signals to determine specific heart activity, which involves the use of an algorithm. Through the process data pertaining to electro cardiac signals can be transferred to computer for determining patient's vulnerability to heart attacks. When we observe the approach of the judiciary it can be said that a novel computer program, which makes a technical contribution to the society is patentable. Computer programs or software *prima facie* is not patentable however software along with its specific function is patentable.<sup>2</sup> It seems the function or the practical utility of the software renders it patentable. It is a pre-requisite under the patent law that an invention must have a specific function, which is useful in order to patent it.<sup>3</sup> There should be some functional relationship between software and the computer in order to grant a patent on the claimed software. The functional relationship should involve a series of steps to be performed on a computer with the aid of the software. The invention must be a "useful computer process," with a definite function to be performed on the computer. Meanwhile, the US patent office brought up new examination guidelines for computer related inventions issued in 1996.<sup>4</sup> In fact it was an attempt of the US patent office to give statutory support to the approach of the judiciary in patenting computer programs and software. In the light of new examination guidelines issued to regulate patenting software in *State Street Bank and Trust Co v Signature Financial Group*<sup>5</sup> computer software used for conducting methods for doing business was held to be patentable. The claim was for software running on a general-purpose computer that produces a useful concrete and tangible result. It was also held that using a mathematical formula with the aid of a computer would be patentable, if it

produces a useful, concrete and tangible result. Eventually the decision overruled the presumption that mathematical algorithms are not patentable. In 1999 the US Congress further bolstered the patent law by enacting First Inventor Defence Act to protect business classified under clause 705 under USPTO relating to business in computer and computer programs.

In the light of innovative trend of patenting software, there is an expected growth in the software industry. The birth of Internet in nineteen nineties and vast usage of Microsoft windows has had huge impact on the modern world. There arose a need for innovative programs and software to meet the growing needs of the society and the increasing use of computers and interest. As a result of which day-by-day patents on software are increasing. Today many patents are being issued on methods of doing business.<sup>6</sup> A patent was issued for reverse-auction system of conditional offers to multiple sellers.<sup>1</sup> A method of advertising over Internet, method of placing an order online with a single mouse click once the item desired is displayed is also given patent.<sup>2</sup> The current trend says that any business method implemented through software whether over the Internet or otherwise is patentable.<sup>3</sup> When we observe the developments in the field of patent law it suggests that computer programs or software *per se* without any functional relationship with the computer are not patentable. Further data structures, mathematical algorithms without specific function and compilation and arrangement of non-functional information are also not patentable. Meanwhile, computer programs with function, which establishes inter relationship between computer machine and computer program are patentable. For instance, software which controls the working of machines in an industry, programs that control manufacturing process are patentable. On the same line methods of doing business such as: software controlled business practice/management, financial practice/management, cost price determination are patentable. The function of the software satisfies the requirement of utility under the patent law. New software involving an inventive step with function is patentable if it is described in written form. There is a possibility of claiming both process claims and as well as product claims on computer programs. When a computer is performing some functions based upon the instruction given by a program or software, the claim could be a process claim. When a computer program is recited in conjunction with a physical structure such as computer memory, the claim may be a product claim.<sup>4</sup> It is estimated that by the end of 2020 there will be around 3,00,000 software patents across the world. Following the upsurge of software patents in US in Europe and as well as in Japan there witnessed growth in software patents. Many countries like Japan, EU, Philippines and Australia allow for filing of patents for software. In 1985 the European Patent Office (EPO) issued guidelines for governing patenting of software. Soon after, EPO issued many software patents on the basis of technical contribution by the software to the society.<sup>5</sup> Many giants in the field of information technology obtained software patents on different computer related inventions in particular on software. The IBM Company alone has obtained 1200 software patent in the year 1998. Major share of information technology patents goes to software on networking/communication, operating systems and image processing.<sup>6</sup>

<sup>3</sup> Sreenivasulu NS, *Software patents: Lessons for India*, MIPR, July, 2009, Vol 2, Pt 3, Pg. No: 159.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 312.

<sup>1</sup> Sreenivasulu NS, *New Face of Patent Law: Impact of information technology and biotechnology revolutions*, MIPR, March 2007, Vol 1, Pt 3, P. A-137.

<sup>2</sup> (1972) 409 U.S 63.

<sup>3</sup> (1978) 575 F. 2d 872 at note 4 C.C.P.A.

- 4 Sreenivasulu NS, *Software patents: Lessons for India*, MIPR, July 2009, Vol 2, Pt 3, p 159.
- 5 (1981) 450 US 175: 209 USPQ 97.
- 6 Sreenivasulu NS, *New Face of Patent Law: Impact of information technology and biotechnology revolutions*, MIPR, March 2007, Vol 1, Pt 3, P. A-138.
- 1 (1992) 958 F. 2d 1053, Federal Circuit.
- 2 Computer programs *per se* are protected under Copyright Law. Computer programs form copyrightable subject matter.
- 3 US Patent Law: section 101.
- 4 Federal Register, Vol 61, Number 40, pp 7478-7492. The guidelines came into force from 26 March 1996.
- 5 (1998) 47 U.S.P.Q 2d 1596 Federal Circuit, cert Denied, US 1999.
- 6 IP Law weekly (AM Lawyer Media) 623, 742, 1991.
- 1 Patents and software distribution licensing and copyright protection questions, Andre R. Jaglom, Stecher Jaglor & Orutzman, LLP New York, the American Law Institute, American Bar association continuing legal education ALI-ABA course of study 9 March 2000.
- 2 US patent No: 5,933,811. See a related patent issued by the US patent office, US patent No: 5,933,811.
- 3 JR Harris, *The silicon Rush, Staking claim on the internet frontier*, 1999, CYBER SPACE LAWYER (GLASSER), Vol 2, p 11.
- 4 Prabudha Ganguli, *Intellectual Property Rights: Unleashing the knowledge economy*, 1st Edn, 2000, Tata McGraw Hill Publishers, New Delhi, p 397-398.
- 5 Vicom systems application, 1987 OJ EPO 14, X ray Apparatus Koch & Stengel (T2686, 1998 OJ EPO 19), General purpose management system (Solar T 769/92, 1995 OJ EPO 525).
- 6 Sreenivasulu NS, *New Face of Patent Law: Impact of information technology and biotechnology revolutions*, MIPR, March 2007, Vol 1, Pt 3, P. A-140.

## **Part IV LAW OF PATENTS**

### **CHAPTER 17 TECHNOLOGY PATENTS: NEW TRENDS**

#### **17.12 Software patenting: Lessons for India**

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Patentability of all forms of software is very much established in countries like USA and Europe where the information technology industry is at its peak. It seems the policy of Government of America in allowing patents on software was to promote and encourage information technology industry which has become part of day to day life in the contemporary times. Infact the encouragement from the government plays vital role in the prospective development of any industry. On the same lines information technology which is with lot of promises would grow, provided the government promotes and encourages. Granting patents for software is considered as the best method of promoting the industry since patents provide the necessary incentives for the industry in the course of its development and prosperity. The government of America seemingly did the same when it had the policy to promote the information technology industry through encouraging patents on all forms of software. India is now days known for information technology related developments and off course Bangalore is known as Silicon Valley of India. With the onslaught of globalization and economic reforms India's economy is on the upsurge and India has become a center stage for exhibition of technological and economical developments. The policy of government of India encourages foreign investments and free competition in trade and commerce in the country. The result is the phenomenal growth of industry and also the economy. One among the different sectors which got major boost by virtue of globalization and economic reforms in India is the Information Technology (IT) industry.<sup>1</sup> Since the early nineties this industry has become a major strength of the Indian economy with more than 100% growth every year. The IT industry in India is employing more than 20, 00,000 people across the country directly or indirectly. It is contributing to the GDP growth and as well as the growth of economy. In the stock markets also the upsurge is basically because of IT industry. Such been the case, having experienced the significance of IT industry in the economic development in the past two decades we can say that IT industry has completely changed the face of India. Infact the growth of the industry and its innovation warrants for certain protection in the form of patents and copyrights. No doubt we grant copyright protection to Information technology inventions such as computer programs and software. However we don't grant patents for computer program and software *per se* in India.<sup>2</sup> Section 3(k) of India Patens Act makes it clear that software is not patentable in India. However, section 4.11 of the Draft Manual makes an attempt to inform the inventors and potential Patent applicants that while software *per se* is not patentable but software in combination with hardware can be patented. The draft appears to make a room for this possibility. This is important here to recollect that an amendment to this effect was suggested in the Presidential Ordinance tabled in the parliament in December 2005, and the house rejected this amendment. Given the fact that patents provide much stronger protection as far as intellectual property rights in any invention is concerned compared to copyright, there is an increasing demand and urge for providing patent protection to information technology invention such as computer programs and software.<sup>1</sup> The development of IT industry is twofold in developed nations such as US, Japan and UK because of the fact that these countries provides all sorts of intellectual property protection to IT innovations including copyrights, patents and trade secrets. Most of the technologically developed countries do allow patenting of software in their countries respectively. Besides the TRIPS agreement also encourages software patents when it says: there shall be patent protection for all forms of inventions coming from different fields of science and technology irrespective of their region of origin. Since IT



is also a form of technology or computer science speaking in terms of the universally accepted agreements such as TRIPS<sup>2</sup> also it is very much right to grant patents for software and computer programs especially in the light of the fact that the growth of IT industry which played a major role in changing the face of India and also in boosting the economic development in the past two decades.<sup>3</sup> It is thought that this will signal positive trends in the country where sectors which are responsible for the growth of GDP and the economy do get the deserved recognition and feasible avenues for the sustenance and furtherance of growth. Therefore, it is inferred that software once not patentable gradually considered as patentable subject matter in the light of its enormous significance in the modern society and the contribution of IT industry to the economy at large for which software development and processing is the back bone. The developed nations have learned how to modify and adjust to the changing situations and needs. Most of the developed nations in the world today including certain developing nations do grant patents on software. Therefore it is established practice, and hence there should not be any problem if the same is practiced in India since India is one such country which is actually feeding the software and information technology needs of not only India, but many developing and developed nations. The outsourcing of business, outsourcing of development of software by developed nations to India is the actual reason for the enormous growth of IT industry in India. For many IT enabled multinational companies India is home, hope and resourceful. India is considered to be an ocean of brains and intellectual pool. India is rapidly developing in the sectors such as IT which needs to be encouraged and protected through certain means and methods one such mean and method could be stronger protection of intellectual property rights in particular through patenting of software. Currently the Patent Law of India does not provide protection to software or rather software is not a patentable subject matter in terms of the patent law in India. Section 3(k) of the Act states that "a mathematical or business method or a computer programme *per se* or algorithm is not patentable". The saying of the above section is not sounding well for the IT industry which involves development of software and usage of computer and computer implemented inventions. The Ministry of commerce, government of India has called for opinion and views of public and as well as the stake holder on the draft of patent manual, 2008 where stake holders aired their views to bring software within the purview of patentable subject matter. According to the draft patent manual computer implemented invention<sup>1</sup> mean; any invention the performance of which involves the use of computer, computer network or other programmable apparatus or an invention one or more features which are realized wholly or partially by means of a computer programmes. Further Computer programs<sup>2</sup> are considered as a set of instructions for controlling a sequence of operations of a data processing system. It closely resembles a mathematical method which may be expressed in various forms such as; series of verbal statements, a flowchart, an algorithm or other coded form and may be presented in a form suitable for direct entry into a particular computer, or may require transcription into a different format. Besides, the manual states that computer inventions include:

- (1) Method/process
- (2) Apparatus/System
- (3) Computer program product

The technical application of software on hard ware is called as a method or process of using the software or putting the software to function which is seems to be patentable in terms of the patents manual. Ordinary prudent man might think, could there be any software without application or function, if that is the case, what is relevance of software without technical application in the industry, why such things should be promoted and encouraged. This question seems to be not properly answered. Logically speaking there may not be any software without a technical function which is

seemingly patentable.<sup>3</sup> On the other hand when software *per se* is not patentable whether it means software without technical application cannot be patented. Infact this check is not only there for software it is there for all inventions. Any invention for that matter cannot be granted patent until unless it has got some utility or function. Nevertheless going by the patent law practice software *per se* not patentable but those having technical applicability would get the positive consideration. One can question the logic behind this. Apparatus or system that includes hardware and physical objects which are no doubt patentable there are no issues in this regard. All the ambiguity, grievances, opposition discussion and debate is with regard to computer program and software. The practice seems to be allowing patents on tailored made software which suit a particular type of hard ware. If the software is applicable to hardware in general or if it is having general application and functioning in any given hardware the same is not patentable.<sup>1</sup> However software having the compatibility to be applied on all forms of hardware would have huge application and usage and would yield huge fruits in terms of usage and utility. On the other hand tailor made software is only suitable on specific hardware will have the limitation, where it cannot be applied and used in general on different hardware and eventually result will not be as fruitful as in the earlier case. Therefore when we are encouraging tailor made software which can yield limited results by granting patents why not allow patents on software which yield better result with general applicability and usage on all forms of hardware. Logically speaking also there is no harm in extending protection to such software as long as they are satisfying the universally accepted patent norms. Once patent is granted not only it will be an incentive to the industry to come out with more and more inventions but also the invention would eventually will move into public domain and anybody can use it. But when there is no patent incentive neither the industry gets the required boost nor the public get the utility of the patented claim.

<sup>1</sup> In Bangalore alone there are about 2000 IT companies at present. Across the country at least 10,000 IT companies are in existence at present.

<sup>2</sup> Sreenivasulu NS, *Software patents: Lessons for India*, MIPR, July 2009, Vol 2, Pt 3, p 158.

<sup>1</sup> Keeping the arguments on whether software is considered as a product or it is a service for the purpose of protecting intellectual property rights in it at bay.

<sup>2</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

<sup>3</sup> Sreenivasulu NS, *Software patents: Lessons for India*, MIPR, July 2009, Vol 2, Pt 3, p 158.

<sup>1</sup> The Draft Patent Manual, 2008, p 72.

<sup>2</sup> Ibid, p 72-73.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 305-314.

<sup>1</sup> Draft Patents Manual, 2008 p 74.

## **Part IV LAW OF PATENTS**

### **CHAPTER 17 TECHNOLOGY PATENTS: NEW TRENDS**

#### **17.13 Why software should be patented?**

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Answering this logical question is not easy, however, speaking realistically for the promotion of software<sup>2</sup> production there shall be some incentives from the government's side. Promoters of science and technology deserve protection in the form of some sort of monopoly over the inventions for a limited period of time. From the societal perspective also, protecting software by means of patent law sounds good, since after the temporary monopoly period of twenty years, the invention fall into the public domain and as well the inventions benefit the society at large in every respect.<sup>3</sup> The following are the some of the inferences on why software should be protected under patent law:

- o Patenting software inventions promotes investment in research and development of information technology.
- o The basic principles of patent law were developed before computers were invented and have served for many years. The principle of patent law is to promote the development of science, technology and useful arts. Supporters of software patents argue that inventions in the software are arts, are useful to modern life and therefore deserve the same incentive provided for inventions in other useful arts, to promote investment in research and development.
- o Patent disclose the invention and so educate the public and advance the state of the art of the invention. Thus patents accelerate software development by making previously unknown and not obvious software inventions public.
- o Patents disclose how to make and use an invention in sufficient detail so that other persons of ordinary skill in the art of the invention can make and use the invention without undue experimentation.
- o Granted patents can be revoked if found to be invalid. Development of new ideas is therefore not blocked by bad patents.
- o Some aspects of software are also covered by copyright law, but those are largely different than the protection of ideas and innovation in the useful arts provided by patent law.
- o Speaking from the societal perspective software protected under patent law will be in the clutches of the inventor or private individual or company only for a period of 20 years compared to copyright protection which lasts for life plus 60 years. Therefore patenting of software serves real public purpose in quick time than copyright protection of software.<sup>1</sup>
- o International law on Patents (TRIPS<sup>2</sup> and other conventions) provides that an invention in any fields of technology can be protected by patents. Therefore, it is required that we provide patent protection to software as it is required under the international law.

In the background of IT enabled services, IT based products rocking the entire world, there ought to be strong protection for such innovations to aid the growth and development. At this juncture, it is thought that if the Government of India is intending to recognize the significance of IT industry and protection of software in the light its

contribution to the growth of GDP and the Indian economy rather there should be an amendment to the existing patent Act. Excluding the software from the purview of patentable subject matter under the Act and attempting to do the opposite through patent manual could raise some technical problems. Even if drafting the manual is done by exercising the power granted to the government to form regulations and such other rules and manuals under the Act, doing something from the other side when *prima facie* it is not done does not sound good. Therefore preferably an amendment to the patent Act to the effect is necessary. Software and computer programs should be given the status of patentable subject matter by amending section 3(k) of the Act, which s of now states that computer program is not patentable *per se*. It is giving rise to much ambiguity and gives rise to questions like what is *per se*? what to do to avoid the axe of section 3(k),<sup>3</sup> what should be there in the claimed software to go beyond section 3(k) prohibition? Etc. Granting patent protection to software and devising methods and means of regulating it to see that public needs are catered would be wise idea than to search for explanation to all the above questions which may or may not suit the changing needs of the contemporary society.

Perhaps, the development of the society depends on the development of science and technology. The development of science and technology to a large extent depends on the encouragement and support provided through rewards. Patent is a reward for the efforts and labor in producing new and novel innovations. Patents encourage further research and development in the concerned field, which ultimately benefits the society at large. Today patent law has reached unprecedented and unforeseen destinations. The current trend of patent law in patenting intangible things like computer programs and software has been able to reward the efforts and innovations in the field of information technology.<sup>1</sup> In a way it stimulated further research and development in the field, which resulted in inventions with enormous utility and commercial value serving the various needs of the society. Since information technology is considered as the driving force of the modern world, patent grants for the inventions in these fields may serve the larger interest and benefit of the society. In particular, since software is the life blood of information technology, patenting of software is also encouraged in this context by the nations.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 305-314.

<sup>3</sup> Sreenivasulu NS, *Software patents: Lessons for India*, MIPR, July 2009, Vol 2, Pt 3.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 305-314.

<sup>2</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

<sup>3</sup> Sreenivasulu NS, *Software patents: Lessons for India*, MIPR, July 2009, Vol 2, Pt 3, p 159.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 45.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

Agriculture sector is the back bone and is the major source of income for many of the developing economies including the Indian economy. It would not be wrong or unrealistic in saying that "Indian economy is depending on the income generated from agriculture" for its revenue and expenditure.<sup>1</sup> India is a country where two thirds of the population is depending on agriculture either directly or indirectly. Agriculture has played and is playing a significant role in the building of the nation's economy. Majority of the Indians are farmers or plant breeders who endeavor in the agriculture sector perhaps are providing for a leap for the development of the economy and as well the nation. In the developed nations such as USA and Europe also the role of the agrarian economy is not insignificant. Comparatively the farmers in these regions are more developed and organized compared to the Indian scenario. The agriculture sectors in such regions are also playing very important role in terms of not only providing the strength to the economy, but providing for catering to the essential needs of the people. The contribution of these farmers and breeders to the society is enormous in facilitating staple food for the hunger needs of the society. It was felt that there is a need to acknowledge and protect the interests of the farmers and plant breeders in order to encourage them further in feeding the hunger needs with new innovative crops, plant varieties and consumable foods. There is a need to recognize their endeavors through rewards for further guarantee of incentives.

<sup>1</sup> Sreenivasulu NS, Chandranayak, *Ensuring Food Security and Plant Variety Protection*, MIPR, January 2011, Vol 1, Pt 1.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.1 The *sui generis* system<sup>2</sup> on innovations: Plant varieties and farmers rights**

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In fact it was a long-standing<sup>3</sup> urge to evolve a suitable and comprehensive legal framework, where in farmers and breeders are encouraged, protected and rewarded. International society identifying the need evolved a convention on the protection of plant varieties to which India is a party. Further TRIPS<sup>4</sup> (Trade-Related Aspects of Intellectual Property Rights) agreement a comprehensive legal framework on intellectual property rights stressing on the significance of farmers and breeders contribution mandates its member states to evolve a *sui generis* system for the protection of plant varieties. India following the suit brought up its law on the protection of plant varieties, *i.e.*, Protection of Plant Varieties and Farmers Rights Act, 2001, where in it offers protection for plant varieties and rewards the efforts of farmers and plant breeders. In USA we have Plant Patent Act and Plant Varieties Act which attempt to do the regulatory task in this respect. Most of our farmers and breeders especially in the developing and under developed countries are lacking awareness on the type of protection that is being offered in this connection, it is required to have an analytical view on the regime of plant varieties and farmers rights. An attempt has been made in this chapter to analyze the intricacies and features of plant varieties system in general and in India in particular. It discusses how effective the same is in rewarding the endeavors of farmers and breeders. It tries to throw light on the mechanism for the protection of plant varieties<sup>1</sup> and the legal and scientific requirements that a variety needs to satisfy before obtaining the protection. The paper also conducts a study on the peculiar features of Indian plant variety system such as; benefit sharing by the community groups and farmers rights.

<sup>2</sup> Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3, P. A-17.

<sup>3</sup> Sreenivasulu NS, *Protection of Plant varieties in India*, June-Dec 2006, The Journal of World Intellectual Property Rights, Vol 2, Number 1-2, p 215.

<sup>4</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

<sup>1</sup> Sreenivasulu NS, *Protection of Plant varieties in India*, June-Dec 2006, The Journal of World Intellectual Property Rights, Vol 2, Number 1-2, p 215.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.2 The significance of plant varieties in an agrarian economy**

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Protection of Plant variety is closely related to agricultural research.<sup>2</sup> A higher degree of protection will lead to research and development of agricultural biotechnology. Most of the developing countries have been pressured into improving their formal framework for property rights protection by implementing the International Union for the Protection of New Plant Varieties (UPOV<sup>3</sup>) standards. Multinational companies in biotechnology and seeds pushed for new legislation and the adoption of international regulations as a condition for new investment in the farming sector.<sup>4</sup> An agrarian economy is one which is dependent on agriculture sector for its growth and development. India is one such country, which depends on agricultural sector as the backbone of its economy and employment. But in most of the agrarian economies like India, agricultural productivity is extremely low with yields often low and unstable yield from year to year. A large proportion of this agricultural activity is involving subsistence farming that generates no financial income and is, in many cases, insufficient to feed farmers' families. Under those circumstances, the agricultural sector is unable to potentially contribute to the country's overall economic development and even less to respond to the challenges of feeding a growing population, relieving rural poverty and mitigating climate change. One of the reasons for poor agricultural performance in many developing countries including India is a lack of progress in improving the performance of traditional plant varieties over the centuries. The advent of modern plant breeding has enabled yields which previously were stagnating or declining to increase substantially. It is estimated that improved varieties have accounted for more than 50% of overall yield increases for important crops in Europe. The remaining growth is due to improved agricultural techniques, including fertilizers and better pest and disease control. But improvement in yield is not the only major objective in modern plant breeding. Others include resistance to environmental and biological stress, and quality. In a country like India, where agriculture<sup>1</sup> is considered to be the backbone of the country's economy, the development of new plant varieties and better quality of seeds could have accelerated the agricultural development. India, being a member of WTO realized the need to protect the interests of plant breeders, farmers and promote conservation of genetic resources and seed industry.

<sup>2</sup> Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3.

<sup>3</sup> Sreenivasulu NS and Kariyanna KS, *International framework on regulation of intellectual property in biological resources and biodiversity*, MIPR, April 2012, Vol 1, Pt 2, p 113.

<sup>4</sup> Sreenivasulu NS, Chandranayak, *Ensuring Food Security and Plant Variety Protection*, MIPR, January 2011, Vol I, Pt 1.

<sup>1</sup> Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.3 Agriculture and Food security and India**

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"The number of people without enough food to eat on a regular basis remains stubbornly high, at over 800 million, and is not falling significantly. Over 60% of the world's undernourished people live in Asia, and a quarter in Africa. The proportion of people who are hungry, however, is greater in Africa (33%) than Asia (16%). The FAO (Food and Agriculture Organization) figures indicate that there are 22 countries, 16 of which are in Africa, in which the undernourishment prevalence rate is over 35%<sup>2</sup>." Food security<sup>3</sup> has been a major developmental objective in India since the beginning of planning. India achieved self-sufficiency in food grains in the 1970s and has sustained it since then. But the achievement of food grain security at the national level did not percolate down to households and the level of chronic food insecurity is still high. Over 225 million Indians remain chronically under nourished. In 2000-01, about half of the rural children below five years of age suffered from malnutrition and 40% of adults suffered from chronic energy deficiency. Such a high level of wasting away of human resources should be a cause for concern. It is perceived that competitive market for agricultural inputs is of crucial importance to agricultural development as it provides new inputs and better technology to the farmers. A well defined breeder's rights, well protected plant variety and farmers rights gives sufficient incentive for the agriculture<sup>4</sup> and seed industry to invest in the research and development of varieties of plants and develop novel varieties. This would ensure farmer a good choice of varieties and of technology involved therein. In case of countries with competitive seed industries, seed companies compete for market share by trying to build good reputation among the farmers by supplying good varieties and quality seeds. Many hybrid varieties of plants having advantageous and useful features have been reproduced with the help of novel technologies. The protection offered to the new varieties of plans and the rights of breeders would definitely encourage more research that would only result in more varieties with improved qualities and features. It assures a reasonable rate of return on a new plant variety when it finally reaches the market place, a system of plant breeder's right further encourages mission oriented research for development of varieties that are fully suited to a given agro-climatic regions. Further the new varieties could get protected in other countries without any discrimination. The most important contribution of plant variety production system is that in the absence of plant breeders rights the plant varieties would be freely available to others for exploitation. Further in the absence of plant breeder's rights, foreign companies would be hesitant to organize any buy-back production of seeds in India for export to their countries for the fear of unauthorized use of their genetic material. Further another most important contribution by the plant variety system is to facilitate the growth of the seed industry in the country though both domestic and foreign investment which will also ensure the availability of high quality of seeds and planting material to Indian farmer. Plant variety protection is also justified from the perspective of commercial breeders, farmers and agro-biodiversity conservation. The enhancement of food security is also an argument which can be used to justify farmer's rights on farmers varieties since protection of the latter's interests will also promote the long term food security of the majority of the population in India. The other reasons for introducing the plant variety protection include; the role that the farmers play in sustainably using biodiversity and specifically in developing, conserving and enhancing the agricultural biodiversity. The introduction of plant variety protection in India has significant implications since seed has traditionally been supplied overwhelmingly by farmers themselves and by the public sector, with the private sector playing a marginal role until recently in cases of most of



the crops.<sup>1</sup> More recently, the impact of such protection on food security, particularly its impact on the cost of seeds and access of farmers to these seeds, has been at the centre of serious debate. The Food Security Act, 2014<sup>2</sup> is yet another attempt by the government of India to promote the agrarian economy while ensuring secured staple food to the people at large.

<sup>2</sup> Food and Agriculture Organization, 2003.

<sup>3</sup> Sreenivasulu NS, Chandranayak, *Ensuring Food Security and Plant Variety Protection*, MIPR, January 2011, Vol 1, Pt 1.

<sup>4</sup> Sreenivasulu NS, *Protection of Plant varieties in India, June-Dec 2006, The Journal of World Intellectual Property Rights*, Vol 2, Number 1-2, p 215.

<sup>1</sup> Sreenivasulu NS, Chandranayak, *Ensuring Food Security and Plant Variety Protection*, MIPR, January 2011, Vol 1, Pt 1.

<sup>2</sup> Food Security Act, 2014 is intended to ensure food security to the masses including those who under below poverty line.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.4 International Law on plant varieties**

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World Trade Organisation (WTO<sup>3</sup>), established in 1995, aims to provide institutional and regulatory mechanisms to promote world trade including agricultural commodities. India is one of the founding members of WTO along with 134 other countries. It was thought that India's participation in an increasingly rule based system in governance of International trade, would ultimately lead to better prosperity for the nation. Various trade disputes of India with other nations have been settled through WTO. India has also played an important part in the effective formulation of major trade policies of WTO. By being a member of WTO several countries are now trading with India, thus giving a boost to production, employment, standard of living and an opportunity to maximize the use of the world resources. On the agrarian front the WTO system as got two important agreements namely Agreement on Agriculture and the TRIPS agreement. The agreement on agriculture promotes use of modern technology and its transfer, export and import of agriculture products and seeds. The TRIPS agreement talks about protecting intellectual property rights in the agriculture innovation and production. After the formation of WTO in mid 1990s, all WTO member states are committed through TRIPS agreement<sup>1</sup> to promote effective protection of intellectual property rights in all the fields of technology. Article 27(3) (b) of the TRIPS Agreement requires that its members shall provide for the protection of plant varieties either by patenting or by an effective sui generis system. The TRIPS Agreement leaves room for countries to choose how to protect its property rights. Being a signatory to WTO agreement, India respond with enactment of protection of Plant Varieties and Farmer's Rights Act, 2001 to promote Indian seed Industry and to provide farmers the best available varieties besides protecting interests of plant breeders, researchers and farmers.<sup>2</sup> Most of the developing countries including India had decided not have patent for agricultural innovation, plant varieties and seeds. The stand was taken basically because such patent protection implies that a farmer purchasing patented seed would have the right to use the seed, but not the right to make seed by saving and replanting. The farmer who saves and replants seeds of patented plant variety will be in violation of law; hence choosing of the Sui generis system (of its own kind or any system a country decided on) was made. Even though the TRIPS do not bind states to adopt a given system, number of states decided to protect plant varieties by ratifying UPOV Convention. The international community having recognized the need to protect the rights of the breeder of new plant varieties came out with the International conventions for protection a new variety of plants (UPOV<sup>3</sup> Convention). Most of the agriculturally developed countries became party to this convention. International convention for the protection of new varieties of plants, the UPOV Convention<sup>4</sup> provides for a model law for protecting new plant varieties. The model law grants right to the plant breeder but did not recognize farmers as breeders. Further it does not provide for proper benefit sharing or compensation to communities in case of utilization of community conserved biological resources in evolving a particular plant variety. So India thought that model provided by UPOV was not suitable for the agricultural conditions of developing countries nor is good for supporting the livelihood of farming communities but will better suit the needs of developed countries. Hence, Indian Plant variety protection system while fulfilling the TRIPS obligations, bring forth the guidelines of UPOV convention into existence covers certain issues in protecting plant variety rights, which neither TRIPS nor UPOV model law do not. In the year 2002, Indian government acceded to the UPOV convention that was adopted in 1978. Under UPOV convention, a plant variety is qualified for protection if it meets the criteria of novelty, distinctiveness,

uniformity and stability. The benefit of accession to UPOV convention is that it will facilitate greater investment in plant breeding in the country and will enable the breeders to get protection in all convention member countries. So Indian government acceded to the convention but included some provisions, which are essential for the protection of farmers in India. India formulated its own plant varieties protection system which goes beyond the established international law on this point. While taking into consideration of local conditions and requirements Indian plant variety system provides for probably best legal framework in this regard as perceived by most of the developing countries. Hence the Plant Variety protection system established by virtue of Plant Variety Rights and Farmers Rights Act (PVRFR) 2001 is completely a sui generis legislation while fulfilling obligations under international law. Protection of plant varieties was a long-standing and deeply felt demand. India being dependent on the agriculture sector, these moves to accelerate development in the sector was required not only to promote the agricultural innovation and production but to foster the development of the economy. In this context it was very much essential to protect the intellectual endeavors in the agriculture and farming sector through sui generis plant varieties system.

3 Sreenivasulu NS and Subha Mathai, Sui generis system for the protection of plant varieties and farmers rights in India, MIPR, July, 2008, Vol 2, Pt 3, Pg. No: A-17.

1 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

2 Chakraborty, SK, Plant variety protection: Expected impacts, 2010, Paper presented in the National Seed Congress, IARI, New Delhi, p 22-26.

3 Sreenivasulu NS and Kariyanna KS, *International framework on regulation of intellectual property in biological resources and biodiversity*, MIPR, April 2012, Vol 1, Pt 2, p 113.

4 UPOV Convention i.e. Derived from French word "*Union Internationale pour la protection des obtentions vegetale*".

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.5 The plant variety protection system in India**

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The introduction of plant varieties protection in India<sup>1</sup> has significant implications since seed has traditionally been supplied by farmers themselves and by the public sector, with the private sector playing a marginal role until recently in most crops. From a legal perspective, the protection of plant varieties remains an issue which is far from settled even though the protection of Plant Varieties and Farmers Rights Act was adopted in 2001 in compliance with the TRIPS<sup>2</sup> obligations. This is due to number of reasons among which the following may be noted:

1. Plant Variety Protection is an issue which goes beyond giving incentives to the private sector; in fact while the TRIPS agreement is the direct trigger for the introduction of plant variety protection; it is not the only relevant treaty. The Biodiversity Convention (CBD) and the International Treaty on Plant Genetic Resources for Food and Agriculture<sup>1</sup> (PGRFA Treaty) are also of major importance.
2. While plant variety protection is directly related to innovation in the filed of agriculture, it must also be understood in the broader context which includes conservation of biological resources.
3. Plant variety protection is opposed to the idea that agricultural management should be based on the sharing of knowledge and resources.

In India, the protection of plant varieties<sup>2</sup> and farmers rights through IPR system has historically been denied as is reflected in the patents Act of India. The twin rationale for this denial was:

- (a) To guarantee food security by keeping food and agriculture product away from patent monopoly.
- (b) To keep the traditional or indigenous knowledge that passed from generation to generation away from patent monopoly.

It was thought that food security is a basic need whose fulfillment should not be governed by private commercial interests. Information in agricultural management has always been shared freely among farmers and farmer's communities. Nevertheless, international consensus through UPOV and TRIPS agreements<sup>3</sup> have mandated protection of plant varieties either through IPR and patent system or through a sui generis system. In India the Plant Varieties and Farmers Rights Act, 2001 which has been enacted in accordance with the international consensus intends to protect plant varieties and the rights of breeders and farmers who put their efforts in evolving new varieties of plants. The rationale for the conferment of rights is basically to recognize and protect the efforts of the breeders and farmers in evolving a new variety through the reward of monopoly, which may stimulate further research and development in the field. There are various objectives with which the plant varieties and farmers rights act of India was enacted. In particular India being a country vastly depending upon the agriculture for various needs requires an effective system for the protection and promotion of new varieties of plants and rights of farmers. In this regard the following

are the basic objectives of the system of plant varieties and farmers rights in India are worth making a note of.

1. To protect and benefit the breeders of new plant varieties
2. To protect and benefit the farmers as cultivators and conservers of traditional local plant varieties which may be used in the development of new variety.
3. To encourage the growth of seed industry through domestic and foreign investment so as to encourage high quality seeds and planting material to the farmers.
4. To stimulate investments for research and development both in public and private sectors for development of new plant varieties by ensuring appropriate returns on such investment.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 58.

<sup>2</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

<sup>1</sup> Sreenivasulu NS, Chandranayak, *Ensuring Food Security and Plant Variety Protection*, MIPR, January 2011, Vol 1, Pt 1.

<sup>2</sup> Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3, P. A-18.

<sup>3</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.6 Features of plant variety system in India**

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The Plant Varieties and Farmers Rights Protection Act of India is unique as it recognizes the rights of the farmers for the first time in the Indian legal history. The Act is peculiar in its operation and functioning. It establishes authorities with specific function for the purpose of protection of the rights of the breeders and the farmers. The Act has been a manifestation of the mandates of the international law on the point and at the same time consideration of the local needs of the country. Keeping in mind the agrarian scenario of the country the act provides for certain features which are unique and peculiar when compared to the plant varieties systems in the other countries such as USA and the system as prescribed under the international conventions such as UPOV. An understanding of these unique features of the Indian plant varieties and the farmers rights system is a worth an attempt. Let us have a brief note of some of the unique features of the Indian plant varieties system.

##### **18.6.1 Benefit Sharing**

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It is a new concept in the field of intellectual property rights. It provides for an obligation on the registered breeder of a new variety to acknowledge and pay to the conserver of the genetic material used for evolving new plant variety.<sup>1</sup> The amount of benefit payable to the beneficiary is determined by Protection of plant varieties and farmers Rights Authority.<sup>2</sup> After determining the amount the authority may ask the breeder to deposit the amount in the National Gene Fund, which will be drawn and paid to the beneficiary.

##### **18.6.2 Public Interest**

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The Act excludes certain varieties from protection in order to protect public order, morality or human, animal and plant life and health or to avoid serious prejudice to the environment payable to the environment. The Act provides for granting of compulsory licensing of a registered variety if reasonable requirements of public for seed have not been satisfied or seed of a variety is not available to the public at a reasonable price. The Authority may grant compulsory license under certain terms and conditions including payment of a reasonable license fee. Compulsory license will not be awarded if the breeder can demonstrate reasonable grounds for his inability to produce the seed. The Act allows scientists and breeders to have free access to the registered varieties for research and study or for the purpose of evolving new varieties. However breeder's authorization is required for producing essentially derived varieties by using a registered variety.

##### **18.6.3 Farmer's rights and Breeders rights**

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The Indian law, which has been hailed as progressive, pro-developing country legislation, has some notable features. Apart from a well-defined breeder's right, it has strong and pro-active farmers' rights. In fact, the Indian legislation succeeds in balancing the rights of Breeders and Farmers and exploits the flexibility granted in TRIPS,<sup>1</sup> in an intelligent manner. There are clauses to protect the rights of researchers and provisions to protect the public interest. The Indian legislation is the first in the world to grant formal rights to farmers in a way that their self-reliance is not

jeopardized. What is significant and positive about this legislation is that it charts its own course, beyond from the norms set UPOV which is at present the international platform for regulating plant breeders' rights.

- 1 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 67.
- 2 Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3.
- 1 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18 INTRODUCTION**

#### **18.7 Defining plant variety**

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Before going for discussing the intricacies involved in the protection of plant varieties it is pertinent to know what does a plant variety mean? The protection of plant varieties and farmers rights Act, 2001 defines Plant variety to mean; "a plant grouping except microorganism within a single botanical taxon of the lowest known rank" which is distinct, stable, uniform and novel compared to the existing varieties.<sup>2</sup> It includes propagating material of such variety, extant variety, transgenic variety, farmer's variety and essentially derived variety<sup>3</sup>. Propagating material means any plant or its component or part thereof including seeds capable of regenerating into a plant.<sup>4</sup> Extant variety means a variety, which is a part of public domain or common knowledge of farmer's variety available in India.<sup>5</sup> Farmers variety is given a meaning as a variety which has been traditionally cultivated and evolved by the farmers in their fields or a wild relative or land race of a variety about which the farmers possess the common knowledge.<sup>6</sup> Essentially derived variety in the sense a variety essentially derived from an initial variety or derived from a variety that is predominantly derived from such initial variety retaining the expression of the essential characteristics that result from the genotype or combination of genotypes of such initial variety but clearly distinguishable from the initial variety.<sup>7</sup> Transgenic variety is a variety possessing foreign genes incorporated unnaturally. It is variety, which is a result of genetic engineering. A variety defined under the Act means and includes a plant variety which may a extant variety or farmers variety or essentially derived variety or transgenic variety its parts, its propagating material and its seeds. In *Maharashtra Hybrid Seed Co v UOI*<sup>1</sup>, 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.

<sup>2</sup> Sreenivasulu NS, *Protection of Plant varieties in India*, June-December 2006, The Journal of World Intellectual Property Rights, Vol 2, Number 1-2, p 216.

<sup>3</sup> Section 2(r) of the Protection of Plant Varieties and Farmers Rights Act, 2001.

<sup>4</sup> Section 21(Za) for definition of the term "variety".

<sup>5</sup> Section 2(j) of the Act. Section 5 of The Seeds Act, 1966 also speaks about an extant variety.

<sup>6</sup> Section 2(l) of the Act, "Farmers Variety".

<sup>7</sup> Section 2(i) "Essentially derived variety".

<sup>1</sup> (2015) 217 DLT 175.



## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.8 Characteristics of plant varieties**

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A plant variety must possess certain prescribed characteristics under the Plant Varieties Act in order to be protected. In essence a variety must possess following characteristic features:<sup>2</sup>

- (1) Novel
- (2) Stable
- (3) Uniform
- (4) Distinct

A variety must be novel in the sense; it must be a variety newly evolved, which is not available in the public domain. A variety must be stable in expressing its characteristics; in the sense such variety must be stable in possessing and expressing its characteristics after its propagation. A variety must possess uniform and common features throughout its generations. Its uniform characteristic features must be transferred from generation to generation. The last characteristic feature of a variety is distinctiveness. A variety must be clearly distinguishable from other varieties. Any variety possessing all the above characteristic features is eligible<sup>3</sup> for protection and deserves protection.

<sup>2</sup> Sreenivasulu NS, *Protection of Plant varieties in India*, June-Dec 2006, The Journal of World Intellectual Property Rights, Vol 2, Number 1-2, p 215.

<sup>3</sup> Section 15: Registrable varieties.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.9 Protection of plant varieties**

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A registered plant variety is protected from exploitation except by the breeder who has registered it after having worked on it.<sup>4</sup> A farmer or breeder intending to get protection for their newly evolved variety shall apply for registration under the Act. The Plant Varieties Authority under the Plant Varieties Act intends to provide for the registration and documentation<sup>5</sup> of new plant varieties. For all the above practical purposes the authority is vested with the powers of Civil Court.<sup>1</sup> For the purpose of registration of new plant varieties there established a Registry known as the Plant Varieties Registry.<sup>2</sup> Registration is done through the branches of the Registry established at different locations throughout the country. Registry maintains a register called The National Register<sup>3</sup> of plant varieties, which is kept at the head office of the registry. The details of the registered plant varieties such as; its silent features, its denomination, seeds, propagating material, along with the name and addresses of the breeder, their rights are entered in the National Register.

<sup>4</sup> Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3.

<sup>5</sup> Section 8 General functions of authority.

<sup>1</sup> Authority is vested with powers of civil court such as power to receive evidence, administering oaths, enforcing the attendance of witness, compelling the discovery and production of documents and issuing commissions for the examination of witness.

<sup>2</sup> Section 12 Registry and offices thereof.

<sup>3</sup> Section 13 National Register of Plant Varieties.

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#### **18.10 Who can apply for registration of plant varieties?**

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A breeder<sup>4</sup> of a variety or this successor or assignee or any farmer or group or community of farmer's claiming to be the breeders of the variety or any university or publicly funded agricultural institution claiming to be the breeder of the variety can individually or jointly file an application for registration.<sup>5</sup> The application shall be addressed to the Registrar of Plant Varieties Registry for registering any genera or species as specified by Central Government in Official Gazette or of any extant variety or farmer's variety.

<sup>4</sup> Section 2(c) Breeder means a person or group of persons or a farmer or group of farmers or any institution which has bred, evolved or developed any variety.

<sup>5</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 60.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.11 Plant varieties registry**

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There is a Registry under the Act called Plant Varieties Registry, which supervises the registration of the eligible plant varieties. There is a Register under the Act by name; National Register of plant varieties where the details of all the registered plant varieties have been kept. The Register shall be kept at the head office of the Registry and copy of it shall be kept at each branch of the Registry, so that people can have access to the details of registered plant varieties, along with the address of breeders of registered variety etc, information regarding any assignment or license if any with regard to any particular variety. The Central Government established a Plant Variety Registry<sup>6</sup> under the Act. For the purpose of facilitating registration of plant varieties, branch offices of the Registry may be established at such places as the Authority may think fit. The Authority appointed a Registrar-General of Plant Varieties and may also appoint such number of Registrars as it thinks necessary for the registration of plant varieties under the superintendence and direction of the Registrar General and make regulations with respect to their duties and jurisdiction. The Authority defines the territorial limits within which a branch office of the Registry may exercise its functions. The Registry maintains the register of plant varieties at its office which contains the names and details of every variety registered under the Act. In all proceedings before the Registry, the registry has 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 document and issuing commissions for the examination of witnesses; may make such orders as to costs as it considers reasonable am any such order is executable as a decree of a civil court. In *Pioneer Overseas Corporation v Kaveri Seed Co Ltd*,<sup>1</sup> the Delhi High Court had struck down the provision on the ground that it gives broad and sweeping powers to the registrar to issue interim directions without supplying any parameters in accordance with which such powers are to be exercised. Since the application of this provision requires the Registrar to properly construe such open-ended terms as "abusive acts", the court reasoned, the registrar cannot be allowed to exercise his discretion in an unguided fashion. On this basis, the court held that the provision suffers from the vice of arbitrariness and is liable to be struck down. Pioneer Overseas Corporation and Union of India filed the SLP in the Supreme Court, resulting in the grant of the stay. Later the Supreme Court stayed the Delhi High Court's judgment and the matter is currently pending its final disposal.

<sup>6</sup> Section 12 of the Act, available at [http://lawmin.nic.in/ld/P-ACT/2001/The%20Protection%20of%20Plant%20Varieties%20and%20Farmers%E2%80%99%20Rights%20Act,%20last visited 05-01-2018](http://lawmin.nic.in/ld/P-ACT/2001/The%20Protection%20of%20Plant%20Varieties%20and%20Farmers%E2%80%99%20Rights%20Act,%20last%20visited%2005-01-2018).

<sup>1</sup> S.LP(C) Nos.19305-19306/2017, Available at [https://spicyip.com/wp-content/uploads/2017/08/SC-Order\\_-\\_31-July-2017-in-SLPs-.pdf](https://spicyip.com/wp-content/uploads/2017/08/SC-Order_-_31-July-2017-in-SLPs-.pdf), last visited 12-01-2018.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.12 Essential requirements for registration**

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For the registration of new variety it shall conform to the criteria of novelty, distinctiveness, uniformity and stability.<sup>2</sup> The basic ingredients or characteristic feature of the plant variety are also the essential requirements for registration and protection. The variety shall be deemed to be novel if on the date of filing of the application for registration, the variety has not been sold or disposed of by or with the consent of breeders or his successor for the purpose of exploitation of such variety in India not earlier than one year and outside India in case of trees and vines earlier than six years, in other cases earlier than four years before the date of filing of the application or if the variety has not been sold out or has become a matter of common knowledge other than through aforesaid manner such variety shall be deemed to be novel. Distinct in the sense the variety should be clearly distinguishable<sup>3</sup> by at least one essential characteristic from any other variety whose existence is a matter of common knowledge of any country at the time of filing of the applications. If the particular features of the propagation of claimed variety is sufficiently uniform in its essential characteristics then the variety is said to be uniform. If the essential characteristics remain unchanged after repeated propagation then the variety is said to be stable.

<sup>2</sup> Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3, P. A-19.

<sup>3</sup> Sreenivasulu NS, *Protection of Plant varieties in India*, June-Dec 2006, The Journal of World Intellectual Property Rights, Vol 2, Number 1-2, p 217.

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**18.13 Determination of credentials of a variety**

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A variety, which is not prohibited or excluded and confirming to the requirements under the Act, is registered. A variety is registered if it is novel, distinct, uniform and stable. Considering the knowledge in the public domain novelty of a variety is determined. If the knowledge in the public domain does not suggest the variety than the variety is said has been novel. A variety is distinct if its characteristic features are distinguishable from the existing varieties. A variety is uniform if it transfers its common characteristics to its next generation after propagation. A variety is stable if its essential characteristics are equally expressed in its next generation.

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#### **18.14 Varieties not registerable**

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In the public interest few varieties have been excluded or prohibited from registration. According to the Act the Central Government shall by notification in Official gazette specify the genera or species for the purpose of registration under the Act. In the public interest or common interest few varieties are excluded or prohibited from registration. Varieties exploitation of which is against public order or morality or prejudicial to human, animal and plant life and health or to the environment are excluded from registration.<sup>1</sup> The Act specifically excludes a variety, which involves the use of any technology, which is injurious to human, animal, plant life or health from registration. In particular use of technologies such as terminator technology in evolving a variety leaves the variety incapable of reproduction. Varieties evolution, which involves use of the above technology, is totally excluded from registration. Terminator technology involves using of gene technology to incorporate a gene into a plant, which terminates the plant's capacity to reproduce. Moreover a variety could not registered if it is not identifiable<sup>2</sup> or is not different from other existing varieties. On the same lines if a variety is likely to deceive or confuse the public or hurt religious sentiments of any class of citizens of India the same cannot be registered. Further a variety cannot be registered if its denominated name or emblem is prohibited from use.<sup>3</sup> Dishonest denomination of a geographical name also leaves a variety ineligible to the registered.

<sup>1</sup> Section 29 Exclusion of certain varieties.

<sup>2</sup> Section 15 Registrable varieties.

<sup>3</sup> Section 3 of The Emblem and Names (Protection from improper use) Act, 1950.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.15 Registration of plant varieties**

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It is only the breeder of the variety of his successor, assignee or any farmer group or any University of publicly funded agricultural institution or any person authorized who are eligible to apply for the registration claiming the newly evolved variety.<sup>4</sup> Applications could be made either individually or jointly. Any variety that is not prohibited or excluded from registration could be claimed in the application.<sup>5</sup> Application shall be made in a prescribed form along with prescribed fee as specified in the Act and the regulations made there under. The application shall give information with regard to the varieties parental lines, its geographical location, acknowledgement of contribution of farmers or community group or tribal or rural families if any in evolving the variety.<sup>6</sup> The application shall contain a declaration that the genetic material or parental material used for evolving, developing and breeding of the variety has been lawfully acquired. There shall also be an affidavit sworn by the applicant that such variety does not contain any gene or gene sequence involving terminator technology.<sup>1</sup> However for a registration of a farmer's variety the above requirement does not apply.<sup>2</sup> The application shall be accompanied by a deposit of seeds of a variety to conduct tests with regard to its evolution and also to test its conformity with the standards underlined under the Act.<sup>3</sup> The breeders must assign a single and distinct denomination to his variety. Every application for registration of any variety shall:<sup>4</sup>

- (i) State the denomination assigned.
- (ii) Be accompanied by an affidavit sworn by the applicant that it does not contain any gene or gene sequence involving terminator technology.
- (iii) A statement containing brief description of the variety bringing out its characteristics of novelty, distinctiveness, uniformity and stability as required for registration.
- (iv) Declaration that genetic material or parental material acquired for breeding has been lawfully acquired.
- (v) Complete passport data of the parental lines from which the variety has been derived along with the geographical location in India from where genetic material has been taken.
- (vi) All such information as to the contribution if any, of any farmers, village community, institution in breeding, evolving or developing the variety.
- (vii) Along with the application, the applicant shall submit to the Registrar such quantity of seed for registration for conducting test to conform the standards. The applicant shall deposit fee for conducting tests.

<sup>4</sup> Section 16 Persons who may make application.

<sup>5</sup> Section 29 Exclusion of certain varieties.

<sup>6</sup> Section 40 Certain information to be given in application for registration.

<sup>1</sup> Variety which involves terminator technology is excluded from registration, See Section-section 29 Exclusion of certain varieties.



- 2 Section 18 Form of application, See also section 39 Farmers right.
- 3 Section 19 Tests to be conducted.
- 4 In case of registration of an essentially derived variety application for registration shall be made to the Registrar and he shall forward it with his report and relevant documents to the Authority. Then the Authority shall examine by conducting test to determine as to whether the essentially derived variety is derived from initial variety. If the Authority is satisfied, it may direct the Registrar to register such essentially derived variety and then Registrar shall issue to the applicant a certificate of registration. Registrar will then send a copy of it to the Authority.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.16 Opposition proceedings**

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On receipt of an application the Registrar shall make an inquiry on it and then can accept it absolutely or subject to conditions. Registrar may amend or reject applications if it does not comply with the requirements of the Act or Rules, after giving a reasonable opportunity for hearing. If the application is accepted it shall be advertised<sup>5</sup> to invite oppositions if any. Any interested person can file his opposition within three months from the date of the advertisement. Opposition may be on the following grounds<sup>1</sup>, that;

- (1) The person opposing the application is entitled to the breeders right as against the applicant; or
- (2) The variety is not registered under the Act; or
- (3) The grant of certificate of registration may not be in the public interest; or
- (4) The variety may have adverse effect on the environment.

On filing of opposition the registrar shall serve a copy of the notice of opposition<sup>2</sup> on the applicant who shall within two months from the date of the receipt of such copy send a counter statement to the registrar, otherwise it shall be deemed that the applicant has abandoned his application. Counter statement by the applicant shall be served on the opponent. Further the registrar shall give an opportunity of being heard to both the parties before making any decision. While presenting their case parties may submit evidence in support of their claim. The Registrar after hearing the parties, considering the evidence and after giving reasons for his decision shall uphold or reject the opposition. The Registrar may require the person opposing or the applicant to give security for the cost of proceeding if they neither resides nor carries on business in India, in default the application is deemed to have abandoned. The registrar may decide the case on the facts after considering the grounds of opposition and evidence submitted there in by the parties.

<sup>5</sup> Section 21 Advertisement of application.

<sup>1</sup> Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3, P. A-20.

<sup>2</sup> Sreenivasulu NS, *Protection of Plant varieties in India*, June-Dec 2006, The Journal of World Intellectual Property Rights, Vol 2, Number 1-2, p 220.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.17 Confirmation of the registration**

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If the application is in conformity with the requirements under the Act and when no opposition is made or when opposition is made but the same is rejected, the registrar shall register the variety claimed in the application. On registration, the applicant shall be issued a certificate with the seal of the registry. The certificate shall be valid for nine years in the case of trees and vines and six years in the case of other crops. The certificate may be reviewed and renewed on payment of prescribed fee. However the maximum period of protection after renewal shall not exceed eighteen years in the case of trees and vines in other cases fifteen years.<sup>3</sup> On registration of a variety the breeder enjoys rights to produce, sell, market, distribute, import or export the variety. Breeder can assign or license his rights to any one provided the same is registered with the registrar. The terms and conditions of assignment or license shall also be registered with the registrar. On the same lines breeder may authorize an agent to deal with his registered variety subject to conditions if any, provided the same is registered with the registrar.<sup>1</sup> Details with regard to the registered variety shall be entered in the Register of plant varieties kept for the purpose under the Act.

<sup>3</sup> Section 24 Issue of certificate of registration, see: the Plant Varieties Act, (last accessed in Jan 2018) available at [http://lawmin.nic.in/Id/P-ACT /2001 /The%20Protection%20of%20Plant%20Varieties%20and%20Farmers%E2%80%99%20Rights%20Act,%202001.pdf](http://lawmin.nic.in/Id/P-ACT/2001/The%20Protection%20of%20Plant%20Varieties%20and%20Farmers%E2%80%99%20Rights%20Act,%202001.pdf).

<sup>1</sup> Section 28 Registration to confer right.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.18 Duration or Protection**

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The duration of protection under the Act varies depending upon the nature and characteristics of the varieties claimed. In case of trees and vines the duration is eighteen years from the date of registration. In other cases the term is fifteen years from the date of registration of the variety. In case of extant variety the duration starts after the notification of the central government under section 5 of Seeds Act, 1966. The duration of the protection of an extent variety is fifteen years from the date of notification. Further, certificate of registration shall be valid for nine years in case of vines and trees and six years in case of other crops. The certificate can be renewed on payment of renewal fee but subject to the condition that total period of validity shall not exceed the total term of protection. In general the following is the duration of protection for the plant varieties:

- (i) 18 years from the date of registration of the variety in case of trees and vines;
- (ii) 15 years from the date of the notification of that variety under section 5 of the Seeds Act, 1966 in case of extant varieties; and
- (iii) 15 years from the date of registration of the variety in other cases.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.19 Conferred rights and their exploitation**

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Certificate of registration<sup>2</sup> 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. The breeder may authorize any person to produce, sell, market or otherwise deal with the registered variety<sup>3</sup> subject to certain conditions. The rights conferred on registration could be exploited by the registered owner either on his own or through any interested person. For the purpose of authorizing any interested person to exploit the rights of the owner there has to be license or assignment or authorization by the registered owner to the interested party who in turn becomes the registered licensee, assignee or agent of the owner of the plant variety. Section 28(4) provides that where an agent or a licensee becomes entitled to produce, sell, market, distribute, import or export a variety, the same shall be registered with the Registrar of plant Varieties through an application. 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 involved. The Registrar shall cause particulars of such entitlement and conditions or restrictions if any, to be entered in the register. The Registrar shall issue a certificate of registration to the applicant after such registration and enter in the certificate brief conditions of entitlement, if any. Such certificate shall be the conclusive proof of such entitlement and conditions or restrictions thereof, if any. However, where the validity of such entitlement is in dispute between the parties, the Registrar may refuse to register the entitlement and refer the matter to the Authority and withhold the registration of such entitlement until the right of the parties in dispute has been determined by the Authority. According to the provisions of section 28 a registered agent or licensee cannot transfer such right further.

<sup>2</sup> Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3, P. A-22.

<sup>3</sup> Sreenivasulu NS, *Protection of Plant varieties in India*, June-Dec 2006, The Journal of World Intellectual Property Rights, Vol 2, Number 1-2, p 215.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.20 Compulsory Licensing**

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If reasonable requirements of the public<sup>1</sup> for seeds and other propagating material have not been satisfied it does constitute a valid ground to apply for compulsory license.<sup>2</sup> Any person interested may make an application to the Plant Varieties Protection Authority after the expiry of three years from the date of issue of certificate of registration of a variety alleging that:<sup>3</sup>

- (i) Reasonable requirements of the public for seed or other propagating materials of a variety have not been satisfied.
- (ii) The seeds or other propagating material of the variety is not available to the public at a reasonable price.

Any interested person can make application to the Plant Varieties Authority seeking compulsory license of an identified plant variety. The application for compulsory license shall:

- (i) Specify particulars of variety denomination, generic and specific name of the variety or varieties concerned;
- (ii) Contain the grounds for issue of compulsory license with supporting documents, and
- (iii) Be supported by:
  - (a) Qualification, technical and financial capabilities of the person making such request with evidence;
  - (b) Particulars of the holder of the right to the variety;
  - (c) Written evidence that the person, making such request, has exhausted all measures for voluntary license.

Every application for compulsory license shall contain statement of the nature of the applicant's interest together with such particulars and facts upon which the application is based. However, application for compulsory license shall not be made until the expiry of a period of three years from the date of issue of the certificate of registration of a variety. The authority shall issue an appropriate order only after hearing both the parties *i.e.*, the applicant for compulsory license and the breeder of a registered variety to work on which application for compulsory license is made.<sup>4</sup> The Authority after consulting the Central Government gives an opportunity to the breeder to file opposition. It may grant a compulsory license to the applicant on such terms and conditions as it may be fit and a copy of the order will be send to the Registrar to register the applicant as licensee on payment of fee prescribed. Compulsory license shall be issued to undertake production, distribution and sale of the seeds or other propagating material of such registered variety. The grant of compulsory license shall be in the public interest. The authority may subject the compulsory license to any conditions that it deems necessary.<sup>1</sup> The Authority shall determine the duration of compulsory license and it may vary from case to case and it shall not exceed the total remaining period of the protection of that variety. As per the provisions of the Act, when

the requirements of public deemed to have not been satisfied the authority can grant compulsory license to any interested person. While determining whether requirements of public have been satisfied or not the authority shall take into account:

- (i) the nature of the variety, the time which has elapsed since the grant of the certificate of registration of the variety and the measures taken by the breeder or any registered licensee of the variety to meet the requirement of the public; and
- (ii) The capacity, ability and technical competence of the applicant to produce and market the variety to meet the requirement of public,

Compulsory license could be granted with or without any conditions as per the satisfaction of the Plant Varieties Authority. While determining the terms and conditions of a compulsory license the Authority have to Endeavour to secure<sup>2</sup>:

- (i) reasonable compensation to the breeder of the variety relating to the compulsory license 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.

The Authority shall make available to the licensee the reproductive material of that variety stored in National Gene, Bank or any other centre. Reasonable compensation will be given to the breeder of the variety after considering the expenditure incurred by the breeder, nature of variety etc. Compulsory licensee should provide the variety timely and at reasonable market price but cannot import the variety, as it would amount to infringement of the rights of the breeder.<sup>3</sup> Compulsory license can be revoked on the satisfaction of the authority that the licensee is not working in accordance with the terms and conditions laid down by the authority or the motive of the compulsory license is not been met. Besides the authority has power to modify the terms and conditions of the license at any time. Perhaps, the licensee can also request the authority for any change in the terms and conditions of the compulsory license. It has to be noted that compulsory license is granted in exceptional circumstances in the public interest. It is not a general rule, rather is an exceptional measure taken by the authority to see that the registered variety is being properly exploited to meet the needs of the public or the proceeds of the variety are available to the public at affordable prices.

<sup>1</sup> Section 48 when requirements of public deemed to have not satisfied.

<sup>2</sup> Section 47 Power of authority to make order for compulsory license in certain circumstances.

<sup>3</sup> Sreenivasulu NS and Subha Mathai, *Sut generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3, P. A-22.

<sup>4</sup> Sreenivasulu NS, *Protection of Plant varieties in India*, June-Dec 2006, The Journal of World Intellectual Property Rights, Vol 2, Number 1-2, p 224.

<sup>1</sup> Section 51 Authority to settle terms and conditions of license.

<sup>2</sup> Section 51 of the Act (last accessed in Jan 2018) available at <http://lawmin.nicin/ld/P-ACT/2001/The%20Protection%20of%20Plant%20Varieties%20and%20Farmers%E2%80%99%20Rights%20Act,%20>

<sup>3</sup> Section 47 to section 53.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.21 Community rights, benefit sharing and gene fund**

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On registration of the variety the Registrar shall issue certificate of Registration and a copy thereof will be send to the Benefit Sharing<sup>1</sup> Authority constituted under the Act for the purpose of adjudicating the claims made by the community or individuals who have conserved the raw material used in evolving the claimed variety. On receipt of copy of certification of registration, the Authority shall publish the certificate. The purpose behind publishing a certificate is to invite claims of benefit sharing if any to the respective registered plant variety. The following persons or organizations could file claim for benefit sharing.<sup>2</sup>

1. Any citizen of India or group of citizen of India or
2. a governmental firm or
3. non-governmental organization formed and established in India

On invitation of the claims, any person or group of persons or firm or governmental or non-governmental organization shall submit its claim of benefit sharing to such variety in the prescribed form and within prescribed time and with prescribed fee under the regulations framed under Act. Such person(s), firm or the non-governmental organization shall pay the prescribed fee and provide the following information:

- (i) the contribution made by the person or the group of persons or firm or community or the non-governmental organizations to the genetic development of the plant variety;
- (ii) the capacity in which the person or the group of persons or the nongovernmental organization is making the claim for benefit sharing;
- (iii) in case of "essential derived varieties", the terms and conditions in which authorization has been given;
- (iv) the commercial viability or the actual market performance of the variety so registered.

<sup>1</sup> Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3, P. A-25.

<sup>2</sup> Sreenivasulu NS, *Protection of Plant varieties in India*, June-Dec 2006, The Journal of World Intellectual Property Rights, Vol 2, Number 1-2, p 221.



## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.22 Plant varieties authority**

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There is an authority by name The Plant Varieties and Farmers' Rights Authority established under the Act by the Central Government. It is a body corporate having perpetual succession and a common seal with power to acquire, hold and dispose of movable and immovable properties, and to contract. It can sue and be sued by others. The head office of the Authority shall be at New Delhi. The Authority may establish branch offices at other places in India with the previous approval of the Central Government. The Authority consists of a chairperson and 15 other members. The chairperson shall be a person of outstanding caliber and eminence with long practical experience to the satisfaction of that Government, especially in the field of plant varietal research or agricultural development. The chairperson shall be the chief executive of the Authority and shall exercise such powers and perform such duties as may be prescribed. The *ex officio* members include the Agriculture Commissioner, Horticulture Commissioner, Director of the National Bureau of Plant Genetic Resources, Deputy Director General In-charge of crop sciences, Joint Secretary in charge of seeds, Representatives from the department of bio-technology, Ministry of Environment and Forest, and Law. The Authority functions to promote and to give encouragement for the development of new varieties of plant and to protect the rights of the farmer and breeders by way of registration of plant varieties and farmers varieties. The authority also functions to characterize & document the varieties.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.23 General functions of authority**

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It is the duty of the Authority is to promote<sup>1</sup> the development of new varieties of plants and to protect the rights of the farmers and breeders by such measures as it thinks fit. The Authority may provide for:

- (i) the registration of new extant plant varieties subject to the prescribed terms and conditions;
- (ii) developing characterization and documentation of registered varieties;
- (iii) documentation, indexing and cataloguing of farmers' varieties;
- (iv) compulsory cataloguing facilities for all varieties of plants;
- (v) Ensuring that seeds of the registering varieties 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 does not arrange for production and sale of the seed in the prescribed manner;
- (vi) 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 publications;
- (vii) Ensuring the maintenance of the Register.

In addition to above, the Authority can advice the Central Government in relation to section 29(2) for specifying and notifying the genera and species for the purpose of registration of new plant varieties other than extant varieties and farmers' varieties. The Authority is to register extant varieties under section 8(2)(a) within such period as may be determined by it with suitable test criteria to confirm distinctiveness, uniformity and stability of such varieties. The Authority prescribes the criteria for protection under the act and conducts such tests for characterization of each variety of crop species notified by the Central Government. The Authority is duty bound to compile and maintain a database on all varieties of common knowledge including all registered extant and farmers' varieties and such varieties being cultivated outside India for each crop species prior to grant for registration for new varieties belonging to such species. In all proceedings before the Authority, the Authority has 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 document and issuing commissions for the examination of witnesses; may make such orders as to costs as it considers reasonable and any such order is executable as a decree of a civil court. Authority is entitled to call for and procure the details of any crop variety under use in the country for the purpose of bringing the same into its database. Any public or private institution, community or individual involved in the production and use of seed of such varieties are required to provide full information on its characteristics or/ and a true sample of seed of such variety. The Authority keeps a record of the production and sale of seed of all registered varieties. It is necessary for all breeders of registered varieties to supply certified figures on annual seed production and sales to the Authority within neither a period nor exceeding three months from the completion of such reporting period. The Authority may also call for such information specifically relating to any region of the country. On receiving a claim for benefit sharing, the Authority shall send a

copy of such claims to the breeder of the registered variety The breeder<sup>1</sup> may, on receipt of such copy, accept the claim and accordingly intimate the same to the Authority within a period of 3 months. He may also submit his opposition to such claim within a period of 3 months in the prescribed manner, In the eventuality of the breeder failing or defaulting to tender the intimation within 3 months, it shall be presumed that he has no opposition to such claim and the claim shall be decided accordingly. The authority<sup>2</sup> shall give an opportunity of being heard to both the parties before making any decision. The authority shall consider the following while determining the benefit sharing:

- (i) the extent and nature of the use of genetic material of the chairman; in the development of the variety relating to which the benefit sharing has been claimed;
- (ii) the commercial utility and demand in the market of the variety relating to which the benefit sharing has been claimed.

