

BLOCK: 1

UNIT I AN OVER VIEW OF CONCEPT OF PROPERTY INDUSTRIAL PROPERTY AND INTELLECTUAL PROPERTY HISTORICAL BACK GROUND OF INTELLECTUAL PROPERTY RIGHTS-ECONOMIC IMPORTANCE OF INTELLETUAL PROPERTY RIGHTS

STRUCTURE

- 1.0 Objective
- 1.1 Introduction
- 1.2 Overview of the concept of Intellectual Property
- 1.3 Historical Background of Intellectual Property Rights
- 1.4 Economic Importance of Intellectual Property Rights
- 1.5 Summary
- 1.6 Key Words
- 1.7 Self Assessment Questions
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1.0 OBJECTIVE

After studying this unit, you will be able to:

- Analyze the fundamentals of Intellectual Property.
- Address the Concept of Property.
- Give an analytical view about the Concept of Industrial and Intellectual Property.

1.1 INTRODUCTION

We live in a knowledge economy, where ideas generated by talented people and the inventions they make are the new currency. Research and innovation are now seen as the key differentiating factors determining the market value of a product or service. The emphasis today

has graduated from cost arbitrage and quality deliverables to Intellectual Property creation and Research & Development.

Today nobody challenges the importance of creativity, inventions and innovation for economic and technological development. Ever since mankind appeared on planet earth, one of its major weapons for survival was the capacity to find innovative solutions to the problems encountered. The development of civilization over the centuries is marked by countless inventions and innovations that has facilitated the lives of mankind and made it more comfortable and easy. We cannot imagine today's world without those countless inventions and innovations.

Over the past two hundred years, with the acceleration of technological progress, the life of mankind has changed in a radical manner and innovation has become a part of our everyday life. In the past, a son had to wait until his father's death to introduce an innovation in his trade, today knowledge develops, accumulates and spreads so fast that as a result of technology and production methods, communication tools and methods, behavior patterns, etc., will change several times during the lifetime of an individual. Also, the knowledge and professional skills of an individual has acquired during the years at school and university will have to be updated several times during his or her lifetime. Day to day we see and use products, which probably five or ten years ago no one could have imagined, and some forecasts show that in the next couple of years, half of the products we are using today may disappear or replaced by new ones.

All these developments are the result of inventive creativity and the innovation of mankind. Long-term economic growth is the result of an increase and accumulation of scientific and technological knowledge, i.e. the increase of knowledge about useful goods and how to make them. Economic progress requires a constant stream of new ideas and products to improve the quality of life, regardless of whether the innovation is a simple gadget or a sophisticated invention. There is now overwhelming empirical evidence that innovation and creativity bring competitive advantages to companies and in turn to the nation. *Per capita* economic growth of countries is driven increasingly by innovation, not by aggregate capital investment *per se*.

The recent economic achievements of many countries have not sprung from their natural resources. Prosperity is no longer based on tin, rubber, steel or timber. Countries rich in natural resources, for example, oil producing countries, are not necessarily the great economic powers. The recent development in South Korea, Dubai clearly constitute as living examples. Now the

growth of a Nation is evident from its intellectual wealth. This development encourages us to study the subject with a zeal and enthusiasm.

Intellectual property refers to creations of the mind. It is divided into two categories: **Industrial property** includes patents for inventions, trademarks, industrial designs and geographical indications. **Copyright and related rights** cover literary and artistic expressions (e.g. books, films, music, architecture, art), and the rights of performing artists in their performances, producers of phonograms in their recordings and broadcasters in their radio and television broadcasts. **Intellectual property rights** allow creators or owners of patents, trademarks or copyrighted works – to benefit from their own work or investment in a creation. Intellectual property relates to pieces of information which can be incorporated in tangible objects at the same time in an unlimited number of copies at different locations anywhere in the world.

Intellectual property rights are legal rights, which result from intellectual activity in the industrial, scientific, literary and artistic fields. These rights give statutory expression to the moral and economic rights of creators in their creations. Intellectual property rights safeguard creators and other producers of intellectual goods and services by granting them certain time-limited rights to control the use made of those productions. These rights also promote creativity and the dissemination and application of its results and encourage fair-trading, which contributes to economic and social development.

Intellectual property has now assumed great economic importance world over with the explosion in industrial and information technologies. The fruits of hard sustained intellectual labour of inventors, authors are assessed for economic wealth of a state, and it needs protection from invaders who exploit it. The obvious purpose of Intellectual property laws is to give protection against such invasions. Because of its peculiar nature Intellectual Property Rights to be understood with a different perspective, i.e., it is a property which is intangible, exclusive, exhaustive, flourishing public domain and territorial in nature. This special issue needs detailed discussion.

- **Intangible Property**

Intellectual property can be owned by the person who has produced it by his own strives his labour, skill, mind and judgment; therefore, intellectual property is intangible in nature.

Intellectual property laws does not address the tangible material object in which the creation of the mind has been embodied, it instead creates more abstract proprietary interests in the tangible.

For ex. A reader sends a letter to the author of the text, offering a critique of the efforts of the author, the author may retain the letter in the tangible form, but reproduction needs the permission, any act done without permission of the reader attracts the provisions of the copyright act.

The peculiarity of Intellectual property laws is, it recognizes the work as a right provided the work is in a tangible form. for ex. Copyrightable work must be fixed in a tangible form i.e, written or printed form, the patent law requires the inventions to be ‘reduced to practice’. A layman often fails to distinguish a physical item from the rights recognized by law in the item. The intellectual property rights in physical item are independent of the item itself.

For ex. someone who purchases a painting from an artist becomes the owner of the painting. The owner can sue to recover the painting from someone who wrongfully refuses to return it, including the artist himself. However, unless the owner has also purchased the copyright in the picture, he or she will not be able to sue someone else for making a copy of the picture without permission. The copyright is a right which is wholly independent of the right to possess or control a physical item, and ownership of copyright is similarly distinct from ownership of an item which embodies the copyright work.

Additionally, not only are intellectual property rights independent of the subject matter to which they relate they are also independent of each other and of any other property rights in a physical item. To take another example: imagine that your doctor has given you a prescription for a new antibiotic, when you buy the same from the chemist, the capsules belongs to you, and they will be considered as your property. On the other hand, suppose the antibiotic inside the capsules is patented by the drug company, even though you have bought the capsule, which gives you no right to manufacture the drug, this right rests exclusively with the owner of the patent. Further, suppose that the capsules are a new design, which is easier to swallow, the drug company may be able to stop other manufacturers from using the capsules of the same shape, even for different drugs not covered by the original patent. Now suppose that the capsules are half transparent and half colored, and through the transparent half you can see the drug in the form of tiny spheres of two different colors, here, the color scheme can be a trademark, so that another manufacturer will

not be able to use the same scheme, even for the same drug that he is free to make after the patent expires.

- **Ownership is not absolute**

While the law usually gives high priority to ownership rights there may be an overriding public interest which prevails over private rights. The rights conferred on the owner of intellectual property are without limit. For ex. some intellectual property rights are limited in time. Some activities which might amount to infringement are expressly or impliedly permitted by law. If you buy a product which is protected by patents, you have the implied right to repair it even if this might otherwise amount to a patent infringement. Some subject matter can never be protected by intellectual property rights. Basic scientific discoveries cannot be patented, nor in most countries, can methods of treating disease. Once an invention has been made openly and freely available to the public, it cannot be adopted as a protectable trademark for the object, and a trade mark which becomes a generic name for the goods it denotes, ceases to be the sole property of its owner. Ex. NYLON & XEROX.

- **Need for protection:**

The need for a system to protect IP Internationally arose when foreign exhibitors refused to attend an International Exhibition of Inventions at Vienna in 1873, because they were afraid that their ideas would be stolen and exploited commercially in other countries. This development prompted for a protection mechanism, which paved the way to the formation of **Paris Convention** for the Protection of Industrial Property, 1883. The Paris Convention was the first major International Treaty designed to help the people of one country to obtain protection in other countries for their intellectual creations, in the form of industrial property rights. In 1886, copyright entered the International arena with the **Berne Convention** for the Protection of Literary and Artistic Works. The aim of this Convention was to help nationals of its Member States to obtain international protection of their right to control, and receive payment for, the use of literary and artistic works. Both the Paris Convention and the Berne Convention set up International Bureaus to carry out administrative tasks, such as organizing meetings of the Member States. In 1893, these two small bureaus united to form an international organization called the United International Bureaus for the Protection of Intellectual Property – best known by its French acronym, BIRPI based in Berne, Switzerland, with a staff of seven, BIRPI was the

predecessor of what is today known as the **World Intellectual Property Organization (WIPO)**. WIPO is a specialized agency of the UN, with a mandate to administer IP matters recognized by the UN Member States.

1.2 OVERVIEW OF THE CONCEPT OF INTELLECTUAL PROPERTY

Understanding the concept of Intellectual property is more comfortable with the understanding of the concept of property.

Concept of Property:

A student of Intellectual Property should understand the basic legal concepts that underlie the topics that are discussed in relation to property in general and Intellectual property in particular. An elementary understanding of these concepts will help in wrestling with the very complex subject of intellectual property law and its exploitation.

One should be in a position to distinguish between property and things. Try to analyze this statement: *“Property is a concept not a thing”*. This is because the ownership of many things are fundamental to us as well as to our society where we live-in, many times we may not notice the fundamental distinction between the two. In the absence of any legal rights or other social norms governing the possession and use of anything, there would be still things, but no property. The term ‘Property’ refers to something capable of ‘Ownership’ basically means the right to possess, use and dispose of property to the exclusion of others. The term “Property” is subject to varied interpretation. In law, it is recognized as a bundle of rights derived from the concept of ownership and possession.

Ex: If you own a piece of land, you have the exclusive legal right to keep out everyone except those who you choose to invite to visit. If you own a car, you have the exclusive legal right to stop someone else from driving it without your permission.

Law generally protects the private property from interference by others. The justification for protection is the result of application of labour to nature as incentive for discovery and as a foundation for an ordered economic system.

Concept of Intellectual Property

In today's business, Intellectual Property is the most powerful commercial asset that the business possesses. In fact, Intellectual Properties are spark plugs that give thunderous start and bring investments in monetary, fixed, and intangible assets to profitable life, which otherwise

could well remain dormant. It is inevitable that Intellectual Properties would enjoy enhanced prestige, as this new economic paradigm becomes dominant, and as more and more mergers, acquisitions and strategic alliances go through and the business networking expands. At the same time, the scope and definition of Intellectual Property is expanding with the growth of international trade and globalization of economic activities. That is why the number of major "Intellectual Property Wars" is growing between competitors and contemporaries, besides becoming a growing threat from International exploiters. Hence, the business establishments need to understand the real scenario and profile of Intellectual Property to best utilize their IP Portfolios.

As we are aware, creating & holding of Intellectual Property Portfolio is one aspect, which yields no dividends and rather becomes a white elephant, unless commercialized. It is not like a physical property which even if is lying vacant may give some substantial capital gains, thus remunerating the investment. Even the characteristics of Intellectual Property are very different as compared to physical property, wherein largely the IP rights are not absolute. Intellectual property, if not put into use, is not only a dead investment as the property rights of which would expire after its legal or commercial life, but would also cost substantially in its protection and maintenance. At the same time, today, the Intellectual Property portfolios are wide open for easy grab and commercialization. However, the Business and R&D establishments largely have not exploited the value that these intangible assets provide and this educational program would provide the real understanding of all these issues. The subject matter of intellectual property rights is in general terms, the products of thought, creativity and intellectual effort. As seen later, intellectual property may not necessarily be the product of a fine intellect. Intellectual property law often operates to afford protection to the relatively mundane.

The following is a simplified summary of the subject matter covered by each type of intellectual property:

- Patents protect ideas;
- Copyright protects form and appearance, not ideas;
- The Law of Confidentiality protects almost any kind of information (provided it can be considered confidential);

- Trademarks and service marks protect names, logos and ‘get-up’ (appearance) used to identify businesses, products and services; and
- Design rights (including protection of semiconductor chip designs) are very similar to copyright in that they protect form and appearance, not ideas.

Creation, Protection and Exploitation of Intellectual Property is an expensive game and needs perfect business strategy. The monopoly rights in the form of Intellectual Property, granted through various statutes can only be gainfully utilized globally, if there is comprehensive knowledge on how to commercialize the monopoly rights, which are largely governed by existing Laws & Practices, which continue to undergo change as the IP definition expands, next unit would cover and provide a real insight of all such issues. The TRIPs regime prompted the member states to add the areas of Geographical Indications, Protection of Plant Varieties and Biotechnological aspects of Patents under the new IPR regime. This list is not an exhaustive one, in days to come many more aspects may be added to this.

1.3 HISTORICAL BACKGROUND OF INTELLECTUAL PROPERTY RIGHTS

The evolution and recognition IP as a system internationally arose when foreign exhibitors refused to attend an International Exhibition of Inventions in Vienna in 1873. The inventors were afraid that, their ideas would be stolen and exploited commercially in other countries. This development prompted for a protection mechanism, which paved the way to the formation of Paris Convention for the Protection of Industrial Property of 1883. Then Patents for inventions, Designs for Industrial Designs and Trademark which are concerned with industrial products are commonly referred to as *Industrial Property*. The Paris Convention was the first major international treaty designed to help the people of one country obtain protection in other country for their intellectual creations, in the form of industrial property rights. In 1886, copyright entered the international arena with the Berne Convention for the Protection of Literary and Artistic Works. The aim of the Convention was to help nationals of its Member States obtain international protection of their right to control, and receive payment for the use of literary and artistic works. Both the Paris Convention and the Berne Convention set up International Bureaus to carry out administrative tasks, such as organizing meetings of the Member States.

In 1893, these two small bureaus united to form an international organization called the United International Bureaus for the Protection of Intellectual Property-best known by its French acronym, BIRPI Bureaux Internationaux Reunis pour la Protection de la Propriete Intellectuelle (United International Bureaus for Protection of Intellectual Property). Based in Berne, Switzerland, with a staff of seven, BIRPI was the predecessor of what is today known as the World Intellectual Property Organization (WIPO). WIPO is a specialized agency of the UN, with a mandate to administer IP matters recognized by the UN Member States.

There are about 21 international treaties in the field of intellectual property, which are administered by WIPO. The treaties fall into three groups namely:

- a) Treaties, which establish international protection;
- b) Treaties, which facilitate international protection and
- c) Treaties, which establish classification systems.

Later, many treaties about patents came into force:

- a. Patent Co-operation Treaty 1970;
- b. Strasbourg Agreement Concerning International Patent Classification 1971 and
- c. Budapest Treaty on International Recognition of Deposit of Micro-organisms for the purposes of Patent Procedures 1980.

International Conventions for the protection Copyrights were also made:

- a. Rome Convention for the Protection of Performs, Producers of Phonograms and Broadcasting Organisations, 1961;
- b. Geneva Convention for the protection of Producers of Phonograms against Unauthorized Duplication of their Programs, 1971;
- c. Brussels Convention relating to the distribution of Program Signals Transmitted by Satellites, 1974 and
- d. World Intellectual Property Organization's Copyright Treaty of 1966.

International Conventions for the protection of Trademarks are:

- a. The Madrid Agreement Concerning the International registration of Marks, 1891 and the Protocol, 1989
- b. The Trademarks Registration Treaty adopted by the Vienna Diplomatic Conference in June 1973.

International Conventions for the protection of Designs are:

- a. The Hague Agreement concerning the international Deposit of Industrial designs, 1960
- b. The Locarno Agreement establishing an International classification of Industrial Designs, 1971.

A special convention being held to protect the interest of the breeders of the new Plant Varieties came into force under as the International Convention for the Protection of New Varieties of Plants (UPOV) 1991. The significant among all these is the TRIPs Agreement of 1994, under GATT and WTO regime, prompted the updating and modification of legislations related to Intellectual Property Rights in almost all the member countries.

In the Uruguay Round of Multilateral Trade Negotiations on the much pressure of the developed nations, in particular the USA made the insertion IPR to be one of the major issues to be considered for the frame work of GATT. This development prompted the inclusion of Agreement on Trade Related Aspects of Intellectual Property Rights. TRIPs consist of seven parts with seventy three Articles, which created an impact on social, economic and legal aspects of our life.

1.4 ECONOMIC IMPORTANCE OF INTELLECTUAL PROPERTY RIGHTS

The very important aspect of intellectual property is that it can be commercially exploited. In today's economic world the recognition of an individual or of an organization is looked into his or its IP asset. The assessment of an individual is through the no. of IP assets he own in the nature of Patent or Copyrights; this is no different for an organization. The asset value of an organization is assessed through the no. of patents owned and no. of copyrights and Trademarks enjoyed by it.

These rights can be exploited in many ways. It may be assigned, by parting the ownership in part or full for an economic consideration. The other way is to grant the license. The license may in whole or part can be given. For ex. A copyright holder of a literary work can give license to translate, to convert it into dramatic work, to make it as television serial or to make a cinematograph film and so on. These licenses may be exclusive as well as non-exclusive. This type of licensing is also possible in case patents too. The other type of use of these IP rights is to use it as an Investment towards the capital. The Assignment of patent is to be in writing and should be registered.

1.5 SUMMARY

Intellectual property rights are the new form of property rights which are created against one's intellectual creation. This 18th century concept has developed and now attained protection and recognition in almost all countries. It is important to note the concept of Property in comparison with the concept of Intellectual Property Rights, further it is pertinent to identify the various forms of IP rights and its significance in the present day context. The Economic significance of IP has played a vital role in the growth of a Country's economic development.

1.6 KEY WORDS

1. *Property* - referring to something capable of 'Ownership' basically means the right to possess, use and dispose of property to the exclusion of others.

2. *Intellectual Property*- is a class of property emanating primarily from the activities of human intellect.

3. *Intellectual property rights* - are legal rights, which result from intellectual activity in the industrial, scientific, literary and artistic fields.

4. *Intangible Property* - a property cannot be touched or mentally grasped.

1.7 SELF ASSESSMENT QUESTIONS

1. Define and distinguish Property with Intellectual Property.

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2 Give a Historical view of the growth of Intellectual Property Rights.

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3 Explain the technical and economic importance of Intellectual Property.

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UNIT II HISTORICAL PERSPECTIVE OF PATENT

INTERNATIONAL CONVENTIONS AND TREATIES-IMPACT OF TRIPS ON INDIAN PATENT LAW, PCT, PRODUCT PATENTS, PROCESS PATENTS, PLANT PATENTS, DESIGN PATENTS AND UTILITY PATENTS PATENTABLE AND NON-PATENTABLE SUBJECT MATTER-PROCEDURE FOR REGISTRATION OF PATENTS

STRUCTURE

- 2.0 Objective
- 2.1 Introduction
- 2.2 Historical perspective of Patent law
- 2.3 International Convention and Treaties
 - 2.3.1 Paris conception for the protection of the Industrial property 1883
 - 2.3.2 PRIPs Agreement 1994
 - 2.3.3 Patent Law Treaty
 - 2.3.4 Strasbourg Agreement concerning the International patent Classification 1971
- 2.4 Impact of Trips on Indian Patent Law
- 2.5 Patent Co-operation Treaty
- 2.6 Product Patents
- 2.7 Process Patents
- 2.8 Plant Patents
- 2.9 Design Patents & Utility Patents
- 2.10 Patentable and non-patentable Subject Matter
- 2.11 Procedure for Registration of Patents
- 2.12 Summary
- 2.13 Key Words
- 2.14 Self Assessment Questions
- 2.15 References

2.0 OBJECTIVE

After studying this unit, you will be able to:

- Explain the significance of Patents.
- Address the impact of TRIPs.
- Give an analytical view of Patentable and Non-patentable Subject matter.

2.1 INTRODUCTION

A patent is an exclusive (usually termed as a ‘monopoly’) right granted to a person who has invented a new and useful article or an improvement of an existing article or a new process of making an article. It consists of an exclusive right to manufacture the new article invented or manufacture an article according to the invented process for a limited period. These exclusive rights act as an incentive or reward, which is considered critical to encourage the simulation of ideas thereby leading to further advances in the respective field.

Patent law concerns new, industrially applicable inventions. The growth of a patent effectively gives the inventor, or more commonly his employer, a monopoly to exploit the invention to the exclusion of others for a period of time, not exceeding 20 years. However, the monopoly is not absolute and there are number of checks and balances to curb its abuse.

A patent is a form of industrial property or as it is now called Intellectual Property. The owner of the patent can sell this property. He can also grant licenses to others to exploit the patent. The property in a patent is similar in many respects to other forms of intellectual property and is the strongest form among all. Patent law grants a monopoly for a limited period of time in respect of an invention in return for disclosure of the details concerning the invention. After the expiry of patent the invention falls into the public domain. And it is open for anybody to make use of it.

The term ‘Patent’ has its origin in the term ‘Letters Patent’; it means open letters as distinguished with closed letters. The ‘Letters Patent’ are nothing but the Rights and Privileges conferred on inventors by the King of England with his Great Seal. When the Crown’s right to grant such privileges was challenged in the Courts, the parliament interfered with it by passing the Statute of Monopolies in the year 1624, to protect the interest of the inventors. Later in 19th century new invention in the field of art, process, method or manner of manufacture, machinery, apparatus and other substances produced by manufactures were on the increase and the inventors

became very much interested that their inventions should be protected from infringement, influenced the rulers to enact appropriate legislations to protect their inventions.

In India, the Laws relating to Patent is governed by the Patents Act 1970, as amended by the Patents (Amendment) Act 1999. Subsequently, the Patents (Amendment) Act 2002 was passed. To fulfill the obligations under GATT agreement, the Act was further amended by passing the Patents (Amendment) Act 2005.

2.2 HISTORICAL PERSPECTIVE OF PATENT LAW

The genesis of the Patent laws can be referred back to an International exhibition held at Vienna in 1873. When the Empire of Austria-Hungary invited inventors from other countries to participate in the exhibition, many foreign visitors were unwilling to exhibit their inventions due to inappropriate & insufficient legal protection. This development prompted the Austrian Government to enact a law to give temporary protection to all foreign inventors against their inventions along with trademarks and industrial designs. It also paved the way to the Congress of Vienna which was convened during the same year for patent reforms by passing various resolutions. Later an International Congress on Industrial Property was convened at Paris in the year 1873 to bring about a common understanding upon patent protection. The final draft proposing an 'International Union' for the protection of the industrial property was made by France; the same was circulated among many nations and also prompted them to participate in the Convention in the year 1880. Later the draft was adopted at the conference, followed by a diplomatic conference for the approval and signature. The Paris Convention was thus concluded on the 20th of March 1883 at Paris.

This Convention established a Union for the protection of the Industrial Property having the following objects - Patents, Utility Models, Industrial Designs, Trademarks, Service Marks and Trade Names, Indication of source or appellations of origin and the repression of unfair competition. Many amendments were made to this on various occasions the last was made in the year 1967 at Stockholm. This amendment made the parties to establish an International organization by name World Intellectual Property Organization to administer and foster the issues relating to Intellectual Property.

2.3 INTERNATIONAL CONVENTIONS AND TREATIES

The increasing number of applications for patents from various countries in almost all national jurisdictions made the patents to assume International significance. Attempts are made from time to time by various International agencies for protection of the Industrial Property, in particular patents - towards a harmonized system, has found its success through many International Conventions. Though the issues related to copyright and other forms intellectual properties were known to the users in the respective field, none of them attracted the attention people in the field of technology and law, unlike Patents. Issues relating to Patents are always debated on many forums at global level, also it was recognized as a most interesting and controversial topic. Attempts were made by holding useful Conventions followed with the entry of notable treaties among the states. The significant development can be traced from the Paris Convention on Industrial Property. Later the impact of Patent Co- operation Treaty under the aegis WIPO was a significant one, followed with the Agreement on Trade Related Aspects of Intellectual Property Rights under the banner of GATT. The following are the prominent treaties related to Patents:

2.3.1 Paris Convention for the Protection of the Industrial Property – 1883

The genesis of Paris Convention can be traced back to Congress of Vienna which prompted to convene an International Congress on Industrial Property at Paris in the year 1873 to bring about a common understanding upon patent protection. The draft proposing an 'International Union' for the protection of the industrial property was made by France; the same was circulated among many nations and also prompted them to participate in the Convention in the year 1880. Later the draft was adopted at the conference, followed by a diplomatic conference for the approval and signature. The Paris Convention was thus concluded on the 20th of March 1883 at Paris.

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The Convention applies to industrial property in the widest sense, including patents, marks, industrial designs, utility models (a kind of “small patent” provided for by the laws of some countries), trade names (designations under which an industrial or commercial activity is carried on), geographical indications (indications of source and appellations of origin) and the repression of unfair competition. The substantive provisions of the Convention fall into three main categories: **national treatment, right of priority, common rules.**

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

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

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

(a) *As to Patents:* Patents granted in different contracting States for the same invention are independent of each other: the granting of a patent in one contracting State does not oblige the other contracting States to grant a patent; a patent cannot be refused, annulled or terminated in any contracting State on the ground that it has been refused or annulled or has terminated in any other contracting State.

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

The grant of a patent may not be refused, and a patent may not be invalidated, on the ground that the sale of the patented product, or of a product obtained by means of the patented process, is subject to restrictions or limitations resulting from the domestic law. Each contracting State that takes legislative measures providing for the grant of compulsory licenses to prevent the abuses which might result from the exclusive rights conferred by a patent may do so only with certain limitations. Thus, a compulsory license (license not granted by the owner of the patent but by a public authority of the State concerned) based on failure to work the patented invention may only be granted pursuant to a request filed after three or four years of failure to work or insufficient working of the patented invention and it must be refused if the patentee gives legitimate reasons to justify his inaction. Furthermore, forfeiture of a patent may not be provided for, except in cases where the grant of a compulsory license would not have been sufficient to prevent the abuse. In the latter case, proceedings for forfeiture of a patent may be instituted, but only after the expiration of two years from the grant of the first compulsory license.

(b) *As to Marks:* The Paris Convention does not regulate the conditions for the filing and registration of marks which are therefore determined in each contracting State by the domestic law. Consequently, no application for the registration of a mark filed by a national of a contracting State may be refused, nor may a registration be invalidated, on the ground that filing, registration or renewal has not been affected in the country of origin. Once the registration of a mark is obtained in a contracting State, it is independent of its possible registration in any other country, including the country of origin; consequently, the lapse or annulment of the registration of a mark in one contracting State will not affect the validity of registration in other contracting States.

Where a mark has been duly registered in the country of origin, it must, on request, be accepted for filing and protected in its original form in the other contracting States. Nevertheless, registration may be refused in well-defined cases, such as when the mark would infringe acquired rights of third parties, when it is devoid of distinctive character, when it is contrary to morality or public order, or when it is of such a nature as to be liable to deceive the public. If, in any contracting State, the use of a registered mark is compulsory, the registration cannot be canceled until after a reasonable period, and only if the owner cannot justify his inaction.

Each contracting State must refuse registration and prohibit the use of marks which constitute a reproduction, imitation or translation, liable to create confusion, of a mark considered by the competent authority of that State to be well known in that State as being already the mark of a person entitled to the benefits of the Convention and used for identical or similar goods. Each contracting State must likewise refuse registration and prohibit the use of marks which consist of or contain without authorization, armorial bearings, State emblems and official signs and hallmarks of contracting states, provided they have been communicated through the International Bureau of WIPO. The same provisions apply to armorial bearings, flags, other emblems, abbreviations and names of certain intergovernmental organizations.