The Authority after giving reasonable opportunity for hearing to both the parties *i.e.*, benefit claimers and the registered owner of the variety dispose the claim by explicitly indicating in the order, the amount of the benefit sharing. The breeder of such variety shall deposit the determined amount of benefit sharing to a variety in the National Gene Fund constituted under the Act. Besides, the breeder is required to deposit certain quantity of seeds or propagating material as prescribed under the Act in the National Gene Bank. In general the following amounts are credited to the National Gene Fund.

1. the benefit sharing received from the breeder of a registered variety or an essentially derived variety or propagating material of such variety or essentially derived variety, as the case may be;
2. The annual fee payable to the Authority by way of royalty under section 35(1);
3. The compensation deposited in the gene Fund under section 41(4) (rights of communities);
4. The contribution from any national and international organisation and other sources.

The money deposited in the Gene Fund would be used for meeting various claims, payment of compensations to the aggrieved. The amount credited in the Gene Fund could be applied for meeting the following expenses

1. Any amount to be paid by way of benefit sharing under section 26(5);
2. The compensation payable under section 41(3) (rights of communities);
3. 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 out such conservation and sustainable use;

Further, the annual fee payable to the authority by way of royalty, compensation payable to "any local community, any national and international organization and other sources for their contribution in the evolution of the registered variety", by the breeder shall also be deposited with the National Gene Fund. Any village or local community in India may file any claim attributable to the contribution of the people of that village or local community in the evolution of any variety registered under the Act. If the authority is satisfied that such village or local community has significantly contributed in the

evolution of a plant variety registered it may grant such sum of compensation to be paid to such village or local community.<sup>1</sup>

<sup>1</sup> Section 8 of the Act (last accessed in Jan 2018) available at <http://lawmin.nic.in/ld/P-ACT/2001/The%20Protection%20of%20Plant%20Varieties%20and%20Farmers%E2%80%99%20Rights%20Act,%20>

<sup>1</sup> Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 68.

<sup>1</sup> Section 41 Rights of communities.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.24 Farmers rights and Breeders rights**

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Farmers' Rights consist of the customary rights of farmers to save, use, exchange and sell farm-saved seed and propagating material. Their rights to be recognized, rewarded and supported for their contribution to the global pool of genetic resources as well as to the development of commercial varieties of plants, and to participate in decision making on issues related to crop genetic resources. The Protection of Plant Varieties and Farmers Rights Act defines the term breeder. Breeder is a person or group of persons or farmer or group of farmers or any institution, which has bred, evolved or developed any variety.<sup>2</sup> Breeders includes farmer within its meaning. However farmer<sup>1</sup> is defined to mean any person who cultivates crops by cultivating the land himself or through any other person or 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. Breeders or farmers who endeavor in evolving a plant variety may seek protection for their variety provided their variety possess such required characteristic features as prescribed under the Act.

##### **18.24.1 Need for farmers' rights**

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Farmers' Rights are a precondition for the maintenance of crop genetic diversity, which is the basis of all food and agriculture production in the world. Genetic diversity of agricultural plants is the very basis of farming. It provides the pool from which plant traits can be found that meet the challenges of crop pests and diseases, of marginal soils, and not least of changing climate conditions and it is vital for spreading risks for small holder farmers. Plant genetic diversity is probably more important for farming than any other environmental factor, simply because it is the factor that enables adaptation to changing environmental conditions. As farmers are conservators and custodians and developers of crop genetic resources, their rights in this regard are crucial for enabling them to maintain this vital role for local and global food security, and they are a central means in the fight against poverty. Much of the farmer conserved plant genetic resources protected under the Treaty on Plant Genetic Resources for Food and Agriculture,<sup>2</sup> land races or traditional farmers' varieties are low yielding. In recent times, conservation of these plant genetic resources<sup>3</sup> by cultivation involves high opportunity cost (in lieu of modern high yielding varieties), causing income loss and reduced house-hold food security in small farm agricultural systems. Cultivation of low yielding land races also implicates the national production needs of many developing countries, which have compelling need to increase production in every unit of land, cultivation of land races under marginal and pro-nature farming contributes to environmental service.

##### **18.24.2 Biodiversity and farmers' rights**

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Another dimension to the issue is the differences among countries in their national wealth on biodiversity, particularly the agro-biodiversity. Many countries of the South, including India are hotspots of biodiversity. This has largely influenced the history and system of agriculture in these countries, particularly the historic role of farmers in protecting, preserving and improving crop plants. It should not be forgotten that before the entry of organized and institutionalized scientific plant breeding, it was the farmer

breeders who were responsible for creating the huge wealth of genetic variability in all crop plants and their wild relatives. They selected several varieties to suit their taste, social and economic requirements, different growing situations, resistance to several pests and diseases, possessing wide variation in quality, etc. All plant breeding efforts, either by conventional or bio-technological methods, being made today and will be made in future, either by the public research institutions or by the private sector corporate, shall depend on this genetic variability. In recognition of this fact, the FAO concluded that an international undertaking on farmers' rights arising from the past, present and future contributions of farmers in conserving, improving and making available plant genetic resources, particularly those at the centers of origin or diversity.<sup>1</sup> These rights are vested with the international community, as the trustees for the present and future generations of farmers, for the purpose of ensuring full benefits to the farmers and supporting continuation of their contributions. One of the undertakings relevant to the present context is "to assist the farmers and farming communities in all regions of the world, but especially in the areas of origin/diversity of plant genetic resources<sup>2</sup>, to participate fully in the benefits derived at present and in future, from the improved use of plant genetic resources through plant breeding and other scientific methods.

#### **18.24.3 Farmers' rights under FAO Seed treaty**

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Farmer's rights possess certain aspects which would serve not only the farmers interests but at the same the interest of the community at large which have been identified and promoted under the international treaties and norms. The following are the basic aspects of farmers Rights:

- o A national responsibility
- o A right to counterbalance the plant breeders right on seed right
- Individual or community rights
- A wider concept to recognize farmers' roles
- o To promote on-farm conservation, sustainable utilization and supply of plant genetic resources
- o Benefits sharing for use of plant genetic resources

#### **18.24.4 Components of rights of farmers**

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Farmer's rights have got different components. Farmer gets rights in various capacities such as conserver, cultivator, provider and breeder. As a conserver and cultivator farmer enjoys right to save, use, sow, re-sow, exchange, share or sell farm produced seed, including the seed of registered variety. However, the right excludes sale of branded seed of a protected variety. As conservers again enjoys receiving reward and recognition for conserving plant genetic resources. As a cultivator gets right to claim compensation for under performance of registered variety, right to get adequate supply of seed of registered varieties at reasonable prices. As a provider of plant genetic resources farmer gets right to share benefit when farmers' variety is used for breeding new commercial variety. Farmer's Rights as breeder include Right to register farmer's variety, right to give consent for commercializing essentially derived variety (EDV), developed from farmer's variety. Further, on socio-economic consideration there has been granted exemption to farmers from paying all fees related to administrative and judicial proceedings. At the same time judicial protection is granted against innocent infringement of this Act by the farmer.

2 Section 2(c) "breeder".

1 Section 2(k) "farmer".

2 Sreenivasulu NS and Kariyanna. *KS, Protection of traditional knowledge and intellectual property rights*, MIPR, Jan 2012, Vol 1, Pt 1, P. F-37.

3 Sreenivasulu NS and Kariyanna KS, *International framework on regulation of intellectual property in biological resources and biodiversity*, MIPR, April 2012, Vol 1, Pt 2.

1 Sreenivasulu NS, Chandranayak, *Ensuring Food Security and Plant Variety Protection*, MIPR, January 2011, Vol 1, Pt 1.

2 Sreenivasulu NS and Kariyanna KS, *International framework on regulation of intellectual property in biological resources and biodiversity*, MIPR, April 2012, Vol 1, Pt 2.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.25 Protection of farmer's rights**

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The TRIPS agreement<sup>1</sup> mandates the member states to give effective protection to plant breeder's rights.<sup>2</sup> The multinational biotechnology industries involving in plant breeding aspired for enhanced protection to their rights but due to successful lobbying of NGO's, the public and farmers, the farmers rights was later included in the Act. Indian legislation is the first in the world to grant formal rights to farmers. In this context, section 39 of the Act provide that:

- (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;
- (ii) The farmers' variety shall be entitled for registration if the application contains declarations as specified in section 18(l)(h);
- (iii) A farmer who is engaged in the conservation of genetic resources<sup>3</sup> of land races and wild relatives of economic plants and their improvement through selection and preservation shall be entitled for recognition and reward from the Gene Fund subject to the condition that material so selected and preserved has been used as donors of genes in registrable varieties;
- (iv) A farmer is deemed to be entitled to save, use, sow, re-sow, exchange," share or sell his farm produce including seed of a protected variety. However, the farmer is not entitled to sell branded seed' of a protected variety.

The Act recognizes farmer<sup>4</sup> as a cultivator, conserver and a breeder who has bred several varieties. The farmer who has bred or developed a new variety has a right to register it. Farmer's varieties<sup>5</sup> can also be registered under the Act if the application contains a declaration that genetic or parental material acquired for breeding has been lawfully acquired. Farmer have the right to save, use, sow, resow, exchange, share or sell his farm produce including seeds of a variety but shall not be entitled to sell branded seeds of a variety protected under this Act. So, both farmers and breeders rights are protected. The breeder is rewarded for his innovation by having control of the commercial market place but without being able to threaten the farmer's ability to independently engage in his livelihood and supporting the livelihood of other farmers. Right to sell seeds by the farmer has been given because in India, the farming community is the largest seed producers and if this right is denied it would result in a substantial loss of income for them and would displace the farming community as the country's major seed provider. A farmer who is engaged in conservation of genetic resources of land races and wild relatives of economic plants and their improvement through selection and preservation shall be entitled for recognition and reward from the Gene fund. Any person or group of person or Government or non-Government organization can register a community claim on behalf of any village or local community and have it duly recorded at a notified center. Thus it enables the registration of farmer's varieties even if the farmers themselves cannot do this due to illiteracy or lack of awareness. If the claim on behalf of the community is found to be genuine, the breeder of the variety shall deposit the compensation in the National Gene Fund. If any propagating material of a variety registered under the Act has been sold to a farmer or group of farmer the breeder of the variety shall disclose to them the expected performance under given conditions since if it fails to provide such



performance they may claim compensation before the Authority. Further there are certain other protections given to the farmer: Any breeder who wants to use farmer varieties for creating essentially derived varieties, must seek express permission from the farmer involved in conservation of such varieties. If a farmer wishes to examine documents and papers or receive copies of rules and decisions made by various authorities they are exempted from paying fees.<sup>1</sup> Weak farmers rights in the legislation may allow seed corporations to dominate the seed market. Strong farmer's rights keep the farming community alive and act as an effective deterrent to the takeover of the seed market by the corporate sector and will allow viable competition.

<sup>1</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India- Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2 P. A-71.

<sup>2</sup> Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3, P. A-23.

<sup>3</sup> Sreenivasulu NS and Kariyanna KS, *International framework on regulation of intellectual property in biological resources and biodiversity*, MIPR, April 2012, Vol 1, Pt 2.

<sup>4</sup> Section 2 (k).

<sup>5</sup> Section 2 (1).

<sup>1</sup> Section 39 to 44 of the Act.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.26 Infringement of rights**

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On registration certain rights are guaranteed to the breeder of the variety. Rights conferred<sup>2</sup> under the Act are considered infringed if any person without the permission of its breeder, registered licensee or agent, sells, exports, imports or produces such variety or if a person uses, sells, exports imports or produces any other variety with a denomination identical with or deceptively similar to the denomination of a registered variety in such manner as to cause confusion in the mind of general public in identifying such registered variety. The Act under section 64 provide that a right established under the Protection of Plant Varieties and Farmers' Rights Act, 2001 (Plant Varieties Act) is infringed by a person who:

- (i) not being the breeder of a registered variety 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 licensee or registered agency without permission of the registered licensee or registered agent, as the case may be;
- (ii) uses, sells, exports, imports or produces any other variety giving such variety, the denomination identical with or deceptively similar to the denomination of a registered variety in such manner as to cause confusion in the mind of general people in identifying such variety so registered.

Suits relating to infringement or relating to any right in a registered variety shall be instituted in any court inferior to District court within the local limit of whose jurisdiction the cause of action arises. The following persons can file suit for infringement.

1. The owner,
2. the agent,
3. licensee,
4. assignee

Relief for infringement is injunction or damages or share of the profits. Any person who uses false denomination or false name of a country or address of the breeder shall be punishable with not less three months and the punishment may extend to two years or with fine which shall not be less than fifty thousand rupees but may extend to five lakh rupees or with both. Whoever having been already convicted of an offence under the Act if is again convicted shall be punishable for not less than one year imprisonment and may extend to three years or with fine not less than twenty lakh rupees or with both.

<sup>2</sup> Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.27 Remedies for infringement**

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The plant varieties and farmers rights Act recognize certain remedies for the registered owner of a variety in case of infringement of the registered variety. In general, the following are the remedies which are available to the aggrieved party in a suit for infringement.

1. Injunction
2. Damages
3. Accounts of profit

In a suit for infringement, the court may grant relief including an injunction, and at the option of the plaintiff, either damages or a share of the profits. Injunction may be issued against the infringer to stop using of denomination of the registered variety on other varieties or attachment of his property to recover damages suffered by the breeder.<sup>1</sup> The relief of damages and share of profits are not cumulative, but alternative. The order of injunction may include an ex parte injunction or any interlocutory order for any of the following matters:

1. discovery of documents;
2. Preserving of infringing variety or documents or other evidence which are related to the subject matter of the suit;
3. Attachment of such property of the defendant which the court deems necessary to recover damages, costs or other pecuniary remedies which may finally be awarded to the plaintiff.

Any unauthorised use of the registered variety would constitute infringement and it would entail the owner or the representative to sue the infringer and obtain suitable remedies through the court of laws. There could be injunctions and damages granted by the court against the act of infringement. There are certain exceptions and exemptions for infringement where the owner of the registered variety cannot claim infringement. Fair use of the protected variety could be one such example which falls in the category of exceptions to infringement.

##### **18.27.1 Fair use of protected rights**

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The protected variety could be used without the consent of the registered owner with a *bona fide* interest which is not considered as an infringement of the protected variety.<sup>1</sup> Such use could be for research or study purpose and such rights of the researchers have been recognized under the Act. Section 30 allows the following uses without violating or abridging the rights of the registered owner:

- (i) the use of any registered variety by any person using such variety for conducting experiment or research; or
- (ii) the use of a variety by any person as a initial source of variety for the purpose of

creating other varieties.

However, 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.

1 Sreenivasulu NS, *Protection of Plant varieties in India*, June-Dec 2006, The Journal of World Intellectual Property Rights, Vol 2, Number 1-2, p 223.

1 Sreenivasulu NS and Subha Mathai, *Sui generis system for the protection of plant varieties and farmers rights in India*, MIPR, July 2008, Vol 2, Pt 3, P. A-25.

## **Part VLAW RELATING TO PLANT VARIETIES AND FARMERS RIGHTS**

### **CHAPTER 18INTRODUCTION**

#### **18.28 Plant Varieties Tribunal**

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The Act empowers the Central Government to establish a Tribunal known as Plant Varieties Protection Appellate Tribunal (PVPAT). The Tribunal consists of a chairman and such number of judicial and technical members as the Central Government deem fit. An appeal will be preferred to the Tribunal from an order or decision of the Authority or Registrar relating to registration of a variety, or any other matter pertinent there to. Any aggrieved party from the decisions of the Plant varieties Registry or the Authority may prefer an appeal to the Tribunal. An appeal can be made through a petition in writing and shall be in such form and shall contain such particulars as prescribed under the Act and the rules and regulations made there under. In general an appeal could lie to the Tribunal from an:

1. order or decision of the Authority or Registrar, relating to registration of a variety; or
2. order or decision of the Registrar relating to registration as in agent or a licensee of a variety; or
3. order or decision of the Authority relating to claim for benefit sharing; or
4. order or decision of the Authority regarding revocation of compulsory license or modification of compulsory license; or
5. Any such other order or decision of the Authority.

The tribunal shall have power to regulate its own procedure and the procedure of benches thereof in all matters arising out of the exercise of its powers or the discharge of its functions. The Tribunal<sup>1</sup> shall, for the purpose of discharging its functions, have all the powers which are vested in the Registrar under section 11, and any proceeding before the Tribunal shall be deemed to be a judicial proceeding within the meaning of section 193 and 228 and for the purposes of section 196 of the Indian Penal Code. The Tribunal shall be deemed to be a Civil Court for all practical purposes. Protection offered to plant varieties is a leap forward in recognizing the efforts of farmers and breeders in the agriculture field. The Protection of plant varieties and Farmers Rights Act is a significant advancement in recognizing the efforts of farmers or farmers groups or the endeavors of tribal or village communities. The system of benefit sharing and community rights guaranteed under the system is worth appreciating. Compared to patent system, which offers protection for a period of twenty years, the plant variety protection system offers protection only for six years. (Nine years in the case of trees and vines) The system of protection of plant varieties is really a manifestation of the desires of farmers who deserve their efforts to be recognized. The system is quite adequately equipped to secure the farmer community of their rights. The efficiency of the system depends on its proper implementation. Hence proper implementation and enforcement of the system shall be guaranteed in order to best serve its purposes. Then only the objective behind the system flourishes towards the prosperity of the farmer's community. The Plant varieties system tries to strike a balance between the monopolies granted to the intellectual property rights holder and the benefits of society through the provisions for compulsory licensing, researcher's rights, and exclusion of certain varieties from registration etc.

It is observed that even though monopoly is granted to a breeder for commercialization of the registered variety, financial burden is more, because in addition to benefit sharing he has to pay to the authorized laboratory for the preservation of seed and planting material. The breeder also has to pay royalty to the Government every year for retaining the registration. The breeders without registration are free from the obligations relating to benefit sharing, payment of compensation and payment of royalty to the govt, since the registration is optional breeders may opt for non-registration of their variety, but in such situation they cannot claim monopoly. Under the Act, benefit sharing and compensation can be claimed only after registration of a variety and the burden of claim is on the claimants. The Authority has the discretion to fix the amount of compensation; this discretion could lead to an arbitrary exercise of power by the Authority. So amending the provisions of the Act should close these loopholes in the Act. Through this Act legislators tried to maintain the equilibrium between the Indian dual goals of protection of agrarian economy and protection of private investment in the development of new plant varieties.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 69.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

Intellectual property disciplines aim at safeguarding on the one hand, exclusive rights for creators and producers of "intellectual products" and on the other hand to protect consumers and civil society in the exercise of such rights. It is necessary to maintain balance between the individual interest and the community interest. Balance of interests in one of the most important issues in intellectual property policy. Indications of geographical origin<sup>1</sup> have been historically recognized and used as an instrument for securing the link between quality and other aspects of a good and its region of geographical origin. The connection between good and region, especially when former is distinct with respect to similar goods, allow producers of such goods to adopt strategies of niche marketing and product differentiation. Marks indicating the geographical origin of goods are the earliest types of trademarks and were established to differentiate goods that possessed some unique quality either because of environmental factors, processing methods or manufacturing skills<sup>2</sup>.

The concept of Geographical indications owes its origin to the Paris Convention for the Protection of Industrial Property, adopted on 20 March 1883. Article 1(2) of the convention, although refraining from using the term "Geographical indications" it, did mention expressions like "appellation of origin" and "indications of source".<sup>3</sup> Article 22.1 of section 3 of TRIPS defines Geographical indications as "*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 geographic origin.*" The wide scope of the term "indications" seek to imply that Geographical indications can be varied in nature, ranging from a geographic place name to a symbol, a color or anything else capable of identifying the source of a good or a service. The indication need not even be of a direct geographical name, even non-geographical indication like the term "basmati" for instance, would be eligible for protection. *Ceteris paribus*, each one of the qualifiers, viz., "quality", "reputation" or "other characteristics" is on its own an adequate condition for the grant of protection. The use of the term "goods" instead of products further seek to suggest an exclusion of services from the purview of section 3.<sup>1</sup>

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 175.

<sup>2</sup> Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.

<sup>3</sup> The Lisbon and Madrid Agreement also seek to demarcate the scope of the term for an account of the evolutionary history of the concept, see E Guiterrez, *Geographical Indicators: A Unique European Perspective on Intellectual Property*, Hastings International and Comparative Law Review, 29 (Fall 2005).

<sup>1</sup> Having said that, the Agreement does not prevent the Members from going beyond the minimum obligations laid down under section 3, thereby allowing them to address services through their respective national legislations, as has already been done by nations like Liechtenstein, Peru and Switzerland.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.1 What is a geographical indication?**

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The question with regard to what is a geographical indication could be answered in two ways. One is to understand geographical indication as an indication representing a particular set of goods originated from a specific geographical locality. The other is to understand geographical indication as a product originated from a particular geographical region which is known for certain quality represented through an indication.<sup>2</sup> In *Imperial Tobacco v Registrar*, it was viewed that geographical indications have been defined to mean "indications which identify a good as originating in the territory of a particular nation, 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".<sup>3</sup> Indication may be a name, mark or any other representation used for the purpose of representing the goods originated from a specific locality to which the quality and reputation of the good can be attributed. It could be any name, it could be the name of a country region or locality which could be considered as the geographical indication. In *Scotch Whiskey Association v Pravara Sakhar Karkhana*<sup>4</sup> it was viewed that the requirement is that the name is related to a specific geographical area and is used upon or in relation to particular goods originating from that particular country, region or locality as the case may be with certain guaranteed quality which is attributed to that specific locality. For instance the Basmati rice which is produced from the region of Punjab in India the quality and the characteristics of which are attributable to the geographical region of Punjab.<sup>5</sup> Early evidence in 12th century of the use of Indications of geographical origins and seals of quality exist in the form of indications of city origin by tapestry manufactures from Central Europe and Clothiers in England. Equally, the colonial trade in spices and exotic commodities reflects an awareness of the link between a good and its region of geographical origin. Thus, a variety of goods were traded under marks that indicated their geographical origin either through the depiction of local animals (for example Panda beer), land marks (for example Mt. Fuji sake), buildings (for example Pisa silk) or well known personalities (for example Mozart chocolate). Much like trademarks, Geographical indications act as a signaling device that helps producers differentiate their products from competing products in the market, and enables them to build a reputation and goodwill around their products, which often fetch a premium price. Although geographical indications and trademarks perform somewhat similar functions of building reputation and goodwill, each of the two has distinguishing features of their own. Irrespective of the divergences in opinion on geographical indications protection, most of the global community shares a common appreciation of the economic value of geographical indications. A reference to a statement articulated by the government of Australia, a country opposed to Geographical indications extension, acknowledging the commercial value of "distinctive signs" in its submission to the TRIPS<sup>1</sup> Council may prove to be really insightful in this context: "...tea is more valuable than undifferentiated bulk tea in the market-place if it is sold as Darjeeling tea<sup>2</sup>, more valuable still if it bears the distinctive certification mark "Darjeeling –The Tea Board's Seal of Approval", and potentially yet more valuable again if it bears a distinctive trademark and is packed in distinctive packaging."<sup>3</sup> Geographical indications bring into play both the region where the product is produced, where natural climatic and soil conditions contribute to its distinctive quality, as well as time-honored traditions of producing a product in a particular way. Thus, they may also include non-agricultural products such as Belgian chocolates, Sheffield sterling and Swiss watches. In general geographical indications are used for



what are referred to as "search goods" and "experience goods", *i.e.*, goods where quality is known through either inspection and/or research goods or through use and experience, which then guides future consumer decisions. They also act as *source identifiers*, informing consumers about the origin of the goods that they identify *i.e.* they guarantee the qualities and characteristics of the products by informing the consumers that the products to which they are affixed "*come from an area where a given quality, reputation or other characteristic of the [products] is essentially attributable to their geographic origin.*" As a consequence of this, they serve the function of promoting the goods of a particular area, providing added value to producers.<sup>4</sup> In addition, Geographical indications have features that respond to the needs of indigenous and local communities<sup>5</sup> and small farmers they are based on collective traditions and a collective decision-making process, they reward traditions while allowing for continued evolution, emphasize the relationship between human efforts, culture, land, resources and the environment and are not subject to free transfer from one owner to another.

<sup>2</sup> Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.

<sup>3</sup> AIR 1977 Cal 413.

<sup>4</sup> AIR 1992 Bom 294.

<sup>5</sup> Sreenivasulu NS, *Geographical Indications in India: A case study*, MIPR, November 2007, Vol 3, Pt 3, P. A-130.

<sup>1</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2.

<sup>2</sup> Sreenivasulu NS, *Geographical Indications in India: A case study*, MIPR, November 2007, Volume 3, Pt 3, P. A-132.

<sup>3</sup> IP/C/W/211.

<sup>4</sup> Italian Toscano oil can provide a suitable illustration of such value addition, having been sold at a premium of 20% since its registration as a GI in 1998; see *Why do Geographical Indications Matter to Us?*, available at [www.ec.europa.eu/trade/issues/sectoral/intell-property/argu\\_en.htm](http://www.ec.europa.eu/trade/issues/sectoral/intell-property/argu_en.htm)-last visited on 9 March 2008.

<sup>5</sup> Sreenivasulu NS and Kariyanna KS, *Intellectual Property and Traditional Knowledge*, January 2012, MIPR, Vol 1, Pt 1.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.2 International law on the protection of geographical indication**

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International law<sup>1</sup> on the legal protection of geographical indication has been basically governed by the Paris Convention on industrial property and the TRIPS agreement in general and the Madrid agreements on repression of false indications of sources and the Lisbon agreement on appellations of origins and Geographical Indications in specificity. The Paris convention the first convention on industrial property which is now a day's called as intellectual property makes a very interesting discussion about the protection of indications of sources.

##### **19.2.1 Paris Conventions take on geographical indications**

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The Paris Convention was the first international agreement to address the protection of Geographical indications, albeit in a limited manner. The Paris convention was intended to apply to industrial property in broad sense including patents, trademarks, trade names, industrial designs and geographical indications.<sup>2</sup> At this juncture, Industrial property should be understood in the broader sense to be applied to industry, commerce, agriculture, natural and manufactured products which are the actual subject matter of protection under geographical indications.<sup>3</sup> The convention postulates for National Treatment of the parties by the member states with respect to conferment, protection and enforcement of rights under the geographical indications. Its 117 signatories agreed primarily to border measures for false indications and members were required to seize or prohibit imports with false indications of source, producer, manufacturer or merchant. The member states shall treat the applicant claiming geographical indications protected under the convention without discriminating on the basis of the country of origin or work. In the sense the applicant belonging to any state shall be treated by every state at par with the applicant from within the country.<sup>4</sup> The convention said to be one among those initial agreements which have been adopted for the protection of geographical indications. Protection has been offered to the indications of origin under the convention. A product originating from a specific geographical locality which has been effectively represented through an indication has been protected under the convention. Member states are supposed to undertake necessary measures in order to protect such indications of origin which are representing a product or good known for certain quality and features having originated from a specific geographical locality. The convention has been amended at least seven times since its adoption in 1883. The amendment made to the Paris Convention in 1958 is worth mentioning over here. Through 1958 amendment<sup>5</sup> addressing unfair competition was brought into force to prohibit indications that were liable to mislead the public as to the nature, the manufacturing process, the characteristics, suitability for their purpose or the quantity of goods. The use of the word "characteristics", which replaced the word "origin" apparently at the insistence of the US, restricted protection of Geographical indications by prohibiting importations only of goods whose indications are false, as opposed to those that are misleading. The recent TRIPS<sup>1</sup> agreement accords great significance to the Paris Convention of industrial Property in terms of extending protection to eligible geographical indications.

##### **19.2.2 Madrid agreements on repression of false indications of sources**

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The Madrid agreement<sup>2</sup> professes a comparatively wider ambit than the Paris Convention, dealing with both border measures and prevention of "generisation" of Geographical indications. It talks about repression of false or deceptive indications of sources of goods, as well talks about prevention of wrong and deceptive use of indications of sources of goods. It is believed that one of its more controversial provisions is Article 4, which prevents members from treating Geographical indications of wines as generic terms. Owing to the expansion of protection for Geographical indications, the agreement can boast of few signatories, the result being an unfortunate neutralization of its impact. The principles against unfair competition and improper means of securing the market for geographical indications have been recognized by the agreement. An attempt was made through the agreement to see that no improper and unfair means such as false indication of sources are used in business and commerce. Equally, thrust is also on ensuring that consumers are not deceived or confused with respect to the origin of the goods.<sup>3</sup> The agreement advocates for measures with respect to seizing of such false indications of goods. It advocates for empowerment of national custom authorities to seize such goods carrying misleading, false or deceptive indications or marks.

### **19.2.3 Lisbon agreement<sup>4</sup>**

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Lisbon agreement is for the protection of appellations of origin and their international registration.<sup>5</sup> Lisbon agreement is perhaps the most serious attempt to achieve effective and enforceable protection for Geographical indications through a system of international registration akin to that of trademark registration. Appellations of Origin has been defined by the agreement to mean "the geographical name of the country, region or locality which serves to designate a product originating there in, the quality, characteristics of which are exclusively attributed to the geographical environment, including natural and human factors."<sup>1</sup> As per the wordings of Article 1 under the agreement, once a Geographical indication is registered in any member country, other member countries too have an obligation to extend protection to the same. Further, according to Article 3, the members must prohibit imitations under their respective domestic laws, including the usage of terms like "type" or "style" along with the indication. While, Article 6 provides that no Geographical indications can be considered generic in any other member country, so long as it is protected in the country of origin. It is felt that the requirement of major upheavals in most of the legal regimes in the member countries as necessitated by such a strict level of protection has unfortunately rendered the Lisbon agreement, like the Madrid agreement, bereft of more than a handful of signatories.<sup>2</sup> The aim of the agreement is to provide for the protection of appellations of origin, that is, the "geographical name of a country, region, or locality, which serves to designate a product originating therein. Protection is offered to the quality and characteristics of such products, which are guaranteed by the geographical conditions and given natural and human factors. The agreement establishes a union, the member states of which are supposed to protect the appellations of origins not only in their respective regions and as well respect the appellations of origin from the member states of the union."<sup>3</sup> Such appellations of origins are registered by the International Bureau<sup>4</sup> of WIPO in Geneva upon the request of the competent authorities of the Member State where in such appellations have originated and principally registered. The International Bureau communicates the registration to the other member States. In exceptional situations, a member State may declare, within one year, that it cannot ensure the protection of a registered appellation on grounds such as appellation has become generic in such member state of the union. However, a registered appellation may not be declared to have become generic in a member State as long as it continues to be protected in the country of origin. The agreement also talks about the terms of protection and the duration of protection and conferment of rights after protection as well. The recent TRIPS<sup>5</sup> agreement narrates the Lisbon

agreement while mentioning about the protection offered to geographical indications in the member states. Though there has been usage of different terms namely "appellations of origin" and "geographical indication" in the Lisbon agreement and the TRIPS agreement, the intention is to protect indications of products which appear to have originated from a particular geographical region with some specific quality indicating that such quality is attributed to the geographical conditions and natural or human factors in such geographical region. The US is not a signatory to either the Madrid Agreement or the Lisbon Agreement. On the other hand, several European Union members were signatories to all three agreements. The most significant complexity of these agreements lies in the fact that either the scope of protection was not clearly defined, so that implementation depended on the good will of countries, or that they called for uniformity in protection that was impossible to achieve. Nevertheless, these three agreements had collectively succeeded in paving the way for the current TRIPs framework; in fact, several anti-extension lobbyists suggest that Europe is attempting, through TRIPs, to achieve those wishes that remained unfulfilled in the Lisbon Agreement.

#### **19.2.4 The TRIPS agreement and the geographical indications**

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Geographical indications entered into international intellectual property law field with its inclusion in the TRIPS agreement.<sup>1</sup> The TRIPS agreement contains two basic protection standards for geographical indications.<sup>2</sup> Firstly, it requires countries to provide legal means to prevent the use of a geographical indication that suggests that the good in question originates in an area other than the place of its origin.<sup>3</sup> Secondly, it requires countries to provide legal means to invalidate the registration of a trademark "which contains or consist of a geographical indication with respect to good not originating in the territory indicated."<sup>4</sup> "These provisions are applicable only if use of the geographical indication is of such a nature as to "mislead the public as to the true place of origin" of the product. The adoption of the Agreement on Trade-Related Aspects on Intellectual Property Rights (TRIPs) in 1994 represented considerable progress in the front of extending protection to Geographical indications.<sup>5</sup> With the Agreement having pioneered the requirement from all signatories of incorporating at least a degree of protection for Geographical indications, with particular stress on those identifying wines and spirits, as well as requiring the signatories to agree to participate in future negotiations aimed at expanding the scope of such protection. Nevertheless, the lack of consensus that plagued the pre TRIPs discussion on Geographical indications have unfortunately continued to define even the post TRIPs consultations, especially in relation to the modalities to implement the said enhanced protection promoted by the TRIPs agreement. The true intention behind the negotiating storm that led to the TRIPs agreement was to provide greater protection for intellectual property rights on a global scale. While framing the text of the TRIPs agreement, when the discussion led to the protection of Geographical indications, differences seemingly irreconcilable in nature came to the forefront. While the US<sup>6</sup>, Canada, Japan and Australia were staunchly opposed to the inclusion of Geographical indications protection, especially for wine, the EU was insistent on inclusion because it is felt that it is in that area that European economic interest lay.<sup>1</sup> The TRIPS agreement provisions establishing Geographical indications protection came into effect on 1 January 1996, in developed countries, on 1 January 2000, in developing countries, and on 1 January 2006, in least developed countries. Article 22 of the TRIPS agreement facilitates in providing a definition of the subject matter. It outlines the basic scope of protection for Geographical indications for all goods other than wines and spirits, while Article 23 lays down the additional protection available exclusively for wines and spirits. Further, Article 24 provides schematics for exceptions to obligations for protecting Geographical indications. As per Article 22 of the agreement to qualify for protection, an indication must:

- (i) identify the good and its area of geographical origin,
- (ii) possess a given quality, reputation or other characteristics, which
- (iii) is essentially attributable to its area of geographical origin.

Thus Articles 22, 23 and 24 of section 3, Part II of the TRIPS Agreement collectively form the originating source for provisions aimed to extend protection to Geographical indications. It may be interesting to note that according to the present level of protection under Article 22, it is sufficient to simply indicate on a product, even in small print or on its back only, its true origin in order for such illegitimate use of Geographical indications not to be misleading and therefore permissible. In contrast it is observed that labels like "Chilean Tequila" is outlawed as per Article 23 provisions, thereby resulting into a clear case of discrimination against producers of products such as rice, coffee, tea, cheese, watches, silk, cigars, ceramics, carpets etc. who are legitimately using the Geographical indications of their products.<sup>2</sup> However, the TRIPS agreement provides an even stronger level of protection for geographical indications for wines and spirits.<sup>3</sup> It mandates the member states to provide legal means to prohibit the inaccurate use of a geographical indication for wines and spirits regardless of whether the use of the indication on a similar product would be misleading. This provision applies even in the case where the geographical indication is "used in translation or accompanied by expressions such as "kind", "type", "style" or imitation or the like. Thus this provision would prohibit the use of "Scotch-type whisky" for whiskey which compares it with the established and reputed scotch whiskey.

<sup>1</sup> Prior to the TRIPS Agreement, there were in existence three international agreements that sought to address Geographical indications, viz. the Paris Convention for the Protection of Industrial Property, 1983 (hereinafter referred to as the Paris Convention), the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods, 1891 (the Madrid Agreement) and the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, 1958 (the Lisbon Agreement).

<sup>2</sup> In fact patents, trademarks, industrial designs and indications of sources (geographical indications) were known as industrial property.

<sup>3</sup> Article 1(3) of the Paris Convention for the Protection of Industrial Property.

<sup>4</sup> Article 2 of the Paris Convention for the Protection of Industrial Property.

<sup>5</sup> Article 10b is of the Paris Convention.

<sup>1</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2.

<sup>2</sup> The agreement was adopted in 1981 at Madrid.

<sup>3</sup> International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.

<sup>4</sup> The agreement was on appellations of origins and Geographical Indications popularly known as Lisbon agreement.

<sup>5</sup> The agreement was adopted in 1958 and amended latest in 1979.

<sup>1</sup> Article 2 of the Lisbon agreement for the protection of appellations of origin and their international registration.

<sup>2</sup> As of 1 August 2006 only 25 states were parties to the Lisbon Agreement.

<sup>3</sup> International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.

<sup>4</sup> Ibid, Article 5.

<sup>5</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2.

- 1 Sovik Kumar Guha, *Geographical Indication protection under the TRIPS regime*, Jan-Dec 2010, The Journal of World Intellectual Property Rights, Serial Publications, New Delhi.
- 2 Judson.O Berkey,- Implications of the WTO Protections for Food Geographical Indications, April 2000.
- 3 Article 22(2) of the TRIPS agreement.
- 4 Ibid, Article 22(2).
- 5 Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.
- 6 The US, a leader in the production of intellectual property such as trademarks, copyrights and patents spearheaded the development of TRIPS in order to defend its rights abroad, particularly in developing countries. Its position on greater protection was supported by the EU (EU), Japan and Switzerland.
- 1 A careful examination of the current framework for protection of Geographical indications ought to reveal a victory on the part of the European negotiators. Dr Dwijen Rangnekar, *Geographical Indications: A Review of Proposals at the TRIPS Council: Extending Article 23 to Products other than Wines and Spirits*, UNCTAD-ICTSD Project on IPRs and Sustainable Development, 2003.
- 2 Sovik Kumar Guha, *Geographical Indication protection under the TRIPS regime*, Jan-Dec 2010, The Journal of World Intellectual Property Rights, Serial Publications, New Delhi.
- 3 The TRIPS Agreement under Article 23(4) obliges members to enter into negotiations concerning the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits to "facilitate" their protection. The establishment of a register of protected indications could enhance the scope of protection for indications included within the register if these were to be protected across all jurisdictions.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.3 Protection of geographical indications**

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Geographical indications are protected in accordance with national laws and under a wide range of concepts.<sup>1</sup> Indications are protected under unfair competition laws, consumer protection laws, laws for the protection of certification marks or special laws like geographical indications law for the protection of geographical indications. The protection of geographical indications in all respect is in the interest of consumers and producers of goods or authorized users. The tremendous commercial potential of Geographical indications warrant for legal protection of the same assumes all the more significance. Without such protection, competitors not having legitimate right on a Geographical indications might ride free on its reputation. In *Imperial Tobacco v Registrar* it was viewed that unfair business practices<sup>2</sup> result in loss of revenue for the genuine right-holder of the Geographical indications and also misleads consumers, besides having the capacity to eventually hamper in the long-run the goodwill and reputation associated with the Geographical indications. It was in Europe that the use of Geographical indications to identify products was pioneered, with France being the first nation to introduce legislation on protection of Geographical indications in 1824 in response to a widespread wine-labeling fraud experienced in the 19th Century. Since then, Geographical indications have emerged as an integral part of intellectual property in Europe. Such progress stands in sharp contrast with the scenario in US, which had historically never known for any system apart from that of trademarks to protect Geographical indications. At the international level, a number of treaties administered by the World Intellectual Property Organization (WIPO) regulate the subject matter of protection of geographical indications<sup>3</sup> In addition; the TRIPS agreement deals with the international protection of geographical indications. Furthermore, through the work of the standing committee on the law of trademarks, Industrial Designs and geographical Indications, made up of representations of member states and interested organizations, WIPO explores new ways of enhancing the international protection of geographical indications. Geographical indications are protected on the basis of few doctrines, theories and philosophies which form the basis of law on geographical indications. To understand the crux of the protection of the geographical indications it is required to understand the philosophy and the associated notions on the basis of which protection on geographical indications is extended.

##### **19.3.1 Philosophy of protection of geographical indications**

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There is a philosophy behind the protection of geographical indication. The philosophy talks about why geographical indications are protected, the rationale and principles of protection. It is useful to consider some of the rationales and principles that provide the legal and public policy foundation for the protection of indications of geographical origins. Geographical indications are understood by consumers to denote the origin and the quality of products. Many of them have acquired valuable reputations which, if not adequately protected, may be misrepresented by dishonest commercial operators.<sup>1</sup> False use of geographical indications by unauthorized parties is detrimental to consumers and legitimate producers. The former are deceived and led into believing to buy a genuine product with specific qualities and characteristics while they in fact get a worthless imitation.<sup>2</sup> The later suffer damage because valuable reputation for their product is damaged. In this regard, there evolved two principles or elements which

provide for scope for the legal infrastructure on the protection of indications of geographical origin:<sup>3</sup>

- (1) Principle against misleading use of indications of geographical origin
- (2) Principle against dilution of indications of geographical origin.

### **19.3.1.1 Protection against misleading use of indications of geographical origins**

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This principle expresses a consumer protection ethos and offers protection to the consumers from the deceptive use of geographical indications on wrong products. Protection is offered against the use of the indications of geographical origins on products not originating in the geographical area to which the indication refers, where such use of the indication misleads the public. For the use of an indication to be considered "false" it must be the case that the public perceive the indications of geographical origins to refer to a certain geographical area. Under the Paris Convention, this principle which equally applies to appellations of origin and indications of source is applied in instances where the denomination may be either "directly" indicated or indirectly (*i.e.*, symbols and emblems) imputed. The Madrid agreement broadens the scope of this doctrine to include "deceptive" indications of source. Deceptive indications are those that are literally true but nevertheless misleading. The Paris Convention and the Madrid agreement talks about the principles of prohibiting the use of indications (words, phrases, symbols or images) that tend to mislead the public with regard to the origin of the goods, while the TRIPS agreement<sup>4</sup> mandates the prohibition of misleading indications. Thus, the use of iconic symbols like the pyramids or the Taj Mahal to infer the goods association with Egypt and India respectively or the use of language or script to impute erroneous geographical origin is prohibited. The holder of the infringed indication has to bear the burden of proof in establishing that consumers have been misled. The TRIPS agreement indirectly implements this principle by providing for stronger protection by directly prohibiting the use of such indications for wines and spirits. Where two geographical areas, possibly in two different countries, have the same

denomination but only one of them so far has been used for the purposes of an indication of source for certain products and such indication is used for products originating from the other geographical area in the way that the public believes that the products originate from the first area, then such use is considered as a deceptive use because the public believes that the products originate from the geographical area for which the indication traditionally has been used. Protection against the false and misleading use of geographical indications is also provided under the TRIPS agreement.<sup>1</sup> A higher level of protection for wines and spirits<sup>2</sup> incorporating this doctrine exists under the agreement where there is no need to establish that the public is misled otherwise, the indication cannot be used if the goods do not originate in the indicated geographical area.

### **19.3.1.1.1 Prevention of unfair competition**

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The basic principle on the basis of which protection is guaranteed to geographical indication is protection against unfair competition. According to World Intellectual Property rights Organizations International Bureau, implementing this element of the scope of protection might require significant effort<sup>3</sup>. In order to be successful in such an action, the plaintiff must show that the use of a given geographical indication by an unauthorized party is misleading and as the case may be, that damages or a likelihood of damages results from such use. An action against the unauthorized use of a geographical indication based on unfair competition can only be successful if the



geographical indication in question has acquired distinctiveness or if the relevant public associated goods sold under that geographical indication with a distinct geographical origin and/or certain qualities. Since law suits based on passing off or unfair competition is only effective, between the parties of the proceedings, the distinctiveness of a given geographical indication must be shown every time that geographical indication is enforced.<sup>4</sup> "In *Imperial Tobacco v Registrar*<sup>5</sup> the issue of passing off wrong goods as if the goods produced from an identified locality, identified producer with a given quality. The court held that such practices would amount to unfair competition where the original indicator would be cheated and the consumers would be duped with wrong goods. Law of tort and passing off action was initiated against the wrong indication of geographical location for passing off goods in this particular case. It implies that law of passing off which is a viable remedy in case of violation of trademark rights, is equally useful and applicable when somebody uses wrong indication of geographical sources for passing off the goods which amounts to unfair competition.

### **19.3.1.2 Protection against dilution of indications of geographical origins**

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This principle expresses a producer protection ethos and introduces protection against the elements of unfair competition. It prescribes for the use of protected denomination in translated form *i.e.*, with additional information to convey the true origin of the product. This "free riding" is considered to be against the ethics of honest commercial activity and is said to dilute the reputation of the product. The Lisbon Agreement<sup>1</sup> makes strong implementation of this doctrine in, *i.e.*," protection shall be ensured against the usurpation or imitation even if the true origin of the product is indicated or if the appellation is used in translated form or accompanied by terms such as "kind", "type", "make", "imitation", or the like. The scope of protection for geographical indications is largely based on the principles that postulate for protection against the use of indications in a manner that might either mislead the public or be construed as deceptive and protection against the use of indications in a manner that are acts of unfair competition. In addition geographical indications protection aim at negotiating the relationship between trademarks and geographical indications, which have clear economic implications on the commercial value and possible appropriation of rents within an indication. In a similar sense, provisions for dealing with deceptive indications and indications that are homonymous both of which have impact on the economic value of protected indications and also provisions for creating a multilateral register for notification and registration of indications are relevant in discussing the scope of protection. It is these principles which bring the regime to geographical indication very close to the regime of trademarks as both the regimes prohibit dilution of the goodwill, reputation and substance of the original one.

<sup>1</sup> Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.

<sup>2</sup> AIR 1977 Cal 413.

<sup>3</sup> Sovik Kumar Guha, *Geographical Indication protection under the TRIPS regime*, Jan-Dec 2010, The Journal of World Intellectual Property Rights, Serial Publications, New Delhi.

<sup>1</sup> *Imperial Tobacco v Registrar*, AIR 1977 Cal 413.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 179.

<sup>3</sup> Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.

<sup>4</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2.

<sup>1</sup> Article 22.2(a) and Article 22(4) of the TRIPS agreement.

- 2 Article 23(1) of the TRIPS agreement.
- 3 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 178.
- 4 WIPO-International Bureau-2000. Para-44.
- 5 AIR 1977 Cal 413.
- 1 Article 3 of the Lisbon agreement.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.4 Notions behind the protection of geographical indications**

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There are two different notions<sup>2</sup> involved in recognizing geographical indications. In the back ground of these notions the definition of geographical indications has been constructed. The same has been rationalized and given universal recognition off late through international convention including the TRIPS agreement. The following are the two notions behind the protection of geographical indications:

- (1) Indication of source
- (2) Appellations of origin

##### **19.4.1 Indications of Source**

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The notion "Indications of Source" is used in Paris Convention (Articles 1(2) and 10) and the Madrid agreement.<sup>3</sup> A Clarification of the notion is available in Article 1(1) of the Madrid Agreement which reads as "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". There are three key elements involved in the notion.

Firstly, as per the notion there is a link between "indication" and the "geographical origin" of the product. In the sense, the emphasis is on the area of geographical origin, *i.e.*, through an indication like "made in" rather than any other criterion of origin, such as the manufacturing enterprise producing the product.

Secondly, particularly in comparison to other indication of geographical origins there is no requirement that the qualities or characteristics of the products are derived from or essentially attributed to the place of geographical origin.

Thirdly, an indication of source may be either constituted by words or phrases that directly indicate the geographic origin of the product or be implied indirectly through symbols, emblems or words or phrases or such combination associated with the geographical area of origin.<sup>1</sup>

##### **19.4.2 Appellations of origin**

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The notion and the phrase "Appellations of origin" has been used in the Paris convention<sup>2</sup> and is defined in the Lisbon agreement<sup>3</sup> to mean the geographical name of a country, region or locality which serves 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. The country of origin is the country whose name or the country in which is situated the region or locality whose name constitutes the appellations of origin which has given the product its reputation. There are three elements identifiable in the above definition.

Firstly the appellation must be a direct geographical name of the country, the region or the locality, which consequently excludes non geographical and indirectly imputed

geographical appellations.

Secondly the appellation must serve as a designation of geographical origin for the product, and

Thirdly the quality and characteristics exhibited by the product must be essentially or exclusively attributable to the designated area of geographical origin.

2 Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.

3 Agreement of Madrid for the Repression of false or Deceptive Indications of Source on Goods 1967.

1 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 175.

2 Article 1(2) of the Paris Convention on Industrial Property.

3 Article 2 of the Lisbon agreement.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.5 Protection of geographical indications relating to goods**

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The member countries of World Trade Organization (WTO), in accordance with the agreement of TRIPS<sup>4</sup>, are bound to extend protection to the geographical Indication. While WIPO administered international convention such as Paris convention, Madrid agreement and the Lisbon agreement intends to secure protection to eligible geographical indications. As a member of WTO, India has enacted The Geographical Indications of Goods (Registration and protection) Act, 1999 to provide for the registration and protection of geographical indications relating to goods.

Under the Act geographical indications in relation to goods means<sup>1</sup> *"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 characteristics 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."*<sup>2</sup>

Here "goods" means and includes any agricultural, natural or manufactured goods or any goods of handicraft or of industry and includes food staff. As of now protection of geographical indications relating to services is not emphasized under either the international conventions or under the domestic legislations.

In USA, the protection of geographical indications is dealt with under the trademark law that is Lenham Act of USA. Perhaps, unlike India and Europe, USA has been not in favor of protecting geographical indications. There is no separate legislation or legal mechanism exclusively for the protection of geographical indication, whatever possible protection to geographical indications in this regard is provided under the federal trademarks Act only. In the European Countries however there is more emphasis on the protection of geographical indications as the law of geographical indications in a way owes its birth to the European Union which is a land of number of famous geographical indications

##### **19.5.1 Agricultural goods**

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These are the goods derived from land by agriculture. Agriculture means cultivation operation of field *i.e.*, tilling, sowing, planting, harvesting etc. but does not include breeding and rearing of livestock, dairy farming, butter and cheese making, poultry farming etc. For instance in India there is basmati rice with a definite quality and flavor which is an agricultural goods produced in the Punjab region in India. Likewise there is Jasmine rice which is again with a definite quality which also qualifies to be an agricultural good for the purposes of geographical indication. Further, Kashmiri Apples, from Jammu and Kashmir, India, Shimla apples from Shimla, Himachal Pradesh, India, Guntur Chilies, from Guntur Andhra Mangos<sup>3</sup> from Andhra Pradesh, India, Raagi from Southern Karnataka, Nanjanagud Banana from Mysore, Karnataka and Byadagi Chillies from Haveri District, Karnataka could be good examples of agricultural products with secured quality attributed to geographical locations. Such goods produced through cultivation or agriculture from a definite location or geographical region with a given

quality are one among three subject matters of protection under the geographical indications regime

### 19.5.2 Natural goods

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They are the goods uncultivated, wild, existing in nature, or caused by nature. They are neither grown by applying the agricultural process nor manufactured by applying the manufacturing process. Their growth is spontaneous or according to natural or biological process.<sup>1</sup> For instance Darjeeling Tea grown in the northern hill regions of West Bengal in India, Nilgiris Tea grown in the western hill regions of Tamil Nadu in India, Assam tea grown in the north eastern hill regions of Assam in India, Coorg coffee grown in the south western hill regions of Karnataka, India could well qualify to be natural goods grown in a particular geographical locality with a guaranteed quality to be eligible for protection as a subject matter under the geographical indications regime.<sup>2</sup>

### 19.5.3 Manufactured goods

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Manufactured goods are those which are made commercially from the basic raw material by applying physical labor or mechanical process. If a new substance is brought into existence or if a new or different article having a distinct name character or use results from a particular process, such process amounts to manufacturing. For instance, Madhubani paintings from Bihar, India, Kancheevaram silks, Tamilnadu, India, Mysore silk, Mysore pak (sweet), Mysore sandal soap<sup>3</sup> from Mysore, Karnataka, India, West Bengal Jute Products, West Bengal, India, Kolhapur Sandals, Kolhapur, Maharashtra, Surat Textile products from Surat, Gujarat, India, Banaras Silk from Banaras, Uttar Pradesh, India, Pochampally handlooms, Dharmavarm handlooms, Kondapally toys, Hyderabad Bangles, Andhra Pradesh, India could be some examples of manufactured goods. While, Paris perfumes, from Paris, France, Swiss watches from Switzerzland in Europe, Scotch whiskey from Scotland, United Kingdom are very famous manufactured goods with guaranteed quality having produced from an identified geographical locality

<sup>4</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2.

<sup>1</sup> Dr SR Myneni, *Law of Intellectual Property*, 2nd Edn, 2003, Asia Law House, Hyderabad, p 250.

<sup>2</sup> Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.

<sup>3</sup> Sreenivasulu NS, *Geographical Indications in India: A case study*, MIPR, November 2007, Volume 3, Pt 3, P. A-134.

<sup>1</sup> Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.

<sup>2</sup> Visit Geographical indications Registry, Govt of India for more information regarding protected natural goods under geographical indications regime in India.

<sup>3</sup> Sreenivasulu NS, *Geographical Indications in India: A case study*, MIPR, November 2007, Volume 3, Pt 3, P. A-132.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.6 Protection of geographical indications through registration in India**

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Protection to geographical indications is offered through registration. Geographical Indications of Goods (Registration and Protection) Act, 1999, name of the Act itself indicates the Registration of the Geographical Indications. The Central Government by virtue of powers<sup>4</sup> conferred under the Act has appointed the Registrar of Geographical Indications. The Controller General of Patents, designs and Trademarks appointed under the Trade Marks Act, 1999<sup>5</sup> shall be the Registrar of Geographical Indications.<sup>6</sup> For registration the indications must fall within the scope of section 2(l)e of Geographical Indications Act, 1999. Being so, it has to also satisfy the provisions of section 9, which prohibits registration of a Geographical Indication. The Act prohibits the registration of certain geographical indications<sup>1</sup> to avoid ambiguity and to protect authorized users and consumer. The following indications are prohibited from registration under the Act:<sup>2</sup>

1. Indication registration of which would be likely to deceive or cause confusion, or
2. Indication registration of which would be contrary to any law for the time being in force, or
3. Indication which comprises or contains scandalous or obscene matter, or
4. Indication which comprises or contains any matter likely to hurt the religious susceptibilities of any class or section of the citizens of India, or
5. Indication which would otherwise be disentitled to protection in a court, or
6. Indication which are determined to be generic names or indications of goods and are not or ceased to be protected in their country of origin or which fallen in to disuse in that country, or
7. Indication which literally true as to the territory, region or locality in which the goods originate, but falsely represent to the persons that the goods originate in another territory, region or locality as the case may be.

The above provision indirectly implies the kind of geographical indications which can be registered under the Act. The indication which does not fall under the above category could be registered for protection. Here, "generic names of indications"<sup>3</sup> in relation to goods means indication which have lost its original meaning and has become the common name of such goods and serves as a designation for an indication of the kind, nature, type of other property or characteristic of the goods. 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." The Act encourages the registration of homonymous geographical indications (indicating more than one locality as place of origin) to avoid confusion or misled to the consumers.<sup>4</sup> Homonymous indications refer to that set of indications where the indications originate in different countries but are actually spelt or pronounced similarly. An example is "Rioja" which is an indication for wine originating in regions of Rioja in Spain and in Argentina. Here, the honest use of the indications by producers in each of the different countries is envisioned and Article 23(3) the TRIPS agreement<sup>1</sup> which obliges each

member to "determine the practical conditions under which the homonymous indications in question will be differentiated from each other" while ensuring equitable treatment of producers and that consumers are not misled.

4 Section 3(2) of the Geographical Indications Act of India, 1999.

5 Section 3(1) of the Trade Marks Act of India, 1999.

6 The Registrar of Geographical indications is appointed under the section 3(1) of Trade Marks of Act, 1999.

1 Section 9 of the Geographical Indications Act of India, 1999.

2 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 182.

3 Which although relates to the place of the region where the goods was originally produced or manufactured.

4 Section 10 of the Geographical Indications Act of India, 1999.

1 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2.



## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.7 Application and conditions for registration**

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Application for registration of Geographical Indications may be made under section 11 of the Act, by "any association of persons or producers or any organization or authority established by or under any law for the time being in force representing the interest of the producers of the concerned goods, who are desirous of registering 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 indications".<sup>2</sup> Every application<sup>3</sup> shall contain the following:

- I. Statement as to how the geographical indication serves to designate the goods as originating from the concerned territory in respect of specific quality, reputation or other characteristics;
- II. The three certified copies of class of goods to which the geographical indication relates;
- III. The geographical map of the territory;
- IV. The particulars of the appearance of the geographical indication words or figurative elements or both;
- V. Statement containing such particulars of the producers of the concerned goods proposed to be initially registered. Including a collective reference to all the producers of the goods in respect of which the application is made;
- VI. The statements contained in the application shall also include the following:

An affidavit as to how the applicant claim to represent the interest of the association of persons or producers or any organization or authority established under any law. The standards benchmark for the use of the geographical indication or the industry standard as regards the production, exploitation, making or manufacture of the goods having specific quality, reputation or other characteristic of such goods that is essentially attributable to its geographical origin with the detailed description of the human creativity involved, if any or other characteristic; The particulars of the mechanism to ensure that the standards, quality, integrity and consistency or other special characteristic are maintained by the producers, or manufacturers of the goods.<sup>1</sup> Three certified copies of the map of the territory, region or locality; The particulars of special human skill involved or the uniqueness of the geographical environment or other inherent characteristics associated with the geographical indication. The full name and address of the association of persons or organization or authority representing the interest of the producers of the concerned goods; Particulars of the inspection structure; In case of a homonymous indication, the material factors differentiating the application from the registered geographical indications and particulars of protective measures adopted. Here it is worth noting that the applicant claiming a geographical indication, will have to mention the class of the goods on which the claimed indications will be applied. The Geographical Indications Registry, Government of India has published the various classes of goods for the purpose.<sup>2</sup>

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- 2 Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.
- 3 Every application shall be made in the prescribed form as prescribed under the Geographical Indications Registration Rules made under the Geographical Indications Act, 1999.
- 1 Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.
- 2 Visit the website of the Geographical Indications Registry for latest updates in this connection.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.8 Classification of goods for registration**

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The Fourth Schedule to the Geographical Indications Act, 1999 talks about the classification of goods for the purpose of registration and protection of geographical indications. Parts of an article or apparatus are, in general, classified with the actual article or apparatus, except where such parts constitute articles included in other classes. While claiming the protection of a good under the geographical indications Act, the application shall mention the class under which the claimed goods would fall. The various classes of goods in this regard are listed as follows:

**Class 1.** Chemical used in industry, science, photography, agriculture, horticulture and forestry; unprocessed artificial resins, unprocessed plastics; manures; fire extinguishing compositions; tempering and soldering preparations; chemical substances for preserving foodstuffs; tanning substances; adhesive used in industry

**Class 2.** Paints, varnishes, lacquers; preservatives against rust and against deterioration of wood; colorants; mordents; raw natural resins; metals in foil and powder form for painters; decorators; printers and artists

**Class 3.** Bleaching preparations and other substances for laundry use; cleaning; polishing; scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions, dentifrices

**Class 4.** Industrial oils and greases; lubricants; dust absorbing, wetting and binding compositions; fuels (including motor spirit) and illuminants; candles, wicks

**Class 5.** Pharmaceutical, veterinary and sanitary preparations; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; materials for stopping teeth, dental wax; disinfectants; preparation for destroying vermin; fungicides, herbicides

**Class 6.** Common metals and their alloys; metal building materials; transportable buildings of metal; materials of metal for railway tracks; nonelectric cables and wires of common metal; ironmongery, small items of metal hardware; pipes and tubes of metal; safes; goods of common metal not included in other classes; ores

**Class 7.** Machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements other than hand-operated; incubators for eggs

**Class 8.** Hand tools and implements (hand-operated); cutlery; side arms; razors

**Class 9.** Scientific, nautical, surveying, electric, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life saving and teaching apparatus and instruments; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment and computers; fire extinguishing apparatus

**Class 10.** Surgical, medical, dental and veterinary apparatus and instruments, artificial limbs, eyes and teeth; orthopaedic articles; suture materials

**Class 11.** Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying ventilating, water supply and sanitary purposes

**Class 12.** Vehicles; apparatus for locomotion by land, air or water

**Class 13.** Firearms; ammunition and projectiles; explosives; fire works

**Class 14.** Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and other chronometric instruments

**Class 15.** Musical instruments

**Class 16.** Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); playing cards; printers' type; printing blocks

**Class 17.** Rubber, gutta percha, gum, asbestos, mica and goods made from these materials and not included in other classes; plastics in extruded form for use in manufacture; packing, stopping and insulating materials; flexible pipes, not of metal

**Class 18.** Leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides, trunks and travelling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery

**Class 19.** Building materials, (non-metallic), non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal.

**Class 20.** Furniture, mirrors, picture frames; goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials, or of plastics

**Class 21.** Household or kitchen utensils and containers (not of precious metal or coated therewith); combs and sponges; brushes (except paint brushes); brush making materials; articles for cleaning purposes; steel wool; unworked or semi-worked glass (except glass used in building); glassware, porcelain and earthenware not included in other classes

**Class 22.** Ropes, string, nets, tents, awnings, tarpaulins, sails, sacks and bags (not included in other classes) padding and stuffing materials (except of rubber or plastics); raw fibrous textile materials

**Class 23.** Yarns and threads, for textile use

**Class 24.** Textiles and textile goods, not included in other classes; bed and table covers.

**Class 25.** Clothing, footwear, headgear

**Class 26.** Lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers

**Class 27.** Carpets, rugs, mats and matting, linoleum and other materials for covering existing floors; wall hangings (non-textile)

**Class 28.** Games and playthings, gymnastic and sporting articles not included in other classes; decorations for Christmas trees

**Class 29.** Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; edible oils and fats

**Class 30.** Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking powder; salt, mustard; vinegar, sauces, (condiments); spices; ice

**Class 31.** Agricultural, horticultural and forestry products and grains not included in other classes; live animals; fresh fruits and vegetables; seeds, natural plants and flowers; foodstuffs for animals, malt

**Class 32.** Beers, mineral and aerated waters, and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages **Class 33.** Alcoholic beverages (except beers<sup>1</sup>)

**Class 34.** Tobacco, smokers' articles, matches

For the purposes of the registration of a geographical indication or as an authorised user, goods have been classified in the manner as specified above in the Fourth Schedule. The goods mentioned in the Fourth Schedule only provide a means by which the general content of numbered international classes can be quickly identified. They correspond to the major content of each class and are not intended to be exhaustive in accordance with the International Classification of Goods. For determining the classification of particular goods and for full disclosure of the content of international classification, reference may be made to the alphabetical index of goods if any, published by the Registrar under subsection (3) of section 8 or the current edition of International Classification of Goods for the purpose of registration of trademarks published by the World Intellectual Property Organisation or any subsequent edition as may be available. Where goods of more than one class are set out in an application for which only one application fee has been paid, the Registrar shall require the applicant to amend the application in order to restrict the goods to a single class.

<sup>1</sup> For wine, beer and spirits there is special treatment under the Act.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.9 Essential conditions for registration of geographical indications<sup>1</sup>**

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There are certain conditions to be satisfied to grant protection under the geographical indications law. The registration of geographical indication could be done only on the fulfillment these conditions which are very much required. The essential conditions are as follows<sup>2</sup>:

##### **19.9.1 The indication must identify a good**

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The indication can take the form of a word or phrase or be an iconic symbol or Emblem. Thus iconic symbols like the Pyramids for Egyptian goods the Taj mahal for Indian goods or the Statue of Liberty for American goods is permissible. Further, there is no requirement for the indication to be a direct geographical name, non geographical indications are also permitted.

##### **19.9.2 The good must possess certain quality**

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The second requirement is pertinent to the quality and reputation attached to the given quality. The good must necessarily possess "given quality", a reputation or other characteristics that are essentially attributable to the designated geographical area of its origin. The good must have been reputed for the quality that it possesses and the quality and reputation put together should differentiate the good from the bulk

##### **19.9.3 The good must identify a geographical area**

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It is necessary that the good should identify a particular geographical area in some manner through the indication of good link. This would require a level of homogeneity (across goods and manufacturing units) in the distinguishing features of the good to be achieved across the designated geographical area.