(c) As to Industrial Designs: Industrial designs must be protected in each contracting State, and protection may not be forfeited on the ground that the articles incorporating the design are not manufactured in that State.

(d) As to Trade Names: Protection must be granted to trade names in each contracting State without the obligation of filing or registration.

(e) As to Indications of Source: Measures must be taken by each contracting State against direct or indirect use of a false indication of the source of the goods or the identity of the producer, manufacturer or trader.

(f) As to Unfair Competition: Each contracting State must provide for effective protection against unfair competition.

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

The establishment of the biennial program and budget of the WIPO Secretariat - as far as the Paris Union is concerned - is the task of its Assembly.

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

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

This Convention established a Union for the protection of the Industrial Property having the following objects - Patents, Utility Models, Industrial Designs, Trademarks, Service Marks and Trade Names, Indication of source or appellations of origin and the repression of unfair competition. Many amendments were made to this on various occasions the last was made in the year 1967 at Stockholm. This amendment made the parties to establish an International organization by name World Intellectual Property Organization to administer and foster the issues relating to Intellectual Property.

The Paris Convention applies to industrial property in the widest sense, including patents, marks, industrial designs, utility models (a kind of “small patent” provided for by the laws of some countries), trade names (designations under which an industrial or commercial activity is carried on), geographical indications (indications of source and appellations of origin) and the repression of unfair competition. The substantive provisions of the Convention fall into three main categories: national treatment, right of priority and common rules. Under the Convention; a) patents granted in different Contracting States for the same invention are independent of each other; b) the granting of a patent in one Contracting State does not oblige the other Contracting States to grant a patent; c) a patent cannot be refused, annulled or terminated in any Contracting State on the ground that it has been refused or annulled or has terminated in any other Contracting State.

The inventor has the right to be named as such in the patent. The grant of a patent may not be refused, and a patent may not be invalidated, on the ground that the sale of the patented product, or of a product obtained by means of the patented process, is subject to restrictions or limitations resulting from the domestic law. Each Contracting State that takes legislative measures providing for the grant of compulsory licenses to prevent the abuses which might result from the exclusive rights conferred by a patent may do so only with certain limitations. Thus, a

compulsory license (license not granted by the owner of the patent but by a public authority of the State concerned) based on failure to work the patented invention may only be granted pursuant to a request filed after three or four years of failure to work or insufficient working of the patented invention and it must be refused if the patentee gives legitimate reasons to justify his inaction. Furthermore, forfeiture of a patent may not be provided for, except in cases where the grant of a compulsory license would not have been sufficient to prevent the abuse. In the latter case, proceedings for forfeiture of a patent may be instituted, but only after the expiration of two years from the grant of the first compulsory license.

2.3.2 TRIPs AGREEMENT

Before the 1986–94 Uruguay Round negotiations, there was no specific agreement on intellectual property rights in the framework of the GATT multilateral trading system. However, some principles contained in the GATT had a bearing on intellectual property measures taken on imports or exports.

Article XX(d) of GATT 1947 (now Article XX(d) of GATT 1994) specifically referred to intellectual property rights. Under this provision, measures which would otherwise be inconsistent with the General Agreement could be taken (subject to certain conditions) to secure compliance with laws or regulations relating, among other things, to intellectual property rights.

The TRIPs Agreement, the Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods contained in the Marrakesh Agreement Establishing the World Trade Organization, was signed in Marrakesh, Morocco on 15 April 1994. In accordance with the TRIPs Agreement, countries are free to determine the 'appropriate method' for implementing the Agreement within 'their own legal system and practice' (Article 1).

One of the fundamental characteristics of the TRIPs Agreement is that it makes protection of intellectual property rights an integral part of the multilateral trading system, as embodied in the WTO.

The TRIPs Agreement is often described as one of the three “pillars” of the WTO, the other two being trade in goods (the traditional domain of the GATT) and trade in services. The TRIPs Agreement is part of the “single undertaking” resulting from the Uruguay Round negotiations. That implies that the TRIPs Agreement applies to all WTO members. It also means

that the provisions of the agreement are subject to the integrated WTO dispute settlement mechanism which is contained in the Dispute Settlement Understanding (the “Understanding on Rules and Procedures Governing the Settlement of Disputes”).

The significance of the TRIPs Agreement is three-fold:

1. It is the first single, truly international agreement that establishes minimum standards of protection for several forms of intellectual property;
2. It is the first international intellectual property agreement that mandates detailed civil, criminal, and border enforcement provisions; and
3. It is the first international intellectual property agreement that is subject to binding, enforceable dispute settlement.

TRIPs, in effect, lays the groundwork for a strong and modern IPR infrastructure for the world community.

The TRIPs Agreement came into force in 1995, as part of the Agreement Establishing the World Trade Organization. TRIPs incorporates and builds upon the latest versions of the primary intellectual property agreements administered by the World Intellectual Property Organization (WIPO), the Paris Convention for the Protection of Industrial Property, and the Berne Convention for the Protection of Literary and Artistic Works, agreements that go back to the 1880s.

TRIPs is unique among these IPR accords because membership in the WTO is a "package deal," meaning that WTO members are not free to pick and choose among agreements. They are subject to all the WTO's multilateral agreements, including TRIPs.

TRIPs apply basic international trade principles to member states regarding intellectual property, including national treatment and most-favored-nation treatment. TRIPs establish minimum standards for the availability, scope, and use of seven forms of intellectual property: copyrights, trademarks, geographical indications, industrial designs, patents, layout designs for integrated circuits, and undisclosed information (trade secrets). It spells out permissible limitations and exceptions in order to balance the interests of intellectual property with interests in other areas, such as public health and economic development.

The TRIPs Agreement obliges WTO members to make certain notifications to the TRIPs Council. These notifications allow members to review each others' legislation, an important part of the council's work. They also promote the transparency of members' policies on intellectual property protection. In addition, members wishing to avail themselves of certain options allowed under the Agreement have to notify the Council. In order to implement these notification obligations, the Council has adopted procedures and guidelines relating to them.

Article 63.2 of the TRIPs Agreement says members must notify the laws and regulations on the subject-matter of the agreement (the availability, scope, acquisition, enforcement and prevention of abuse of intellectual property rights).

Articles 1.3 and 3.1 of the TRIPs Agreement allow members to avail themselves of certain options in regard to the definition of beneficiary persons and national treatment, provided that notifications are made to the Council for TRIPs.

In accordance with Article 4(d), a Member may exempt from the most-favored-nation obligation any advantage, favour, privilege or immunity according by that member deriving from international agreements related to the protection of intellectual property which entered into force prior to the entry into force of the WTO Agreement, provided that such agreements are notified to the Council for TRIPs and do not constitute an arbitrary or unjustifiable discrimination against nationals of other members.

Article 3 reaffirms the well-established principle of 'national treatment', which means that the nationals of any country member of the Agreement are to be treated in the same way as nationals of the country where protection is granted. It also extends to IPRs the 'most-favored-nation clause', that is, the obligation to extend, with some limited exceptions, to any member the advantages granted to any other member or members (Article 4). These principles are meant to end discrimination, both between foreigners and nationals and between nationals of different countries, which arises when IPRs are granted only to the nationals of the country.

Article 6 of the agreement allows member countries to provide for the international exhaustion of rights and, therefore, to admit parallel imports if they so wish. This principle can be crucial for the protection of consumers' interests and for ensuring access to industrial or agricultural inputs at competitive prices,

The TRIPs Agreement embodies an important principle by which the member countries are empowered to formulate or amend their laws and regulation and thus to adopt measures to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement (Article 8(1)).

It also empowers the member countries to take appropriate measures that may be needed to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology (Article 8(2)). These provisions facilitate legislating limitations to exclusive rights, as well as the enactment of legislative provisions concerning the compulsory licensing of certain IPRs, In particular, the grounds mentioned are relevant for the granting of compulsory licenses in the pharmaceutical field in order to keep prices at a reasonable level or to ensure access to particular medicines by the population. However, the TRIPs Agreement under Article 31 itself sets out conditions which could reduce the scope to grant compulsory licenses.

The TRIPs Agreement focuses on specific areas of intellectual property rights like copyrights, trademarks, geographical indications, industrial designs, patents, layout designs or topographies of integrated circuits, trade secrets and the control of anti-competitive practices in contractual licenses.

Until now, countries were free to determine areas of non-patentability, the duration of the terms of patents and the set of exclusive rights conferred on patent-holders. This freedom which was used by developing countries to frame their patent laws in accordance with their own objectives and interests no longer exists under the TRIPs Agreement. Patents are to be granted without discrimination as to the place of invention, the field of technology or whether products are locally produced or imported provided they are new, involve an inventive step and are capable of industrial application (Article 27(1)).

The Agreement thus settles the longstanding conflict over pharmaceutical product patents, which, under the Agreement, now need to be recognized. For biotechnological inventions, nevertheless, and as a reflection of the complexity and still unresolved differences even among developed countries on the issue, the Agreement only provides for a transitional solution which is to be reviewed within four years of the date of the Agreement.

Article 28 of the agreement sets out the rights to be conferred under a patent, including the protection of a product directly made with a patented process, and an exclusive right to produce, sell and import the protected product. The Article 34 looks into the reversal of the burden of proof is stipulated for process patents in order to strengthen the patentee's position in civil cases of infringement, but with the proviso that the product is new or, alternatively, that there is substantial likelihood of infringement which could not be proven despite reasonable efforts by the title-holder.

Article 30 of the agreement provides certain limited exceptions to the exclusive rights conferred by a patent, the exceptions being not unreasonably conflicting with the normal exploitation of the patent and not unreasonably prejudicing the legitimate interests of the patent owner, taking account of the legitimate interests of third parties. The Agreement lays down detailed rules with respect to the use of patent rights without authorization of the right holder. These uses invariably refer to compulsory licensing of patents. Compulsory licenses must be non-exclusive, non-assignable and subject to a remuneration to be paid to the patentee. Specific reference is made to the dependency of patents, i.e., when an invention cannot be used without using another invention; to licenses for governmental noncommercial use; to cases of emergency use and to remedy anti-competitive practices (Article 31). But licenses may be granted also for other reasons. Thus, nothing in the Agreement prevents, in effect, the granting of compulsory licenses for reasons such as public interest, public health or environmental protection, subject to the conditions set out in the Agreement. The Agreement further allows national legislation to determine the rights that can be exercised by the licensee, including production or importation. The term of protection available for a patent is stipulated to be 20 years, counted from the filing date under Article 33.

Article 40 of the TRIPs Agreement allows member countries to control and ban restrictive practices provided for in licensing agreements that in particular cases constitute an abuse of intellectual property rights with an adverse effect on competition.

The Agreement also contains detailed provisions regarding judicial and administrative procedures and other measures related to the enforcement of rights, as well as specific rules for preventing trade in goods bearing false trademarks and in pirated works which infringe copyright (Part III). The enforcement part of the Agreement constitutes a major innovation as compared to

previous international conventions on the matter, which dealt exclusively or mainly with the availability of rights and not with procedures for exercising them. The provisions of the TRIPs Agreement as such cannot be the direct and sole basis of a claim by a private party, that is, it has not been conceived as a self-executing instrument.

Non-compliance with the new rules, once adopted, would give rise to a dispute settlement procedure under the WTO rules and, possibly, to retaliatory commercial measures in any field (not only in IPRs) by the country whose nationals are affected by such non-compliance. Since, within the WTO, adherence to the new IPRs universal standards will be monitored by the Council for TRIPs, the possibility of deviations from those standards is drastically reduced, unless a non-complying country is prepared to bear the costs of any trade restrictions that may be imposed.

The new WTO "Understanding on Rules and Procedures Governing the Settlement of Disputes" provides a limited time frame and considerable automaticity for the settlement of disputes. It creates a Dispute Settlement Body (DSB) composed of all WTO members and stipulates a 'negative consensus' rule for the establishment of panels, the adoption of their reports and the authorization of retaliatory measures. Such a rule means that the panel process will be instituted if at least one country favours this course.

Finally, the Agreement contains provisions that allow developing countries to delay complying with any or all of the Agreement's obligations for up to four years from the date of entry into force of the Agreement. An additional five years is allowed in the case of countries which did not grant *product* patents before entry into force of the Agreement but which now have to do so under the terms of the Agreement (Article 65). The least-developed countries may delay implementation for up to ten years (Article 66). This term may be extended by the Council for TRIPs upon request setting out the reasons.

Developed countries members of WTO are obliged to provide "technical and financial co-operation" in favour of developing and least developed countries to facilitate the implementation of the TRIPs Agreement. Such co-operation, which is to be provided upon request and on mutually agreed terms and conditions, includes assistance in the preparation of laws and regulations, support for domestic offices and in the prevention of abuse of IPRs (Article 67). This obligation on the part of developed countries, if not adequately fulfilled, may be the

subject matter of a claim before (lie Council for TRIPs, as in the case of any other obligation defined by the Agreement.

The TRIPs, being hailed as the most far-reaching international instrument ever subscribed on intellectual property rights is anticipated to bring long-lasting changes in the world trade scenario. As we know that, the TRIPs Agreement is older than two decades, however, it does not address several new developments, such as the Internet and digital copyright issues, advanced biotechnology, and international harmonization, the process of creating uniform global standards of laws or practice. It sets the floor for minimum IPR protection, not the ceiling. Since the conclusion of the TRIPs Agreement, the World Intellectual Property Organization has addressed digital copyright issues in the so-called Internet Treaties, namely the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT). The Patent Law Treaty (PLT), adopted by WIPO in June of 2000, entered into force on April 28, 2005.

2.3.3 Patent Law Treaty (Plt)

The PLT was concluded on June 1, 2000, and is open to States members of WIPO and/or States parties to the Paris Convention for the Protection of Industrial Property. It is also open to certain Inter Governmental Organizations. The PLT entered into force on April 28, 2005. The aim of the Patent Law Treaty (PLT) is to harmonize and streamline formal procedures in respect of national and regional Patent Applications and Patents, and thus to make such procedures more user-friendly. Under the PLT, the requirements for obtaining a filing date were standardized for applicants to minimize the loss of filing date. The PLT requires that the Office of any Contracting Party must accord a filing date to an application on compliance with three simple formal requirements:

- (i) first, an indication that the elements received by the Office are intended to be an application for a patent for an invention;
- (ii) second, indications that would allow the Office to identify or to contact the applicant; however, a Contracting Party is allowed to require indications on both and;
- (iii) third, a part which appears to be a description of the invention.

No additional elements can be required for a filing date to be accorded. In particular, a Contracting Party cannot require one or more claims or a filing fee as a filing date requirement.

As mentioned above, these requirements are not maximum requirements, but constitute absolute requirements, so that a Contracting Party would not be allowed to accord a filing date unless all those requirements are complied with.

A set of formal requirements for national and regional applications were standardized by the incorporation into the PLT of the requirements relating to form or contents of international applications under the Patent Cooperation Treaty (PCT), including the contents of the PCT request form and the use of that request form accompanied by an indication that the application is to be treated as national application. This will eliminate or reduce procedural gaps between national, regional and international patent systems. The PLT provides procedures for the avoidance of unintentional loss of substantive rights as a result of the failure to comply with formality requirements or time limits. These include the obligation of Offices to notify the Applicant or other concerned person, extension of time limits, continued processing, reinstatement of rights and restrictions on revocation/invalidation of a patent for formal defects, where they were not noticed by the Office during the application stage.

A number of procedures before the patent Offices have been simplified, which will contribute to a reduction of costs for Applicants as well as for the Offices. Examples of such procedures are the exceptions from mandatory representation, the restriction on requiring evidence on a systematic basis, the requirement for Offices to accept a single communication in certain cases (e.g. Power Of Attorney) or the restriction on the requirement to submit a copy of an earlier application and a translation thereof. Also the establishment of standardized Model International Forms was agreed upon, which will have to be accepted by the Offices of all Contracting Parties.

The PLT is the product of several years of multilateral negotiations on harmonizing global patent systems. The PLT harmonizes certain patent application procedures in order to reduce or eliminate formalities and the potential for loss of rights. The PLT does not harmonize substantive patent law, that is, the laws of each country that set forth the conditions that must be met in order to receive a patent for an invention in that country. WIPO, however, is holding discussions regarding harmonization of substantive patent law. The PLT will make it easier for patent applicants and patent owners to obtain and maintain patents throughout the world by simplifying and, to a large degree, merging national and international formal requirements associated with patent applications and patents.

The PLT:

- simplifies and minimizes patent application requirements to obtain a filing date;
- imposes a limit on the formal requirements that Contracting Parties may impose;
- eases representation requirements for formal matters;
- provides a basis for the electronic filing of applications;
- provides relief with respect to time limits that may be imposed by the Office of a Contracting Party and reinstatement of rights where an applicant or owner has failed to comply with a time limit and that failure has the direct consequence of causing a loss of rights; and
- provides for correction or addition of priority claims and restoration of priority rights.

2.3.4 Strasbourg Agreement Concerning the International Patent Classification (1971)

The Agreement establishes International Patent Classification (IPC) which divides technology into eight sections with approximately 70,000 subdivisions. Each subdivision has a symbol consisting of Arabic numerals and letters of the Latin alphabet. The appropriate IPC symbols are indicated on patent documents (published patent applications and granted patents), of which over 2,000,000 are issued each year. The appropriate symbols are allotted by the national or regional industrial property office that publishes the patent document. Classification is indispensable for the retrieval of patent documents in the search for “prior art.” Such retrieval is needed by patent-issuing authorities, potential inventors, research and development units, and others concerned with the application or development of technology.

Although only some 57 States are party to the Agreement, the IPC is used by the patent offices of more than 100 States, four regional offices and the Secretariat of WIPO under the Patent Cooperation Treaty. In order to keep the IPC up to date, it is continuously revised and a new edition is regularly published. The revision is carried out by a Committee of Experts set up under the Agreement. All States party to the Agreement are members of the Committee of Experts. The IPC Agreement created a Union. The Union has an Assembly. Every State member of the Union is a member of the Assembly. Among the most important tasks of the Assembly is the adoption of the biennial program and budget of the Union.

The Agreement - commonly referred to as the IPC Agreement - was concluded in 1971 and amended in 1979. It is open to States party to the Paris Convention for the protection of Industrial Property (1883). Instruments of ratification or accession must be deposited with the Director General of WIPO.

2.4 IMPACT OF TRIPs ON INDIAN PATENT LAWS

The emergence of the world trade organization makes a watershed in international law and its impact on the international trade and business. The WTO has set differential deadlines and continuous deliberation for the member states to comply with the agreements. A member joining WTO has to adhere to the 18 specific agreements establishing the WTO. Out of these TRIPs have the largest impact on the patent laws in India. The WTO agreement is a treaty that creates in international obligations among its members. These obligations include refraining from taking actions that are inconsistent with the agreement. The various parts of the WTO agreement, including the TRIPS Agreement, require that such national legislation embodies certain specific standards. India signed the Trade Related Aspects of Intellectual Property Rights agreement (“TRIPs”) of the General Agreement on Tariffs and Trade (“GATT”) on April 15, 1994. Among other things, TRIPs requires minimum levels of patent protection. The objective of uniform patent protection under TRIPS is to promote international trade and investment in an increasingly interdependent global market.

The TRIPS Agreement is unique unlike other agreements in WTO, because it establishes a minimum degree of protection for IP rights. Under the TRIPS Agreement, WTO members may enact more stringent IP standards than the WTO stipulates, but they cannot fall below the required floor. On the face of it, the Agreement deals with different forms of IP, including the patents. The agreement provides for in a separate chapter (chapter-V), patent protections for innovations in all fields of technologies. Article 27-34 are the most pertinent parts of the agreement in terms of patent protection.

These Articles require Members to provide a minimal standard of protection for inventions for twenty years from the patent application filing date. Importantly, they also require Members to make patent protection available for inventions, whether products or processes. Pharmaceutical products and processes being one such field of technology, therefore, qualify for patent protections under the agreement and all the patent related privileges and protections also extend to these products and process.

TRIPS accelerated the transformation of India's patent laws in a multi phased manner that corresponded to three amendments to the Patents Act, 1970. Initially a mailbox facility was established, which allowed applicants to file pharmaceutical product patent applications. Applicants were to be given exclusive marketing rights ("EMRs"), subject to certain conditions, to market the product for a period up to five years from the date of grant. The second amendment to the 1970 law was made in 2002. This amendment brought it into conformity with TRIPS on many issues, as it provided for a twenty year patent term, reversal of the burden of proof for process patent infringement, and modifications to compulsory licensing requirements.

The 2002 amendment brought into force other changes aimed at bringing India's patents law in tune with the TRIPS Agreement, including new definitions of invention and inventive step, and new exclusions from patentable subject matter like business methods, algorithms, and traditional knowledge. The amendment also reversed the burden of proof provision involving cases of process patent infringement and streamlined the compulsory licensing framework. The 2002 amendment also paved the way for patentability of microorganisms. The 2002 amendment provides three grounds for seeking a compulsory patent license.

- First, the law provides the broadest grounds for seeking a compulsory patent license in the case of non-working of patented inventions. Such a license can be sought only three years after the sealing of the concerned patent.
- Second, there is another provision for grant of compulsory licenses on notification of the Indian government in circumstances of national emergency or extreme urgency like the breakout of epidemics.
- Third, there is a provision for compulsory licenses in the case of certain patents that are essential to the efficient working of other patented inventions.

By virtue of the third amendment in 2005, the 1970 law offered patent protection to pharmaceutical products and in the process became substantially compliant with TRIPS.

2. 5 PATENT CO-OPERATION TREATY 1970

The Patent Cooperation Treaty makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing an "international" patent application. Such an application may be filed by anyone who is a national or resident of a PCT contracting State. It may generally be filed with the national patent office of the contracting

State of which the applicant is a national or resident or, at the applicant's option, with the International Bureau of WIPO in Geneva.

If the applicant is a national or resident of a contracting State which is party to the European Patent Convention, the Harare Protocol on Patents and Industrial Designs (Harare Protocol), the Bangui Agreement, or the Eurasian Patent Convention, the international application may also be filed with the European Patent Office (EPO), the African Regional Industrial Property Organization (ARIPO), The African Intellectual Property Organization (OAPI) or the Eurasian Patent Office (EAPO), respectively.

The Treaty regulates in detail the formal requirements with which any international application must comply. The filing of a PCT application automatically has the effect of the designation of all PCT contracting States. The effect of the international application in each designated State is the same as if a national patent application had been filed with the national patent office of that State. For the benefit of filing the application two electronic methods are devised:

PCT-EASY

It is the Electronic Application System software, designed to facilitate the preparation of the PCT applications with a view to assist the applicants in preparing the request forms and provide bibliographic data of international applications to International Bureau in validated electronic form. A fee reduction is provided for this type of applications.

PCT-SAFE

It means PCT Secure Applications Filed Electronically. It is a system for the preparation and submission of entire PCT International applications in electronic format based on a legal frame work and technical requirements. This electronically filled application will be transmitted through net.

The international application is subjected to what is called an "international search." That search is carried out by one of the major patent offices and results in an "international search report," that is, a listing of the citations of published documents that might affect the patentability of the invention claimed in the international application. In addition, a preliminary and non-binding, written opinion on whether the invention appears to meet the patentability criteria in light of the search report results is also issued. The international search report and the

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

If the international application is not withdrawn, it is, together with the international search report, published by the International Bureau. The written opinion is not published at this time. If the applicant decides to continue with the international application with a view to obtaining national (or regional) patents, he can, in relation to most contracting States, wait until the end of the thirtieth month from the priority date to commence the national procedure before each designated Office by furnishing a translation (where necessary) of the application into the official language of that Office, paying to it the necessary fees and acquiring the services of local patent agents.

If the applicant wishes to make amendments to the application, for example, in order to overcome documents identified in the search report and conclusions made in the written opinion, and to have the potential patentability of the “as-amended” application reviewed, the optional international preliminary examination may be used. The result of the preliminary examination is an international preliminary report on patentability (IPRP Chapter II) which is prepared by one of the major patent offices and which contains, once again, a preliminary and non-binding opinion on the patentability of the claimed invention. It provides the applicant with an even stronger basis on which to evaluate his chances of obtaining patents, and, if the report is favorable, a stronger basis on which to continue with his application before the national and regional patent Offices.

The procedure under the PCT has great advantages for the applicant, the patent offices and the general public:

(i) applicants have up to 18 months more than if they had not used the PCT to reflect on the desirability of seeking protection in foreign countries, to appoint local patent agents in each foreign country, to prepare the necessary translations and to pay the national fees;

(ii) applicants can rest assured that, if their international application is in the form prescribed by the PCT, it cannot be rejected on formal grounds by any PCT contracting State patent Office during the national phase of the processing of the application;

(iii) on the basis of the international search report and the written opinion, applicants can evaluate with reasonable probability the chances of their invention being patented;

(iv) applicants have the possibility during the optional international preliminary examination to amend the international application and thus put it in order before processing by the various patent Offices;

(v) the search and examination work of patent Office's can be considerably reduced or eliminated thanks to the international search report, the written opinion and, where applicable, the international preliminary report on patentability which are communicated to the national and regional Offices together with the international application;

(vi) since each international application is published together with an international search report, third parties are in a better position to formulate a well-founded opinion about the potential patentability of the claimed invention; and

(vii) for applicants, international publication puts the world on notice of their applications, which can be an effective means of advertising and looking for potential licensees.

Ultimately, the PCT:

- brings the world within reach;
- postpones the major costs associated with international patent protection;
- provides a strong basis for patenting decisions; and
- is used by the world's major corporations, research institutions and universities when they seek international patent protection.

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

a. natural persons who are nationals of and reside in States whose per capita national income is below US\$ 3,000, and

b. applicants, whether a natural person or not, who are nationals of and reside in States which are classed as least developed countries by the United Nations. That benefit consists of a

reduction of 75 percent of certain fees under the Treaty. The PCT was concluded in 1970, amended in 1979 and modified in 1984 and in 2001.

It is open to States party to the Paris Convention for the Protection of Industrial Property (1883). Instruments of ratification or accession must be deposited with the Director General of WIPO.

- **International Searching Authorities**

The Patent Offices of Australia, Austria, Canada, China, Finland, Japan, the Republic of Korea, the Russian Federation, Spain, Sweden, the United States of America, and the European Patent Office act as International Searching Authorities under the PCT.

- **International Preliminary Examining Authorities**

The Patent Offices of Australia, Austria, Canada, China, Finland, Japan, the Republic of Korea, the Russian Federation, Sweden, the United States of America, and the European Patent Office act as International Preliminary Examining Authorities under the PCT.

2.6 PRODUCT PATENTS

A patent can be obtained for an invention which may either be a product or a process, provided both are subject to the requisites of patentability i.e., novelty, utility and non-obvious. Certain inventions are excluded from the patent order, for policy matters of a country and not subjected to the grant of a patent. In India till the 2005 amendment to the Patents Act, only process patents were granted in respect of food, drugs and pharmaceuticals; now it is available to both product as well as process.

Sec. 48 (2) Clause (a) of the Patents Act defines the rights of a patentee of a patent containing claims for a new product. The rights secured under a product patent is wider and broader than the rights secured under the process patent. A product patent may be further classified according to the domain need like, product patents on human DNA sequences, product patents in the pharmaceutical industry economics product patents in pharmaceuticals.

2.7 PROCESS PATENTS

As said earlier a patent can be obtained for an invention which may either be a product or a process. The basic philosophy behind the grant of a patent for the process of the preparation of a product is that, the said product can be manufactured by a totally new, different and innovative

method(s). When one refers to a patent as a ‘product patent’ it means that he has developed a new product. In that case, the complete specification will contain the main claim, the claim for the new product. As the claim for the product is very broad, it is not essential for having a claim for the process, for the preparation of the new product. But the description should contain the details of the process by which the new product is produced.

Similarly when one refers to a patent as ‘process patent’ it implies that he has developed a new and improved process for producing known product. Sec. 48 (2) Clause (b) of the Patents Act defines the rights of a patentee of a patent containing claims for a process or a method of manufacture. The rights in the process are confined to the use of that particular process of preparing the product and nothing else. But, anybody else can develop an alternate process if he satisfies the criteria of patentability.

2.8 PLANT PATENTS

A plant patent is a patent issued for newly invented strains of asexually reproducing plants. Tuber propagated plants or wild uncultivated plants may not be patented. Not all countries allow plant patents. The USPTO provides for the granting of a patent to anyone who has invented or discovered and asexually reproduced any distinct and new variety of plant, including cultivated sports, mutants, hybrids, and newly found seedlings, other than a tuber-propagated plant or a plant found in an uncultivated state.

Asexually propagated plants are those that are reproduced by means other than from seeds, such as by the rooting of cuttings, by layering, budding, grafting, inarching, etc. With reference to tuber-propagated plants, for which a plant patent cannot be obtained, the term “tuber” is used in its narrow horticultural sense as meaning a short, thickened portion of an underground branch. Such plants covered by the term “tuber-propagated” are the Irish potato and the Jerusalem artichoke.

Utility Patents for Plants

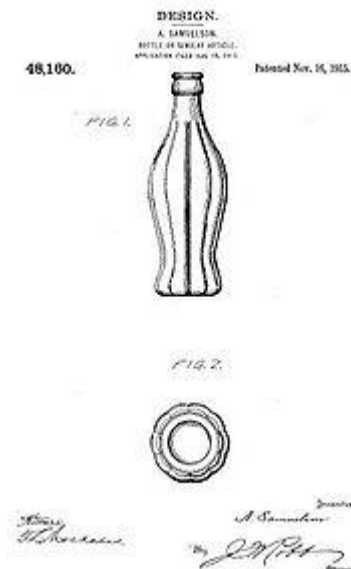
Since the late 1980s, utility patents have been issued for man-made plants or elements of plants. These plants can be reproduced either sexually (by seeds) or asexually. These patents have been issued for elements of plants such as proteins, genes, DNA, buds, pollen, fruit, plant-based chemicals, and the processes used in the manufacture of these plant products. To obtain a

utility patent, the plant must be made by humans and must fit within the statutory requirements (utility, novelty, and non-obviousness). The patent must describe and claim the specific characteristics of the plant for which protection is sought. Sometimes the best way to meet this requirement is to deposit seeds or plant tissue at a specified public depository. For example, many countries have International Depository Authorities for such purposes.

Although a utility patent is harder and more time consuming to acquire than a plant patent, a utility patent is considered to be a stronger form of protection. For example, a plant protected by a utility patent can be infringed if it is reproduced either sexually or asexually. Because the utility patent owner can prevent others from making and using the invention, does this mean the buyer of a patented seed cannot sell the resulting plants to the public? No, under patent laws, the purchaser can sell the plants but cannot manufacture the seed line. In the protection of Plant Varieties is subject to the Plant Varieties and Farmers' Right Act 2001 India. The Plant Breeders right is subject to the Act.

2.9 DESIGN PATENTS & UTILITY PATENTS

A design patent protects only the ornamental appearance of an invention, not its utilitarian features. A utility patent would protect the way an article is used and works. It can be very confusing to understand the difference between designs, patent and other types of IP.



US design patent D 48, 160 for the original Coca-Cola bottle

In the United States a design patent is a patent granted on the ornamental design of a functional item. Design patents are a type of industrial design right. Ornamental designs of jewelry, furniture, beverage containers (see figure) and computer icons are examples of items covered under the design patents. A similar concept of a registered design can be obtained in other countries. In Japan, South Korea and Hungary the designs are resisted after performing an official novelty search. In Europe, one needs to only pay an official fee and meet the formal requirements for registration (e.g. community design at OHIM, Germany, France and Spain)

2.10 PATENTABLE AND NON-PATENTABLE SUBJECT MATTER

Patentability of an invention is subject to the law of the country where an inventor seeks to obtain a patent. According to Sec.2 (1) (j) of the Indian Patents Act an invention is defined as follows: 'Invention means a new product or process involving an inventive step and capable of industrial application'. The patent is granted for inventions. "Invention" means a new product or process involving an inventive step and capable of industrial application. Three conditions have to be satisfied in order to obtain patent grant for the invention under the Patent law. The invention must be new, must involve inventive step and useful. Hence, only if the invention satisfies the following conditions will be eligible for patent grant:

1. Novelty
2. Inventive step (non-obviousness)
3. Industrial Application

2.10.1 Patentable inventions are new and useful

- art process, method or manner of manufacture
- machine, apparatus or other article
- substance produced by manufacture and includes any new and useful improvement of any of them, and an alleged invention
- an invention must be novel has an inventive step or lack of obviousness and is capable of industrial application

Different categories of independent claims stating unity of invention:

- Product, process for its manufacture and use of the product
- Process and apparatus for carrying out the process
- Product, process for its manufacture and apparatus for carrying out the process

2.10.2 Non Patentable Inventions

Some inventions, in spite of being new, non-obvious and useful, cannot be patented under Sec.3 of the Act. Such non-patentable inventions are:

- **An invention which is frivolous or which claims anything contrary to well established natural laws;**
- Some examples of a frivolous nature and contrary to natural laws are:-
 - A machine purporting to produce perpetual motion
 - A machine alleged to be giving output without any input
 - A machine allegedly giving 100% efficiency
- **an invention, the primary or intended use or commercial exploitation of which could be contrary to public order or morality or which causes serious prejudice to human, animal or plant life or health or to the environment;**
 - (a) Any device, apparatus or machine or method for committing theft/burglary.
 - (b) Any machine or method for counterfeiting of currency notes.
 - (c) Any device or method for gambling.
 - (d) An invention the use of which can cause serious prejudice to human beings, plants and animals.
 - (e) Inventions, the intended use or commercial exploitation of which is found to be injurious to public, animal or plant life or health, such as, a method of adulteration of food.
 - (f) An invention, the primary or intended use of which is likely to violate the well accepted and settled social, cultural, legal norms of morality, e.g. a method for cloning of humans.
 - (g) An invention, the primary or proposed use of which would disturb the public order e.g. a device for house-breaking.
 - (h) However, if the primary or intended purpose or commercial exploitation of a claimed invention is not causing serious prejudice to human, animal or plant life or health or to

the environment, such subject matter may be considered to be an invention and may be patentable. For instance, a pesticide.

- **the mere discovery of a scientific principle or the formulation of or discovery of any living thing or non-living substance occurring in nature (Ex. Salts, Polymorphs)**
 - i) A claim for discovery of scientific principle is not considered to be an invention, but such a principle when used with a process of manufacture resulting in a substance or an article may be considered to be an invention.
 - ii) A scientific theory is a statement about the natural world. These theories themselves are not considered to be inventions, no matter how radical or revolutionary an insight they may provide, since they do not result in a product or process. However, if the theory leads to practical application in the process of manufacture of an article or substance, it may well be patentable. A claim for formulation of abstract theory is not considered to be an invention. For example, the fact that a known material or article is found to have a hitherto unknown property is a discovery and not an invention. But if the discovery leads to the conclusion that the material can be used for making a particular article or in a particular process, then the article or process could be considered to be an invention.
 - iii) Finding out that a particular known material is able to withstand mechanical shock is a discovery and therefore not patentable, but a claim to a railway sleeper made of the material would not fall foul of this exclusion, and would be allowable if it passed the tests for novelty and inventive step. Similarly, finding of a new substance or micro-organism occurring freely in nature is a discovery and not an invention.
- **those inventions which are injurious to public health or violate public morality or public interest or which causes serious prejudice to human, animal or plant life or health, or to the environment.**
- An invention contrary to public order may be one, the primary use of which would be a criminal act, punishable as a crime, such as an instrument for picking pockets or fraudulent appliances or preparations. Also an invention of artificial sexual device, may be against morality and therefore not patentable.

Patenting of Biotechnological Inventions

The advancement in Research and Development has played an important role in the field of medicine, food, fertilizer, energy and related Biotechnological areas. Biotechnology concerns living organisms inclusive of plants, animals and microorganisms, as well as non-living biological material like seed, enzymes, plasmids, cells and the like. The question of patenting such processes and products is highly controversial subject even in advanced countries.

The TRIPs Agreement makes it obligatory for the member states to protect biotechnological inventions, but allows them to exclude plants and animals from patentability. States can provide protection under an exclusive legislation for Plant varieties or through a Sui generic system or by any combination thereof. However, it is obligatory on the states to protect the micro-organisms and essentially biological processes for the production of plant and animals.

The first such recognition of patenting of micro-organisms was recognized in USA, in *Diamond v. Chakrabarty*. Mr. Ananda Chakrabarty invented a genetically engineered bacterium capable of breaking down multiple components of crude oil, submitted for patent on the basis that his bacterium possessed a trait not found in naturally occurring bacteria, and therefore sought patent protection. His claim was rejected by the patent authorities on the ground that the micro-organisms were products of nature and as living things non-patentable per se. He approached the Supreme Court, his appeal was accepted and the Court held that micro-organisms per se are patentable in the US. This development prompted patenting of animals in U.S. In India in the year 2002 an amendment was made to Patent Act and patenting of micro-organisms was allowed.

- **the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substances or the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant;**

In a recent case in relation to a pharmaceutical substance, the Madras High Court held that efficacy means therapeutic efficacy. It was held that: “going by the meaning for the word “efficacy” and “therapeutic”... what the patent applicant is expected to show is,

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

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

Also Examples, such as. new & alternative method for preparing Aspirin is not Patentable.

- **a substance obtained by a mere admixture resulting only in the aggregation of the properties of the components thereof or a process for producing such substances.**

An admixture resulting in synergistic properties is not considered as mere admixture, e.g., a soap, detergent, lubricant and polymer composition etc, and hence may be considered to be patentable. A mere aggregation of features must be distinguished from a combination invention. The existence of a combination invention requires that the relationship between the features or groups of features be one of functional reciprocity or that they show a combinative effect beyond the sum of their individual effects. The features should be functionally linked together which is the actual characteristic of a combination invention.

In *Stanipack Pvt. Ltd. v. Oswal trading Co, Ltd.* the defendant was sued for infringement of the plaintiff’s patent, in turn the defendant challenged the validity of the patent for plaintiff against the invention for the manufacture of pouches of storage and disposing of a liquid such as lubricating oil. The Delhi High Court, while revoking the patent on the Ground that the invention was not an invention within the meaning of Sec.3, observed as follows: “*Thickness of the plastic film/layer depends upon the tolerance of the concerns of the pouch. Thus the same*

is merely an arrangement and re-arrangement of the mixture of the material and cannot be termed as a novel concept and does not have any novelty. Such arrangement and re-arrangement of the mixture of the material and cannot become inventions, for it is only an improvement by adding microns as per the strength of the Layers”.

- **the mere arrangement or re-arrangement or duplication of known devices each functioning independently of one another in a known way;**

(Ex. play-cum-educational device, A Dice)

In order to be patentable, an improvement on something known before or a combination of different matters already known, should be something more than a mere workshop improvement; and must independently satisfy the test of invention or an 'inventive step'. To be patentable, the improvement or the combination must produce a new result, or a new article or a better or cheaper article than before. A combination of old known integers may be so combined that by their working inter-relation, they produce a new process or an improved result. Mere collocation of more than one integers or things, not involving the exercise of any inventive faculty, does not qualify for the grant of a patent. (*Biswanath Prasad Radhey Shyam Vs. Hindustan Metal Industries (1979) 2 SCC, 511*).

- **a method of agriculture or horticulture;**

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

(a) A method of producing a plant, even if it involved a modification of the conditions under which natural phenomena would pursue their inevitable course (for instance a green house).

(b) A method of producing improved soil from the soil with nematodes by treating the soil with a preparation containing specified phosphorathioates.

(c) A method of producing mushrooms.

(d) A method for cultivation of algae.

- **any process for the medicinal, surgical, curative, prophylactic (diagnostic, therapeutic) or other treatment of human beings or any process for a similar treatment of animals to render them free of disease or to increase their economic value or that of their products.**

(Ex. surgical/therapeutic instruments/apparatus may obtain patent)

A patient residing in Shimla, needing treatment invented and patented by a Bombay doctor would have to go to that doctor in Bombay who invented the process of treatment, say of muscular spasms! Such a patent over a process of treatment, if granted, would run counter to public purpose which every legislative and executive act has to serve. In *Eli Lilly & Company's Application (1975) RPC,438* a claim for a novel manner of use of old chemical compounds for treatment on human disease has been held to be not patentable. Patent was refused for a method of purifying blood by removing toxic substances from blood by dialysis.

- plants and animals in whole or any part thereof other than micro-organisms but including seeds, varieties and species and essentially biological processes for production or propagation of plants and animals;

(Ex: Clones and new variety of plants are not patentable. But process/method of Genetically Modified Organisms is patentable)

The subject matters excluded under this provision are:

- (a) plants in whole or in part
- (b) animals in whole or in part
- (c) seeds
- (d) varieties and species of plants and animals
- (e) essentially biological process(es) for production or propagation of plants and animals.

Microorganisms, other than the ones discovered from the nature, may be patentable. For instance, genetically modified microorganisms may be patentable subject to other requirements of Patentability.

- **a mathematical or business method or a computer program per se or algorithm;**

- (a) Under this provision, mathematical methods, business methods, computer programs *per se* and algorithms are not considered as patentable subject matter.
- (b) Mathematical methods 'are considered to be acts of mental skill. A method of calculation, formulation of equations, finding square roots, cube roots and all other methods directly involving mathematical methods are therefore not patentable. With the development in computer technology, mathematical methods are used for writing algorithms and computer programs for different applications and the claimed invention is sometimes camouflaged as one relating to the technological development rather than the mathematical method itself. These methods, claimed in any form, are considered to be not patentable.
- (c) Business Methods claimed in any form are not patentable subject matter. The term Business Methods, involves whole gamut of activities in a commercial or industrial enterprise relating to transaction of goods or services. With the development of technology, business activities have grown tremendously through e-commerce and related B2B and B2C business transactions. The claims are at times drafted not directly as business methods but apparently with some technical features such as internet, networks, satellites, telecommunications etc. This exclusion applies to all business methods and, therefore, if in substance the claims relate to business methods, even with the help of technology, they are not considered to be a patentable subject matter.
- (d) Algorithms in all forms including but not limited to, a set of rules or procedures or any sequence of steps or any method expressed by way of a finite list of defined instructions, whether for solving a problem or otherwise, and whether employing a logical, arithmetical or computational method, recursive or otherwise, are excluded from patentability.
- (e) Patent applications, with computer program as a subject matter, are first examined with respect to (b), (c) and (d) above. If the subject matter of an application does not fall under these categories, then, the subject matter is examined with a view to decide whether it is a computer program *per se*.
- (f) If the claimed subject matter in a patent application is only a computer program, it is considered as a computer program *per se* and hence not patentable. Claims directed at computer program products' are computer programs *per se* stored in a computer readable medium and as such are not allowable. Even if the claims, *inter alia*, contain a subject matter

which is not a computer program, it is examined whether such subject matter is sufficiently disclosed in the specification and forms an essential part of the invention.

If the subject matter of a patent application is not found excluded under the foregoing provisions, it shall be examined with respect to other criteria of patentability.

- **a literary, dramatic, musical or artistic work or any other aesthetic creation whatsoever, including cinematographic works and television productions;**
- **a mere scheme or rule or method of performing mental act or method of playing a game; (Ex. method of learning language, playing chess,) ; a presentation of information; (visual/codes, signal)**

Any manner, means or method of expressing information whether visual, audible or tangible by words, codes, signals, symbols, diagrams or any other mode of representation is not patentable. For example, a speech instruction means in the form of printed text where horizontal underlining indicated stress and vertical separating lines divided the works into rhythmic groups is not patentable. For instance, railway time table, 100years calendar etc.

In the matter of application No. 94/Cal/2002, the Controller held that the Patent system was meant for protecting only one kind of creativity i.e. technological creativity and since the claimed invention relates to business method and method of presenting information, it is not allowed

- **topography of integrated circuits;**
- **An invention which, in effect, is traditional knowledge or which is an aggregation or duplication of known properties of traditionally known component or components.**
- **Inventions Relating to Atomic Energy –Sec.4**

Secret Processes and technological know-how

There are some secret processes, formulas and techniques like blending of coffee, tea, whisky, perfumes for very long periods. These secrets are susceptible to industrial espionage. There is no property in trade secrets. It is better to obtain a patent for them before somebody steals it.

Invention must be disclosed fully

While the Act grants the exclusive right of the inventor to exploit his invention for commercial gain for a specific period of time, it also imposes on him the duty of fully disclosing the invention in the complete specification so as to facilitate anyone from the public working of the invention, once the period of protection expires. The full disclosure of the patented inventions is mandatory. If an inventor fails to disclose the invention fully, the patent will not be granted. The validity of such patent, even if granted, can be contested by an opposing party. The patent can be revoked on such contest succeeding.

2.11 PROCEDURE FOR REGISTRATION OF PATENTS

Who can apply for Patent?

Following persons are eligible for making an application to patent office for the grant of patents;

- (i) Any person claiming to be the true and first inventor of the invention
- (ii) Any person being the assignee of person claiming to be the true and first inventor of the right to make such application
- (iii) The legal representative of any deceased person who immediately before his death was entitled to make such application

True and First Inventor

‘True and First inventor’ means a person who has first made an invention. Where two persons have made the same invention independently and not disclosed it, then the inventor who applied first for the patent is to be taken as the first and true inventor of the invention, irrespective of the fact that he made the invention later than the other inventor. But ‘true and first inventor’ does not include either the first importer of an invention into India or a person to whom an invention is first communicated from outside India.

2.11.1 Patent Application

In order to obtain the legal protection for an invention an application has to be made Patent office in prescribed form.

An Application for a Patent for an invention may be made by any of the following persons either alone or jointly with any other person:

1. True and first inventor
2. True and first inventor's assignee
3. Legal representative of deceased true and first inventor or his/her assignee

Type of Patent Applications

Depending on the nature of legal protection sought following types of applications may be filed :

1. Ordinary Application, i.e., an Application which has been filed directly in the Indian Patent office.
2. Convention Application.
3. PCT Application.
4. Divisional Application, which can result from division of a Patent Application.
5. Patent of Addition, which may be filed subsequent to the Filing of an Application for Patent, for a patent modification.

The Patent Office provides the facility to file a Patent Application online from the native place of the agent of the applicant or applicant through e-filing.

An application for a patent in the prescribed form with a provisional or complete specification is the first step to obtain a patent. There are 2 types of patent documents usually known as patent specification namely:

- 1. Provisional Specification / Provisional Patent Application and**
- 2. Complete Specification / Non Provisional Patent Application.**

Specification

A description of the invention is called as 'specification' and it is an essential part of a patent, for it is the consideration which constitutes the *quid pro quo* for the grant of patent monopoly. It begins with a title and followed with subject matter with full description of the invention and the best method of performing the invention and ends with a claim.

It contains both technical and legal issues. Technical issues describe the method and other requirements of performance of the invention and Legal issues will define the boundary of the patents Rights and obligations. It is popularly known as a “**Techno-legal Document**”.

Drafting of the specification

The drafting of patent specifications and claims has to done with utmost care. A well drafted patent application is the key to a valid and enforceable patent. Patents having claims confirming with the invention ensures that the description passes the test of best mode and enablement. The draft must have specifications of the invention and the claims made by the applicant for patent rights. Specification must be sufficiently distinguishable from the claims. What is not ‘Claimed’ cannot be protected. Over claims may touch the prior art, thereby lose the monopoly grant.

Importance of Drafting

Following point must be kept in mind while drafting the patent specifications:

- You are not allowed to continue “painting the picture” of the invention in a pending patent application after the filing
- You are not allowed to add “forgotten” views and details
- You are not allowed to make additional “close ups”
- You are stuck with what you have included in the draft of the patent application
- You cannot get protection for what is not described properly
- You must claim properly what you want to get monopolized

The Drafting Dilemma Drafting the Techno-Legal document is tricky and may end up with undesirable results. One has to carefully analyze the invention. Both the lawyer and inventor have to align their thinking in drafting the specifications. Some of the factors to be considered to avoid the dilemma’s are ;.

- Claiming too broadly (covering prior art):
 - No Protection at all
- Claiming too narrow (terminology, features):
 - Competitor can use the invention

- Claiming just right:
 - This is an art and requires lots of imagination
- Claiming what is not supported by the description:
 - This can and must be avoided

Provisional Specifications

As discussed earlier, provisional specifications are as important as complete specifications. A provisional specification is not a rough draft or a skeleton of the complete specification. The Complete Specification, which follows a Provisional specification, does not replace the provisional specification. Both the documents are permanent, independent documents.

Provisional specification is usually filed to establish priority of the invention in case the disclosed invention is only at an early stage and a delay is expected in giving final shape to an invention. It doesn't confer any legal patent rights to the applicants. It acts as a document to establish the earliest ownership of invention. A provisional specification needs to describe the invention only in brief and need not contain the claims. It has to be followed by a complete specification for obtaining a patent for said invention. The complete specification must be submitted within 12 months of filing of provisional specification. If this is not done, the application will be deemed to be abandoned.

Complete Specifications

The complete specification should fully and particularly describe the invention and the method key which it is to be carried out. Submission of complete specification is necessary to obtain a patent. A complete specification is a techno-legal document, which fully and particularly describes the invention and the best method of performing it. It should start with a preamble – “The following specification particularly describes the nature of this invention and the manner in which it is performed”

Following are the components of complete specifications:

- Title
- Field of Invention
- State of the Art in the field

- Object of the invention (Problem & Solution)
- Statement of Invention
- Detailed description of the invention with reference to drawings
- Scope of the invention
- Claims
- Abstract

Title

The title of the specification plays a very important role in highlighting the invention. It should give fair indication of the art or industry to which the invention relates. It should be brief, free from fancy expression, free from ambiguity and as precise & definite as possible;

Following are not allowable in the title-

- The inventor's name
- The word "Patent"
- Patent- words in other languages
- The abbreviation "etc"
- Fancy words "Washwell Soap", "Universal Rest Easy Patent Chair"

Some examples of allowable titles are

- Improved folding chair
- Railway rail chair
- Improvements in pneumatic tyres
- Motorcar differential gear
- Filaments of electric lamps

Field of Invention

The description should preferably begin with a short general statement of the invention so as to show its scope, and to indicate briefly the subject matter to which the invention relates;

e.g. "This invention relates to"

The State-of-the-Art in the Field

This part should indicate the status of the technology in the field of invention with reference to experiments going on in the field, patents and pending patent applications in the

specific art with emphasis on the ‘prior art’ relevant to the invention. When the invention relates to an improvement on an existing apparatus or process a short statement of closest prior art may also be given. Description should fully & particularly describe the invention, by clearly distinguishing it from such closest prior art if available. If the applicant is not aware of any prior art such a statement may be given.

Object of the invention (Problem and Solution)

The purpose of this part is to clearly bring out the necessity of the invention. It shall say clearly the technical problems associated with the existing technology and the solution for that bringing out the obvious difference between the claimed invention and the prior art.

Statement of Invention

The description should include a statement of invention before giving the details of the invention and the method of performing it. The statement should clearly set forth the distinguishing novel features of the invention for which protection is desired. This part is intended to declare the different aspects of the invention in verbatim with the claims and complements to the omnibus claim in situations of infringements proceedings.

It usually starts like “Accordingly the invention provides an apparatus consisting ofwhich is characterized in that”. Other aspects and processes if any also can be stated e.g. “There is also provided a method for performing.....” etc.,

Detailed description of the invention with reference to drawings

It follows the statement of invention so as to give a complete picture of the invention. The nature of the improvements or modifications effected with respect to the prior art should be clearly and sufficiently described. Sufficient number of examples can be appended to the description especially in the case of chemical inventions.

Following terms have been held to be vague; ‘Special’, ‘design’, ‘suitable’, ‘etc’, ‘whereby’, if desired ‘and/or ‘customary methods’, ‘known methods’. Such terms should not be used in drafting.

Scope of invention

It should bring out the areas of application of the invention and the preferable use of the invention. Applicant can substantiate the industrial applicability of the invention in this part &

call for the protection of the invention in the related fields by specifying the scope & ambit. The advantages of the invention also can be described in this part of the specification.

Best Method

The Act specifically requires that the complete specification must describe the best method of performing the invention known to the applicant, including that, which he may have acquired during the period of provisional protection prior to the date of filing the complete specification.

Drafting of the Claims

The drafting of the claims and their construction are the most important part of the specification. It is a precise legal statement of a technical fact and expression of the same in legal terms about the scope of the invention. Broadly they have classified as main and subordinate claims. The object of the claims is to define clearly with conciseness, precision and accuracy the monopoly claimed, so that others may know the exact boundaries of the area of protection in which they should not trespass. Their primary object is to limit and not to extend the monopoly being granted and they let others know when they are infringing on the rights of patentee.

What is not claimed is considered disclaimed and therefore open to public use. “No” monopoly is obtained for any matter described in the complete specification unless it is claimed in claims. Each claim is evaluated on its own merit and therefore if one of the claims is objected does not mean that the rest of the claims are invalid. The claim should be preceded by – “I claim” ; “We claim”. It shall relate to a single invention or to a group of inventions linked so as to form a single inventive concept. It shall be clear and succinct and shall be fairly based on the matter disclosed in specification;

A proper claim must be clear, complete and supported by description. A claim must be clear in the sense that it should not cause the reader to speculate about the claim. Words like ‘thin’, ‘strong’, ‘a major part’, ‘such as’, ‘when required’, ‘any’ etc are used then it forces the reader to make a subjective judgment and not an objective observation. The structure of the claim consists of three parts, namely, introductory phase – category and purpose of invention. The body of the claim- legal description of the exact invention. Link that joins the two – consists of words and phrases such as – ‘which comprises’, ‘including’, ‘consisting of’, ‘consisting essentially of’.

A claim may have independent and dependent components. The first claim called ‘principal claim’ should clearly define the essential novel features of the most preferred embodiment of the process, apparatus, device or the product that constitutes the invention properly characterized wrt ‘prior art’. The alternate embodiment of the inventive concept and the optional features may be claimed in the ‘subsidiary claims’ A claim known as ‘omnibus claim’ may define “An apparatus substantially as herein above described in the specification with reference to the accompanying drawings” can be added as the last claim to get an integral protection of what is described in the specification and drawings, only if ‘statement of invention’ is incorporated in the specification.

Abstract

An abstract should be included after the claims to provide brief technical information on the invention. It should give a concise summary of the invention preferably within 150 words and shall start from a fresh page. It has to be prepared in such a way that one can understand the technical problem and its solution with its usefulness.