After the acceptance, but before the registration of an application; if the registrar is satisfied that the application accepted defective or the claimed geographical indication should not be registered or should be registered subject to certain conditions or limitations then, the Registrar may, after hearing the applicant, withdraw the acceptance and proceed as if the application had not been accepted<sup>3</sup> After the acceptance of the application either absolutely or subject to conditions or limitations the registrar advertises the application in the prescribed manner. An application for the registration of a geographical indication required or permitted to be advertised under sub-section (1) of section 13 or to be re-advertised under sub-clause (2) shall be ordinarily advertised in the Journal within three months of the acceptance of an application for advertisement. The Registrar may after notification in the Journal put the published<sup>1</sup> Geographical Indications Journal on the internet, website or any other electronic media. The Registrar may after notification in the Journal make available the Geographical Indications Journal in CD-ROM on payment of the cost thereof. Within three months from the date of advertisement of applications for registration, any person may give notice in writing in the prescribed manner to the registrar, of opposition to the 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 application which has been published, notice of opposition to

the registration of a geographical indication under sub-section (1) of section 14 or an authorised user under section 17(3)(e) shall be given in triplicate on Form GI-2 within three months or within such further period not exceeding one month in the aggregate from the date<sup>2</sup> when such Journal was made available to the public as the case may be, of the application for registration in the Journal. The notice shall include a statement of the grounds upon which the opponents objects to the registration of the geographical indication or of the authorised user, as the case may be. The registrar shall serve a copy of the notice on the applicant. Within two months the applicant shall send a copy of the counterstatement. The counter-statement required by sub-section (2) of section 14 shall be sent in triplicate on Form GI-2 within two months from the receipt by the applicant of the copy of the notice of opposition from the Registrar and shall set out what facts, if any, alleged in the notice of opposition, are admitted by the applicant. A copy of the counterstatement shall be served by the Registrar on the person giving notice of opposition ordinarily within two month from the date of receipt of the same. 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. Within two months from serving on him of a copy of the counterstatement or within such further period not exceeding one month in the aggregate thereafter as the Registrar may on request allow, the opponent shall either leave with the Registrar such evidence by way of affidavit as he may desire to adduce in support of his opposition or shall intimate to the Registrar and to the applicant in writing that he does not desire to adduce evidence in support of his opposition but intends to rely on the facts stated in the notice of opposition. He shall deliver to the applicant copies of any evidence that he leaves with the Registrar under this sub-rule and intimate the Registrar forthwith in writing of such delivery. The Registrar may on request allow, on the receipt by the applicant of the copies of affidavits in support of opposition<sup>1</sup> or of the intimation that the opponent does not desire to adduce any evidence in support of his opposition, the applicant shall leave with the Registrar such evidence by way of affidavit as he desires to adduce in support of his application and shall deliver to the opponent copies thereof or shall intimate to the Registrar and the opponent that he does not desire to adduce any evidence but intends to rely on the facts stated in the counterstatement and or that the evidence already left by him in connection with the application in question. In case the applicant relies on any evidence already left by him in connection with the application, he shall deliver to the opponent copies thereof. Later, the registrar, after hearing the parties and considering the evidence of both the sides, decide, whether registration is to be permitted or not. The registrar may, at any time, whether before or after acceptance of an application for registration, permit the correction of any error or amendment of the application.<sup>2</sup>

When an application has been accepted and either the application has not been opposed and the time for notice of opposition has expired or the application has been opposed and the opposition has been decided in favor of the applicant, the Registrar shall register the claimed geographical indication in the name of the claimants and authorize them as the permitted users of the indication. On the registration of a geographical indication, the registrar shall issue each to the applicant and the authorized users, a certificate in such form, sealed with the seal of the geographical indications registry. The registration of a geographical indication shall be for a period of ten years which may be renewed from time to time. The Act recognizes some activities like falsely applying, falsifying and applying false geographical indications as offences and imposes imprisonments for such offences of not less than six months, which may extend up to three years and penalties of not less than fifty thousand rupees which may extend up to two lakhs.<sup>3</sup> In an action for infringement or passing off, Court may grant relief including injunctions to restrain the infringer from continuing the acts of infringement, damages for the loss suffered by plaintiff or for the profits gained by

the infringer. The Court may also order for the delivery up of the infringement labels and indications for destruction or erasure.<sup>4</sup>

<sup>1</sup> The Geographical Indications Act, 1999 for further details.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 183.

<sup>3</sup> Section 12 of the Geographical Indications Act, 1999.

<sup>1</sup> Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.

<sup>2</sup> Which date shall be certified as such by the Registrar.

<sup>1</sup> Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 184.

<sup>3</sup> The Geographical Indications Act, 1999 section 37 to 44.

<sup>4</sup> Ibid: section 67.



## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.10 Register of Geographical Indications**

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The entry<sup>5</sup> of a geographical indication after registration in the register shall specify the date of filing of application, the actual date of the registration, the goods and the class in respect of which it is registered, and all particulars required by sub-section (1) of section 6 including:

1. the name and description of the applicant, the address of the principal place of business in India, if any, of the proprietor of the geographical indication or in the case of an association of persons of such of the association of persons as have a principal place of business in India;
2. where the proprietor of the geographical indication has no place of business in India his address for service in India as entered in the application for registration together with his address in his home country;
3. in the case of an association of persons or producers, where none of the association of persons or producers has a principal place of business in India, the address for service in India as given in the application together with the address of each of the association of persons or producers in his home country;
4. particulars of the trade, business, profession, occupation or other description of the proprietor or of the association of persons or producers of the geographical indication as entered in the application for registration;
5. particulars affecting the scope of the registration or the rights conferred by the registration;
6. The priority date, if any, to be accorded pursuant to claim to a right of a convention application made under section 84;
7. A summary of the particulars furnished under Rule: 32 as finally accepted by the Registrar; and;
8. The appropriate office of the Geographical Indications Registry in relation to the Geographical Indication.

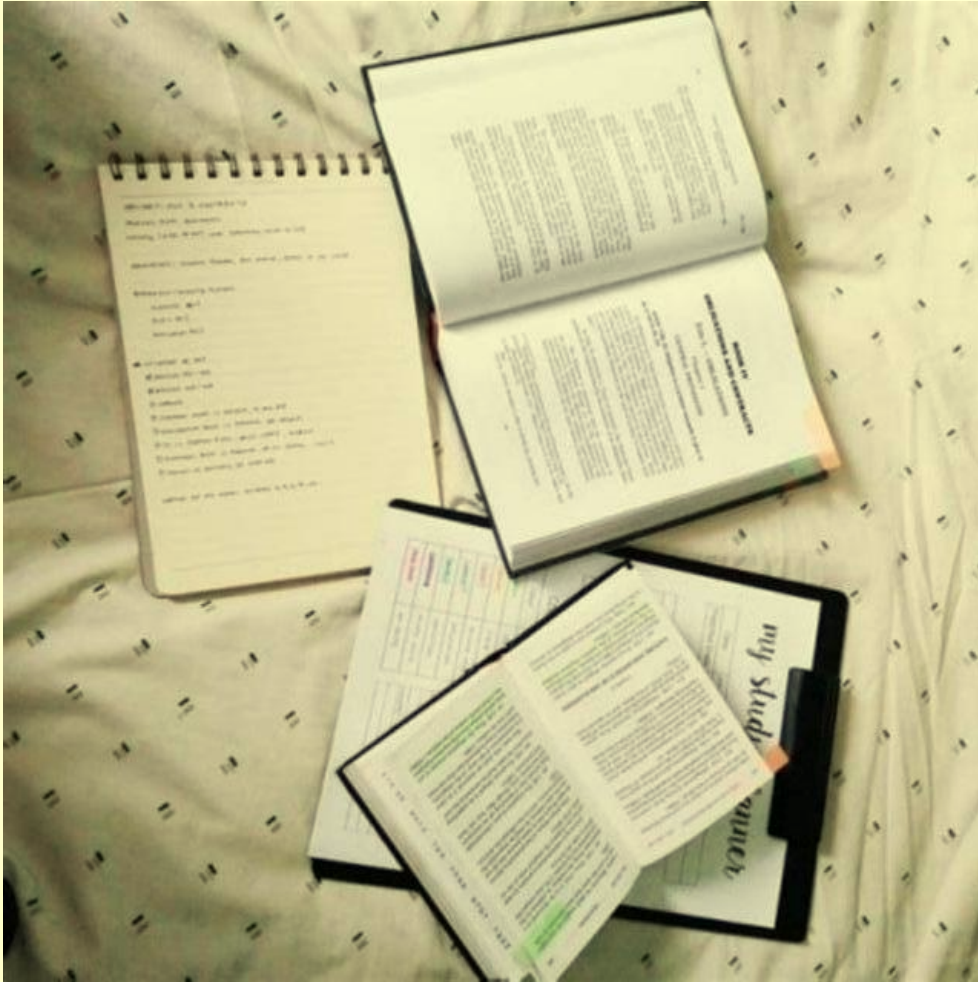
After the successful voyage of the application claiming geographical indications, after the registry is satisfied with the requirements<sup>1</sup> of the indications and the enclosure of the application and after the disposal of oppositions if any, the Registrar shall issue<sup>2</sup> a certificate of registration to the applicant to the effect of conferring ownership of the claimed indication on the part of the applicants. There shall be an entry in the geographical indications registry kept with the geographical Indications Registrar in this regard. The certificate could be altered or modified on the request of the applicant if needed. An aggrieved party with reference to the decision of the Geographical Indications Registrar in registering or in refusing the registration can move the Intellectual Property Appellate Board. An appeal to the Intellectual Property Appellate Board from any decision of the Registrar under the Act or the rules shall be made within three months from the date of receipt of such decision. From the decision of the Appellate Board further appeal may lie to the High Court, from there to the Supreme Court.

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5 Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.

1 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 183.

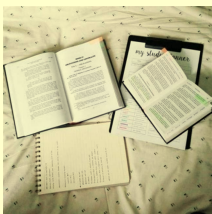
2 Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.



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## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.11 Geographical Indications Agents**

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There is a practice of registering the Agents of Geographical indications who are authorised to take up the matters pertinent to the registration of geographical indications before the registry. The Registrar of Geographical Indications shall maintain a Register of geographical Indications Agents wherein shall be entered the name, address of the place of residence, address of the principal place of business, the nationality, qualifications and date of registration of every registered Geographical Indications Agent. Every person desiring to be registered as a Geographical Indications Agent shall make an application on Form GI-8. Subject to the provisions of rule 105 made under the Geographical Indications Act. A person shall be qualified to be registered as a Geographical Indications Agent if he or she:

1. is a citizen of India;
2. is not less than 21 years of age;
3. has passed the examination<sup>1</sup> prescribed is an Advocate within the meaning of the Advocates Act, 1961;
4. is a graduate of any university in India or possess an equivalent qualification; and
5. is considered by the Registrar as a fit and proper person to be registered as a Geographical Indications Agent.

However, at the same time there are certain persons who are not allowed to become agents of geographical indications. Persons shall not be eligible for registration as Geographical Indications Agent if he or she:<sup>2</sup>

1. has been adjudged by a competent Court to be of unsound mind;
2. is an undercharged insolvent;
3. being a discharged insolvent has not obtained from the Court a certificate to the effect that his insolvency was caused by misfortunate without any misconduct on his part;
4. has been convicted by a competent Court, whether within or without India of an offence punishable with transportation or imprisonment, unless the offence of which he has been convicted has been pardoned or unless on an application made by him, the Central Government by order in this behalf, has removed the disability;
5. being a legal practitioner has been held guilty of professional misconduct by any High Court in India or by any Court beyond the limits of India;
6. being a chartered accountant, or a company secretary has been held guilty of negligence or misconduct by a High Court; or
7. Being a registered geographical indication agent has been held guilty of professional misconduct by the Registrar.

On receipt of an application for the registration of a person as a geographical indications agent, the Registrar, if satisfied that the applicant fulfils the prescribed qualifications, shall appoint a date in the due course on which the candidate will appear before him for a written examination in Geographical Indications Law and the Practice and Procedure in relation thereto and followed by an interview. The candidate will be expected to possess a detailed knowledge of the provisions of the Act and the rules and knowledge of the elements on law of geographical indication. The qualifying mark for the written examination and for interview shall be 50% and 50% respectively and a candidate shall be declared to have passed the examination only if he obtained an aggregate of 50% of the total marks. After a candidate has been interviewed and any further information bearing on his application, which the Registrar may consider necessary has been obtained and if the Registrar considers the applicant eligible and qualified for registration as a geographical indications agent, he shall send an intimation to that effect to the applicant and any person so intimated may pay the prescribed fee in Form GI-8 for his registration as a Geographical Indications Agent. Upon receipt of the same, fee the Registrar shall cause the applicant's name to be entered in the register of Geographical Indications Agents and shall issue to him a certificate on Form 0-4 of his registration as a Geographical Indications Agents.

- 1 As prescribed under rule 108 of the Geographical Indications Rules.
- 2 These exclusions are on the basis of professional ethics and conduct of legal and other professional practitioners read with other relevant and applicable laws and rules.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.12 Authorised user<sup>1</sup> of a geographical indication**

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An application to the Registrar for the registration under section 17 by a producer as an authorised user<sup>2</sup> of the registered geographical indication shall be made jointly by the registered proprietor and the proposed authorised user in Form GI-3 and shall be accompanied by a Statement of Case of how he claims to be the producer of the registered geographical indication along with an affidavit. A copy of the letter of consent from the registered proprietor of the geographical indication may accompany the application and where such consent letter is not furnished, a copy of the application shall be endorsed to the registered proprietor for information and the Registrar shall be intimated of due service by the proposed authorised user. Upon receipt of an application for the registration as an authorised user in respect of a registered geographical indication, the Registrar shall cause it to be examined and shall issue a report. Thereupon, the provision of rules 34 to 52, and 54 and 55 shall apply *mutatis mutandis* to further proceedings in respect of an application for the registration of an authorised user of a registered geographical indication. Where no notice of opposition is filed to an application advertised or re-advertised in the Journal within the period specified under sub-clause (e) of sub-section (3) of section 17 or where an opposition is filed and it is dismissed and the appeal period is over, the Registrar shall enter the authorised user<sup>3</sup> in Part B of the register on receipt of a request for issuance of the registration certificate in Form GI-3 together with the prescribed fee. The entry of an authorised user in the register shall specify the date of filing of application for registration as an authorised user, the actual date of the registration, the goods and class or classes in respect of which it is registered, and all particulars required by sub-section (1) of section 6 including:

1. The address of the principal place of business in India, if any, of the registered proprietor of the geographical indication;
2. Particulars of the geographical indication registered including the specification of goods and the class in which it is registered;
3. The address of the principal place of business in India, if any, of the authorised user;
4. Where the authorised user of a registered geographical indication has no place of business in India his address for service in India as entered in the application for registration together with his address in his home country;
5. Particulars of the trade, business, profession, occupation, dealership or other description of the authorised user of the geographical indication as entered in the application for registration;
6. The priority date, if any, to be accorded pursuant to a convention application made under section 84 and;
7. The appropriate office of Geographical Indications Registry in relation to the geographical indication.

The Registrar may issue duplicate or further copies of the certificate of registration as an authorised user on a request in Form GI-7 accompanied by prescribed fee as prescribed under the rules. An unmounted representation of the geographical

indication exactly as shown in the form of application for registration thereof at the time of registration shall accompany such request.

- 1 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 184.
- 2 Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.
- 3 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 184.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.13 Infringement of geographical indication**

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Geographical Indications are enforced against infringement and remedies are provided for infringement. A registered geographical indication is infringed by a person who, not being an authorized user thereof 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<sup>1</sup>. Hence the infringement of registered geographical indication takes place if a person:

1. Uses the geographical indication on the goods 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 public; or
2. Uses the geographical indication, in a manner that constitutes an act of unfair competition; or
3. Uses another geographical indication on the goods in a manner, which falsely represents to the public that the goods originate in the territory, region or locality in respect of which such registered geographical indication relates.

Under section 67 of the Act, the civil remedies include injunctions (*ex parte* or any other interlocutory order) as well as damages or an account of profits, at the option of the plaintiff. This may be coupled with an order for the delivery-up of the infringing labels and indications for their destruction or erasure. Sections 39 and 40 of the GI Act, state that the penalty for applying false geographical indications and for selling goods to which false geographical indications are applied is imprisonment which may be between six months to three years and fine which may be between fifty thousand to two lakh rupees. In *Scotch Whisky Association v Golden Bottling Ltd*<sup>1</sup> Scotch Whisky had a geographical indication tag and the plaintiffs contended that the defendants were infringing on their geographical indication tag by selling its whisky under the name "Red Scot". The Court held that the plaintiff's rights on their geographical indication had been infringed and granted them relief. Permanent injunction was granted against the defendant and as well as damages of Rs 5,00,000. The court also asked the defendant to bear the expenses of the litigation which was Rs 3,10,000. Further in the case of Pochampally, the Directorate (Handlooms & Textiles) Government of Andhra Pradesh, Weavers Service Centre (WSC), APTDC, NABARD ensured the registration of geographical indication. Pochampally handloom works happens to the first traditional Indian craft to receive this status of geographical indication. The specialty of pochampally is the fabric made of natural materials such as cotton or silk or a combination of both, having designs that are evocative of the diffused diamond or chowka design<sup>2</sup>. It was thought that the said registration will protect the Pochampally handloom sari from unfair competition and counterfeit. However, there was an infringement suit filed by the manufacturers of pochampally where in the defendant was selling some sarees by using the name pochampally. To protect their legal rights the plaintiffs filed a suit against defendants' for injunction restraining infringement of their geographical indication, passing off, unfair, competition. After hearing contentions from both the parties the court said' the adoption of the mark HYCO Pochampalli by the defendant is blatantly dishonest and *malafide* attempt to derive unfair advantage by creating the impression that the defendants products have some connection, nexus,



association, affiliation with or endorsement by the plaintiffs. The court held that the defendants act is infringing on the geographical indications rights granted to the plaintiffs under the tag pochampally. While in *Comite Interprofessionnel Du Vin v Chinar Agro Fruit Products*<sup>3</sup> The Plaintiff has filed this Suit for infringement of Geographical Indication Under section 22 of The Geographical Indications Of Goods (Registration And Protection) Act, 1999 (hereinafter referred to as the GI Act) for restraining the Defendant from committing, *inter-alia*, acts of infringement of the Plaintiff's registered geographical indication "CHAMPAGNE" by using the name CHAMPAGNE in respect of non-alcoholic sparkling drinks.<sup>1</sup> The Court viewed the act of the defendant as an infringement of the geographical indication of the plaintiffs and the suit got decreed in favour of the Plaintiff and against the Defendant and a decree for permanent injunction is passed in favour of the Plaintiff and against the Defendant. Further, the Defendants are directed to deliver up all the goods, including bottles, cartons, labels, wrappers, boxes, packaging, etc. that were seized by the Local Commissioner and handed over to the defendants on Superdari, to the authorized representative of the Plaintiff for the purpose of destruction. In 2015 another geographical indications infringement suit by the owners of popular Scotch whisky brand. The Government of India, through in 2010 recognized Scotch whisky as a geographical indication. In 2015, the Scotch whisky association filed a case against Oasis Distilleries, Adie Broswon Distilleries and Malbros International Private Limited for using the term "Scotch Whisky" and on their labels.<sup>2</sup> The Scotch whisky association alleged that the defendants had infringed upon their geographical indication as they were based outside of Scotland. The registration of their geographical indication in India and Article 23 of TRIPS which allows for additional protection to be granted in case of wines and spirits has also been mentioned by the plaintiffs. According to the Scotch whisky association, this meant that no reference to Scotch whisky could be made on the label of a whisky produced in India, even if it contained some Scotch. However the parties settled and the respondents filed an undertaking and withdrew their action amounting to the infringement of geographical indication tag given to Scotch whisky.

<sup>1</sup> <http://lawmantra.co.in/protection-of-geographical-indications-gis-from-infringements-an-indian-perspective/> (last accessed in Jan 2018).

<sup>1</sup> *Scotch Whisky Association v Golden Bottling Ltd*, 2006 (32) PTC 656 Del.

<sup>2</sup> <http://lawmantra.co.in/protection-of-geographical-indications-gis-from-infringements-an-indian-perspective/> (last accessed in Jan 2018).

<sup>3</sup> CS (COMM) 1194/2016, judgment delivered on 7 September 2017.

<sup>1</sup> Full text of the judgement available at <https://indiankanoon.org/doc/162154352/>, last visited 15 December 2018.

<sup>2</sup> <https://spicyip.com/2016/04/scotch-gi-suit-settled-the-loss-of-a-landmark-ruling.html>, last visited 15 January 2018.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.14 Can traditional knowledge be protected under geographical indications regime?**

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Since, most of the products which are protected under the geographical indications regime are produced indigenously as a matter of tradition representing the traditional or indigenous knowledge<sup>3</sup> there arises a question with regard to whether geographical indications regime is the suitable regime for extending protection to traditional knowledge.<sup>4</sup> It is noteworthy here that traditional knowledge is not protected directly under any law for the time being in force in India. In USA there is no division between commercial knowledge and the traditional knowledge and both are offered protection under the regular intellectual property law including the law of patents. In the indirect way of protecting traditional knowledge the patent law of India prohibits patenting of traditional knowledge. Further the Biological Diversity Act of India intends to document the traditional knowledge through the biological diversity authorities. In India there is no specific mechanism which provides suitable option to protect traditional knowledge. Given the fact that traditional knowledge not produced by any individual or single entity, given the fact that it is not owned by any individual and any entity makes it more suitable to bring under the umbrella of geographical indications. Interestingly geographical indications regime does not confer exclusive monopoly over the protected goods on any individual. Perhaps, individuals and corporate entities are not allowed file application under the geographical indications regime. Thereby the geographical indications regime provides for a suitable platform for the recognition of community efforts or community rights and the traditional knowledge. Since traditional knowledge is a community property transferred, conserved and preserved from generations to generations, geographical indications regime might suit the cause of the protection of the community property rights involved in the conservation, application and use of traditional knowledge. Geographical indications do not protect novel elements but rather an accumulated goodwill built up over the years. This goodwill is the outcome of a recognized or perceived link between a product and a geographical area. Since geographical indications tend to reward tradition-based commercial products, they have been seen more as protector of traditional knowledge than a type of intellectual property rights. Sometimes geographical indications have been criticized for having a tendency to constitute a break on innovation. On the one hand increased international trade has made countries even keener to protect their geographical indications. On the other hand, a number of developing countries have realized that there is potential under the geographical indications regime for protecting some traditional knowledge. In practice, geographical indications have the potential to be an important instrument for the protection of products derived from plant genetic resources and traditional knowledge, as this protection requires quality, reputation, or other characteristic of a product to be essentially attributable to its geographical origin.<sup>1</sup> This allows the protection not merely of the uniqueness of the product but also the uniqueness of its origin and traditional knowledge at that place. From the perspective of traditional knowledge, geographical indications are of specific interest for several reasons.<sup>2</sup> Geographical indications do not grant a single holder the right to benefit from the protection but rather limit the protection to a specific area. They provide a collective right to use the indication which implies that an indeterminate number of people within the region of protection may benefit from an exclusive protection against outsiders. Protection through geographical inductions may therefore provide an interesting avenue to foster protection for products manufactured and produced within a specific area while not restricting the number of rights holders within

the area. Geographical indications do not impose any tests of novelty like the patent system, does not require originality like the copyright regime or for that matter distinctive character like the trademark system. They can specifically be used to protect traditional products as long as the particular characteristics of these products can be attributed to a specific geographical origin. Protection through geographical indications does not relate to one specific method of production of a given product. This allows not only different production methods to be carried under a given indication, but also for production methods to change over time within the scope of protection offered. In other words, geographical indications intrinsically recognize one of the essential characteristics associated with traditional knowledge which is its evolutionary nature. Further, geographical indications do not imply monopoly control over the knowledge that is embedded in the protected indication. In fact this knowledge remains in the public domain. Besides, it is impossible to transfer geographical indications outside their region of protection which constitutes an advantage in the context of traditional knowledge. This leaves open questions concerning overlaps in claims when similar knowledge is found and exploited in different regions. Thus if basmati rice is grown in India and Pakistan over the years, the basmati growing region of each country is entitled to similar protection principle this could be solved with a number of basic procedural rules that would allow the determination of each claim. Furthermore geographical indications present an advantage over other forms of intellectual property rights for traditional knowledge holders in so far as protection may extend not only to indications that are currently in existence but also to indications likely to be used in the future. Geographical indication is a tool for the protection of traditional knowledge. Geographical indication ensures protection for traditional knowledge from misuses and misappropriations. However the use of geographical indications for traditional knowledge<sup>1</sup> protection has certain limitations:<sup>2</sup>

1. They can also be used to protect an indication and cannot constitute a tool to protect the underlying knowledge.
2. Geographical indications that are deemed to have become generic lose all their usefulness from the point of view of traditional knowledge protection, thus if basmati rice was to be generally recognized as a generic name, Indian and Pakistani rice growers would lose all claims to the indication.
3. The effectiveness of the protection for traditional knowledge holders may require the setting up of specific safeguards. Thus the geographical limitation of protection does not necessarily imply that outsiders cannot acquire a company producing the good within the protected area.

On the whole it can be said that geographical indications provide some scope to protect traditional knowledge but the protection remains limited.

<sup>3</sup> Sreenivasulu NS and Kariyanna KS, *Intellectual Property and Traditional Knowledge*, MIPR, January 2012, Vol I, Pt I, P. F-17.

<sup>4</sup> Sreenivasulu NS, *Geographical Indications regime: a tool for protecting traditional knowledge*, January 2008, MIPR, Vol 1, Pt 1.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 186.

<sup>2</sup> Philippe Collet, *Intellectual Property Protection and sustainable Development*, 2005, LexisNexis, New Delhi, Butterworths, p 333.

<sup>1</sup> Sreenivasulu NS and Kariyanna KS, *Intellectual Property and Traditional Knowledge*, MIPR, January 2012, Vol I, Pt I, P. F-17.

[https://t.me/LawCollegeNotes\\_Stuffs](https://t.me/LawCollegeNotes_Stuffs)

2 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 187.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.15 Geographical indication protection to Tirupati Laddu**

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The holy Tirupati Laddu (A sweet made of selected grains and fruits) has been accorded geographical indications protection by the government of India. The Tirumala Tirupati Devasthanam (A religious trust looking after the temple of Lord Venkateswara at Tirupati, Andhra Pradesh, India) had filed an application before the Geographical Indications Registry claiming protection for the Tirupati Laddu, prasada of Lord Venkateswara served to the pilgrims. It was claimed that the "Laddu" taste, make up, features are attributable to the holy place of Tirumala Tirupati, The place of Lord Venkateswara.) It is also claimed that the "Laddu" is produced only in the region of Tirumala Tirupati which is a holy place for Hindus. The registry granted registration and protection to the Laddu. The Geographical Indication certificate for the Tirupati Laddu was granted to the Tirumala-Tirupati Devasthanam trust which administers the Venkateswara Temple by the Chennai based Geographical Indication Registry.<sup>1</sup> The Geographical Indication bars others from naming or marketing the sweet and its preparation under the same name. However, a writ petition<sup>2</sup> was filed before the Chennai High Court against the granting of geographical indications protection to the Tirumala Tirupati Laddu claiming that geographical indications protection cannot be given to the products associated with any particular religious faiths and practices. It would breach religious harmony and tarnish secular image of the country. The Chennai High Court while dismissing the petition on the ground that there is no such prohibition under the Act for granting the registration to the said laddu held that the petitioner can however; approach other authorities in this regard. The Geographical Indications Registry stated in this connection that the conferment of "Geographical Indication protection to Tirupati Laddu was not in conflict with the provisions of the Act and the Registry accepted the application for registration of the Laddu while following the procedure established by the law in this regard. Besides, the Registry also viewed that the said registration of the geographical indication has not endangered religious harmony or secular image of the country in any manner.

In another development the then Union Minister of State for Commerce, Mr Jairam Ramesh, has said that the officials of the Spices Board would be directed to take necessary steps to get the "Geographical Indication" (GI) tag for Byadgi Chilli. He viewed that it is imperative for protecting the brand identity of the produce grown in the geographical region of Byadgi in the Haveri District of Karnataka. Perhaps, Byadgi chilli had special appeal and was in great demand for its colour and less pungent odour. Just as in the case of Mysore Mallige and Darjeeling Tea,<sup>3</sup> the produce needed to be credited with an appropriate Geographical Indication tag. Karnataka a southern state in India which has got Geographical Indication tag for six crops in the State, is planning to bring more crops under the net. In this regard, the Karnataka Horticulture Department is planning to hold a workshop to elicit information about the crops requiring Geographical Indication status in Karnataka. The workshop will be focussing on taking forward the process of registering the crops. The Department of Horticulture, Government of Karnataka is of the opinion that at least 11 crops in India have got Geographical Indication tag in the country already out of which six are from the state of Karnataka. These six crops include' the jasmine varieties from Udupi, Mysore and Hadagali; a variety of banana from Nanjanagud; tender beetle leaf from Mysore; and orange from which Coorg have been registered and given the status of Geographical Indication. Apart from them, several other crops are eligible for Geographical Indication tag in the state of Karnataka and the ministry is working on the recognition and

conferment of Geographical Indication tag to the eligible crops in this concern. Sources state that at least, 25 more crops from the State are eligible for Geographical Indication tag. Further, the traditionally grown flowers from the country require international recognition. Flowers such as jasmine and marigold, which have good potential, need to be highlighted in the international arena. At this juncture, it is highly felt that after conferring Geographical Indications tag on Pochampally handlooms in Andhra Pradesh, in south India it is the turn of Gadwal, Uppada and Dharmavaram handlooms to aspire for the Geographical Indication from the region of Andhra Pradesh. Such recognition gives the weavers protection over the use of the tag in the national and international markets. It has to be noted here that the saris and other handlooms in the region of Dharmavaram, Pochampally are very popular all over the country. The Geographical Indications status would give the weavers from these towns to get more revenues by selling licences to market these products globally. There are many products with inherent qualities, which are, produced either naturally, or through cultivation or manufacturing. Those products with given quality are famous across the country and are regularly exported. India gains good amount of foreign exchange through the exports of these products. Once a product either natural or manufactured gains reputation for certain quality that is attributable to the geographical regions where from it originates it needs to be protected under geographical indications.<sup>1</sup> There is a need to protect such products through registration as geographical indication. Registration of these products as geographical indications prohibits using of the brand name of these products to pass off wrong goods. It avoids unfair trade practices in passing the wrong goods with branded names which not only causes loss to the producer of the original goods but also deceives the customer. Therefore registration of geographical indication serves two purposes. One being the interest of the producer in confining the usage of brand names of reputed products to products that originate from a specific locality with given quality and the other being the interest of the consumer in keeping him safe from confusion and deceit due to the using of reputed brand names on wrong products.<sup>2</sup>

<sup>1</sup> Visit the website of the geographical indications registry for further details in this regard.

<sup>2</sup> The petition was filed by advocate J Mohan Raj.

<sup>3</sup> Sreenivasulu NS, *Geographical Indications in India: A case study*, MIPR, November 2007, Vol 3, Pt 3, P. A-132.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 183.

<sup>2</sup> Sreenivasulu NS and Kariyanna KS, *Intellectual Property and Traditional Knowledge*, MIPR, January 2012, Vol I, Pt I, P. F-17.

## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19 LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.16 The interface between trademarks and geographical indications**

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The interface between geographical indications and trademarks is complex. The TRIPS agreement authorizes the refusal or invalidation of a trademark which contains or consists of a geographical indication when the said goods do not originate in the territory indicated. As a general rule trademarks must be distinctive so as to fulfill the role of distinguishing goods or services of one manufacturer from those of another. Consequently, the general proposition is that geographical indications are excluded from the domain of trademarks. Yet these are many instances where a trademark consists of geographical indications. For e.g: the use of "Antarctica" as a trademark for bananas is considered permissible though it consist of a geographical name or indication as there is no deceptive element in terms of implying geographical origin. In some other circumstances trademarks consists geographical indications as entirely fanciful, though not denoting geographical indication *per se*. The trademark is considered distinctive as in the case of use of the name "Thames" for stationary. The use of name "Darjeeling" by a corporate entrepreneur while there is a geographical indication protection and certificate trademark protection for the same was found not to be violative of either geographical indication or the certificate trademark. In *Tea Board India v ITC Ltd*<sup>1</sup> Tea Board of India is holding geographical indication protection for Darjeeling Tea<sup>2</sup> and as well certification trademark on Darjeeling tea. ITC Ltd. has been using the name Darjeeling in hotels for identified lounges where customers are served food and beverages along with Darjeeling tea. Tea Board of India instituted infringement action in the High Court of Kolkata and sought interim injunction for restraining the ITC Ltd. from using in any manner the name "Darjeeling Lounge" or any other name similar to registered Geographical indication. It was contended by ITC Ltd. that geographical indications law protects a particular product but not services. Therefore, geographical indication protection for Darjeeling tea does not prevent them from using the name Darjeeling for hotel services. The court pointed out that geographical indication regime does not give absolute monopoly to prevent anybody from using the name of the protected indication for different purposes. Accordingly claimed injunction was rejected and opined that such use of name "Darjeeling" by ITC for its lounge does not violate or infringe the protected geographical indication. While the case is still pending the final verdict by the Kolkata High Court it is inferred from the rejection of injunction against ITC Ltd. that court is going to rule in favour of allowing the use of name of the protected geographical indication for other purposes than the one for which it is protected. It is worth mentioning over here that in countries like US geographical indications are protected under Trademark law only with necessary adjustments and procedural formalities. It is because in case of both geographical indications protection and trademark protection, the actual protection is accorded to the use and exploitation of the name, indication and the brand with which goods and services are marketed and sold. The overlap between the two domains of intellectual property rights is real and imminent. The TRIPS agreement<sup>1</sup> provides for at best a "delicately balanced solution." The agreement is the advent of new phase in international economic relations. The provisions are not so much of an assault on our sovereignty as it is a challenge to our abilities to compete in the international market. However, the Indian experience and future challenges make a strong case in favor of specific statutes for these provisions. These legal measures envisaged for the protection of geographical indications are advantageous for safeguarding Indian interests. Besides the consumer goods sector needs protection in terms of geographical indications due to the vast diversity in consumer taste and preference.

- 1 G.A. No: 1631 of 2011 at Kolkata High Court.
- 2 Sreenivasulu NS, *Geographical Indications in India: A case study*, MIPR, November 2007, Volume 3, Pt 3, P. A-132.
- 1 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2.



## **Part VIGEOGRAPHICAL INDICATIONS**

### **CHAPTER 19LAW OF GEOGRAPHICAL INDICATIONS**

#### **19.17 Some inferences**

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Geographical indications regime necessarily protects use of geographical identity with reference to products having originated from a particular geographical locality and a standard quality with which such geographical locality is known or associated with. Geographical indications of origin, constituting an integral part of intellectual property rights, have always been the precipitating factor for raging debates within the international community.<sup>2</sup> Such debates have sought to create two opposing factions entirely different in composition from the traditional North-South antagonism – the "old world" and the "new world", comprising vocal supporters of Geographical Indications like the European Community, along with India, Sri Lanka, Turkey, Egypt and Slovenia and other developing and transitional economies on the one hand, and nations like United States, Canada, Japan, Australia, New Zealand, Chile, Argentina and Mexico on the other. The debate over extension of protection to geographical indications has been felt worldwide aftermath of the TRIPS agreement. As a consequence numbers of states have either come out with specific legislations with means for providing protection to geographical indications or have made necessary adjustments in the existing regimes for accommodating protection for geographical indications. The crux of the debate seems to be the extent of protection that should be accorded to Geographical indications, since they identify the unique qualities, characteristics and reputation of the products to which they are affixed and improper use of them which can lead to potential catastrophe in the form of consumer confusion as to the origin of the said products. Such catastrophe can assume even greater proportions especially with respect to the Indian scenario, wherein Geographical indications are numerous, possess tremendous resource-potential and are prone to exploitation. While the advocates of increasing Geographical indications protection seek to centralize their argument around the aforementioned issue of consumer confusion, many "new world" countries vociferously keep defending the right of their nationals to use foreign generic Geographical indications in their respective nations. In particular, United States would always like to remind the rest of the world that most of the renowned Geographical indications are considered generic terms in US and therefore, there can seldom be raised any related question of consumer confusion with regard to the origin of the products identified by such Geographical indications. Irrespective of the limitations and reservations that the regime has got and the nations are having on the status and strength of the regime of geographical indications, it is felt and witnessed that geographical indications regime provides the much required protection to those products which showcase a special quality which is definitely attributed to a particular geographical locality.

<sup>2</sup> Sreenivasulu NS and Kariyanna KS, *Intellectual Property and Traditional Knowledge*, January 2012, MIPR, Vol 1, Pt 1, P. F-17.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

The law relating to copyright has been most contextual among the intellectual property laws. The copyright protection these days has become extremely necessary to bring in the balance between the two interests, one of its owner and the other of public at large which are often at variance and contradicting. All the creative works which surrounding generation and exploitation of information do come within the purview of copyright. Perhaps, Copyright law is considered as an extension of freedom of speech and expression<sup>1</sup> guaranteed under the Bill of Rights or under the Constitutions of the nations. Its significance as of today has augmented extremely due to the development of internet and other technologies which have made the chore of a pirate easier, thus paving way for copyright infringement. Piracy of intellectual property has become international<sup>2</sup> and its effect is being felt across the board Copyright being a form of intellectual property protects the works which are capable of being copied, like - the literary, dramatic, musical, artistic works, including cinematographic films and sound recordings.

Being a species of "Property", copyright has all the characteristic features of a property. Copyright implies the existence of "bundle of rights" such as, right to own, use, transfer, exploit, copy, translate or adopt the copyrighted work. Being a member to the World Trade Organization (WTO), India had to comply with the terms and obligations of various international agreements such as TRIPS and copyright related other agreements. The TRIPS agreement<sup>3</sup> seeks to protect the copyright of not just indigenous works but also of foreign works. India being the largest market for audio cassettes and the nation wherein films produced exceed 6000 per annum and the growth of its software industry is at 50% rate for consecutive years since the beginning of the present decade is the biggest market for creative works and pursuits.<sup>4</sup> These creative works of varied subjects are often misused leading to violation of copyright. Hence there is a need to have an effective legal mechanism to protect the copyright of these varied subject matters. In this background, let us examine the copyright protection system and its efficacy both at international level and as well at domestic level while analyzing the various issues involved in the law of copyright.

<sup>1</sup> Sreenivasulu NS and Somashekarappa, *Freedom of Speech and Expression, Intellectual property and Copyright*, June 2012, MIPR, Vol 2, Pt 3.

<sup>2</sup> P Narayanan, *Intellectual Property Law, (in preface)*, 2nd Edn, 1997, Eastern Law Elouse, Kolkata, p 7.

<sup>3</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P. A-71.

<sup>4</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 74.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.1 Defining Copyright**

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Copyright is defined as a bundle of exclusive rights granted to the owner, devoid of others to do or authorize others to do some acts in respect of literary, dramatic, musical, artistic works, including cinematograph film and sound recordings. It is a negative right, which prevents copying of its subject matter. It represents "multiple rights" of its owner like - right to use, to reproduce, to transfer (through license or otherwise), to translate, to adopt, etc. It involves an exclusive right to do certain acts not only with reference to the whole of the work but also to any substantial part thereof. Copyright is all about expression of ideas but ideas themselves. In *LB (Plastics) Ltd v Swish Products Ltd*,<sup>1</sup> it was held that copyright is concerned only with the expression of ideas and copying of physical material but not with the reproduction of ideas. It is concerned with the material expression of the ideas on which the work is based. Copyright is not about the idea, but about the way in which they are expressed in material form. Copyright. The Copyright Act of 1957 as amended latest in 2012<sup>2</sup> defines Copyright<sup>3</sup> as; "the exclusive right subject to the provisions of this Act, to do or authorize the doing of any of the following acts in respect of a work or any substantial part thereof."<sup>4</sup>

In the case of literary, dramatic or musical work, not being a computer program: to reproduce the work in any material form including the storing of it in any medium by electronic means; to issue copies of the work to the public not being copies already in circulation; to perform the work in public, or communicate it to the public; to make any cinematograph film or sound recording in respect of the work; to make any translation of the work; to make any adaptation of the work; to do, in relation to a translation or an adaptation of the work, any of the acts specified. Besides, in the case of a computer program<sup>5</sup>: to do any of the acts specified in clause (a); 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 programs where the program itself is not the essential object of the rental. Further, in the case of an artistic work: to reproduce 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; to communicate the work to the public; to issue copies of the work to the public not being copies already in circulation; to include the work in any cinematograph film; to make any adaptation of the work; to do in relation to an adaptation of the work any of the acts specified. Whereas in the case of a cinematograph film: to make a copy of the film including a photograph of any image forming part hereof; 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; to communicate the film to the public; While, in the case of a sound recording: to make any other sound recording embodying it' to sell or give on hire, or offer for sale, or hire, any copy of the sound recording, regardless of whether such copy has been sold or given on hire on earlier occasions; to communicate the sound recording to the public." In *International Confederation of Societies of Authors and Composers v Mr Aditya Panday*<sup>1</sup> while deliberating on the subject matter of copyright it was viewed that three classes of works in which copyright subsists under section 13(1) of the Act are (a) original literary, dramatic, musical and artistic works, (b) cinematograph films and (c) sound recording. It was viewed that the judiciary must refrain from introducing any other subject matter which

is not mentioned under the act of the parliament and confine to the ones which are literally mentioned under the Act as amended latest.

- 1 (1979) FSR 145 (HL) UK, The CDPA 1998 grants copyright protection to broadcasts and capable programmes, see section 6 and 7 of CDPA 1988.
- 2 Sreenivasulu NS and Hemanth Kumar HS, *Nuts and Bolts of Copyright Amendment Bill*, 2010, March 2011, Vol 1, Pt 3
- 3 Section 14 of the Copyright Act as amended latest in 2012.
- 4 Sreenivasulu NS and Nagaratna. A, *An overview of Copyright Law in India*, December 2007, MIPR, Vol 3, Pt 4, p 157.
- 5 Sreenivasulu NS and Suresh Benjamin, *Information Technology and Copyright Law: Some inferences*, June 2010, Vol 2, Pt 2, P. F-6.
- 1 (2017) 11 SCC 437: 2016 (9) SCJ 423.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.2 Nature and significance of copyright protection**

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Copyright is a bundle of rights, which confers a negative right on the part of the registered owner to exclude all the others from using and exploiting his work. Copyright confers exclusive right to use and exploit the copyrighted work devoid of all the others. In *Cunniah and Co v Balraj and Co*<sup>2</sup> the term "copy" has been defined as that which comes so nearer to the original as to suggest itself as an original to the mind of every person seeing it.: According to Salmond, the term "Right" implies "legally protected interest"<sup>3</sup>. Salmond's version of rights seems to recognize Copyright as one in the species of rights and regards it as a form of "Right over incorporeal property". The law does not permit one to appropriate to him what has been produced by the labour, skill and capital of another. This is the very foundation of copyright law. The object of copyright law is to protect the author of the copyright work from an unlawful reproduction or exploitation of his work by others. Copyright protection is essential to encourage exploitation of copyright work for the benefit of the public. Works in literary, scientific and artistic domain are evidently both the creation and the expression of the culture of a society. These expressions are the reflections of the norms and values a society lives by and of the activities, aspirations and achievements of its people in various fields. Their significance is two folds; they are significant culturally and as well economically. The cultural significance of copyright and related rights lies in the extent to which they spur creation of such works and bring them to the public. Their economic significance lies in their ability to contribute to the national economy, through the industries, which are essentially based on products /activities in which copyright subsists, e.g. publishing, music, films, and computer software. The cultural significance of creative works is self evident from the way they enrich the lives of the people, empower them, entertain them, uplift their mood, become a vehicle of emotional catharsis and give a meaning and substance to life. Copyright protection is considered economically significant in the spear of commercialization of the creative works. Essentially the copyright laws offer protection to the works of creative and artistic value and significance. The industrial advancement of today made replication of copyrighted works much easier than before paving way for the acts of piracy. Entertainment industries today are suffering with the menace of piracy which has become a common phenomenon due to the easy copying of audio or video cassettes/records. Advent of Internet technology<sup>1</sup> has also made copying and hacking of information much simpler, which a person can do sitting at one place. Hence, there is a great need of protecting the information, which forms to be a part of Copyright, whether they are on the Internet or in a material form. Copyright Law of today apart from protecting the subject matters, which are in traditional form, also aims at protecting the subject matters which are in no-traditional form such as on the internet.<sup>2</sup> The exploitation of the creative work is done by the entrepreneurs like publishers, film producers or sound recording producers to whom the owner of copyright assigns or licenses the particular rights. If the entrepreneur is to recover the capital invested and earn profits he has to be protected from unauthorized reproduction otherwise a pirate would reproduce the work at a fraction of the original cost of production and undersell the producer. In the case of especially sound recordings and cinematograph films a pirate could ruin the producer by his piracy. Without legal protection for a certain period no entrepreneur will undertake publication of books or production of sound recordings or films since it involves lot of efforts and huge investment. In the ancient times creative writers, musicians and artists wrote, composed or made their works mainly for

fame and recognition rather than to earn a living or make profits. Copying was a laborious and expensive process at that time.

The importance of copyright protection was recognized only after the invention of the printing press in the 15th century which enabled the reproduction of books in large numbers practicable. Law of Copyright protection intends to encourage the creators/owners of original works, in which copyright subsists. Grant of copyright indicates grant of exclusive right to the owner to use his work for a prescribed period, after the expiry of which it becomes a public property. Thus Copyright law should also protect the interest of the public at large, and hence its grant to one should not hamper the interest of the other faculty. Thus the Copyright Law aims at bringing in a balance between the two conflicting interests, one of author/owner and the other of public at large. Further copyright system also helps the owner to get the monetary considerations, which he can gain by licensing or assigning his rights to others. The Committee Report, accompanying the 1909 Copyright Act of UK observed that "the enactment of Copyright legislation is not based upon any natural right that the author has in his writing but upon the ground that the welfare of the public will be served and progress of science and useful arts will be promoted by securing to authors for limited periods the exclusive rights to their writings."<sup>1</sup> The US constitution also echoes the similar content and substance. The above observation is perhaps based on certain logic that promotion of copyright for private individuals would encourage many individuals to come out with new creative works which would ultimately benefit the public domain. In *Donoghue v Allied Newspaper Ltd*,<sup>2</sup> it was viewed that the basic premise of the copyright is that copyright protection covers only the expression of ideas and not ideas themselves. Only those subject matters, which are expressed in some physical form, are entitled to get copyright protection. Hence, the principle of law is that no copyright can be given for ideas. Not only the creative works produced in India but as well foreign works are also protected in India. Copyrights of the member states nations, which are members to the Berne Convention, Universal Copyright Convention and the TRIPS Agreement, are also protected in India, as India is also a member to all the said international instruments on intellectual property rights and in particular copyrights. The law relating to copyright has been shaped largely with the influence of the international norms and treaties which have been ratified and implemented by the member states. These international norms provide for the much required guidelines to the member nations to formulate means for the protection and regulation of copyrights at domestic and as well at international level.

<sup>2</sup> AIR 1961 Mad 111.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 76.

<sup>1</sup> Sreenivasulu NS and Suresh Benjamin, *Information Technology and Copyright Law: Some inferences*, June 2010, Vol 2, Pt 2, P. F-5.

<sup>2</sup> However, the Information Technology Act, 2000 is a special enacted which aims to check the hacking and other forms of cyber crimes in India.

<sup>1</sup> Sheldon W Halpern, David E Shipley and Howard B Abrams, *Copyright - Cases and Materials*, 1992, American Casebook Series, West Publishing Co., P. No. 2.

<sup>2</sup> (1937) 3 Ch D 503.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.3 International Law on Copyrights**

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The international law on the regulation of copyrights has been basically governed by the Berne Convention on Copyright. The convention forms the basis of copyright protection under the intellectual property regimes. Alongside the Berne convention there are certain other conventions including the WIPO Copyright Treaty, Rome Convention, The Convention on the Protection of Producers of Phonograms and the WIPO Performers and Phonograms Treaty and the TRIPS agreement.<sup>3</sup> A detail discussion on the each of these conventions would give us an idea of the role played by these conventions in the spear of copyright law.

##### **20.3.1 Berne Convention on Copyrights**

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Berne Convention for the protection of literary and artistic work was adopted in 1886.<sup>4</sup> The convention is one among those first conventions which have articulated for the protection of creative works through copyright. The convention aims to protect different types of literary and artistic works through conferment of copyright.<sup>1</sup> The expression "literary and artistic work"<sup>2</sup> shall include every form of expression irrespective of the mode including book, pamphlets, lectures, dramatic works, musical, cinematographic works, dumb shows, drawing, painting, sculpture, architecture, engraving, lithography, photography, maps, plans, sketches, three dimensional works, topography etc., The convention introduces copyright as form of right with bundle of options to exploit the same. The protection is not only offered for the original work but as well the right to exploit the protected work in any manner including adaptation, translation, conversion etc., It talks about the criteria and eligibility for protection. It also talks about the possible restrictions on the protection and the nature and extent of rights conferred on the copyright owners. There are series of provisions in the convention determining the minimum protections to be granted, as well as special provisions are made available to developing countries which want to make use of them. Under the convention, protection is offered to those literary works which are fixed in some material form. There is a mentioning about moral rights and also rights of broadcasting under the convention. The convention forms the basic norm of international law on copyright protection. The Berne Convention requires its signatories to recognize the copyright of works of authors from other signatory countries (known as members of the *Berne Union*) in the same way as it recognizes the copyright of its own nationals. For example, French copyright law applies to anything published or performed in France, regardless of where it was originally created. In addition to establishing a system of equal treatment copyright amongst signatories, the agreement also required member states to provide strong minimum standards for copyright law. Copyright under the Berne Convention must be automatic; it is prohibited to require formal registration.<sup>3</sup> The Berne Convention states that all works except photographic and cinematographic shall be copyrighted for at least 50 years after the author's death, but parties are free to provide longer terms, as the European Union did with the 1993 Directive on harmonizing the term of copyright protection in the Union countries. For photography, the Berne Convention sets a minimum term of 25 years from the year the photograph was created, and for cinematography the minimum is 50 years after first showing, or 50 years after creation if it hasn't been shown within 50 years after the creation. Countries under the older revisions of the treaty may choose to provide their own protection terms, and certain types of works (such as phono records

and motion pictures) may be provided shorter terms. Although the Berne Convention states that the copyright law of the country where copyright is claimed shall be applied, Article 7.8 states that "unless the legislation of that country otherwise provides, the term shall not exceed the term fixed in the country of origin of the work", *i.e.*, an author is normally not entitled a longer copyright abroad than at home, even if the laws abroad give a longer term. This is commonly known as "the rule of the shorter term". However, not all countries have accepted this rule.

### **20.3.2 Universal Copyright Convention**

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The convention was adopted in the year 1952 at Geneva. There were few nations which were not completely agreeing to certain terms of the Berne convention. As a matter of fact the Universal Copyright Convention (UCC) was adopted for having the flexibility in terms of implementation of the provisions of international copyright convention. Countries like US were having some objections to the content and requirements of the Berne convention and UCC was brought into existence basically for the purpose of reaching out to address those important issues left open by the Berne convention. The UCC intends to have the universal copyright order which applies to all the nations including the nations which have adopted the Berne convention. At the same the convention applies to those nations which have not adopted the said Berne convention. The convention is considered to be sub serving the purpose of the Berne convention as it stipulates that nothing under the convention would go against any terms of the Berne convention. The convention which was adopted basically to cover those nations which have not adopted Berne convention has less importance today as most the nations have adopted the Berne convention.

### **20.3.3 Rome Convention**

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After the Berne convention, it is the Rome convention which gains lot of importance in the spear of copyright law. This is an international convention adopted in 1961, for the protection of performers, producers of phonograms and broadcasting organizations. The convention secures protection for performances of performers, producers of phonograms and broadcasts of broadcasting organizations. It talks about the minimum protection to be offered to the performers, phonograms and broadcasting organizations.<sup>1</sup> There is a discussion on the extent of rights recognized and protected under the convention. The expressions, "performer," "phonogram", "broadcasting," "Producer of phonogram", "publication," "reproduction" have been well defined under the convention. The relation between the performers and the broadcasting organization has also been dealt in with by the convention. This treaty has been followed by couple of other conventions on the same issue with latest and advanced approaches necessitated by the social, cultural, technological and economic changes in the contemporary world.

### **20.3.4 Convention for the protection of producers of phonograms**

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It is a yet another convention exclusively dedicated for the protection and promotion of producers of phonograms and the works related thereto.<sup>2</sup> The treaty protects certain "related rights" which are the rights of the performers and producers of phonograms. The convention adopted in 1971, aims to prohibit unauthorized use and duplication of works of phonograms. It intends to protect the rights of the authors, producers, performers and phonograms through prohibition of unauthorized use and duplication of phonograms. The convention recognizes the efforts of United Nations Educational, Scientific, Cultural Organizations and World Intellectual Property Organization for the promotion and protection of rights of phonograms and performers. In the background of birth of internet and emergence of online environment there found new subject matters of copyright which are not having typical physical existence. These subject



matters perhaps seek special consideration over and above the existing and established rules and practices under the copyright law. Recognizing the need in this regard, international society adopted two new international treaties. The WIPO which has done pioneering work in the field of intellectual property law and copyright work took initiation in this regard. Let us go into some details of these new treaties on copyright law.

### **20.3.5 WIPO Copyright treaty**

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This is a special treaty under the Berne convention. The WIPO Copyright Treaty deals with the protection for the authors of literary and artistic works such as writings, computer programmes, original databases, musical works, audiovisual works, works of fine art and photographs.<sup>1</sup> The treaty was adopted in 1996 by recognizing the need to introduce new international rules and clarify interpretation of existing rules in order to provide adequate solutions to the questions raised by new economic, social, cultural and technological developments, in particular internet. The treaty takes into account emergent need to recognize the profound impact of development of convergence of information and communication technologies on the creation and use of literary and artistic works.<sup>2</sup> It talks about extension of copyright protection to computer programs, compilations and databases. The treaty also recognizes the need to balance between the rights of the authors and the general public at large. Computer programs are considered under the treaty as literary work within the meaning of the expression 'literary work; as specified under the Berne convention. There is scope for exceptions under the treaty in the form of access and usage of copyrighted work for the purposes of education, innovation, research as reflected in the Berne convention.

### **20.3.6 WIPO Performers and Phonograms treaty**

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The treaty adopted in 1996 talks about different kinds of rights of performers and phonograms which are economically most viable. It was felt that in the spear of technological, cultural and social and economical developments there arisen a need to relook and reframe the international law on the issues pertinent to performers and phonograms and the result being WIPO treaty on performers and phonograms. The treaty also defines the terms "performer," "phonogram", "broadcasting," "Producer of phonogram", "publication," "reproduction". It also defines the term "communication to public" while addressing the issues pertinent to communication of performance or phonogram to the public. The treaty also attempts to address the issues pertinent to communication to public by the broadcasting organizations. Nothing in the treaty would prejudice anything under the earlier conventions on phonograms, performers and broadcasting organizations. It in particular identifies the following rights of the performers and phonograms:

- (1) Right to reproduction
- (2) Right of distribution
- (3) Right of rental and
- (4) Right of making available

### **20.3.7 The TRIPS agreement**

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The TRIPS agreement happened to standardize the law and policy pertinent to copyright at international level. The agreement intends to honor and put together the other existing agreements and conventions on copyright law including the Berne convention, Rome Convention and the WIPO treaties on copyright law. The agreement

brought the much needed uniformity in terms of law of copyright across the international society. The member states of the agreement are supposed to maintain the standards set not only in the TRIPS agreement<sup>1</sup> but as well in the other recognised conventions on copyright. The agreement mandates the member states ensure effective protection to the subject matter of copyright through necessary means and measures. TRIPS require member states to provide strong protection for copyrights. For example, under TRIPS:

1. Copyright terms must extend to 50 years after the death of the author, although films and photographs are only required to have fixed 50 and to be at least 25 year terms, respectively.<sup>2</sup>
2. Copyright must be granted automatically, and not based upon any "formality", such as registrations or systems of renewal.
3. Computer programs must be regarded as "literary works" under copyright law and receive the same terms of protection.
4. National exceptions to copyright (such as "fair use" in the United States) are constrained by the Berne three-step test.
5. Exceptions to the exclusive rights must be limited, provided that a normal exploitation of the work (Article 13) and normal exploitation of the patent (Art 30) is not in conflict.
6. In each state, copyright laws may not offer any benefits to local citizens which are not available to citizens of other TRIPS signatories by the principles of national treatment (with certain limited exceptions, Article 3 and 5).

Many of the TRIPS provisions on copyright were imported from the Berne Convention for the Protection of Literary and Artistic Works. These international conventions have provided the required means and measures for the guidance of the domestic nations in framing and formulating national copyright laws.

<sup>3</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P. A-71.

<sup>4</sup> The Convention was subjected to regular amendments and the latest amendment being the one made in 1979 at Paris.

<sup>1</sup> International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.

<sup>2</sup> Article 2 of the Berne Convention for the protection of literary and artistic works.

<sup>3</sup> However when the United States joined the Convention in 1988, they continued to make statutory damages and attorney's fees only available for registered works.

<sup>1</sup> International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.

<sup>2</sup> Ibid

<sup>1</sup> International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.

<sup>2</sup> Preamble to the WIPO Copyright Treaty.

<sup>1</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P. A-71.

<sup>2</sup> Article 7(2), (4) of the TRIPS agreement.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.4 Historical development of copyright law**

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The whole idea of conferring the copyright protection basically started up with the object of recognizing the creator's credit ship, protecting his work from illegal copying and providing him the monetary consideration.<sup>1</sup> This system of conferring rewards to appreciate and acclaim the credit ship is not of new origin in India. In Ancient India, king used to honor the writers, artists, dramaticians, musicians for their respective contributions made in the fields of literature, art and architecture by giving them distinguished titles,<sup>2</sup> economic considerations, etc. On the other hand, it is said that the invention of printing press in the 15th Century made the importance of copyright protection be felt. During the 15th century, when one German scientist Gutenberg invented the printing process, the copyright assumed the vital significance. Prior to it, the original literary or musical works were commissioned. The commissioner used to pay the author for every one copy written by him. By that time, the copyrighted work didn't acquire economic interest and literature had been considered to be a part of public fund of knowledge.<sup>3</sup> Ever since printing press was invented, copyright law started focusing on the protection of a reproduction of the work. Thus the formal development of law protecting copyright can be traced back to the period when printing system was developing in the United Kingdom (UK), during which, "Stationer" (an entrepreneur of the printing industry, who purchased the works from the author for a consideration) was regarded as the principal risk-taker. These Stationers were legally protected against the importation of foreign books. According to Cornish, the idea that an author should have an exclusive "Copyright" in his creation took firm shape in the beginning of 18th Century. Legal development of copyright protection at the global level received limelight with Berne Convention and supported by the Universal Copyright Convention that strengthened international legal copyright protection mechanism, to which today most of the countries are parties. The earlier copyright law of India was a replica of the Copyright Act, 1911 of UK, which was enacted with necessary modifications to suit Indian condition in the name of Indian Copyright Act, 1914'. After independence The Copyright Act, 1957 was enacted to provide for a comprehensive framework on the law on copyright in India. India being a party to Berne Convention and GATT has made necessary amendments from time to time to the Copyright Act, 1957 in order to comply with the terms under these conventions and agreement. To conform to the international standards amendments have been made to bring the Copyright Act in conformity with the International standards as proposed by the Berne Convention, Rome Convention, WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT) and the TRIPS agreement.<sup>1</sup>

The WCT deals with the protection for the authors of literary and artistic works such as writings, computer programmes, original databases, musical works, audiovisual works, works of fine art and photographs. The WPPT protects certain "related rights" which are the rights of the performers and producers of phonograms. While India has not yet signed the above two treaties it is necessary to amend domestic legislation to extend the copyright protection in the digital environment. The existing Performers' Rights are proposed to be further enhanced by introducing a new section under the Copyright amendment Act, 2012<sup>2</sup> to provide exclusive rights compatible with WPPT. "The Moral Rights of Performers" are proposed to be introduced. Amendments have been proposed to protect the interests of researchers, students and educational institutions so as to ensure that Technological Measures do not act as a barrier for further development of the technology. Through amendments the Copyright Act propose to

ensure protection to the right holders against circumvention of effective technological measures applied for purpose of protection of his rights like breaking of passwords etc. while maintaining an appropriate balance between the interests of the right holders on the one hand and of Technology innovators, Researchers and Educational Institutions on the other. These amendments also address the issue of access to information in the digital context and the liability of Internet service providers. Likewise, present Indian copyright law is formulated at three different phases namely before independence, after independence and in the contemporary times.

1 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 74.

2 Like "Mahakavi" to Kalidasa, "Amarashilpi".

3 Ethan Katsh, *Law in a digital World: Computer Network and Cyberspace*, 1993, 38 vill.2 Rev. 403, 423 and also see, *Sony Corp v Universal Studio's Inc*, 464 US 417 (1984).

1 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P. A-71.

2 Sreenivasulu NS and Hemanth Kumar HS, *Nuts and Bolts of Copyright Amendment Bill, 2010*, March 2011, Vol 1, Pt 3.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.5 What is protected under copyright?**

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Copyright subsists in works of arts ranging from literary, artistic, dramatic, sculpture, engraving, three dimensional works, engineering designs and drawing, music, sound recording, cinematographic works, computer programs and software.<sup>3</sup> The law of copyright protects the above works if they are original and or not published anywhere before. Even the adaptation of an existing literary work, compilations data bases are also offered protection under the copyright law. The copyright regime is known for offering strong protection to the original works of authorship and craftsman. The subject matter<sup>4</sup> of copyright law is very wide in its purview. An analysis of the definition of "Copyright" under section 14 elucidates the subject matter of the copyright. The subject matter of copyright includes the following:<sup>5</sup>

- (a) Literary works,
- (b) Dramatic works,
- (c) Musical works,
- (d) Artistic works,
- (e) Cinematograph films, and
- (f) Sound recordings.

Originally, copyright means the exclusive right to do or authorize other to do certain acts in relation to Literary, dramatic, musical and artistic works; Cinematograph film; Sound recording.<sup>1</sup> The nature of act differs according to the subject matter of the copyright. Conventionally, copyright is a right to reproduce the work in which copyright subsists. Where the original and created work acquires copyright becomes the subject of protection under copyright law. Copyright confers various rights on the owner but it shall not go beyond the scope and ambit of section 14 of the Copyright Act, 1957. Let us examine the above subject matters in some detail for the better understanding on the purview of the subject matter of copyrights.

##### **20.5.1 Literary work**

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Literary work includes all those works, which are in print or written form. It also includes computer programs, software and databases. For instance, novels, stories, poems, poetry, prose, lyrics are considered as literary work. The above works in the written or printed form would form the subject matter of copyrights. On the same lines, computer programs and software are considered as literary work in electronic form. Besides, databases and compilations consisting of compiled or gathered literary work in a systematic and rational way are also considered as literary works. It is the product of the labour, skill and capital expended by an author on his work that is protected and not the elements or raw material used in the work. To secure copyright for the product it is necessary that labour, skill and capital should be expended sufficiently to impart to the product some quality or character which the raw material did not possess, and which differentiates the product from the raw material. What is the precise amount of knowledge, labour, judgment 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

cannot be defined in precise terms. It must depend largely on the special facts of each case, and is very much a question of degree. The quantum of skill, judgment and labour required is not very high since copyright has been recognised in such works as trade catalogues and street directories. Further, a literary work need not have any literary quality. Even so prosaic a work as an index of railway stations or a railway guide or a list of stock exchange quotations, qualifies as a literary work. In determining whether a work is entitled to copyright protection a rough practical test is: "What is worth copying is *prima facie* worth protecting".

### 20.5.2 Dramatic work

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The work of the dramatists<sup>1</sup>, stage players, actors work in movies, serials and such other television or movie related works are considered as dramatic works. Dramatic work includes plays, recitations, dumb charades etc.<sup>2</sup> These dramatic works individually can be protected in the name of the dramatists. If these dramatic works are produced by a producer the producer would have the copyright over the dramatic work or works collectively. Copyright subsists in original dramatic work and its adaptation. Adaptation in relation to dramatic work means:

1. The conversion of the work into a non-dramatic work,
2. The abridgement of the work or any version of the work in which the story or action is conveyed wholly or mainly by means of pictures in a form suitable for reproduction in a book, or in a newspaper, magazine or periodical.

Further, "Choreography" which is the art of arranging or designing of ballet or stage dance in symbolic language is a form of dramatic work. In order to qualify for copyright protection choreography must be reduced to writing usually in the form of some notation and notes. Scenic arrangement or acting form must be fixed in writing or otherwise. Representation of scenic effects in drawings can also be considered as artistic works, costumes used by actors if represented in the form of drawings can be treated as artistic works. A dramatic work does not include a cinematograph film because it is a separate subject matter for copyright. Gags which are an actors' interpolation in a dramatic dialogue are not the subject matter of copyright as they are changed from time to time and are not a permanent part of the play. The elements of a ballet are the music, the story, the choreography, the scenery, and the costumes. It is a composite work and could be the subject matter of copyright.

### 20.5.3 Musical work

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Scoring of original music for a movie, stage show, serial or any programs for that matter come under musical work which is a subject matter of copyright. Musical work includes graphical notations and other works of music<sup>3</sup> including any graphical notation of such work, but does not include any word or any action, intended to be sung or spoken or performed with the music. An original adaptation<sup>4</sup> of a musical work is also entitled to copyright. In popular music there are many arrangements of original songs made to suit a particular performer or a particular language version of the text. Each such adaptation or arrangement is a musical work provided there is a sufficient element of intellectual creation. If a musical arranger so decorates, develops, transfers to a different medium or otherwise changes the simple music of a popular song as to make his arrangement fall within the description of an original musical work, such arrangement or adaptation is capable of attracting an independent copyright. There is no need for the ideas embodied in the arrangement to be novel. When a person makes a piano forte score of the music of another's opera, he will be the author of a new composition. Similarly if a person puts new words in a non-copyright melody or song it may constitute a new composition. "Transcription" in relation to music is defined as "an

arrangement of a musical composition for some instrument or voice other than the original"

#### 20.5.4 Artistic work

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Artistic work includes the diagrams, maps, painting, sketches, sculpture, drawings, architectural works, models of sculptures and designs of buildings, dams, bridges and other constructions. Artistic work means:

- (i) 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;
- (ii) A work of architecture, and
- (iii) Any other work of artistic craftsmanship. Adaptation of an artistic work means the conversion of the work into a dramatic work by way of performance in public or otherwise.