Point to be remembered while drafting complete specifications

- Complete Specifications must be framed with utmost good faith and must not contain any false representation or description of the invention or any material part of it, which would otherwise mislead the public.
- Complete Specifications must be intelligible to an ordinary workman possessing the ordinary skill and knowledge of that branch of the useful arts to which the invention relates.
- Complete Specifications must describe the best method known to the patentee of performing the invention and all his knowledge relating thereto, including that which he may have acquired during the period of provisional protection prior to the date of filing the Complete Specifications.
- If the Complete Specifications describes anything, which is not new, it must clearly distinguish that which is old from that which is new, and claim only the latter;
- An account of the modifications and variations, if any, which fall within the scope of the claim, may be included in the description.
- A brief statement of the advantage of the invention may be incorporated;

- If the inventor does not disclose all the relevant information or mislead the public or gives a false description of the invention, the patent would be held invalid and liable to be revoked.
- It is not enough if a mere list of the various parts that make up the apparatus or device is given;
- The mode of operation of the apparatus and the function of its different parts should be described.

2.11. 7 Patents Prosecution

Publication of Patent Application

- (a) Application for Patent is not open to public before the expiry of 18 months from the date of filing or date of priority, whichever is earlier.
- (b) At the end of 18 months period from the date of filing or from the date of priority whichever is earlier, the Application is published in the Official Journal except in the cases where:
 - i. Secrecy direction under section (u/s) 35 of the Indian Patent Act (hereinafter referred as 'Act') is in force.
 - ii. Application abandoned u/s 9(1) of the Act (i.e., Complete Specification not filed within twelve months from the date of filing of Provisional Specification).
 - iii. Withdrawn three months prior to the publication period, i.e., before the end of 15th month from the date of filing or priority, whichever is earlier. This will apply for National Phase entry of PCT Applications as well, if such application has been filed in India before the expiry of 15 months from the date of priority.
- (c) The Patent Office publishes the Application in the Official e-Journal ordinarily within one month from the date of expiry of 18 months from the date of filing or priority, whichever is earlier.
- (d) In cases, where a secrecy direction has been given, the Application is published, when the secrecy direction is revoked subject to the expiry of the 18- month period.
- (e) No application will be published unless a power of authority, if applicable, is filed.

Particulars of Publication

The official Patent Office Journal is published on every Friday with the following particulars:

- i. Application number
- ii. Date of filing
- iii. Title of invention
- iv. Publication date
- v. International Patent Classification
- vi. Name and address of the applicant
- vii. Name of the inventor(s)
- viii. Priority details like priority document number, date, country etc.
- ix. Reference to Patent of Addition / Divisional Application along with filing date of the parent Application.
- x. Abstract

Publication and Examination

After the submission of the application it is published and examined. According to Sec.11A(1) of the Act, no application for patent shall ordinarily be open to the public from 18 months from the date of filing of application or the date of priority of the application, whichever is earlier. Upon the request of the applicant the Controller shall publish it prior to 18 months. Normally every application for a patent shall be published on the expiry of the 18 months, in certain exceptional circumstances it may be published much earlier:

- a. in which secrecy direction is imposed under Sec.35 of the Act;
- b. has been abandoned under Sec.9(1) of the Act; or
- c. has been withdrawn 3 months prior to the prescribed period as said above.

In case a secrecy direction has been given in respect of an application under Sec.35 of the Act, then it has to be published after the expiry of 18 months as stated in Sec.11A (1) of the Act or when the secrecy direction has ceased to operate, whichever is later.

Examination

The applications filed under the act shall be taken up for the examination as per the order in which the requests for examination are made according to Sec.11(B) of the Act, later the

controller entrusts it to an examiner for making a First Examination Report. The report consists of the following:

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

Normally, the process will be completed within a month, but it should not exceed 3 months. While submitting the first examination report the examiner may raise objections, in the form of a reasoned statement. In case a statement of objection is issued to the applicant to comply with the requirements therein, the applicant has to put application in order to obtain the grant for the patent within 12 months from the date on which the statement of objection issued. If an applicant fails to comply with the objections, it is deemed that the application is abandoned.

The examination and investigations are not to be deemed in any way to warrant the validity of any patent, and no liability shall be incurred by the Central Government or any officer thereof by reason of, or in connection with, any such examination or investigation or any report or other proceedings consequent thereon.

Opposition

Where an application for patent has been published but the patent has not yet been granted, any person may oppose the grant to the controller on the grounds enumerated in Sec.25 (1) of the Act.

- **Grounds for Opposition**

The act enables any person to oppose for the grant of the patent on the following grounds:

- a. Invention Obtained Wrongfully
- b. Publication of the invention before the Priority Date
- c. Prior Claim
- d. Invention Publicly Known or Publicly used in India
- e. Obviousness of Invention and Lack of Inventive Step
- f. Invention not patentable
- g. Invention not sufficiently or clearly described

- h. Non-disclosure of Foreign Application
- i. Convention application filed after prescribed period
- j. Non-disclosure of information relating to Biological Material.
- k. Invention is based on Traditional Knowledge.

Invention Obtained Wrongfully

An application for a patent or a granted patent may be opposed on the ground that the applicant for the patent or the patentee had wrongfully obtained the invention or any part thereof from the opponent. 'Obtaining the invention' means finding out about the nature of the invention, this expression has its focus on the identity of the invention and not on the right of the person from whom it was obtained as the first and true inventor. Further, it should be noted that, it is not necessary that the alleged true and the first inventor must be joined as a party to the opposition, it is sufficient if the entity which has interest in the invention opposes the same.

Where the opponent was the true and the first inventor and had communicated the complete specification to the applicant, it will be for the applicant to show that the subject matter of the application was independently invented by the applicant prior to such communication. The relief for a post- grant is that the opponent can seek to amend the patent in his name, revoking or making a disclaimer of the part of the invention wrongfully obtained. Here the controller may revoke the patent on this ground. In case where the application is still pending for the grant, the relief is to give a share of the patent to the opponent, or of deleting the part obtained by him, or making a complete disclaimer of such portion.

Publication of the Invention before the Priority Date

Prior publication of any of the claims in any Indian specification or in any document in India or elsewhere is a ground for opposition. This must have been affected before the priority date claimed in the application. 'Publication' means 'making publicly known' and 'Publish' means 'make generally known'. The publication must be such that the persons to whom the information is communicated must be free to use it as they please which includes freedom to communicate the information to others. Sec.25 (1) (b) and 25 (2) (b) of the Act deal with two categories of prior publications:

It contemplates publication-

- (i) in any specification filed in pursuance of an application for a patent made in India on or after the 1st day of January,1912; or
- (ii) in India or elsewhere, in any other document.

A document according to its ordinary meaning must contain writing or letter press. It need not be written or printed with ink; a document could be something which contained only a diagram and lettering or only a diagram. An article without any writing cannot be considered as a document.

Prior Claim

If any claim made in the applicants' specification is claimed in a specification published after the applicants' priority date and whose priority date is earlier than that of the applicants, claim, then it can be taken as a ground for opposition.

Normally, prior claim may arise in the following manner:

- a. Where the earlier claim lies wholly within the area of the latter claim;
- b. Where the areas of the earlier and latter claims overlap; and
- c. Where the earlier claim is broader and includes within the area covered by the later claim.

Invention publicly known or publicly used in India

The invention claimed by the applicant, which was publicly known or publicly used in India before the priority date of the claim, it is a valid ground for opposition. Here, an invention relating a process for which a patent is claimed shall be deemed to have been publicly known or publicly used in India before the priority date of the claim if a product made by that process had already been imported into India before that date except where such importation has been for the purpose of reasonable trial or experiment only.

Obviousness of Invention and Lack of Inventive Step

The presence of an inventive step is a necessary requirement for any invention to obtain a patent. The very concept of inventive step is within the concept of invention itself. This will be a deciding fact with regard to prior publication or use in India before the priority date.

Invention not patentable

Sec.3 and 4 of the Act has clearly laid down the list of inventions which are not patentable.

Invention not sufficiently or clearly described

The *quid pro quo* to obtain a patent is the total disclosure of the invention. The very requirement of the complete specification is that, the whole invention should be sufficiently and clearly disclosed. The very object of this provision is to check whether or not the description which has been given is going to be insufficient to enable a person who is reasonably skilled in the field of invention claimed. When an unclear claim is made or consists of inconsistency between the description given and the claim or the explanation given is wrong or not relevant, then it is appropriate to decide the insufficiency. The date of publication of specification will also be considered to decide insufficiency.

Non-disclosure of Foreign Application

An applicant for a patent should disclose the particulars regarding any application which he is simultaneously prosecuting in some foreign country; non compliance of this provision is a valid ground for opposition.

Convention application filed after prescribed period

An application may be opposed on the ground that in the case of a convention application, if the application is not made within 12 months from the date of the first application for the protection of the invention by the applicant. This is a special ground available in case of convention applications.

Convention Country means any country which is a signatory or party or a group of countries, union of territories or Inter – governmental organizations that are signatories or parties to an international, regional or bilateral treaty or convention to which India is a party or signatory, wherein the citizens of India are eligible for similar privileges as are granted to its own citizens of their member countries in respect of patents and protection of rights shall be a convention country under the Patents act.

Non-disclosure of information relating to Biological Material

An invention may be opposed on the ground that the complete specification does not disclose or wrongly mentions the source or geographical origin of biological material used for the invention. Where the biological material is not made available to the public, it may be deposited

to an international depository under the Budapest treaty as contemplated in Sec.10 (4) of the Patents Act.

Invention is based on Traditional Knowledge

An invention claimed in the complete specification may be opposed on the ground that it was anticipated with regard to the knowledge available within any local or indigenous community in India or elsewhere.

Procedure for opposition

The controller shall constitute an Opposition Board consisting of three members and nominates one of them as the Chairman. The board will conduct the examination in accordance with the prescribed procedure and submit the report to the controller. Later, the controller will fix a date for the hearing and serves a notice to the parties giving 10 days time, after that both the parties will be heard and decision will be given.

In deciding an opposition, the Controller will take into consideration the public interest even if the opposition fails. He has, therefore, a discretion to require at any stage, when the case comes before him, any amendment of the specification to prevent the ambiguity and make the description of the invention fair and definite and claims clear and succinct, and not allow a claim which is wider in scope than that to which the patentee is on the evidence, entitled. He is not restricted to information given to him by an opponent, but also entitled to avail him for the public benefit of the information of the patent office. Further, he has power to insert any specific reference other than that specifically claimed by the opponent, if thought proper in the public interest so to do.

Anticipation:

An invention which is anticipated cannot be patented. An invention may be anticipated in many ways. Anticipation of invention can be made by previous publication, previous communication to the Government, public working, use and publication after provisional specifications. An invention is not to be deemed to have been anticipated by reason only that the invention was published before priority date of the relevant claim of the specification, if the patentee or the applicant for the patent proves:

- (i) that the matter published was obtained from him, or from any person from whom he derives title (where he is not himself the true and first inventor) and was published without his consent or consent of any such person and
- (ii) where the patentee or the applicant for the patent or any person from whom he derives title learned of the publication before the date of the publication, or in the case of a convention application before the date of the application for protection in a convention country, that the application or the application in convention country was made as soon as reasonably practicable thereafter.

Grant of Patents

When a patent application made before the Patent office is found to be in order in every respect under the act, a patent shall be granted as expeditiously as possible. Upon the grant, the Controller shall publish the fact relating to the application, specification and other related documents for the public. Once it is published it is open for challenge before the Appellate Board or High Court on the grounds under revocation or infringement of patents.

The grant of a patent confers exclusive rights on the patentee to prevent others from doing certain acts with respect to the patent granted for 20 years. With respect to a product patent, the patentee will have the exclusive right to prevent third parties from making, using, offering for sale, selling, importing, for those purposes, that product in India. In case of a process patent, the patentee will have the exclusive right to prevent third parties from using the process and from the act of using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India.

Date of Patent

- (a) The date of Patent is the date of filing of the Application. However, in case of a PCT National Phase application, the date of filing is the international filing date.
- (b) The time for payment of first renewal fee is reckoned from the date of recordal in the register of patents. However, since the introduction of electronic processing of patent applications, the date of recorded is same as the date of generation of Certificate of Patents.

Restriction on Grant

However, Sec. 47 of the Act subjects the grant to the following conditions:

- a. **Government use** - Any process or product which is the subject matter of a patent may be imported or made by the government for its own use.
- b. **Experiment and Research** - A patented process or product may be used to for the purpose of experiment and research while imparting instructions to pupil in an educational institution.
- c. **Import of Medicine or Drug-** A patent for medicine or drug is granted is subjected to the condition that, the government may import such medicine or drug for its own use for the distribution through its dispensary, hospitals or other medical institutions, if found necessary in the interest of public.

2.12 SUMMARY

The historical perspective of the patent law throws the light on how the concept of patent is developed and the present position of it at the globe. Now it is universally accepted by the states to have strong and effective patent system to protect the interest of the inventors as well as the investors. The procedure to obtain a patent is systematized now, at the national and international level. All most all the member countries have adopted the provisions of TRIPs in their national legislation. PCT paved the way to make an application for international search and ease the filing of Patent application at national level. The present patent act is totally TRIPs complaint.

2.13 KEY WORDS

PCT-EASY: It is the Electronic Application System software, designed to facilitate the preparation of the PCT applications with a view to assist the applicants in preparing the request forms and provide bibliographic data of international applications to International Bureau in validated electronic form. A fee reduction is provided for this type of applications.

PCT-SAFE : It means PCT Secure Applications Filed Electronically. It is a system for the preparation and submission of entire PCT International applications in electronic format based on a legal frame work and technical requirements. This electronically filled application will be transmitted through net.

Specification: A description of the invention is called as ‘specification’ and it is an essential part of a patent, for it is the consideration which constitutes the *quid pro quo* for the grant of patent

monopoly. It begins with a title and followed with subject matter with full description of the invention and the best method of performing the invention and ends with a claim

2.14 SELF ASSESSMENT QUESTIONS

1. Discuss the important International Conventions relating to patents.
2. Write an explanatory note on the impact of TRIPs on Indian patent regime.
3. Give an account of Patent Co-operation Treaty.
4. Make a critical analysis of Patentable and Non-Patentable Inventions.
5. Explain the procedure for obtaining a patent.

2.15 REFERENCES

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UNIT 3 UNIVERSALLY RECOGNISED TECHNICAL REQUIREMENT OF PATENTS CONCEPT OF NOVELTY AND INVENTIVE STEP, PRIOR ART KNOWLEDGE IN THE PUBLIC DOMAIN

STRUCTURE

- 3.0 Objective
- 3.1 Introduction
- 3.2 Universally recognized technical requirements of patents
- 3.3 Concept of Novelty and inventive step
- 3.4 Prior art & Knowledge in the public domain
- 3.5 Person having ordinary skill in the relevant art.
- 3.6 Summary
- 3.7 Key Words
- 3.8 Self Assessment Questions
- 3.9 References

3.0 OBJECTIVE

After studying this unit, you will be able to:

- Analyze the technical requirements to obtain a patent.
- Address the concept of novelty and inventive step.
- Give an analytical view about the prior art & knowledge in public domain.

3.1 INTRODUCTION

Obtaining a patent sounds as an easy proposition, but we should remember that the procedure differs from one national jurisdiction to another. One has to remember that there is no provision of obtaining a Global or International Patent, all patents are granted nationally or recognized through a regional office. But the member countries of WTO more or less follow

the procedure guided and adopted under the TRIPs, as an accepted method to receive patent application and grant patents. PCT confers a comfortable way to do the International Search and common way to proceed to file an application in different jurisdictions.

3.2 UNIVERSALLY RECOGNIZED TECHNICAL REQUIREMENTS OF PATENTS

The patent is granted for inventions. "Invention" means a new product or process involving an inventive step and capable of industrial application. Three conditions have to be satisfied in order to obtain patent grant for the invention under the Patent law. The invention must be new, must involve inventive step and useful. Hence, only if the invention satisfies the following conditions will be eligible for patent grant:

1. Novelty
2. Inventive step (non-obviousness)
3. Industrial Application

3.3 CONCEPT OF NOVELTY AND INVENTIVE STEP

The basic requirement for securing a patent is Novelty. The invention to be patentable must be new. Then the question is what New is? 'New Invention' means any invention or technology which has not been anticipated by publication in any document used in the country or anywhere else in the world before the date of filing of a patent application. The newness is determined considering the knowledge available in the public domain at the time of filing the application. Hence, two factors are considered to determine the novelty of an invention : the invention claimed for protection and the prior art information available in the concerned field. An invention is said to be new if it is not anticipated by prior art. Prior art refers to existing body of knowledge which is in the public domain.

The Patent Act, 1970 lays down the primary condition that the invention to be patented must be new at the date of filing of patent application. This means invention in order to be new should not form part of the state of the art. The state of the art comprises all matters made available to the public before the priority date of the invention by written or oral description, by use or in any other way.

The Supreme Court of India highlighting the requirement of newness in invention observed that "the fundamental principle of patent law is that a patent is granted only for an invention which must be new and useful. That is to say, it must have novelty and utility. It is essential for the validity of a patent that it must be the inventor's own discovery as opposed to

mere verification of what was already known before the date of patent”. (*Biswanath Prasad Radhey Shyam Vs. Hindustan Metal Industries (1979) 2 SCC, 511*)

Inventive Step (non-obviousness)

"Inventive step" means a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art. An invention is patentable only if it involves one or more inventive step. In relation to the determination of patentability, an Examiner first conducts an enquiry as to the novelty of the claimed invention and then proceeds to conduct an enquiry on whether the claimed invention involves one or more inventive step.

If the invention was obvious, there could be no inventive step whatsoever. An 'inventive step' which is a necessary ingredient of invention in order to make an applicant eligible for grant of patent under the Patent Act must be relating to an invention involving technical advance or having economic significance or both along with a necessary factor that such invention should make it 'not obvious to a person skilled in the art'. The Madras HC in this regard observed that “ ... prima facie it can be held safely that it has achieved economic significance as one of the ingredients of the term 'inventive step' under S.2(ja) of the Patent Act, 1970, especially when the factum of sale such large number of products is not under dispute”.

Determination of inventive step

- a) For determination of inventive step, all or any of the prior art(s) revealed during the search process to perform an enquiry as to whether such prior art(s) disclose(s) the claimed invention, are relied upon.
- b) Publications existing on the date of filing of complete specification would be considered as a prior art.
- c) However, Indian Applications filed before but published on or after the date of filing of complete specification of the instant application are considered as a prior claiming.
- d) Invention as a whole shall be considered. In other words, it is not sufficient to draw the conclusion that a claimed invention is obvious merely because individual parts of the claim taken separately are known or might be found to be obvious.

e) If an invention lies merely in verifying the previous predictions, without substantially adding anything for technical advancement or economic significance in the art, the inventive step is lacking.

f) For the purpose of establishing obviousness of the invention, citing a mosaic of prior arts is permissible, provided such prior art is enabling.

g) If the invention is predictable based on the available prior art, merely requiring workshop improvement by a person skilled in the art, the inventive step is lacking.

In order to be patentable, an improvement on something known before or a combination of different matters already known, should be something more than a mere workshop improvement; and must independently satisfy the test of invention or an 'inventive step'. To be patentable, the improvement or the combination must produce a new result, or a new article or a better or cheaper article than before. A combination of old known integers may be so combined that by their working inter-relation, they produce a new process or an improved result. Mere collocation of more than one integers or things, not involving the exercise of any inventive faculty, does not qualify for the grant of a patent. (*Biswanath Prasad Radhey Shyam Vs. Hindustan Metal Industries (1979) 2 SCC, 511*)

Industrial Applicability

In order for an invention to be patentable, an invention must be capable of industrial application. Industrial Application in relation to patentability means that the invention is capable of being made or used in an industry. But mere usefulness alone will not be sufficient to support a patent. The 'utility' of an invention must be better than the preceding knowledge of trade as to a particular article.

Utility

Utility means, that the invention is useful to the society at large, then. It is a patentable invention if it satisfies utility criterion. The utility of an invention is determined on basis of its industrial application, as well as its usefulness to the society.

3.4 PRIOR ART & KNOWLEDGE IN THE PUBLIC DOMAIN

Prior art is all information that has been disclosed to the public in any form about an invention before a given date. Prior art includes things like any patents related to your invention, any published articles about your invention, and any public demonstrations. Patent law states "On taking up an application for examination or a patent in a reexamination proceeding, the examiner shall make a thorough study thereof and shall make a thorough investigation of the available prior art relating to the subject matter of the claimed invention." This means that prior art could disqualify your application for a patent.

The description in the provisional specification under this heading should contain the available and relevant prior art knowledge to which the invention relates. The general feeling is that, in the provisional specification no prior art details to be given, is not correct. The prior art is very much essential even for provisional application.

3.5 PERSONS HAVING ORDINARY SKILL IN THE RELEVANT ART

The **person having ordinary skill in the art**, the **person of ordinary skill in the art**, the **skilled addressee**, **person skilled in the art** or simply the **skilled person** is a legal fiction found in many patent laws throughout the world. This fictional person is considered to have the normal skills and knowledge in a particular technical field, without being a genius. He or she mainly serves as a reference for determining, or at least evaluating, whether an invention is non-obvious or not (in US patent law), or does involve an inventive step or not (in European patent laws). If it would have been obvious for this fictional person to come up with the invention while starting from the prior art, then the particular invention is considered not patentable.

In some patent laws, the person skilled in the art is also used as a reference in the context of other criteria, for instance in order to determine whether an invention is sufficiently disclosed in the description of the patent or patent application (sufficiency of disclosure is a fundamental requirement in most patent laws), or in order to determine whether two technical means are equivalents when evaluating infringement.

In practice, this legal fiction is a set of legal fictions which evolved over time and which may be differently construed for different purposes. This legal fiction basically translates the need for each invention to be considered in the context of the technical field it belongs to. A claimed invention is unpatentable if, at the time the invention was made, the invention as a whole

would have been obvious “to a **person** having ordinary skill in the art to which said subject matter pertains.” 35 U.S.C.§103(a). When applying this subsection, courts have generally followed the statutory language and sought to identify knowledge of a hypothetical **individual person** with ordinary skill in the relevant area of technology.

"The ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention, i.e., as of the effective filing date of the patent application." Phillips v. AWH Corp. ("In the absence of an express intent to impart a novel meaning to the claim terms, the words are presumed to take on the ordinary and customary meanings attributed to them by those of ordinary skill in the art"). It is the use of the words in the context of the written description and customarily by those skilled in the relevant art that accurately reflects both the "ordinary" and the "customary" meaning of the terms in the claims.

3.6 SUMMARY

Though the term patent looks very attractive, to get a patent is not a comfortable proposition. It has to fulfill many criteria like Novelty, Inventive Step and Utility. The prior art search is a tough task, only persons skilled in the art of search can do it. No comfort zone can be prescribed to obtain a patent until the inventor fulfills the requisites under law. Apart from this the inventions should be out of Public Domain and Knowledge.

3.7 KEY WORDS

Novelty: It means new, the newness is determined considering the knowledge available in the public domain at the time of filing the application.

Inventive Step (non-obviousness) :"Inventive step" means a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art.

3.8 SELF ASSESSMENT QUESTIONS

1. Discuss the requisites to obtain a patent under the Patents Act.

.....
.....

2. Write a note on:

- a. Prior Art Search
- b. Public Knowledge

3.9 REFERENCES

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UNIT 4 RIGHTS OF PATENTEES-ASSIGNMENT- LICENSING COMPULSORY LICENSING- SCOPE OF GOVERNMENTAL INTERVENTION

STRUCTURE

- 4.0 Objective
 - 4.1 Introduction
 - 4.2 Rights of patentees – Assignment
 - 4.3 Licensing
 - 4.4 Compulsory Licensing
 - 4.5 Scope of governmental intervention
 - 4.6 Summary
 - 4.7 Key Words
 - 4.8 Self Assessment Questions
 - 4.9 References

4.0 OBJECTIVE

After studying this unit, you will be able to:

- Give an overview of rights of a patentee.
- Explain the assignment, licensing and compulsory licensing.
- Analyze the role of governmental intervention.

4.1 INTRODUCTION

A patent is a statutory grant conferring certain monopoly rights on the grantee for a definite period subject to certain conditions. A patentee has also the power to assign the patent, grant licensees under, or otherwise deal with it for any consideration. The rights created by statute are subjected to various conditions and limitations.

Right to Exploit the Patent

A patentee is having exclusive right to make, use, sell, or distribute the patented article in India or to use or exercise the method or process if the patent is for a process. This right can be exercised either by the patentee himself or by his agents or licensees. The rights granted under a patent are exercisable only during the term of patent.

Right to Assign and License

A patentee has the power to assign, grant licenses under or otherwise deal with the patent for any consideration. If he is a co-owner of a patent he can assign his share of the patent or grant licenses to others to use the patent only with the permission of a co-proprietor.

Right to Surrender

A patentee has right to surrender his patent. But before accepting the offer of surrender, notice of surrender is given to persons whose name is entered in the register as having an interest in the patent. The application for surrender is also advertised to enable interested persons to oppose. This is necessary to protect the interest of persons like licensees, assignees and others with whom the patentee may have contradicted obligations.

Right Before Sealing

During the period from the date of advertisement of the acceptance of the complete specification and the date of sealing of the patent the applicant for patent can exercise all the privileges and rights of a patentee except the suit for filing infringement.

Limitations for the patentee's rights use of experiment research etc.

Any person, for the purpose of merely of experiment or research makes use of a patented article without the consent of the patentee and without payment of any royalty.

Inventors for Defense Purposes

Inventors relevant for defense purposes may be subjected to secrecy provisions. Publications or communication of information relating to such inventions may be restricted or prohibited by directions of the controller.

Use in Foreign Vessels

A patent is not deemed to be infringed by the use of invention in a foreign vessel or aircraft, or a vehicle owned by a foreigner who comes into India or its territorial waters temporarily or accidentally if it satisfies certain conditions. The conditions may be that it must be used on board the vessel, in case of aircraft or land vehicle the invention must be used in the construction or working of the aircraft or vehicle as all may be.

Validity of Patent

It is not guaranteed by the grant. A patent may be revoked on various grounds. The Register of patents may be rectified by order of the High Court, by an application from the person aggrieved.

Obligations of the Patentee

Patents are granted not only to encourage inventions but also to recur that to inventions are worked in India on a commercial scale and to the fullest extent. The monopoly created by the patent should not unfairly prejudice the interest of the public. It is implied responsibility of the patentee to work the patent in India in such a manner that the reasonable requirements of patented invention are satisfied and available to public at a reasonable price. Every patentee and licensee should furnish to the controller periodical statements as to the extent to which the patented invention has been worked on the commercial basis in India. Failure to supply such information is a punishable offence.

4.2 ASSIGNMENT

A patent is recognized as a species of property and can be transferred by the owner of the patent to anybody, by either an Assignment or through a valid License. Normally creation of an interest in a patent by way of assignment, mortgage or license is subject to following requirements under the Act:

- a. the assignment, mortgage or license or creation of any other interest is reduced in writing in a document embodying all the terms and conditions governing the rights and obligations between the parties;
- b. the application of registration of such document is filed in the prescribed manner within the time prescribed under it.

c. Assignment

The assignment is a process, through which a patentee may assign the whole or any part of the patent rights for the whole of India or for a part thereof, an assignee includes a legal representative of the deceased assignee.

An assignment can be made in three ways:

a. Legal Assignment

An assignment of an existing patent through an assignment which has been duly registered is a legal assignment. A legal assignee has the right to enter his name in the register of patents maintained in the Controller's office as proprietor of the patent and can thereafter exercise all the rights conferred on him by the proprietor.

b. Equitable Assignment

Any document in which the patentee agrees with another person to give him certain defined share of the patent with immediate effect is an equitable assignment of the patent. This transaction will affect the right of the proprietor of the patent, but this does not alter the proprietorship. An equitable assignee cannot have his name entered in the register as proprietor of the patent.

c. Mortgages

A mortgage is also a form of assignment. It is a document which transfers the patent rights either wholly or partly the mortgagee with a view to secure the payment of a specified sum of money. Upon the repayment of the amount under mortgage the patentee has got the right to retransfer his name in the register of patents. The mortgagee is not entitled to have his name entered in the register as the proprietor, but he can get his name entered in the register as a mortgagee.

4.3 LICENSES

A patentee may permit others by way of a license to make, use or exercise his invention. To be a valid license, it should be in writing. The following are the different kinds of licenses.

1) Voluntary License

It is a written authority granted by the Proprietor of the patent to another person empowering him to make, use, sell patented article in the manner and not on terms and conditions provided in the license.

2) Statutory License

The 'Compulsory license' and 'License of right' are recognized as statutory licenses. Here, the Controller and Central Government will have a role to play and the terms and conditions do not generally depend upon the will of the parties.

3) Exclusive / Non-exclusive License

Depending up the degree and extent of rights conferred on the licensee, the exclusivity and non-exclusivity can be recognized. An exclusive license confers all rights like, to make, distribute or sell the patented product. A non-exclusive license is one where it imposes certain restrictions on the licensee. Example X grants a license to Y to manufacture the patented product and confers C with the right to market it. Here Y has got the limited license to manufacture and Z to sell it.

4) Express / Implied License

An express license is one in which the permission to use the patent in express terms, on the contrary in an implied license, the permission is not given in express terms in writing , but it can be implied from the circumstance.

Registration of assignments/Transfer of Right

a. An assignment of a patent or of a share in a patent, a mortgage, license or the creation of any other interest in a patent shall be valid only if the same were in writing and the agreement between the parties concerned is reduced to the form of a document embodying all the terms and conditions governing their rights and obligations and has been duly executed.

b. Any person who becomes entitled by assignment, transmission or operation of law to a patent or to a share in patent or becomes entitled as a mortgagee, licensee or otherwise to any other interest in a patent, may apply in writing in Form-16 to the Controller, for the registration of his

title or as the case may be of notice of his interest in the register. Such an application can also be made by the assignor, mortgagor, licensor or other party as the case may be.

c. Where such application is made for the registration of title or notice of interest of any person, the Controller, upon proof of title or interest to his satisfaction, shall enter in the register such particulars as are appropriate.

d. If there is any dispute between the parties the Controller may refuse to take any action to make an entry in the register, until the rights of the parties have been determined by a competent court.

e. Except for the purpose of making an application for registration of right, title or interest in the register of patents or for an application for rectification of the register of patents in the IPAB, a document in respect of which no entry has been made in the register shall not be admitted by the Controller or by any court as evidence of the title of patents.

4.4 COMPULSORY LICENSES

A compulsory license is a license granted by the Government to a third party to use the patented invention and other form of intellectual property so as to restrict the rights of the patentee for the purpose of stopping the abuse/misuse of the rights by the property holder and to prevent the negative effect of such action on the public. If the patent is not worked so as to satisfy the reasonable requirement of the public at a reasonable price of the patented article, the Controller may grant compulsory licenses to any applicant to work the patent. Those of licenses will be determined by the controller. In report of patents relating to food, medicine or drug they are deemed to be endorsed with the words licensees of right after the expiration of 3 years from the date sealing.

It should be noted that the Central government can also make application for the grant of compulsory license. In the case of an application made by the Central Government, the application it is not required to set out the nature of the applicant's interests and the terms and conditions of the license the applicant is willing to accept.

4.5 SCOPE OF GOVERNMENTAL INTERVENTION

The Government may use the patented invention or even acquire it under certain circumstances and terms, or prohibit a person from using an invention. In case of drugs or

medicine the Government may import the medicine or drug for its own use or for distribution to hospitals or medical institutions without the permission of the current patentee or payment of any royalty. The Government may also acquire a patent on payment of royalties.

4.6 SUMMARY

The grant of patent is subject other statutory conditions. Further once the Patent is granted one needs to keep a check on the renewals as this might render a Patent to be abandoned if the renewal fees are not paid on time. Upon grant a Patent can be commercialized through issuing Licenses or even by Assigning rights in the same to third parties who are interested to exploit the Invention.

4.7 KEY WORDS

1. Assignment - assignment is a process, through which a patentee may assign the whole or any part of the patent rights for the whole of India or for a part thereof.

2. Convention Country - means any country which is a signatory or party or a group of countries, union of territories or Inter – governmental organizations that are signatories or parties to an international, regional or bilateral treaty or convention to which India is a party or signatory.

4.8 SELF ASSESSMENT QUESTIONS

1. Discuss rights of a Patentee.
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2. How can an Inventor upon a grant exploit the Patent in circumstances where he/she does not have the capital to exploit the Invention?
.....
.....
3. Write an explanatory note on Assignment and Licensing of Patents.
.....
.....
4. What are the Rights and Obligations of a Patentee?
.....
.....

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UNIT 5 PATENTING OF LIFE FORM & PLANT VARIETIES PLANT BREEDERS RIGHT PATENTING OF DRUGS & FOOD REGISTRATION OF NEW VARIETIES OF SEED, PLANTS REMEDIES FOR INFRINGEMENT OF PATENTS

STRUCTURE

- 5.0 Objective
- 5.1 Introduction
- 5.2 Patenting of life Form & Plant varieties
- 5.3 Patenting of Drugs and Food
- 5.4 Registration of New Varieties of Seeds & Plants
- 5.5 Infringement of Plant Varieties & Remedies
- 5.6 Summary
- 5.7 Key Words
- 5.8 Self Assessment Questions
- 5.9 References

5.0 OBJECTIVE

After studying this unit, you will be able to:

- Assess the patenting of life forms.
- Explain the rights of the plant & seed breeders.
- discuss the infringement of patents and remedies

5.1 INTRODUCTION

Biotechnology is a popular term for the generic technology of the 21st century. Although it has been utilized for centuries in traditional production processes, modern biotechnology is only about 50 years old, and in the last decades it has witnessed tremendous developments. Since

R & D in biotechnology is extremely time consuming and requires huge investment, granting Intellectual Property Rights (IPR) is an effective tool to protect biotechnology inventions. There are however, no internationally accepted guidelines for the management of IPR, and a wide range of opinions exists regarding the utility of IPR in the area of biotechnology.

5.2 PATENTING OF LIFE FORM & PLANT VARIETIES

The role of Plants and allied resources in human life is vital. Plant genetic resources provide strong foundation for the development of food and nutritionally secure society. By 2030, the global population is expected to increase by 28%, from 6.5 billion in 2005 to 8.3 billion, and average global per capita income by 57%. Both a larger and a more affluent population will increase world demand for health services that improve the quality of life and length of life, as well as demand for essential natural resources: food, animal feed, fiber for clothing and housing, clean water and energy. In order to meet the food requirement of the future, crops production will need to increase more quickly in the future than in the past.

In India, agricultural research including development of new plant varieties has largely been the concern of the Government and public sector institutions. After signing the WTO agreement in 1994, the legislation for regulating plant varieties and protecting the interests of plant breeders became necessary under the Art.27.3(b) of the TRIPS agreement. Art.27.3(b) mandates the member countries to provide for protection of plant varieties either by Patent or by an effective *sui generis* system or by any combination thereof. The Indian Patent Act, 1970 excludes agriculture and horticulture methods of production from patentability.

Legislative framework

The legal protection remains very sensitive and complex in case of biotechnology in general and agricultural biotechnology in particular because of technical and ethical issues involved. Indian biotech industry at present is facing great challenges of the emerging Trade Related Aspects of Intellectual Property Rights (TRIPs) compliant patent system in India from January 1, 2005. Article 27.3 (b) of TRIPs excludes biological processes for the production of plants or animals as a patentable subject matter, but patents can be granted to the microorganisms, non-biological, and microbiological processes used in the production of plants and animals. This covers even the gene sequences, which may be for a particular character, or a promoter or genetic markers or similar ones. With the increase of transgenic research both in

public and private research organizations, the issues of royalty payments, material transfer agreements (MTA), and legal obligations and bindings are to be clearly understood. IPR protection of new life forms raises a number of difficult technical and ethical issues because of which the patentability of new biological forms and processes is still not accepted in many countries. Indian Patent Act 1970 defines patentable invention as: a new product or process involving an inventive step and capable of industrial application

Since IPR protection is granted only for invention and not for discoveries, in case of biotechnology innovations, it is difficult to say whether the new life form in the form of gene, DNA, cell etc., is a scientific discovery or a technological invention. Discovery is merely making available what already exists in nature. A substance freely occurring in nature, if merely found or discovered, is not patentable. However, if the substance found in nature has first to be isolated from its surroundings, and a process for obtaining it is developed, that process is considered invention and hence patentable.

The consideration of industrial application is yet another obstacle for securing patents for inventions in biotechnology. However, in India there are several ethical issues too related to patenting of life forms, the most important being extent of private ownership that could be extended to life forms. One of the major causes of uncertainties and controversies related with IPR protection of life forms is lack of an established practice in protecting not only such living materials, but any form of intellectual property. But, it is not so with regard to ownership of physical property that has a tangible market value. In the traditional cultural context, Indians have considerable problems fixing monetary value to anything that is not a tangible physical property that has market value. Hence, there is an urgent need for developing countries like India to define clear policies for IPR in case of scientific and technological innovations.

Article 27 (3)(b) of TRIPs agreement allows members to exclude from patent protection, plants and animals other than micro-organisms; and biological processes for the production of plants or animals other than microbiological processes. TRIPs provide option to member states protecting new plant variety by means of patent or *sui generis* system or both. India opted for *sui generis* protection and legislated “Plant Varieties Protection and Farmers Right Act-2000” that enables the farmer to save, use, sow, re-sow, exchange, or share the seeds of protected variety, besides offering protection on farmers' variety, extant variety and essentially derived variety.

Whereas plant variety protection could boost research in the area of plant biotechnology by both public and private bodies, it could also result in higher prices for seeds, thus naturally excluding the small and marginal farmers from accessing such new technologies.

The Protection of Plant Varieties and Farmer's Right Act (PPVFR) was passed by Indian Parliament in 2001. The objectives of the Act are as follows:

- (i) To provide for the establishment of effective system for protection of plant varieties and encourage the development of new varieties of plants
- (ii) To provide for the rights of farmers and plant breeders in conserving, improving and making available plant genetic resources for the development of the new plant varieties
- (iii) To stimulate investment for research and development and to facilitate growth of the seeds and plant materials of improved varieties to farmers.

PPVFR has 76 sections spread over nine chapters with four schedules. Along with PPVFR, 2001, the Protection of Plant Varieties and Farmers' Rights Regulations, 2006, the Protection of Plant Varieties and Farmers Rights (Criteria for Distinctiveness, Uniformity and Stability for Registration) Regulations, 2009 and the Plant Varieties Protection Appellate Tribunal (Applications and Appeals) Rules, 2010 make up the legal framework for the protection of plant varieties and farmers right in India.

Some of the terms used in PPVFR Act are pertinent note here to understand the scheme of the Act and its implementation.

Variety - means a plant grouping except microorganisms within a single botanical taxon of the lowest rank , which can be:

- (i) Defined by the expression of the characteristic resulting from a given genotype of a plant of that plant grouping
- (ii) Distinguished from any other plant grouping by expression of at least one of the said characteristics; and

(iii) Considered as a unit with regard to its stability for being propagated, which remains unchanged after such propagation and includes propagating material of such variety, extant , transgenic variety, farmers variety and essentially derived variety .

Extant Variety – A Variety available in India which is

- (i) Notified under S.5 of Seeds Act, 1966 or
- (ii) Farmers variety or
- (iii) A variety about which there is common knowledge or
- (iv) Any other variety which is in public domain

Essentially Derived Variety - in respect of variety (i.e. the initial variety) shall be said to be essentially derived from such initial variety when it

- (i) Is predominantly derived from such initial variety or from a variety that itself is predominantly derived from such initial variety, while retaining the expression of the essential characteristics that result from the genotype or combination of genotypes of such initial variety ;

5.3 PATENTING OF FOOD & DRUGS

Earlier only Process patent was given to Food and Drugs in India. Justice N. Rajagopala Ayyangar pointed out that barring the US, there was hardly any country that allowed unrestricted grant of patents in respect of articles of food and medicines, or as to the licensing and working of patents in this class. In none of the countries of Europe were patents granted for product claims for articles of food or medicine, and in a few (Denmark for articles of food; and Italy, under the law of 1957, for medicinal products) even claims for processes for producing them were non-patentable. He explained that the reason for this state of law is stated to be that the denial of product claims is necessary in order that important articles of daily use such as medicine or food, which are vital to the health of the community, should be made available to everyone at reasonable prices and that no monopoly should be granted in respect of such articles. It is considered that the refusal of product patents would enlarge the area of competition and thus result in the production of these articles in sufficient quantity and at the lowest possible cost to the public.

The government started to encourage the growth of drug manufacturing by Indian companies in the early 1960s, and with the Patents Act in 1970. However, economic liberalization in 90s by the former Prime Minister P.V. Narasimha Rao and the then Finance Minister, Dr. Manmohan Singh enabled the industry to become what it is today. The lack of patent protection made the Indian market undesirable to the multinational companies that had dominated the market, and while they streamed out. Indian companies carved a niche in both the Indian and world markets with their expertise in reverse-engineering new processes for manufacturing drugs at low costs. Although some of the larger companies have taken baby steps towards drug innovation, the industry as a whole has been following this business model until the present.

After the Patents Amendment Ordinance, 2004, which came into force from 1st January 2005, the provision relating to food, drugs and other chemicals have been omitted. Both product and process patents are now available for Food and Drugs. India's biopharmaceutical industry clocked a 17 percent growth with revenues of Rs. 137 billion (\$3 billion) in the 2009–10 financial year over the previous fiscal. Bio-pharma was the biggest contributor generating 60 percent of the industry's growth at Rs. 88.29 billion, followed by bio-services at Rs. 26.39 billion and bio-agri at Rs. 19.36 billion. In 2013, there were 4,655 pharmaceutical manufacturing plants in all of India, employing over 345 thousand workers.

5.4 REGISTRATION OF NEW VARIETIES OF SEEDS & PLANTS

Chapter III of the Act provides provision for registration of new varieties of seeds and plants. Before making an application for registration of a new plant variety, the breeder must ascertain whether the plant variety for which application is to be made is included in the genera or species notified by the Government as entitled for registration and shall also see the variety for which the application made is not the one prohibited by the Central Government under a notification, as not entitled for registration. Thereafter, the breeder must ascertain and assign a denomination number to his variety, in accordance with the international classifications. Such denomination is expressed by means of letters or a combination of letters and figures written in a language already known. Where the applicant cannot assign the denomination in accordance with the existing classifications, the Registrar may permit the applicant to propose a denomination of his own. The applicant shall also get his new variety catalogued by such institution or centre as may be recognized by the Central Government. The applicant shall

supply to the Registrar such quality of seeds and planting material as may be required for purposes of conducting tests and shall deposit also the fees as may be prescribed to meet the costs of tests. The applicant shall also file a declaration that the variety proposed for registration does not contain any gene or gene sequence involving terminator technology. The application so made shall be accompanied by a statement giving a brief description of the variety bringing out its characteristics of novelty, distinctiveness, uniformity and stability and shall also contain a full pass-port data of the parent lines from which the variety is bred i.e. the parent genes. The applicant for registration of new plant variety may be a breeder or the discoverer of new plant variety. The application shall be made to the Registrar. The Registrar may in the first instance, accept the new plant variety as registerable in which case he shall direct the publication of the application together with the enclosures including photographs and drawings calling for objections. The proceedings in the opposition are an important part of the proceedings for the registration of new plant variety. It is here all the issues involved about the eligibility of the new plant variety as well as the prohibitions against the grant of registration including issues involved in public interest come under consideration. The order of the Registrar either granting or refusing registration shall contain reasons. After the grant of certificate of registration, the Registrar will make a further publication of the registration granted to the breeder inviting claims for benefit sharing to the plant variety registered.

- **Registration of Essentially Derived Variety:**

An essentially derived variety is a variety derived from initial variety. It is a variety which retains the essential characteristics which result from the genotype or combination of genotypes of the initial variety and yet clearly distinguishable from such initial variety by such other characteristic which result in the process of derivation. The procedure for registration of essentially derived variety is same as that of the registration of the essentially new variety. But for the difference that the registering authority in the case of the essentially derived variety is the Authority for the protection of plant Varieties and Farmer's Rights and not the Registrar. On the orders so made accepting registration of the essentially derived variety by the Authority, the Registrar shall enter the same in the Register and issue the Certificate of Registration to the applicant.

5.5 REMEDIES FOR INFRINGEMENT OF PATENTS

Sections 64 to 77 of the Act, deals with the infringement, offences and penalties relating to plant varieties.

1. Infringement of plant varieties

Section 64, describes what is meant by the infringement of plant varieties. A right established under this Act is infringed by a person:-

- (a) Who sells, exports, imports or produces such varieties without the permission of its breeder or registered licensee or registered agent;
- (b) Who uses, sells, exports, imports or produces any other variety giving such variety, the denomination identical with or deceptively similar to the denomination of a variety registered under this Act in such manner as to cause confusion in the mind of general public in identifying such variety so registered.

The acts of infringement are:

- (i) selling, exporting or importing or producing such variety without the permission of breeder or registered agent or licensee
- (ii) using, selling, exporting, importing or producing any other variety giving such varieties, the denomination,
 - (a) Identified with; or
 - (b) Similar to the denomination,

Of a registered variety, so as to cause confusion in the mind of general public in identifying such variety so registered.

A suit for infringement for the infringement of registered variety or relating to any right in a registered variety can be instituted only in the District Court.

Remedies against infringement

Under Section 66, the plaintiff is entitled to the following reliefs in a suit for infringement. They are;

- (a) Injunction;
- (b) Damages or a share of the profits.

The plaintiff can obtain either an ex parte injunction or any interlocutory order of injunction. We have already discussed the principles relating to the grant of injunction in the previous chapters. So we need not discuss them here in detail.

The plaintiff can ask for injunction which may include an ex parte injunction or any interlocutory order for any of the following matters, namely:-

- (a) Discovery of documents;
- (b) Preserving of infringing variety or documents or other evidence which are related to the subject matter of the suit;
- (c) Attachment of such property of the defendant which the court deems necessary to recover damages, costs or others pecuniary remedies which may be finally awarded to the plaintiff.

The plaintiff is entitled to either damages or a share of profits apart from the grant of injunction. The plaintiff has option of damages or share of profits and he cannot get the both. In a suit for infringement the court can obtain the opinion of scientific adviser under Section 67.

5.6 SUMMARY

The role of Plants and allied resources in human life is vital. Plant genetic resources provide strong foundation for the development of food and nutritionally secure society. Till 2001 there was no specific legislation was available to protect the our farmers and the new varieties created by them. Now it is possible for them to protect it under the PVPF Act of 2001.

5.7 KEY WORDS

- 1. *Variety* - means a plant grouping except microorganisms within a single botanical taxon of the lowest rank ,
- 2. *Essentially Derived Variety* - in respect of variety (i.e. the initial variety) shall be said to be essentially derived from such initial variety when it is predominantly derived from such initial variety or from a variety that itself is predominantly derived from such initial variety, while retaining the expression of the essential characteristics that result from the genotype or combination of genotypes of such initial variety.

5.8 SELF ASSESSMENT QUESTIONS

- 1. What is the significance of the new Plant Varieties and Farmer's' Right Act..
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.....
- 2. Describe the registration of New Variety under the Act.

.....
.....
3. What are the remedies available against the Infringement of Plant Varieties?
.....
.....

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BLOCK: 2

UNIT 6 MEANING OF COPYRIGHT, ITS NATURE, SCOPE CONTENT AND DURATION

STRUCTURE

- 6.0 Objective
- 6.1 Introduction

- 6.2 Nature and Scope of Copyright

- 6.3 Content and duration of Copyright

- 6.4 Summary

- 6.5 Key Words

- 6.6 Self Assessment Questions

- 6.7 References

6.0 OBJECTIVE

After studying this unit, you will be able to:

- Analyze the meaning of copyright.
- Address the nature and scope of Copyright.
- Give an analytical view content and duration of Copyright.

6.1 INTRODUCTION

The word copyright derives itself from the expression ‘copy of words’. Copyright is a kind of intellectual property subsisting in certain specified types of original works in the form of literature, drama, music, artistic work, cinematographic work and computer programs. It is an exclusive right of the copyright owner to do or permit the doing of certain acts such as copying, selling copies, publicly performing, broadcasting and related activities and generate money through such means. For example, a novelist may permit a publisher to print and sell copies of his work in return for payment of royalty on agreed terms. If some other person makes copies and commercialises them without the permission of the novelist, it results in an infringement. Thus, basically it is a negative right to prevent the appropriation of the expressed results of the

labours of an author by other persons. Initially started with the idea of protecting literary work, its scope has grown on exponentially to include all types of expressions made possible in the technological world.

6.2 NATURE AND SCOPE OF COPYRIGHT

The Copyright in its nature is an incorporeal property, the minute the person creates an work it becomes his property, irrespective of its desired quality. Since the subject of the property is incorporeal, it gives a dominium over the work, a right in the work *erga omnes*. To be recognized as a right in law it should in be in some form. Ex. For literary work in written form. The note worthy point here is there is no copyright in ideas. Further we can understand the scope of copyright law as follows:

- It defines copyright and lists the category of works in which copyright subsists. It recognizes copyright in foreign works on the basis of mutuality and equal treatment.
- It provides for determination of first owner of copyright for different types of copyrightable creations and authorizes licensing and assignment. It provides effective means of exploiting a work commercially.
- It fixes the duration of copyright, after the expiry of which the work merges into public domain. It defines infringement and lists the circumstances in which use of the work for promotion of knowledge system and culture do not amount to infringement.
- It recognizes and protects rights of broadcasters and performers and moral rights.
- It establishes Copyright Office controlled by Registrar of Copyrights to discharge the duties of registration of copyrightable creations at the option of the authors. But it does not require registration as a pre requisite for claiming copyright.
- It provides for Copyright Board for considering the applications for compulsory licenses in publication of unpublished or withheld works or their translations, for determining royalty payable to the copyright owners and for renewal or cancellation of license.
- Copyright Societies of performers and authors have been contemplated as voluntary organizations for better protection of their rights. Civil remedies like injunction, accounts and compensation are available to owners of copyright for infringement of copyright.

- Penalties are prescribed for knowingly infringing copyright or other rights conferred under the Act, for possessing infringing copies and plates and for making or causing to be made false entry in Register of Copyright. Repeated infringements of copyright and knowingly infringing computer program incur enhanced penalties. Police officers are vested with the power to seize infringing copies.
- Traditionally, knowledge and arts were considered as free for dissemination, and not objects of commerce. But in those days, social support took care of the interests of knowledge of workers and artists. Along with the dawn of individual rights and modernization, there arose, awareness about the economic component of knowledge and its potentiality to generate wealth. *Adam Smith*, by emphasizing on division of labour for excellence, recognized the element of knowledge as an ingredient of development and of investment of learning. *Schumpeter* viewed that when mental labour was converted into useable products or processes, the costs associated with such work were to be recouped by short-term monopoly profits. The cost-benefit analysis suggests that the money invested for researching, for artistic creation, and for acquiring skill; the labour applied for its production; and the enterprise launched for its coordination deserve due reward. Otherwise, blatant injustice to the author and obstruction to knowledge production, which reflect higher social marginal cost, will outweigh the temporary benefit to the middlemen and the consumers. Legal philosophy justifies copyright through natural right and utilitarian theories. *Locke* considered that mixing of labour with external things or value addition gave entitlement to product of labour. Copyright protection finds its justification in fair play. When a person works and produces intellectual work like literary, dramatic, musical, artistic works etc., the product of his skill and labour ought to belong to him (or possibly to his employer). *Jeremy Waldron* viewed, “If competitors could simply copy books, movies, and records, and take one another’s inventions and business techniques, there would be no incentive to spend vast amount of time, energy, and money necessary to develop these products and techniques. To avoid this disastrous result, the argument claims, we must continue to grant intellectual property rights.” The theory of reward believes that irrespective of the question whether the intellectual worker produced the work in anticipation of monetary

benefit or not, users or beneficiaries of his work should reward him as a token of appreciation of the work and with an expectation about future work from him.

In *Macaulay's* view, copyright is a tax on a reader to benefit the author.

- Copyright law today protects authors and creators of the work. However, Copyright law came into existence due to *Johannes Guttenberg's* invention of the wooden printing press. India follows the British Copyright laws and hence it is important to briefly learn about the history of Copyright in England. The printing press industry acted as a catalyst to bring to light issues of rights of authors and commercialization of published works. England thus became the centre for printing in Europe. Eventually Henry VIII with the intention of controlling the printing of religious and political books banned the importation of books into England (*David Bainbridge*). The Stationer's Company (*craft guild*) through the Act of 1529 introduced by Henry VIII became the only printers who had the right to publish. Registered members of the Company had the right to print their books in perpetuity and this right came to be known as '**copyright**', the right to make copies. England saw an increase in piracy and then introduced the Statue of Anne in 1710. This statue was one of the very first to protect the Author's right (*sole right of printing*) by granting protection to new books for a period of 14 years which would revert to him if he were to be alive during the commencement of the second term of 14 years. The Copyright Act of 1911 was enacted later incorporating a number of new issues which were addressed contemporarily at the International level. Following a review by the Gregory Committee in 1952, the 1911 Copyright Act was replaced by the 1956 Copyright Act.
- The Copyright Act of 1911 extended (through a proclamation of October 1912) to India as part of Her Majesty's dominions. The Act of 1911 did not give any powers to India to amend or modify the Act. Hence, the Indian Legislature passed the Copyright Act of 1914 which provided for copyright in every original literary, dramatic musical and artistic work. Copyright term subsisted during the life of the author and a period of 50 years after his death. After the commencement of the Constitution, in the light of growing public consciousness of rights and in order to

bring a self-contained law with appropriate determination of rights and obligations of authors and with adequate response to international obligations and new communication technology, The Copyright Act of 1957 was passed repealing the Copyright Act 1911 which is the current statute on the subject.

6.3 CONTENT AND DURATION OF COPYRIGHT

Section 14 of the Copyright Act 1957 defines copyright as follows: "copyright" means 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, namely:-

- (a) in the case of a **literary, dramatic or musical work**, not being a **computer program**, -
- I. to reproduce the work in any material form including the storing of it in any medium by electronic means;
 - II. to issue copies of the work to the public not being copies already in circulation;
 - III. to perform the work in public, or communicate it to the public;
 - IV. to make any cinematograph film or sound recording in respect of the work;
 - V. to make any translation of the work;
 - VI. to make any adaptation of the work;
 - VII. to do, in relation to a translation or an adaptation of the work, any of the acts specified in relation to the work in sub-clause (i) to (vii);

- (b) in the case of a **computer program**,-

- (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 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.