Work of sculpture includes casts and models. Essentially an artistic work is concerned with visual image. As in the case of other works, to qualify for copyright protection an artistic work must be original, *i.e.*, that it must originate from the author. In respect of painting, sculpture, drawing, engraving or photograph the work need not possess any artistic quality but the author must have bestowed skill, judgment and effort upon the work. The skill, judgment and effort required is minimal *e.g.*, a simple drawing of a human hand showing voters where to mark their cross on a voting paper was held entitled to protection. Protection has been given to the arrangement of a few decorative lines on a parcel label and three concentric circles drawn to precise measurements as a plan for technical device. A poster used in advertisement is an artistic work. The written matter in the advertisement may be considered as literary work. But advertisement slogans consisting of a few words only are not copyright matter. Commercial furniture is not artistic work. Get up, arrangement and colour scheme of labels used as trademarks or decoration of the containers of goods may constitute works of artistic craftsmanship and subject matter of copyright protection. Such labels may also be considered as drawings or engraving. However copyright does not subsist in mechanically reproduced labels and cartons because no skill or label is involved in the production of such labels or cartons. Copyright can be claimed only in the original artistic work produced by a natural person by the expenditure of his personal skill and labour.

#### 20.5.5 Sound recordings

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Sound recording includes<sup>1</sup> all forms of recordings of sounds. For instance sound of playing a musical instrument either in connection with any event, work or program or otherwise. Creation and making of any sound either for any event, work or program or otherwise would also come in the category of works of sound recordings. Copyright subsists<sup>2</sup> in a sound recording which means a recording of sounds from which such sounds may be produced regardless of the medium on which such recording is made or the method by which the sounds are reproduced. If the recording includes material which is an infringement of any literary, dramatic or musical work, copyright will not subsist in the sound recording. The right of sound recording is different from the subject matter recorded as they are subjects of independent copyrights. The author of the sound recording is the producer. The copyright in the recording of music is separate from the copyright in the music<sup>3</sup>. Copyright in the music vests in the composer and the copyright in the music recorded vests in the producer of the sound recording. Where the song has not been written down and the composer who is also the performer

records the song two copyrights come into existence simultaneously, one for the music and one for the sound recording. The issue of a record recording a literary, dramatic or musical work does not amount to publication of the work recorded, although it is publication of the sound recording. No person can publish a video film or video cassette or sound recording unless the name and address of the owner of copyright in the work, name and address of the person who made the film or the sound recording after obtaining necessary licenses and the copy of the certificate issued by the Board of Film Certification and the year of publication<sup>4</sup> is mentioned and declared.

### **20.5.6 Cinematographic films**

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Cinematograph film" means any work of visual recording<sup>5</sup> 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. Cinematographic films includes visual recordings, video films television serials, satellite programs and such other recorded and live visual moments. Perhaps, cinematographic works put all the other forms of literary works such as literarily, artistic, dramatic, and musical and sound recording together. As producing a cinematographic works needs a story (literary work) performance of actors (dramatic work) scoring of music (musical work) creation of sets and back ground images (artistic works) and background scoring and recording (sound recording). These subject matters will get the copyright protection provided there is presence of the element of "originality". Hence, it should not be a work which is copied from other works. A cinematograph film is a work capable of acquiring copyright<sup>1</sup> and the author of the cinematograph film is the producer. "Under Indian law video films are deemed to be work produced by a process analogous to cinematography. A cinematograph film is a film which by rapid projection through an apparatus called cinematograph produces the illusion of motion on a screen of many photographs taken successively on a long film. Copyright protection is available only to the cinematograph film including the sound track. The cine artists who act in the film are not protected by copyright law for their acting. According to the language of the section 38 of the Act the actors and performers in the film are conferred certain special rights called performers' rights. A cinematograph film may be taken of a live performance like sport events, public functions, or dramatic or musical performance or it may be based on the cinematograph version of a literary or dramatic work. In the latter case if the corresponding literary or dramatic work is copyrighted the making of the film will require the consent or license of the owner of the copyright in the literary or dramatic work since such copyright includes the right to make a cinematograph film. Similarly if the film has a sound track recording music the producer will have to obtain the consent of the verse writer and the song writer if copyright subsists in them. Copyright subsists in original literary, dramatic, musical and artistic works; cinematographs films and sound recordings. The authors of copyright in the aforesaid works enjoy economic rights under section 14 of the Act. The rights are mainly, in respect of literary, dramatic and musical, other than computer program, to reproduce the work in any material form including the storing of it in any medium by electronic means, to issue copies of the work to the public, to perform the work in public or communicating it to the public, to make any cinematograph film or sound recording in respect of the work, and to make any translation or adaptation of the work. In the case of computer program, the author enjoys in addition to the aforesaid rights, the right to sell or give on hire, or offer for sale or hire any copy of the computer program regardless whether such copy has been sold or given on hire on earlier occasions. In the case of an artistic work, the rights available to an author include the right to reproduce 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, to communicate or issues copies of the work to the public, to include the work in any



cinematograph work, and to make any adaptation of the work. In the case of cinematograph film, the author enjoys the right to make a copy of the film including a photograph of any image forming part thereof, to sell or give on hire or offer for sale or hire, any copy of the film, and to communicate the film to the public. These rights are similarly available to the author of sound recording. In addition to the aforesaid rights, the author of a painting, sculpture, drawing or of a manuscript of a literary, dramatic or musical work, if he was the first owner of the copyright, shall be entitled to have a right to share in the resale price of such original copy provided that the resale price exceeds rupees ten thousand.

3 Sreenivasulu NS and Nagaratna. A, *An overview of Copyright Law in India*, December 2007, MIPR, Vol 3, Pt 4, P. A-157.

4 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 4.

5 Section 13 of the Copyright Act as amended in 2010.

1 Section 14, Copyright Act, 1957; see also 17 USC sn. 101 1994.

1 Sreenivasulu NS and Nagaratna. A, *An overview of Copyright Law in India*, December 2007, MIPR, Vol 3, Pt 4, p 158.

2 A dramatic work includes any piece of recitation, choreographic work or entertainment in dumb show, the scenic arrangement or acting form of which is fixed in writing or otherwise but does not include a cinematograph film. Although cinematograph film is not a dramatic work the script or scenario for a cinematograph film is a dramatic work.

3 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 79.

4 Adaptation of musical work are usually called arrangements e.g. an orchestral work arranged for piano, or conversely a song written with piano accompaniment orchestrated for voice and orchestra.

1 Sreenivasulu NS and Nagaratna. A, *An overview of Copyright Law in India*, December 2007, MIPR, Vol 3, Pt 4, p 158.

2 Copyright will subsist in a sound recording only if it is lawfully made.

3 Musical works and sound recordings embodying the music are considered separate subject matter for copyright.

4 Failure to comply with the above is a punishable offence. This is done with a view to check and detect piracy.

5 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 79.

1 Where the owner of a cinematograph film has committed an offence relating to film censorship and is liable to prosecution for the offence, it will not affect the subsistence of copyright in the film or the enforcement of remedies against infringement. But copyright will not subsist in a cine film if a substantial part of it is an infringement of the Copyright in any other work. It would therefore follow that the originality criterion is applicable to cinematograph film as well.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.6 Justifications for copyright**

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The roots of copyright law are rather ambiguous, to say the least. The law governing intellectual property in particular copyright law had its initial foundations in the common law and was usually justified using the labor, utility and personality theories under common law. Now in most countries copyright law has been codified and its primary function is to reconcile conflicting interests: an author's *private right* over his intellectual labour *vis-à-vis* the *public interest* to have access to intellectual works. An artistic, literary or musical work is the brainchild of the author, the fruit of his labour and considered to be his property. So highly it is prized by all civilized nations that it is thought worthy of protection by national laws and international conventions." Copyright is a bundle of rights which confers a negative right on the part of the registered owner to exclude all the others from using and exploiting his original work." The Universal Declaration of Human Rights lays emphasis on the protection of copyright. Though the term copy right is not mentioned in the text of the Declaration there is mentioning of the protection of interest of the authors. Article 27 the Universal Declaration of Human rights states that "everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author." Though the Declaration does not specify any specific measure for ensuring the protection of the interests of the authors it does signify the subsisting of rights in the works of the author and the need for protecting the material interests in the same by the nations. In the legal and academic circles there are several debates on the justifications<sup>1</sup> for protection of rights in the copyright. Ranging from John Locke's labors theory till the Hegel's personality theory number of doctrines, thoughts, principles and notions have been used and interpreted to justify the copyrights. To analyze the labour theory, it can be said that people are entitled to fruits of their labour and should have control over the publication of their work as well as the right to object to any unauthorized modification or other attack on the integrity of his work. According to utilitarian theory any work which is beneficial and useful to the maximum members of the society shall be protected under law. Since the works of copyright would not only provide incentives to the authors but encourage further substantial and original work in the field while providing the society with best results or proceeds of the work which has been protected and promoted. The utilitarian justification is the most widely accepted<sup>2</sup> justification for intellectual property in general and copyright law in particular. It states that the constitutional justification for intellectual property rights is to promote the progress of science and the useful art (public interest) and promote and protect the rights of the creators and authors (private interest) for providing incentives to the creative works and authorships. Perhaps the balance of interest between the public interest and the private interest would be scored through offering protection to the copyrightable subject matter. In *Sayre v Moor*<sup>1</sup>, it was opined that we must care to take guard against two extremes equally prejudicial; the one that men of ability who have employed their time for the service of the community, may not be deprived of their just merits, and the reward of their ingenuity and labour, and the other, that the world may not be deprived of any improvements, nor the progress of the arts be retarded. The challenge facing copyright law is to find a fair and appropriate equilibrium that achieves both goals." A similar view was articulated in *Theberge v Galerie d'Art du Petit Champlain Inc*<sup>2</sup> where in it was held that the Copyright Act is usually presented as a balance between promoting the public interest in the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator or, more accurately, to prevent someone other than the creator from appropriating whatever

benefits may be generated." The majority of the court, for the first time in Canada, provided an articulation of the balance to be struck between the rights of the creators and the rights of users to works which were copyright protected. More importantly, the Court shifted away from its previous author-centered approach to an idea that copyright involves a balance between two sets of interests "*public interest in the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator*." The decision of the Canadian Supreme Court in *CCH Canadian Ltd v Law Society of Upper Canada*<sup>3</sup> projected the concept of copyright law as a balancing act between author's rights and public interest. It is this balancing act would serve the maximum benefit of the maximum members of the society. Further in *Desputeaux v Chouette*, it has been reiterated that the objective of the copyright law must be to take up the balancing act between the public interest and the private interest. According to the utilitarian argument promoting the creation of valuable intellectual works requires that intellectual laborers be granted property rights in those works. Without intellectual property protections adequate incentives for the creation of a socially optimal output of intellectual products would not exist.<sup>4</sup> According to the Personality theory intellectual property is nothing but extension of one's personality. In producing any creative and intellectual work one's personality could be found and felt. Since, copyright is all about execution and expression of original idea, the theory suits a copyright more than any other field of intellectual property. While producing any creative expression one's personality and background would be reflected. Since such expressions are part of the personality the person and shall get protection in the form of monopoly over such creative expression. The personality theory precisely advocates to this effect. In general the underlying principles on which the modern international system of copyright and authors requirements is founded are generally considered to be fourfold namely natural law, just reward for labour, stimulus to creativity and social requirements. The first three principles can be understood from the theories as discussed above. The social requirement aspect lies in the fact that such protection regime would encourage authors and other rights owners to publish their work so as to permit the widest possible dissemination of works to the public at large. And it is this social requirement aspect which has created the basis for entire industries such as those for music, publishing, film, broadcasting and software, and affects as well many other business activities. In national economies and world economy copyright has emerged as a powerful source of economic growth, creating jobs and stimulating growth. Core copyright enabled industries such as press, literature, music, theatrical productions, operas, motion picture and video, radio and television, photography, software and databases, visual and graphic arts, advertising services, and copyright collective management societies have not only provided employment to masses but also fostered growth of dependant and ancillary industries and services. It is these copyright based industries which have brought about an information revolution reducing the world to a "global village". The contribution to the world economy of these copyright-based economies need not be highlighted with statistics. From moralist point of view to the social requirement concept, from an individual author's perspective to the world economy perspective the need for the protection of copyright in the works of creativity and authorship is widely felt, recognized and justified.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights: A Master Glance*, MIPR, April 2007, Vol 1, Pt 4, P. A-185.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 6.

<sup>1</sup> (1785) 102 ER 139, at p 140.

<sup>2</sup> 2002 SCC 34.

<sup>3</sup> 2004 SCC 13.

<sup>4</sup> Justifications for copyright have been severally criticized by many in who consider that copyright would curtail free exchange of information and knowledge between people. Critics of

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copyright as a whole fall broadly into two categories: those who assert that the very concept of copyright would never benefit the society, but the same has been instrumental in enriching a few. The latter group contends that without copyright incentives also quality work of creativity can take place. For instance free software projects such as GNU/Linux, Mozilla Firefox, and the Apache web server and the like quality works can be created even in the absence of a copyright.

## **Part VII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.7 Requirements of copyright<sup>1</sup>**

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In order to obtain copyright on the creative works, certain requirements need to be satisfied. The copyright Act provides for the requirements of copyright law on the fulfillment of which the owner of the work will be conferred copyright protection. The following are the requirements of copyright

1. The work shall be original<sup>2</sup>
2. The person claiming protection shall be original<sup>3</sup> owner of the work
3. The work is first published in India.
4. Where the work is first published outside India the author, at the date of publication must be a citizen of India. If the publication was made after the author's death the author must have been at the time of his death a citizen of India.
5. In the case of an unpublished work the author is on the date of making of the work a citizen of India or domiciled in India. This does not apply to works of architecture.
6. In the case of work of architecture, the work shall be located in India.

Thus where the work is first published in India, copyright subsists in India irrespective of the nationality of the author. But where the work is first published outside India, copyright subsists only if the author is a citizen of India. In the case of an unpublished work the author must be a citizen of India or domiciled in India. Works by foreign authors published outside India will get copyright protection by virtue of India being a member of the Berne Convention and such other international conventions. In the case of works of joint authorship the conditions regarding nationality should be satisfied by all the authors. In regard to cinematograph films, copyright will not subsist if it is not original and if an infringement of any other is copyright work. Similarly if in making a sound recording, the copyright in any literary, dramatic or musical work is not original and if is a infringed copyright will not subsist in that sound recording. Cinematograph films and sound recordings are generally based on some literary, dramatic, musical or other works in which copyright may be subsisting. If so the copyright in the film will not affect the separate copyright in those works. In the case of a work of architecture, copyright will subsist only in the artistic character and design and will not extend to processes or methods of construction. However, it shall be noted that these conditions do not apply to foreign works or works of international organizations.

##### **20.7.1 Originality**

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Originality is the core requirement of copyright protection. A work which is original in terms of its creation is protected under copyright law. The concept of originality has been dynamic and being interpreted in an innovative way which has brought new and novel varieties of subject matters within the purview of protection under copyright law. The interpretation of the word "original" in copyright statutes has been a contentious issue the world over, especially with respect to the issue of whether copyright protection should be granted to "compilation of facts" or databases. This debate has

been resolved in two different ways on the two sides of the Atlantic. In the UK, copyright law has been used to protect "industrious creation" in order to ensure that a man's labour is not misappropriated. In the US, the courts have spoken about the need for a minimum amount of creativity, and this was exemplified by the *Fiest* ruling. In Canada, the Supreme Court has ruled that "skill and judgment" are a prerequisite for a finding of originality, which in turn makes a work eligible for copyright protection. In *University of London Press v University Tutorial Press*<sup>1</sup> it was viewed that the word original does not in this connection mean that the work must be the expression of original or inventive thought.<sup>2</sup> 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 but should originate from the author." There are few doctrines which are operational in the sphere of copyright law to test out the originality of the creative works and authorship. We could see doctrine of sweat of the brow, doctrine of independent creation, doctrine of skill and judgment, doctrine of merger and doctrine of minimum modicum of creativity. These doctrines have been adopted by courts of different regions at different points of times in different factual circumstances. But these doctrines have essentially influenced our approach towards the concept of originality. Let us examine these doctrines and their influence on the law of copyright in general and on the concept of originality in particular.

<sup>1</sup> Section 13(2) of the Copyright Act, 1957 as amended in 2012.

<sup>2</sup> Sreenivasulu NS and Hemanth Kumar, *HS Originality under copyright law*, January 2013, MIPR, Vol 1, Pt 1.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 75.

<sup>1</sup> [1916] 2 Ch 601.

<sup>2</sup> Copyright acts are not concerned with the originality of ideas, but with the expression of thought, and, in the case of literary work, with the expression of thought in print or writing.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.8 Doctrine of Sweat of the Brow**

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One of the basis due to which the doctrine of the "sweat of the brow" can be promoted in assessing originality is that the policy of the doctrine that bestows and confines the copyright protection intends to encourage the socially beneficial work. The "sweat of the brow" school believes that the purpose of copyright law is to protect the interests of the author and allow him to enjoy the fruits of his labour. That is, it protects the labour and sweat of the author without the use of his vision and aptitude. Merely mechanical and automatic task which is not having any creativity is also copyrightable under this doctrine. Traditional Commonwealth approach to determine originality in authorship for the purposes of copyright law is based upon the "sweat of the brow" doctrine. The "sweat of the brow" doctrine has been operative in England for more than two hundred years now, and this situation does not look like changing. One of the earliest cases on this doctrine and its applicability in public source databases arose in the year 1776, in the case of *Taylor v Bayne*.<sup>1</sup> This had piracy of the plaintiff's road book as its subject matter. This contention was upheld, and an injunction was granted. In *Sayre v Moor*,<sup>2</sup> Lord Mansfield wrote, "We must care to take guard against two extremes equally prejudicial; the one that men of ability who have employed their time for the service of the community, may not be deprived of their just merits, and the reward of their ingenuity and labour, and the other, that the world may not be deprived of any improvements, nor the progress of the arts be retarded. The challenge facing this court, and copyright law generally, is to find a fair and appropriate equilibrium that achieves both goals." In *Walter v Lane*<sup>3</sup> in which the House of Lords granted copyright protection to reporters' notes of a speech by considering it as original because the note-taking process had required an "industrious collection" effort.<sup>4</sup> Where the issue was whether the report of a speech could be considered as a original work and be given copyright protection? Whether the reporter could be considered to be the original work of the author for the purposes of copyright law? Copyright law says that a work must be original; this means that the author must have exercised the requisite labour, skill, or judgment in producing the work.<sup>1</sup> Sometimes the courts use the phrase disjunctively, referring to labour, skill, or judgment, sometimes cumulatively as labour, skill, or judgment on other occasions the words work, capital, effort, industry, time, knowledge, taste, ingenuity, experience, or investment are also been used. This leaves the law uncertain particularly as regards whether works which are only a product of labour are original. The courts have accepted that the originality of a work may arise in the steps preceding the production of the work. That is, the labour that confers originality on a particular work may arise in the selection of the subject matter.<sup>2</sup> Further, the question of whether a work is original often depends on the particular cultural, social, and political context in which the judgment is made. In part this is because originality turns on the way the labour and the resulting work are perceived by the courts. One of the consequences of this is that what is seen as original may change over time. Hence the originality threshold has been set at a very low level. In *Macmillan and Co v K and J Cooper*<sup>3</sup> the Court said that it is the product of the labour, skill and capital of one man which must not be appropriated by another, not the elements, the raw material, upon which the labour and skill and capital of the first have been expended. The rationale of the doctrine of sweat of the brow can be determined by considering what was held in *University of London Press v University Tutorial Press*,<sup>4</sup> where in it was stated that the word original does not mean that the work must be the expression of original or inventive thought. The originality test must satisfy that the work should originate from

the author and it must not be copied. The originality which is required relates to the expression of thought." It is clearly stated here that the originality required by the law is not that of revolutionary new ideas but of the way that the thought is expressed. It was held that "what is worth copying is *prima facie* worth protecting." Due to this approach, work is defined in terms of commercial values. This approach is consistent with the 'sweat of the brow' or industriousness' standard of originality on the premise that an author deserves to have his or her efforts in producing a work rewarded. While, courts in *Australia* and *New Zealand* are also postulate for the 'sweat of the brow' theory. The recent decisions of the Australian Full Federal Court in *Desktop Marketing Systems Pty Ltd v Telstra Corp Ltd*,<sup>5</sup> and the New Zealand Court of Appeal in *The University of Waikato v Benchmarking Services Ltd*,<sup>6</sup> both allowed copyright protection for works of low creativity?. The Australian case involved the question of whether copyright of white and yellow page telephone directories should be allowed. The protection was allowed, not for the mere form of the directories, but for the information contained in the directories as well. Similarly, the New Zealand decision allowed copyright for a purely functional selection and arrangement of headings and captions in a benchmarking survey because of the effort involved in the collection of the data. Thus, the fact that the authors had used labour to collect the information was enough to fulfill the requirement of originality for copyright protection. While, in the US, originality is a constitutional requirement for copyright applicability, though it was first stated explicitly by statute only with the introduction of the 1976 Copyright Act. According to the US Supreme Court, originality is the "sine qua non of copyright."<sup>1</sup> The originality requirement is rooted in "Author," a word that the Court defined<sup>2</sup> as one "to whom anything owes its origin; originator; maker; one who completes a work of science or literature." Put differently, "one who has slavishly or mechanically copied from others may not claim to be an author."<sup>3</sup> Originality<sup>4</sup> is distinct from novelty and consists of two elements. First, and most importantly, the work must be the product of independent creation. The work must not have been copied from other works.<sup>5</sup> The previous statutes of the US encouraged the sweat of the brow doctrine, while new Copyright Act of 1976, prescribes one of the more elusive requirements of copyright protection, is that a work be original.<sup>6</sup> The originality requirement is contained in section 102(a), which provides that copyright protection extends only to "original works of authorship."<sup>7</sup> This explicit statutory mandate of originality is unique to the 1976 Act. However, it is felt that although none of the earlier copyright acts contained an express statutory mandate of originality, historically, originality in some form has been a prerequisite of copyright protection.

<sup>1</sup> (1776) 10 Mor. Diet. 8308 (Scot.).

<sup>2</sup> *Sayre v Moor*, (1785) 102 ER 139.

<sup>3</sup> *Walter v Lane*, (1900) AC 539.

<sup>4</sup> Sreenivasulu NS and Hemanth Kumar, HS *Originality under copyright law*, January 2013, MIPR, Vol 1, Pt 1.

<sup>1</sup> *Ladbroke v William Hill*, (1964) 1 All ER 465, 469.

<sup>2</sup> *Sawkins v Hyperion*, (2005) 1 WLR 3280 see also: *Ladbroke v William Hill*, (1964) 1 All ER 465, 477, 479.

<sup>3</sup> (1924) 93 LJ PC 113.

<sup>4</sup> [1916] 2 Chapter 610.

<sup>5</sup> (2002) 55 IPR 1.

<sup>6</sup> (2004) 8 NZBLC 101.

<sup>1</sup> *Feist Publ'ns, Inc. v Rural Tel Sen Co*, 499 U.S. 340, 345 (1991).

<sup>2</sup> *Burrow-Giles Lithographic Co v Saxony*, 111 U.S. 53, 57-58 (1884).

<sup>3</sup> *L Batlin & Son, Inc. v Snyder*, 536 F2d 486,490 (2d Cir. 1976).



- 4 *Alfred Bell & Co v Catalda Fine Arts, Inc*, 191 F.2d at 105 n. 23.
- 5 *Feist*, 499 U.S. at 345.
- 6 Dale P Olson, *Copyright Originality*, 48 Mo. L REV 29, 31 (1983).
- 7 17 USC 102(a) (1988).

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### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.9 Doctrine of Independent Creation**

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This doctrine of independent creation has been supported by the courts of many states like USA, France and Germany in assessing originality of creative works. In the United States, copyright history, beginning with the first Copyright Act of 1790,<sup>8</sup> originality was synonymous with *independent creation*. Courts generally awarded protection to works resulting from the independent labor and skill of the author. United States Supreme Court rationalized this independent creation interpretation by inferring "originality" from the word "authors" in the Copyright Clause of the United States Constitution. As interpreted by the Court, an "author" signified an originator, or one to whom a work owed its origin.<sup>9</sup> Originality in a work, therefore, merely required that the work originate as a product of labor expended by the person claiming authorship.<sup>10</sup> Thus, early case law in the United States, as decided under the 1790 Act, stressed the necessity that a protected work be independently created, originating from the author's investment of labor.<sup>1</sup> This rewarding of independent creation in United States copyright cases mirrored English copyright decisions.<sup>2</sup> One of the prominent cases, *Gray v. Russell*,<sup>3</sup> illustrates early United States courts' willingness to award protection to independently created informational works. In *Emerson v Davies*<sup>4</sup> the court stated that a work merits protection by virtue of the author's labor and skill. Further in *Jeweler's Circular Pub. Co v Keystone Pub. Co*<sup>5</sup> which is often cited as the hallmark explanation of copyright protection of a compiler's "industrious collection," the court reiterating its approach that the work should have been original and created independently, upheld a decree of copyright infringement against a defendant who was found to have copied substantial portions of the plaintiff's trade directory for use in a competing directory. In the mid-to-late nineteenth century, courts and commentators altered their standard of originality and offered a new rationale for copyright protection. These authorities injected the additional *notion of creativity* into the originality standard. As opposed to the independent labor standard, this new test of a work's originality required an additional infusion of the author's personality into the subject matter before the material merited copyright protection.<sup>6</sup> Consequently, originality came to mean that a work not only be independently produced, but also contain some modicum of creativity.<sup>7</sup> The United States Supreme Court read this creativity component of originality into the word "writings" in the Copyright Clause under the US constitution. In 1982, the Southern District of New York moved away from the use of copyright to simply protect the compiler's labor as seen in *Dow Jones, v Board of Trade of the City of Chicago decision*.<sup>8</sup> There, the court held that Dow Jones' market indexes were copyrightable due to the "high degree of selectivity and subjective judgment" evidenced therein. In *Eckes v Card Price* updates used this test of subjective judgment and selectivity; rather than "sweat of the brow," to decide whether the plaintiff's listing of baseball card values merited copyright protection.<sup>9</sup> The court decided that the plaintiff, by selecting of 5,000 "premium" cards from a group of about 18,000 cards, undoubtedly "exercised selection, creativity and judgment." In opting to employ a rationale of originality in selection rather than one of industrious collection, the court cited the Second Circuit's growing case law rejecting the protection of the sweat of the researcher's brow. In 1985, the Court chose to follow in requiring originality in selection or arrangement, rather than "sweat of the brow," to grant copyright protection to compilations.<sup>1</sup> Further, the Supreme Court of US has made explicit what was perhaps to be inferred from the earlier jurisprudence: that, in addition to the requirement of non-copying, there is a requirement that a work

show some modicum of creativity before it is eligible for copyright protection. This requirement was delineated and applied by the Supreme Court in its very significant decision in 1991 in *Feist Publications, Inc v Rural Telephone Service Co*<sup>2</sup> The issue there was whether a telephone company could claim a valid copyright in a white-page directory that listed names, accompanied by telephone number and town, in alphabetical order. The Court stated: *Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity. ... To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess some creative spark, "no matter how crude, humble or obvious" it might be.* The Court concluded that even though the plaintiff had engaged in useful efforts, and did not copy its directory from others, "the end product is a garden-variety white pages directory, devoid of even the slightest trace of creativity."<sup>3</sup> Alphabetical sequencing was found to be "time-honored," "commonplace," and indeed "practically inevitable."

<sup>8</sup> Act of 31 May, 1790, Chapter 15, 1 Stat. 124 (repealed 1909).

<sup>9</sup> *Burrow-Giles Lithographic Co v Sarony*, 111 U.S. 53, 57-58 (1884) (author in constitutional sense is originator).

<sup>10</sup> Sreenivasulu NS and Hemanth Kumar, HS *Originality under copyright law*, January 2013, MIPR, Vol 1, Pt 1.

<sup>1</sup> *Gray v Russell*, 10 F. Cas. 1035,1037-38 (C.C.D. Mass. 1839) (No. 5728).

<sup>2</sup> *Matthewson v Stockdale*, 33 Eng. Rep. 103,105-06 (Chapter 1806).

<sup>3</sup> *Gray v Russell*, 10 F. Cas. 1035,1037-38 (C.C.D. Mass. 1839) (No. 5728).

<sup>4</sup> 8 F. Cas. 615 (C.C.D. Mass. 1845) (No. 4436) (Story, J.).

<sup>5</sup> *Jeweler's Circular Pub. Co v Keystone Pu. Co*, 281 F. 83 (2d Cir. 1922).

<sup>6</sup> Ginsburg terms this approach the "copyright as personality" approach.

<sup>7</sup> William Patry, *Copyright in Compilations of Facts (or Why the "White Pages" Are Not Copyrightable)*, Dec 1990, Comm. & L., p 18-19.

<sup>8</sup> 546 F. Supp 113,116 (S.D.N.Y. 1982).

<sup>9</sup> 736 F. 2d 859, 863 (2d Circuit 1984).

<sup>1</sup> *Southern Bell Telephone v Associated Telephone*, 756 F. 2d 801, 809 (11th Cir. 1985).

<sup>2</sup> 499 U.S. 340, 346 (1991).

<sup>3</sup> Sreenivasulu NS and Hemanth Kumar, HS *Originality under copyright law*, January 2013, MIPR, Vol 1, Pt 1.

## Part VIII LAW OF COPYRIGHT

### CHAPTER 20 PROTECTION OF COPYRIGHT

#### 20.10 Doctrine of Merger

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Apart from the "sweat of the brow", "modicum of creativity" and the midway approach towards the concept of originality under copyright regime, there is also a doctrine of "merger" which propounds that where the idea and expression are intrinsically connected, and that the expression is indistinguishable from the idea, copyright protection cannot be granted. Applying this doctrine courts have refused to protect the expression of an idea that can be expressed only in one manner, or in a very restricted manner, because doing so would confer monopoly on the idea itself. When a work contains both original and unoriginal aspects, copyright protects the work but "is limited to those aspects of the work termed "expression" that display the stamp of the author's originality."<sup>4</sup> The case of *Baker v Selden*<sup>5</sup> was the first US Supreme Court case to explain this doctrine, holding that exclusive rights to the "useful art" described in a book was only available by patent; the description itself was protectable by copyright. United States courts are divided on whether merger doctrine constitutes a defense to infringement or prevents copyright protection in the first place, but it is often pleaded as an affirmative defense to copyright infringement. Hence extension of copyright protection for questions would deny access to ideas that they encompass. This would obviate one of the primary objectives of copyright law *i.e.*, promotion of creativity. For these reasons, the Court held that copyright could not be extended to the questions. In *Kregos v Associated Press*,<sup>1</sup> it was noted that every compilation merges idea and expression in that it expresses its compiler's idea that a particular selection of information is useful. Identifying the idea at that low level of abstraction would deny copyright to all factual compilations. At a higher level of abstraction, merger is not automatic, although in some cases alternative forms of expression may be so few as to preclude protecting the idea.<sup>2</sup> In *NY Mercantile Exchange, Inc v Intercontinental Exchange, Inc*.<sup>3</sup> the United States Court of Appeals for the Second Circuit held that the New York Mercantile Exchange's ("NYMEX") settlement prices were not copyrightable subject matter pursuant to the merger doctrine. The Circuit identified the "idea" as the fair market value for each NYMEX contract, which is expressed as a settlement price.

<sup>4</sup> *Harper & Row, Publr. v Nation Enters.*, 471 US. 539, 546 (1985).

<sup>5</sup> The earliest and quintessential expression of the merger doctrine is found in the Supreme Court's 1880 decision in *Baker v Selden*, 101 US. 99 (1880).

<sup>1</sup> 937 F. 2d 700 (2d Circuit 1991).

<sup>2</sup> *Kregos*, 937 F.2d at 706.

<sup>3</sup> 497 F. 3d 109 (2d Circuit 2007).

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.11 Doctrine of Skill and Judgment**

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In Canada, copyright exist "in every original literary, dramatic, musical and artistic work"<sup>4</sup> subject to that work satisfying other conditions laid out under the Canadian copyright Act. The Copyright Act does not define the word "original", so courts have taken up the task of determining what is original. In 1997, in *Tele-Direct (Publications) Inc v American Business Information Inc.*,<sup>5</sup> it was viewed that the work must possess at least some minimal degree of creativity while referring to the landmark American case of *Feist Publications*,<sup>6</sup> in which the United States Supreme Court expressly and unambiguously affirmed the creativity standard. But in *CCH Canadian Ltd v Law Society of Upper Canada*,<sup>7</sup> it was decided that in order to receive copyright protection, a work must, firstly, "be more than a mere copy of another work." Secondly, it must reflect "an exercise of skill and judgment." This involves the exercise of some kind of intellectual effort.<sup>8</sup> While rejecting the creativity and the sweat of the brow standards, the court said that while the creativity standard is too heavily loaded in favour of public interest, the "sweat of the brow" standard favors the rights of the author over public interest. In fact, it was held that the "sweat of the brow approach... fails to allow copyright to protect the public's interest in maximizing the production and dissemination of intellectual works." And, in elaborating upon the "skill and judgment" standard, McLahlin CJ, stated that "the exercise of skill and judgment... must not be so trivial that it could be characterized as a purely mechanical exercise." Thus, the CCH case provides a new standard for originality, one that requires an independent production of work involving skill and labour. However, the most important implication of the ruling flows not from the standard that it has framed but from the fact that it has identified public interest as a relevant criterion in formulating the standard that is to be applied in determining originality. In fact, it is the first case that has been decided with public interest, and not author's rights, in mind.

<sup>4</sup> Section 5(1), Copyright Act of Canada.

<sup>5</sup> [1998] 2 F.C. 22.

<sup>6</sup> 499 U.S. 340 (1991) 1282 at 362-364.

<sup>7</sup> 2004 (1) SCR 339 (Canada).

<sup>8</sup> Sreenivasulu NS and Hemanth Kumar, *HS Originality under copyright law*, January 2013, MIPR, Vol 1, Pt 1.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.12 Indian Doctrine**

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Indian law courts have tested out all above discussed doctrines and settled for its own tailor made and evolved doctrine which in a way puts together all the said doctrines. When we observe, in India, Copyright Act, 1956 does not ask for originality of ideas, but in expression of thought. These expressions are required to have some minimum creativity. In *Eastern Book Co v Navin J Desai*, it was viewed that the degree of originality required in a work is of more than trivial or minimal level.<sup>1</sup> The word "original" does not mean that the work must be the expression of original or inventive thought. 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 and should originate from the author. As early as 1924 testing out originality under the Imperial Copyright Act, 1914, the Privy Council in *Macmillan Co v JK Cooper*<sup>2</sup> held that labour, skill and capital expended must be sufficient to prove the original efforts of the author.<sup>3</sup> In *Rupendra Kashyap v Jivan Publishing House*,<sup>4</sup> the court held that the word "original" under section 13 of the Copyright Act, 1957 did not imply any originality of ideas but merely meant that the work in question should not be copied from other work and should originate from the author being the product of his labour and skill. Thus the term "original" with reference to a work means that the work has independently been created by the author and has not been copied from someone else's works. And in *Kartar Singh Giani v Ladha Singh*<sup>5</sup> *Cunniah & Co v Balraj & Co*,<sup>6</sup> *Mishra Bandhu v Shivratna*,<sup>7</sup> *Indian Express Newspaper (Bombay) Pvt Ltd v Jagmohan*,<sup>8</sup> cases clearly show that Indian jurisprudence had been relying too heavily on the doctrine of Sweat of the Brow. But, in *Eastern Book Co v Navin J Desai*,<sup>9</sup> the Delhi High Court examined the requirement of "originality" of the copy-edited full text of the judgment, the court held; Changes consisting of elimination, changes of spelling, elimination or edition of quotations and corrections of typographical mistakes are trivial and hence no copyright exists therein. Thus it was held that originality is the basic requirement for the copyright, even in case of compilation also. It was viewed that in order to have originality, there should be "modicum of creativity". Hence, the copyright in a derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work for which no copyright is conferred. The courts need not go into evaluation of literary merit of derivative work or creativity aspect of the same. The amount of labour, skill and capital required to fix originality cannot be defined in precise terms and is a question of fact. Further, in *Eastern Book Co v DB Modak*,<sup>1</sup> the Supreme Court has adopted a combination of the US and Canadian positions as the Indian position on this issue. It's a landmark judgment of Indian Supreme Court, departed from both "minimum modicum of creativity" and "skill and judgment" approaches and for the purposes of Indian law, established a standard of originality that fell midway between said approaches.<sup>2</sup> The earlier followed standard was changed in there adapted a test given in a Canadian case *CCH Canadian Ltd v Law Society of Upper Canada*<sup>3</sup> which is named as the "Indo-Canada Test." The "sweat of the brow" principle was held to be too low a standard and hence this test was adopted by the Indian Supreme Court which required skill and judgment together with a flavor of minimum requirement of creativity to prove originality." In *Krishika Lulla v Shyam Vithalrao Devkatta*<sup>4</sup> the question that arises is whether copyright exists in the title "Desi Boys". A title of a work has been considered to be not fit to be the subject of copyright

law and a title by itself is in the nature of a name of a work and is not complete by itself, without the work. It must therefore be first seen if the title "Desi Boys" can be the subject of copyright. On a plain reading of section 13, copyright subsists in *inter-alia* an original literary work. In the first place a title does not qualify for being described as "work". It is incomplete in itself and refers to the work that follows. Secondly, the combination of the two words "Desi" and "Boys" cannot be said to have anything original in it. They are extremely common place words in India. It is obvious, therefore, that the title "Desi Boys", assuming it to be a work, has nothing original in it in the sense that its origin cannot be attributed to the respondent No. 1. In fact these words do not even qualify for being described as "literary work". Accordingly, it was held that there is no copyright in the title "Desi Boys" and thus no question of its infringement arises. The prosecution based on allegations of infringement of copyright in such a title is untenable.

1 (2002) 25 PTC 641 (DB).

2 AIR 1924 PC 75.

3 Quoted in *Nag Book House v State of WB*, AIR 1982 Cal 245, at 249.

4 1996 PTC 439 Del.

5 AIR 1934 Lah 777.

6 AIR 1961 Mad 111.

7 AIR 1976 MP 261.

8 AIR 1985 Bom 229.

9 2001 PTC 57 Del.

1 AIR 2008 SC 809.

2 Sreenivasulu NS and Hemanth Kumar, *HS Originality under copyright law*, January 2013, MIPR, Vol 1, Pt 1.

3 2004 (1) SCR 339 (Canada).

4 (2016) 2 SCC 521: 2016 (4) SCJ 498.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.13 Registration of copyright: The procedure<sup>5</sup>**

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Unlike patents, law confers automatic copyright protection to an author of different subject matter, even without taking a formal registration for the same. Legal protection for such works thus commences as soon as the work is shaped, even though it has not undergone the formal procedure of registration.<sup>6</sup> However, registration of copyright is advisable as it provides an evidentiary value in the court of law in case of disputes regarding its ownership or regarding its infringement. According to the Copyright Act, an author/a publisher/an owner who wants to get his copyright registered should make an application to the Registrar of Copyright with the other necessary details. Registrar, after receiving the application, holds an inquiry (which he deems necessary and fit) and enters the particulars in the Register of Copyright, which will be maintained in the Copyright Office.<sup>1</sup> The entry in Register of Copyright is regarded as the *prima facie* evidence of particulars mentioned therein.<sup>2</sup>

<sup>5</sup> Sreenivasulu NS and Nagaratna. A, *An overview of Copyright Law in India*, December 2007, MIPR, Vol 3, Pt 4, P. A-158.

<sup>6</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 4.

<sup>1</sup> The Copyright Act of India, section 45.

<sup>2</sup> *Ibid*, section 48.



## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.14 Ownership of copyright**

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The Copyright Act under section 17 (Chapter: IV) talks about the ownership of copyright. In case of literary, dramatic or artistic works, author is regarded as its first owner. However if such work is made in course of employment in a newspaper, magazine or similar periodical under a contract of service or apprenticeship, and which is made for the purpose of its publication in the said newspaper, magazine, etc., then the ownership of it lies with the proprietor in absence of a contrary agreement. In case of a photograph, a painting or a portrait or an engraving or a cinematograph film, which is made at the instance of another, for a valuable consideration, person at whose instance it is made will have its ownership, in absence of any contrary agreement. If the subject matter of copyright is a speech delivered or an address made in public, one who delivers it will have the copyright over it. However, if one on behalf of another delivers the work, person on whose behalf it is delivered, delivers it will be its owner. In case of the works belonging to Government, Public Undertakings, the ownership lies with concerned Government and Public undertakings, in absence of contrary agreement. Similarly if an International Organization publishes the work, ownership lies with the organization. The ownership in copyright may vest in different persons under different circumstances. In *Eastern Book Co v Navin J Desai*, the issue with reference to the ownership of the work came for discussion. The issue precisely was whether there is any copyright in the reporting of the judgment of a court. The Delhi High court observed: "It is not denied that under section 2(k) of the Copyright Act, a work which is made or published under the direction or control of any Court, tribunal or other judicial authority in India is a Government work. Under section 52(q), the reproduction or publication of any judgment or order of a court, tribunal or other judicial authority shall not constitute infringement of copyright of the government in these works. It is thus clear that it is open to everybody to reproduce and publish the government work including the judgment/ order of a court. However, in case, a person by extensive reading, careful study and comparison and with the exercise of taste and judgment has made certain comments about judgment or has written a commentary thereon, may be such a comment and commentary is entitled to protection under the Copyright Act and the person who made such contribution would become the owner of the work". The court further observed: "In terms of section 52(l)(q) of the Act, reproduction of a judgment of the court is an exception to the infringement of the Copyright. The orders and judgments of the court are in the public domain and anyone can publish them. Not only that being a Government work, no copyright exists in these orders and judgments. No one can claim copyright in these judgments and orders of the court merely on the ground that he had first published them in his book. Changes consisting of elimination, changes of spelling, elimination or addition of quotations and corrections of typographical mistakes are trivial and hence no copyright exists therein". In *Godrej Soaps Pvt Ltd v Dora Cosmetics Co*, 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. According to the section 13(l)(b) of the Copyright Act, 1957, the copyright is a bundle of rights, which entitles the owner of the copyright to take action against its violation. It is, thus, a negative right that enables the author to prevent any other person from dealing with the copyrighted material. Copyright subsists in a computer programme provided sufficient effort or skill has been expended to give it a new and original character. But a computer programme which only produces the multiplication

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tables or the alphabets, cannot lay claim to copyright protection, because the amount of skill or efforts to bring out such a work is too trivial to term it new and of original characters.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 20 PROTECTION OF COPYRIGHT**

#### **20.15 Term of copyright**

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The term of copyright in India depends upon its subject matter and owner, *i.e.*, as to whether its author is a natural person or a legal person. If the subject matter of copyright is literary, dramatic, musical or artistic work (not being a photograph) term of copyright protection is lifetime of its author plus sixty years.<sup>1</sup> In case of the joint ownership, it will be sixty years, which starts after death of the author who dies last. But if the work is anonymous or pseudonymous, term will only be sixty years from the date of publication.<sup>2</sup> In case of a posthumous work, the term is again sixty years from date of publication.<sup>3</sup> However, while calculating the term, "from the date of publication" implies that the calculation starts from the beginning of calendar year next following the year in which it was first published. If the owner of such work is a legal person *i.e.*, the government or a public undertaking or an international organization, the term of copyright will be for sixty years from the date of its publication. (From the beginning of the calendar year next following year in which the work/ record was first published).<sup>4</sup> In case of photograph, the term is sixty years from the year of its publication.<sup>5</sup> Even in case of cinematograph films, the term is sixty years from the beginning of the calendar year next following the year in which the film is published.

<sup>1</sup> Section 22 of the Copyright Act, 1957 as amended in 2012.

<sup>2</sup> Section 23 of the Copyright Act of India.

<sup>3</sup> *Ibid*, section 24.

<sup>4</sup> *Ibid*, section 28, 28A and 29 respectively.

<sup>5</sup> *Ibid*, section 25.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

The rapid growing importance, reliability on Internet and its impact on the day to day life of the people in the contemporary times raises concerns with respect to various proprietary rights involved there in. Copyright law has a history of development that can be partly explained by technological change.<sup>1</sup> Whenever new technology is innovated, it has effected radical changes in copyright law; beginning with mere literary and artistic work extended its boundary to audio-videorecordings, computer program, satellite broadcasting, and internet etc.,<sup>2</sup> The phrase "technology " in the present context, refers to computer/information technology or technology relating to the use of Internet.<sup>3</sup> Two points are worth mentioning at this j Line tare, first, computer technology is not new to world as it had already existed for over 50 years in US and secondly, the vast majority of new technical development involves information technology for instance, modem photocopiers, facsimile transmission machines, electronic mail, and design tools, all these owe something to computer technology. There is one great difference between conventional works and digital works generated through computer technology. Conventional works of copyright are passive *i.e.*, the work to be read, viewed, or listened to. Digital copyright on the other hand, is active; it does change, manipulate, transform, modify and retrieve digitally stored information.<sup>4</sup> With the emergence of the Internet and increasing use of the web (www), possibilities of piracy of copyright have become regular and quite often.<sup>5</sup> Free and easy access to Internet together with downloading feasibility has created new issues in copyright piracy. Because, copying, duplicating, encryption and decryption of information are essential in transmission of information on the Internet.<sup>6</sup> One can browse, read a book or magazine, or take copy, since the work or information is stored for the purpose of access and use. Easy access to Internet caused by technological advancement, gives the way for piracy depriving the authors of the work from enjoying the legitimate dues. Incidentally, the TRIPS agreement does not address the issue of piracy of copyright in the digital arena.<sup>1</sup> Even the most important international copyright convention *i.e.*, Berne convention as it stands today does not provide for protection of author's right of publication on the internet. Under this convention, copyright protection cover literary and artistic work and all form of original creativity such as fiction, non-fiction, scientific and technical texts, computer programs, databases, musical works audio-visual works, fine art, drawings and paintings and photographs. However, two WIPO Internet Treaties *viz.*, WIPO Copyright Treaty (WCT) and WIPO Performance Treaty (WPPT) attempt to address the issues of challenges posed by the digital copyright.

<sup>1</sup> David Bainbridge, *Intellectual Property*, 5th Edn, first Indian Edition, 2003, Pearson Education, Delhi, p 191.

<sup>2</sup> Shyamaghan A, *Emergence of IT and Copyright*, 2005, SCJ, p 19.

<sup>3</sup> Sreenivasulu NS, Dr Talwar Sabanna (Ed), *Information technology and Biotechnology, Globalization and WTO*, 2006, 1st Edn, Serials Publications, New Delhi, Vol 1.

<sup>4</sup> Supra Note. No 11.

<sup>5</sup> Mohd. Salman waris, *Indian IT A 2000 and Copyright Issues*, 2002, SCJ, p 18.

<sup>6</sup> Sreenivasulu NS and Suresh Benjamin, *Information Technology and Copyright Law: Some inferences*, June 2010, Vol 2, Pt 2, P. F-8.

<sup>1</sup> Article 10 of TRIPS deals with computer programs and stipulates that computer programs shall be treated as literary works under the Berne Convention.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

#### **21.1 Internet and copyright**

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Copyright is a form of intellectual property protection granted under the copyright law to the creators of original works of authorship such as literary works dramatic, musical and artistic works, cinematographic films and sound recordings. It includes computer programs, tables and compilations including computer databases which may be expressed in words, codes, schemes or in any other form, such as machine readable medium including the internet. The birth of internet<sup>2</sup> has brought into existent digital copyrights in the spear of copyright law which could be considered for protection on the proof of originality<sup>3</sup>. Protection and management of digital copyright<sup>4</sup> is a major concern today. The advent of information technology has made it difficult to apply the traditional rules of copyright law to various cyberspace palyers, entities and organizations. The cyberspace players who would be responsible for digital copyright content can be grouped under following headings:

1. Internet Service Providers (ISPs),
2. Bulletin Board Services Operators (BBSO),
3. Commercial Web Page owner/operators, and
4. Private users.

<sup>2</sup> Sreenivasulu NS, Dr Talwar Sabanna (ed), *Information technology and Biotechnology, Globalization and WTO*, 2006,1st Edn, Serials Publications, New Delhi, Vol 1.

<sup>3</sup> Sreenivasulu NS and Hemanth Kumar, *HS Originality under copyright law*, January 2013, MIPR, Vol I,Ptl.

<sup>4</sup> Sreenivasulu NS and Hemanth Kumar HS, *Nuts and Bolts of Copyright Amendment Bill, 2010*, March 2011, Vol 1, Pt 3.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

#### **21.2 What is the content of digital copyright?**

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Content on the websites, information in the online world could be protected under the copyright law. However, online world leaves in a variety range of pieces of information and knowledge in different formats through different players. It is very pertinent to know what is the actual content of digital copyright, what exactly is protected when we say there is a copyright over the content in the internet or digital world. Let us examine what are the actual contents of digital copyright. The Web sites are heavily loaded with information, much of it with varying degrees of copyright protection. In fact, the reality is that almost everything on the Web is protected by copyright law. Typically a website would consist of the following elements:

The content generally is in the form of text, graphics, audio or video files, which are protectable as literary, artistic and cinematographic works respectively under the Indian Copyright Act, 1957. This means that the creator of the content can prevent anyone from reproducing or distributing content without his consent.

The underlying source code or computer programme is protectable as literary work.<sup>1</sup>

The layout of the web page or rather the "look or feel" of the website, if distinctive, is amenable to protection as a trade dress.<sup>2</sup>

<sup>1</sup> Section 2(ffc) of the Copyright Act, 1957 (definition of computer programs).

<sup>2</sup> *Two Pesos v Taco Cabana*, 505 US 763 (1992), wherein it was held that the decor of a restaurant could be protected as a trade-dress.

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### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

#### **21.3 Regulation of digital copyright in India**

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Digital copyright issues have been regulated under two different enactments in India. The Copyright Act, 1957 as amended latest in 2012 and the Information Technology Act, 2000<sup>3</sup> as amended latest in 2008. These are the two pieces of legislations which are governing issues pertinent to the online or digital copyright at the moment. The digital works including computer programs, software, online databases and such other works are offered protection by virtue of the provisions under the said legislations in India.

<sup>3</sup> Sreenivasulu NS, Dr Talwar Sabanna (ed), *Information technology and Biotechnology, Globalization and WTO, 2006*, 1st Edn, Serials Publications, New Delhi, Vol 1.

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### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

#### **21.4 Digital copyright issues**

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The provisions of the Copyright Act, 1957 can safely be relied upon for meeting the challenges of information technology. The inclusive definition of computer is very wide which includes any electronic or similar device having information processing capabilities. Thus, a device storing or containing a copyrighted material cannot be manipulated in such a manner as to violate the rights of a copyright holder. The information stored in a computer, information available on the internet, computer programs and software are raising pertinent copyright issues over the internet or the digital world. The term computer programme has been defined to mean a set of instructions expressed in words, codes, schemes 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. It must be noted that section 13(a) read with section 2(o) confers a copyright in computer programme and its infringement will attract the stringent penal and civil sanctions. The inclusive definition of literary work includes computer programmes, tables and compilations including computer databases. Thus, the legislature has taken adequate care and provided sufficient protection for computer related copyrights. The copyrighted material can be transferred or communicated to the public easily and secretly through electronic means. To take care of such a situation, the Copyright Act has provided for the circumstances which amount to communication to the public. Thus, making any work available for being seen or heard or otherwise enjoyed by the public directly or by any means of display or diffusion other than by issuing copies of such work regardless of whether any member of the public actually sees, hears or otherwise enjoys the work so made available, may violate the copyright. The communication through satellite or cable or any other means of simultaneous communication to more than one household or place of residence including residential rooms of any hotel or hostel shall be deemed to be communication to the public. The copyright in a work is infringed if it is copied or published without its owner's consent. The Copyright Act provides that a work is published if a person makes available a work to the public by issue of copies or by communicating the work to the public. Thus, the internet service providers may be held liable for copyright violation if they make the information or the work available on the internet to the public without the consent of the owner violating the digital rights.<sup>1</sup> The copyright in a work shall be deemed to be infringed when a person, without a license granted by the owner of the copyright or the Registrar of Copyrights under this Act or in contravention of the conditions of a license so granted or of any condition imposed by a competent authority under this Act; (i) Does anything, the exclusive right to do which is by this Act conferred upon the owner of the copyright, or (ii) Permits for profit any place to be used for the communication of the work to the public where such 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 to the public would be an infringement of copyright. The Copyright Act specifically exempts certain acts from the purview of copyright infringement. Thus, 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 utilize the computer programme for the purpose 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 utilize the computer programme for the purpose for which it was supplied, would not be copyright infringement. Similarly, the doing of any act necessary to obtain information essential for operating inter-operability of an independently created computer programme with



other programmed by a lawful possessor of a computer programme is not a copyright violation if such information is not otherwise readily available. Further, there will not be any copyright violation in the observation, study or test of functioning of the computer programme<sup>2</sup> 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. The Act also makes it clear that the making of copies or adaptation of the computer programme<sup>3</sup> from a personally legally obtained copy for non-commercial personal use will not amount to copyright violation. If a person knowingly makes use on a computer of an infringing copy of a computer programme, he shall be held liable for punishment of imprisonment for a term which shall not be less than seven days 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. However, if the computer programme has not been used for gain or in the course of trade or business, the court may, for adequate and special reasons to be mentioned in the judgment, not impose any sentence of imprisonment and may impose a fine which may extend to fifty thousand rupees. It must be noted that copyright can be obtained in a computer programme under the provisions of the Copyright Act, 1957. Hence, a computer programme cannot be copied, circulated, published or used without the permission of the copyright owner. If it is illegally or improperly used, the traditional copyright infringement theories can be safely and legally invoked. Further, it is inferred that if the medium of Internet is used to advance that purpose, invoking the provisions of the Copyright Act, 1957 and supplementing them with the stringent provisions of the Information Technology Act, 2000, can prevent the same. Section 1(2) read with section 75 of the Information Technology Act provides for extraterritorial application of the provisions of the Act. Thus, if a person (including a foreign national) violates the copyright of a person by means of computer, computer system or computer network located in India, he would be liable under the provisions of the Act. If any person without permission of the owner or any other person who is in charge of a computer, computer system or computer network accesses or secures access to such computer, computer system or computer network or downloads, copies or extracts any data, computer data base or information from such computer, computer system or computer network including information or data held or stored in any removable storage medium, he shall be liable to pay damages by way of compensation not exceeding one crore rupees to the person so affected. Thus, a person violating the copyright of another by downloading or copying the same will have to pay exemplary damages for violating digital copyright<sup>1</sup> up to the tune of rupees one crore which is deterrent enough to prevent copyright violation. While adjudging the quantum of compensation, the adjudicating officer shall have to consider the following factors

1. The amount of gain or unfair advantage, wherever quantifiable, made as the result of the default
2. The amount of loss caused to any person as a result of the default;
3. The repetitive nature of the default.

Thus, if the copyright is violated intentionally and for earning profit, the quantum of damages will be more as compared to innocent infringement. A network of internet service provider (ISP) will not be liable under this Act, rules or regulations made there under for any third party information or data made available by him if he proves that the offence or contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence or contravention.<sup>1</sup> The network service provider under Information technology Act<sup>2</sup> means an intermediary and third party and information means any information dealt with by a network service provider in his capacity as an intermediary. The provisions of this Act shall have overriding effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

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- 1 Sreenivasulu NS and Hemanth Kumar HS, *Nuts and Bolts of Copyright Amendment Bill, 2010*, March 2011, Vol 1, Pt 3.
- 2 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 308.
- 3 Sreenivasulu NS and Suresh Benjamin, *Information Technology and Copyright Law: Some inferences*, June 2010, Vol 2, Pt 2, P. F-9.
- 1 Sreenivasulu NS and Hemanth Kumar HS, *Nuts and Bolts of Copyright Amendment Bill, 2010*, March 2011, Vol 1, Pt 3.
- 1 Section 79 of the Indian Information Technology Act of 2000 as amended latest in 2008.
- 2 Sreenivasulu NS, Dr Talwar Sabanna (ed), *Information technology and Biotechnology, Globalization and WTO*, 2006, 1st Edn, Serials Publications, New Delhi, Vol 1.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

#### **21.5 Copyright protection for computer program or software**

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Until recently, copyright was not regarded as being of much relevance to the sale of products other than traditionally "artistic" products such as books and gramophone records. Today, however, in addition to these traditional areas, copyright has become an extremely important weapon in preventing piracy of computer software and preventing copying of various useful items to which "art" has been applied. Computer program or "software" in general means a collection of computer programs, procedures and documentation that perform some tasks on a computer system.<sup>3</sup> *Dictionary of Computing*<sup>4</sup> describes software as "a generic term for those components of the computer system that are intangible rather than physical". Software is a series of instructions joined together in a language which is understandable by the programmer or the operator, on the one hand, and translated into a language understandable by the computer, on the other. Software contains literal and non-literal elements. Literal elements are comprised of source code and object code, which are two-levels of computer language. Non-literal elements comprise of programmes, structure, sequence, organization, screen displays, menu structure and general flow chart. Computer programme is a set of instructions capable, when incorporated in machine readable medium, of causing a machine having information- processing capabilities to indicate, perform or achieve a particular function, task or result. Computer software includes many items like the programme manuals and papers, punched cards and magnetic tapes or discs required for understanding or operation of computers.<sup>5</sup>

<sup>3</sup> Wordreference.com: WordNet® 2.0. Princeton Univ.  
<<http://www.wordreference.com/definition/software>> (last accessed in Jan 2018).

<sup>4</sup> 3rd Edn Oxford University Press, London 1990.

<sup>5</sup> P Ganguly, *Intellectual Property Rights: Unleashing the knowledge Economy*, 2001, Tata McGraw Hill, p 380.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

#### **21.6 Copyrights in computer software: the beginning**

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Earlier computer programmes, software and such other digital rights were not considered as subject matter of copyright. However, the developments in USA have brought computer software the status of subject matter of copyright. Where in, USA tried to protect software through patent and trade secret but the limitations of patent and trade secret law have resulted in reliance on copyright law as the major source of protection for software. Title 35 US Code in section 101 gave a wide definition of patentable subject and as a result US post 1981 started allocating patent protection to software. The scenario was different in pre 1981 era where US Supreme Court in various decisions discouraged patenting in software.<sup>1</sup> In 1999 the US Congress further bolstered the patent law by enacting First Inventor Defense Act to protect business classified under clause 705 under USPTO relating to business in computer and computer programs. It is undisputed that the 1976 US Copyright Act, as amended by the Computer Software Act of 1980, extends copyright protection to software. The US Copyright statute provides copyright protection for original<sup>2</sup> works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Subject to certain provisions relating to "fair use", the Copyright Act gives the copyright owner exclusive rights over the reproduction, preparation of derivative works, distribution and public performance and display of the copyrighted work. Since the passage of the Computer Software<sup>3</sup> Rental Amendments Act in 1990 it has also been an infringement in copyright to distribute a computer program<sup>4</sup> (including any tape, disk or other medium embodying such a program) for direct or indirect commercial advantage by way of rental, lease or lending. What copyright protection does give to the owner is a bundle of particular rights that are to some extent dependent on the type of work involved. The case law has classified computer software as falling within the statutory definition of copyrightable subject matter as literary works, although some manifestations of the software may be protectable as audio-visual works. At this juncture a very famous decision on computer software is worth discussing. In *Apple Computer, Inc v Franklin Computer Corp*,<sup>5</sup> the defendant, Franklin, had allegedly copied fourteen of Apple's copyrighted operating programs which were stored on floppy discs and in ROM's. Franklin then allegedly incorporated these duplicated programs into a personal computer on which virtually all software designed for Apple's personal computer could be utilized. Apple brought suit in the United States District Court for the Eastern District of Pennsylvania alleging copyright infringement of its operating programs and seeking a preliminary injunction to prevent the continued use of Apple's operating programs by Franklin. It was argued that an operating system is either a process or a system or a method of operation and as such not capable of receiving copyright protection. But the court held: *"It should make no difference for the purposes of Section 102(b) whether these instructions tell the computer to help prepare an income tax return form (the task of an application program) or to translate a high level language program from source code to its binary language object code form (the task of an operating system software such as "Applesoft". Since it is only the instructions which are protected, a "process" is no more involved because the instructions were written in ordinary English in a manual which described the necessary steps to activate an intricate complicated machine. There is therefore no reason to afford any less protection to the instructions in an operating system than to the instructions in an application program."* Further, in *Whelan Associates Inc v Jasloiv Dental Laboratory, Inc.*, the US Court of Appeals had gone further and included even the non-literal

elements as protectable under copyright by holding that copyright protection of computer programs may extend beyond the program's literal code to their structure, sequence and organization (SSO). Fair use is a defense to an allegation of copyright infringement under section 107 of the Copyright Act. Courts use a four factor test to determine the validity of the fair use defense. The court will weigh each factor, and no factor is dispositive. The factors are:

1. the purpose and character of the use, (e.g., is the use commercial? Educational?);
2. the nature of the copyrighted work;
3. the amount and substantiality of the copied material in relation to the copyrighted work as a whole; and
4. the effect on the market.

Meanwhile, in *Sega v Accolade*,<sup>1</sup> it was viewed that the fair use defense is applicable to claims of software copyright infringement. The defendant, Accolade, who had reverse engineered several of Sega's video games so that Accolade could create its own games that would be compatible with Sega's Genesis console successfully employed the fair use defense. In doing so, it was undisputed that Accolade actually did copy Sega's copyright protected object code. To determine whether Accolade engaged in fair use, the court analyzed the four factors mentioned above. In *Kelly v Arriba Soft Corp*,<sup>2</sup> it was held that the Fair Use defense is applicable to other forms of electronic media on the internet. For example, a search engine may, without permission, copy copyrighted images into its database and display thumbnails of those images in response to user searches. The copy is considered fair use and intended to direct the searcher to the full-size image.

<sup>1</sup> Like; *Re Freeman, Diamond v Diehr, Re Tanner, Re Abele, Re Pardo and Re Meyer*.

<sup>2</sup> Sreenivasulu NS and Hemanth Kumar, *HS Originality under copyright law*, January 2013, MIPR, Vol I, Ptl.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 308-309.

<sup>4</sup> Sreenivasulu NS and Suresh Benjamin, *Information Technology and Copyright Law: Some inferences*, June 2010, Vol 2, Pt 2, P. F-9.

<sup>5</sup> (1983) 714 F 2d 1240 3rd Circuit.

<sup>1</sup> (2003) 203 F.3d 596 9th Circuit.

<sup>2</sup> (2003) 336 F.3d 811 9th Circuit.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

#### **21.7 Digital copyright protection in India**

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Under the Indian copyright law there is a scope for the protection of digital copyright. A "computer program" is described as "a set of instructions expressed in words, codes, schemes or in any other form, including a machine readable medium, capable of causing a computer<sup>3</sup> to perform a particular task or achieve a particular result".<sup>4</sup> Computer programs are accorded status of "literary work"<sup>5</sup> under Indian copyright laws. Thus from an Indian perspective we can describe software to be computer program, preparatory design material, data stored in a computer, programming language and information generated by a program whether or not of transient existence.<sup>1</sup> In view of the challenges arising from the advancement of computer technology, the expression "computer program" has been included in the Copyright Act by way of its Amendment Act of 1994. The Indian approach is similar to WIPO Model Law on the Protection of Computer Software which was adopted in the year 1977. The Copyright as amended in 1994, defines "computer", "computer program", "communication to the public" and rational relationship between copyright and computer technology. Computer<sup>2</sup> is defined to include any electronic or similar device having information processing capabilities, computer programme<sup>3</sup> has been defined to mean a set of instructions expressed in words, codes, schemes 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. Communication to the public<sup>4</sup> has been defined to mean making any work available for being seen or heard or otherwise enjoyed by the public directly or by any means of display or diffusion other than by issuing copies of such work regardless of whether any member of the public actually sees, hears or otherwise enjoys the work so made available. The Copyright Act protects computer programs but it does not protect individual files or parts of a program just like protecting novel as literary work rather than each individual chapter of the novel. Software in India is considered as literary work under section 2(o) of the Copyright Act. Copyright Act, 1957 has been amended in 1994 to make necessary changes in the subject matter of copyright to include software and computer program within the meaning of the literary work. Thus being literary work software is protected under the copyright regime.<sup>5</sup> Copyright subsists in a computer programme<sup>6</sup> provided sufficient effort or skill has been expended to give it a new and original character. But a computer programme which only produces the multiplication tables or the alphabets, cannot lay claim to copyright protection, because the amount of skill or efforts to bring out such a work is too trivial to term it new and of original characters. The owner of the copyright in India has the exclusive right to reproduce and distribute his work and also to make derivative works out of that. Section 14(b) of the Indian Copyright Act, 1957, (b) in the case of a computer programme<sup>7</sup>:

- (i) To do any of the acts specified in clause (a);
- (ii) To sell or give on commercial rental or offer for sale or for commercial rental any copy of the computer programme: Provided that such commercial rental does not apply in respect of computer programmes where the programme itself is not the essential object of the rental.