- (c) in the case of an **artistic work**,-

- i. 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;
- ii. to communicate the work to the public;
- iii. to issue copies of the work to the public not being copies already in circulation;

- iv. to include the work in any cinematograph film;
- v. to make any adaptation of the work;
- vi. to do in relation to an adaptation of the work any of the acts specified in relation to the work in sub-clauses (i) to (iv);

(d) in the case of **cinematograph film**, -

- i. to make a copy of the film, including a photograph of any image forming part thereof;
- ii. to sell or give on hire, or offer for sale or hire, any copy of the film, regardless of whether such copy has been sold or given on hire on earlier occasions;
- iii. to communicate the film to the public;

(e) in the case of **sound recording**, -

- i. to make any other sound recording embodying it;
- ii. to sell or give on hire, or offer for sale or hire, any copy of the sound recording regardless of whether such copy has been sold or given on hire on earlier occasions;
- iii. to communicate the sound recording to the public.

Explanation: For the purposes of this section, a copy which has been sold once shall be deemed to be a copy already in circulation. The essence of the above definition is that various avenues of commercializing one's intellectual creation shall be at the command of the intellectual worker. Since the types of activities relating to different kinds of expressional works and modes of their commercialization are diverse, the definition has aimed to include all the dimensions. The exclusive right has durational limits, after the expiry of which the right ceases, and merges with public domain so that any person may do the otherwise prohibited acts.

Duration of Copyright:

The term of the copyright protection is limited to the life of the author plus sixty years. i.e., 'sixty years pma' (*post mortem auctoris*). After completion of the term the copyrighted work falls into public domain and it is open for anybody to make use of the work without the permission of the right holder. During the right period the owner enjoys the right to assign or license.

6.4 SUMMARY

Among the Intellectual Property Rights, Copyrights because of its special character altogether it stands different. Though it looks easy to understand the concept, but its activities are

as deep as the subject. The traditional meaning and understanding of copyright law is transformed to a greater extent due rapid changes in the field of technology. It is noteworthy to study the concept with reference to its subject matter.

6.5 KEY WORDS

1. *erga omnes*: is a Latin phrase which literally means "towards all" or "towards everyone". In legal terminology, **erga omnes** rights or obligations are owed toward all. For instance a property right is an **erga omnes** entitlement, and therefore enforceable against anybody infringing that right.

2. *pma (post mortem auctoris)*: means after the death of the author of a copyrighted work. The phrase is used in legal terminology in the context of intellectual property rights, especially copyright, which commonly lasts until a certain number of years after the author's death.

6.6 SELF ASSESSMENT QUESTIONS

1. Define Copyright and its Scope

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.....

2. Discuss the content and duration of Copyright.

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- | | |
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UNIT 7 PROTECTION OF COPYRIGHT IN INTERNATIONAL REGIME UNIVERSAL COPYRIGHT CONVENTION EUROPEAN CONVENTION ON COMPUTER PROGRAMS AND TRIPS AGREEMENT SUBJECT MATTER OF COPYRIGHT

STRUCTURE

- 7.0 Objective
- 7.1 Introduction
- 7.2 Berne Convention for the Protection of Literary and Artistic Works
- 7.3 Universal Copyright Convention
- 7.4 European convention on computer programs and TRIPS agreement
- 7.5 Subject matter of copyright
 - 7.5.1 Literary work
 - 7.5.2 Dramatic work
 - 7.5.3 Musical work
 - 7.5.4 Artistic work
 - 7.5.5 Cinematographic works
 - 7.5.6 Sound recordings
- 7.6 Summary
- 7.7 Key words
- 7.8 Self Assessment Questions
- 7.9 References

7.0 OBJECTIVE

After studying this unit, you will be able to:

- Give an analytical view of various conventions relating to copyright.
- have an overview of international regime of copyright
- Analyze the Subject Matter of Copyright.

7.1 INTRODUCTION

International Conventions and Agreements play a very important role in the development of any type of law. In the case of Copyrights it has helped immensely. International regimes bring closure to certain issues and conflicts which laws or courts of a country are unable to settle. They further help authors/owners of copyright to gain protection in more than one jurisdiction without much of a difference considering most of the time authors might not know law hence would not know the procedure for protecting their works. International conventions have a way of bringing many countries with diverse laws together under the same umbrella and casting upon them certain conditions which they have to follow as they are members of that particular regime. This facilitates the member countries to also allow the citizens of other member countries to seek protection in foreign jurisdictions by treating them on par with their own citizens (*theory of national treatment*). Further International conventions seek to blur the concept of territorial and move towards globalization.

We can trace the growth of International Copyright law through the Internationalization of copyright law as an outcome of International trade transactions and other interactions in cultural commodities or copyrightable creations. Trade is not an end itself; but it is a means of participation in cross-cultural human setting in a borderless world, a linkage to close human relationship and is a part of culture. Historically, International trade's influence on book industry was positively realized in England in a 1483 statute, which encouraged printing, export and import of books. Exactly after half a century, this Act was repealed in order to give protection to domestic printing and binding. Stationers' Company exploited the situation fully by using the system of licensing and censorship at the cost of authors' interests. But copyright law, as it evolved in the 18th century Europe, had a substantive drive to augment expressional liberty rather than to glorify property interest. In a business world that believed only in tangible things which could be weighed or measured, on the pretext that authors and proprietors of books could not be searched or found, people in other countries gathered pleasure in seizing and appropriating the

opportunity to republish the books originated elsewhere. Books were the windfall spoils of booty from foreign vessels frequently sought after. Nations began to feel soon that such predatory instinct was incompatible with civilization, that it was opposed to elementary principles of property right, and that the glaring defect was to be rectified. The first such development can be traced in the making of Berne Convention for the Protection of Literary and Artistic Works in the year 1886.

7.2 BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS

By the Berne Convention 1886, prominent nations of Europe constituted the Berne Union and obligated all the member nations to extend copyright protection to foreign originated literary works on the basis of ‘mutuality’, ‘national treatment’ (this means that with certain exceptions a country of the Union should not discriminate between its own nationals and those of other countries of the Union) and ‘enjoyment and exercise of copyright’ (means the copyright in the works of the Convention should not be ‘subject to any formality’ i.e. registration or notices cannot be made prerequisites for protection) principles. International protection was to be automatic and not dependent upon the formality of registration. Revised in Berlin (1908), Rome (1928) and Brussels (1948) for avoiding the complexities and providing more effectual protection to authors, in 1967 stage was set for revision at Stockholm to help the knowledge starved developing countries. By this time, the Berne Union had considerably expanded including all major powers except the USA and its associates. The American block believed in exceptional position of copyright law vis-à-vis freedom of press and conferred a narrow protection to copyright both in duration and in the manner of entitlement through the formality of registration. The developing countries had considered the extent of Berne protection too great in the light of their domestic difficulties in promoting learning and research. A Protocol on Special Provisions regarding Developing Countries (SPDC) was evolved to recognize their rights to allow after the lapse of prescribed period, either translations or printing of cheaper copies, for the purpose of teaching, scholarship and research and by paying reasonable royalty to the copyright owners. Although the Protocol was made an integral part of the Convention, the developed countries could ratify subject to reservation. None of the developed countries acceded to the change.

Again an attempt was made, this time at Paris in 1971, to incorporate SPDC. While all other countries agreed, America stood firm against it understandably because of its constitutional policy that copyright law shall promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries. It failed to note that SPDC itself had an aim to attain this objective. It appears, more than the white man's burden of reform, it was the economic gain of royalty determined reasonably by the prescribed authority and fear of piracy that had triggered the ratifying countries to go for ratification. With the growth in the range and value of literary works America changed its copyright policy in 1976. The requirement of prior notice and registration formality was dispensed with, and instead of copyright term of 28+28, duration of life+50 was accorded in case of literary works. It was a preparation to join the Berne Union. America, which had disinclination towards the Berne Convention for a long time, changed its approach and joined the Berne Union in 1989. Growth of copyright industries especially computer software, cinema and sound records made USA to respond to the tilt in favour of trade, shifting its loyalty to the value of knowledge dissemination. In fact, it was a paradoxical that a country which gained by the policy of exploiting the cultural products of other countries by not protecting foreign authors during the period of its cultural growth, after becoming a developed country, emerged as a strong advocate of protectionist trade ideology in copyright policy. This was, undoubtedly, a big deviation from the age-old policy of America that postponement of public domain for copyrightable work should be minimal, and that the soul of copyright law is enabling of public access to copyrightable creations rather than its exclusion.

7.3 UNIVERSAL COPYRIGHT CONVENTION

The Universal Copyright Convention, 1952 signed on the 6th of September at Geneva, was a product of UNESCO's effort. It appears, the UCC, which established a parallel system without impairing the existing international copyright system, has greater concern for public domain. While the Berne Convention reflects the desire of the countries to protect, in as effective and uniform a manner as possible, only the rights of authors in their literary and artistic works, the UCC tries simultaneously to ensure rights of the individual and to encourage the development of literature, the science and the arts. The concern for protection of human rights to both participation in cultural life and to author's right to moral and material benefits arising from his work is clear in the UCC approach. Keeping the term of copyright at a lower level (not less

than life plus 25 years), it quickens the merger of copyrightable creation into public domain. The UCC provided for national treatment clause and required specific minimum legal standards for compliance by the contracting state. Copyright has been recognized for both published and unpublished works. All the copies are to bear © symbol with the mention of copyright proprietor's name, year and place of first publication.

In 1971, UCC was revised in Paris to allow developing countries to obtain compulsory licenses under certain conditions to translate copyrighted works for the purposes of teaching, scholarship and research. Permission for reproduction of copyrighted work for instructional activities is also contemplated. India is a member of both Berne Convention and the UCC.

7.4 EUROPEAN CONVENTION ON COMPUTER PROGRAMS AND TRIPS AGREEMENT

Formation of WTO and incorporation of Trade Related aspects of Intellectual Property Rights (TRIPs) in 1994 brought some more changes in international copyright law. The Preamble to TRIPs recognizes IPR as a private right and desires to avoid IPR becoming a barrier to international trade. Although it makes reference to recognition of public policy objectives, including developmental and technological ones, of national systems for the protection of IPR, it does not clearly allow the cause of encouraging development of literature, science and arts and facilitating wider dissemination of human mind as a uniform policy unlike the Universal Copyright Convention.

Second, while the national treatment furthers the adherence to Berne Convention principle, the most favored nation treatment principle brings multilateral uniformity in copyright protection. Specific obligation is imposed on members to comply with Articles 1 through 21 of the Berne Convention and the Special Provisions Regarding Developing Countries envisaged in its Appendix. This implies that the modest balance struck between various competing interests in the Berne system is continued, although with a tilt favouring author's economic interest.

Third, TRIPs renders moral rights of authors to depend upon the domestic legal policy and keeps them outside the remedial mechanism under WTO. Moral rights of paternity, protection from non-derogatory treatment of the work and protection against false attribution are important for the image of the author and for the incidental economic gain in the long run. No doubt, TRIPs has enabled the developing countries to restrict the moral rights of authors with regard to computer programs. In India, adaptations made in order to utilize a computer program for the

purpose for which it was supplied are exempted. Further, moral rights are not available to performers, sound-record producers and broadcast organizations.

Fourth, some changes to subject matter of copyright by excluding ideas, procedures, methods of operation or mathematical concepts or by including computer programs and compilation of data have ramification on domestic copyright law. As a consequence, it is no infringement to use the steps involved in a computer program by resorting to decompilation. It is also not an infringement to assemble and compile pre existing materials after selection and coordination of them in such a way that it forms a different original work.

Fifth, TRIPs recognizes authors' right to permit or prohibit rental of their works at least in respect of computer programs and cinematographic works. Although the protection was contemplated primarily for computer programs and cinematographic works in order to deal with the problem of copying even in case of single act of renting, its introduction in a general manner has opened the doors for exploiting the work to the advantage of the author. The increased popularity of renting or hiring of cassettes and CDs and consequent fall in the sale of copyrightable products might have provided justifications for this new dimension of law. India being world's largest film producer found it encouraging to accept this policy. But this development had a clear tilt in favor of copyright owner at the cost of a consumer. It was thought that rented copy will not be copied and there will be better respect for copyright.

Sixth, the minimum term of copyright protection without ceiling limit has started a race for fixing larger duration and a consequent narrowing down of the public domain. The term of copyright fixed for literary works under TRIPs is lifetime of author and not less than fifty years after the death of the author. The upper ceiling is not prescribed. A justified fear has been raised i.e., whether TRIPs begins a competition for extension of copyright term in the background of America's Copyright Term Extension Act 1998, which fixed the term of copyright for literary work as life+ 70 years and for works of hire- 95 years instead of 75 years. The US Supreme Court in *Eldred* (2003) upheld the statute's constitutionality. The majority led by Justice Ginsberg upheld its constitutionality by applying rational basis test in reaching its conclusions.

Sixth, elaborate provisions are made about protection of performers, producers of phonograms and broadcasting organizations. Rome Convention of 1961 had put pioneer effort of protecting the performers etc without prejudicing the rights of authors. TRIPs contain similar principles except enhancement of duration of their rights from 25 to 50 and giving of national

treatment to performers and phonogram producers. Performers are given possibility of prevention of unauthorized fixation of unfixed performances, reproduction of such fixations and wireless broadcasting and public communication of their live performance. Producers of phonograms are given right to authorize or prohibit the direct or indirect reproduction of their phonograms. Regarding broadcasted material, the broadcasters are given right to prohibit its unauthorized fixation, reproduction of fixation, rebroadcasting and communication to the public.

Seventh, the TRIPs has given a strong protection to computer program by treating it as literary work and avoided the diversity of approach on the part of US and EU about the extent of the right and subject matter (whether in source code or object code of protection. According to noted writer Jayashree Watal, such protection constitutes “a big step forward in attempting to eliminate the large-scale piracy of popular software taking place in developing countries, which involve straight forward duplication.” Domestic laws in developing countries have changed their policy owing to this development. Regarding data compilation, TRIPs adopted the policy of according protection to it on the level of literary works like encyclopedias and anthologies. It provides that compilation of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their content constitutes intellectual creations, shall be protected as such. This protection shall not prejudice the copyright protection subsisting in the data itself. Thus, the protection is only to the act of compilation and not to the content of material. Sweat of the brow theory advanced by the developed countries got recognition as a consequence. In view of the growth in electronic databases and search engine software, it is an appropriate development. The extensive follow up action required through legislative framework of the state in support of protection to computer program and database compilation is emphasized by the WIPO Copyright Treaty 1996, which is asserted to be a part of Berne system.

Lastly, and quite importantly, the Dispute Settlement System under WTO supplies teeth to the TRIPs regime by making it enforceable through rule of law system instead of depending upon power based diplomacy. Compulsion to comply with the Berne Convention, obligation to prevent or remedy infringements and right to command other nations to comply have demanded a different mindset and heightened moral determination on the part of developing countries.

7.5 SUBJECT MATTER OF COPYRIGHT

The subject matter of copyright pertains to diverse ways of expression. According to Section 13 (1) of the Copyright Act 1957, copyright shall subsist throughout India in the following classes of works, that is to say,

- (a) *original* literary, dramatic, musical and artistic works;
- (b) cinematograph films; and
- (c) sound recordings

7.5.1 Original Literary Works:

An original literary work is the product of human mind which may consist of series of verbal or numerical statements, not necessarily possessing any aesthetic merit, capable of being expressed in writing, and which has been arrived at by the exercise of substantial independent skill, creative labour and judgment. The literary works include 'computer programs, tables and compilations including computer databases'. Any literary work may enjoy protection even though it is devoid of any aesthetic merit. We can find copyright in events, ideas and plots, slogans and fictional characters.

Since a liberal interpretation is given to the term 'original' the subject matter is wide. Hence, dictionaries, compilations, calendar pad designs, question papers, examination papers, head notes of judgments prepared by the editors of journals, video films, portraits and pictures are entitled to copyright protection, as laid down in decided cases. "Publication" means making a work available to the public by issue of copies or by communicating the work to the public.

A requirement to be satisfied in case of a published work is that the work should have been first published in India, or where the work is first published outside India, the author was a citizen of India either at the time of publication or at the time of his death. If the work is unpublished, the author should have been either a citizen or have domicile in India at the time of its making. If the work is an architectural work of art, it should have been located in India. But the territorial requirement will not be applicable with regard to the copyrightable works produced in foreign countries with which India has mutuality of obligation under International treaties.

The test of Originality:

To be an original work, it is important that it should not have been copied from another work. In *Macmillan v. Cooper*, it was held, that it was the product of the labour, skill and capital of one man which must not be appropriated by the another, not the elements, the raw materials upon which the labour, skill and capital of the first has been expended. To secure copyright for the product, it is necessary that the labour, skill and capital should have been expended sufficiently to impart to the product some quality or character which the raw material did not possess, and which differentiated the product from the raw material. What was the precise amount of knowledge, labour, judgment of literary skill or taste which the author of any book to other compilation must bestow upon his composition in order to acquire copyright in it could not be defined in precise terms. Thus, a work may be 'original' if the author has applied his skill or labour even though he has drawn on knowledge common to himself and others or has used already existing material.

7.5.2 Original Dramatic Works:

An original dramatic work is the product of human mind, arrived at by the exercise of substantial independent, creative labour or judgment, which requires acting or dancing for its proper representation, and is of a sufficiently definite and permanent nature as to be capable of being recorded in writing. It also includes the choreographic work and Scenic arrangements. "Dramatic work" includes any piece for recitation 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.

7.5.3 Original Musical Works:

A musical work consists of music and includes any graphical notation of such work, but does not include any words or any action, intending to be sung, spoken or performed with music. This definition extends a protection of copyright to a musical work which has not been reduced to any material form. What is required to protect the copyright, like in writing is not applicable in case of musical works.

7.5.4 Original Artistic Works:

"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) work of architecture; and (iii) any other work of artistic craftsmanship. In the case of a work of architecture, copyright shall subsist only in the artistic character and design and shall not extend to processes or methods of construction. It also includes Engravings which are inclusive of lithographic, etchings, wood-cuts, prints and other similar works not being photographs. Further, the artistic works comprises, painting, sculpture, photography and graphic characters

7.5.5 Cinematograph Films:

The Act defines 'cinematograph film' to mean any work of visual recording on any medium produced through a process from which a moving image may be produced by any means, and includes a sound recording accompanying such visual recording and the expression 'cinematograph' shall be constructed as including any work produced by any process analogous to cinematography including video films. Copyright in a cinematographic film or sound recording shall not subsist if a substantial part of the film is an infringement of the copyright in any other work. Similarly, it will not subsist in any sound recording made in respect of a literary, dramatic or musical work, if in making the sound recording; copyright in such work has been infringed. The copyright in a cinematograph film or a sound recording shall not affect the separate copyright in any work in respect of which or a substantial part of which, the film, or as the case may be, the sound recording is made. For example, copyright in a film would not disturb the copyright in the novel on whose basis the film is made. Similarly, version recording of a song shall not affect copyright in the work on whose basis of which the version recording is made. (*Gramophone Co. India Ltd. v. Super Cassette Industries Ltd.* 1996 PTC 2 (Del) 19). Unlike literary, dramatic, musical and artistic works, the Copyright Act does not require that cinematograph films must be 'original' to qualify for obtaining the copyright protection.

7.5.6 Sound Recordings:

"Sound recording" means a recording of sounds from which such sounds may be produced regardless of the medium on which such recording is made or the method by which the sounds are produced. According to Sec.13(3) of the Act, copyright does not subsist in any sound

recording made in respect of a literary, dramatic or musical work, if in making the sound recording, copyright in such work has been infringed. It further provides under Sec.13(4) that, copyright in a sound recording does not affect the separate copyright in any work in respect of or substantial part of which, the film, or as the case may be, the sound recording is made.

7.6 SUMMARY

We have discussed three important convention relating to Copyrights, the Berne Convention places the foundation, followed by Universal Convention and European Convention on Computer Programs and TRIPs. It is noteworthy to study the subject matter of copyrights i.e., literary, dramatic, artistic and musical work followed with Cinematograph Films and Sound Recording. Each category of rights are subjected many avenues, also various case studies help us to understand the importance.

Copyrights thus include within it a vast amount of subject matter. One should be able to identify what type of work falls under which subject matter as this defines the author of the work which in turn defines the nature of rights. Copyright thus give the author/owner of the work a number of rights to exploit the same for commercial purposes. It further allows the author/owner to license or assign his/her rights in the work, however one should note that moral rights are inalienable and thus remain with the author until his/her death.

7.7 KEY WORDS

- Convention
- Originality.
- Contracting state.
- Minimum standard

7.8 SELF ASSESSMENT QUESTIONS

1. Write an explanatory note on the significance of International Conventions relating to Copyrights.

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2. Discuss the proposition that copyright law is not that much concerned with originality in the sense of novelty. Is law recognizing originality even at the vanishing point? What is the impact of this approach?

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3. In which works copyright subsists? What are the requirements to be satisfied?

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UNIT 8 COPYRIGHT AND ALLIED RIGHTS

COPYRIGHT IN COMPUTER SOFTWARE

PERFORMER'S AND BROADCASTERS' RIGHT SUBJECT MATTER OF COPYRIGHT

STRUCTURE

- 8.0 Objective
- 8.1 Introduction
- 8.2 Copyright in computer software
- 8.3 Performer's Right
- 8.4 Broadcasters' Right
- 8.5 Summary
- 8.6 Key words
- 8.7 Self Assessment Questions
- 8.8 References

8.0 OBJECTIVE

After studying this unit, you will be able to:

- have an overview of copyright and allied rights
- analyze Copyright in Computer Software
- give an analytical view of Performer's Right and Broadcasters' Right.

8.1 INTRODUCTION

It is very interesting to note that there are certain regimes which are related but fall outside the remit of copyright and can be recognized as Moral Rights, Performer Rights and Broadcast Reproduction Rights. These rights are popularly known as Neighboring Rights. Some of the derivative works, which are usually based on or accessory to original literary, dramatic, musical and artistic works have also staked their claim in copyright law. Sound recording,

performer's rights, broadcaster's rights and typographical arrangements of published editions are some of the examples of these sorts. They are not works of authorship at all, but are mere 'productions' entitled to a lower level of protection than traditional literary and artistic works. They are called neighboring rights. In course of time they have attained better recognition and status.

8.2 COPYRIGHT IN COMPUTER SOFTWARE

It is a well-established proposition that computer programs are copyrightable subject-matter, just like any other literary work. Loading a program into computer memory, saving the program or running it without authority may infringe copyright. Making an arrangement or altered version of the program or converting it into or out of one computer language or code into a different computer language or code is also an infringement.

Article 10 of the Trade Related Intellectual Property Rights Agreement (TRIPs) expressly provides that computer programs, whether in source code or object code shall be protected as literary works under the Berne Convention, 1971. The relevant provisions of the Copyright Act, 1957 which are pertinent in this context are set out hereunder:

Section 2(o) defines 'literary work' and includes computer programs, tables and compilations including computer databases. Section 13 provides the categories of work in which the copyright subsists which includes original literary work. The author of a work is the first owner of copyright in the work. However in case of employer-employee if a work is made in course of employment under a contract of service or apprenticeship, the employer shall be the first owner of the copyright in the above of any contract to the contrary.

These provisions of the copyright law are applicable mutatis mutandis to computer software/ programs as well.

According to section 2(ffc) of the Copyright Act, a computer program is 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 results". The essential elements of a computer program are:

1. It is a set of instructions expressed in:
 - a. words,
 - b. codes,
 - c. schemes or

- d. in any other form, including a machine readable medium.
2. capable of causing a computer to:
- a. perform a particular task or
 - b. achieve a particular results.

Computer software is “computer program” within the meaning of the Copyright Act. Computer programs are included in the definition of literary work under the Copyright Act.

The Copyright Act, 1957 grants protection to original expression and computer software is granted protection as a copyright unless it leads to a technical effect and is not a computer program per se. The computer software which has a technical effect is patentable under India Patent Act, 1970. Generally Computer software which does not have a technical effect is protected under copyright law. For a copyright protection, computer software needs to be original and sufficient effort and skill must be put into impart it originality. But a program which only generates multiplication tables or algorithms may not suffice the degree of effort required for protection. Apart from being original not copied from elsewhere, the work should be first published in India or if the work is published outside India the author on the date of publication or if the work is published outside India the author on the date of publication or if the author is dead at the time of his death should be a citizen of India

In *Tata Consultancy Services v. State of Andhra Pradesh*, the Supreme Court considered computer software is intellectual property, whether it is conveyed in diskettes, floppy, magnetic tapes or CD ROMs, whether canned (Shrink-wrapped) or uncanned (customized), whether it comes as part of computer or independently , whether it is branded or unbranded, tangible or intangible; is a commodity capable of being transmitted, transferred, delivered, stored , processed , etc. and therefore as a 'good' liable to sale tax. The court stated that, 'it would become goods provided it has the attributes thereof having regards to (a) its ability; (b) capable of being bought and sold; and (c) capable of being transmitted, transferred, delivered, stored and possessed. If a software whether customized or noncustomized satisfies these attributes, the same would be goods.'

The Whelan test

The question whether there could be copyright infringement in copying the "overall structure" of a program, even if neither the object code nor the source code of the program had

been copied came to be examined by the US Court of Appeal, for the Third Circuit in *Whelan Associates Inc. v. Jaslow Dental Laboratory, Inc.* In this case, the alleged infringer rewrote a program that was originally coded in a particular computer language in a different programming language. While evolving the *look and feel test* the court concluded (on the basis of prior decisions that had held that there could be infringement of copyright in a play or book by copying the plot or plot devices of the play or book when the total "concept and feel" of the alleged infringing work was substantially similar to that of the copyrighted work) that the said test should apply to infringement of copyright in computer programs.

Further the court concluded that the detailed structure of a program was part of the expression of an idea than the idea itself, and therefore, the copying of the expression of the idea in the program would amount to an infringement of copyright. The principles laid down by the court in *Whelan case* can be summarised as hereunder:

- Copyright programs are classified as literary works for the purposes of copyright.
- The copyrights of other literary works can be infringed even when there is no substantial similarity between the work's literal elements. One can violate the copyright of a play or a book by copying its plot or plot devices. Copyright "cannot be limited literally to the text, else a plagiarist would escape by making immaterial variations".
- Among the more significant costs in computer programming are those attributable to developing the structure and logic of the program.
- Allowing copyright protection beyond the literal computer code would provide the proper incentive for programrs by protecting their most valuable efforts, while not giving them a stranglehold over the development of new computer devices that accomplish the same end.
- It is not true that "approximation" of a program short of perfect reproduction is valueless. On the contrary, one can approximate a program and thereby gain a significant advantage over competitors even though additional work is needed to complete the program.
- The issue in a copyrighted case is simply whether the copyright-holder's expression has been copied, not how difficult it was to do the copying. Whether an alleged infringer spent significant time and effort to copy an original work is therefore irrelevant for decision as to whether he has pirated the expression of an original work.

- The conclusion is inescapable that the detailed structure of a program is part of the expression, not the idea of that program. Copyright protection of computer programs may extend beyond the program's literal code to their structure, sequence and organization.

The test laid down in *Whelan case* came to be known as the "structure, sequence and organization" test, since the court held that copyright protection of computer programs may extend beyond the programs' literal code to their structure, sequence and organization.

8.3 PERFORMER'S RIGHTS

Performers give a living form to aesthetic expression by their visual and acoustic presentations. According to section 2 (qq) '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. Although a film or drama director is not specifically included as performer, in view of gross injustice arising from their exclusion, they need to be included through liberal interpretation. 'Performance', in relation to performer's right, means any visual or acoustic presentation made live by one or more performers.

Performers' rights have been a latecomer into copyright laws. Because of the factor of collective efforts underlying performing arts, the claims of individual artists were overshadowed for a long time. It was thought that they were protected by contractual rights; that copyright recognition of all the performers in a film or drama caused inconvenience and complexity of numerous copyrights that hinder commercial exploitation; and that union formation amidst performers added to difficulty of collective bargaining. The Rome Convention, 1961 (International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations) obligated the contracting parties to modify their law to recognize the rights of performers and broadcasters. Unlike copyright, performer's right is the only right to give or not to give consent for copying, recording, reproducing, communicating, and broadcasting of his/her performance. According to section 38(1), "Where any performer appears or engages in any performance, he shall have a special right to be known as the "performer's right" in relation to such performance." The right shall subsist for a period of 50 years from the calendar year next following the year in which the performance is made.

During the continuance of a performer's right in relation to any performance, any person who, without the consent of the performer, does any of the following acts in respect of the performance or any substantial part thereof shall be deemed to have infringed the performer's right. Such acts are:

- 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 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 purposes different from those referred to in section 39 from 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) communicating 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.

Infringement of performers' rights is punishable under section 63. Since a copy of sound recording or visual recording in violation of section 38 is also an infringing copy as per section 2 (m) (iv), police have power to seize the infringing copies. Further, since performer's right is legal right, appropriate remedy is available under Civil Procedure Code.

Performer's rights are not absolute, but subject to exceptions. Firstly, once a performer has consented to the incorporation of his performance in a cinematograph film, the provisions of sub-sections regarding performers rights shall have no further application to such performance (section 38 (4)). A film actor's performance is not a work of art, and he has no copyright to obstruct screening a film in which he acted without payment of remuneration (*M/S Fortune Films International v. Dev Anand*, AIR 1979 Bom).

Secondly, performer's right shall not be deemed to be infringed by –

- (a) the making of any sound recording or visual recording for the private use of the person making such recording, or solely for purposes of *bona fide* teaching or research; or
- (b) the use, consistent with fair dealing, of excerpts of a performance or of a broadcast in the reporting of current events or for *bona fide* review, teaching or research; or
- (c) such other acts, with any necessary adaptations and modifications, which do not constitute infringement of copyright under section 52.

8.4 BROADCASTERS' RIGHTS

According to section 2 (dd) "broadcast" means communication to the public-

- (i) by any means of wireless diffusion, whether in any one or more of the forms of signs, sounds or visual images; or
- (ii) by wire, and includes a re-broadcast. Every broadcasting organization shall have a special right to be known as "broadcast reproduction right" in respect of its broadcasts [Section 37 (1)]. The duration of the right is 25 years from the beginning of the calendar year next following the year in which the broadcast is made.

During the continuance of a broadcast reproduction right in relation to any broadcast, any person who, without the license of the owner of the right does any of the following acts of the broadcast or any substantial part thereof shall be deemed to have infringed the broadcast reproduction right. Such acts are:

- (a) re-broadcasting 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 hiring to the public or offers for such sale or hire, any such sound recording or visual recording referred to in clauses (c) or (d).

The broadcast reproduction right is subject to the provisions of section 39. Broadcaster's reproduction right shall not be deemed to be infringed by:

- (a) the making of any sound recording or visual recording for the private use of the person making such recording, or solely for purposes of *bona fide* teaching or research; or
- (b) the use, consistent with fair dealing, of excerpts of a performance or of a broadcast in the reporting of current events or for *bona fide* review, teaching or research; or
- (c) such order acts, with any necessary adaptations and modifications, which do not constitute infringement of copyright under section 52.

Sections 18, 19, 30, 53, 55, 58, 64, 65 and 66 shall, with any necessary adaptations and modifications, apply in relation to the broadcast reproduction right in any broadcast and the performers' right in any performance as they apply in relation to copyright in a work. Where copyright or performer's right subsists in respect of any work or performance that has been broadcast, no license to reproduce such broadcast shall take effect without the consent of the owner of rights or performer, as the case maybe, or both of them [section 39A].

8.5 SUMMARY

In India, computer software does not form the subject matter of patents as it does not fulfill the requirements for a patentable product. India has adopted most of the international instruments like TRIPS, Berne Convention, WIPO Copyright treaty etc and has also incorporated law on software protection. The major statutes that cover software protection in India are the Copyrights Act, 1957 (“Act”) and Patents Act, 1970. The Copyright Act of 1957 is the law governing copyrights in India. The Act was amended in 1999 so as to make the Act compatible with the provisions of TRIPS. The Act clearly defines computer and computer programs.

8.6 KEY WORDS

1. Literary work - includes computer programs, tables and compilations including computer literary data bases.

2. Computer program- means 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.

3. Performer's rights - Performers give a living form to aesthetic expression by their visual and acoustic presentations. According to section 2 (qq) '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.

8.7 SELF ASSESSMENT QUESTIONS

1. Who is the owner of copyright? Do all the intellectual workers adequately get copyright protection? Comment upon employer-employee relation and joint authorship.

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2. Discuss the scope of performer's rights and broadcast reproduction right.

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8.8 REFERENCES

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| | |
|--|---------------------------------|
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UNIT 9 INFRINGEMENT OF COPYRIGHT CIVIL AND CRIMINAL REMEDIES FAIR USE DOCTRINE

STRUCTURE

- 9.0 Objective
- 9.1 Introduction
- 9.2 Criminal & Civil remedies
- 9.3 Fair use Doctrine
- 9.4 Summary
- 9.5 Key words
- 9.6 Self Assessment Questions
- 9.7 References

9.0 OBJECTIVE

After studying this unit, you will be able to:

- prescribe remedies for infringement of copyrights
- analyze civil and criminal remedies
- give an analytical view of Fair Use Doctrine.

9.1 INTRODUCTION

Infringement of copyright is basically a situation of violation of the right of copyholder. Under section 51 of the Copyright Act, 1957, two types of infringements are dealt:

- (a) Primary Infringement- When any person, without a license granted by the owner of 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 does anything, the exclusive right to do which is by this Act conferred upon the owner of the copyright, then such act shall be deemed as infringing the copyright in the work. In order to know the ambit of the clause emphasized here, it is essential to know the content of copyright enumerated in section 14, and the work upon which copyright is recognized as subsisting under section 13. Exclusive rights to reproduce, to issue copies or communicate to the public, to make public performance, to make any adaptations or translations have been recognized under section 14 in the context of literary, dramatic, musical, artistic and computer works. In the context of cinematographic films and sound recording, the right to make copies, selling or hiring them irrespective of their earlier sale or hiring is conferred. Thus primary infringement arises from direct involvement in reproduction, performance etc of the whole work or substantial part of the work. The state of mind of the infringer is not relevant for determining the infringement as the Act is silent on that. But his intention to infringe may give evidentiary support to the copyright owners claim. The question of infringement cannot be decided without looking to the comparative content of originality in both the works to answer the requirement of section 13.

- (b) Secondary Infringement- Law gives protection against persons who abet and aid the primary infringer in order to be more comprehensive. It governs two kinds of secondary infringements. (a) If a person, without a license granted by the owner of 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, permits for profit any place to be used for public communication where such communication constitutes infringement of copyright in the work, there arises infringement. Here the state of mind of the infringer is relevant. If he was not aware and had no reasonable ground for believing that such communication to the public would be an infringement of copyright, there does not arise infringement. (b) When any person (i) makes for sale or hire, or sells or lets for hire, or by way of trade displays or offers for sale or hire or (ii) distributes either for the purpose of trade or to such an extent as to affect prejudicially the owner of the copyright, or (iii) by way of trade exhibits in public, or (iv) imports to India, any infringing copies of the work, then also occurs infringement. In this category of acts,

state of mind of the infringer is not relevant. Strict liability is imposed. Importing an infringing copy for private and domestic use of the importer is legally permissible.

The consequence of infringement is that it attracts civil remedies like injunction against publication, order for accounts, and award of damages. (Section 55) Criminal sanctions include fine and imprisonment. Since the very operation of remedial law revolves around the determination about infringement, the topic has great significance. In order to establish a case of primary infringement the claimant has to establish that the defendant has done at least one of the activities that come within the content of claimant's copyright: that there was probability of doing such act by the defendant because of causal connection between his work and defendant's work; and that the said act of the defendant was in relation to the claimant's work or substantial part of the work. This compels the judicial process to involve in a meticulous comparison between the two works by enquiring: whether the work as a whole is entitled to copyright and whether the part reproduced is a substantial part of the whole. Much water has flown since the days when prevailed a rough practical test, "what is worth copying is prima facie worth protecting." [University of London Press v. University Tutorial Press, (1916) 2 Ch.601, 610] This test had put the claimant in strong position and made the courts to rigorously apply 'thou shall not steal' maxim, which in fact limited the scope of expressional freedom. In course of time, judiciary abandoned this approach as proving too much because copying of a work for the sake of saving mechanical labour was giving to that work an entitlement to copyright although no skill and intellectual effort had been put into it. Use of the words 'work or any substantial part of it' in the statute had also disfavored the 'rough practical test.' Advantage to liberty is conspicuous in this development.

The **first step** in the identification of infringement is to find out the causal link between the defendant's work and the copyright work. Copyright law, unlike patent law, does not prohibit independent creation using the same idea. It is not an infringement of copyright to take an essential idea of another person's work and express that idea in his form. (*Cherian P. Joseph v. K.Prabhakaran Nair, AIR 1967 Ker.234.*) If the plaintiff is able to establish that the defendant had access to the plaintiff's work and that he had resorted to conscious or subconscious copying as proved through existence of common mistakes, he is able to show the balance of probability through the causal link. To rebut the claim of the plaintiff, the defendant may attempt to show

that the two works were developed on the basis of the same source or that there was no different method of expressing the idea or that the reproduction was a coincidence. In such situations the proper query is whether the defendant used the plaintiff's work as his model and reproduced that, and did not draw from common sources or materials.

The **second step** is to compare the parameters of both the works. The number of pages, chapters, sentences, paragraphs, pictures, charts or tables in both the works can be compared and the identical expressions may be pointed out. In case of music, since the exposition as a whole is to be considered as a single copyrightable work, taking of few notes from a chant of five minutes may not constitute a substantial part. The judicial decisions on the issue of parameter comparison in literary works have also given similar results, favouring alternative creations. While additions, omissions and modifications do not protect from the charge of piracy, copyright law does not hinder more enlightening production with greater intellectual input and research. (*Karter Singh v. Ladha Singh*, AIR 1934 Lah 777) As stated by Iyengar, "So, where the later work represents matur art and greater wealth, and its imagery is of superior type when compared with the plaintiff's work, there is no case of the infringement of copyright. All human events and matters of knowledge are equally open to all, who wish to add or improve the matter already collected by others, and make an original work. No man can monopolize subjects open to all."

The **third step** is finding out the elements that are protected in the copyright work by dissecting its components and excluding the unprotected elements like matters in public domain, unoriginal parts and the ideas. Since copyright subsists only in original literary, dramatic, musical or artistic work, copying of an unoriginal part of the work is not an infringement. The presence of inputs like labour, skill and effort makes particular work original. A rudimentary drawing of hand to suggest about vote marking of a ballot does not contain originality. The exclusion of ideas from the scope of protection constitutes an important method of reconciling competing interests. It is not an infringement to take the ideas or concepts behind a book, painting or computer program of another person and incorporate them into one's own work with one's own distinct expression. Dissecting should also help in differentiating between different categories of copyright protection. For example, the cover page painting in the novel does not get literary copyright protection, but gets artistic copyright.

The **fourth step** is to find out whether the defendant has taken the same as or substantially similar to the copyright work. Taking whole or part of the copyright work or changing its form

by adaptation or translation come under scrutiny at this stage. Whether a part constitutes substantive part or not is a technical question, which the court decides on the basis of expert witness. 'Substantial' has the dimension of both quantity and quality. What is the extent of reproduction (is it considerable), and how important or material is the thing reproduced are the objects of analysis. While ten per cent reproduction might be inadequate only on the basis of quantitative analysis, even four per cent reproduction might also be sufficient on the basis of qualitative analysis. In *D.Narayan Rao v. U.Rajendra Prasad* borrowing of two minutes speech in a film running for three hours was considered as vital part or cream of expression to constitute 'substantial' portion. The importance of the part is to be decided with reference to the copyright work and not defendant's work. The quality of the work from the angle of labour, skill and efforts of the copyright owner is relevant for determination of substantial part. The aggregate of taking at different points of time by the defendant shall also be taken into account. Regarding change in the form through adaptation or translation, the courts apply the test of objective similarity in comparing the two forms. The requirement of objective similarity means that to infringe, the relevant part of the defendant's work must be a copy or representation of the whole or part of the original work. While performance of music according to the notes of a composer without his permission may give rise to copyright infringement, the performance of instructions for cooking given in culinary guidebook is not infringement. But reproduction of its copy is an infringement.

In the famous *Nichols v. Universal Pictures Corp.* while deciding the issue of copying, the court systematically compared the plaintiff's play with the motion picture of the defendant by looking to the pattern, story line, sequence, incidents, theme, characters and plan of both the works. The court did not confine to comparison of literal text but went beyond the surface of the work, because otherwise a plagiarist might escape by immaterial variations. It was reasoned that the plaintiff's theme was too generalized an abstraction from what she wrote. Her copyright did not cover everything that might be drawn from her play; its content went to some extent into the public domain.

Application of the above stated steps can be clearly found in many of the Indian cases prominent amongst which is *R. G. Anand*. [Here, the Court looked to the possibility of causal link between the drama script and the film story; analyzed the theme, sequence and details of events of both; made a meticulous comparison between various components of the two works;

and ultimately found the existence of different expressions of similar ideas. The case is a landmark development as it crystallized the key principles as follows:

1. There can be no copyright in an idea, subject matter, themes, plots or historical or legendary facts and violation of the copyright in such cases is confined to the form, manner and arrangement and expression of the idea by the author of the copyrighted work.
2. 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. If the defendant's work is nothing but a literal imitation of the copyrighted work with some variations here and there it would amount to violation of the copyright. In other words, in order to be actionable the copy must be a substantial and material one which at once leads to the conclusion that the defendant is guilty of an act of piracy.
3. One of the surest and the safest test to determine whether or not there has been a violation of copyright is to see if the reader, spectator or the viewer after having read or seen both the works is clearly of the opinion and gets an unmistakable impression that the subsequent work appears to be a copy of the original.
4. Where the theme is the same but is presented and treated differently so that the subsequent work becomes a completely new work, no question of violation of copyright arises.

The look and feel test or pattern test, as developed above, examines from the angle of reasonable man, the spectator, audience or reader. Since it is the expression that is to be compared, the approach is appropriate. The test has inherent quality of allowing diversity of expressions but simultaneously possessing competence to prohibit fraudulent imitations. Since abstraction of various components, exclusion of non-copyrightable elements and objective comparison of the two patterns of expression occur in this process, it is possible to apply the test to other forms of expressions like computer program with necessary modification.

Regarding infringement of copyright in musical works, the identification process consists in finding 'striking similarity. In *Selle v. Gibb* (7th Cir. 1984) American court observed, "Striking similarity' is not merely a function of the number of identical notes that appear in both

compositions. An important factor in analyzing the degree of similarity of two compositions is the uniqueness of the sections which are asserted to be similar.” It should disprove the arguments based on theory of coincidence, independent creation, and prior common source. There is gray area in this sphere because of mixture of idea and expression and difficulty in protection of non-literal elements like melody, phrasing and rhythm.

Concerning copyright infringement’s identification in visual arts, the judiciary looks to substantial similarity that involves a small portion of each work and examines, “whether an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work.” Since identification of infringement is a technical task, courts allow submission of expert witness. The feeling and character of claimant’s work is a relevant consideration. In *Krisarts v. Briarfine*, the English Court’s balancing effort deserves notice. The Court stated that while painters shall not be restricted from painting the same scenes, certain elements of the scenes painted had distinctive elements or choice of character that made original contribution by the artist that needed protection. The pre-occupation with visual aspects of artistic work has potentiality of undermining the protection to utilitarian artistic work.

Now, the judicial approach in identifying infringement of copyright in computer program can be looked to for assessment. Computer programs are regarded as types of literary work. There are two types of copying: literal and non-literal. Literal copying occurs when existing program is subjected to disk-to-disk copying or its program listing is written out or printed out. As is clear in *IBCOS Computers v. Barclays Mercantile*, to cause infringement, the taking by the defendant should be substantial. The protection extends to suites of the programs also. Non-literal copying occurs when structure of the computer program. Here the court looks to the distinction between idea and expression. Everything that is essential to carry out a task is an idea whereas anything that is not essential and that could be written in different way is an expression. In *Wheelan v. Jaslow*, the court evolved the ‘look and feel test’ and held that even the structure of a computer program is entitled to copyright protection. The approach was followed in subsequent cases like *Lotus Development Corp v. Paperback Software International* A new test for non-literal copying has been brought out in *Computers Association International v. Altai Inc.* 20 UPSQ 2d 1641 [1992].

This involves three-stage test:

1. Abstraction- discovering the non-literal elements like steps and structures by resorting to reverse engineering;
2. Filtration- separation of protectable expression from non-protectable expression like ideas; and
3. Comparison-determining whether the defendant has copied substantial part of the protected expression.

The test excludes from protection, the parts taken from public domain. David Bainbridge considers that the test, which compels search for protected elements (golden nugget), gives a very weak copyright protection to computer program. Thus, liberty-promotion is inherent in the test itself. The problem of merger of idea and expression is occurring in the field of computer program also.

Section 52 gives an elaborate list of acts which are not amounting to infringement of copyright, in order that avenues of knowledge, research, education, dissemination, promotion of culture and entertainment will be adequately protected. Fair dealing and fair use are allowed.

9.2 CIVIL AND CRIMINAL REMEDIES FOR INFRINGEMENT OF COPYRIGHT

There are civil and criminal remedies available to the owner of copyright, and the exclusive licensee.

Civil Remedies:

Civil remedies include injunction, damages and accounts and other remedies. According to section 55, “Where copyright in any work has been infringed, the owner of the copyright shall, except as otherwise provided by this Act, be entitled to all such remedies by way of injunction, damages, accounts and otherwise as are or may be conferred by law for the infringement of a right.” If the defendant proves that at the date of the infringement he was not aware and had no reasonable ground for believing that copyright subsisted in the work, the plaintiff shall not be entitled to any remedy other than an injunction in respect of the infringement and a decree for the whole or part of the profits made by the defendant by the sale of the infringing copies as the court may in the circumstances deem reasonable. Where several rights comprising the copyright in any work are owned by different persons, the owner of any such right shall, to the extent of that right be entitled to the remedies provided by this Act and may individually enforce such

right by means of any suit, action or other proceeding without making the owner of any other right a party to such suit, action or proceeding (section 56). All infringing copies of any work in which copyright subsists, and all plates used or intended to be used for the production of such infringing copies, shall be deemed to be the property of the owner of the copyright, who accordingly may take proceedings for the recovery of possession thereof or in respect of the conversion thereof (section 58).

Criminal Remedies:

Criminal remedies include imposition of fine and imprisonment for commission of offences laid down in different sections. As per section 63, “Any person who knowingly infringes or abets the infringement of (a) the copyright in a work, or (b) any other right conferred by this Act,[except the right conferred by section 53A] [shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to three years and with fine which shall not be less than fifty thousand rupees but which may extend to two lakh rupees.” Enhanced penalty is prescribed on second and subsequent convictions (section 63A). Any person who knowingly makes use on a computer of an infringing copy of a computer program shall be punishable with 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 (section 63B). Any person who knowingly makes, or has in his possession, any plate for the purpose of making infringing copies of any work in which copyright subsists shall be punishable with imprisonment which may extend to [two years and shall also be liable to fine] (section 65). According to section 64 Any police officer, not below the rank of a sub-inspector, may, if he is satisfied that an offence under section 63 in respect of the infringement of copyright in any work has been, is being, or is likely to be, committed, seize without warrant, all copies of the work, and all plates used for the purpose of making infringing copies of the work, wherever found, and all copies and plates so seized shall, as soon as practicable, be produced before a Magistrate.]

9.3 FAIR USE DOCTRINE

Copyright law is not a monopoly statute. Knowledge creation through intellectual work is a stepping stone for its development in subsequent works or for its critical evaluation by a subsequent intellectual worker. In the list of permitted acts with regard to copyrightable work,

fair use or fair dealing attain prominent place and enable begetting of knowledge through the reasonable use of knowledge itself.

The US copyright law refers to *fair use* (operates as a limitation under the Copyright Act 1976) whereas the UK (Copyrights, Designs and Patent Act 1988) and Indian (Copyright Act 1957) copyright statutes refer to *fair dealing* (operating as an exception) as permissible conduct in relation to copyright work. The term ‘dealing’ does not mean trading; it connotes use. Fair dealing comprehends research, private study, criticism, review and reporting current events. When a small percentage (say 5 percent) of another’s work is reproduced for the purpose of review or criticism, it is a fair use or fair dealing. But an excessive taking is infringement of copyright. Lord Denning had stated in *Hubbard v. Vasper*, (1972, 2QB 84) “You must first consider the number and extent of quotations....Then you must consider the use made of them. If they are used as the basis of comment, criticism or review, that may be fair dealing. If they are used to convey the same information as the author for rival purpose, they may be unfair. Next you must consider the proportions. To take long extracts and attach short comments may be unfair. But short extracts and long comments may be fair.” In addition to the purpose and proportion of using another’s material, the motive for taking (for example, to compete), and status of the work (unpublished or published) shall also be considered. An unpublished work needs more confidentiality and lesser use than published work. The nature and objects of selections made, the quantity and value of material used and the degree in which the use may prejudice or diminish the sale of original work are also the relevant factors to be examined in estimating the fair dealing.

Questions of fair dealing arise in situations of review, research, private use, parody, and criticism, and abridgement, guide writing and reporting the current events [Section 51 subsection 1 cl (a) and (c) In *Civic Chandran v. Ammini Amma* (1996 PTC 670 Ker) a counter drama in the form of parody or criticism of original drama raised the issue of permissible limits of fair dealing. The Court viewed that the purpose of reciting extracts from the original drama was to critically reflect over it rather than reproducing the original drama wholly or substantially for substituting or imitating it. Hence, it came within the parameters of fair use/ dealing. In *V.Ramaiah v. K. Lakshminath* (1988, 2A LT 546) the Andhra Pradesh High Court compared the Guide prepared by defendant with the text book written by the author and found the purpose of the former to help the students in formulating the answers rather than making independent

contribution to the general public and substitute the work of the text book writer, and concluded that it was fair dealing.

There copyright law allows people to make use of copyrighted work freely, provided it satisfies certain requirement laid down under Sec.52 of the Act. The defense of "fair use" initially originated and emanated as a doctrine of equity which allows the use of certain copyrightable works, which would otherwise have been prohibited and would have amounted to infringement of copyright. The main idea behind this doctrine is to prevent the stagnation of the growth of creativity for whose progress the law has been designed. Further the provision is inserted to create the cushioning between the owner of the copyright and the interest of the society. The important exceptions are given below:

(1) The following acts shall not constitute an infringement of copyright, namely:

a) a fair use with a literary, dramatic, musical or artistic work [not being a computer program] for the purposes of-

(i) private use, including research;

(ii) criticism or review, whether of that work or of any other work; "

(aa) the making of copies or adaptation of a computer program by the lawful possessor of a copy of such computer program, from such copy-

(i) in order to utilise the computer program 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 utilise the computer program 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 program with other programs by a lawful possessor of a computer program provided that such information is not otherwise readily available;

(ac) the observation, study or test of functioning of the computer program in order to determine the ideas and principles which underline any elements of the program while performing such acts necessary for the functions for which the computer program was supplied;

(ad) the making of copies or adaptation of the computer program from a personally legally obtained copy for non-commercial personal use;

b) a fair dealing with a literary, dramatic, musical or artistic work for the purpose of reporting current events-

(i) in a newspaper, magazine or similar periodical, or

(ii) by [broadcast] or in a cinematograph film or by means of photographs.

[*Explanation.*- The publication of a compilation of addresses or speeches delivered in public is not a fair dealing of such work within the meaning of this clause;]

c) the reproduction of a literary, dramatic, musical or artistic work for the purpose of a judicial proceeding or for the purpose of a report of a judicial proceeding;

d) the reproduction or publication of a literary, dramatic, musical or artistic work in any work prepared by the Secretariat of a Legislature or, where the Legislature consists of two Houses, by the Secretariat of either House of the Legislature, exclusively for the use of the members of that Legislature;

e) the reproduction of any literary, dramatic or musical work in a certified copy made or supplied in accordance with any law for the time being in force;

f) the reading or recitation in public of any reasonable extract from a published literary or dramatic work;

g) the publication in a collection, mainly composed of non-copyright matter, *bona fide* intended for the use of educational institutions, and so described in the title and in any advertisement issued by or on behalf of the publisher, of short passages from published literary or dramatic works, not themselves published for the use of educational institutions, in which copyright subsists :

Provided that not more than two such passages from works by the same author are published by the same publisher during any period of five years.