Any unlicensed storage, reproduction, issuance of copies or adaptation of an item of copyrighted software would constitute an infringement of software under the

provisions of Indian copyright law. Furthermore, it is clear that if any person other than the owner of the copyright or any person licensed by him, sells or hires the programme to any other person, the former is in infringement of the copyright in the programme and it matters little whether such a sale is in respect of a programme that has on an earlier occasion been sold by the owner of the copyright or not.<sup>1</sup> The term of copyright is for life plus 60 years which is no different in case of computer programme or software as both have been considered as literary work. Any unlicensed storage, reproduction, issuance of copies or adaptation of an item of copyrighted software would constitute an infringement of software under the provisions of Indian copyright law. Furthermore, it is clear that if any person other than the owner of the copyright or any person licensed by him, sells or hires the programme to any other person, the former is in infringement of the copyright in the programme and it matters little whether such a sale is in respect of a programme that has on an earlier occasion been sold by the owner of the copyright or not. An analysis of the provisions of the Copyright Act would lead us to the conclusion that any person other than the original author of the programme, may adopt a different sequence of commands and routines to achieve the same result that the author of the programme has received and would be entitled to copyright protection for the new programme, regardless of whether the new author has utilized the idea behind the original copyright or not. Thus, so long as there has been no direct copying of the material form of the programme, anyone is entitled to utilize the idea behind the programme to create and structure another programme, without violating the copyright of the original author. However there are certain exceptions to the copyright protection. Competition law and anti-trust laws prevent intellectual property protection through copyright in two scenarios:

- o When the expression becomes industry standard like the Microsoft command structure
- o If the expression is functional or necessary to accomplish a functional task such as compatibility.

These protections are further bolstered with "fair use" principle as embodied under section 51(1) of the Copyright Act, 1957. The following acts shall not constitute an infringement of copyright in computer programme<sup>2</sup> or software, namely:

1. The making of copies or adaptation of a computer programme by the lawful possessor of a copy of such computer programme<sup>1</sup>, from such copy:
  - I. in order to utilize the computer programme for the purposes for which it was supplied; or
  - II. to make back-up copies purely as a temporary protection against loss, destruction or damage in order only to utilize the computer programme for the purpose for which it was supplied;
2. 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;
3. 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;
4. The making of copies or adaptation of the computer programme from a personally legally obtained copy for non-commercial personal use;

The fair use<sup>2</sup> principle is used and applied quite wide and often in Indian copyright regime on software and allows adaptation for checking compatibility, finding out the working of the software, data protection, and for any other non commercial personal use. Adaptation in terms of software could mean Reverse Engineering which means the process of analyzing a subject system to create representations of the system at a higher level of abstraction. It can also be seen as "going backwards through the development cycle". In this model, the output of the implementation phase (in source code form) is reverse engineered back to the analysis phase, in an inversion of the traditional waterfall model. Reverse engineering is a process of examination only: the software system under consideration is not modified (which would make it reengineering).

Thus we find that in India computer software enjoys 60 year copyright protection on both source codes as well as the object code and it would include databases and computer generated work also. Indian laws provide that holder of copyright of a software would get to reproduce the work in any material form including the storing of it in any medium by electronic, to issue copies of the work to the public not being copies already in circulation, to communicate it to the public, to make any translation of the work, to make any adaptation of the work, to sell or give on commercial rental or offer for sale or for commercial rental any copy of the computer programme.<sup>3</sup>

<sup>3</sup> Section 2(ffb) of the Copyright Act, 1957 (India) "computer" includes any electronic or similar device having information processing capabilities.

<sup>4</sup> Section 2(ffc) the Copyright Act, 1957 (India), this means that both source code and object code is protected..

<sup>5</sup> Under section 2(o) of the Copyright Act, 1957 (India), "literary work" includes computer programmes, tables and compilations including computer databases.

<sup>1</sup> TR Srinivasa Iyengar, *Iyengar's The Copyright Act, 1957 (XIV of 1957)* 6th Edn, 2000, Lexis Law Publishing.

<sup>2</sup> Section 2(ffb) of the Copyright Amendment Act, 1994.

<sup>3</sup> Ibid, section 2(ffc).

<sup>4</sup> Ibid, section 2(ff).

<sup>5</sup> Section 13(l)(b) of the Copyright Act, 1957. The copyright is a bundle of rights, which entitles the owner of the copyright to take action against its violation. It is, thus, a negative right that enables the author to prevent any other person from dealing with the copyrighted material..

<sup>6</sup> Sreenivasulu NS and Suresh Benjamin, *Information Technology and Copyright Law: Some inferences*, June 2010, Vol 2, Pt 2, P. F-9.

<sup>7</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 308-309.

<sup>1</sup> Section 51 of the Indian Copyright Act, 1957.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 308-309.

<sup>1</sup> Sreenivasulu NS and Suresh Benjamin, *Information Technology and Copyright Law: Some inferences*, June 2010, Vol 2, Pt 2, P. F-9.

<sup>2</sup> Sreenivasulu NS and Hemanth Kumar HS, *Nuts and Bolts of Copyright Amendment Bill, 2010*, March 2011, Vol 1, Pt 3.

<sup>3</sup> Provided that such commercial rental does not apply in respect of computer programmes where the programme itself is not the essential object of the rental.



## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

#### **21.8 Digital copyright protection in UK**

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The UK Copyright, designs and Patent Act, 1988 does not define computer or computer program, but under section 3(1), "literary work" includes computer program and source code may be copyrighted. But "database" is defined as "a collection of independent works, data or other material which are arranged in a systematic or methodical way, and are individually accessible by electronic means."<sup>1</sup> However fair use provisions<sup>2</sup> allow users to make copies or adaptation of a computer programme by the lawful possessor of a copy of such computer programme, from such copy in order to utilize 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 utilize the computer programme for the purpose for which it was supplied. According to the provisions of section 52(ad) of the Copyright Act the making of copies or adaptation of the computer programme should be from a personally legally obtained copy for non-commercial personal use. A person can lawfully do 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. A lawful license holder/owner can observe, 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. Fair use is a doctrine allows limited use of copyrighted material without requiring permission from the rights holders, such as use for study or research purposes. It provides for the legal, non-licensed citation or incorporation of copyrighted material in another author's work under certain conditions varying from jurisdiction to jurisdiction. Under section 29(4) of the UK Act it is not fair dealing to convert a computer program expressed in a low level language into a version expressed in a higher level language, or incidentally in the course of so converting the program, to copy it, except under the aegis of section 50B which states that such reverse engineering is allowed if it can be proved that it is necessary to decompile the program to obtain the information necessary to create an independent program which can be operated with the program decompiled or with another program and the information so obtained is not used for any purpose other than the permitted objective. However following conditions have to be met that the lawful user:

- (a) has readily available to him the information necessary to achieve the permitted objective;
- (b) does not confine the decompiling to such acts as are necessary to achieve the permitted objective;
- (c) supplies the information obtained by the decompiling to any person to whom it is not necessary to supply it in order to achieve the permitted objective; or
- (d) uses the information to create a program which is substantially similar in its expression to the program decompiled or to do any act restricted by copyright.

Perhaps, copyright law protects computer program if it is satisfied with three fundamental principles such as originality, expression and fixation of the work. Like any other literary work, digital works including computer program being literary work in electronic form attracts copyright protection only if it is original. The copyright laws

have not defined the word "originality". To determine this question of originality, Indian courts in particular borrow the principles from English case laws. Ironically, there is no definition of originality in the English law as well, and English courts resort to European Copyright Directive.<sup>1</sup> This lack of definition of the concept of originality in the copyright law makes difficult to determine infringement of computer programs and such other digital copyrights. However, court decisions especially in the USA have been able find some solution in this regard. Therefore, it can be assumed that there is no doubt that computer programs and digital works are protected under copyright law, however, there are certain factors which needs to be proven before protection is accorded. Given the complex nature of digital works where in it does not have physical existence and the issues of originality and expression have been felt more complicated than any other subject matter of copyright, the enforcement authorities have taken more cautious approach towards protection of digital works.

<sup>1</sup> Section 3A Copyright, Designs and Patent Act, 1988 (UK).

<sup>2</sup> Section 52(ab)-(ad)-57 the Copyright Act, 1957 (India).

<sup>1</sup> European Council Directive on the legal protection computer programs (1991) OJLI 22; the modifications were introduced in the CDPA 1988 by the copyright regulations 1992.

## **Part VII LAW OF COPYRIGHT**

### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

#### **21.9 Copyrights in compilations and databases**

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A work which is original in expression is accorded protection under the copyright law. However, in the recent times the concept of originality has undergone a sea change. Where in certain works which are not completely new and original have been accorded protection on the basis of new parameters fixed by the enforcement authorities.<sup>2</sup> Compilations and databases are examples of such subject matter which are considered not completely original but involve some original execution of creativity and expression in compiling or putting together the information which is either existing in a particular form or in a form which is not useful. Let us examine the content and substance of databases, their suitability for protection under copyright law and why and what necessitates such protection.

<sup>2</sup> Sreenivasulu NS and Hemanth Kumar, HS *Originality under copyright law*, January 2013, MIPR, Vol 1, Pt 1.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

#### **21.10 What is database?**

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In General, A database is a collection of independent components, such as pieces of information, data, or works, arranged in a systematic or methodical way and which are individually accessible by electronic or other means. Database has been defined under the Indian Information Technology Act, 2000<sup>3</sup> to mean the representation of information, knowledge, facts, concepts, or instructions prepared in a formalized manner. The definition of database provided under the Act includes electronic databases also. Though electronic databases have been included within the meaning of databases under the Act, it is felt that its effectiveness needs to be tested for granting protection to database or data on the internet. The content of a database can include literary, musical, artistic, or other works or material such as text, sound, images, numbers, facts, and raw data. Multimedia resources also fall under this definition but computer programs do not. Database protection applies to electronic and non-electronic databases. Databases are designed to help deal with these difficulties. They are collections of information arranged in such a way that one or more items of information within them may be retrieved by any person with access to the collection containing those items. Therefore database are big business because they contain important and copious amounts of information and reduce the time taken to access that information. And where there is big business, the law and lawyers inevitably follow. But, information is more than money and database are more than big business. Electronic commerce would be a contradiction in terms without a level playing field for intellectual property protection for those databases which are crucial for its operation.<sup>1</sup> As the level of creativity required for such database copyright protection is not defined at international level, different interpretations apply and in some countries so-called "sweat of the brow" databases, which are not creative but are based on a certain level of effort or investment, are protected under copyright.

<sup>3</sup> Under section 43 of the Act.

<sup>1</sup> It appears to be essential that electronic database and paper database also benefit from this mechanism.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

#### **21.11 Electronic databases**

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In the 1960s, the evolution of commercial computers resulted in the development and use of computer databases, commonly referred to as "electronic databases." The use of electronic databases allows information to be accessed, manipulated, and used much faster than paper-based databases. In the mid-1980s, information technology<sup>2</sup> advanced to the point that computers became economical for household use. Thus, with more people using computers, the economic value of electronic databases has increased. The 1990s will be remembered as the birth decade for the information superhighway, commonly referred to as the Internet.<sup>3</sup> By using a modem-equipped computer, and for no or a small fee, an individual can easily browse the information highway for facts ranging from box scores from last night's sporting events to the latest medical news about Alzheimer's disease. With computers and the Internet, the task of collecting, managing, and relocating huge amounts of data at one time has been simplified. Using these technologies in unison, individuals from one country can extract segments of an electronic database that is created and maintained in another country, craft their own specialized database, and then electronically provide their new database to the world. Such copying could violate the copyright protections afforded to the original database. As database technology continues to progress, database owners contend that laws protecting and promoting the economic value of databases have failed to advance at the same rate. Database owner's further claim that more legal protection of databases is needed because of the substantial time, money, and effort expended developing databases, and the increasingly less expensive means of copying and disseminating them. Without better laws to protect databases, their quality will deteriorate and individuals could be discouraged to spend the time and money to develop new and improved databases. If the quality deteriorates, both the economy and science of States will suffer.

<sup>2</sup> Sreenivasulu NS and Suresh Benjamin, *Information Technology and Copyright Law: Some inferences*, June 2010, Vol 2, Pt 2, P. F-6.

<sup>3</sup> Sreenivasulu NS, Dr Talwar Sabanna (ed), *Information technology/ and Biotechnology, Globalization and WTO*, 2006, 1st Edn, Serials Publications, New Delhi.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

#### **21.12 Copyright for the database**

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The interpretation of the word "original" in copyright statutes has been a contentious issue the world over, especially with respect to the issue of whether copyright protection should be granted to "compilation of facts" or databases. In the UK, copyright law has been used to protect "industrious creation" in order to ensure that a man's labour including databases and compilations are protected. In the US, the courts have spoken about the need for a minimum amount of creativity<sup>1</sup> for protecting databases. In Canada, the Supreme Court has ruled that "skill and judgment" were prescribed as pre-requisites for protecting databases. Originality of databases does not in this connection mean that the work must be the expression of original or inventive thought. In India, database rights and copyright in databases is an emerging field, and not too many cases have been decided on this or other related subjects. The ones that had been decided earlier indicated that the law in India should be similar to that followed in the United Kingdom.<sup>2</sup> Historically, the two countries have shared similar copyright laws and many cases seem to indicate that the jurisprudence in both countries is roughly identical, with an emphasis on protecting a man's labour. In UK databases means "a collection of works, data or other materials which are arranged in a systematic or methodical way, and are individually accessible by electronic or other means." In India, too, databases have been treated as literary work. Section 2(o) of the Copyright Act<sup>3</sup> reads to mean "literary work to include computer programs, tables and compilations including computer databases". Databases, which by reason of the selection or arrangement of their contents, constitutes the author's own intellectual creation" are protected by copyright law as original collections. While, the Berne<sup>4</sup> Convention states that there shall be creativity in such "selection *and* arrangement" of the contents. However in practice the difference is likely to be slight. Although the precise definition of copyright may differ somewhat globally, the US Copyright statute is fairly indicative. It provides copyright protection for original works of authorship fixed in any tangible medium of expression from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The United States, as with many countries, sets forth examples of what kinds of works are protected, such as the following: literary and textual works; musical works, including accompanying lyrics; dramatic works, including any accompanying music; pantomimes and choreographic works; pictorial, graphic and sculptural works; motion pictures and other audiovisual works; sound recordings; and architectural works including an automated database which is a body of facts, data, or other information assembled into an organized format suitable for use in a computer and comprising one or more files. The EU Directive<sup>1</sup> on databases aims to provide harmonized Copyright protection to databases. It introduces a new specific *sui generis* right for the creators of databases, whether or not these have an intrinsically innovative nature. This directive applies to databases, irrespective of their form (*e.g.*, electronic or print media). Article 1(2) defines a database as "a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means". Non-electronic databases are also covered.<sup>2</sup> Any computer program used to create the database is not included.<sup>3</sup> The objective of the European Directive is to provide copyright protection for the intellectual creation involved in the selection and arrangement of materials; and *sui generis* protection for an investment<sup>4</sup> in the obtaining, verification or presentation of the contents of a database.

## [https://t.me/LawCollegeNotes\\_Stuffs](https://t.me/LawCollegeNotes_Stuffs)

- 1 Sreenivasulu NS and Hemanth Kumar, HS *Originality under copyright law*, January 2013, MIPR, Vol 1, Pt 1.
  - 2 For example, section 3A of the UK Copyright Act protects databases by classifying it as a literary work.
  - 3 The Indian Copyright Act as amended latest in 2012.
  - 4 International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, 1998.
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- 1 In the EU the Directive on the Legal Protection of Databases was adopted by the EU in the year 1996.
  - 2 Para 14 of the preamble.
  - 3 Para 23 of the preamble.
  - 4 Both financial and in terms of human resources, effort and energy.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 21 COPYRIGHTS IN THE DIGITAL AGE AND DATA BASES**

#### **21.13 India and database**

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Protection for databases in India has been tested in the traditional intellectual property regime of copyright protection. This is contained under the Indian Copyright Act which was amended in 1994 to extend more effective protection to owners of copyright by making provision for the special nature of computer programs as literary works and for the protection of computer generated works. The amendments included in the meaning of "literary work", the works such as computer programs, tables, and compilation including computer databases. Under section 2(o) of the Copyright Act, "Computer database" is included in the definition of "literary work". Hence, database manufacturers are relying on copyright laws as databases are protected as compilations under literary works. To obtain copyright protection for a compilation, it must exhibit some creativity or originality in selection or arrangement of contents of the compilation. Further, section 43 of the Information Technology Act, imposes liability to pay damages by way of compensation not exceeding one crore rupees to the person so affected' if any person without permission downloads, copies, or extracts any data, computer database, or information from such computer, computer system or computer network.

There has been no clear pronouncement by the Indian Courts on the concept of originality in databases. Typically each case is decided on the basis of its "facts and circumstances". The Indian Courts seem to uphold the "sweat of the brow" theory or the skill, labour and judgment test in deciding copyright infringement of database. In many cases, like *McMillan v Suresh Chunder Deb*, *Govindan v Gopalakrishnan*<sup>1</sup> the courts held, a compilation developed through devotion of time, capital, energy and skill, though taken from a common source, amounted to a literary work and was therefore protected under copyright. The Delhi High Court in *Burlington Corp v Rajnish Chibber* case, referred the US Supreme Court's decision in *Feist Publications, Inc v Rural Telephone Service*<sup>2</sup> and said that there should be a modicum of creativity in the selection, arrangement, or co-ordination of the contents of a database to attract copyright protection.

The issue of database protection was the agenda in the Third session of the standing committee of the WIPO. The Indian delegation argued that copyright protection was sufficient and working well in protection of databases. However, there were concerns about the possible effects of database rights on the development of science, technology, research and education. In the prevailing global environment it could be imperative for India to enact a law clearly stating the protections enjoyed by databases. The copyright law does not specifically enumerate databases as copyrightable subject matter but the legislative history indicates that the parliament considered computer databases and compilations of data as "literary works" subject to copyright protection. Databases may be considered copyrightable as a form of compilation, which is defined in the law as a work "formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship." Copyright protection extends to the compilation of facts if the compilation represents original authorship. In some instances some or all of the contents of a database, new or revised, may also be copyrightable, as in the case of a full text bibliographic database.

<sup>1</sup> Sreenivasulu NS and Hemanth Kumar, *HS Originality under copyright law*, January 2013, MIPR, Vol I, Pt.





## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 22 COPYRIGHT SOCIETIES AND NEIGHBORING RIGHTS**

Copyright is a private and individual right conferred upon the authors by the copyright Registry. However, the existing of copyright societies brings in the other side of the coin with reference to the fabric of copyright law. The copyright societies and their rights give rise to third sector rights in the copyright law. Further, the rights of performers<sup>1</sup> and broadcasters<sup>2</sup> also give us the different flavor of copyright which is primarily known for conferring individual and private rights. The focal point in case of copyright societies, performer's rights and broadcaster's rights is that they are not the original authors or owners of the copyrighted work. They are either performers under a producer who is the owner of copyright or broadcasters of already existing and copyright work with permission or license from the owner of such programme which is broadcasted or they are the associations of the owner of copyright. Whereas performers and broadcasters rights are addressed as neighboring rights and the copyright societies rights are involved in the third sector rights under the copyright law.

<sup>1</sup> Sreenivasulu NS and Nagaratna. A, *An overview of Copyright Law in India*, December 2007, MIPR, Vol 3, Pt 4.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 22 COPYRIGHT SOCIETIES AND NEIGHBORING RIGHTS**

#### **22.1 Copyright societies**

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A Copyright society is a registered collective administration society<sup>3</sup> which intends to administer the registered copyright on behalf of the copyright owner. Collective administration of copyright is a concept where management and protection of copyright in works are undertaken by a society of owners of such works. When owner of copyright becomes a member of a national copyright society, that society, because of its organizational facilities and strength, would be able to keep a better vigil over the uses made of work of the authors throughout the country and collect due royalties from the users of those works. Because of nation's membership in international conventions, the copyright societies are able to have reciprocal agreements with similar societies in other countries for collecting royalties for the uses of Indian works in those countries. It means that it will be in the interests of copyright owners to join a collective administration organisation to ensure better protection to the copyright in their works and for reaping optimum economic benefits from their creations. Some societies existed in this field, like Indian Performing Right Society Limited, established on 23 August 1969, but, registered under Copyright Act, 1957 as Copyright Society on 27 March 1996. It issues licenses to users of music and collect Royalties from them, for and on behalf of its members. Phonographic Performance Limited society was established on 1941, Registered under Copyright Act as copyright Society in 1996, has been functioning as the Performing Rights Society for Sound Recording etc.<sup>1</sup> The copyright society can issue or grant licenses in respect of any work in which copyright subsists or in respect of any other right given by the Copyright Act. Users of different types of works also find it easy to obtain licenses for legal exploitation of the works in question. The recent copyright amendment aims to completely restructure the working of and the eligibility criteria for membership in copyright societies by various amendments to the current Copyright Act which would make it possible for only authors of works,<sup>2</sup> to become members of copyright societies and to manage them. This is intended to significantly improve the current situation in the film industry, in particular, for the authors of the underlying works in films. The amendment has been drafted in such a manner that the statutory restrictions under the Act would only apply to "associations of authors". Thus, other persons, including copyright owners, may be able to form their own copyright societies which would be able to function in a manner entirely independent of the regulatory regime under the Act. Hence, the existing Copyright Societies would be deemed to be a copyright society for the purposes of the Act, and every such society would be required to 'get itself registered within a period of one year from the date of coming into being of the said amendment.'<sup>3</sup>

There appears to be no prohibition on additional societies being formed, societies which would not be required to obtain such a registration under the provisions of the Act as opposed to be amended. It seems that any assignment of any work including an underlying work in a cinematograph film or sound recording would be subject to the prior assignment which may have been made by the author of the work with a copyright society of which he was a member. The authors of such works would be statutorily unable to assign to producers works which they had already assigned to a copyright society. There is no restriction in the Act to the authors for assignments of any future works, authors of underlying works could assign all their future works to a copyright society and the authors would also be able to assign the right to receive continued royalties to a copyright society. Arrangements could be made to ensure that the right to

receive continued royalties, and the ownership of the work are vested in the same Copyright Society.

3 Section 33 of the Copyright Act, 1957.

1 Sreenivasulu NS and Hemanth Kumar HS, *Nuts and Bolts of Copyright Amendment Bill, 2010*, March 2011, Vol 1, Pt 3.

2 In place of owners, as in the Act.

3 The Copyright Act has been successfully amended through the copyright amendment Act, 2012 which came into being in 2013.

## **Part VII LAW OF COPYRIGHT**

### **CHAPTER 22 COPYRIGHT SOCIETIES AND NEIGHBORING RIGHTS**

#### **22.2 Protection of neighboring rights**

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The expression of neighbor rights means copyright related rights such as the rights of performing artist in their performance; the rights of producers of phonogram in their phonograms' and right of broadcasting organizations in their radio and television broadcasts.<sup>1</sup> The Copyright Act, 1957 apart from protecting the rights the owners of the copyright also provides for the protection of allied or neighboring rights such as broadcasting organizations rights and performer's rights. These rights are the special types of copyrights which are granted to the broadcasters and performers. Let us examine these rights in some details.

##### **22.2.1 Broadcaster's rights**

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The Broadcasting Organization is conferred with certain special right known as "Broadcast Reproduction Right"<sup>2</sup> with respect to its broadcasts, for a term of twenty-five years, from the beginning of the calendar year next following the year in which the broadcast is made.<sup>3</sup> The Broadcast Reproduction Right includes the following rights<sup>4</sup>:

- (a) Broadcasting and rebroadcasting the broadcast; or
- (b) Causing the broadcast to be heard or seen by the public on payment of any charges; or
- (c) Making any sound recording or visual recording of the broadcast; or
- (d) Making any reproduction of such sound recording or visual recording where such initial recording was done without license or, where it was licensed, for any purpose not envisaged by such license; or
- (e) Selling or hires to the public, or offers for such sale or hire, any such sound recording or visual recording.

Every broadcasting organization will have a special right known as "Broadcasting Reproduction Right" in respect of its broadcasts. This right will subsist for twenty five years from the year of broadcasts. During this period if anybody does the following acts without license from the owner of the right he will be deemed to have infringed the broadcast reproduction right:

1. Rebroadcasts the broadcast;
2. Causes the broadcast to be heard or seen by the public on payment of any charges;
3. Makes any sound recording or visual recording of the broadcast;
4. Makes any reproduction of such sound recording or visual recording where such initial recording was done without license; or where it was licensed for any purpose not envisaged by such license; or
5. Sells or hires to the public or offers for sale or hire, any such sound recording or visual recording.

In *DISH TV India Ltd v Gulf DTH FZ LLC*,<sup>5</sup> Dish TV India, which is a part of the Essel Group of Companies has been licensed the direct-to-home (DTH) broadcasting rights for several entertainment, news and sports channels. The companies owning these TV channels have authorised Dish TV to broadcast these channels in India and Sri Lanka through its DTH network. Dish TV was using three satellites to broadcast its signal across India and Sri Lanka. The signals from these satellites had a "spill over", in that, their signals were being broadcast over large swathes of South Asia, the Middle East and North Africa, collectively referred to as the OSN territories. The DTH broadcast rights for these territories had been licensed to the plaintiff - Gulf DTH. Apparently, as per the plaintiffs, Dish TV India was actively marketing its STBs in several of these OSN territories and processing payments through a subsidiary in Singapore called Dish TV Singapore Pvt. Ltd. The scale of this operation appears to be massive and runs into hundreds of thousands of STBs. As per the plaintiffs, one of the dealers of STB boxes raided in the OSN territories had 22,000 customers and another operator had over 61,483 requests for activation pending. The High Court records that Dish TV earned revenues of Rs 157 crores (US\$ 23.60 millions approx.) through Dish TV Singapore Pvt. Ltd. The plaintiffs, after several attempts to crack down on the import of Dish TV's STBs through civil, criminal and border enforcement actions in OSN territories appear to have been unsuccessful in stemming the flow of Dish TV's STBs. Frustrated with their efforts in these territories, they finally sued Dish TV before the Delhi High Court. The court viewed that. While under section 54(a) of the Copyright Act, the expression "owner of a copyright" includes "an exclusive licensee", there is nothing to indicate that such exclusive licensee should be in respect of a copyright work in India. In the present case, the broadcasters and the owners of the copyright of the Contents and the Works for the distribution of which over TV channels an exclusive license has been granted to the Plaintiff can seek remedies against infringement of such copyright. Even as regards the infringement taking place in a territory which may be located outside India, while it is true that under section 1(2) of the Copyright Act, the Act extends to the whole of India, however, in a situation where the rights of such owner of copyright are not exclusive to the India territory but some other territory outside India and are being infringed by an entity in India, there is no reason why such owner of copyright, which includes the exclusive licensee, cannot come to Indian Courts to seek relief. However, there are certain exceptions to the acts of infringement where in the person who is exploiting the rights of the broadcasting without the consent of the owner of the broadcasting rights need not be punished. The exceptions are as follows:

1. Making use of the performance in any way for private use.
2. Fair dealing for the purpose of study, teaching and research.
3. Reproduction for the purpose of judicial proceeding.
4. Reproduction for the government or public purpose.

### **22.2.2 Performer's rights**

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The WIPO treaty<sup>1</sup> on performers protects certain "related rights" which are the rights of the performers and producers of phonograms. The Indian Copyright Law is also structured to the tune of recognizing the rights of the performers. The concept and idea of copyright is well known and aptly used in all parts of the world but in India even though after enacting Copyright Act, 1957, the creative populace of including India have faint knowledge of their rights under the enactment. There is lot of creativity and wisdom that goes into any creative performance. Let that be a dumb show, skit, music show or concert or any such other expression to exhibit ones hidden creative talent and wisdom Indian is a destination. Being culturally rich and strong in terms of heritage, with diverse faiths, religions, languages, ethnicities and beliefs India has always been the factory of artists, creative performers. Most of these numbers of performers are

actually unaware of their rights which they could get and deserve under the copyright law. They are innocent of their valuable rights and fall prey to the unscrupulous men who copy the original works and some even go to the extent of getting copyright to their own self. On the other hand, it is generally opined that the ignorance of need of copyright protection, available legal provisions for its safeguard and lack of knowledge of the copyrights are the major reason for the increased rate of piracy in India. Hence, there is need of propagating information's regarding the available legal system for copyright protection to the masses. The term "Performer" includes an actor, singer, musician, dancer, acrobat, juggler, conjurer, snake charmer, a person delivering a lecture or any other person who makes a performance.<sup>1</sup> The term for the subsistence of the performer's right is twenty-five years from the beginning of the calendar year next following the year in which the performance is made. Under the Copyright Act<sup>2</sup> the performer will have the following rights<sup>3</sup>:

1. Making a sound recording or visual recording of the performance;
2. Reproduction of such sound recording or visual recording;
3. Broadcasting of the performance; and
4. Communication of the performance.

These rights are exclusive rights of the performers and no one could exploit them without consent. Any person who commits following acts without the consent or permission of the performer infringes the rights of the performer.

- (a) Making a sound recording or visual recording of the performance; or
- (b) Reproducing a sound recording or visual recording of the performance, which sound recording or visual recording which was—
  - (i) Made without the performer's consent; or
  - (ii) Made for purposes different from those for which the performer gave his consent; or
  - (iii) Made for the purposes different from those referred to in section 39 form a sound recording or visual recording which was made in accordance with section 39; or
- (c) Broadcasting the performance except where the broadcast is made from a sound recording or visual recording other than one made in accordance with section 39, or is a re-broadcast by the same broadcasting organization of an earlier broadcast which did not infringe the performer's right; or
- (d) Communication of the performance to the public otherwise than by broadcast, except where such communication to the public is made from a sound recording or a visual recording or a broadcast.<sup>1</sup>

However, there are certain exceptions to the acts of infringement where in the person who is exploiting the performance without the consent of the performer need not be punished. The exceptions are as follows:

1. Making use of the performance in any way for private use.
2. Fair dealing for the purpose of study, teaching and research.
3. Reproduction for the purpose of judicial proceeding.
- 4.

- 1 The Rome Convention 1971.
  - 2 Sreenivasulu NS and Nagaratna. A, *An overview of Copyright Law in India*, December 2007, MIPR, Vol 3, Pt 4, P. A-166.
  - 3 section 37 of the Copyright Act of India.
  - 4 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 91-92.
  - 5 FAO (OS) 271/2016, delivered on 24 October 2016, Full text of the case available at <http://lobis.nic.in/dhir/dhc/PNJ/judgement/25-10-2016/PNJ24102016FAOOS2712016.pdf> (last accessed in Jan 2018).
- 1 WIPO treaty on performers and phonograms was adopted in the year 1996.
  - 1 Section 2 (qq) the Copyright Act of India.
  - 2 Section 38 of the Copyright Act.
  - 3 Sreenivasulu NS and Nagaratna. A, *An overview of Copyright Law in India*, December 2007, MIPR, Vol 3, Pt 4.
  - 1 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 92.



## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 22 COPYRIGHT SOCIETIES AND NEIGHBORING RIGHTS**

#### **22.3 Rights of performers under the Copyright Amendment Act, 2012<sup>2</sup>**

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The existing Performers' Rights are proposed to be further enhanced by a new section to provide exclusive rights compatible with WIPO treaty on performers under the copyright amendment Act of 2012. The definition of a "performer" under the bill in section 2(qq) is an inclusive definition which states that a performer "includes an actor, singer, musician, dancer, acrobat, juggler, conjurer, snake charmer, a person delivering a lecture or any other person who makes a performance". "Provided that in a cinematograph film a person whose performance is casual or incidental in nature and, in the normal course of practice of the industry, is not acknowledged anywhere including in the credits of the film, shall not be treated as a performer except for the purpose of clause (b) of section 38B".<sup>3</sup> However, casual or incidental appearance in a cinematographic film will not be considered as performance. At the outset this sounds very logical and is good law, but there is a potential possibility of this being misused to avoid giving any rights to certain performers in a cinematographic film. Further, the inclusion of certain people or incidents may be intentional but a defense of incidental appearance may become common. In addition to this, the provisions regarding the violation of the "Performer's Right" have been significantly restructured in the amendment, and have been transposed to a new section 38A.<sup>4</sup> Currently, section 38(3) of the Copyright Act enumerates a number of acts the performance of which would be a violation of the performer's right. Thus, it has been drafted in proscriptive sense. It states that it is the exclusive right of the performer to perform or authorise the performance of these acts or any substantial part thereof. The amendment contemplates that the consent of a performer for the incorporation of his performance in a cinematograph film would be in writing, and would not merely be oral. Further, once a performer gives valid consent for the incorporation of his performance in a film, he would not generally be able to object to the enjoyment by the film's Producer of his performer's right in it. Hence, the performer may enter into an agreement to the contrary i.e. there would be no statutory prohibition to his entering into an agreement which stated that he could object to the Producer enjoying his performer's right in the film. And, the Producer's enjoyment of the performer's right in the film is quite clearly limited to the film, and the Producer would not be able to enjoy the performer's right for the purpose of out-film use such as in ring tones or public performances.

<sup>2</sup> Sreenivasulu NS and Hemanth Kumar HS, *Nuts and Bolts of Copyright Amendment Bill, 2010*, May 2011, Vol, Pt 1.

<sup>3</sup> This exception has been inserted to the Copyright Act through the Copyright Amendment Act, 2012.

<sup>4</sup> Under section 38A(2), the rights of performers in films have been considerably widened.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 22 COPYRIGHT SOCIETIES AND NEIGHBORING RIGHTS**

#### **22.4 Moral rights of the performers<sup>1</sup>**

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The performer of a performance shall, independently of his right after assignment, either wholly or partially of his rights, have the right to restrain or claim damages in respect of any distortion, mutilation or other modification of his performance that would be prejudicial to his reputation'. Performer can have his or her view heard before the performance is finalized and let for the use and screening before the audience. The other rights recognized there under ensures that a performer would 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. This would ensure that the actual performer is duly acknowledged for the work or performance.<sup>2</sup> "Moral Rights" intended to be accorded to performers, and are analogous to the "Moral Rights" which are accorded to the authors of works protected by copyright both are offered protection. It also contains safeguards against abuse of moral rights in the form of an Explanation which would state that "the 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". The moral right of an author would not be considered to have been violated merely because his work has not been displayed to his or her satisfaction. Measures should also be taken at the grass root level, which contributes to development of major subject matters of copyright protection in the form of arts, artistic works and such other creative works. Spreading of awareness of copyright and its protection, especially amongst this larger mass can be an effective step toward the greater and practical safeguarding their invaluable rights.

<sup>1</sup> Sreenivasulu NS and Hemanth Kumar HS, *Nuts and Bolts of Copyright Amendment Bill, 2010*, May 2011, Vol,Ptl.

<sup>2</sup> Ibid

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 23 ENFORCEMENT OF COPYRIGHT**

Copyright could be used in several ways through authorized means. Authorized use of copyright is also known as exploitation of copyright. Unauthorized use of copyright is referred to as the infringement or violation of copyright. Remedying the infringement is called as enforcement of copyright. The law of copyright permits authorized use of rights and interest in copyright at the same time providing for means for enforcing the copyright in case of unauthorized use. Copyright like any other property is transferable in nature. The rights and interests in the copyright could be transferable.<sup>1</sup> Such transfer may be voluntary or through the operation of law. Transfer of copyright would entail interested parties to exploit and use the protected work. Such transfer would transfer the work from the creative zones to the commercial or industrial zones where economic significance of the work could be felt and promoted. There are three recognized modes of transferring the copyright. They are as follows:

- (1) Assignment
- (2) Licensing
- (3) Transmission

<sup>1</sup> Sreenivasulu NS and Snigdha Nahar, *Dealing with Copyright: Transfer and Licensing*, September 2012, MIPR, Vol 3, Pt 1, P. F-I.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 23 ENFORCEMENT OF COPYRIGHT**

#### **23.1 Copyright assignment**

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This is a mode through which the transfer takes place by "*the act of parties*".<sup>2</sup> A copyright can be assigned provided the prescribed formalities are complied with.<sup>3</sup> The assignment can be of an existing work or of a future work, of either the whole of it or its part or with limitations or without limitations.<sup>4</sup> An author of a work can assign some of his rights in copyright provided it is in writing and duly signed. However, the Act does not prescribe any "form" for making such assignment deed, though it specifies that it should contain the necessary details regarding the identity of the work, rights to be assigned, duration and territorial extent of such assignment and the amount of royalty. However, the practice is that if the period of assignment is not mentioned in the deed, it will be considered as "five" years and if its territorial extent is not mentioned, it will be considered as "whole of India". An author of a work is conferred with special rights<sup>1</sup>, in case of its assignment of copyright to another. Such rights include the right to claim the authorship of his work, right to restrain or claim damages in respect of any distortion, mutilation, modification or other act in relation to the said work, done before the expiration of copyright term, if such distortion, mutilation, modification or other act will be prejudicial to his honor or reputation.

<sup>2</sup> Sreenivasulu NS and Nagaratna. A, *An overview of Copyright Law in India*, December 2007, MIPR, Vol 3, Pt 4, P. A-160.

<sup>3</sup> Ibid: section 18,19.

<sup>4</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 81.

<sup>1</sup> Section 57 of the Copyright Act of India.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 23 ENFORCEMENT OF COPYRIGHT**

#### **23.2 Licensing of copyright**

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A license is an authorization of an act which, without such authorization would be an infringement.<sup>2</sup> The owner of the copyright may grant an interest in the copyright by a license. The licensee may be confined to one or more interests in the copyright or to the entire copyright. In *Muskett v Hill*<sup>3</sup> it was viewed that "a dispensation or license properly passes no interest, but only makes an action lawful which, without it would have been unlawful." On the basis of the Paris Act of the Berne Convention, compulsory licensing provisions have been inserted into the Copyright Act, 1957. Section 31 of the Copyright Act, 1957 deals with the grant of compulsory licenses. Under this section, if the owner of the copyright in an Indian work refuses to republish or allow the republication of such work or if he refuses to allow the performance of the work in public, and, if by reason of such refusal, the work is withheld from the public, a complaint may be made for the grant of a compulsory license. Similarly if the copyright owner has refused to allow a work including one recorded in a sound recording to be communicated to the public by broadcast on terms which the complainant considers reasonable, a complaint may also be made. An owner of a copyright can give a license and grant any of the interest in his right provided. It could be done in writing and duly signed by the owner of the copyright or by the duly authorized agent. Apart from this, the Act also provides for a provision on the issue of compulsory licenses<sup>4</sup> in works, which are withheld, from public, on a complaint made to Copyright Board by an interested party. Similarly if a work, being an Indian work is not published and if its author is either dead or unknown or cannot be traced, then the Copyright Board can give a license to an applicant to publish the said work, subject to certain conditions. Copyright Act also has the provision for grant of licenses to produce or publish translations of a literary, dramatic work in any language, provided seven years from the date of its first publication has lapsed.<sup>5</sup> Further, license can also be given to reproduce and publish works for certain purposes, where after the expiration of the relevant period from the date of the first publication of an edition of a literary, scientific or artistic work if its copies are not available in India or if the copies are not for sale in India for a period of six months to the general public or on such other relevant ground.<sup>6</sup> In this case, the applicant for a license should apply to the Copyright Board in the prescribed form with the prescribed fees.<sup>1</sup> It was proposed under the original amendment bill, of 2010, to amend section 31 of the Copyright Act for facilitating compulsory license in respect of not only an Indian work but in respect of any work.<sup>2</sup> Further, it is proposed to allow for the grant of a compulsory license under this section to any person(s) who, in the opinion of the Copyright Board, is or are qualified to publish the concerned work. In order to do this, it has also been proposed to delete sub-section (2) of section 31 so as to allow for a compulsory license to be granted by the Copyright Board to more than one person. It has been also proposed to amend section 31A of the Copyright Act, 1957 to grant of compulsory licenses with respect to unpublished or published any works, so as to considerably widen its scope. In the event that an author is dead, unknown or untraceable, there is likely to be much greater difficulty with foreign works than there might be with Indian works, when the search originates in India. Hence, section 31A(1) has been substituted with a new provision which reads; where, 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 license to

publish or communicate to the public such work or a translation thereof in any language. Section 31B new provisions have been inserted through the amendment for the compulsory and statutory licensing for the disabled.<sup>3</sup> Under section 31C and 31D statutory license for cover versions and statutory license for radio broadcasting of literary and musical works and sound recordings also have found mentioning. In *Super Cassettes Industries Ltd v Music Broadcast Pvt Ltd*<sup>4</sup> while deliberating on granting compulsory license on the protected work in the interest of public; it was viewed that the core of section 31 is that the owner of a copyright has:

- (1) Either refused to "republish" or "allow the republication" of his work or "refused to allow the performance in public" of the work;
- (2) By reason of such refusal the work is withheld from the public; and
- (3) The grounds for such refusal are not reasonable.

It is in the above mentioned circumstances, if the Copyright Board is satisfied that the grounds of refusal are not reasonable, the Copyright Board is authorized, by law, to take steps for the grant of a compulsory license.

<sup>2</sup> Ibid, P. A-160.

<sup>3</sup> (1840) 5 Bing NC 694.

<sup>4</sup> Section 31 and 31A of the Copyright Act of India.

<sup>5</sup> Ibid: section 32.

<sup>6</sup> Ibid: section 32A.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 83.

<sup>2</sup> It has been proposed to delete the explanation which defines what an Indian work is for the purposes of this Section.

<sup>3</sup> Section 31B, which discussed in a separate heading.

<sup>4</sup> AIR 2012 SC 2144: (2012) 5 SCC 488.

## **Part VII LAW OF COPYRIGHT**

### **CHAPTER 23 ENFORCEMENT OF COPYRIGHT**

#### **23.3 Transmission of copyright**

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Transmission of a copyright takes place automatically through "*the operation of law*". In case, where the owner of copyright dies intestate, his right gets transmitted to his legal representatives, like any other property.<sup>1</sup> However, if the owner dies bequeathing only the right over manuscript to a person, the same beneficiary of manuscript will become the owner of copyright over it.

<sup>1</sup> Sreenivasulu NS and Nagaratna. A, *An overview of Copyright Law in India*, December 2007, MIPR, Vol 3, Pt 4, P. A-160.

## **Part VII LAW OF COPYRIGHT**

### **CHAPTER 23 ENFORCEMENT OF COPYRIGHT**

#### **23.4 Relinquishing the rights**

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The author of a work can relinquish either all or any of the rights in the copyright that he or she possesses.<sup>2</sup> This can be done by giving a notice in the prescribed form to the Registrar of Copyrights who shall accordingly register the same in the records of the copyright registry.

<sup>2</sup> Sreenivasulu NS and Snigdha Nahar, *Dealing with Copyright: Transfer and Licensing*, September 2012, MIPR, Vol 3, Pt 1, P. F-I.



## Part VIII LAW OF COPYRIGHT

### CHAPTER 23 ENFORCEMENT OF COPYRIGHT

#### 23.5 Infringement of copyright<sup>3</sup>

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Copyright infringement occurs anytime a party violates one or more of the copyright owner's exclusive rights granted by the copyright laws. The party who themselves complete the infringing copying are *directly liable* under the statutory language.<sup>4</sup> In addition, as copyright infringement is nothing but a species of tort, liability has also often been imposed on parties who themselves do not actually perform the infringing activities, but who are "related" to the direct infringer using the doctrines of *vicarious or contributory liability*. A Copyright in a work is said to have been infringed if a person, not being an owner of the copyright or not having a license or by contravening the conditions, subject to which the license is granted does anything which is an exclusive right of its owner to do. If a person commits infringement of copyright if he permits any place, to be used for the communication of a work to the public for a profit, provided such communication amounts to an infringement of copyright; An act of infringement can also arise if a person without a right to do so, makes for sale, hire, sells, lets for hire, displays by way of trade, offers for sale, hire, distributes for the purpose of trade to such an extent that it prejudicially affects the owner of the copyright or exhibits it to public by way of trade or imports it to India. In general, the infringement of copyright includes any of the following acts<sup>5</sup>:

- Reproduction of the work in a material form,
- Publication of the work,
- Communication of the work to the public,
- Performance of the work in public,
- Making of adaptations and translations of the work and doing any of the above acts in relation to a substantial part of the work.

However, as ideas are not copyrightable, an idea of a person, if other presents it in a physical form will not constitute an act of infringement. The Supreme Court of India has also upheld the same principle in the case of *Anand v Delux Films*.<sup>6</sup> The ground to be considered by a court to analyze as to whether an act is infringement or not is to see whether or not the reader, speaker or the viewer after having read or seen both the original and the subsequent works, gets an unmistakable impression that the subsequent work is a copy of the original. The court categorically ruled that copyright law protects only creative expression but not the ideas. Ideas if copied by others cannot be protected and there could be no violation of copyright if ideas or copied. In the landmark case of *Sony Corp of Am v Universal City Studios, Inc*<sup>1</sup> the Court excused VCR (Video Cassette Recording) copies of television programs (*i.e.*, limited content) because they constituted a "substantially non-infringing use" (*i.e.*, limited use) by allowing viewers to shift programs to a more convenient time.<sup>2</sup>

<sup>3</sup> Section 51 of the Copyright Act of India.

<sup>4</sup> Marshall Leaffer, *Understanding Copyright Law*, 1995, p 5-6.

<sup>5</sup> P Narayanan, *Intellectual Property Rights*, Eastern Law House, Calcutta, p 278.

<sup>6</sup> AIR 1978 SC 1613.

1 (1984) 464 U.S. 417, 442.

2 A similar example of limited content and use of photocopying is acknowledged as noninfringing in § 108 of Title 17 of the US Copyright Act.

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#### **23.6 Matter of jurisdiction in copyright infringement cases**

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While dealing with the territorial limitations of copyright infringement suits, in *Lachman Das Behari Lai v Padam Trading Co*,<sup>3</sup> the Delhi High Court observed that the plaintiff being a firm functioning at Delhi, the suit filed by it in the Delhi courts is maintainable and is not liable to be rejected under O VII, rule 11 of the CPC as prayed. The Court further observed that the plea regarding want of territorial jurisdiction is not covered by O VII, rule 11 of CPC. The court observed that even if it is held that this court has not the territorial jurisdiction, the plaint cannot be rejected. At the most it can be returned for presentation to the proper court. In *Caterpillar Inc v Kailash Nichani*,<sup>4</sup> the plaintiff, a foreign company, was carrying on business in several places in India including Delhi, through its Indian distributors and collaborators. The plaintiff claimed the relief of ad- interim injunction for preventing infringement of its copyright by the defendant, though the defendant was dealing in different goods. The Delhi high Court held that it was not necessary to show that the business being carried on by the plaintiff in Delhi should necessarily be in respect of footwear and articles of clothing as well. It is sufficient if the business was being carried on by the plaintiff in Delhi and further that there was an infringement of plaintiff's copyright in respect of certain goods, which were being sold by the defendant in Delhi. The court further held that section 62 of the Copyright Act make an obvious and significant departure from the norm that the choice of jurisdiction should primarily be governed by the convenience of the defendant. The legislature in its wisdom introduced this provision laying down absolutely opposite norm than the one set out in section 20 of Civil Procedure Code. The purpose is to expose the transgressor with inconvenience rather than compelling the sufferer to chase after the former. In *Expfar SA v Eupharma Laboratories Ltd*,<sup>5</sup> the Supreme Court finally settled the position in this regard. The Court observed: "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 CPC."

<sup>3</sup> 2002 (25) PTC 508.

<sup>4</sup> II AD Delhi 894, 97 (2002) DLT.

<sup>5</sup> AIR 2004 SC 1682: (2004) 3 SCC 688.

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#### **23.7 Limitation in copyright infringement**

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It is felt and recognized that to prevent copyright infringement, timely cognizance taken by the appropriate court is absolutely essential. The taking of cognizance by the court depends upon the limitation period as mentioned in the Limitation Act, 1963 and CrPC, 1973. In *David Pon Pandian v State*,<sup>1</sup> the Madras High Court, while dealing with section 68A of the Copyright Act, observed: "The Court can take cognizance of the offence if the charge sheet is filed within the period of limitation prescribed under section 468 of the CrPC and in computing the period of limitation, the date of commission of the offence is to be reckoned as the starting point. If the charge sheet is not filled so, the Court has no power to entertain the complaint." The court opined that the object of CrPC in putting a bar of limitation on the prosecution was clearly to prevent the parties from filing cases after a long time, as a result of which material evidence may disappear and also to prevent abuse of the process of Court by filing vexatious and belated prosecutions long after the date of the offence. The object, which the statute seeks to sub-serve, is clearly in consonance with the concept of fairness of trial as enshrined in Article 21 of the Constitution. It is, therefore, of utmost importance that any prosecution, whether by State or a private complainant, must abide by the letter of the law or to take the risk of the prosecution failing on the ground of limitation." In *Shree Devendra Somabhai Naik v Accurate Transheet Pvt Ltd*,<sup>2</sup> the Gujarat High Court explained the inter-relationship between Article 137 of the Limitation Act, 1963 and section 50 of the Copyright Act, 1957. The Court observed: "The order passed by the by the Copyright Board is an order whereby it is held that the provisions of Article 137 of the Limitation Act are not applicable and the board has also held that the Copyright Board is a Tribunal and quasi-judicial authority for all other purposes except for the purposes which are specifically provided in the Copyright Act. It is an order by which an application under section 50 of the Copyright Act is entertained and the Copyright Board will decide the same on merits. The Copyright Board does not believe the delay alleged by the present appellant. Entertaining an application is a matter of discretion. In the present case, the Copyright Board while, overruling the contention that the application was barred by limitation, decided to entertain the application. It is infact a discretionary order".

<sup>1</sup> 2001 (2) All LT Cri 344, 2002,24.

<sup>2</sup> 2003 (1) GLR 589.

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#### **23.8 Courts cognizance and remedying**

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Perhaps, it is widely felt that a copyright owner cannot enjoy his rights unless infringement of the same is stringently dealt with by the Courts. Role of the courts in taking cognizance of the infringement, upholding the copyright and punishing for its violation and infringement would be required for the successful enjoyment of copyright and the granted monopoly. The approach of the Indian Judiciary in this regard is very satisfactory. In *Prakashak Puneet Prashant Prakashan v Distt. Judge, Bulandshahr & Ashok Prakashan (Regd)*<sup>1</sup> the Allahabad High Court held that if the petitioner publishes a book by adding any word before or after the book "Bal Bharati", he infringes the copyright of the respondent. Here the court took the realistic view of misusing of registered and protected copyright including its titles. It was held that producing a book with a similar title to the registered title and the book with some prefix or suffix would attract the violation of copyright in the original title and the book. In *RG Anand v Delux Films*<sup>2</sup> where the Court observed: "Where the same idea is being developed in a different manner, it is manifest that the source being common, similarities are bound to occur. In such a case, the Courts should determine whether or not the similarities are on fundamental or substantial aspects of the mode of expression adopted in the copyrighted work with some variations here and there. In other words, in order to be considered as infringement the copy must be a substantial and material one which at once leads to the conclusion that the defendant is guilty of the act of piracy". In *Prem Singh v Cec Industries*<sup>3</sup> it was observed: "in a case where the first party himself is shown to have adopted or imitated a trademark and copyright of a third party, then Courts can resolutely decline to step in aid of this party because honesty of action is the crux of the matter and Courts protection is extended only on the principle that damage to a party who has acquired goodwill or reputation in certain trading style for making his goods, should not be allowed to be affected by the dishonest user of the same by another". In *Hindustan Pencils Ltd v Alpna Cottage Industries*<sup>4</sup> it was held that where the similarities between the artistic works of the parties are fundamental and substantial in material aspects, it would amount to copyright violation and the defendant's copyright is liable to be expunged from the register of copyright.

<sup>1</sup> AIR 1978 SC 1613.

<sup>2</sup> (1979) 1 SCR 218.

<sup>3</sup> AIR 1993 Del 223.

<sup>4</sup> 2001 (21) PTC 504.

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#### **23.9 Approaching authorities against infringement**

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In *Khajanchi Film Exchange v State of MP*<sup>5</sup> the court suggested for exhausting all the alternative remedies before approaching the law courts and in particular apex courts in cases of infringement of copyright. The appellants apprehending the violation of their copyright in the film, prayed for the writ of "*Mandamus*" without first exhausting the alternative remedy available under the Copyright Act. The Division Bench of the Madhya Pradesh High Court Observed: "There is no dispute in the submission that it is the duty of police to be watchful in the area and detect crime and punish the criminal in accordance with law. But the petitioners did not complain that any stage nor did they seek action from other functionaries of the State. They ask for mandamus without putting the grievance before the respondent and seeking their reaction. The writ petition was filed 16 days before the release of the film. Enough time appellants had, to approach the authorities/police and later to the respondents giving their reaction to the grievance and how it was ready to deal with the matter. Therefore, unless the demand was put across and reaction waited for some time, moving the court was premature and unsustainable. Therefore, petition was filed on mere apprehension that appellants would be deprived of their rights which did not exist when claim for mandamus was made. *Mandamus* can be granted only when default, commission, or omission takes place which had not happened in this case". The above discussion has made it clear on how the applicant will have to exhaust other possible options before reaching the courts, on the jurisdiction of the courts in infringement proceedings, on limitation, on how courts would take cognizance of the copyright infringement before remedying the same. The discussion was pertinent to infringement of copyright in the physical world. In the online world or the internet copyright violation and infringement is posing serious problems which often challenges the principles of copyright law and the practices of the courts. Let us examine how copyright infringement on the internet is dealt with.

<sup>5</sup> AIR 2003 MP 3.

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#### **23.10 Infringement of copyright on the internet**

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The nature of the Internet is such that it may result in hundreds, thousands or even millions of direct copyright infringers, many or all of which may be anonymous, "judgment proof," or "small timers" contributory and *vicarious liability* become important tools for the copyright owner in the online context.<sup>1</sup> The Internet though similar in its component parts to various technologies that have preceded it, the sum total of all those parts are not equal to the whole. The internet<sup>2</sup> presents hitherto unforeseen challenges to copyright law not only in terms of regulation of content and the work but as well with reference to dealing with alleged infringement. The unique problems posed by it stem from the nature of the copies and the ease of making those copies that the internet along with its companion, the computer presents. In contrast, the internet has the potential to offer unlimited content and use and it is precisely these two features which distinguish the Internet from any other technology. Furthermore, the Internet can take unauthorized copies of any kind of data and redistribute it to a worldwide audience in seconds. Unlike these other technologies that copyright has managed to tackle, there is no limit to what can be copied and no limit to what can be done with the copies<sup>3</sup>. This is the reason that an analogy to the way that copyright and judicial pronouncements regarding copyright have resolved problems regarding prior technologies, while useful in teaching some lessons, cannot be relied on exclusively in case of the Internet. Copyright infringement in the internet may be precisely categorised as follows<sup>4</sup>:

- a. Posting or uploading of materials on the website
- b. Linking
- c. Framing
- d. Caching and
- e. Archiving

With reference to illustrating the law relating to the copyright issues in the internet and the infringement of copyright over internet, it is not possible to lose account of the changes and developments in the US laws. Perhaps the US stood ahead and leads the way in terms of arriving at some policy with reference to the regulation of copyright infringement issues on the internet. Therefore, our discussion in this regard would not be comprehensive without emphasizing on the changes and developments in the US copyright laws. Infringement of copyright over internet could be categorised as direct and indirect infringement which could be discussed in detail as follows.

<sup>1</sup> David N Weiskopf, *The Risks of Copyright Infringement on the Internet: A Practitioner's Guide*, 1998, 33 U.S.F. L. Rev. 1.

<sup>2</sup> Sreenivasulu NS, Dr Talwar Sabanna (ed), *Information technology and Biotechnology, Globalization and WTO*, 2006, 1st Edn, Serials Publications, New Delhi.

<sup>3</sup> For details see: Sangarsh Panday, *Cganging mechanisms in copyright ontology: Digital Rights Management*, December 2010, MIPR, Vol 3, Pt 3, p 157.

[https://t.me/LawCollegeNotes\\_Stuffs](https://t.me/LawCollegeNotes_Stuffs)

4 Sangarsh Panday, *Cganging mechanisms in copyright ontology: Digital Rights Management*, December 2010, MIPR, Vol 3, Pt 3, p 155.



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#### **23.11 Direct infringement over the internet**

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In case of indirect infringement persons are held liable for vicarious elements. Direct infringement is when the infringer does the act of infringement on his own through using the internet. Indirect infringement is when the use of internet has been facilitated to the one indulging in the act of infringement. Internet service providers are held liable for indirect infringement cases in most of the cases. According to Vincent J. Roccia<sup>1</sup> there are three points at which direct copyright infringement can occur on the Internet:

##### **23.11.1 During surfing/browsing**

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This is unintentional and automatic copying which generates temporary copies. With regard to RAM (Random Access Memory) copies, court decisions have tried to ascertain implications of the author's right of reproduction. In USA in *Apple Computer, Inc v Franklin Computer Corp.*<sup>2</sup> it was viewed that in contrast to the permanent memory devices, a RAM is a chip on which the volatile internal memory is stored which is erased when the computer's power is turned off." In *MAI System Corp v Peak Computer Inc*<sup>3</sup> it was held in the context of computer programs that temporary storage is infringement of copyright. Potentially this decision would have considered even the browsing or accessing the content on the internet as well to be an act of infringement. Seems the intricacies of the internet and how it functions were not properly looked into in the above judgment. However, later while considering the contextual nature of the internet, the above decision was overturned in *Religious Technology v Netcom*<sup>4</sup> which held temporary storage of internet files as akin to browsing in a book store and not as being unauthorized reproduction especially as this is a technical necessity. In the US, to resolve these conflicting decisions, Title III of the Digital Millennium Copyright Act, (DMCA) was amended<sup>1</sup> to permit "the owner or lessee of a machine to make or authorize the making of a copy of a computer program if such copy is made solely by virtue of the activation of a machine that lawfully contains an authorized copy of the computer program, for purposes only of maintenance or repair of that machine." Further, in *CoStar Group, Inc, v Loopnet, Inc.*<sup>2</sup> the Fourth Circuit court of the US suggested that a temporary copy made by an Internet Service Provider (ISP) acting as a conduit of information might not be an unlawful copy after all.

##### **23.11.2 While copying copy-righted content**

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When done intentionally by the user, it generates permanent copies in the hard disk or some other device. This for all events and purposes would be infringement of the reproduction right as there is volition of the copier involved herein. Therefore, intentional copying of the protected content on permanent storage devices such as hard disks, compact disks is an infringement.

##### **23.11.3 While re-posting the saved copyrighted work on the Internet**

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The internet has provoked a multitude of copyright cases and the problem remains that of determining who should be held liable for online copyright infringements. Should Internet Service Provider (ISP) be held responsible for acts of internet users? Can these key players be implicated as joint defendants when a user copies copyrighted work?

Should we give priority to the economic welfare of copyright owners or should we uphold the social good of the community as the ultimate goal in the functioning of the World Wide Web? Would reposting of the saved copyrighted work amount to an infringement of the right of distribution/display of the author? Questions of this sort were put to a test in *Playboy Enterprises, Inc v Frena*<sup>3</sup> which is a rare case involving a third party/intermediary herein a bulletin board service (BBS) operator who has been held *directly* liable for infringement of the rights of display and distribution of the owner. In *Shetland Times Ltd v Dr Jonathan Wills and Zet News Ltd*<sup>4</sup> it was held that keeping links in which *direct* access to a copyrighted content is provided has been held to be an infringement. The defendant amended, reproduced, and uploaded adult-oriented material from Usenet newsgroups to its server for viewing by paying subscribers. The defendant argued that it served merely as a "conduit" between subscribers and newsgroups, as an ISP would. The court pointed out that the defendant's customers specifically paid for the photographs, rather than paying for access to the internet. The Court found that the defendant served as an online store which repackaged and sold pictures and held that such web site operator was directly liable for infringing the plaintiff's exclusive rights. Lack of predictability in the area of online copyright infringement has caused real concerns for the ISP industry. Having regard to the unique role played by the ISP industry in cyberspace, ISPs have pressed for a narrow interpretation of copyright infringement liability. ISPs emphasize that they are nothing but passive carriers of information and should be granted protection from liability. On the other hand, the "content" industry, especially authors and record companies, has claimed that liability should be placed on those who are in a position to police the system, and therefore ISPs should be liable for the content that they carry. This tension is reflected in *Religious Technology Centre v Netcom*<sup>1</sup> where in Netcom provided internet access for a BBS on which a former member posted copyrighted material without authority from the church of Scientology. Since Netcom had not taken any affirmative step to initiate the making of the copies, the Court held that it could not be held liable for direct infringement, merely for providing a system that automatically forwards messages and temporarily stores copies. The Court applied the *ability-to-control* and *direct- financial-benefit* tests and held that there was no contributory or vicarious liability because knowledge of the infringing act by the ISP had not been substantially proven.

<sup>1</sup> Vincent J. Roccia, *What's fair is (not always) fair on the Internet*, 1997, 29 Rutgers L.J. 155.

<sup>2</sup> 714 F.2d 1240, 1243 n.3 (3d Cir. 1983).

<sup>3</sup> *MAI System Corp v Peak Computer Inc*, (1993) 991 F.2d 511 9th Circuit. See also *Vault Corp. v Quaid Software Ltd*, (1988) 847 F.2d 255, 260 5th Circuit and Vincent J. Roccia, *supra* note 41 for other decisions on non-internet decisions holding RAM copies to be infringing the right of reproduction of the copyright owner.

<sup>4</sup> *Religious Technology v Netcom*, (1995) 907 F. Supp. 1361 N.D. Cal.

<sup>1</sup> Section 117(c) of the Digital Millennium Act.

<sup>2</sup> (2004) 373 F.3d 544 (4th Circuit).

<sup>3</sup> (1993) 839 F. Supp. 1552 M.D. Fla.

<sup>4</sup> (1997) FSR 604.

<sup>1</sup> *Religious Technology Centre v Netcom*, [907 F. Supp. 1361].

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#### **23.12 Indirect infringement**

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In most cases, intermediaries such as internet service providers are able to escape direct infringement but other kinds of liabilities can definitely be imputed on them. Indirect infringement could also bring in contributory and vicarious liabilities of the parties for helping, aiding or assisting the infringing activities. In various Court decisions, in particular in the US, the courts have laid down the conditions which have to be satisfied in order to prove the existence of indirect infringement by some party other than the direct infringer. In *Sega Enters, v MAPHIA*<sup>2</sup> the court laid down the following conditions to be satisfied before deciding on the indirect infringement:

- (1) Whether direct copyright infringement has occurred;
- (2) Whether a party has induces, causes or materially contributes to the infringing activity of another and
- (3) Whether that party also knows or has reason to know that the subject matter at issue is copyrighted and that the directly infringing party is violating one or more of the copyright owner's exclusive rights:

The above mentioned conditions are rather considered as the ingredients for the occurrence of indirect infringement. Perhaps, in case of indirect infringement the elements required to be proved are different. Looking into the aspects of control and pecuniary interests in the infringing activities, it was held in *Fonovisa, Inc v Cherry Auction, Inc*, a party may be held vicariously liable where:

- (1) The party "has the right and ability to supervise the infringing activity"; and also
- (2) "Has a direct financial interest in such activities."

Thus for vicarious infringement unlike contributory infringement, the stringent requirements of proving intent and knowledge do not exist while the element of financial interest is required to be proved. In the context of the Internet, the definition of "direct financial interest" also becomes extremely important and dependant on interpretation by the court because most of the activities carried on by intermediaries like search engines, internet service providers etc is essentially for commercial benefit. In *Netcom*<sup>1</sup> though the BBS operator was not held liable for direct infringement the court held that sufficient evidence existed such that a jury could reasonably find these defendants are liable on the contributory note for a third party's infringing postings passing through defendants' networks. In many cases after *Netcom* such as in *Sega Enters, v MAPHIA*<sup>2</sup> receiving of notices regarding infringing activities or the works having visible copyright notices have been seen to be enough to prove constructive knowledge. The plaintiff's notice of the infringing activity to the ISP combined with copyright notices on many of the works posted to the Usenet acted to raise a triable issue of fact as to whether *Netcom* "knew or should have known" of the infringing activity occurring on its networks was enough to satisfy the requirements of intent or knowledge required for proving contributory liability.

Receiving of notices regarding infringing activities or the works having visible copyright notices have been seen to be enough to prove constructive knowledge. In *Fonovisa, Inc*

*v Cherry Auction, Inc.*,<sup>3</sup> the Ninth Circuit expanded the definition of "material" participation or contribution to the infringing activity, holding that providing the site and facilities known by consumers to be a location where infringing activity occurs is sufficient to establish contributory liability. The above cases were also important in the context of vicarious liability, however as contributory liability has proven easy to impute, this has not been utilized too often. In *Webbworld* cases<sup>4</sup> the principal operators of a Web site were held vicariously liable for the infringing activities occurring on the site. Relying on the Ninth Circuit's decision in *Fonovisa*, the court concluded that the defendants' financial interest in the infringing activity occurring on their Web site was sufficiently direct to support a finding of vicarious liability. In the *Napster*<sup>5</sup> case, the defendant maintained details of subscribers prepared to engage in file sharing, and was held guilty of contributory infringement. The defendant in the *Aimster*<sup>6</sup> case, where similar facilities were offered, was also found guilty of contributory infringement.

<sup>2</sup> (1996) 948 F Supp 923, 932 ND Cal. See also, *Gershwin Publ'g Corp v Columbia Artists Management, Inc*, (1971) 443 F.2d 1159,1162 2d Circuit.

<sup>1</sup> (1995) 907 F. Supp 1361 N.D. Cal.

<sup>2</sup> (1996) 948 F. Supp 923, 932-33 N.D. Cal.

<sup>3</sup> (1996) 76 F.3d 259, 261-64 (Ninth Circuit).

<sup>4</sup> *Webbworld I*, (1997) 968 F. Supp. 1171 N.D. Tex; *Webbworld II*, (1997) 991 F. Supp. 543 N.D. Tex.

<sup>5</sup> (2001) 239 F.3d 1004 Ninth Circuit.

<sup>6</sup> N.D. Ill, Eastern Division, 30 October 2002.

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#### **23.13 Peer-to-Peer file sharing and Copyright infringement**

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Peer to Peer File Sharing involves transferring a file stored on one computer and containing a sound recording, or video or other material to another computer by using facilities provided by the Internet or by server sites in other systems. Even without the intervention of a third party, infringement may be involved at several points in such an operation, if the relevant authorization has not been obtained the reproduction right may have been infringed by the copying of the recording, etc. on to the hard disk of the transmitting computer, and may also be infringed by the person receiving the transmitted file. There may be infringement at the intermediary transmission points. Other rights may also be infringed, according to the provisions of the applicable local law, for instance those of communication to the public, on-demand availability, distribution, display, etc. As far as the services such as making available of files for downloading from websites is concerned, it was held in the US case *UMG Recordings Inc v MP3.com Inc*<sup>1</sup> that infringement occurred where the defendant, without the authorization of the relevant copyright owner, made available for downloading its database of thousands of sound recordings.<sup>2</sup> A number of legal actions have been initiated against providers of such services, which include such systems as *KaZaa*, *Grokster* and *Morpheus*. In *KaZaa v BUMA/STEMRA*, Amsterdam Court of Appeal<sup>3</sup> the defendant provided free software ("fast track") which enabled users to share files without the use of a centralized server. Plaintiffs claimed that defendant was infringing copyright represented by them, by providing software which permitted infringing file sharing. The court of first instance found for plaintiffs, but the court of Appeal reversed, partly on basis of defendant's plea of lack of control, and possible non infringing use of software. Perhaps, the copyright law intends to protect against the acts of infringement to ensure the monopoly of the copyright owner. Both in the physical world or in the online world the objective of the copyright law remains same though to an extent the mechanism through the objective is sought to be achieved could be different. In Europe also on the basis of the developments that took place in US courts have been deciding the matters of copyright infringement over the internet. Similarly in the Indian scenario as well the US decisions have been playing a vital role in fixing the responsibility in cases of online copyright violations. However, there are certain defenses in case of infringement suits and as well there are certain acts which may not be considered as infringement of copyright

<sup>1</sup> (2000) 92 F. Supp 2d 349 SDNY.

<sup>2</sup> Statutory damages of \$25,000 for each CD will fully copied without authorization were awarded, some thousands of CDs being involved; the parties subsequently settled an amount of \$53.4 million to be paid as damages.

<sup>3</sup> 29 March 2002, note in [2002] EIPR N-130.

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#### **23.14 Defenses and Exceptions**

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There are certain defenses available to the alleged infringer of copyright. Delay in approaching the court of law, concurrent registration, consent, relinquishment, permitted use could all be good defenses. In *Ushodaya Enterprises Ltd v TV Venugopal*<sup>4</sup> it was held that parallel registration of the artistic work under trademark law by the defendant could not be a valid defense against copyright violation when the artistic work is registered by the plaintiff under the copyright law. In *Jolen Inc v Shoban Lai Jain*<sup>5</sup> the Madras High Court held that laches and acquiescence is a good defense to an action for copyright infringement. The court held that the plaintiff having allowed the defendant to carry on the business under the trade name of the plaintiff for 7 years is *prima facie* guilty of acquiescence and it cannot claim for relief of injunction against the defendant as the balance of convenience is in favour of him. At the same time, the law of copyright does provide certain exemptions to the violation or infringement of copyright. The following acts shall not constitute an infringement of copyright, namely:

- (aa) the making of copies or adaptation of a computer programme by the lawful possessor of a copy of such computer programme, from such copy:
  - (i) in order to utilize the computer programme for the purposes for which it was supplied; or
  - (ii) to make back-up copies purely as a temporary protection against loss, destruction or damage in order only to utilize the computer programme for the purpose for which it was supplied;
- (ab) 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;
- (ac) 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;
- (ad) the making of copies or adaptation of the computer programme from a personally legally obtained copy for non-commercial personal use;

<sup>4</sup> 2001 (4) Andh LD 723.

<sup>5</sup> 2004 (3) Mad LJ 176.

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#### **23.15 Doctrine of fair use**

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The Copyright Act recognizes the following acts as "Fair use or fair dealing"<sup>1</sup>, not amounting to infringement:<sup>2</sup> The said Act under section 52 explains the doctrine of fair use in the context of copyright infringement. Any use of copyrighted work would not be an infringement act if it is done for a *bona fide* reason and fair use. There are number instances and cases where the doctrine of fair use has been successfully claimed by the defendants in an copyright infringement case. The law courts have often resorted to apply the doctrine in the appropriate cases to provide relief to the innocent and *bona fide* defendant. In US in *Sega v Accolade*,<sup>3</sup> the fair use doctrine has been applied in disposing the copyright infringement case. The defendant, Accolade, successfully employed the fair use defense. Accolade had reverse engineered several of Sega's video games so that Accolade could create its own games that would be compatible with Sega's Genesis console. In doing so, it was undisputed that Accolade actually did copy Sega's copyright protected object code. To determine whether Accolade engaged in fair use, the court analyzed the factors mentioned above. The Fair Use defense is applicable to other forms of electronic media on the internet. In *Kelly v Arriba Soft Cory*<sup>1</sup> it was held that making a copy of the content on the internet is considered fair use and intended to direct the searcher to the full-size image. For example, a search engine may, without permission, copy copyrighted images into its database and display thumbnails of those images in response to user searches. In UK in the famous decision of *Donaldson v Beckett*<sup>2</sup> the House of Lords propounded the principle of balancing exclusive rights of the author/publisher in a work with the public interest in the free dissemination of the work. In *Eastern Book Co v Navin J. Desai*<sup>3</sup> while applying the doctrine of fair use the Delhi High Court held that any judgment or order of a court or tribunal or other judicial authority would not amount to infringement provided its reproduction or publication is not prohibited by such authority. If such publication has been done with a *bona fide* interest of making the judgment to reach the public, the same would be considered as fair use of the judgment by the publisher. On the similar lines the following acts<sup>4</sup> are considered to fall within the purview of doctrine of fair use and the same would not amount to infringement of a copyright<sup>5</sup>

Fair dealing with a literary, dramatic, musical or artistic work (not being a computer programme) for the purpose of private use including research/criticism/review.

Making the copies or adaptation of a computer programme by the lawful possessor of a copy of such computer programme from such copy to utilize it for the purpose for which it is supplied, or to make a back-up copies as a temporary protection against its loss.

An act, necessary to obtain information essential for operating interoperability of an independently created computer programme with other programmes by a lawful possessor of a computer programme, if such information is not readily otherwise available.

Making observation, study or test of the functioning of computer programme in order to determine the ideas and principles which underline any elements of the programme, while performing an act which is necessary for the functions for which the computer programme is supplied.

Making the copies/adaptation of the computer programme from a personally legally obtained copy, for a non-commercial personal use.

A fair dealing with a literary, dramatic, musical or artistic work for the purpose of reporting current events in a newspaper, magazine or similar periodical or by broadcast or a cinematograph film or by means of photograph.

Reproduction of a literary, dramatic, musical or artistic works for the purpose of a judicial proceeding or to a report it in a judicial proceeding.

Reproduction/publication of a literary, dramatic, musical or artistic work in any work prepared by the Secretariat of a Legislature or of the either Houses of Legislature, for the use of its members.

Reproduction of a literary, dramatic, musical work in a certified copy made/supplied in accordance with the law.

Reading/recitation of any reasonable extract from a published literary or dramatic work in public.

Publication, composed of non-copyright matter in a collection, with a *bona fide* intention to use it in the educational use of educational institutions, provided the source of the information is mentioned with.

Reproduction of a literary, dramatic, musical or artistic work by a teacher or a pupil in the course of instructions, or the use of it as a part of the questions to be answered in an examinations, or the use of it in answers, to such questions.<sup>1</sup>

Performance of a literary, dramatic or musical work or the communication of a cinematograph film or a sound recording by the staff and student of the institution, in the course of the activities of an educational institution, provided the audience is limited to such staff and students, the parents and guardians of the students and persons directly connected with the activities of the institution.

Making of sound recordings in respect of any literary, dramatic or musical work, with the license/consent of the owner of the right in the work, provided a notice of the intention is provided on the copies of all covers or labels with which the sound recordings are to be sold and the royalties are paid in the prescribed manner and at a fixed rate.

Causing of a recording to be heard in public, in an enclosed room or hall meant for the common use of the residents of any residential premises, as a part of the amenities provided exclusively or mainly for its residents or as a part of the activities of a club/similar organization which is not established or conducted for profit.

Performance of a literary, dramatic or musical work by an amateur club/society, if such performance is given to a non-paying audience or for the benefit of a religious institution. Similarly 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/State Government/any local authority.

Reproduction of an article on current economic, political, social or religious topics, in a newspaper, magazine or other periodical, provided it is permanently situate in a public place or any premises to which the public has access, and the author of the article has not reserved such right of reproduction to himself.

Publication of a report of a lecture delivered in public in a newspaper, magazine or other periodical.<sup>1</sup>

Making of copies of a book by or under the direction of the person in charge of a



public library for the use for the use of the library if such book is not available for sale India, provided the copying does not cross three in number.

Reproduction of an unpublished literary, dramatic or musical work kept in a library, museum or other institution to which the public has access, if it is done for the purpose of research or private study.

Reproduction/publication of:<sup>2</sup>

- o any mater published in any Official Gazette,
- o; any Act of a Legislature subject to the condition that such Act is reproduced/published together with some commentary.
- o The government does not prohibit the report of any committee, commission, council, board or other like body appointed by the legislature provided such reproduction/publication.
- o Any judgment/order of a court/tribunal/other judicial authority, provided its reproduction or publication is not prohibited by such authority.

Production or publication of a translation in any Indian language of an Act of a Legislature and of any rules or orders made under it, if such translation has not previously been produced or published by the Government/such translation is produced but is not available for sale to the public, provided such translation contains a statement to the effect that the translation has not been authorized or accepted as authentic by the government.<sup>3</sup>

Making or publishing of a painting, drawing, engraving or photograph of a sculpture, or other artistic work if it is permanently situate in a public place or any premises to which the public has access.

Inclusion in a cinematograph film of - any artistic work, permanently situate in a public place or any premises to which the public has access/any other artistic work, if its inclusion is only by way of background or is otherwise is incidental to the matters represented in the film.

Use of any would, cast, sketch, plan, model or study made in the artistic work, by the author of such artistic work, who is not an owner of the copyright in his work provided such use does not result in repeat or imitate of the main design of the work.

Reconstruction of a building or structure in accordance with the architecture drawings or plans by reference to which the building or structure was originally constructed, provided that the original construction was made with the consent or license of the owner of the copyright in such drawings and plans.

Exhibition of a literary, dramatic or musical work recorded or reproduced in any cinematograph film after the expiration of the term of copyright in it.

Making of an ephemeral recording, by a broadcasting organization using its own facilities for its own broadcast of a work which it has the right to broadcast.

Importation of infringing copies into India is also recognized as infringement under Copyright Act, unless the import is of only one copy and for private purpose and for domestic use.<sup>1</sup>

However, it has to be noted here that doctrine of fair use is an exception, not a general rule; therefore, the exception should be used and interpreted in such a way without eating away the general rule which considers any unauthorized use of protected work as infringement. Copyright Laws across the globe talk about fair use of the copyrighted works for research and study purpose. Section 52(1) (a) of the Copyright Act, 1957

talks about "fair use" of copyrighted works that are protected. The provision under this section operates as a defense to allegations of copyright infringement, and its scope is limited to literary, dramatic, musical or artistic works.<sup>2</sup> The copyright amendment Act of 2012 proposes to reiterate this by removing the restrictive list incorporated in section 52(l)(a), and substitute it with the term "any work" to broaden the scope of fair use. Reporting of current events, storing of a copy of a work including a computer program for private use, criticism or reporting is fair dealing, incidental storage of a work or performance purely in the technical process of electronic transmission or communication to the public is considered as fair use and shall not become infringement.

<sup>1</sup> Fair dealing'-means A fair dealing of the work for research or private use, criticism or review, whether of that work or of any other work, or of reporting current events in a newspaper, magazine or other periodical or broadcast or in a cinematograph films or by means of photographs is permitted. [Section 52(l)(a)&(b)].

<sup>2</sup> Section 52 of the Copyright Act of India.

<sup>3</sup> (1993) 203 F.3d 596 Ninth Circuit.

<sup>1</sup> (2003) 336 F.3d 811 Ninth Circuit.

<sup>2</sup> *Donaldson v Beckett*, 4 Burr 2408 (1774) as cited in Dr VK Ahuja supra note 50 at 193.

<sup>3</sup> 2001 PTC 57 (Del).

<sup>4</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 84.

<sup>5</sup> Sreenivasulu NS and Nagaratna. A, *An overview of Copyright Law in India*, December 2007, MIPR, Vol 3, Pt 4, P. A-162.

<sup>1</sup> Section 52 of the Copyright Act, 1957 as amended in 2012.

<sup>1</sup> Section 52 of the Copyright Act, 1957 as amended in 2012.

<sup>2</sup> Sreenivasulu NS and Nagaratna. A, *An overview of Copyright Law in India*, December 2007, MIPR, Vol 3, Pt 4, P. A-164.

<sup>3</sup> Section 52 of the Copyright Act, 1957 as amended in 2012.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 88.

<sup>2</sup> Sreenivasulu NS and Hemanth Kumar HS, *Nuts and Bolts of Copyright Amendment Bill, 2010*, March 2011, Vol 1, Pt 3.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 23 ENFORCEMENT OF COPYRIGHT**

#### **23.16 Remedies against infringement**

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Copyright law confers a bundle of rights on a person who creates copyrightable work. Any person who has exercised any of the rights conferred upon the owner, without his consent, infringes the copyright. The ownership in a copyright is alienable and it can be transferred to any interested person or license may be granted by the owner to any interested, but if anyone does any of the acts restricted by copyright law, without the permission of the owner, infringes copyright.<sup>1</sup> Now-a-days infringement of copyright has become a global problem as result of rapid advances in technology. The copyright law provides three types of remedies against infringement of copyright, namely:

- (a) Civil remedies,<sup>2</sup>
- (b) Criminal remedies<sup>3</sup> and
- (c) Administrative remedies.<sup>4</sup>

The copyright law provides for these remedies against infringement in order to enforce the rights of the registered author. The successful owner or the petitioner who has proved that his or her copyright has been violated by the defendant can claim recognized remedies as relief against the act of infringement before the court of law. Let us discuss these remedies in some detail. Section 63 of Copyright Act declares an act of infringement done with the knowledge as an offence. It also regards the abetment of infringement as an offence. These offences are made punishable with imprisonment for a term which shall not be less than six month but which may extend to three years and with fine which shall not be less than fifty thousand but which may extend to two lakh rupees. However in case of an infringement, not made for gain in the course of trade or business, Court may punish a persons with a sentence of imprisonment for a term of less than six months or a fine of less than fifty thousand rupees. Possession of plates for the purpose of making infringing copies is also made punishable with imprisonment which may extend to two years or liable for fine.<sup>5</sup> These suits can be tried by a court, not inferior to that of a Metropolitan Magistrate or a Judicial Magistrate of the first class.<sup>6</sup> While, copyright owner, is also entitled to civil remedies, in form of injunctions, damages, account of profits, including delivery up of infringing copies and damages for its conversion.<sup>7</sup> Another important remedy, available under section 58 of the Act is that which regards and declares all infringing copies, including all plates used or to be used for production of such infringing copies as the property belonging to the owner of copyright. A suit for civil remedy can be filed at any time within three years from the date of alleged infringement, in District Court or High Court within whose jurisdiction the plaintiff resides, carries his business, within whose jurisdiction the cause of action has taken place.<sup>8</sup> Apart from the statutory remedies available against infringement, the court sometimes provides a special remedy called as "*Anton Piller Order*".<sup>9</sup> This order will be issued by court if there is any risk to the pertinent documents and articles, etc. This issuance of this order authorizes its applicant (plaintiff) to enter the defendant's premises and take into his possession all infringing copies /other relevant materials necessary to prove infringement. In general there are well established remedies such as civil, criminal and Anton pillar remedy. However, the court can also order for the delivery of all the infringing copies of work and all plates to be used for making the infringing copies which are in the possession

of the alleged offender to the owner of the copyright. Further, the Registrar of Copyright can also ban the import of the infringing copies into delivery of infringing copies confiscated to the owner of the copyright.

- 1 Section 16(1) of the CDPA 1988 and section 14 of the Copyright Act, 1957.
- 2 Section 54 to section 62, Copyright Act, 1957.
- 3 Ibid, section 63 to 70.
- 4 Ibid, section 74.
- 5 Section 65 of the Copyright Act of India.
- 6 Ibid, section 70.
- 7 Sreenivasulu NS and Nagaratna. A, *An overview of Copyright Law in India*, December 2007, MIPR, Vol 3, Pt 4, P. A-165.
- 8 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 88.
- 9 Named after Anton Piller, the plaintiff in the United Kingdom, in a case in which this order was passed for the first time, P Narayanan, p 305.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 24 MEDIA AND COPYRIGHT**

The law of copyright is contextual as well controversial to an extent. It not only tries to protect the rights of the authors and creative artists, but attempts to resolve the disputes between the two creative artists or authors whose rights might be overlapping with each other. As we understand the copyright law as a bundle of rights, where in the author gets right to use, exploit, adopt, translate and convert the work into any form and format. At the same time compilation of certain creative works in a systematic and scientific manner does also fetch one the copyright. Copyright is contextual and controversial especially when the work has been exploited and used in different ways. If the same work is used in different formats, forms and languages and serving different set of people or audience, the question might arise, who actually would hold the copyright, the original author or the one who has used the work in an innovative way in a different form and format. This dichotomy is very much felt in the spear of media and cinematographic film industry, where the copyright is exploited in different modes commercially. As the philosophy of copyright law goes saying; ideas are not protected but the execution of such ideas for commercial motive fetches one the copyright. In the film industry and media where number of creative works would be put together to produce a movie or a documentary the question with regard to the copyright of the work that resulted in the end would be of very interesting. Similarly, if an idea executed some time back is executed again by a different person in different format the story would again be of interesting. Further, if the name and characters in an old movie or documentary are used in a new movie with precision or comprehension, alongside following the line of the story of the movie or the document it would not only be interesting but would contextual and controversial. In this back ground let us examine the complexity of the law of copyright in terms of protecting and promoting the various creative works with special reference to the field of cinematographic films and the media.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 24 MEDIA AND COPYRIGHT**

#### **24.1 Changes introduced in the Copyright Law affecting the film media**

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At present in the field of cinematographic films producers of films are keeping all rights with themselves. As a result some time the creative artists and performers such as lyricists, artists, performers and singers may have some reservations royalty in case their works are used for commercial purposes.<sup>1</sup> Independent rights to authors of literary and musical works in cinematography films, have been proposed under the copyright amendment Act of 2012. Under the proposed law, authors will have rights to receive royalties and the benefits to be enjoyed through copyright societies. "It will ensure that the authors of the works say for instance songs included in the cinematography films or sound recordings, receive royalty for commercial exploitation of such work". The amendments will introduce a system of statutory licensing for all sound recordings to ensure that while making a sound recording of any literary, dramatic or musical work, the interest of the copyright holder is protected.<sup>1</sup> "Any person, who circumvents an effective technological measure applied for the purpose of protecting any of the rights with the intention of infringing such rights, shall be punishable with imprisonment which may extend to two years and shall also be liable to fine."<sup>2</sup> A lot of important changes have been proposed under the amendment with respect to the Cinematographic Films. These changes are poised to bring in a sea change in the regulation and protection of rights involved with the Cinematographic Films. Among other things, amendment is proposed to give independent rights to authors of literary and musical works in cinematograph films.<sup>3</sup> Under copyright law, creators of works which are protectable by copyright, such as literary works including film scripts, the lyrics of songs used in films, music compositions, and choreographic works are all referred to as the works of authors. The amendment which aims to protect authors would, *inter alia*, include within its scope script writers, lyricists, choreographers, and music composers. It is observed that "unauthorized use of the original work should be stopped, as modern technology can create havoc if it is not brought under law." Respect for the genuine work is a must as there should be a change in the mindset not to use pirated goods." It is however felt that the amendment needs to be more balanced with equal or right share given to the authors as well as the stakeholders. In *State of Andhra Pradesh v Nagoti Venkataramma*,<sup>4</sup> the Supreme Court while commenting upon the 1994 amendments in the Act held that: the object of amending the Copyright Act was to prevent piracy which became a global problem due to rapid advances in technology. The legislature intended to prevent piracy and punish the pirates, protecting copyrights. The law therefore, came to be amended introducing section 52-A. Thereafter, the piracy of cinematograph films and of sound recordings etc. could be satisfactorily prevented." The court went on to add that, "it is unnecessary for the prosecution to track on the trace out the owner of the Copyright to come and adduce evidence of infringement of copyright. The absence thereof does not constitute lack of essential element of infringements of copyright. If the particulars on video films etc. as mandated under section 52-A do not find place, it would be infringement of copyright." In India, video/cable piracy is on the rise and takes away significant portions of revenues from the producers of films and records and also the access to the legitimate markets of copyright holders. The judiciary has been proactive in granting injunctions against such activities. In *Mirabai Films Pvt Ltd v Siti Cable Network*,<sup>1</sup> the Delhi High Court granted a temporary injunction restraining telecasting/screening/exhibiting of the film "Monsoon Wedding" on cable networks. In *Entertaining Enterprises v State of Tamil Nadu*,<sup>2</sup> the unauthorized exhibition of a film

through videotapes was held to be violative of the copyright in the cinematograph film. In USA in *MGM Studios Inc v Grokster Ltd*,<sup>3</sup> the rule pronounced was that "it is illegal to distribute a device (including software), with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement." However, the problem of piracy looms large over the Indian entertainment industry and various industry forums and initiatives have made representations to the government to bring in reforms in the copyright laws and its enforcement. Some of the suggestions made are as follows:

- o Ensuring continuous trial of infringement cases and speedy disposal of cases.
- o Mandatory punishment of convicted offenders with the minimum sentence of six months imprisonment.
- o Requiring the infringer to pay statutory damages to the concerned owner of the copyright.
- o To address the issue of Internet piracy specifically in the Copyright Act.
- o Appointment of a special Public Prosecutor in relation to software related offences.

The courts too have strictly dealt with infringement or any violation of copyright in the entertainment industry. In *RG Anand v Deluxe Films*,<sup>4</sup> the Supreme Court commented that "it seems to us that the fundamental idea of violation of copyright or imitation is the violation of Eighth Commandment: "Thou shalt not steal", which forms the moral basis of the protective provisions of the Copyright Act." In this background there arises an interesting question whether characters and titles in a movie, documentary or a cinematographic film enjoy copyright. Let us examine!

<sup>1</sup> Off course the performers would be generally paid by tire producer in terms of wages or in one time *lumsun* payment which may be felt as insufficient or not rewarding by the performance time and often.

<sup>1</sup> Sreenivasulu NS and Hemanth Kumar HS, *Nuts and Bolts of Copyright Amendment Bill, 2010*, March 2011, Vol 1, Pt 3.

<sup>2</sup> It will bring the country's copyright laws in line with international standards in internet and digital technology and provide for stringent punishment.

<sup>3</sup> The bill ensures that the authors of the works, particularly songs included in the cinematograph film or sound recordings, receive royalty for the commercial exploitation of such work.

<sup>4</sup> 1996 (16) PTC 634.

<sup>1</sup> 2003 (26) PTC 473.

<sup>2</sup> AIR 1984 Mad 278.

<sup>3</sup> 545 US 913 (2005).

<sup>4</sup> (1979) 1 SCR 218.

## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 24 MEDIA AND COPYRIGHT**

#### **24.2 Viability of Copyright protection for titles and characters in the movies and media**

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Film industry is always associated with the issues pertinent to copyrights. We have witnessed number instances where in various stake holders in the film industry fighting over their rights and approaching the court of law for the amicable remedy. As such the copyright provides remedies in such situations. Most of such disputes are on the use of the names and titles of the characters in the movies. The best example of fight over the rights of the different stake holders in the film industry could be seen in the recent issue relating to the movie *Sholay*. The movie *Sholay* is perhaps the most popular movie ever to be made in the Hindi Film Industry.<sup>1</sup> With its title, characters and its plot firmly etched in public memory, *Sholay*, has inspired a lot of other movies.<sup>2</sup> One such movie is *Ramgopal Verma Ki Aag*,<sup>3</sup> which was challenged in the Delhi High Court as infringing the copyright underlying copyright in the title and the characters in the movie *Sholay*.<sup>4</sup> It is argued that while titles of movies are not likely to be afforded any copyright protection at all, characters are likely to receive protection as a part of a copyrighted work provided they are sufficiently "delineated". However, any such copyright protection is severely diluted by a possible fair use defense, especially when the work using the characters is a parodic work.

<sup>1</sup> Internet Movie Database, *Sholay* available at <http://www.imdb.com/title/tt0073707/>.

<sup>2</sup> Bollywood Studio pays 100 million to remake *Sholay*, *The Hindustan Times*, 29 August 2007.

<sup>3</sup> No *Sholay* in *Ramgopal Verma's Aag*, *The Hindustan Times*, 2 September 2007.

<sup>4</sup> *Ramu's Sholay Turns Into Aag*, *The Times of India*, 20 July 2007.



## **Part VIII LAW OF COPYRIGHT**

### **CHAPTER 24 MEDIA AND COPYRIGHT**

#### **24.3 Could movie titles be protected under copyright law?**

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Especially in situations where different movies coming up with similar titles there felt a need to provide copyright protection to titles of the movies. In the contemporary times where in sequels and remakes of movies making a round there is an emergent need to arrive at a measure to protect titles of movies for the purpose of preventing producers from using the similar titles and thereby entering the battle field at the time of release of the movie which would eventually put many issues and rights at stake. We have seen Dhoom: I and we have also seen Dhoom: II which a sequel of the earlier one. Further we have seen "Koi mil gaya" and "Krish" where is "Krish" being the sequel of "Koi Mil gaya" At the same time we have seen Golmaal I and the followed sequels Golmaal II and Golmaal III. If the same producer comes out the sequel there may not be a problem with respect to copyright. If a new producer comes out with a sequel or uses the old film title or name of the characters there would be a problem of copyright. These developments have necessitated either copyright protection to the titles of the movies or advance registration of the titles with a public notice to the effect that somebody has registered the title and nobody else can use or attempt to use the same title. A recent clash over film titles came to the forefront where in legal dispute between Ritesh Sidhwani has just fought a case over the title of movie "Game" and producer Director Pooja Bhat is preparing to go to court over "Thank You". According to Pooja Bhat the title of her movie "Thank You" has been registered with the Association of Motion Pictures and Television Producers (AMPTPP) and the association had confirmed the same. However, after one year since the title "Thank You" has been registered there arose a dispute for the title between Pooja Bhat and Ritesh Sidhwani who has apparently registered the same title with another association by name Indian Motion Picture Producers Association (IMPPA). Eventually both the producers have been called for settlement of the row over the titles. Interestingly, Ritesh Sidwani was refused the title "Thank You" by the Association of Motion Pictures and Television Producers which had given registration of the title "Thank You" to Pooja Bhat as claimed by her. Here it is very clear that there is more than one association which is providing registration to film titles and there is no cooperation or understanding between such associations resulting in multiple registrations of film titles by the different produces. Astonishingly producers are going to other association if one association rejects to register the title for any reason. However sources of Ritesh Sidhwani claim that they have registered the title "Thank you" in 2008 itself with Indian Motion Picture Producers Association. There has been dispute over "Thank You" between Indian Motion Picture Producers Association and Association of Motion Pictures and Television Producers which went before the Fil Nakers Combine which ruled in favour of Indian Motion Picture Producers Association which has registered the title "Thank You" in the name of Ritesh Sidhwani. Further they have contended that they have the censor board clearance as well. It would quite interesting to see what would happen if Pooja Bhat moves court of law over the issue. Whatever may be the case these instances indicate that there has to be legibly only one agency or association to provide registration of film titles. In the absence of copyright law providing protection to the titles of movies there has to be some arrangement with reference to the usage of titles and the one who claim the title first should get the rights over it.<sup>1</sup> Such arrangement could be done when there is only one such association which provides registration after verifying the necessary documents. In the wake of the latest title row over "Thank You" let us hope that the film industry would reach at that appropriate platform to get registration to titles of movies on first come first serve basis and to amicably settle dispute over titles. Copyright law

recognizes the principal of *de minimis non curat lex*,<sup>2</sup> according to which any work which is insufficiently significant is not to be offered copyright protection.<sup>3</sup> Thus, the name of a famous singer "Elvis", the name of a fictional television detective "Kojak", or the song title "The Man who Broke the Bank at Monte Carlo" were all denied copyright protection on the ground of *de minimis*.<sup>4</sup> In *Elvis Presley Trademarks*<sup>5</sup> while upholding the principal of *de minimis* the name of singer Elvis was held not to be protected as a title under copyright law. Further, in *Tavener Rutledge Ltd v Trexapalm Ltd*,<sup>1</sup> the name of a television detective was held to be *de minimis* and not eligible for protection. While in *Ladbroke Ltd v William Hill Ltd*,<sup>2</sup> it was opined that titles, whether that of movies or of other copyrightable works, by themselves, are considered not possessing sufficient significance to be afforded copyright protection. However, there are cases, where titles have been considered to be of sufficiently extensive nature and importance, to cross the *de minimis* threshold barrier. In *Shetland Times Ltd Dr Jonathan Wills*<sup>3</sup> as well in *IPC Magazine Ltd v MGN Ltd*,<sup>4</sup> in contradiction to the established practices of not recognising the titles as copyrightable subject matter and over ruling the principal of *de minimis* the courts have held that the titles could be copyrightable subject matter, provided they are new and original. But these cases deal with titles, which while being of sufficiently important nature, are in fact artistic capturing of the titles in stylized versions and therefore pass the *de minimis* threshold. Copyright law does not protect ideas and affords protection to expression alone.<sup>5</sup> It follows that for characters in a movie to be protected, the character must be expressed in one copyrightable form or other. Movies, while as such protected as a cinematograph film, have other underlying, independently copyrightable works. For instance, the screenplay and the script of the movie are copyrightable as a literary work and the music of the movie is copyrightable as a musical work.<sup>6</sup> Thus, for characters in a movie to receive copyright protection, they must be expressed *in* or *as* one these copyrightable works. Ordinarily, characters of a movie, apart from being expressed in the cinematograph film itself would be expressed in other underlying literary works such as the script and screenplay. The question that arises with respect to copyright protection of characters is this: Does the borrowing of a character expressed in a copyrightable work, violate the copyright in that work?<sup>7</sup> The American case law on this point upholds the "character delineation test", which mandates that for the borrowing of a character to constitute an infringement of the work which contains the character, the work must "sufficiently and distinctively delineate the particular character".<sup>8</sup>

Thus, in *Walt Disney v Air Pirates*,<sup>9</sup> where the Defendants had portrayed Disney's characters in incongruous settings, the court applying the "character delineation test", held that Disney held copyrighted works sufficiently delineated the characters for the defendants work to constitute copyright infringement. Again in *Anderson v Stallone*,<sup>1</sup> the court held that the character "Rocky" in the Rocky movie series is sufficiently delineated so as to afford protection to the character from an attempt to express the character in another movie.<sup>2</sup> While the "character delineation test" to determine the copyright protection over character might appear to be providing for a strong copyright protection to characters, it is in fact severely limited by the prevailing norms of fair use, especially those relating to parodic works, which necessarily borrow some element of the original work, whether the character or otherwise.<sup>3</sup> Thus, in *Suntrust Bank v Houghton Mifflin Co*,<sup>4</sup> where the literary work ("Wind Done Gone") borrowed the characters, the background plot and even partly the title from the original work ("Gone With The Wind"), the court held that the literary work in question is a parodic work and hence, is covered by fair use.<sup>5</sup> The principle of *de minimis* is well recognized in India too and any title, too trivial by itself, is refused copyright protection. In *Malayala Manorama v VT Thomas*,<sup>6</sup> it was viewed that titles cannot be protected under copyright law. In this case copyright protection over two cartoon characters ("Bobby" and "Molly") was claimed by the Newspaper, in whose service the cartoons were sketched by the

defendant. On the Defendant leaving the Newspaper's employment, the Newspaper claiming copyright over the character sought to restrain the Defendant from using these two characters in his sketches. On facts the Court held that the defendant had expressed the characters in artistic works before entering into employment with the Newspaper and with the copyright over such artistic works vesting with the defendant, the defendant could continue to use the characters. While, there is no case law directly declining copyright protection to titles of movies on the ground of *de minimis*, in *Associated Electronics & Electrical Engineers v Sharp Tools*,<sup>7</sup> copyright over a single word was declined. Thus, a title of a movie, protected as a cinematograph film, would not be afforded copyright protection. It is also submitted that giving such a protection to titles would seriously impinge on regular usage of such titles in their ordinary context, thus defeating the utilitarian purpose of copyright law.<sup>8</sup> Substantial similarity between the Indian and American law on copyrightable works, it is submitted that the "character delineation test" would apply in India as well. Therefore, at the juncture where the film industry and the media are involved in the making and remaking or yester years productions including cinematograph films, songs, documentaries and serials the above discussed issues and the court decisions would provide us an idea about the development of jurisprudence on the copyright in the media and in particular the film media. The enforcing authorities may adopt the laid down law and policy in this regard by the court decisions with precision.

- 1 Similar encounter we noticed during 1990s when internet and World Wide Web took birth. There was a mad rush for registration of domain names without any proper mechanism for such conferment.
- 2 This Latin maxim literally translates into "law does not concern itself about trifles". See Black's Law Dictionary 431 (1990).
- 3 David Bainbridge, *Intellectual Property* 42 (2002).
- 4 Sreenivasulu NS & Kumarkeet Benarjee, Sholay, Gabbar and Agg: *Analysing the legality of copyright and trademark protection for titles and characters in Movies*, MIPR, October 2010, Vol 3, Pt 1.
- 5 (1997) RPC 543.
- 1 (1977) RPC 275.
- 2 (1964) 1 All ER 465.
- 3 (1997) FSR 604.
- 4 (1998) FSR 431.
- 5 Garnett et al, *Copinger and Skone James on Copyright*, 1999, p 30-31.
- 6 Kurtz Leslie A, *The Independent Legal Lives of Fictional Characters*, 1986, Wisconsin Law Review, p 429.
- 7 Sreenivasulu NS & Kumarkeet Benarjee, Sholay, Gabbar and Agg: *Analysing the legality of copyright and trademark protection for titles and characters in Movies*, MIPR, October 2010, Vol 3, Pt 1.
- 8 *Nicholas v Universal Pictures Corp*, 292 US 902 (1931).
- 9 (1979) 439 US 1132.
- 1 (1989) 11 U.S.P. Q 2d. 1161 C.D. Calif.
- 2 *Universal City Studios v Kamar Industries*, 1982 copyright 1. Decisions (1982) (CCH) 25, 452 SD Tex. where the character ET from the ET series was afforded copyright protection.
- 3 Jay Lee, *Campbell v Acuff-Rose Music: The Sword of the Parodist Is Mightier than the Shield of the Copyright Holder*, 29 (1994) U.S.F. Law Rev., 279.
- 4 (2001) 268 F.3d at 1257 Eleventh Circuit.
- 5 Sreenivasulu NS & Kumarkeet Benarjee, Sholay, Gabbar and Agg: *Analysing the legality of copyright and trademark protection for titles and characters in Movies*, MIPR, October 2010, Vol 3,

Pt 1.

6 AIR 1988 Ker 29.

7 AIR 1991 Kar 406.

8 Anthony Reese, *A Map of the Frontiers of Copyright*, 1979, 85 Tex. L. Rev.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

There are certain inventive, functional products and process, which fall into the sphere of Patents. On the other hand, creative, artistic or musical works fall into the sphere of copyrights. However, there are certain creative efforts marked with features that have an artistic, aesthetic and functional attraction, which does not fall neither under patent nor under copyright but under a separate sphere called industrial designs.<sup>1</sup> A Design is unlikely to constitute an invention and in most cases; the article bearing the design may not be new or innovative enough to secure a Patent. But it was thought that copyright has always had the potential to provide a source of design protection.<sup>2</sup> Meanwhile, in today's global economy design is recognized as a powerful corporate tool, and plays an increasingly critical role in distinguishing, identifying the products to which it is applied.<sup>3</sup> Further designs serve the purpose of catching the eyes of the customer in the process of advertising and marketing.

<sup>1</sup> Sreenivasulu NS and Sowmya MS, *The Law on industrial designs in India*, The Journal of World Intellectual Property Rights, Jan-Dec 2007, Vol 3, Pt 1-1, p 247.

<sup>2</sup> *Principles of Intellectual Property Law* by Catherine Colston, Cavendish Publishing Limited, p 279.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 107.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.1 Defining design**

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Industrial design refers to creative activity, which results in the ornamental or formal appearance of a product. According to ICSID (Industrial Council of Societies of Industrial Design) "design is a creative activity whose aim is to establish the multi-faceted qualities of object, processes, service or their system in the whole life-cycles. Therefore, design is the central factor of innovative humanization of technological and the crucial factor of cultural and economic exchange." According to the Industrial Design Society of America (IDSA), "Industrial Design (ID) is the professional service of creating and developing concepts and specifications that optimize the function, value and appearance of products and systems for the mutual benefit of both user and manufacturer." As per the definition, "design"<sup>4</sup> must have some shape, configuration, pattern or ornamentation or composition of lines or colors." In *Pugh v Riley*<sup>5</sup> the court viewed that a design to be registered under the Designs Act must be some conception or suggestion as to shape, configuration, pattern, or ornament. It must be capable of being applied to an article in such a way that the article, to which it has been applied, will show to the eye the particular shape, configuration, pattern or ornament, the conception or suggestion of which constitutes the design. In the definition of Design the words "Shape and Configuration" have been mentioned prominently. In some cases it has been stated that Shape and Configuration are treated as synonymous terms. The words Shape and Configuration would appear to be closely akin and for all practical purposes both are synonymous, but they are not so in reality. The word "Shape" *prima facie* imports and certainly includes, the external form of the article, configuration, conveys the idea, not of the external form but only of the construction of a compromise article. In *Bhagirathi Marwari v Bukshi Ram Sharma Court of the Sub-Divisional Magistrate, Jamshedpur*<sup>1</sup> it was held "the shape of an article can not be regarded as its trade mark. The shape comes within the definition of a "design" as given in section 2(5) of the Indian Patents and Designs Act. The word "configuration" imports the arrangement by which the shape of a composite article is arrived at. In *Equipment Ltd v Action construction Equipment Pvt Ltd*,<sup>2</sup> while emphasizing on the objectives of the designs Act the court took the view that the primary object the Act is to protect shape and not the function or functional shape. The expression design doesn't include a method or principle of construction or features of shape or configuration which is dictated solely by the function which the article to be made in that shape or configuration has to perform. Features such as shape of a product like bottle, vase etc are considered as the three dimensional features of a design. While, pattern, ornamentation, lines or colour of a product like patterns for textile, wallpaper etc and combination of one or more such features are considered as two dimensional features of a design. In *Bayer's Design case*<sup>3</sup> it was held that Shape and Configuration for all practical purposes is considered as synonymous. Each signifies something in three dimensions, the form in which the article itself is fashioned. In *Amp Inc v Utilux Pty Ltd*,<sup>4</sup> it was held that, Configuration may have a meaning slightly different from shape. The first requirement is that the shape is applied by an industrial process. "Applies" is an appropriate word for pattern or ornament but is an awkward word with regard to shape. The idea must be that there can be two articles similar in every respect except shape and that the novel feature of shape which is the design has been added to the article by making it in the new shape instead of in some other shape which is not novel. "Pattern" and "ornament" can, in the majority of cases be treated as practically synonymous; it is something which is placed on an article for its decoration. It is substantially in two as

opposed in three dimensions. An article can exist without any pattern or ornament upon it, whereas it can have no existence at all apart from the shape or configuration. Design may be applied to articles in any form through an industrial process. It is important that the product or article to which the design is being applied has to be produced in an industrial way. *Re Littlewoods Pools Ltd's Application*<sup>5</sup> application was made to register a form of football coupon consisting of a rectangular sheet of paper on which a pattern was formed by straight lines, the spaces between were filled with literary matter. Wynn-Parry J in holding that the paper was not an article stated that as the function of the paper was "solely to carry the imprint of the design" and did not have any other function it was not an "article", within the meaning of the act. The design must be incorporated in the article itself. *In Hindustan Lever Ltd v Nirma Pvt Ltd Ahmedabad*,<sup>1</sup> it was held that label put on a carton to be used as container for the goods can never amount to design within the meaning of section 2(3) of the Designs Act, 1911. In *Troika v Pro Labs*,<sup>2</sup> tablets shape and color of the plaintiff's tablet was considered eligible to be registered as the shape and configuration are given protection under the Designs Act. Design is as an activity in which market information is transformed into initial ideas and design concepts and then into a specific configuration of materials and components with technical specification to manufacture a new product. Design right refers to the right to use a novel or original design accorded to the proprietor on registration. Industrial design is an applied art, whereby the aesthetical and usability of product may be improved. Design aspects specified by the designer may include the overall shape of the object, the colour, textile, sounds and aspects concerning the use of the product ergonomics.

<sup>4</sup> Section 2(d) of The Design Act, 2000.

<sup>5</sup> 1912 RPC 196.

<sup>1</sup> (1932) Re. Design No. 14103.

<sup>2</sup> 1999 PTC 36 (Del) at pp 39, 40, 48.

<sup>3</sup> (1907) 24 RPC 65.

<sup>4</sup> (1972) RPC 103.

<sup>5</sup> (1949) 66 RPC 309.

<sup>1</sup> AIR 1992 Bom 195.

<sup>2</sup> (2008) 3 GLR 2635: MIPR 2009 (1) 168.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.2 Significance of industrial designs**

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The significance of an industrial design could be felt in the appeal of the industrial product. It is nothing but what catches the eye at the first sight which would have long standing and ever lasting impression in the minds of the consumers which could influence their franchise and choice. Designs play an important but often neglected part in our lives. Designs influence the appearance and the shape of the things we choose, buy and use, they impact the decisions we make as consumers. The use and influence of design covers a variety of domains. These domains range from industries, urban planning, graphics, consumer and civil supply, manufacturing and production, packing and delivery. Industrial designs help in making any product or item more beautiful and appealing; henceforth they help in increasing commercial viability of product and increase its market potentiality. The industrial design registration helps in safeguarding the ornamental or aesthetic elements of the article. Whenever an industrial design is being registered it gives exclusionary rights to the owner against unauthorized use like copying or imitation by third party without his consent. Hence, the third party needs to obtain authorization by paying royalty to the owner or purchase the design if the owner is willing to sell or let for use. This in turns facilitate fair flow of investment in the market. An effectual system also helps in benefiting public by encouraging fair and effective competition and trading practices which at large bolster the creativity and the final result comes in the form of attractive and beautiful products. Safeguarding of industrial designs helps in the overall economic development which promotes creativity in the industrial arena. Hence, the advantages of the industrial designs could be summarized as follows:

1. Industrial designs are what make a product attractive and appealing; hence, they add to the commercial value of a product and increase its marketability.
2. An effective system of protection also benefits consumers and the public at large by ensuring more options.
3. When an industrial design is protected, it helps to ensure a fair return on investment of the owner of the design.
4. Exclusive monopoly over registered designs would promote fair competition and honest trade practices.
5. Since, industrial designs are directly linked with the industry and industrial activities any promotional measures such as protection, registration and exclusive monopoly on the designs would promote creativity and innovation in the industries.
6. Protecting industrial designs helps economic development, by encouraging creativity in the industrial and manufacturing sectors and contributes to the expansion of commercial activities and the export of products.



## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.3 International law on industrial designs**

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Before dwelling on the municipal law industrial designs, it is worth having a look at what is making new at the international level with reference to the regulation of industrial designs. As industrial designs are considered as part of industrial property, basically the international law on the industrial designs has been governed by the Paris Convention<sup>1</sup> on industrial property. Further, there is Hague agreement on international registration of industrial designs, the Locarno agreement on the classification of industrial designs and the TRIPS agreement.<sup>2</sup> For a better understanding of the basic international on the protection of industrial designs and the intellectual property rights associated with such protection it is very much required to have an understanding on the actual content of these international conventions.

##### **25.3.1 Paris Conventions take on industrial design**

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Paris Convention is the first international convention which spoke about protection of industrial designs at international level. The convention mandates the member states to treat the applicant claiming industrial design or any other industrial property protected under the convention without discriminating on the basis of the country of origin or work. In the sense the applicant belonging to any state shall be treated by every state at par with the applicant from within the country.<sup>3</sup> There shall be no discrimination between applicant from within the state or from outside the state. Foreign applicants shall be treated as if they are local applicants. The convention postulates for mutual protection of industrial designs by the member countries. For the instance if one country does not offer protection to the designs produced in the second country, the later country is not obligated to offer protection to the designs produced in the former country.<sup>1</sup> The convention acknowledges then significance of industrial designs to the industrial development and the economy. For the first time the convention proposes for protection of industrial designs by the member states. The convention said to be one among those initial agreements which have been adopted for the protection of industrial design. The convention has been amended at least seven times since its adoption in 1883. The recent TRIPS agreement<sup>2</sup> accords great significance to the Paris Convention of Industrial Property.

##### **25.3.2 Hague agreement on international registration of industrial designs**

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The agreement was initiated in 1925 at Hague concerning the international deposit of industrial design. Subsequently in 1934 at London the act of London under Hague agreement was adopted. Thereafter, additional and complementary acts were adopted under the agreement for the purpose of having rationale mechanism for the international registration of industrial design. The latest act in this concern is the Geneva Act of 1999 which specifically talks about international application and international registration of design. The agreement was basically adopted for the purpose of international registration of industrial through a deposit in the form of drawing, diagram or any pictorial or graphical representation at the international bureau established for the purpose under the convention. The objective of the Agreement is to facilitate the application for design protection in member countries by providing a mechanism for a centralized international deposit system, similar to the international registration of trademarks under the Madrid agreement. The Geneva Act allows

designers to obtain design protection in a number of countries through a single international registration filed with the International Bureau of the World Intellectual Property Organization (WIPO). The single application filed through WIPO would replace a whole series of applications which, otherwise, should have been effected with different national or regional offices. The Geneva Act<sup>3</sup> talks about the detailed procedure of registration and entitlement for registration of design. There is a provision for publication of the design applied for registration under the agreement. It also highlights the effects of international registration alongside the rights conferred after such registration. It talks about international register which shall contain details about internationally registered designs under the agreement. An international registration of industrial design is based on an application and one or more photographs or other graphic representations of the design. The application must contain a list of the Contracting Parties in which the international registration of design is being sought and the designation of the article or articles in which it is intended to be incorporated and used or the articles which constitute the design. There is a single deposit system and one simple procedure for recording any changes in the ownership or address. The system of international registration of designs arose from a need for simplicity and economy. In effect, it enables design owners originating from a Contracting State to obtain protection of their designs with a minimum of formality and expense. Once the international registration has been accepted it produces the same effect in each of the countries designated as if the design had been deposited and registered there directly. The international registration is therefore equivalent to a national right in terms of its scope of protection and enforcement. At the same time, the international registration facilitates the maintenance of protection. The international registration may extend its effects to the Contracting Party of origin unless the legislation of that Contracting Party provides otherwise. A design proprietor can, with one application filed with WIPO, obtain protection in one or more or all the States adhering to the Agreement. The applicant is not required to obtain national registration in the country of origin. The protection accorded is strictly national and is subject to national laws and conditions in the countries designated in the application. Individual countries designated in the application may refuse protection if requirements for protection of national law are not fulfilled. However, the main problem arises from the fact that many major countries are not parties to the Hague agreement<sup>1</sup> and only 42 countries are signatories to it. It is expected that there would be more number of countries who would sign the agreement for facilitating international registration of designs in and through those countries as well. The member states of the Hague agreement are supposed to follow the international registration system adopted under the agreement with necessary changes in their domestic laws. They are also supposed to respect the designs protected in the country of origin which are party to this agreement.

### **25.3.3 Locarno agreement on classification of industrial designs**

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Locarno agreement<sup>2</sup> talks about the international classification of industrial designs. Designs have been classified for the purpose of registration and protection under the domestic laws. Basically it is an agreement agreed upon by the members of the Paris Convention. A diplomatic conference, to which all the countries members of the Paris Convention for the Protection of Industrial Property were invited and which was held in Locarno (Switzerland), adopted, on 8 October 1968, the *Locarno Agreement Establishing an International Classification for Industrial Designs*. It creates a "Special Union" within the frame work of the Paris Union. The object of this agreement is to bring uniformity to the classification of industrial design to facilitate searchers for novelty and priority. The International Bureau of WIPO administers this Agreement. The Locarno Classification comprises of a list of classes and sub-classes containing alphabetical list of goods in which industrial designs are incorporated. The international classification shall be solely of an administrative character. Nevertheless, each country may attribute to it the legal scope which it considers appropriate. In particular, the international classification

shall not bind the countries of the Special Union as regards the nature and scope of the protection afforded to the design in those countries. Each country of the Special Union reserves the right to use the international classification as a principal or as a subsidiary system. The numbers of the classes and sub-classes of the international classification into which the goods shall be incorporated in the member states official documents and the same could be practiced while dealing with the registration and protection of valid and eligible industrial designs. The Locarno Classification has been revised several times by the Committee of Experts. The ninth edition of the Classification incorporates all the revisions made on and before October 2007. The ninth edition of the Locarno Classification, published in June 2008 in the two authentic versions (English and French), entered into force on 1 January 2009, and replaced the previous one. In this most recent edition, the list of classes and the sub-classes have been published where in 32 classes and 219 sub-classes designs have been recognized. The alphabetical list of goods, which contains 7,024 entries, is presented in two parts: the first part lists all the goods in a single alphabetical list, irrespective of the class to which each of them belongs; the second part lists, separately for each subclass, in alphabetical order, the goods that belong to that subclass. The explanatory notes are incorporated in the list of classes and sub-classes. The Locarno Classification is "solely of an administrative character" and does not bind the contracting countries "as regards the nature and protection afforded to the industrial design classified in a certain manner."<sup>1</sup> The Locarno Agreement requires the industrial property office of each contracting country to "include in the official documents for the deposit or registration of industrial designs, and, if they are officially published, in the publications in question, the numbers of the classes and sub-classes of the Locarno Classification into which the goods incorporating the industrial designs belong."<sup>2</sup> Recommendations of the Committee of Experts deal with the manner in which the classes and sub-classes should be indicated in the documents and publications.

#### **25.3.4 Role of international agencies in the regulation and development of law on industrial designs**

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The international agencies such as WIPO and WTO have been playing very significant role in the formulation, reformulation and reformation of law relating to industrial designs. These agencies have not only developed the law on industrial at international level but are administering the international agreements and treaties governing the field of industrial designs. For instance, the World Intellectual Property Organization (WIPO) has consistently encouraged developing countries to establish a basic registration system for industrial design protection. The Paris Convention for the Protection of Industrial Property (Paris Convention), which is administered by WIPO, has general provisions on industrial design protection. It formalized the international status of national design registration systems without providing extensive specific requirements. An important role of WIPO<sup>1</sup> has been to administer the Hague Agreement Concerning the International Deposit of Industrial Designs and to guide development of a broad based treaty. Another major player in industrial design law development at international level is the World Trade Organization (WTO), which has formulated and administers the TRIPS agreement. These two international agencies have been remarkable in terms of putting their hands in the regulation and development of law of industrial designs at the international level.

#### **25.3.5 The TRIPS agreement**

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The TRIPS agreement<sup>2</sup> attempts to codify all the existing conventions and agreements on industrial designs and bring out a uniform and rational system of registration and protection of industrial designs amongst the member states. Before TRIPS, there was lack of international consensus as to the proper means of protecting designs. The Berne Convention and the Paris Convention have both avoided the issue of the nature

of design by accepting designs as being appropriate subject matter for both copyright and industrial property protection. TRIPS provisions on industrial designs are minimal, thus leaving members room for implementation of any type of protective regime, including unregistered design right. Members must either adopt copyright protection or *sui generis* design protection or both. The TRIPS agreement<sup>3</sup> set up more specific minimum requirements for each member country, mandating a protection system for industrial designs. The enforcement provisions in TRIPS provide an immediate impact and a unique opportunity with reference to the protection of industrial designs. Most of the Member states implementing TRIPS<sup>4</sup> maintain the minimum standards with an exception of developed members such as the European Community and the USA who have opted for higher criteria of protection. Under the agreement, industrial designs must be protected for at least 10 years. Owners of protected designs must be able to prevent the manufacture, sale or importation of articles bearing or embodying a design which is a copy of the protected design. While the agreement allows utility model protection in respect of designs resulting from indigenous or folkloric artistic works. The above discussed international conventions and agreements have largely shaped the law of industrial designs at the international level. At the same time their developed international law is providing the required guidelines to the nations in formulating domestic regulatory norms on industrial designs at their local level. Nations such as USA and UK have been according protection to industrial designs in a way more than the minimum level of protection as prescribed under the above shaped international law in this regard. However, many other nations including India have been providing the prescribed minimum level of protection under the said international law for industrial designs. The important thing over here is that the nations have come together to have an uniform and minimum level of protection which is unanimously accepted at international level

<sup>1</sup> Sreenivasulu NS and Sowmya MS, *The Law on industrial designs in India*, The Journal of World Intellectual Property Rights, Jan-Dec 2007, Vol 3, Pt 1-1, p 225.

<sup>2</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P. A-71.

<sup>3</sup> Article 2 of the Paris Convention for the Protection of Industrial Property.

<sup>1</sup> Dr BL Wadehra, *Law relating to Patents Trademarks Copyright Designs and Geographical Indications*, Universal Law publishing Co. Pvt. Ltd.

<sup>2</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P. A-71.

<sup>3</sup> International legal instruments on intellectual property rights, National Law School of India University, Bangalore, 1998.

<sup>1</sup> International legal instruments on intellectual property rights, National Law School of India University, Bangalore, 1998.

<sup>2</sup> International legal instruments on intellectual property rights, National Law School of India University, Bangalore, 1998.

<sup>1</sup> Locarno Agreement, Article 2(1).

<sup>2</sup> Ibid, Article 2(3).

<sup>1</sup> WIPO, WTO and EU are the Major Players in Industrial Design Law Development.

<sup>2</sup> International legal instruments on intellectual property rights, National Law School of India University, Bangalore, 1998.

<sup>3</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P. A-71.

<sup>4</sup> Sreenivasulu NS and Sowmya MS, *The Law on industrial designs in India*, The Journal of World Intellectual Property Rights, Jan-Dec 2007, Vol 3, Pt 1-1, p 247.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.4 Historical evolution and development of law on industrial designs in India**

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The Design must be capable of being applied to an article, in such a way that article to which it is applied appeals to the eye of the customer. Solely the eye must judge design. If good design is to be encouraged and respected by others, the fruits of their labor must protect the persons responsible for producing design against the promiscuous taking. In order to provide protection to the author/creator of the design, to promote design activity, and to promote design element in an article of production it has become necessary to evolve the legal system for providing protection to industrial designs. It is interesting to note that the protection of Designs began in the United Kingdom with the Designing and Printing of Linen Act, 1787. Much later, the Paris convention for the protection of industrial property which intends to offer protection to new industrial designs was adopted by the international society. The first legislation in India for protection of Industrial Designs was The Patents & Designs Protection Act, 1872. It supplemented with 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 reenacted the law relating to protection of inventions and designs and contained provision relating to Designs in a separate part. Further, the Patents & Designs Act enacted in 1911<sup>1</sup> also provided for protection of Industrial Designs. India being one among the member countries to the Paris convention enacted the Design Act, 1911, to offer protection to industrial designs in accordance with the stipulations of the convention. It also intended 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. 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 Magna Carta of intellectual property rights which is the TRIPS agreement<sup>2</sup> provides for minimum standards of protection for Industrial designs.<sup>3</sup> India has amended its legal regime on industrial designs by enacting Industrial Designs Act, 2000 where in it implemented the minimum standards on industrial designs as postulated by the TRIPS agreement. Basically the aim of design law is to promote and to protect the design element of industrial production. It is also intended to promote innovative activity in the field of industries.<sup>1</sup> To achieve this objective and to meet the growing demands in the field and also to implement the TRIPS agreement, the Design Act of 1911 was repealed by enacting The Design Act of 2000.<sup>2</sup> The new Act on industrial designs in India is intended to serve the purpose of extending protection to industrial designs as per the international standards in the light of rapid changes in technology giving rise to innovative and creative designs. In accordance with the Designs Act, 2000 government of India formulated Designs Rules, 2001 which were amended latest in 2008. The text of the design rules as amended in 2008 is available at the official website of the office of the Controller of Patents, Trademarks and Designs.<sup>3</sup> 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

made in 2008 provide an elaborate classification based on Locarno Classification system.

1 The Patents Act, 1970 repealed the provisions of the Patents and Designs Act, 1911, so far as they related to Patents.

2 Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P. A-71.

3 Articles 2.1 of the TRIPS agreement obligates its members to comply with Articles: 1 to 12 and Article 19 of the Paris Convention.

1 Article 25.1 the TRIPS agreement obligates the member to provide protection of independently created Industrial design that is new or original.

2 The Design Act of 2000 was enacted on 25 May 2000.

3 The official website of the Office of the Controller of Patents, Trademarks and Designs is: <http://www.ipindia.nic.in> (last accessed in Jan 2018).

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.5 Protection of industrial designs through registration**

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The industrial designs law intends to protect eligible industrial designs. Protection is offered only to registered designs and unregistered designs are not offered protection in India. The main advantage of this approach revolves on the single fact of registration, and the legal certainty which ensures. The registration system functions as a source of information, especially with relation to ownership, date of registration, priority of applications, and the protected features. Upon registration, competitors are placed on notice as to the existence of protection. This is a favoured factor by large manufacturing organisations and trade associations, especially in the engineering industry. There is no need to prove copying which can be difficult and often relies on circumstantial evidence such as access to works. The twin benefits of registration and an exclusive right enhances the registered design proprietor's ability to obtain remuneration either through licensing opportunities or by offering his right as a security interest or charge. As the costs of implementation are concerned, it is important to note that they will vary with the type of regime adopted. Any system depending on the registration of a right *i.e.*, the registered *sui generis* design right approach requires some prior examination of the submitted design with a view to deciding if it meets the conditions for protection.<sup>4</sup> Such examination will entail certain costs, but is justified in view of the fact that the applicant seeks to be granted an exclusive right. In case of non registration systems (*i.e.*, the copyright and unregistered *sui generis* design right approach), the right conferred is usually non-exclusive, and it comes into existence automatically with the creation of the design. Therefore, there is neither examination, nor registration and related costs will thus be avoided under such approach. Anyone who intends to protect his designs from being exploited from others has to get his design registered. For the purpose of registration of designs there established a registry of industrial designs. The registry administers the registration of designs. A design shall fulfill certain requirements for registration. A Design to be register must have some conception or suggestion as to the shape configuration, pattern or ornament. In order to be registered the basic requirements that a design shall fulfill are as follows<sup>1</sup>:

1. Appeal to the eye.
2. New and original.
3. Capable of being applied to industrial articles.
4. Capable of distinguishing the article to which it is applied from other article.
5. Design is not prohibited or excluded other wise.

##### **25.5.1 Appeal to the eye**

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The definition of design refers to features of shape, configuration etc. Which in the finished article appeal to the eye is judged solely by the eye of a ordinary prudent man.<sup>2</sup> Thus shows that not all shapes or configurations or patterns are registered as designs. The features should have appeal to the eye and should be judged solely by the eye and not by any functional consideration. The eye must be the eye of the customer on a visual test. The policy of the Act is to preserve to the owner of the design the

commercial value, resulting from customers preferring the appearance of articles which have the design to that of those which do not have it. So the design must be one which appeals to the eye of some customer. And the words "judged solely by the eye" must be intended to exclude cases where a customer might choose an article of that shape not because of its appearance but because of the shape that made it more useful to him. The phrase "judged solely by the eye" is naturally to be read as importing some limitation on the expression features of shape, configuration, pattern or ornament. The emphasis is on external appearance, but not every external appearance of any article, constitutes a design. In *Amp v Utilux*<sup>3</sup> it was viewed that in the first place then, the eye to which the appeal must be made and the eye which is to judge is not the eye of the court but the eye of the customer. The design will therefore be calculated to attract the attention of the beholder regardless of whether or not it makes a favorable appeal to him. Section 2(d) contains a positive requirement for registration: there must be features which "in the finished article appeal to and are judged solely by the eye". Designs apply to nothing but that which the eye can tell entirely. Nothing is a good design but that of which full knowledge is given when you once shown to the eye what your design is. It may be shape or configuration that is given by a specimen or paper drawing and the eye can see it and the eye can recognize whether it has been imitated. There must be in some way a special, peculiar, distinctive, significant or striking appearance that something which catches the eye and in this sense appeal to the eye. Design contemplates something which is applicable to an article and which is defined by the representation. It deals entirely with the shape or configuration or ornament or pattern: they are all things which the eye has the complete power of learning from representation. Nothing but that which can be matter for the eye to see can be good subject of design. Although the courts have struggled to reduce eye appeal to a precise verbal formula, there are number of things that we can say with confidence. Firstly, in determining whether a design has eye appeal, we are concerned with the visual attractiveness of the article, so that functional consideration ought not to be taken into account. Secondly, while only the visual appearance of an object can be taken into account, it is clear that in order to have eye appeal, a design need not reach a particular artistic standard; indeed a design may be grotesque or ugly and have "eye appeal". Thirdly, eye appeal is to be judged from the viewpoint of the prospective customer. In *Ferrero & CSpA's Application Case*<sup>1</sup> it was held that a design for a chocolate Easter egg consisting of an inner layer of white chocolate surrounded by an outer layer of dark chocolate to be registered even though it was not visible at the point of sale. Because it was inevitable that the egg would be broken open and thus that the pattern would be seen, it could be said that the design had "eye appeal" which is quite noticeable to the customer. Even if a design is not on display at the point of sale, it can have eye appeal if the design becomes visible through use of the article. In *KK Suwa Seikosha Application Case*,<sup>2</sup> it was held that the display panel of a digital watch, which was only visible when the watch was used for its intended purpose, was capable of being a feature with eye appeal and can be registered.

### **25.5.1.1 Influencing the customer preference**

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Perhaps the eye appeal would make the design to reach out to the customer. It is the customer who receives the design and the article on which the design has been applied. The appeal would rather influence the customer choice and preference. In *Benchairs Ltd v Chair Centre Ltd*,<sup>3</sup> *Kevi A/S v Suspa-Verein UK Ltd*,<sup>4</sup> considering eye appeal the court happened to devise the important test of "influencing customer preference". It was viewed that in other words, whatever "appeal" might mean, it is the eye of the customer not the court which is the judge. The real importance of this is not so much the reference to the customer but rather the fact that the court itself cannot properly assess the matter without assistance. Thus, faced with evidence that a design does not have eye appeal, evidence confirming that the design is attractive to the appropriate person will be needed to support registration. The appropriate person



would normally be the customer (whether a purchasing member of the general public or a manufacturer), although it could also be a consumer."

### 25.5.2 New and Original

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A design in order to be registered must be new, original, and novel. The words new or original involve the idea of novelty either in the pattern, shape, or ornament or in the way in which an old pattern, shape or ornament is to be applied to some special subject matter. *Mineral Water Pvt Ltd v Thermoking California Pure*,<sup>1</sup> it was held that mere novelty of form or shape is insufficient. Novelty involves the presence of some element or new position of an old element in combination, different from anything found in any prior structure. In *Clark's Registered Design*,<sup>2</sup> it was felt that it is however established law that a new combination of two or more old features may constitute a good subject matter of valid registration; but it is to be seen that the combination must not be obvious and must result in something creative that is new or original as a whole in respect of ornament, pattern shape or configuration. Accordingly paper weight in the shape of an animal may be new and original. The word "new" in relation to a design means; a design which is completely new in the sense that it is invented or created for the first time and was hitherto unknown. The word "original" in relation to a design may mean a new application of an existing or known design to a new subject matter. Thus, a design may not be new in the sense that it is completely new. It may be an existing or known design but has been applied to a particular article for that first time. Such a design, therefore, may be original in the sense that its application to the article is new. The Designs Act defines "original" in relation to a design, to mean "originating from that author of such design and includes the cases which though old in themselves yet are new in their applications" The term "Original" as defined in section 2(g) reads thus:

*'original', in relation to a design, means originating from the author of such design and includes the cases which though old in themselves yet are new in their application.*

In *Gammeter v The Controller of Patents and Designs*,<sup>3</sup> the court upheld the claim to novelty or originality for the registered design of a metal wristband for watches, even though a gold bracelet of the same shape or configuration is worn as jewellery around the wrist was already in the market several years before the date of registration of design. The court was of the opinion that although the shape of the band was not new or original, but its application to a watch was for a purpose so different from and for a use so dissimilar to the purpose and use of the bracelet that the design in question could be said to be original. The test of novelty is the eye of the judge who must place the two designs side by side and see whether the one for which novelty is claimed is in fact new. It is a matter of first impression, the design should be protected provided it was not merely an analogues. In *Amp v Utilux*,<sup>1</sup> the requirement of appealing to the eye has been viewed as a preliminary test of novelty, as compared to the fundamental form of the article. In *Brighto Auto Industries v Shri Raj Chawla*,<sup>2</sup> it was held that "'new and novel' is taken generally to mean as different to what has gone before and original as something originating from the author. In the matter of novelty the eye has to be the ultimate arbiter and the determination has to rest on the general ocular impression. To secure recognition for its newness or originality it is imperative that a design identical with or even materially similar to the relevant design should not have been published or registered previously. A slight trivial or infinitesimal variation from a pre-existing design will not qualify it for registration taking into account the nature involved and that the change introduced should be substantial. Further, it was held that it is the duty of the court to take special care that no design shall be counted new or original, unless it is distinct from what has previously existed, is different from ordinary trade variants, which may have lost, been common matters of test or choice in that trade. It is not necessary to justify registration that the whole of the design should be new, the newness may be confined to only a part of it but that part must be a significant one and it should be potent enough to impart to the whole design a distinct identity, unless the

registration is sought for the said part alone". In *Farmer Build Ltd v Carier Bulk Materials Handling Ltd*,<sup>3</sup> Mummery LJ observed that originality for the purpose of design right means that the design for which protection is claimed must have been originated by the designer in the sense that it is not simply a copy by him of a previous design made by someone else (like a photocopy) and that where it has not been slavishly copied from another design, it must in some respects be different from other designs, so that it can be fairly and reasonably described as not commonplace. 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. Disclosure of a design shall not be deemed to be publication of design, sufficient to invalidate the copyright thereof, in the following circumstances:

- i. Proprietor disclosed the design to any other person before registration, in such circumstances as would make it contrary to good faith for that other person to disclose the design. However, that other person discloses the design in breach of good faith.
- ii. Acceptance of first and confidential order, before registration, for articles bearing a new or original textile design intended for registration.

At the same time, it is worth mentioning here that a design is not invalidated or prevented from registration during or after the period of holding of the exhibition, without the privity or consent of the proprietor:

- i. if a design or an article to which a design is applied has been exhibited in an exhibition to which the provisions of section 21 of the Designs Act, 2000 have been extended by the Central Government by notification in the official gazette; or
- ii. if a description of the design is published, during or after the period of holding of such exhibition; or
- iii. if any person exhibits the design or the article to which the design is applied or publishes a description of the design.

Where an existing design applied to an article is subsequently applied to the same article by a new method, there will be no novelty even if there is a different mode and principle of construction, but the design itself is exactly the same. In *Haji Sikander Shah v Mian Rahim Baksh*,<sup>1</sup> the court cancelled the registered design of a cap on the ground that it was the same design used long before the registration for such caps, though it was applied in a new manner. For a design to be new or original, the variation from the design previously applied must be significant, not merely small or superficial. In *Glaxo Smithkline Consumer Healthcare GmbH & Co KG v Amigo Brushes*,<sup>2</sup> the court held that in respect of a mirror claimed to be a new and or original design that addition in the shape of a mirror which were available in the market did not constitute a mirror new or original in design. It was observed that addition of a curve here or there in a shape which is well-recognized shape of an article of common use in the market cannot make it an article new or original in design. It was further observed that where the rear view mirrors available in market were rectangular in shape with rounded edges; width sides curved or sloping and the appellant who had registered his design of mirror under the Act by adding a further curve in such shape claimed his design as new and original; without endorsing the extent and nature of novelty in design; In *Glaxo Smithkline Consumer Health Care GmbH & Co KG v Anchor Health & Beautycare Pvt Ltd*,<sup>3</sup> the court observed that novelty should be capable of making a design different and distinctive at first sight of the consumer, it should be new and should not require a lot of effort to find out the novelty. The court held that it is true that even a small inventive step may create

a new design but in the case in hand the three improvements in the earlier design are neither inventive nor introduced new features in the design. The court observed that by introducing few insignificant changes in the existing design, the plaintiffs have succeeded in getting new design registered which is already in the public domain. Therefore, something which is already in the public domain cannot be a new design. Hon'ble Supreme Court of India in *Civil Appeal No. 3185 of 2008*, has held that expression, "new or original" appearing in section 4 of the designs Act means that the design which has been registered has not been published anywhere or it has been made known to the public and that it had been invented for the first time or it has not been reproduced by anyone. Burden was on the complainant to show that the design was not original or new. Said burden not discharged by the complainant as it only tried to prove on the basis of the letter of the German company that they produced the rollers and sold in market but it was nowhere mentioned that these rollers have been reproduced on the glass sheets by the German company or by any other company. Even though the proprietary right was acquired from the German company, design which is to be reproduced on glass has been registered for the first time in India and therefore is a new and original design.

### **25.5.2.1 Would publication of the design defeat the cause of novelty?**

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With reference to assessing whether publication of the design defeat the cause of novelty it has to noted that the design in order to be registered must not been published or exploited or shall be part of the existing knowledge in the society. According to Oxford dictionary "*publication*" means "making publicly known", issuing of book, engraving, music etc to the public. In order to constitute publication, a design must be either made available to the public or it is shown or disclosed to some person without any obligation to keep it secret. The court in *Joginder Singh v Tobu Enterprises Pvt Ltd*,<sup>1</sup> ordered the cancellation of two designs on the ground that prior to the date of their registration the registered proprietor of same design had manufactured and marketed a bicycle of a similar design and that, therefore, the design had been previously published in India, and was not a new or original design. If it has been pre-published, it cannot claim protection as publication before registration defeats the proprietor's rights to protect under the Designs Act, 2000. In *Texla Metals & Plastics Pvt Ltd v Anil K Bhasin*,<sup>2</sup> it held that the concept of a new or an original type of design is relatable to the publication of such a design or it availability to the public in India. The court further held that if the contention that the defendant has received brochures from Malaysia, Korea and Japan with regard to such goods, the mere receipt of such brochures would not amount to publication of such designs within India. If it has already been anticipated, it is not new or original. In *the matter of Rotela Auto Components Pvt Ltd v Jaspal Singh*,<sup>3</sup> it was held by the court that the 'word "published" used in section 19 or under section 4 of the Designs Act has not been defined under the Designs Act, 2000. It is published if a design is no longer a secret. There is publication if the design has been disclosed to the public or public has been put in possession of the design. It is sufficient, and there will be publication if the knowledge was either

1. Available to the member of the public; or
2. Actually in fact shown and disclosed to some individual member of the public who was under no obligation to keep it secret.

It is not necessary design should have been actually used. There will just as much be publication if it is shown that it was known to the public without ever having been actually put into use. Thus, publication may be of two types:

- (a) Publication in prior documents,

(b) Publication by prior user.

While, in *Venus Industries v Magppie Expots*,<sup>1</sup> the Controller held that While there is not given any specific definition of publication in the Designs Act, 2000 as well as in the old Designs Act, 1911, any design, which has been made available to any person in India who is free to use or disclose it, is treated as published. However, it has to be remembered that where the publication has been done without the notice or knowledge or permission of the author or where the publication has been done by someone who has failed to upkeep the good faith of the author, in such circumstances the publication may not defeat the cause of novelty.<sup>2</sup> In *Gopal Glass Works Ltd v Assistant. Controller of Patents and Designs*,<sup>3</sup> it was held by the court that to constitute prior disclosure by publication to destroy the novelty of the registered design, the publication would have to be in intangible form of the design applied to the same article. Prior publication of a trade catalogue, brochure, book, journal, magazine, or news paper containing photographs or explicit picture illustrations that clearly depict the application of the design on the same article with the same visual effect would be sufficient. A disclosure of a design by the proprietor to any other person in good faith is not deemed to be a publication of design sufficient to invalidate the copyrights thereof if the registration is obtained subsequently to the disclosure. The other person to whom the design has been disclosed if acts in contrary to good faith in which the design was disclosed to him and uses such design or publishes such design, such user and publication of design by the other person other than the proprietor of the design by legal fiction under section 49 is not deemed to be a publication of the design sufficient to invalidate copyrights. Section 49 thus preserve and protect the proprietor's registration in the circumstances, when the disclosure of design is made by the proprietor to any other person in good faith. Similarly, exhibition of design or the article bearing the design in any exhibition hosted by the government with the prior notice of the controller of design would also not affect the eligibility of the design in being registered.<sup>4</sup> In *Micolube India Ltd v Rakesh Kumar Trading As Saurabh*<sup>5</sup> it was presented that novelty is the prerequisite of a design and the lack of the same could well be a reason for its rejection from registration, defense in case of infringement and also ground for revocation. Therefore, from the above discussion, it could be inferred that the one claiming the proprietary rights in the design through registration and conferment of ownership aftermath should be the original producer of the design. In the sense the design must be new and original. Perhaps, the shape and configuration the prime features of the design must be new and original which have not formed part of the existing knowledge in the public domain. To a person having ordinary skill in the field of industrial design the new design should not suggest anything which is already seen or existed or even something which similar or nearly resembling.

### **25.5.3 Applicability on articles in industrial process which are made and sold separately**

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A design is something which is applied to an article. Article means any article of manufacture and any substance, artificial, or partly artificial and partly natural; and includes any part of any article capable of being made and sold separately.<sup>1</sup> In *Pugh v Riley*,<sup>2</sup> it was viewed that design must be capable of being applied to an article in such a way that the article, to which it has been applied, will show to the eye the particular shape, configuration, pattern or ornament, the conception or suggestion of which constitutes the design. In *Sifam Electrical Instrument Co Ltd v Sangamo Weston Ltd*<sup>3</sup> it was submitted in this case that the proper interpretation was "susceptible of being sold separately", but the court held that it was the actual intention at the time of registration that was important. The article in question, a face for an electric meter, was found not to be registered. The court viewed that the intention of the Act must be to grant registration only for such articles as are intended by the proprietor of the design to be

put on the market and sold separately, such as for example a hammer handle. The design of a part of an article is not registered as a design unless the part is made and sold separately as an article. The phrase, "capable of being made and sold separately" used in section 2(a) covers cases not only of an article upon which a design article can be made but also can be sold separately. Therefore, such article which is separate from other parts of goods and registered separately as a design, if intended and or desired by the proprietor of the registered article, as capable of being made and sold, is saleable in the market separately. It is necessary that the features of shape must be applied to an article and they must be applied to that article by industrial process or means if they are to constitute a design within the Act. It is required that the method of application of the design must be such as to reproduce the design upon articles on a mass scale. The article to which the design is to be applied must be something which is to be delivered to the purchaser as a finished article. It is viewed that a design applicable to a thing for its shape can only be applied to a thing by making it in that shape. The application may according to the statutory definition be on any industrial process and it must be such that in the finished article it will appeal to the eye, and is to be judged solely by the eye. Designs are not registered in abstract; they are registered as features which are applied to an article. In general, buildings and structures cannot be considered as articles within the definition of design. But portable structures which are sold as finished articles may be subject matter for registration of design. In *Walker, Hunter & Co v Falkirk Iron Co*<sup>1</sup> it was held that, where there is found printed on a piece of paper a series of lines which by themselves might be said to constitute a design, but these lines are subordinate to literary matter which predominates, the series of lines in question cannot form a valid design for registration. Since the sole function of the paper was to carry the pattern and literary matter, it was not an article. Similarly models of buildings and structures may also not be subject matter of design. In *Dover v Nurnberger*,<sup>2</sup> it was held that the design is not the article, but is the conception which is applied to the article. The design turns a chair into something more than a mere chair. It becomes a chair with a conception or suggestion about shape or configuration beyond the fundamental form of a chair. In *Collier & Cos case*<sup>3</sup> the Assistant Comptroller took the view that the design of a petrol filling station cannot be registered because the building or structure was not "an article." It was a collection of article such as windows and doors, and because the process of building was not an industrial process. The application may be done either by machinery or by hand. Article has been defined to mean:<sup>4</sup> 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. There are certain indications in the Act and the Rules that the article to which the design is to be applied must be something which is to be delivered to the purchaser as a finished article. The inclusion in the definition of article "any part of an article capable of being made under sold separately" is to prevent the registration of a part of an article which has no separate identity and which is really an integral part of an article, for example the shape of a portion of a chair leg which is really an integral portion of the chair. In *King Features Syndicate Inc & Betts v O & M Kleeman Ltd*<sup>5</sup> where comic strip drawings of "Popeye the Sailor" were held not to be themselves design capable of registration although when the features of shape and configuration depicted in the drawings were applied by industrial process to dolls and brooches a valid design could come into existence. The design of a part of an article is not registered as a design unless the part is made and sold separately as an article. The design claimed for registration shall be different from the article on which it is used. *Re Littlewoods Pools Ltd's Application*,<sup>6</sup> application was made to register a form of football coupon consisting of a rectangular sheet of paper on which a pattern was formed by straight lines, the spaces between were filled with literary matter. Wynn-Parry J in holding that the paper was not an article stated that as the function of the paper was "solely to carry the imprint of the design" and did not have any other function it was not an "article", within the meaning of the act. To be registered an article must have some function other than that of merely carrying the design. A drawing or painting on ordinary paper

or canvas are not the same as wallpaper or wrapping paper or textiles. The paper used for printing or canvas used for painting have no function other than to carry the printing or painting. Therefore, they are not registered. In *Rotela Auto Components Pvt Ltd v Jaspal Singh*,<sup>1</sup> it was held that design was a conception, suggestion or an idea of a shape and not an article. It means that the design features must be capable of having a separate existence from the article. In this context an "article" is defined<sup>2</sup> to mean; "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". In *Marico v Raj Oil*,<sup>3</sup> the court while considering the design of caps held caps to be articles as defined under the Designs Act and were "capable of being made and sold separately". In *Evered's Applications Case*,<sup>4</sup> there were two applications for the registration of the same design to be applied to the same article, one claiming novelty for the shape of one part of the article and the other claiming novelty for the shape of a different part was refused on the ground that it would amount to registration of design applicable to parts of an article which are not sold separately and therefore contrary to the provisions of the statute. The law of industrial designs confers protection on the design of the article, but not the article itself. Further, the design of a part of an article is not registered as a design unless the part is sold separately as an article. Every design applied on the articles shall be distinctive from each other

#### **25.5.4 Capable of distinguishing the goods on which it is applied**

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The design must have individuality of appearance, which makes it noticed, not merely visible. Once the design is applied on an industrial article the design must be in a position to distinguish the goods on which it is applied from that of the other goods in the market. Perhaps, the design applied on the article should not only catch the eye of the consumer but enable the consumer to distinguish the goods with the specific design from that of other goods in the market. In order to be registered the design should be substantially different from pre-existing designs applied to the particular class of article. What amounts to a substantial difference must depend on the particular facts of each case. In order to be registered the design should be different from pre-existing designs. What amounts to a substantial difference is a question upon which no general principles can be laid down at all; it must depend on the particular facts in each case. In one hand, a quite small variation in the details of a design may be enough to make the design something quite different from an existing design. A design which is not significantly distinguishable from known designs or combination of known designs is not registered. The question whether a design is significantly distinguishable from the other, is to be judged solely by the eye. It is to be seen whether appearance of one design is substantially similar to the appearance of another design or not. In *Phillips v Harbro Rubber Co*<sup>5</sup> it was viewed that it is not open to a manufacturer to bring one or more important leading features of different articles already present in a market and by registering a design incorporating merely a combination *without any mental activity* by application of mind for its production and acquire registration of design. The manufacturers who are already manufacturing those products shall be under pressure of carrying out the business for unduly registration made and be a subject of monopoly. It would be an oppressive if any mere change in the outline or pattern of such an article would justify the registration of design. It will not only hamper the business activity at large but also preclude others for making such article. Therefore, a mere arrangement of different articles cannot necessarily be a novel design capable of distinguishing with the already existing design. The distinctive means something more than an arrangement of existing things and perhaps something altogether new which could distinguish with the existing designs. While, in *Glaxo Smithkline Consumer Health Care GmbH & Co Kg v Anchor Health & Beautycare Pvt Ltd*,<sup>1</sup> the court observed: claimed design should be different and distinctive at first sight of the consumer; it should be distinctive and should not require a lot of effort to find out the distinction. In *Dart Industries Inc v Techno Plast*,<sup>2</sup> it was held that the distinctiveness of the shape of the

product-asserted to be unique or solely associated with the plaintiff has not been so pleaded and established. Whilst in the case of trade dress in the form of label or mark, distinctiveness is easily discernable, in the case of shape based trade dress, the plaintiff has to necessarily show that the get up of the product or has an integral association only with it. Thus, for a design to be significantly distinguishable from known designs or combination of known designs there should be significant variations in it, but not merely small or superficial variation. Perhaps, it is this ability of the design, which could be considered as the utility of the design in terms of viability and reason for having a design applied on goods of industrial manufacture and making. The essential requirement before a shape can be registered as a design is that it should be have eye appeal and the eye is that of the prospective customer and the appeal is that created by the distinctiveness of shape, pattern or ornamentation of the design calculated to influence the customer's choice. There is nexus between the requirement of novelty and the distinctiveness with reference to the characteristics of industrial design. A design which is different from the existing designs or a design which can distinguish the claimed design from the other designs is considered as new and original. On the same lines a design which is new, which is not known earlier or not forming part of the public domain is considered as a distinctive design.

### **25.5.5 Design is not prohibited otherwise**

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The Designs Act prohibits the registration of a design which comprises or contains scandalous or obscene matter.<sup>3</sup> Any kind of matter which indecent or defamatory to any person or company or institution or faith in general such designs are excluded from registration. It has to be noted that if there is any such design which is portraying anything which is obscene or scandalous it cannot be registered irrespective of the fact whether it is satisfying the other conditions such as novelty, distinctiveness etc., Further according to the Designs Act,<sup>1</sup> the Controller may refuse to register a design, if he is of the opinion that its use would be contrary to public order or morality. Where Controller has made such a refusal, an appeal shall lie to the high court from his order. A design which is similar to or is a colorable imitation of some official seal or emblem mentioned under the Emblems and Names Act<sup>2</sup> cannot be registered as a design. Similarly there are certain designs which have been excluded from registration under the Designs Act. They are

- (a) Works of sculpture, other than casts or models used or intended to be used as models or patterns to be multiplied by any industrial process.
- (b) Wall plaques, medals and medallions.
- (c) Printed matter primarily of a literary or artistic character, including book jackets, calendars, certificates, coupons, dress making patterns, greeting cards, labels, leaflets, maps, plans, playing cards, post cards, stamps, transfers and similar articles.
- (d) Trademarks, trade advertisements, trade forms and trade cards.

The definition of artistic work has a very wide connotation as it is not circumscribed by any limitation of the work possessing any artistic quality. Even an abstract work, such as a few lines or curves arbitrarily drawn would qualify as an artistic work. It may be two dimensional or three dimensional. The artistic work may or may not have visual appeal. The rights to which a holder of an original artistic work is entitled are enumerated in section 14(c) of the Copyright Act. It is the exclusive right of the holder of a Copyright in an original artistic work to reproduce the work in any material form. For example, a drawing of an imaginary futuristic automobile, which is an original artistic work, may be reproduced in the three-dimensional material from using an element, such as a metal sheet. The design protection in case of registered works

under the Designs Act cannot be extended to include the copyright protection to the works which were industrially produced. A perusal of the Copyright Act and the Designs Act and indeed the Preamble and the Statement of Objects and Reasons of the Designs Act makes it clear that the legislative intent was to grant a higher protection to pure original artistic works such as paintings, sculptures etc and lesser protection to design activity which is commercial in nature. The legislative intent is, thus, clear that the protection accorded to a work which is commercial in nature is lesser than and not to be equated with the protection granted to a work of pure art. The original paintings/artistic works which may be used to industrially produce the designed article would continue to fall within the meaning of the artistic work defined under section 2(c) of the Copyright Act, 1957 and would be entitled to the full period of copyright protection as evident from the definition of the design under section 2(d) of the Designs Act. However, the intention of producing the artistic work is not relevant. This is precisely why the legislature not only limited the protection by mandating that the copyright shall cease under the Copyright Act in a registered design but in addition, also deprived copyright protection to designs capable of being registered under the Designs Act, but not so registered, as soon as the concerned design had been applied more than 50 times by industrial process by the owner of the copyright or his licensee. In the original work of art, copyright would exist and the author/holder would continue enjoying the longer protection granted under the Copyright Act in respect of the original artistic work *per se*. If the design is registered under the Designs Act, the design would lose its copyright protection under the Copyright Act. If it is a design registered under the Designs Act but has not so been registered, the design would continue to enjoy copyright protection under the Act so long as the threshold limit of its application on an article by an industrial process for more than 50 times is reached. But once that limit is crossed, it would lose its copyright protection under the Copyright Act. This interpretation would harmonize the Copyright and the Designs Act in accordance with the legislative intent. Mere Mechanical contrivance does not qualify for design registration. In *Glaxo Smithkline CH GmbH & Co v Anchor Health & Beautycare Pvt Ltd*,<sup>1</sup> the subject of design pertained to design of tooth brush. The purported novelty resided in the zig zag S bend of the tooth brush. The court was of the view that zig zag S bend was a utilitarian and functional part, regarding which the plain tips had even obtained a patent on the ground that the zig zag S bend introduces mere flexibility in the tooth brush. By merely putting rubber cushion in the gaps these part does not become a design so as to preclude others from using it. This rubber cushions may enhance the flexibility and as such as utilitarian components. The handle also is a utilitarian part and introduction of certain patches thereon does not introduce any design therein. Accordingly the court ruled that a mere mechanical contrivance does not make it a new design and the same cannot be claimed for registration. However in *Cow & Co Ltd v Cannon Rubber Manufacturers Ltd*,<sup>2</sup> it was viewed that; if the design is not an essentially a mechanical contrivance but also if meets the criterion for registration it may qualify for registration. While in *Ampro Food Products v Ashok Biscuit Works*,<sup>3</sup> it was held that a design is different from a trade mark. A design is necessarily part and parcel of the article manufactured while a trade mark is not necessarily so. Therefore, design does not include trade mark and as such trademarks cannot be conferred registration as a design.

<sup>4</sup> In accordance with the features of independent creation, novelty, or originality under Article 25.1 of the TRIPS agreement.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 110.

<sup>2</sup> Sreenivasulu NS and Sowmya MS, *The Law on industrial designs in India, The Journal of World Intellectual Property Rights*, Jan-Dec 2007, Vol 3, Pt 1-1, p 250.

<sup>3</sup> (1972) RPC 103 (p 107).

<sup>1</sup> (1978) RPC 473.



- 2 (1982) RPC 166.
- 3 (1974) RPC 429.
- 4 (1982) RPC 173.
- 1 2000 PTC 177.
- 2 (1896) 13 RPC 351 at Page 362, (Lopes LJ).
- 3 AIR 1919 Cal 887.
- 1 (1972) RPC 103, p 107.
- 2 ILR 1978 (I) Del.
- 3 (1998) EWCA Civ 1900.
- 1 AIR 2008 SC 2520: (2008) 10 SCC 657.
- 2 2004 (28) PTC 1 Del.
- 3 (2004) 29 PTC 72 Del.
- 1 AIR 1989 Del 81.
- 2 2001 PTC 146 Del.
- 3 2002 (24) PTC 449 (Del).
- 1 2003 (26) PTC 312 (PO).
- 2 Section 16 of the Act.
- 3 2006 (33) PTC 434 (Cal).
- 4 Section 21 of the Act.
- 5 MIPR 2012 (2) 200: 198 (2013) DLT 120.
- 1 Section 2(a) of the Act.
- 2 (1912) RPC 196.
- 3 (1973) RPC 899 (909).
- 1 (1887) 4 RPC 390.
- 2 (1910) 27 RPC 498.
- 3 (1937) 54 RPC 253.
- 4 Section 2(a) of the Act.
- 5 (1941) 48 RPC 207 (222).
- 6 (1949) 66 RPC 309.
- 1 2002 (24) PTC 449 Del.
- 2 Section 2(a) of the Design Act.
- 3 AIR 2008 Bom 111: 2008 (110) Bom LR 638.
- 4 (1961) RPC 105.
- 5 (1919) 36 RPC 79 (85) (CA).
- 1 (2004) 29 PTC 72 Del.
- 2 MIPR 2016 (3) 293: 233 (2016) DLT 1.
- 3 Section 4 of the Act.
- 1 Section 35 of the Act.
- 2 Emblems and Names (Prevention of Improper Use) Act, 1950.
- 1 2004 (29) PTC 72 (Del).
- 2 (1959) RPC 240 (347).
- 3 AIR 1973 AP 71.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.6 Functional and non functional features**

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The mere coincidence of eye appeal with functional efficiency will not confer the right to protection if every feature of the design is dictated by the function which the article has to perform. Any feature which went beyond what has been dictated solely by the function and provide eye appeal would entitle the shape as a whole to protection. In *Kestos Ltd v Kempat Ltd & Kemp*,<sup>4</sup> it was observed that in cases where the designer has no option but to design an article in a particular shape because of the function it has to perform and if the function required the article to be made in one shape only, then and only then only it can be said that its features dictated by solely by function". In *Escorts Construction Equipment Ltd v Action construction Equipment Pvt Ltd*,<sup>1</sup> the court ruled that the primary object the Act is to protect shape and not the function or functional shape. The expression design doesn't include a method or principle of construction or features of shape or configuration which is dictated solely by the function which the article to be made in that shape or configuration has to perform. . In addition to the industrial drawing of the entire crane, the plaintiff also claimed copyright in the following key components:

- (i) The boom and slider assembly,
- (ii) The lower structure assembly,
- (iii) The main frame axle assembly,
- (iv) The differential housing etc.

The court observed that the aforesaid parts of the crane are made in a particular shape so as to interrelate with others mechanically. These parts of the crane are not made to appeal to the eye but solely to make the crane work or function. Most of the key components or parts, unseen in the crane for which they are required, had only to pass the test of being able to perform their function. They would be judged by performance and not by appearance. Consequently the aforesaid key components or parts are incapable of being registered as designs. However in *Cow & Co Ltd v Cannon Rubber Manufacturers Ltd*,<sup>2</sup> it was viewed that if the design meets the criterion for registration apart from its functionality, it may qualify for registration. A design should not be judged by any other consideration except by its appeal to the eye. If it is purely functional, the same cannot be protected as a design under the Act. It may be possible to get protection for it as an invention under the Patent Act. However, there may be cases where the design is partly functional and partly appealing to the eye. The statute applies to all such designs as are within it, whether they add to the utility of the articles to which they are applied or not. The question of utility of the design in terms of its function is wholly immaterial under the Act. This appears plain from its language and the approach taken by authorities.

The only protection given by the registration under the designs Act is for the particular form of the article shown in the design registered. Moreover, the particular form must possess some features beyond those necessary to enable the article to fulfill the particular purpose, but the fact that some advantage is derived from the adaptation of a particular shape does not exclude it from registration as a design. In *Amp v Utilux*,<sup>3</sup> it was held that where a design would perform a particular function, but where the designer has also added some features of shape that appeal to the eye and was

additional to or supplementary to the function the design may be registered. Thus the fact that the article with the design is patentable is no bar for registration as a design if it also appeals to the eye. If the patent is first and patented article is published to the world, a design of that article cannot afterwards be held novel, so as to justify a subsequent application for registration under the Designs Act. If the design of the article was first registered and published, there could not be subsequent patent merely for that article without any substantial alteration; but in some circumstances the two rights may co-exist. Where there is first the provisional specification and no publication of the patented article before registration of the design of the article and that is followed by the complete specification. Under such circumstances the two rights being not necessarily the same may exist together, though, to a certain extent they may overlap and interfere the one with the other; but the difficulty is met by saying that the right, second in point of time, must be held subject to the first right.

4 (1972) RPC 103.

1 1999 PTC 36 (Del) 39 (40, 48).

2 (1959) RPC 240 (347).

3 (1972) RPC 103.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.7 Textile designs and significance of colour**

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The colour may form an element in a design, color or coloring as such does not constitute design, *i.e.*, unless the change of colour creates a new pattern or ornament, registration will be refused. To put it otherwise it would not only be going beyond the definition of "design" under the Act but would make it practically impossible to secure effective protection for a design consisting of a pattern of color. The designer will have to affect registrations in respect of his pattern in all possible combinations of colours; otherwise his rivals in trade would be able with impunity to apply his pattern in colours other than those shown in his single registration and even obtain registration of the pattern in such colours. In *Associated Colour Printers Application Case*<sup>1</sup> it was held that, designs to be applied to textile fabrics or wall paper hangings, although shown in colours, are not registered in respect of the particular colours shown nor they limited to such colours. They are registered for the pattern which is independent of the colours used, and it is a common practice in the textile and wall paper trade to print the same design in varying sets of colours. A design consisting of a striped pattern remains the same design in whatever colours the stripes are shown.

In *Cook & Hurst's Design Application Case*<sup>2</sup> a design in respect of football shirt of a conventional shape but had red and blue bands running around the collar, two similar but broader bands running from the collar, over the shoulder down the arm to the cuff and three alternating red and blue bands around the cuff was refused by the Registrar. But on appeal allowed to proceed subject to the statement of novelty being limited in the sense that novelty should be claimed in the features of the pattern or ornament consisting in the particular strips of colour applied to the article in the manner shown in the representation, and subject to the condition that the design should be limited to football shirts. As far as cloths, fabrics or textile designs are concerned two kinds of designs are conceivable in textiles or clothes, namely, a drawing applied on any garment and the shape/design of the clothes. An example of the first kind of design is a T-shirt which bears the words, "I love Mumbai" printed on the front. In this case, the designer would get the drawing design for the words, "I love Mumbai" printed in a particular manner using a unique combination of words, colours and figures under the Designs Act.<sup>1</sup>

The second kind of design refers to the design of the clothes itself and includes elements such as the shape of the garment, the style in which it has been cut and tailored, and the fabric of the garment. The shape of the T-shirt may be commonplace such as a typical round neck half sleeve T-shirt. For instance, skirts designed by Rohit Bal which are given textile design protection do not have any "drawing" element but it is the skirts itself in its overall outlook, style and pattern is given protection. Anybody who copies the style of the skirts would be fraudulently imitating Rohit Bal's skirts.<sup>2</sup> Further, traditional Kerala Kasavu sari is a hand woven cream sari with a golden border, worn traditionally by women in Kerala. In designer Kerala Kasavu saris, the basic design remains the same and the creativity of the designer lie in the design of the blouse or any print added to the sari. Now the question arises whether the improvisation of an existing design becomes eligible for protection as a new textile design? In the absence of a landmark judgment in India on the issue of design piracy involving designer clothes, it is best to assume that only obvious/identical imitations or imitations with minor differences (such as colour) would be considered design piracy. While, it is viewed that a registered design is one which is new and its features are applied to an

article and whose appearance is material. The Act aims at protecting the designs which serve the purpose of visual appeal. The appeal of the design is solely judged by the eye of the consumer.<sup>3</sup> The registration cannot be deemed to be effective unless the design sought to be protected is new and original. The design should not be the same as any design published or registered.

<sup>1</sup> (1937) 54 RPC 203.

<sup>2</sup> (1979) RPC 197.

<sup>1</sup> Devika Agarwal, India lacks landmark judgments on design piracy, only identical imitations attract copyright infringement. Full text of the write up is available at <http://www.firstpost.com/india/india-lacks-landmark-judgments-on-design-piracy-only-identical-imitations-attract-copyright-infringement-3979727.html> (last accessed in Jan 2018).

<sup>2</sup> <https://timesofindia.indiatimes.com/city/delhi/anju-modi-anita-dongre-patent-their-collections-lawyer-says-designers-are-finally-becoming-aware-of-copyright-laws/articleshow/59881709.cms> (last accessed in Jan 2018).

<sup>3</sup> Comments made by House of Lords regarding to the definition of Design in *AMP Incorporate v Utilux Property Ltd*, (1972) RPC 103; See *Samsonite Corp v Vijay Sales*, (1998) 73 DLT 732; 1998 (3) Raj 70 (Del).

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.8 Registration of designs**

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A person claiming to be the proprietor of a design<sup>4</sup> or the person who is proposed to use it always desires to register it. The person claiming to be the proprietor of the design or a proposed user has to file an application for registration before the controller-general of designs.<sup>5</sup> A proprietor<sup>6</sup> of design could be any one of the following persons:

1. 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.
2. 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.
3. 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.

The proprietor of design has to file an application for registration of design with the Controller General of Designs. Here, Controller means the Controller General<sup>1</sup> of Patents, Designs and Trade Marks referred to in section 3(1) of the Designs Act, 2000. Controller shall be construed as including a reference to any officer discharging the functions of Controller in pursuance of section 3(3). The Designs Practice manual as published by the Controller of Patents, Trademarks and Designs in February 2011<sup>2</sup> talks about the exact procedure for dealing with the designs application and the process of granting the registration. The Manual is based on the provisions of Designs Act, 2000 and the Designs Rules, 2001 as amended in 2008. The sequence of events from filing of application to registration and post registration procedures has been enlisted by the manual. Reference to sections and rules has been made in the right hand column. Complete automation of the Designs Controller Office is in progress and the entire process will be made fully e-enabled which is currently under the process, which will result in provision of online availability of the status of application, Register of Designs and file documents. Further E-filing of Design Applications and further documents which has been introduced by the controller finds a mention. The manual is intended to provide detailed information to the public and users of Design Registration System on the practice and procedures followed by Designs Controller Office, for processing of Design Applications and other related procedures. The primary objective of this manual is to streamline the procedure in the Designs Controllers Office and to make the system more transparent and efficient. It is observed that 90% of the applications are objected to at the time of examination based on formality issues only. Very few applications are objected on substantive grounds such as novelty and originality. Such formality objections and their compliance take at least 4-5 months, resulting in delay in disposal of the application. Such faulty filing may be due to lack of proper understanding of the filing procedure, as required under the Law. This manual is expected to bring in the required understanding of filing procedure among the stakeholders. The Design Controller Office intends to register a properly filed design application within a period of three months from the date of filing, starting April 2011. 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 sensitize the stakeholders about the simple registration procedure along with the benefits of registration. Some of the key contents of the manual are as follows:

1. Chapter 2 deals with some of the Key definitions.
2. Chapters 3 to 5 explain the procedure for filing of Design Applications, examination, registration and publication of design in the Patent Office Journal.
3. Chapter 6 to 8 explain the rights of the proprietor, extension of copyright, restoration of design, transfer of copyright, and post grant procedures such as cancellation and rectification.
4. Chapter 9 explains the general services provided by the Designs Wing.
5. Chapter 10 explains the provisions relating to use and acquisition of registered designs by Government.
6. Chapters 11 and 12 explain the powers and duties of Controller and the procedures regulating Evidence.
7. Chapter 13 explains the provisions relating to restrictive conditions in contract.
8. Chapter 14 & 15 explains the provisions relating to appeals & requirements before delivery on sales.
9. Chapter 16 provides the timelines prescribed under the Designs Act and Rules.

The Manual will bring a level of awareness, both among officers and the applicants, as regards the correct procedure involved in the prosecution of design applications, which will reduce the current delay in registration. The Designs Act and Rules provide for filing of a design application in any of the four Designs cum Patent Office's *i.e.*, at Delhi, Mumbai, Chennai or Kolkata. However, the prosecution of a design application is done only at Designs cum Patent Office, Kolkata. Applications could be generally of two types: ordinary application and reciprocity application. An ordinary application does not claim priority. A reciprocity application claims priority of an application filed previously in a convention country. Such an application shall be filed in India in accordance with the Designs Act, 2000, the rules made there under as stand amended latest in 2008 read with the Designs manual as published in 2011. The application claiming the registration of a novel design has to be made in the prescribed form, (as prescribed in the design rules) and is to be accompanied by the prescribed fee.<sup>1</sup> (as prescribed in the design rules) The application shall contain the following details:<sup>2</sup>

1. Name, addresses and details of the applicant.
2. In the application, proprietor of design shall state the class in which the design is to be registered<sup>3</sup> and shall also file a brief statement about the novelty of the design.
3. It shall be accompanied by four copies of the representation of the design and the application and each of copy of the representation of the design shall be dated and signed by the applicant or has agent.
4. A brief statement of the novelty of the claimed design.
5. If the design is desired to register the same design in more than one class of article, a separate application shall be made in each class of article and the application shall contain the number of numbers of registration or registrations already effect.

Application filed for registration must be accompanied by a representation of design *i.e.*, something in the nature of a drawing or tracing. It is most important part of the design registration. This is a visual depiction of the design which helps to define the scope of protection. The representation sheet of an article needs to be prepared diligently and shall be filed along with the application, in duplicate. In *Pugh v Riley*,<sup>4</sup> while emphasizing the fact that a design necessarily requires something in the nature of a drawing or tracing the court viewed that a design to be registered under the Act must be some conception or suggestion as to shape, configuration, pattern, or ornament. It must be capable of being applied to an article in such a way that the article, to which it has been applied, will show to the eye the particular shape, configuration, pattern or ornament, the conception or suggestion of which constitutes the design. The representation shall enable the conception or suggestion constituting the design to be imparted to others. In fact, persons looking at the drawing ought to be able to form a mental picture of the shape, configuration, pattern, or ornament of the article to which the design has been applied. The Designs Rules require that four copies of the representation shall be filed along with the application. However, as the records are digitized and processed electronically, two copies of the representation shall suffice. Representation means the exact representation of the article on registration is sought. Representations shall be prepared in one format only *e.g.*, drawings, graphics or photographs etc and it shall be exactly similar drawings, photographs, and tracings including computer graphics or specimens of the design. A representation<sup>5</sup> may contain more than one page comprising the following:

1. A specimen of the article to be submitted at the time of examination, in rare cases.
2. Photographs of the design 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.<sup>1</sup>
3. 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.
4. 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.
5. 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.
6. A statement of novelty and disclaimer (if any) in respect of mechanical action, trademark, word, letter, numerals should be endorsed on each representation sheet. For specimen statements please see Annexure II. 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 centimetres by 10.00 centimetres in size.
7. The name of applicant shall be mentioned in left hand top corner of the representation sheet. Total number of sheets and sheet number shall be mentioned in the right hand top corner of the representation sheet in Arabic numerals.
8. The representation sheet shall be signed and dated by the applicant/agent.
9. No descriptive matter or matter denoting the components by reference



letters/numerals shall be included and no sectional views shall be incorporated in the representation sheet.<sup>2</sup>

10. 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.
11. 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. Non inclusion of this disclaimer will result in an office objection and resultant delay. For specimen disclaimer statement please see Annexure II.
12. 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.
13. Dotted lines may be used in representation to indicate those elements of the article for which no protection is sought. Dotted lines identify elements which are not part of the claimed design. In such a case, features of design for which protection is sought must be shown in solid lines in the drawing. For instance, an ornamentation or surface pattern on an article can be registered. In such a case, the representation shall contain a solid line drawing for the claimed ornamentation or surface pattern, and dotted line for rest of the article.<sup>1</sup>
14. 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. An error in mentioning the article correctly may result in office objection with resultant delay of 2-3 months.
15. When color combination is the essence of a design as applied to an article, the same shall be clearly depicted in the representation. Coloring may be used, on a black and white drawing, to highlight only those features of the design for which protection is sought. In such cases, it shall be clearly indicated in the novelty statement that the claim is restricted only to the portions depicted by coloring and the colors so given are not part of the design.

The applicant shall bear in mind the requirements of an Examiner to visualize the design and distinguish the same from any probable prior art. The number of views required in a representation sheet may be decided in light of this requirement. If the above said requirements are fulfilled and the Controller<sup>2</sup> 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. For the purpose of application for registration the goods are classified into 31 classes mentioned in third schedule of the Designs Rules. The classification of articles under The Third Schedule of the Design Rules, 2001 is based on the International Classification of Industrial Designs according to the Locarno Agreement. However, it is worth mentioning over here that India is not a signatory to the agreement, but it does not prevent from following the classification of designs under the agreement. An application should be confined to one class only. 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. Failure to disclose such information may result in an office objection or litigation at a later stage. Where registration is required in more than one class separate application should be filed for each class. In *Pearson v Morris Wilkinson*,<sup>1</sup> it was held that, If the owner of the design wants to protect both shape and pattern separately he should take two registrations, one for shape and the other for the

pattern. The Controller-General,<sup>2</sup> shall examine the application of design and determine whether design is capable of being registered under the Act. There are certain designs which are prohibited from registration under the Act. The following works cannot be registered as valid designs under the Act:

- (a) Artistic work, as defined in section 2(c) of the Copyrights Act, 1957
- (b) 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.
- (c) Any work of architecture *i.e.*, any building or structure having an artistic character or design or any model for such building or structure.
- (d) Any work of artistic craftsmanship.
- (e) Trademark.<sup>3</sup>
- (f) Property mark.<sup>4</sup>
- (g) Book jackets, calendars, certificates, forms and documents.
- (h) Dress making patterns, greeting cards, leaflets, maps and plan cards.
- (i) Post cards, stamps and medals.
- (j) Labels, tokens, cards, cartons and cartoons.

Once the application is filed claiming a design which is not part of the above list of designs which cannot be registered as valid designs under the Act, the application would be scrutinized and processed by the controller's office. While processing the application for registration, the Controller-General is empowered to refuse the application on the satisfaction that the design cannot be registered. There are various grounds on which Controller can validly refuse registration for the claimed design. In general following are the grounds on which application for registration of designs are often refused:

1. The design does not appeal to the eye;
2. It cannot be applied on industrial articles;
3. The proposed design is previously published in India or other country and;
4. It is contrary to the public order or morality;
5. Design is not novel or original;
6. It is not distinctive;
7. Design contains material which is obscene or scandalous;
8. Claimed design is ambiguous;
9. The claimed design cannot be registered under the Act;
10. Design is contrary to the provisions of the Act.

The applicant, whose application for registration is refused by the controller, for the above said reasons, may make an appeal to the IPR appellate Board and whose decision on the matter is Final. However, there could be further appeal to the High Court and from there to the Supreme Court on the matter. In *Pearson v Morris Wilkinson*,<sup>1</sup> it was held that, where a design includes both shape and pattern and no

claim or statement of novelty is made the registration would cover the whole of the design and no exclusive right could be claimed either to the shape or pattern separately, Accordingly any rejection of the designs application by the controller on such ground of lack of novelty was justified. Further, In *Evered's Applications Case*,<sup>2</sup> there were two applications for the registration of the same design to be applied to the same article, one claiming novelty for the shape of one part of the article and the other claiming novelty for the shape of a different part was refused on the ground that it would amount to registration of design applicable to parts of an article which are not sold separately and therefore contrary to the provisions of the statute. When the controller is satisfied after all the examination, that the design is new and original, and not previously existed one, he shall accept the registration of the design and makes the entry of the same in the Register of Design<sup>3</sup> The Controller, as per the Act, shall give the Number to the design and specify the class in which it is registered and also the date of filing the application for registration and the date of registration of design and such other matter, which could affect the validity of the proprietorship of a design. The Register of design is also maintained wholly and partly on Computer, under floppies or discs, which shall be under the control of the controller.<sup>4</sup> 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.

<sup>4</sup> Section 2(j) of The Designs Act defines "Proprietor of Design".

<sup>5</sup> Section 5(i) The Designs Act of India, 2000 Under the Act there is no express bar on foreigners from applying for registration.

<sup>6</sup> Section 2(j) of the Act.

<sup>1</sup> The Controller General of Patents, Designs and Trademarks is appointed by the Government of India under section 3 of the Trademarks Act, 1999. The person so appointed is the Controller of Designs for the purposes of Designs Act, 2000. The Central Government may also appoint other officers who discharge, under the superintendence and directions of the Controller General of Patents, Designs and Trademarks, such functions of the Controller under this Act as he may authorize in writing, from time to time by general or special order.

<sup>2</sup> The Draft Designs Practice Manual was published in the official website of the Controller of Patents, Trademarks and Designs, on 15 February 2011.

<sup>1</sup> Refer the Designs rules and manual as updated for exact amount of fees and the latest format of the application.

<sup>2</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 111.

<sup>3</sup> The Design Act of 2000 lays down 31 classes plus 99 goods to which Ornamental Design etc., which are capable of being registered.

<sup>4</sup> (1912) RPC 196.

<sup>5</sup> The Design Rules as amended 2008.

<sup>1</sup> The Design Manual, 2011.

<sup>2</sup> The Design Rules as amended in 2008.

<sup>1</sup> The Designs Manual, 2011.

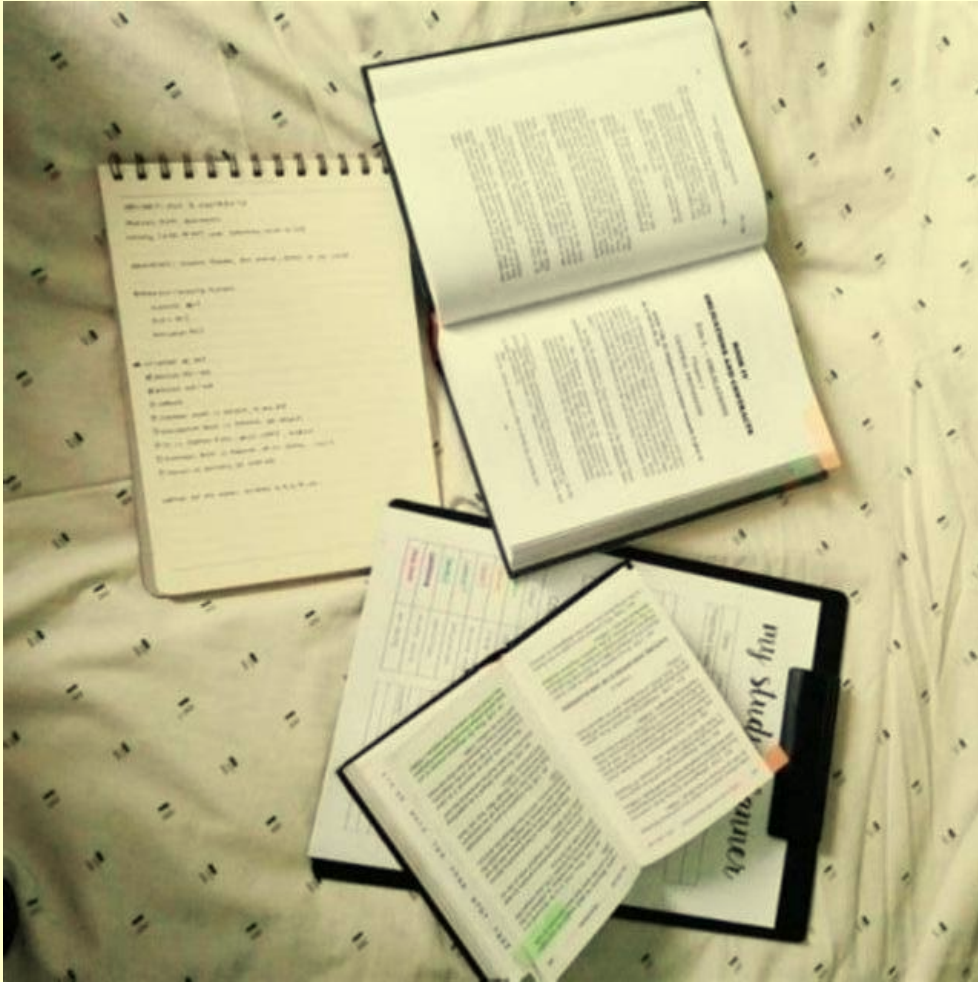
<sup>2</sup> Sreenivasulu NS and Sowmya MS, *The Law on industrial designs in India*, *The Journal of World Intellectual Property Rights*, Jan-Dec 2007, Vol 3, Pt 1-1, p 251.

<sup>1</sup> (1906) 23 RPC 738.

<sup>2</sup> Section 2(b) of the Design Act, 2000 which defines "Controller".

<sup>3</sup> As defined in section 2(zb) of the Trademarks Act, 1999.

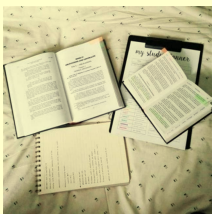
- 4 As defined in section 479 of the Indian Penal Code, 1860.
- 1 (1906) 23 RPC 738.
- 2 (1961) RPC 105.
- 3 The Register of Design is a book which is kept at the Patent Office, wherein the entries of Names and Addresses of the Proprietor of Registered Design are made under.
- 4 The information maintained in the floppies and discs shall be used in case of any dispute or doubt with regard to the information of design and back file shall be the Final.



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## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.9 Certificate of registration and publication**

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The Controller on the satisfaction that the applicant has fulfilled all the prescribed requirements would register the design. Registration of a design shall be advertised in the Official Gazette. The designs shall be published in the official journal of the patents, trademark and designs office. Design and Patent Office Journal is published on every Friday and contains the following matters on designs:

- a. Public notice, if any.
- b. Registered designs.
  - i. Registration number.
  - ii. Date of filing.
  - iii. Name of article.
  - iv. Class of the article.
  - v. Name and address of the registered proprietor.
  - vi. Priority details like priority date and country.
  - vii. Best view(s) of the article from the representation.
- c. Renewal of designs (only registration number).
- d. Restored Designs.
- e. Assignments/licenses/Mortgage registration.
- f. Matters relating to rectification.
- g. Matters relating to cancellation.

The purpose of advertisement and publication<sup>1</sup> of registration is to let the general public know that the proprietor of design claims that his design is new and original<sup>2</sup> and to invite objections if any from any interested person/s who could validly oppose the proprietors claim. The Controller, on any objection failed or appeared shall communicate the statement of objection to the proprietor of design or to his agent. The proprietor or his agent as the case may be, has to remove the objection within a month of communication of the objection; otherwise application for registration shall deem to be abandoned. It is left to the proprietor of design to disprove the objection made and to prove that the designs are new and original. After the clearance of all the claims, if the Controller is satisfied he would register the design and shall grants the certificate<sup>3</sup> of registration to the proprietor of the design. All the registered designs are entered in the Register of Designs maintained at Designs and Patent Office, Kolkata. The register is available to public for inspection. The Register contains the following details:

- i. names(s) and address(s) of proprietor(s) of registered designs;
- ii. registration number;

- iii. class;
- iv. date of filing in India and date of filing in Convention Country (if any);
- v. renewal of copyright;
- vi. assignments and of transmissions of registered designs;
- vii. Any other matter which would affect the validity or proprietorship of the design.

In case of loss of original certificate, the proprietor of design shall make an application to the controller for a duplicate certificate. The Controller shall thereupon grant them a new certificate. In this regard the Controller may seek more information from the applicant and such other evidence as he thinks fit. The registered design gives protection to the owner of the design for the period of ten years, which is renewable for another five years. The registration of a design confers on the registered proprietor, copyright in the design for a period of ten years from the date of registration. If, before that expiration of the said ten years, applications for the extension of the period of copyright are made to the Controller, the Controller shall to extend the period of copyright for a second period of five years from the expiration of the original period of ten years. The Officers functioning under the Act have been vested with statutory powers. They also have some discretionary powers under the Act which are to be exercised judiciously. The controller is supposed to take a judicious decision based on the Act, Rules and with due consideration of the precedents set forth in the past.

However, as far as procedure is concerned, the procedure set forth in the designs manual could be followed. The total duration of copyright in design shall not exceed fifteen years. After fifteen years, the design will fall in public domain, and will become public property. Prior to the coming into being of the TRIPS agreement the term or duration of the monopoly over a registered design was not uniform among the countries and there were different durations of protection offered by the countries. However, the TRIPS agreement has uniformly fixed the term of the protection of a registered design as ten years. The Indian Designs Act, 2000 contemplates the same while extending protection to the registered designs for a period of ten years. Protection is granted only after examination of its novelty, distinctness, appeal to the eye and capability of being applied to industrial articles.<sup>1</sup> Registration of design excludes all persons from using the design including the Government except its registered owner. All the others including the Government are bound to honor the copyright in the design. However, it can use the design or acquire it or even prohibit a person from misusing it under certain circumstances.<sup>2</sup>

<sup>1</sup> Sreenivasulu NS and Sowmya MS, *The Law on industrial designs in India, The Journal of World Intellectual Property Rights*, Jan-Dec 2007, Vol 3, Pt 1-1, p 251.

<sup>2</sup> "Original" in relation to a design, means originating from the author of such design and includes the cases which though old in themselves, yet are New in their application.

<sup>3</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 113.

<sup>1</sup> Article 26.3 TRIPS agreement, See also *Dover Ltd v Nummerger*, celluloid.

<sup>2</sup> Section 20 of The Designs Act of India 2000.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.10 Cancellation of registration**

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A registered design could be cancelled by the controller on the satisfaction of the establishment of certain facts. Any person interested may make a petition to the controller for the cancellation of registration of design on the following grounds:

1. The design has been previously registered in India.<sup>3</sup>
2. The design has been published in India prior to the date of registration.<sup>1</sup>
3. The design is not new or original<sup>2</sup>
4. The design is not registrable under the design Act<sup>3</sup>
5. It is not a design, as defined under the Act.<sup>4</sup>

While talking about the authority before whom cancellation petition shall be filed in *Giridhari Lal v K Gain Chand Jain and Co*, it was viewed that a petition may be presented to the High Court, without any limitation of time,<sup>5</sup> or where the cancellation is sought on the first two grounds, it may be presented to the Controller, within a Year from the date of registration. The Controller enjoys discretionary power under the Act with regard to the registration and cancellation of designs. The discretionary power given to the Controller under the Act shall not be adversely exercised by him, without giving the proprietor of the registered design an opportunity of being heard. In any proceedings before the Controller under this Act, the Controller has the powers of a civil court for the purpose of:

1. Receiving evidence;
2. Administering oaths;
3. Enforcing the attendance of witnesses;
4. Proceedings compelling the discovery and production of documents;
5. Issuing commissions for the examining of witnesses; and
6. Awarding costs, such award being executable as a decree of a Civil Court.

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. The fact of filing of a petition for cancellation of registration of a design is published in the Official Journal. On receipt of a petition for cancellation,<sup>6</sup> the Controller shall send a copy of the petition along with statement and evidence to the registered proprietor at the earliest. 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. 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.

No further evidence shall be delivered by either party, except with the leave or direction of Controller. 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. 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. 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. The Controller may refuse to hear any party which has not given such notice and fee. 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. 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. Subsequent entries, if necessary, shall be made in the Register of Designs. The eye being the sole judge to decide the credibility of the design if it is established there is no difference in shape, configuration, pattern or ornament in the registered design from the previously existing one the registration could be cancelled. In *Glaxo Smithkline Consumer Healthcare GmbH & Co KG v Amigo Brushes*,<sup>1</sup> on application for cancellation of registration by respondent it was held that design made by the appellant was devoid of newness and equally devoid of originality. The court held that in respect of a mirror claimed to be a new and or original design that addition in the shape of a mirror which were available in the market did not constitute a mirror new or original in design. It was observed that addition of a curve here or there in a shape which is well-recognized shape of an article of common use in the market cannot make it an article new or original in design. It was further observed that where the rear view mirrors available in market were rectangular in shape with rounded edges; width sides curved or sloping and the appellant who had registered his design of mirror under the Act by adding a further curve in such shape claimed his design as new and original; without endorsing the extent and nature of novelty in design. Accordingly the registered design was cancelled. In *Western Engineering Co v Paul Engineering Co*,<sup>2</sup> the petitioner succeeded in getting the respondent's registered design for a cycle lock cancelled on the grounds that the design had been previously published, and that the design was not new or original. Though there were some differences between the two designs, the court, however, was of the opinion that those were not significant having regard to the substantial similarities between the two. The court in *Joginder Singh v Tobu Enterprises Pvt Ltd*,<sup>1</sup> ordered the cancellation of two designs on the ground that prior to the date of their registration the registered proprietor of same design had manufactured and marketed a bicycle of a similar design and that, therefore, the design had been previously published in India, and was not a new or original design. Further, in *Haji Sayed Sikander Shah Sayed Habib Shah v Mian Rahim Baksh Mian Fakir Mohd*,<sup>2</sup> the court ordered a registered design to be cancelled on the ground that a design which was already well-known, did not become new or original by being applied to the same article by a new method.

<sup>3</sup> *Ampro Food Products v Ashok Biscuits Works*, AIR 1973 AP 17.

<sup>1</sup> *National Trading Co v Monica Chawla*, AIR 1994 Del 309 and also see, *JG Vaccum Flask Ltd v Eagle Flask Pvt Ltd*, (1997) 70 DLT 225.

<sup>2</sup> *Metro Plastic Industries v Galaxy Footwear*, (1997) Raj 110 (Del), Para 9.8.

- 3 *Hindusthan Lever Ltd, Bombay v Nirma Pvt Ltd, Ahmedbad*, AIR 1992 Bom 195.
- 4 Clause (d) of section 2 of the Designs Act of India, 2000.
- 5 AIR 1978 Del 146.
- 6 Sreenivasulu NS and Sowmya MS, *The Law on industrial designs in India*, *The Journal of World Intellectual Property Rights*, Jan-Dec 2007, Vol 3, Pt 1-1, p 252.
- 1 2004 (28) PTC 1 Del.
- 2 AIR 1968 Cal 109.
- 1 AIR 1989 Del 81.
- 2 AIR 1940 Pesh 38.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.11 Lapse and restoration**

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A design which has been lapsed or ceased to have the effect of registered design could be restored. Where a design has ceased to have effect by reason of failure to pay the fee for the extension of copyright, and the Controller is satisfied that the failure to pay the fee for the extension of the period of copyright was unintentional, and that there has been no undue delay in the making of the application for the extension, he shall upon payment of unpaid fee as well as prescribed additional fee restore the registration of design. The rights of a proprietor of a lapsed design which has been restored 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. In addition, 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 such dates.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.12 Appeal against the decisions of the designs controller**

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As far as registration is concerned the decision made by the Controller stands final. However, an appeal lies to the High Court against an order passed by the Controller under the following provisions:

- i. Against refusal of registration of a design;<sup>3</sup>
- ii. Against orders passed in a cancellation petition;<sup>4</sup>
- iii. Against orders passed in a rectification petition;<sup>5</sup>
- iv. Against refusing registration on the ground of public order or morality.<sup>6</sup>

Every appeal shall be made within three months of the date of the order of the Controller. The date of such order is the date on which the order is dispatched. In calculating the said period of three months, the time taken in granting a copy of the order appealed against shall be excluded. The High Court may, if it thinks fit, obtain the assistance of an expert in deciding such appeals, and the decision of the High Court shall be final. It goes without saying that from the decision of the High Court an appeal can further lie to the Supreme Court of India. In *Bharat Gas Tubes Ltd v Gopal Gas Works Ltd*<sup>1</sup> the respondents had registered their designs for diamond shaped glass sheets. The respondents therefore acquired the sole right to manufacture and market the glass sheets in the design that was registered in their names. The appellant however started marketing his glass sheets with the same design. The designs that were formed on the glass sheets were formed by engraved rollers which were developed by a German Company which had licensed all Indian rights to the respondent.<sup>2</sup> On learning that the appellants were manufacturing glass sheets in the same protected design the respondents moved Court for an interim injunction which they were granted following which the appellants moved the Asst. Controller of Patents for cancellation of the respondents design on the ground that it already been published by the German Company in the year 1992 as was evidenced by a letter produced from the German Company. The respondents countered by pointing out that the German Company manufactured only the engraved rollers and not the glass sheets. They contended that the engraved rollers could then be applied to a wide variety of material from glass sheets to plastic and that their registration for design protection for the application of that design to glass sheets. The Asst. Controller of Patents found merit in the appellant's contentions that the respondents design was not new or original since the German company had been manufacturing the engraving rollers with the same design since 1992 and also because the design had already been published in the UK Patent Office Website by another German Company and thus the registration of the respondent's design was canceled since it did not meet the requirements of originality laid down by section 4. When the matter went on appeal to the High Court the single judge over-ruled the Asst. Controller of Patents and restored the design to the respondents. When the matter reached to the Supreme Court on further appeal the Supreme Court confirmed the decision of the High Court in reversing the decision of the Assistant Controller of Designs.

<sup>3</sup> An order under section 5 of the Industrial Designs Act, 2000.

<sup>4</sup> An Order under section 19.

5 An Order under section 31.

6 An Order under section 35.

1 AIR 2008 SC 2520: (2008) 10 SCC 657.

2 Prashant Reddy, Supreme Court delivers a judgment under the designs Act, available at <https://spicyip.com/2008/08/supreme-court-delivers-judgment-in-case.html> (last accessed in Jan 2018).

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.13 Rights conferred on registration**

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The registered proprietor of a design is the owner of the right in the design and he possesses copyright over the design.<sup>3</sup> The proprietor of the design gets exclusive right to apply the design to the article in a class in which the design is registered. The registered proprietor of a design is given the exclusive right to commercially exploit articles to which design is applied.<sup>1</sup> Here proprietor means:

- a. 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;
- b. 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
- c. 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.

The copyright over the registered design confers on its owner the exclusive right to use the design and it is termed as copy right in the design which subsists during ten years from the date of registration.<sup>2</sup> The design right also authorizes the proprietor to use it, including the right to make offer, put on market, import, export or to use a product in which the design is incorporated. The registration of a design confers following rights on the registered proprietor of a design:

- (i) The exclusive right to apply the design to any article in any class in which the design is registered; right to protect the "design from piracy."<sup>3</sup>
- (ii) The exclusive right to import for the purposes of sale any article belonging to the class in which the design is registered and having applied to it that design;
- (iii) The exclusive right to publish or expose, or cause to be published or exposed, any article in any class of goods in which the design is registered to which such design is applied.

The registered proprietor of the design, on the expiration of the said ten years, may make an application to the controller, for the extension of the period of copy right, in the prescribed manner, after the payment of prescribed fee. The Controller may extend the period of copyright for the second period of five years from the expiration of the original period of ten years.<sup>4</sup> The short duration conferred can be advantageous and pro-competitive, especially with relation to more utilitarian designs. Most systems employ a renewal system thereby enabling the design proprietor the option of claiming the maximum term of protection, only when required; while ensuring that a steady number of designs will fall into the public domain before their maximum term of protection expires save for the commercially viable designs.

<sup>3</sup> Section 11 of The Design Act, 2000.

- 1 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edition, 2011, Regal Publications, New Delhi, p 114.
- 2 Section 11(1) The Design Act of India 2000.
- 3 Ibid: section 22(1).
- 4 Ibid: section 12(1).

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.14 Authorship/Ownership and transfer of design right**

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The person creating the design is the author of that design and the basic rule is that the author is entitled to be the original proprietor of design. Creation is something different from that of conceiving the idea of a particular design. The design Act protects the execution of an idea which has been reduced to an actual design applied on industrial goods. In *Pressler v Gartside*,<sup>1</sup> the managing director of the plaintiff made an ink sketch of a design which he wished to have worked out and applied to woven goods and gave to a weaver to produce the cloth in accordance with the design. With no further instruction the weaver produced some cloth which was satisfactory to the plaintiff. The weaver was not given any particular instructions with regard to any particular way in which the sketch was to be worked out. It was found on evidence that on the basis of the sketch and instructions given, the weaver might have produced a number of different designs. It was held that the managing director was not the author/owner of the design in question entitled to be registered as proprietor of the design. The basic exception to the rule is that firstly, if the design is created by the employee during the course of the employment, than the employer will be the owner of the registered design. Secondly, if the design is commissioned for money than the person who commissioned the design will be the proprietor of the design. In case, if two persons had produced the similar design and the fact of the same is communicated to the other, neither of them is alone the proprietor of a new design developed, there will be a joint authorship of the design. In such cases neither of them alone can validly register it. A specific problem may arise when the design is computer generated. A computer is not a person and cannot become the owner of the design, in such cases; the ownership is attributed to the nearest person who is involved in its creation, *i.e.*, the person who made the necessary arrangements for the creation of the design. A Design right is transmissible by assignment, testamentary disposition or operation of law, just as any personal or movable property. When a person becomes a licensee, mortgagee, otherwise, by virtue of operation of law, assignment or transmission, to the design right he shall apply to the controller in a prescribed manner for registration of his or her title as proprietor or co-proprietor. The matter can also be brought to the notice of the controller, by assignor, mortgagor or licensor or other party to that instrument as the case may be. The owner of the design can assign or license the rights in the registered design. The registered proprietor of the Copyright in a registered design has power to absolutely assign, grant licenses to, or otherwise deal with the design and give effectual receipt for any consideration for any assignment, license or dealings. The copyright of a design may be partly assigned or mortgaged, thus the owner of the copyright can take another person as joint owner or part proprietor thereof. The assignment or license should be in writing. In such cases the ownership<sup>2</sup> of the design would remain with the actual owner but the right of possession and use would be transferred to the assignee or licensee as the case may be. A person may also become entitled to any interest in a registered design on account of a mortgage, license or some other legal instrument. The claimant, who becomes entitled to any such right, may file an application to register his title along with original or copies of the instrument, certified by the Notary Public. Whoever acquires the rights on the designs would become entitled to the proprietary rights in designs. In *Mohd. Abdul Karim v Mohd. Yasin*,<sup>1</sup> it was also held that to "acquire" a design within the meaning of section 2(14)(b) of the Designs Act, 1911 means to obtain a transfer of the proprietary rights in the design and not merely to learn the design. Any equities in respect of the design may be enforced in like manner as in respect of any other movable property. The person



who becomes entitled to the copyright in a registered design by assignment, transmission or other operation of law may make an application, to the Designs Controller to enter his name as subsequent proprietors. An application for registration of title shall be filed within six months from the date of execution of the instrument. This period is extendable by a maximum of six months. The application should contain the name, address and nationality of the person claiming to be entitled, together with full particulars if the instrument, under which he claims title. The Controller may ask for any other proof of title or written consent, to his satisfaction. If such document is a public document, an official or certified copy thereof may be presented. In any case, the document, creating the right in favour of a person other than a registered proprietor, shall be in writing and the agreement between the parties concerned shall be reduced to the form of an instrument embodying all the terms and conditions governing their rights and obligations. Any contravention of this requirement will render the instrument invalid. The original deed of assignment or other documents containing evidence of transmission of copyright in the registered design or affecting the proprietorship thereof should accompany the application. The Controller may permit certified copies of the documents to be produced in lieu of the original. The Controller, on proof of title to his satisfaction will cause notice of the interest to be entered in the register of design with particulars of the instrument creating such interest. Upon entry of its particulars in the register of designs, the instrument shall be effective from the date of its execution. A document or instrument in respect of which no entry is made in the register will not be admitted as evidence in any court in proof of the title to copyright in a design or to any interest therein unless the Court otherwise directs, for reasons to be recorded in writing. At the same time, an instrument, which has not been registered, shall not ordinarily be admissible in any Court as proof of title to copyright in a design or to any interest therein. The person registered as a proprietor shall have absolute power to deal with the design as far as assignments and licenses etc., are concerned. The owner of design can choose to assert design right in the whole or any part of his product. The design registered under the Designs Act cannot be protected by the copyright, even though it may be an original artistic work. If a design qualifies for registration under the design Act, but has not been so registered under the Design Act, the exclusive right will subsist under the Copyright Act. If such a design is of an article which is commercially produced, the copyright over the design under the copyright will cease to exist when the article to which design is applied has been reproduced more than fifty times by the industrial process by the owner of copyright. The registered owner of a design is given the exclusive right to do certain things in relation to articles which embody the design and in respect of which the design has been registered. The owner has the right to make or import the designed article for sale or for hire or for the purpose of trade or business.

<sup>1</sup> (1933) 50 RPC 240.

<sup>2</sup> Sreenivasulu NS and Sowmya MS, *The Law on industrial designs in India*, *The Journal of World Intellectual Property Rights*, Jan-Dec 2007, Vol 3, Pt 1-1, p 253.

<sup>1</sup> (1934) Re. Design No. 43516.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.15 Enforcement of registered designs**

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Infringement of copyright in a design is termed as "piracy of design."<sup>1</sup> A person responsible for infringing the monopoly of proprietor of registered design is guilty of piracy and liable for penalty and fine.<sup>2</sup> 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 under the Designs Act. While dwelling on the appropriate law in terms of enforcing the rights of the registered owner of the design in *Narumal Khemchand v The Bombay Co Ltd*,<sup>3</sup> it was held that under section 2(5) of the 1911 Act, "a design or pattern covers the whole body or the goods and forms part and parcel or the goods but a trade mark is apart from and different from the goods for denoting the goods to be the manufacture or merchandise of a particular person. The copying of a design cannot, therefore, be treated as counterfeiting a trade mark and the enforcement of design rights shall under the design law which has conferred protection to the design in dispute. Further, in *Bhagirathi Marwari v Bukshi Ram Sharma*,<sup>4</sup> it was held that "the shape of an article can not be regarded as its trade mark. The shape comes within the definition of a "design" as given in the Indian Designs Act. Any infringement of copyright in the shape should, therefore, be dealt with under the Designs Act and not under the Criminal Procedure Code. It is worth mentioning over here that a design which equally qualifies to be protectable under both designs Act and the Copyright cannot get protection under both regimes at the same point of time. Therefore, registration of novel designs either of the law amounts to exhausting the possibility of seeking protection under the other law. Further, while enforcing such design one has to invoke the provision of only such law under which the design has been protected. 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 in only from the actual date on which the design is registered in India. Any person who without the consent or license from the owner of the registered design exploits the design in any manner infringes the rights in the registered design. Infringement can only be avoided if the design used is substantially different from the registered design. It is not lawful for any person during the existence of copy right over the design to do certain acts without the consent or license from the registered proprietor of the design.<sup>1</sup> Under the Designs Act, the commission of following acts amounts to infringement of a registered design:<sup>2</sup>

1. For the purpose of sale, to apply the design or causes to be applied to any article in any class of articles in which the design is registered or any fraudulent or obvious imitation thereof, except with the license or written consent of the registered proprietor, or to do anything with a view to enable the design to be so applied; or
2. To import for the purposes of sale, without the consent of the registered proprietor, any article belonging to the class in which the design has been registered, and having applied to it the design or any fraudulent or obvious imitation thereof; or
3. Knowing that the design or any fraudulent or obvious imitation thereof has been applied to any article in any class of articles in which the design is registered without the consent of the registered proprietor, to publish or expose or cause to be published or exposed for sale that article.

The above acts if committed by a person who is not the registered proprietor, assignee, licensee or the agent of the registered proprietor of the design would amount to infringement of the registered design. In this connection for the purpose of fixation of liability for the act of infringement the following persons could be considered as infringers of a copyright in a design:

1. A person who has applied the design or a fraudulent or obvious imitation thereof to the article for the purpose of sale without the license or consent of the proprietor.
2. A person who has caused the design to be applied or its imitation as aforesaid.
3. A person who has done anything with a view to enable the design to be applied as aforesaid.
4. A person who has imported for the purpose of sale a printed article without the consent of the registered proprietor.
5. A person who has published or exposed or caused to be published or exposed for sale a pirated article knowing that it is pirated article.<sup>3</sup>

In *Ampro Food Products v Ashok Biscuit Works*,<sup>4</sup> the appellants and the respondents are manufactures of biscuits. The appellant's biscuits have embossed on them a certain design in the centre of which appear the letters "AF". The respondent's biscuits also have embossed on them an identical design except that the letters "AB" appears instead of the letters "AF". The appellants filed a suit against the respondents alleging the infringement of design. The Court observed that the appellant's design, though registered was not a new and original design since the affidavit filed on behalf of the respondent showed that they had been using the same design even before it was registered by the appellant. It was opined that if the respondents are of the opinion that the petitioners registered design is not new and original since respondents are using it even before the petitioners have registered it, the respondents should have raised objection to the registration of the design at the time of registration or should have filed a petition for cancellation of the registered design. In the absence of the above where the respondents have failed to raise objections at the time of registration and move the cancellation of registration of the design the respondents cannot simply use or continue to use the registered design since it amounts to infringement of a registered design. It was a typical case of infringement of a registered design where the owner of the design could prove the infringement committed by the respondent. In *Whirlpool of India Ltd v Videocon Industries Ltd*<sup>1</sup> Defendant's product was 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. The 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 and accordingly court held that there is an infringement. Further in *Carlsberg Breweries A/S v Som Distilleries and Breweries*,<sup>2</sup> The plaintiff was using a unique and distinctive bottle in respect of its product, viz., beer, under the brand "TUBORG. The defendant, which is also in the same line of business, is marketing its product under the brand name "HUNTER", and has adopted an imitation of the registered bottle design, registered label mark and trade dress in respect of its product, which is not only leading to infringement of the plaintiff's registered bottle design. There is an overall similarity in the bottle and packaging of the defendant in respect of its product, with that of the plaintiff. The specific features outlined by the plaintiff, wherein similarity resides are the following:

- (i) Similar neck portions;

- (ii) Use of the arc/groove design on the bottles;
- (iii) Similar indentation on both bottles;
- (iv) Identical placement of the brand HUNTER as that of TUBORG;
- (v) Use of label by respondent similar to applicants registered clock man shape label;
- (vi) Identical/deceptively similar placement of the labels on the bottles;
- (viii) Identical pull-off caps on the bottles;

The plaintiff claims that the defendant was earlier marketing its product "HUNTER" in a different kind of packaging/bottle, with a completely distinct trade dress from that of the plaintiff. However, some time towards the end of April 2015, the defendant adopted the infringing bottle design, label and trade dress with a view to ride on the popularity and reputation of the plaintiff, and with a view to cause confusion in the mind of the consumers and take undue advantage of the same. The defendant was found to have engaged in passing off its products as Applicant's products by adopting/using the bottle as well as label/cap/trade dress/get-up which is a slavish imitation of Applicant's registered design of bottle as well as label/cap/trade dress/get-up. "It was viewed that copying of the essential feature of Applicant's registered design as well as the label/trade dress/get-up cannot be a mere coincidence and is testimony to the dishonest and fraudulent intention of the defendant to derive unjust pecuniary benefits there from. Ultimately, the defendant fairly and candidly admits that the plaintiff is the owner of a legally valid registered design. He also undertakes not to use the plaintiff's design any further and within a period of four months adopt a new unique design for its HUNTER Beer bottle. Accordingly the matter got settled between the parties and the same presented before the court

1 Dr BL Wadehra, *Law relating to Patents Copyright Designs and Geographical Indications*, p 463.

2 The Fine laid down for infringement of design is fifty thousand rupees.

3 (1914) 25 IC 998.

4 (1932) Re. Design No. 14103.

1 Dr BL Wadehra, *Law relating to Patents Copyright Designs and Geographical Indications*, p 463.

2 Section 22(1) of the Act.

3 A pirated article is an article covered by the registration of design or a fraudulent or obvious imitation thereof which has been applied and used without the license or written consent of the registered proprietor for the purpose of sale, whether such article has been made in India or imported.

4 AIR 1973 AP 17.

1 MIPR 2014 (2) 316: 2014 (60) PTC 155 (Bom).

2 2017 (70) PTC 413 (Del).

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.16 Exceptions to infringement**

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There are certain exceptions to the act of infringement. There are certain defenses available to the respondent in a case of infringement. These defenses form the exceptions to the infringement. Generally the grounds on which application for the registration of a design could be rejected, the grounds on which registered design could be cancelled or registration could be revoked would also form grounds for defense in case of infringement. The defenses or exceptions to infringement could be as follows:

1. The design has been registered fraudulently.
2. The proprietor had consented for the use of the design.
3. The design has been previously registered in India.<sup>1</sup>
4. The design has been published in India prior to the date of registration.<sup>2</sup>
5. The design is not new or original.<sup>3</sup>
6. The conduct of the proprietor was such as to indicate his no objection to the use of the registered design by the respondent.
7. The use of the design is for study and research purpose.
8. The design is not registrable under the design Act.<sup>4</sup>
9. It is not a design, as defined under the Act.<sup>5</sup>
10. The design has been used for government purpose.
11. The respondent does not know that the design has been registered.
12. The infringement has been committed without any intention.
13. The use of the design has been for *bona fide* purpose.

The general principle of law is that party making the charge, *i.e.*, accusing another party for an act has to establish the occurrence of the act. The person alleging the infringement of his right has to establish the infringement. While, *Giridhari Lal v Gian Chand Jain and Co*, it was opined that the burden of proof is thus lies on the plaintiff who brings an action for infringement to establish the fact of piracy of his design or violation of copyright in the design.<sup>1</sup> In *Glaxo Smithkline Consumer Healthcare GmbH & Co KG v Amigo Brushes*,<sup>2</sup> in an infringement suit filed by the registered owner while responding on the claim for cancellation of the registration by the alleged infringer contending lack of novelty of the registered design the court held that design made by the appellant was devoid of newness and equally devoid of originality. The court held that in respect of a mirror claimed to be a new and or original design that addition in the shape of a mirror which were available in the market did not constitute a mirror new or original in design. It was observed that addition of a curve here or there in a shape which is well-recognized shape of an article of common use in the market cannot make it an article new or original in design. It was further observed that where the rear view mirrors available in market were rectangular in shape with rounded edges width sides

curved or sloping and the appellant who had registered his design of mirror under the Act by adding a further curve in such shape claimed his design as new and original without endorsing the extent and nature of novelty in design. Eventually the suit for infringement was dismissed on the ground of lack of novelty on the part of the registered design and the registered design was held to be not novel. In *Micolube India Ltd v Rakesh Kumar Trading As Saurabh*.<sup>3</sup> A suit by the registered proprietor of Design for infringement of the registered design was held not maintainable against another registered proprietor under the Designs Act, 2000 in so far as the registration covers the same features of the shape and configuration of the same article under the Design. The above cases presents us how lack of novelty, prior registration and such other reasons could be successfully claimed by the respondents as an exception in cases of suit for infringement by the owners of the registered designs. It is important to note that "design is not infringed" by the reproduction of a feature of the design, which is not taken into consideration while determining the eligibility of the design for registration.

<sup>1</sup> *Ampro Food Products v Ashok Biscuits Works*, AIR 1973 AP 17.

<sup>2</sup> *National Trading Co v Monica Chawla*, AIR 1994 Del 309 and Also See, *JG Vaccum Flask Ltd v Eagle Flask Pvt Ltd*, (1997) 70 DLT 225.

<sup>3</sup> *Metro Plastic Industries v Galaxy Foot Wear*, (1997) Raj 110 (Del) Para 9.8.

<sup>4</sup> *Hindusthan Lever Ltd, Bombay v Nirma Pvt Ltd, Ahmedbad*, AIR 1992 Bom 195.

<sup>5</sup> Clause (d) of section 2 of the Designs Act of India, 2000.

<sup>1</sup> 1996 PTR 214.

<sup>2</sup> 2004 (28) PTC 1 Del.

<sup>3</sup> 199 (2013) DLT 740: 2013 (55) PTC 1 (Del).

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 25 LAW OF DESIGNS**

#### **25.17 Remedies for infringement**

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The Judicial remedy for infringement of a registered design recommended in the Act is award of damage.<sup>4</sup> The registered owner of the design can institute a suit claiming damages or injunction against infringement of his copyrights in the design. In *Indo Asahi Glass Co Ltd v Jai Mata Rolled Glass Ltd*, it was viewed that awarding of damages is the suitable remedy for infringement of a registered design. In *Giridhari Lal v Gian Chand Jain and Co*, a suit in appropriate manner for seeking relief in the form of an injunction to stop the infringer from continuing the act of infringement immediately is also recommended.<sup>1</sup> In *Ampro Food Products v Ashok Biscuit Works*,<sup>2</sup> in a suit for injunction the appellants and the respondents are manufactures of biscuits. The appellant's biscuits have embossed on them a certain design in the centre of which appear the letters "AF". The respondent's biscuits also have embossed on them an identical design except that the letters "AB" appears instead of the letters "AF". The appellants filed a suit against the respondents while alleging the infringement of design claimed injunction. Pending disposal of the suit, they sought a temporary injunction. When the respondents contended that the registered design is not new or original, the court held that, for an injunction based on registered design, the defense that the appellant's design was not new or original was not open to the respondents since they had not taken any steps for the cancellation of the registration of the design. It was opined that if the respondents are of the opinion that the petitioners registered design is not new and original since respondents are using it even before the petitioners have registered it, the respondents should have done the following:

1. Raised objection to the registration of the design at the time of registration.
2. Filed a petition for cancellation of the registered design.

In the absence of the above the respondents cannot simply use or continue to use the registered design. In this background the court considering the act of the respondent has an infringement of the registered design, issued temporary injunction restraining the respondents from using the appellants registered design and from selling biscuits bearing that design. However, it is not that in every case the owner of the registered design could easily get the injunction or other remedies on instituting infringement proceedings. If any person commits piracy<sup>3</sup> or infringement of a registered design he shall be liable to pay for a payment of a sum not exceeding twenty thousand rupees as damages, recoverable as contract debt. However, the total sum recoverable as damages in respect of any one design shall not exceed fifty thousand rupees. The suit for injunction or damages shall not be instituted in any Court below the Court of District Judge. In *Troikka v Pro Labs*,<sup>4</sup> by issuing an order of injunction, the defendant was restrained from manufacturing, marketing and using tablets that were similar in shape and colour to the plaintiff's tablet, as it had registered the shape and configuration under the Designs Act. In *Symphony Ltd v Wim Plast*,<sup>5</sup> two designs in the question were concurrently registered there was registration prior in point of time and so far as the defendants' design is concerned. The court took the *prima facie* view that there exists substance in the challenge to the action brought of infringement and passing off action against the defendants and the plaintiff cannot be won on this ground alone. In *Dart Industries Inc v Techno Plast*,<sup>6</sup> it was viewed that For seeking even *prima facie* protection in the nature of interim injunction there should be material disclosing that

the general public associates the shape in question which is asserted by the plaintiff as their distinctive mark or get up only with the plaintiff.

It is perhaps, inferred that intellectual property provides legal protection for the useful ideas conceived and developed by man. Intellectual property rights are increasingly recognized as the key economic resources in the modern times. The creator of an idea, and the manufacture of its embodiment will have an interest in gaining reward for their effort and expenditure and this is possible only if there is a protection against the risk of imitation. Design is also one of such invention of man which could be protected under intellectual property laws. The violation of intellectual property rights was not as much in the ancient times, as it is in the contemporary world. Design which appeal to the eye can be of commercial value; it does not amount to an invention and cannot be protected under patent laws. Besides, copyright law does not protect the idea behind the design, so there is a real need to register it under the design laws which is probably the only way to protect it from competitors from cashing in on design by using a substantially identical design. A new and original design comprising of shape, configuration, pattern or ornamentation or composition lines which could be applied to industrial articles is registered. The person claiming such design shall have the copyright over that design. The copyright over the design gives the creator/author an exclusive right to use and exploit it. Besides, design rights give an advantage to the owner who can produce articles with a definite design having compatibility to compete in the market leading to large scale production of the article. On registration the owner enjoys monopoly over the design for a term of ten years which is renewable for another five years. The Paris convention on industrial property which is popularly known as Paris Convention adopted in 1883, revised at Stockholm in the year 1967 can be said to have brought great recognition to the design rights in the International sphere. The need of harmonization of law concerning intellectual property rights was felt at the international level at later point of time. The result being the TRIPS agreement aiming at bringing basic levels of harmony in the intellectual property laws across the world. Being a signatory to the agreement India brought necessary changes in its intellectual property laws including design law to harmonize the same with the standards set in the agreement. In few regions such as the European Union there also a development with reference to protecting community designs.<sup>1</sup> The community designs system over there intends to protected both registered and unregistered designs in the Union. In US patents are also made available to designs in the name design patents.

<sup>4</sup> 1995 PTR 89.

<sup>1</sup> AIR 1978 Del 146: DLT 132 (FB).

<sup>2</sup> AIR 1973 AP 17.

<sup>3</sup> As defined in section 22.

<sup>4</sup> MIPR 2009 (1) 168: (2008) 3 GLR 2635.

<sup>5</sup> Ltd O/CS/2/2015 judgment delivered on 5 May 2015.

<sup>6</sup> MIPR 2016 (3) 293: 2016 (67) PTC 457 (Del).

<sup>1</sup> Sreenivasulu NS and Hemanth Kumar HS, *Community rights in the industrial designs: An European Perspectives*, October 2011, MIPR, Vol 3, Pt 1, p 161-170.



## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 26 LAW OF LAYOUT DESIGNS AND SEMICONDUCTOR CHIPS**

Semiconductor chips often referred to as silicon chips or computer chips or electronic chips serve as the building blocks of electronic and computer equipment. Mankind has come across many revolutions, which had a great impact on the history and development of the society that we live in. American Revolution, French revolution, Russian revolution and the Freedom struggle of India being great strides in the history of mankind influenced the life of mankind. Meanwhile, Industrial revolution had great impact on the world in its transformation as the modern world. Besides, Electronic revolution had brought many facilities and comforts to the mankind. Further, Information technology transformed the entire world into a global village with its easy and quick reach though out the world. On the other hand Biotechnology being capable of manipulating the life of living beings brought up many miracles in the modern world. Currently semiconductor chip revolution being capable of advancing the other revolutions in the history is poised to bring great changes in the life of mankind.

Eureka we made it!, after enormous number of hours spent in the laboratory creating and optimizing a layout<sup>1</sup> for an integrated circuit,<sup>2</sup> a team of researchers has so much to vouch for when their hard-work pays off and there is a new layout developed promising a great future business prospect which is ready to shrink the world. This unique layout is a compounding result of phenomenal time spent by the developer team, huge capital investment by the entrepreneurs or the industrial giants & ingenuity of the research team. Day in and out we see the electronics shrinking the world into a micro-world, and in a few decades from now the term micro would be outdated and the transformation would be done from Micro to Nanotechnology. But to every positive aspect of a thought there is a counter which creates a scope of competition; it's a well known fact that reverse-engineering is something innate in the minds of an individual with unscrupulous intention, furthermore for such a mind it would just be a matter of a fraction of money spent and almost a fraction of the overall time spent in the making of the original layout to pirate the design and ready to beat the market of the original inventor team. How would the intellectual feel secure that his ingenuity is protected, is the big question which was asked, and the unanimous thought was that, is there a statute which would come to the rescue. Over the past few decades, the information world that encompasses computers, the Internet, wireless communication, and global positioning systems has emerged.<sup>1</sup> The center of this information world is enabled by many tiny integrated circuits (IC) and semiconductor chips embedded in the electronic or computer systems. Being invented in the nineteen fifteen Integrated circuits have become ubiquitous half century after their development was initiated. Computers, cellular phones, and other digital appliances are now inextricable parts of the structure of modern societies. That is, modern computing, communications, manufacturing and transport systems, including the Internet, all depend on the existence of integrated circuits. Indeed, many scholars believe that the digital revolution brought about by integrated circuits was one of the most significant occurrences in the history of mankind. At this juncture, discussion on the scope and significance of semiconductor chips; the silicon rush, besides throwing light on the regulatory and the intellectual property rights in the semiconductor chips and integrated circuits would be very interesting

<sup>1</sup> Shashank Joshi, Larson and Turbo, Baroda, *Intellectual Property Rights in Semiconductor chip and integrated circuits in Sreenivasulu NS, Intellectual Property Rights, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi.*

2 Sreenivasulu NS, *Semiconductor Chip Protection: An emerging field of intellectual property rights*, July 2007, MIPR, Vol 2, Pt 3, P A-115.

1 Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 206.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 26 LAW OF LAYOUT DESIGNS AND SEMICONDUCTOR CHIPS**

#### **26.1 Semiconductor Chip (SC) and Integrated Circuit (IC)**

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Semiconductor chips are electronic components<sup>2</sup> that exploit the electronic properties of semiconductor materials, principally silicon, germanium, and gallium arsenide. Semiconductor chips have replaced thermionic devices (vacuum tubes) in most of the electronic and computer applications. They use electronic conduction in the solid state as opposed to the gaseous state or thermionic emission in a high vacuum. Semiconductor chips are manufactured as single discrete devices or integrated circuits which consist of a number from a few devices to millions of devices manufactured onto a single semiconductor substrate. Semiconductor chips are designed with integrated circuits. Semiconductor "integrated circuit" is defined to mean: 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.<sup>3</sup> The designing of semiconductor chips involves designing of layouts. Layout design means a layout of transistors and other circuitry elements and includes lead wires connection to such elements and expressed in any manner in a semiconductor integrated circuits.<sup>4</sup> Designing of semiconductor chips and integrated circuits is known as topography<sup>5</sup> which is defined as the design in whatever form it is expressed of:

1. The pattern fixed of integrated to be fixed in or upon a layer of semiconductor product
2. The pattern fixed or integrated to be fixed in or upon a layer of material in the course of and for the purpose of the manufacture of a semiconductor products and
3. The arrangement of the layers of a semiconductor product in relation to one another.

<sup>2</sup> Sreenivasulu NS, *Semiconductor Chip Protection: An emerging field of intellectual property rights*, July 2007, MIPR, Vol 2, Pt 3, P A-115.

<sup>3</sup> Section 2(r) The Semiconductor Integrated Circuits Layout Designs Act of India, 2000. See also Article 2(ii), The convention on the Intellectual Property Rights in Integrated Circuits, 1989.

<sup>4</sup> Section 2(h): The Semiconductor Integrated Circuits Layout Designs Act of India, 2000. See also, Article 2(i) of The convention on the Intellectual Property Rights in Integrated Circuits, 1989. See International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, India, 1998.

<sup>5</sup> Ian J Lloyd, *Information Technology Law*, 2000, 3rd Edn, Reprinted 2002, Butterworths, London, p 475.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 26 LAW OF LAYOUT DESIGNS AND SEMICONDUCTOR CHIPS**

#### **26.2 Basics of semiconductor and integrated circuits**

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A semiconductor is a material that has an electrical conductivity between that of a conductor and an insulator. Devices made from semiconductor materials are the foundation of modern electronics, including radio, computers, telephones, and many other devices. Semiconductor devices include the various types of transistor, solar cells, many kinds of diodes including the light-emitting diode, the silicon controlled rectifier, and digital and analog integrated circuits. In a metallic conductor, electricity is carried by the flow of electrons. In semiconductors, electricity can be carried either by the flow of electrons or by the flow of positively-charged "holes" in the electron structure of the material. Common semiconducting materials are crystalline solids but amorphous and liquid semiconductors are known, such as mixtures of arsenic, selenium and tellurium in a variety of proportions. They share with better known semiconductors intermediate conductivity and a rapid variation of conductivity with temperature but lack the rigid crystalline structure of conventional semiconductors such as silicon and so are relatively insensitive to impurities and radiation damage. Silicon is used to create most semiconductors commercially. Dozens of other materials are used, including germanium, gallium arsenide, and silicon carbide. A pure semiconductor is often called an "intrinsic" semiconductor. The conductivity, or ability to conduct, of common semiconductor materials can be drastically changed by adding other elements, called "impurities" to the melted intrinsic material and then allowing the melt to solidify into a new and different crystal. This process is called "doping".

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 26 LAW OF LAYOUT DESIGNS AND SEMICONDUCTOR CHIPS**

#### **26.3 Birth and genesis of Semiconductor Integrated Circuit**

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The idea of an integrated circuit was conceived by a radar scientist working for the Royal Radar Establishment of the British Ministry of Defense, Geoffrey WA Dummer (1909-2002), who published it at the Symposium on Progress in Quality Electronic Components in Washington, DC on 7 May 1952.<sup>1</sup> He gave many symposia publicly to propagate his ideas. Dummer unsuccessfully attempted to build such a circuit in 1956. The first integrated circuits were manufactured independently in US by two scientists: Jack Kilby in 1959 who was granted for it, and Robert Noyce who was granted patent for a more complex "unitary circuit" made of Silicon on 25 April 1961. Therefore, the integrated circuit can be credited as being invented by both Jack Kilby of Texas Instruments<sup>2</sup> and Robert Noyce of Fairchild Semiconductor working independently of each other. Kilby recorded his initial ideas concerning the integrated circuit in July 1958 and successfully demonstrated the first working integrated circuit on 12 September 1958. In his patent application of 6 February 1959, Kilby described his new device as "a body of semiconductor material ... wherein all the components of the electronic circuit are completely integrated." Kilby won the 2000 Nobel Prize in Physics for his part of the invention of the integrated circuit. A hybrid integrated circuit is a miniaturized electronic circuit constructed of individual semiconductor devices, as well as passive components, bonded to a substrate or circuit board. The integration of large numbers of tiny transistors into a small chip was an enormous improvement over the manual assembly of circuits using electronic components. The integrated circuits mass production capability, reliability, and building-block approach to circuit design ensured the rapid adoption of standardized ICs in place of designs using discrete transistors. There are two main advantages of ICs over discrete circuits: cost and performance. Cost is low because the chips, with all their components, are printed as a unit by photolithography<sup>1</sup> and not constructed one transistor at a time. Furthermore, much less material is used to construct a circuit as a packaged IC die than as a discrete circuit. Performance is high since the components switch quickly and consume little power (compared to their discrete counterparts because the components are small and close together. In electronics, an integrated circuit (also known as IC, microcircuit, microchip, silicon chip, or chip) is a miniaturized electronic circuit (consisting mainly of semiconductor devices, as well as passive components) that has been manufactured in the surface of a thin substrate of semiconductor material. Integrated circuits are used in almost all electronic equipment in use today and have revolutionized the world of electronics.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 217.

<sup>2</sup> The Chip that Jack Built (<http://www.ti.com/corp/docs/kilbyctr/jackbuilt.shtml>), Texas Instruments (last accessed in Mar 2010).

<sup>1</sup> A planographic (The process of printing from a surface on which the printing areas are not raised but are ink-receptive (as opposed to ink repellent)) printing process using plates made from a photographic image.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 26 LAW OF LAYOUT DESIGNS AND SEMICONDUCTOR CHIPS**

#### **26.4 Intrinsic of Integrated Circuits**

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The simplest integrated circuit consists of three layers, one of which is made from semiconductor material. A wafer (i.e., a thin, highly polished silicon crystal disk) of semiconductor material is coated with a layer of silicon oxide (an insulator) and the electronic components (for example, transistors) are formed by a process of diffusion (chemically doping the semiconductor material with impurities through holes etched through the oxide). Finally, an aluminium/copper coating is applied which is partly evaporated using a mask, leaving behind the interconnections between components formed in the semiconductor layer. The mask is transparent except for opaque patterns on the mask that correspond to the circuit patterns to be etched into the wafer. In a complex circuit, another layer of silicon is placed on top of the etched wafer, and the same etching process is repeated. A chip typically has eight to twelve layers, each layer having a unique mask creating the required circuits. These layers of masks, collectively called "mask work" or "layout-design", manifest the three-dimensional layout of the chip. It is a chip's layout, or three-dimensional organization that requires protection. So the "masks" would mean including the stored information.

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 26 LAW OF LAYOUT DESIGNS AND SEMICONDUCTOR CHIPS**

#### **26.5 Semiconductor device fabrication and designing of integrated circuits**

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Semiconductor device fabrication is the process used to create the integrated circuits which form an integral part of modern day electronic devices.<sup>1</sup> It is a multiple-step sequence of photographic and chemical processing steps during which electronic circuits are gradually created on a wafer made of pure semiconducting material.<sup>2</sup> Silicon is the most commonly used semiconductor material today, along with various compound semiconductors. The entire manufacturing process, from start to packaged chips ready for shipment, takes six to eight weeks and is performed in highly specialized facilities. A typical wafer which is a thin, highly polished silicon crystal is made out of extremely pure silicon that is grown into mono-crystalline cylindrical ingots (boules) up to 300 mm in diameter using the Czochralski process. These ingots are then sliced into wafers about 0.75 mm thick and polished to obtain a very regular and flat surface. Once the wafers are prepared, many process steps are necessary to produce the desired semiconductor integrated circuit. A wafer of semiconductor material is coated with a layer of silicon oxide and the electronic components are integrated by a process of diffusion which involves adding impurities (semiconductor doping) to the semiconductor material. An aluminum/copper coating is applied which is partly evaporated using a mask, leaving behind the interconnections between components formed in the semiconductor layer. The mask is transparent except for opaque patterns on the mask that correspond to the circuit patterns to be integrated thereafter. The United States Code (USC) defines a mask work as "a series of related images, however fixed or encoded, having or representing the predetermined, three-dimensional pattern of metallic, insulating, or semiconductor material present or removed from the layers of a semiconductor chip product, and in which the relation of the images to one another is such that each image has the pattern of the surface of one form of the semiconductor chip product".<sup>3</sup> A mask work is a two or three-dimensional layout or topography of an integrated circuit (IC or "chip"), i.e., the arrangement on a chip of semiconductor devices such as transistors and passive electronic components such as resistors and interconnections. The layout is called a mask work because, in photolithographic processes, the multiple etched layers within actual ICs are each created using a mask, called the photo-mask, to permit or block the light at specific locations, sometimes for hundreds of chips on a wafer simultaneously. Because of the functional nature of the mask geometry, the designs cannot be effectively protected under copyright law (except perhaps as decorative art). Similarly, because individual lithographic mask works are not clearly protectable subject matter, they also cannot be effectively protected under patent law, although their combined functions and structure certainly may.

<sup>1</sup> Sreenivasulu NS, *Semiconductor Chip Protection: An emerging field of intellectual property rights*, July 2007, MIPR, Vol 2, Pt 3, P A-118.

<sup>2</sup> Shashank Joshi, Larson and Turbo, Baroda, *Intellectual Property Rights in Semiconductor chip and integrated circuits* in Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 220.

<sup>3</sup> 17 U.S.C. § 901(a)(2) ([http://www.law.cornell.edu/uscode/17/901.html#a\\_2](http://www.law.cornell.edu/uscode/17/901.html#a_2)), (last accessed in Jan 2018),

## **Part VIII LAW OF INDUSTRIAL DESIGNS AND LAY OUT DESIGNS**

### **CHAPTER 26 LAW OF LAYOUT DESIGNS AND SEMICONDUCTOR CHIPS**

#### **26.6 Importance of Integrated Circuits**

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The importance of integrated circuits could be well understood by knowing its function and performance.<sup>1</sup> The performance of a semiconductor chip is dictated by its physical layout. Conducting materials are impregnated into the structure of the chip so as to form particular circuits.<sup>2</sup> Conducting material is one that allows electric power to pass through it. The small size of the semiconductor chip renders it useful in controlling the operation of different electronic devices. Their size is economical hence makes the device where it is used also to be an economical in size and in manufacturing. Semiconductor chip performs different functions in electronic devices in a unique way. Today chips perform the function of software in the computer to give an intended end result. Integrated circuits are used in many walks of life in sectors including consumer products, home appliances, automobiles, information technology, telecom, medical, military and aerospace applications. Continuous research and development coupled with nanotechnology will make integrated circuits smaller and more powerful in future. In the near future, the size of a computer may shrink to the size of a fingernail and reach the practical limit of integrated circuits being smaller, faster, and cheaper with minimum consumption of power. The semiconductor industry can help drive nanotechnology; thus, they are mutually beneficial. The evolution from chip to Micro-electromechanical Systems (MEMS) combines integrated circuits manufacturing and micro machining techniques to install motors, sensors, pumps, valves, or radio receivers and antennas on a chip. The MEMS applications encompass information technology, entertainment, biological, medical, and automotive sectors.<sup>3</sup>

<sup>1</sup> Sreenivasulu NS, *Semiconductor Chip Protection: An emerging field of intellectual property rights*, July 2007, MIPR, Vol 2, Pt 3, P A-118.

<sup>2</sup> Ian J Lloyd, *Information Technology Law*, 2000, 3rd Edn, Reprinted 2002, Butterworths, London, p 474.

<sup>3</sup> Similar integrated circuits technologies and manufacturing processes can be applied in manufacturing flat panel display  
[http://www.techonline.com/community/tech\\_topic/mems/38870](http://www.techonline.com/community/tech_topic/mems/38870) (last accessed in Jan 2018).



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#### **26.7 Why protecting semiconductors chips**

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The state-of-the-art layout-designs of integrated circuits are created when the talent of the intellect, the capital of the entrepreneur and time of the researchers is mingled and each design is unique based on the study of the previous techniques, improvisation, optimization and lastly execution of a conceptualized design. But to the misfortune of technology, to every positive there is a negative, and Integrated circuits are no exception, a chip can be easily replicate the layoutdesign of a chip in few months by removing the chips plastic/ceramic casing and photographing each layer of the translucent silicon material. The protection of layout-designs demands more stringent norms of originality than those required under the Copyright Act. The Copyright Act is too general to accommodate the original ideas of scientific creation of layout-designs. Just as copyright in an architectural plan does not prevent anyone from building the house represented in that plan, copyright in the technical drawings representing a chip design does not protect against unauthorized duplication of the chip itself. Further, for an article to receive a patent, its design must be novel and non-obvious. This high standard of inventiveness required of patentable articles is rarely achieved in what is essentially the spatial organization of commonly known circuit elements. Thus the work involved in chip manufacturing is of a developmental nature rather than an inventive nature and might not qualify for a patent. Moreover, layout-designs of integrated circuits are not industrial designs because they do not determine the external appearance of integrated circuits. They determine the physical location, within the integrated circuit, of each element having an electronic function. Thus, the need was felt for *sui generis* protection. Protection to semiconductor chips was first given in the US through Semiconductor Chip Protection Act (SCPA) in 1984 and its impact was felt virtually throughout the world. Japan introduced similar protection in 1985, viz., Japanese Circuit Layout Right Act (JCLRA). An EC Directive, with implementing legislation in all Member States of the EU accelerated international efforts resulting in formulation of 1989 Treaty on Intellectual Property in Respect of Integrated Circuits (IPIC Treaty) under the auspices of WIPO. The IPIC Treaty was later made part of the TRIPS Agreement. TRIPS called for adherence to most of the substantive provisions of the IPIC Treaty.

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#### **26.8 International Law**

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The international law on integrated circuit, layout designs and semiconductor chips has been governed basically by two international agreements. Though the Paris convention could be applied to certain extent mainly we have the Treaty on integrated circuits and the TRIPS agreement<sup>1</sup> forming the international on the point of legal protection of integrated circuits and semiconductor chips. Let us have detail discussion on these two international treaties on the issue.

##### **26.8.1 Treaty on Integrated Circuit**

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The treaty on Intellectual Property<sup>2</sup> with respect to integrated circuit is known also as Washington Treaty. The treaty was adopted in 1989 at Washington for the purpose of facilitating the protection of intellectual property rights associated with the integrated circuits, layout designs or topography and semiconductor chips. According to the treaty Integrated circuit means a product in final form or intermediate form in which the elements, at least one of which is an active element, and some or all of the inter connections or integrally formed in and or on a piece of material and which is intended to perform an electronic function. Layout design under the agreement means; three dimensional deposition, however expressed of the elements at least one of which is an active elements and some or all the interconnections of an integrated circuit, or such a three dimensional disposition prepared for an integrated circuit intended for manufacture. The treaty also talks about the eligibility for protection an integrated circuit or a layout design and fulfillment of requirements before obtaining protection. The originality of an integrated circuit and its novelty has been given greater emphasis. It also talks about various types of exploitation of a protected circuit and the scope of such protection. There is also discussion on prohibition of unlawful or unauthorized use of a protected circuit and the possible remedies. All the member states of the treaty are supposed to extend intellectual property protection to integrated circuits and layout designs without any discrimination with reference to the country of origin. The treaty states that each Contracting Party shall have the obligation to secure, throughout its territory, intellectual property protection in respect of layout-designs (topographies) in accordance with this Treaty. It shall, in particular, secure adequate measures to ensure the prevention of acts considered unlawful under the treaty and secure appropriate legal remedies against such acts.

##### **26.8.2 The TRIPS agreement**

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The Article 2.1 of TRIPS Agreement<sup>1</sup> obligates its members to comply with Articles 1 to 12 and Article 19 of the Paris Convention. Article 25.1 obligates the members to provide protection of independently created industrial designs that are new or original. However, 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. In addition countries are free to exclude protection of designs that are dictated essentially by technical or functional considerations. Article 25.2 mandates each member to ensure that requirement for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to see and obtain such protection. This obligation can, however, be met either through copyright law or design law. Article 26.1 confers upon the owner of a

protected industrial design, the right to prevent third parties not having his 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 provides limited exceptions that do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner, taking account of the legitimate interests of the third parties. Article 26.3 provides for a minimum term of protection of at-least 10 years.<sup>2</sup> The TRIPS agreement, 1994 not only laid green carpet for the protection of integrated circuits but also uniformed the law across the world on the issue. After the coming into being of the TRIPS agreement many states including India enacted legislations to offer protection to integrated circuits.

<sup>1</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India- Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

<sup>2</sup> International legal instruments on intellectual property, National law school of India University, Bangalore, 1998.

<sup>1</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

<sup>2</sup> International legal instruments on intellectual property, National law school of India University, Bangalore, 1998.

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#### **26.9 Intellectual property rights in Integrated Circuits and Semiconductor Chips**

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The development of integrated circuits and semiconductor chips requires the investment of physical, financial and technical resources. It requires human intellect or ingenuity to produce integrated circuits with function, giving rise to certain rights, which deserve protection. The production of semiconductor chips involves conversion of two-dimensional work (drawing of the chip) into three-dimensional work (the resulted chip). The kind of protection offered for integrated circuits and semiconductor chips was uncertain. It was considered that design drawings and masks used in the production of integrated circuits could be protected under copyright regime. It was viewed that the artistic work (drawings of design on the basis of which integrated circuits and semiconductor chips could be designed) could be given protection under copyright law. The end product that is semiconductor chip could be protected under patent regime provided it demonstrates novelty. The intellectual property rights in producing integrated circuits and semiconductor chips are offered protection under the intellectual property rights legal regime. Protection for integrated circuits is offered in two folds:

- (1) Protection of the design of layout of integrated circuits, i.e., topography.
- (2) Protection to the end result of the design, i.e., semiconductor chip.

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**26.10 Evolution of Law on Integrated Circuits and Semiconductor Chips**

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The law on the protection of integrated circuits has been evolved in the countries such as US and Europe where there is enough growth in this sector. In the above two regimes there have been legislative mechanisms and directive for the proper regulation and protection of layout designs, topographies, semiconductor chips and integrated circuits. Until the coming into being of the US legislation in this regard there has been lot of confusion as to the type of protection that has to be given to these products of electronic and semiconductor revolution.

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#### **26.11 Semiconductor Chip protection in US**

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The confusion regarding the kind of protection, which could be afforded, was put an end in 1984 when US<sup>1</sup> enacted The Semiconductor Chip Protection Act, 1984. The Act laid foundation for the protection of intellectual property rights in integrated circuits and semiconductor chips throughout the world, since after the enactment of the Act many states enacted laws on this specific issue. The Act made protection for integrated circuits available also to citizens of other countries, which offer same kind of protection on reciprocal basis. In *Sega Enterprises Ltd v Accolade*,<sup>2</sup> several difficult questions on the first impression involving the US copyright and trademark laws. It is required to determine, first, whether the Copyright Act permits persons who are neither copyright holders nor licensees to disassemble a copyrighted computer program in order to gain an understanding of the unprotected functional elements of the program. In light of the public policies underlying the Act it is concluded that, when the person seeking the understanding has a legitimate reason for doing so and when no other means of access to the unprotected elements exists, such disassembly is as a matter of law a fair use of the copyrighted work.

Second, it must be decided that the legal consequences under the Lanham Trademark Act of a computer manufacturer's use of a security system that affords access to its computers to software cartridges that include an initialization code which triggers a screen display of the computer manufacturer's trademark. The computer manufacturer also manufactures software cartridges; those cartridges all contain the initialization code. The question is whether the computer manufacturer may enjoin competing cartridge manufacturers from gaining access to its computers through the use of the code on the ground that such use will result in the display of a "false" trademark. It was held that when there is no other method of access to the computer that is known or readily available to rival cartridge manufacturers, the use of the initialization code by a rival does not violate the Act even though that use triggers a misleading trademark display. Further, in 1991 *Atari v Nintendo*,<sup>1</sup> US software copyright case concerned Nintendo's NES video game console and cartridges. The cartridges contained a microprocessor, and program code, and were interrogated by the console microprocessor, as a security measure, like the Sega system. The security was potentially a two-way process, with the console checking for a valid cartridge and the potential for the cartridge to check for a valid console (which Nintendo did not actually do). Atari disassembled the program code which performed the security signaling exchange (the interface code). However, they also had access to a copy of the source code from the US Copyright Registry, to obtain which they stated (untruthfully) that it was for the purposes of litigation. They implemented the signaling exchange to validate the cartridge, thus achieving compatibility of their cartridges with Nintendo consoles. However, they went further and implemented the rest of the interface, to validate the consoles, apparently in case Nintendo changed their product in future. In each case, they copied some actual code, allegedly only to the extent necessary. The Court held that the intermediate copying during reverse engineering was legitimate, as "fair use". However, Atari infringed copyright nonetheless, in going too far in copying beyond what was strictly necessary. The programmer apparently also had sight of the source code from the US Copyright Registry, casting some doubt on whether the copying was solely due to the reverse engineering operation. Finally, Nintendo had a patent on the interface, and Atari were found to infringe that too. In *Brooktree Corp v Advanced Micro Devices Inc* a<sup>2</sup> US chip topography case concerned copying of 23-30%

of Brooktree's colour graphics palette chip in AMD's plug-compatible copy. The copied part was the memory which allegedly was the "core" of the chip. The Judge concluded that whilst this would have been a "substantial part" and hence normally an infringing reproduction of the topography right, where reverse engineering was shown (as apparently it was) the test was whether the new chip was original over the old one i.e., whether there was substantially identical reproduction. However, the Jury eventually found infringement at full trial, and were upheld on Appeal. Following the suit in 1987 European Council brought up a directive on protection of integrated circuits and semiconductor chips, which mandated the member states to extend protection to integrated circuits.

<sup>1</sup> Shashank Joshi, Larson and Turbo, Baroda, *Intellectual Property Rights in Semiconductor chip and integrated circuits in Sreenivasulu NS, Intellectual Property Rights, Second Revised and Enlarged Edn*, 2011, Regal Publications, New Delhi, p 226.

<sup>2</sup> 977 F.2d 1510 *Sega Enterprises Ltd v Accolade Inc* | Open Jurist <http://openjurist.org/977/f2d/1510>, (last accessed in Jan 2018).

<sup>1</sup> 975 F.2d 832.

<sup>2</sup> 977 F.3d 1555.

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#### **26.12 The EU Directive**

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The Directive states that the topography of a semiconductor product shall be protected in so far as it satisfies the conditions that it is the result of its creator's own intellectual efforts. The topography directive permits reverse engineering.<sup>1</sup> It does not, however, allow all uses of the information obtained from reverse engineering. If a different topography can be created using the information derived from the original, so that it does not "reproduce" the original, then there will be no infringement of the topography right. If the reverse engineering information is used, by the reverse engineer, to create a new original mask work, then this too is not an infringement, apparently even if it reproduces a substantial part of the original chip topography. In other words, where a chip has been reversed engineered, chip protection right is useful only against pirates. There has been little case law under the chip protection provision. In the *Brooktree v AMD*,<sup>2</sup> in which Brooktree Corporation brought an action against AMD, who were producing plug-compatible colour palette chips for use in graphics work stations. At the interlocutory stage, the Court held that if AMD could show they had reversed engineered the chip, then anything less than a substantially identical chip would not infringe Brooktree's topography rights. However, at the full trial in 1990, the jury found infringement and this was upheld on appeal in 1993.

<sup>1</sup> David C Musker, *Protecting & Exploiting Intellectual Property in Electronics*, IBC Conferences, 10 June 1998.

<sup>2</sup> *Brooktree Corp v Advanced Micro Devices Inc*, [1989] 2 EIPR D-30 : [1990] 11 EIPR D-221.



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#### **26.13 The Semiconductor Products Regulations, U.K**

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In U.K The Semiconductor Products (protection of topography) Regulations 1987 substituted by 1989 Regulations<sup>3</sup> forms the legal regime on this issue. The regulations introduced a freestanding integrated circuit rights distinct from other forms of intellectual property.<sup>4</sup> The regulation was inspired by the decision of House of Lords in *British Leyland Motor Corporation v Armstrong Patents Co Ltd*,<sup>5</sup> where the Court recognized and recommended for a specific and new form of protection for integrated circuits. In *Anacon Corporation Ltd v Environmental Research Technology Ltd*,<sup>6</sup> a U.K copyright case concerned an electronic dust meter analyzer, and involved a computer program, some engineering drawings, and some circuit diagrams for a PCB. The Defendant was in liquidation, and the Judge found clear infringement of the first two items, so the report concerns only the PCB circuit diagrams. Apparently, the Defendants reverse engineered the Plaintiffs PCB and extracted from it a net list specifying the components and their interconnection, which they then used to make further PCBs. The Judge understood that the net list could be interpreted by computer to produce either a circuit diagram or instructions to make a PCB (i.e., higher or lower level descriptions). He held that the Plaintiff's circuit diagrams contained not only an artistic work (the drawing) but also a literary work (the identities represented by the component symbols, and their interconnections, making up a table or a compilation). This literary work was reproduced in the Plaintiff's PCBs, and hence was copied by the Defendants in their net list derived from the PCBs and containing the same information. *Ocular Sciences Ltd v Aspect Vision Care Ltd*,<sup>1</sup> it was viewed that in line with the semiconductor Directive, he confirmed that a design, which is made up of a number of such features, need not necessarily itself be commonplace. For protection, the combination must itself not be commonplace and this could be so even if the constituent parts are trivial or mundane.

<sup>3</sup> The Semiconductor products (protection of topography) Regulations 1987 has been substituted by the Design Rights (Semiconductor topographies) Regulations, 1989.

<sup>4</sup> Ian J Lloyd, *Information Technology Law*, 2000, 3rd Edn, Reprinted 2002, Butterworths, London, p 477.

<sup>5</sup> (1986) 1 All ER 850.

<sup>6</sup> (1994) FSR 659.

<sup>1</sup> (1997) RPC 289.

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#### **26.14 Protection of integrated circuits and semiconductors in India**

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Being a signatory to the TRIPS agreement<sup>2</sup> in fulfillment of its obligations there under in protecting integrated circuits India enacted The Semiconductor Integrated Circuits Layout designs Act in 2000.<sup>3</sup> Protection is offered under the Act through registration on the fulfillment of certain requirements. In India new, original and distinctive integrated circuits which have not been commercially exploited anywhere in India or in a member state of the TRIPS agreement are offered protection. An integrated circuit is considered 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. An integrated circuit is new and distinctive if it is not a part of the existing knowledge in the public domain and if is different when compared to the existing circuits. Protection is given to the layout-design itself, so that design houses producing layout-designs would have protection for those products separate from their incorporation in a chip product. Under Article 2(ii) of the IPIC Treaty, "layout design" has been defined as "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." Thus, it becomes clear that there exists no need for the design to have been implemented in physical form as the words "or such a three dimensional disposition prepared for an integrated circuit *intended* for manufacture" have been included in the definition. The explanation to section 17 also lays down that the right conferred by the registration of a layout-design shall be available to the registered proprietor irrespective of the fact whether the layout-design is incorporated in an article or not. Moreover, India is a member of the TRIPS agreement which itself obliges adherence to Article 2 through 7 [except Article 6(3)] of the IPIC Treaty. The Act affords protection to the layoutdesign of a semiconductor integrated circuit. Protection is given to the layoutdesign itself, so that design houses producing layout-designs would have protection for those products separate from their incorporation in a chip product.

<sup>2</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

<sup>3</sup> Sreenivasulu NS, *Semiconductor Chip Protection: An emerging field of intellectual property rights*, July 2007, MIPR, Vol 2, Pt 3, P A-120.

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#### **26.15 Registration of novel circuits**

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The original creators<sup>1</sup> of an integrated circuit can apply for registration in form LD-1 (the form prescribed for the purpose under the Integrated Circuits and Semiconductor Chips Act of India) under the Act along with prescribed fee before the Registrar who is appointed under the Act for the purpose.<sup>2</sup> The application shall be accompanied by a copy of drawing of the design and a sample of the integrated circuit where it is commercially exploited along with the description with regard to its functions.<sup>3</sup> Application must be made within in two years from the date of commercial exploitation of the integrated circuit.<sup>4</sup> There is a registry by name Semiconductor Integrated Circuit Layout Design Registry which processes application for registration. Application without any discrepancies and which are accepted within fourteen days will be advertised for the purpose of inviting objections or oppositions. Any interested party may file objections in LD-2 form as prescribed under the Act, within three months from the date of advertisement. The application which is not opposed, if opposed decided in favour of the applicant will be registered. On registration the Registrar issues a certificate to the applicant as an evidence for his ownership of the registered integrated circuit. All the registered integrated circuits along with the name and addresses of its owners will be entered in the Semiconductor Integrated Circuits Layout Design Registry kept under the control of the Registrar.<sup>5</sup> Besides for any rectification or corrections with regard to the registration registry should be approached.

<sup>1</sup> Two or more persons who put efforts in designing an integrated circuit can jointly apply for registration under section 14 of the Act.

<sup>2</sup> Applications can also be made through branch offices established for the purpose.

<sup>3</sup> Article 7, The treaty on Intellectual Property Rights in respect of Integrated Circuit, 1989. See: International Legal Instruments on Intellectual Property Rights, National Law School of India University, Bangalore, India, 1998, p 146.

<sup>4</sup> Ian J Lloyd, *Information Technology Law*, 2000, 3rd Edn, Reprinted 2002, Butterworths, London, p 480.

<sup>5</sup> The branch office of the registry will be supplied a copy of the documents in this regard.

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#### **26.16 Exclusive rights of the owner**

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Registration of integrated circuits confers on its owner an exclusive right to exploit the circuit. Registered integrated circuit shall carry an indication to the effect in the form of a capital "T". If the design is registered the integrated circuit/semiconductor chip where registered design is used may carry capital "T" to indicate the registration. The owner of the registered design has the exclusive right to produce the design of the chip or a substantial part thereof by producing the chip or a substantial part thereof. On the same lines the owner of the registered integrated circuit of chip (If the end product of the design that is circuit of chip is registered) enjoys the right to produce and exploit the chip. It is considered unlawful to import, sell, distribute or commercially exploit the registered layout design/integrated circuit or semiconductor chip which is registered or where a registered design is incorporated. However sale and purchase of infringed integrated circuits acquired innocently or the exploitation of integrated circuits for private, research or teaching purpose cannot be considered as unlawful or as an actual infringement. However, the one significant exception to this exclusive right is that any person may reproduce the layout-design "for the purposes of scientific evaluation, analysis, research or teaching et al". The Act also allows persons to "reverse-engineer" layout-designs for the purpose of analyzing the layout-designs and incorporating the insights of their analysis into an original layout-design of their own. Such a provision is considered to be justified, in accordance with the Integrated circuits treaty and the provisions in the TRIPS agreement, as there is a need to encourage creativity through the improvement of existing layout-designs.

Moreover, to successfully enter an integrated circuit market segment with a new product, the new entry must usually be compatible with established products. However, the information needed to achieve compatibility is often not publicly available. The registered-proprietor also has the exclusive right to import, sell or distribute for commercial purpose any semiconductor chip products in which the registered layout-design is embodied. Thus, the rights under the Act extend not only to the registered layout-design or chips containing such registered layout-designs, but also over products containing such chips, e.g. a watch or cell-phone. The owner of the registered design or circuit enjoys exclusive right to exploit the same for a period of ten years which he can assign, license to any interested party by informing the registrar for the purpose of necessary entries to be made in the registry. The Act empowers the government to acquire the design or the chip which is registered. There is an Appellate Board under the Act for the purpose of adjudicating the grievances and complaints with regard to the registration, and protection of the integrated circuits and also the matters connected there to. Any person aggrieved in this regard either aggrieved by the decision of the register to register or not to register the design or the chip may prefer an appeal to the Appellate Board, which decides the matter after hearing the parties. From the decision of the Appellate Board an appeal may lie to the High Court within three months.

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#### **26.17 Duration of protection**

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Protection under the Act extends for ten years, which is in line with Article 38(1) of the TRIPS agreement.<sup>1</sup> While the TRIPS agreement and the Integrated circuits treaty are silent on the date of commencement of protection, many of the existing laws on the protection of layout-designs of integrated circuits including, the laws of USA (SCPA section 904(a)), of the Member States of the European Union following Article 7(1) of the Council Directive of December 1986 of the then European Communities. Under the Indian Act, it commences from the date of application for registration in case of layout designs, which have not been commercially exploited. For layout-designs which have been commercially exploited (for less than two years) before the date of application for registration, protection commences retrospectively from date of first commercial exploitation. But irrespective of when the duration of protection is calculated from, rights can be enforced only after registration. Thus, if a chip was released in the market for commercial exploitation in March 2001 and registered in October 2002, protection would commence from March 2001 for a period of ten years i.e., up to March 2011. Upon registration, the proprietor is, however, entitled to claim damages not only for the infringement of his rights which occurred after October 2002 but also for infringement which occurred from March 2001.

<sup>1</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

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#### **26.18 Enforcement of rights**

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The Act expressly lays down provisions affording criminal remedies for the infringement of a layout design.<sup>1</sup> But the Act does not provide expressly for civil remedies as in other intellectual property laws nor does it bar these remedies. It merely refers to "damages" in section 16 which says: "no person shall be entitled to institute any proceeding to prevent, or to recover damages for, the infringement of an unregistered layout-design". Unlike the law of patents and designs in India, the registered proprietor has criminal remedies for the infringement of a layout-design. Thus, whoever knowingly or willfully infringes a layout-design shall be punishable with imprisonment and/or a fine. The Act exempts from liability innocent purchasers of infringing chip products with respect to the importation or distribution of those products before they had notice of the layout-design protection. It also allows innocent purchasers who receive notice of infringement, to import or distribute infringing chip products purchased before they had notice, provided they pay the proprietor of the registered layout-design a reasonable royalty.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 230.

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#### **26.19 Technology Transfer: assignment, and transfer of rights**

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A registered layout-design can be assigned or transmitted whether with or without the goodwill of the business concerned. An assignment of a layout design must be made in writing by the registered proprietor. Transmission means transmission by operation of law, devolution on the personal representative of a deceased person and any other mode of transfer not being an assignment. The Act also provides for the registration of third parties as registered users of the registered layout design. The Government may exploit the protected layout-design without the agreement of the registered-proprietor to whom an adequate remuneration would be paid. For instance, if the nation is engaged in war and requires the use of a specific integrated-circuit to incorporate into its latest long range earth-to-earth missile, but this integrated-circuit consists of a protected layout design. Then the options available to the Government are to enter into an agreement with the registered proprietor of such registered layout design, on commercial terms, for the permitted use of the layout design, or to approach the Appellate Board to permit compulsory usage. The aim of the Semiconductor law<sup>1</sup> is to provide protection of Intellectual Property Right in the area of Semiconductor Integrated Circuit Layout Designs and for matters connected therewith or incidental thereto. The 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. The initial term of registration is for 10 years; thereafter it may be renewed from time to time. Department of Information Technology Ministry of Communications and Information Technology is the administrative ministry looking after its registration and related matters. The Act protects original, inherently distinctive layout-designs that have not been previously commercially exploited and registration is a necessary pre-requisite for protection. A layout design is original if it is not merely a copy of all, or substantial part of another layout-design, and is the result of the creator's own intellectual effort. Registration of a layout-design shall be available to the registered proprietor irrespective of the fact whether the layout-design is incorporated in an article or not.<sup>2</sup> Protection under the Act extends for ten years and commences from the date of application for registration in case of layout-designs which have not been commercially exploited. For layout-designs, which have been commercially exploited (for less than two years) before the date of application for registration, protection commences retrospectively from date of first commercial exploitation.<sup>3</sup> The enactment of various acts to provide protection to the semiconductor chips in almost all of the countries is definitely a positive move in the direction of providing support to technology and abiding of the norms to be followed by the member nations under the TRIPS agreement,<sup>4</sup> however the enforcement part is still to witness a full-proof protection to the market of semiconductor chips. The provisions of the Indian Act are very well defined and are comparable with other similar enactments. This Act was enacted to provide security to the local industry and also the global investing fraternity. In fact some of the provisions of the act are even stringent as compared to the other enactments viz provision of criminal remedies. For a developing country like India, the market will expand in leaps and bounds and in order to sustain confidence amongst global and local players this enactment will definitely go a long way to sustain growth in the electronics industry. India is nicely poised to be next level of semiconductor revolution in the industry with the advent of Nanotechnology for which huge investments are already in place, for sustaining a stable future of the shrinking world and maintain the confidence of the researchers, entrepreneurs and developments teams the act is expected to provide a comprehensive level of protection to safeguard

the investment in terms of time, money & intellect. In order to aid the legal fraternity, another technological solution to the so referred chip piracy could be the advent of EPIC (Ending Piracy of Integrated Circuits) wherein the approach to defeat piracy is to render infringement unprofitable by making the majority of attacks computationally infeasible. This is accomplished through a novel low-overhead combinational chip-locking system and a chip-activation protocol based on public-key cryptography. Modern world is much concerned with speed, specificity and space economy. Integrated circuits and semiconductor chips serve the purpose with its effective functioning with enormous speed at the same time providing for space economy.<sup>1</sup> The era of vast usage of transistors, which was part of the electronic revolution, which had great impact on the mankind, took face-lift with the birth of semiconductor chips, which consists of millions of transistors embedded in it. Semiconductor chips have drastically reduced the size of electronic, computer and information technology devices at the same time increasing the quality, speed and specificity of functions. The present era is named as digital era, which is influenced by the silicon rush (semiconductors rush). Being great in function with very little space occupation chips are playing very significant role in the digital world. Today chips being part of electronic devices have drastically enhanced their function at the same time reducing the size. Protection for integrated circuits is a new phenomenon, which evolved amidst confusions with regard to the legal regimes to offer protection. Initially it was thought that protection for designing of chips/integrated circuits could be given under copyright regime and the chips/integrated circuits could be protected under patent regime. However given the need to consider the specific nature of chips and complexities involved in offering protection under the existing regimes, altogether a new regime has been evolved to protect integrated circuits and its designing. Today we have a uniformed legal regime for the protection of intellectual property rights in integrated circuits. The TRIPS agreement has rationalized and uniformed the legal mechanism on the issue and the same was given effect to by most of the member states including India.

<sup>1</sup> The Integrated Circuits Layout-Design Act, 2000 (SICLD) in India, Semiconductor Chip protection Act, 1984 in USA.

<sup>2</sup> Sreenivasulu NS, *Semiconductor Chip Protection: An emerging field of intellectual property rights*, July 2007, MIPR, Vol 2, Pt 3, P A-120.

<sup>3</sup> THE SEMICONDUCTOR INTEGRATED CIRCUITS LAYOUT- DESIGN ACT, 2000.

<sup>4</sup> Sreenivasulu NS, *TRIPS compliant intellectual property regime in India: Implications of TRIPS in modifying the cantors and canons of our system*, MIPR, October 2007, Vol 3, Pt 2, P A-71.

<sup>1</sup> Sreenivasulu NS, *Intellectual Property Rights*, Second Revised and Enlarged Edn, 2011, Regal Publications, New Delhi, p 4.



## **Part IX IP APPELLATE BOARD**

### **CHAPTER 27 INTELLECTUAL PROPERTY APPELLATE BOARD**

The Trademark Act, 1999 establishes an appellate board for hearing appeals against the registrations and protection of various intellectual property rights including trademark. The appellate board is a quasi judicial body and would have the powers of civil court while adjudicating the matters before it. The Indian Government constituted the Intellectual Property Appellate Board ("IPAB") on 15 September 2003 to hear and adjudicate appeals against the decisions of the Registrar under the Indian Trade Marks Act, 1999 and the Indian Geographical Indications of Goods (Registration and Protection) Act, 1999. Later on the Appellate Board was authorized to hear appeal from other intellectual property offices such as trademark registry, designs controller, patent controller, integrated circuits controller and from the copyright registry. The IPAB has since 2 April 2007 been extended to Patent law and is now authorized to hear and adjudicate upon appeals from most of the decisions, orders or directions made by the Patent Controller. ("Controller") Also vide a Notification all pending appeals from Indian High Courts under the Patents Act were transferred to the IPAB with effect from 2 April 2007.<sup>1</sup> The IPAB has its headquarters at Chennai and has sittings at Chennai, Mumbai, Delhi, Kolkata and Ahmadabad. The composition of the board is as follows:

-	Chairman	:	High Court judge
-	Vice-Chairman	:	Member of Indian legal service 5yrs
-	Technical member	:	Experience as a member of Indian legal service for 3 years or civil judge for 10 years
-	Judicial members	:	Experience as intellectual property advocacy for 10 years or judicial service for 5 years

The board has got original as well appellate jurisdiction. The board has got original jurisdiction to hear the cases pertinent to the rectification of the registration of various intellectual property rights. At the same time the appellate jurisdiction of the board includes hearing appeals from the decisions of the registrars of trademark, copyright and geographical indications or from the decisions of the controllers of patents, designs. The Civil Procedure Code and the rules and the rules of the Appellate Board made there under would apply for the adjudication of matters before the board. Board can have its own procedure for the conduct of business. In *Super Cassette Industries v Entertainment Network Ltd*,<sup>2</sup> it was viewed that intellectual property appellate board is a quasi judicial body and the board may follow the principles of natural justice in the adjudication of matters before it. No appeal can lie from the infringement or passing off actions to the board. In such cases High Courts will have jurisdiction. Aggrieved party can file appeal in triplets; the copy of the appeal shall be served on the respondent. Respondent will have to file counter statement within two months, failing on which there is a possibility of *ex-parte* decision. A copy of the counter statement will be served on the appellate and within two months appellate will have to give response to it failing on which there is a possibility of dismissal of appeal. Once response of the appellate is received copy of the same will be served on the respondent and the matter

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reaches hearing stage. Hearing of the parties conducted before reaching final decision.  
From the decision of the Board appeal may lie to High Court.

1 For more details please visit <http://www.ipab.tn.nic.in>.

2 2004 (29) PTC 8.

## **Part IX IP APPELLATE BOARD**

### **CHAPTER 27 INTELLECTUAL PROPERTY APPELLATE BOARD**

#### **27.1 Jurisdiction**

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Every appeal from the decision of the Controller/Registry of respective intellectual property be made to the IPAB must be made within 3 (three) months from the date of the decision, order or direction, as the case may be, or within such further time as the IPAB may permit, along with the prescribed fees. The IPAB has appellate jurisdiction against the decision of the Controller, Registry or Central Government of India in matters pertaining all intellectual property rights grievances related to:

1. Refusal of application for failure to comply with provisions of the Act
2. Orders relating to divisional application
3. Orders relating to dating of application
4. Decisions relating to anticipation
5. Decisions and cases of potential infringement
6. Decisions relating to substitution of applicants
7. Decision to amend or revoke patent
8. Decisions related to inventor names
9. Directions given to co-owners of the patent
10. Decisions related to Patent of Addition
11. Decisions related to amendment of application and specification
12. Decisions related to restoration of lapsed patents
13. Decisions related to surrender of patents
14. Revocation of patents in public interest
15. Registration of patent assignments
16. Correction of clerical errors
17. Decisions related to compulsory license of a patent
18. Decisions related to revocation of patent for non-working.

## ***Part IX IP APPELLATE BOARD***

### **CHAPTER 27 INTELLECTUAL PROPERTY APPELLATE BOARD**

#### **27.2 Exceptions**

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The IPAB (Procedure) Rules, 2003 ("Rules") exempt orders passed by Central Government of India with respect to inventions pertaining to defense purposes, including directions of secrecy in respect of such inventions, revocation if the patent is contrary to prejudicial to public interest, or pertains to atomic energy, from the purview of appeal to the IPAB. An order of the controller granting an extension of time under any provision of the Patent Act, 1970 is also not appealable.

## **Part IX IP APPELLATE BOARD**

### **CHAPTER 27 INTELLECTUAL PROPERTY APPELLATE BOARD**

#### **27.3 Transfer of pending proceedings to IPAB**

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The IPAB is the sole authority to exercise the powers and adjudicate proceedings arising from an appeal against an order or decision and all the cases pertaining to revocation of patent other than a counter-claim in a suit for infringement and rectification of register pending before the Indian High Court shall be transferred to the IPAB. In case of a counter-claim in a suit for infringement, the Indian High Court continues to be the competent authority to adjudicate on the matter. The IPAB also has exclusive jurisdiction on matters related to revocation of patent and rectification of register. The IPAB in its sole discretion may either proceed with the appeals afresh or from the stage where the proceedings were transferred to it.