Explanation.- In the case of a work of joint authorship, references in this clause to passages from works shall include references to passages from works by any one or more of the authors of those passages or by any one or more of those authors in collaboration with any other person;

h) the reproduction of a literary, dramatic, musical or artistic work-

(i) by a teacher or a pupil in the course of instruction; or

- (ii) as part of the questions to be answered in an examination; or
- (iii) in answers to such questions;
- i) the performance, in the course of the activities of an educational institution, of a literary, dramatic or musical work by the staff and students of the institution, or of a cinematograph film or a [sound recordings] if 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 [or the communication to such an audience of a cinematograph film or sound recording].
- j) the making of sound recordings in respect of any literary, dramatic or musical work, if-
 - (i) sound recordings of that work have been made by or with the license or consent of the owner of the right in the work;
 - (ii) the person making the sound recordings has given a notice of his intention to make the sound recordings, has provided copies of all covers or labels with which the sound recordings are to be sold, and has paid in the prescribed manner to the owner of rights in the work royalties' in respect of all such sound recordings to be made by him, at the rate fixed by the Copyright Board in this behalf:

Provided that-

- (i) no alterations shall be made which have not been made previously by or with the consent of the owner of rights, or which are not reasonably necessary for the adaptation of the work for the purpose of making the sound recordings;
- (ii) the sound recordings shall not be issued in any form of packaging or with any label which is likely to mislead or confuse the public as to their identity;
- (iii) no such sound recording shall be made until the expiration of two calendar years after the end of the year in which the first sound recording of the work was made; and
- (iv) the person making such sound recordings shall allow the owner of rights or his duly authorized agent or representative to inspect all records and books of account relating to such sound recording;

Provided further that if on a complaint brought before the Copyright Board to the effect that the owner of rights has not been paid in full for any sound recordings purporting to be made in pursuance of this clause, the Copyright Board is, *prima facie*, satisfied that the complaint is genuine, it may pass an order *ex parte* directing the person making the sound recording to cease from making further copies and, after holding such inquiry as it considers necessary, make such further order as it may deem fit, including an order for payment of royalty;

k) the causing of a recording to be heard in public by utilizing it,-

(i) in an enclosed room or hall meant for the common use of residents in any residential premises (not being a hotel or similar commercial establishment) as part of the amenities provided exclusively or mainly for residents therein; or

(ii) as part of the activities of a club or similar organization which is not established or conducted for profit;

(iii) as part of the activities of a club, society or other organization which is not established or conducted for profit;

l) the performance of a literary, dramatic or musical work by an amateur club or society, if the performance is given to a non-paying audience, or for the benefit of a religious institution;

m) the reproduction in a newspaper, magazine or other periodical of an article on current economic, political, social or religious topics, unless the author of such article has expressly reserved to himself the right of such reproduction;

n) the publication in a newspaper, magazine or other periodical of a report of a lecture delivered in public;

o) the making of not more than three copies of a book (including a pamphlet, sheet of music, map, chart or plan) by or under the direction of the person in charge of a public library for the use of the library if such book is not available for sale in India;

p) the reproduction, for the purpose of research or private study or with a view to publication, of an unpublished literary, dramatic or musical work kept in a library, museum or other institution to which the public has access :

Provided that where the identity of the author of any such work or, in the case of a work of joint authorship, of any of the authors is known to the library, museum or other institution, as the case may be, the provisions of this clause shall apply only if such reproduction is made at a time more than sixty years from the date of the death of the author or, in the case of a work of joint authorship, from the death of the author whose identity is known or, if the identity of more authors than one is known from the death of such of those authors who dies last;

q) the reproduction or publication of-

(i) any matter which has been published in any Official Gazette except an Act of a Legislature;

(ii) any Act of a Legislature subject to the condition that such Act is reproduced or published together with any commentary thereon or any other original matter;

(iii) the report of any committee, commission, council, board or other like body appointed by the Government if such report has been laid on the Table of the Legislature, unless the reproduction or publication of such report is prohibited by the Government;

(iv) any judgment or order of a court, tribunal or other judicial authority, unless the reproduction or publication of such judgment or order is prohibited by the court, the tribunal or other judicial authority, as the case may be;

r) the production or publication of a translation in any Indian language of an Act of a Legislature and of any rules or orders made there under-

(i) if no translation of such Act or rules or orders in that language has previously been produced or published by the Government; or

(ii) where a translation of such Act or rules or orders in that language has been produced or published by the Government, if the translation is not available for sale to the public:

Provided that such translation contains a statement at a prominent place to the effect that the translation has not been authorized or accepted as authentic by the Government;

s) the making or publishing of a painting, drawing, engraving or photograph of a work of architecture or the display of a work of architecture;

t) the making or publishing of a painting, drawing, engraving or photograph of a sculpture, or other artistic work falling under sub-clause (iii) of clause (c) of section 2, if such work is permanently situated in a public place or any premises to which the public has access;

u) the inclusion in a cinematograph film of-

(i) any artistic work permanently situated in a public place or any premises to which the public has access; or

(ii) any other artistic work, if such inclusion is only by way of background or is otherwise incidental to the principal matters represented in the film;

v) the use by the author of an artistic work, where the author of such work is not the owner of the copyright therein, of any mould, cast, sketch, plan, model or study made by him for the purpose of the work:

Provided that he does not thereby repeat or imitate the main design of the work;

w) the reconstruction of a building or structure in accordance with the architectural drawings or plans by reference to which the building or structure was originally constructed:

Provided that the original construction was made with the consent or license of the owner of the copyright in such drawings and plans;

x) in relation to a literary, dramatic or musical work recorded or reproduced in any cinematograph film the exhibition of such film after the expiration of the term of copyright therein:

Provided that the provisions of sub-clauses (ii) of clause (a), sub-clause (i) of clause (b) and clauses (d), (f), (g), (m) and (p) shall not apply as respects any act unless that act is accompanied by an acknowledgment-

(i) identifying the work by its title or other description; and

(ii) unless the work is anonymous or the author of the work has previously agreed or required that no acknowledgement of his name should be made, also identifying the author.

z) the making of an ephemeral recording, by a broadcasting organisation using its own facilities for its own broadcast by a broadcasting organisation of a work which it has the right to broadcast; and the retention of such recording for archival purposes on the ground of its exceptional documentary character;

(za) the performance of a literary, dramatic or musical work or the communication to the public of such work or of a sound recording in the course of any *bona fide* religious ceremony or an official ceremony held by the Central Government or the State Government or any local authority *Explanation.*- For the purpose of this clause, religious ceremony including a marriage procession and other social festivities associated with a marriage.

(2) The provisions of sub section (1) shall apply to the doing of any act in relation to the translation of a literary, dramatic or musical work or the adaptation of a literary, dramatic, musical or artistic work as they apply in relation to the work itself.

9.4 SUMMARY

Since the technology has advanced making copies or copying has become much simpler and easier. These developments lead to the infringement of copyrighted works in all most all avenues of copyrighted matters. So it has become inevitable to make legislations to this effect. The conventions and national legislations made all the provisions to protect the interest of the copyright owner's and penalties for the infringers under both civil and criminal law.

9.5 KEY WORDS

- Fair use
- Infringement
- Reproduction
- Publication

9.6 SELF ASSESSMENT QUESTIONS

1. Explain the circumstances under which the infringement of copyright can happen in Literacy and Musical works.

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2. Write an explanatory note on remedies available against the infringement of copyrights.

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3. Discuss the term 'Fair Use' under copyright law, and explain the same with case laws.

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UNIT 10 AUTHORSHIP & OWNERSHIP OF COPYRIGHTS ASSIGNMENT & LICENSING MORAL RIGHTS, SOUND RECORDING & VIDEO FILMS

STRUCTURE

10.0 Objective

10.1 Introduction

10.2 Assignment & Licensing

10.3 Moral Rights

10.4 Sound Recording

10.5 Video Films

10.6 Summary

10.7 Key Words

10.8 Self Assessment Questions

10.9 References

10.0 OBJECTIVE

After studying this unit, you will be able to:

- analyze the author and ownership of copyrights
- explain the significance of assignment & licensing
- give an fair view of sound recording & video films..

10.1 INTRODUCTION

The objective of copyright law is primarily to protect the author's interest in his/her work. Since the author might have been engaged by an employer, in order to protect the investment made by the employer, copyright law also has the objective of protecting rights of the employer. According to section 17 (Copyright Act 1957), "Subject to the provisions of this Act, *the author of a work shall be the first owner of the copyright therein.*"

The term 'author' is defined in section 2 (d) to mean-

- a. in relation to a literary or dramatic work, the *author* of the work;
- b. in relation to a musical work, the *composer*;
- c. in relation to an artistic work other than a photograph, the *artist*;
- d. in relation to a photograph, the person taking the *photograph*;
- e. in relation to a cinematograph or sound recording the *producer*; and
- f. in relation to any literary, dramatic, musical or artistic work which is computer-generated, the person who *causes* the work to be *created*;

Authorship is the basis for copyright protection, which reflects the fact that it is by the author that the work is produced. It is regarding cinematographic film that there is a complex situation where creative side of the film is planned, executed and expressed by the director of the film whereas the producer is the organizer, investor and manager of film production. While in Europe recently there is the law and practice of recognizing producer and director of film as joint authors, in India the exclusive right of authorship is bestowed on the producer. From authorship flows ownership. When the author transfers copyright by assignment or license, he ceases to be the owner. Although he may not possess economic interests in the work, as an author he has moral rights. Thus authorship and ownership are two distinct concepts attracting different consequences, but are interrelated. The word 'author' includes joint authors. The essence of joint authorship consists in cooperation, common plan or design of the work.

In order to meet the circumstance of employer-employee relation in the context of copyrightable works, section 17 provides for conferring the copyright ownership to the employer if the employee/intellectual worker is working under a *contract of service*. This takes care of entrepreneurial interest and institutional method of expressional activity. Thus, the question whether there is a contract of service or a contract for service becomes crucial. In *Simmons v Health Laundry Co* [(1910) 1 K.B 543] was a case decided under the Workmen's Compensation Act 1906. The same principles of 'contract of service' have been adopted into the Copyright Act in the case of *University of London Press Ltd v University Tutorial Press Ltd* [(1916) 2 Ch 601] and the same is discussed in detail and gives us a guideline.

"A 'contract of service' is not the same thing as 'contract for service' The question really turns upon the degree of control exercised by the employer over the employee. The greater the amount of direct control exercised over the person rendering the services by the person contracting for them, the stronger the ground for holding it to be contract of service; and

similarly, the greater the degree of independence of such control, the greater the probability that the services rendered are of the nature of professional services, and the contract is not one of service. In each case the main question to be asked is what was that man employed to do? Was he employed upon the terms that he should within the scope of his employment. Obey his master's orders, or was he employed to exercise his skill and achieve an indicated result in such manner as in his judgment was most likely to ensure success?"

It is clear, therefore, that if an author or an artist is employed by a publisher to write a book or draw a picture, he does not necessarily become the servant of the publisher. The person who employs him must have the right under his contract to require the author or artist to produce such a work as the employer desire, and, if the work does not meet with his approval, to require the author or artist to alter his work. Subject to these general principles, each case must depend upon its own facts.

The Proviso to section 17 states as follows:

“Provided that-

- (a) in the case of a *literary, dramatic or artistic* work made by the author in the course of his employment by the proprietor of a newspaper, magazine or similar periodical under a contract of service or apprenticeship, for the purpose of *publication in a newspaper, magazine or similar periodical*, the said proprietor shall, in the absence of any agreement to the contrary, be the first owner of the copyright in the work in so far as the copyright relates to the publication of the work in any newspaper, magazine or similar periodical, or to the reproduction of the work for the purpose of its being so published, but in all other respects the author shall be the first owner of the copyright in the work;
- (b) subject to the provisions of clause (a), in the case of a *photograph* taken, or a *painting* or *portrait drawn*, or an *engraving* or a *cinematograph film* made, for valuable consideration *at the instance of any person*, such person shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein;
- (c) in the case of a work made in the course of the author's employment under a contract of service or apprenticeship, to which clause (a) or clause (b) does not apply, the employer shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein;

- (cc) in the case of any address or *speech delivered in public*, the person who has delivered such address or speech or if such person has delivered such address or speech on behalf of any other person, such other person shall be the first owner of the copyright therein notwithstanding that the person who delivers such address or speech, or, as the case may be, the person on whose behalf such address or speech is delivered, is employed by any other person who arranges such address or speech or on whose behalf or premises such address or speech is delivered;
- (d) in the case of a *Government work*, Government shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein;
- (dd) in the case of a work made or first published by or under the direction or control of any *public undertaking*, such public undertaking shall, in the absence of any agreement to the contrary, be the first owner of the copyright therein.

Explanation - For the purposes of this clause and section 28A, "public undertaking" means-(i) an undertaking owned or controlled by Government; or

(ii) a Government company as defined in section 617 of the Companies Act 1956;
or

(iii) a body corporate established by or under any Central, Provincial or State Act;

- (e) in the case of a work to which the provisions of section 41 apply, the *International organization* concerned shall be the first owner of the copyright therein.

Regarding the situation in clause (a), there are requirements like existence of contract of service or apprenticeship, production in the course of employment, and absence of contrary contract. Further it is applicable only insofar as it relates to publication in newspaper, magazine or periodical. Suppose, the employed journalist brings out his collection of articles in a book form, the employer's copyright is not violated. The factor of contract of service is determined on the basis of amount of direct control exercised by the employer over the employee in rendering the service. A retired cartoonist ceases to be an employee of a newspaper, and his future production is not inhibited by his position as former employee. He can give life to his character according to his wishes and publish in any media of his choice (*VT Thomas v. Malayala Manorama Co*, AIR 1989 Ker 49). Clause (b) contemplates that the person who invests, and under whose instance the work is executed shall be the copyright owner. Clause (c) is applicable to contracts of service other than those coming under (a) and (b).

Rights of a Copyright Owner

Copyright laws bestow upon the author of a work a number of rights which can be classified as economic and moral rights. The economic rights are granted as a reward to the author for having produced the work and the moral right tries and ensure the integrity in his/her works. First, copyright owner is exclusively entitled to perform any of the activities envisaged in section 14 of the Act. The following are the rights applicable to literary, dramatic and artistic work-

- Reproduction,
- issuing of copies,
- public performance,
- translation,
- adaptation,
- communication to the public, and
- storing in any media

In case of computer programme, sound recording and cinematographic films, selling or giving in hire of their copies can also be done. Since it is a bundle of rights, the owner of copyright can do any or all of these acts for commercializing his work and earn income.

Second, he/she can get registration of copyright by applying to the Registrar of Copyright by providing various particulars of his/her work under section 45. Such registration has evidentiary value, although non-registration does not disable the owner from pursuing his right (*A Sudarshan v. AC Thirulok Chandar*, (1973) 2 Mad. LJ 290). In case of disputes about copyright, he/she may approach the Copyright Board for resolving the same.

Third, the copyright owner can enter into transaction with others regarding the use of copyrighted work by assigning and licensing for specific purpose either partially or wholly. Every assignment shall be in writing.

Fourth, he/she can enforce his copyright by invoking civil remedies and initiating criminal prosecutions against the persons who infringe his copyright. He/she can initiate measures for search and seizure of infringed copies or materials used for infringement, get accounts, proceeds and infringed copies and get compensation.

Fifth, he/she has right to receive royalty for his/her work when it is published or publicly performed in pursuance of compulsory acquisition supervised by Copyright Board for public or educational purposes under sections 31 to 32. When a published work is unjustifiably withheld from the public or a work is remaining unpublished, a complainant may be authorized by the Copyright Board after due hearing of the copyright owner and subject to payment of reasonable compensation to the copyright owner.

Sixth, a copyright owner may exclusively authorize the Copyright Society to administer his/her right or may withdraw such authorization, which is already given.

Seventh, if he/she is an author, he/she has additional right called as moral rights of author. In cases of infringement of his moral rights such as right to be identified as author, right against derogatory treatment, and right against false attribution the author can bring an action in the court of law against third parties.

10.2 ASSIGNMENT AND LICENSING OF COPYRIGHTS

Copyright being a property right, the owner can deal with it by transferring the right to another, by grant of license to others, permitting them to do some or all of the acts restricted by copyright in relation to the work. Since generally the author does not find it comfortable to involve in arranging for printing, marketing and sale of his work, commercialization of his work through some transaction is preferred. Two main ways of dealing with copyright are: by assignment and by licensing.

An **assignment** is the transfer of a particular right, leaving nothing in the assignor qua the particular right, and bestowing on the assignee the whole of the legal interest in the right assigned. According to section 18 (1), "The owner of the copyright in an existing work or the prospective owner of the copyright in a future work may assign to any person the copyright either wholly or partially and either generally or subject to limitations and either for the whole term of the copyright or any part thereof." In the case of the assignment of copyright in any future work, the assignment shall take effect only when the work comes into existence. After the assignment, the assignee as respects the rights so assigned, and the assignor as respects the rights not assigned, shall be treated for the purposes of this Act as the owner of copyright. No assignment of the copyright in any work shall be valid unless it is in writing signed by the assignor or by his duly authorised agent (section 19). Mere delivery of manuscript or receipt of remuneration does not constitute assignment of copyright (*Thankappan v. Vidyarambhan Press*,

1968 Ker LJ 440). The assignment of copyright in any work shall identify such work, and shall specify the rights assigned and the duration and territorial extent of such assignment. The assignment of copyright in any work shall also specify the amount of royalty payable, if any, to the author or his/her legal heirs during the currency of the assignment and the assignment shall be subject to revision, extension or termination on terms mutually agreed upon by the parties. Where the assignee does not exercise the rights assigned to him under any of the other subsections of this section within a period of one year from the date of assignment, the assignment in respect of such rights shall be deemed to have lapsed after the expiry of the said period unless otherwise specified in the assignment. If the period of assignment is not stated, it shall be deemed to be five years from the date of assignment. Unless the territorial extent of assignment of the rights is not specified, it shall be presumed to extend within India. In case the assignee fails to sufficiently exercise the assigned right, on receipt of complaint by assignor, the Copyright Board may revoke the assignment after inquiry (section 19A). Disputes regarding assignment including that of royalty may be resolved by the Copyright board on receipt of complaint.

In contrast, **license** is the transfer of beneficial interest to a limited extent, whereby the transferee an equitable right only in the copyright. While assignee becomes owner of copyright with respect to right assigned to him/her, a licensee gets limited legal interest for specific purpose. Assignment results in transfer of title in the copyright whereas a license merely permits certain things to be done by the licensee. An assignee can re-assign the copyright whereas a license is personal and not transferable. An assignee can sue for infringement without joining the assignor. But a licensee cannot sue in his own name for infringement of the copyright, since copyright belongs to the licensor. According to section 30, "The owner of the copyright in any existing work or the prospective owner of the copyright in any future work may grant any interest in the right by license in writing signed by him or by his duly authorised agent." In the case of a license relating to copyright in any future work, the license shall take effect only when the work comes into existence. In case of death of licensee, his/her legal representatives shall be entitled to the benefits of license unless the license provision provides otherwise.

The question as to whether a transaction is an assignment or mere license is to be decided on the basis of express terms of agreement and the intention of parties. The license may be exclusive or non-exclusive. According to section 2 (j) "exclusive license" means a license which

confers on the licensee or on the licensee and persons authorised by him/her, to the exclusion of all other persons (including the owner of the copyright), any right comprised in the copyright in a work, and "exclusive licensee" shall be construed accordingly. A license may be for limited period or for limited scope.

10.3 MORAL RIGHTS

In recognition of the Berne Convention, and realizing the growing importance of recognizing author's rights of dignity, Indian copyright law has recognized moral rights of authors. Raymond Serrate views that moral right includes non-property attributes of an intellectual and moral character which give legal expression to the intimate bond which exists between a literary or artistic work and its author's personality; it is intended to protect his personality as well as his work. Regardless of the ownership of economic rights associated with copyright, the author's right to control and be identified with the work gained legal recognition. Initially, the Assignment Agreement or license conditions used to insist on display of author's work at prominent place of the work and provided protection against false attribution and derogatory treatment. It is a special right available to the author even if his economic right is transferred hence moral rights are inalienable. According to section 57 (1), "Independently of the author's copyright and even after the assignment either wholly or partially of the said copyright, the author of a work shall have the right-

- (a) to claim authorship of the work; and
- (b) to restrain or claim damages in respect of any distortion, mutilation, modification or other act in relation to the said work which is done before the expiration of the term of copyright if such distortion, mutilation, modification or other act would be prejudicial to his honour or reputation."

But the author shall not have any right to restrain or claim damages in respect of any adaptation of a computer programme to which clause (aa) of sub-section (1) of section 52 applies. Failure to display a work or to display it to the satisfaction of the author shall not be deemed to be an infringement of the rights conferred by this section. The right conferred upon an author of a work by sub-section (1), other than the right to claim authorship of the work, may be exercised by the legal representatives of the author [section 57 (2)].

The moral rights (or *droit moral*), as said above, include author's paternity right (right to be identified as author) and integrity right (right against derogatory treatment). In the UK, general right (not to have false attribution) and right of privacy in respect of a photograph or film are also recognized under the Copyright Act. In *KPM Sundaram v. Rattan Prakash Mandir* (AIR 1983 Del 13), when the author's books were published by the defendants in a modified manner such as to cause distortion and mutilation, the defendants were restrained from printing and selling the books until the disposal of the case. The right against distortion of one's literary work is extended cinematographic production of it (*Smt. Mannu Bhandari v. Kala Vikas Pictures Ltd* AIR 1987 Del 13). Knowingly infringing or abetting the infringement of any right recognized under Copyright Act is punishable under section 62 of the Act with imprisonment and fine. Violation of special right of author also comes under the purview of this section.

10.4 SOUND RECORDINGS:

"Sound recording" means a recording of sounds from which such sounds may be produced regardless of the medium on which such recording is made or the method by which the sounds are produced. According to Sec.13(3) of the Act, copyright does not subsist in any sound recording made in respect of a literary, dramatic or musical work, if in making the sound recording, copyright in such work has been infringed. It further provides under Sec.13(4) that, copyright in a sound recording does not affect the separate copyright in any work in respect of or substantial part of which, the film, or as the case may be, the sound recording is made.

10.5 VIDEO FILMS

The provision of Copyright Act in India relating to Cinematograph Films will extend to Video Films. Under the Act "Cinematograph film" means any work of visual recording on any medium produced through a process from which a moving image may be produced by any means and includes a sound recording accompanying such visual recording and "cinematograph" shall be construed as including any work produced by any process analogous to **cinematography including video films**. Since the Video Films are based on a different technology it does not attract any new provisions, the provision under Cinematograph films are extended to it.

10.6 SUMMARY

Author and ownership relating to copyrights normally overlap on many works which comes under the copyright law. A clear distinction is made under the law to protect the interest the concerned creator and the owner. Everyone is neither a creator nor the owner of the copyrighted works, but many will have the ability to exploit it commercially, to enable them to take advantage of a created work, the Act has made provisions to Assign and License the same.

10.7 KEY WORDS

- Moral rights
- Ownership
- Economic rights
- Authorship

10.8 SELF ASSESSMENT QUESTIONS

1. Discuss how the Authorship and Ownership of various subject matter under copyright laws are determined.

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2. Write an explanatory note on Assignment and Licensing of Copyrights.

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BLOCK: 3

UNIT 11 PURPOSE OF PROTECTING TRADEMARKS HISTORICAL DEVELOPMENT OF TRADEMARKS LAW DEFINITION, FUNCTION OF TRADEMARKS

STRUCTURE

- 11.0 Objective
- 11.1 Introduction
- 11.2 Historical Development of Trademarks Law
- 11.3 Definition and Functions of trademarks
- 11.4 Summary
- 11.5 Key Words
- 11.6 Self Assessment Questions
- 11.7 References

11.0 OBJECTIVES

After studying this unit, you will be able to:

- explain the basics of Trademarks
- know the Historical perspective of trademark law
- debate on the definition and functions of a trade mark

11.1 INTRODUCTION

The essential function of a trademark is to exclusively identify the commercial source or origin of products or services, such that a trademark, properly called, *indicates source* or serves as a *badge of origin*. In other words, trademark serves to identify a particular business as the source of goods or services. The use of a trademark in this way is known as *trademark use*. Marks help consumers answer the questions: "Who makes this product?" and, "Who provides this service?" As consumers become familiar with particular marks, and the goods or services they represent, marks can acquire a "secondary meaning," as indicators of quality. Thus, established marks help

consumers answer another question: "Is this product or service a good one to purchase?" For this reason, the well-known marks of reputable companies are valuable business assets, worthy of nurturing and protection.

Trademark is sensitively significant to the trader in the market as the name to the individual in his social life. Trademark is a mark of distinctiveness, which makes the goods marketed, and services rendered with a trademark stand apart and often in the estimate of its owner far above the rest of the goods of the same class. Trademark infuses in the trader and service provider a new youthful spirit of showing himself up above his competitors in the field. Trademark provides the trader a thrust to market the goods with confidence, backed by adequate publicity; trademark helps the trader to improve his sales. Trademark also guarantees the consistency in quality of goods and services. If set in an aggressive advertisement nothing sells the goods and services, better than a trademark. At a time when brand names and trade slogans are sweeping the market, trademark has a very important role to play in the domestic and international market.

From the days of industrial revolution, the development of law relating to trademarks can be traced back. The people started to identify the products against their symbol, which compelled the manufacturers to protect their product and goodwill. This helped the traders and manufacturers to advertise their product which in turn provided an opportunity duplication of the famous brands by making deceptively similar marks. This development posed a great challenge, which led to the protection of the mark as well as goodwill through the process of registration.

The important change in the role played by marks took place around the beginning of the twentieth century. During this period trademarks changed from being indicators of origin (and thus signs from which consumers could assume consistency of quality) to become valuable assets in their own right. Today the trademark serves more as a marketing tool and less as a means of identifying a product's source or sponsorship.

11.2 HISTORICAL DEVELOPMENT OF TRADEMARKS LAW

During earlier times traders applied their marks to the goods to indicate ownership; which were called as Proprietary marks or possessory marks. As long as 3000 years ago, Indian craftsmen used to engrave their signatures on their artistic creations before sending them to Iran. In a similar way, Merchants also marked their goods before shipment to that in the event of a shipwreck; any surviving merchandise could be identified and retrieved.

Medieval times saw the Guild structures where they ensured that the goods were of a satisfactory quality where they required their members to apply identifying marks or signs to the goods. Within the demise of the guilds it was no longer obligatory for the traders to apply particular marks or signs for the goods. Trademarks are marks which are used by traders to differentiate their goods/services from that of the other competitors. Trademarks have been used since a very long time dating back to the Egyptian civilization (marks used on bricks).

During the Twentieth century, trademarks changed from being indicators of origin and hence bases on which those consumers could assume consistency of quality to their valuable assets in their own right. They help to provide consumers with an identity-for example, as a FERRARI or VOLVO driver or BUDWEISER or BUDVAR drinker.

In India, the first legislation can be traced back to 1889, wherein the Indian Merchandise Marks Act was introduced. The provisions of the Specific Relief Act were invoked to deal with the prior to the enactment of the Trademarks Act 1940. This act gave provision for registration as well as statutory remedies against infringement. The unregistered marks were protected under the common law. The next development was the enactment of Trade and Merchandise Act in the year 1958. This act served almost 40 years, till 1999. India became a signatory of TRIPs Agreement, which made certain mandatory provisions to be included. The new Act was enacted in the year 1999 by repealing the existing law, which came into force on 15 September 2003.

11.3 DEFINITION AND FUNCTIONS OF TRADEMARK

A “trademark” or "mark," is any word, phrase, symbol, design, sound, smell, color, product configuration, group of letters or numbers, or combination of these, adopted and used by a company to identify its products or services, and distinguish them from products and services made, sold, or provided by others. The primary purpose of marks is to prevent consumers from becoming confused about the source or origin of a product or service.

According to Sec. 2(1) (zb) trade mark means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours; and

(i) in relation to Chapter XII (other than section 107), a registered trade mark or a mark used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right as proprietor to use the mark; and

(ii) in relation to other provisions of this Act, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so 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;

According to the requisites of the Act:

- a. it should be a mark;
- b. it should be capable of distinguishing and
- c. it should be capable of distinguishing the goods and services of one person from those of others.

Functions of Trademark

The law governing marks essentially is consistent, regardless of the kind of product or service identified, or the nature or appearance of the mark employed. However, marks often are categorized according to the type of identification involved. For a consumer, trademark helps easy identification of the goods and services he is searching to purchase and for a trader the trademark builds enormous goodwill. To the public, trademark is useful. Based on their experience as consumers, they may return to the desirable product, which they know or avoid it as undesirable, if they so choose. That is why the mark chosen for registration shall be easy to pronounce, easy to remember with attractive sounds. There shall not be any difficulty in recalling the spelling of the word or words used in the trademark. The trademark shall be capable of suggesting the article and service, to which it is appended. Above all it shall be able to stand out independently as a new and distinct expression capable of earning instant popularity.

Main functions of a trademark can be summarized as follows:

- a) it identifies the goods of one trader and distinguish them from goods sold by others;
- b) it signifies that all goods bearing a particular trademark come from a single source;
- c) it signifies that all goods bearing a particular trademark are of an equal level of quality and
- e) it acts as a prime instrument of advertising and selling goods.

11.4 SUMMARY

The essential function of a trademark is to exclusively identify the commercial source or origin of products or services, such that a trademark, properly called, *indicates source* or serves as a *badge of origin*. This will enable the user to get what is required by him.

11.5 KEY WORDS

- Function
- Represented graphically
- Source of products

11.6 SELF ASSESSMENT QUESTIONS

1. What is a Mark? Define Trademark and explain its functions.

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.....

2. Give an historical account of the growth of Trademarks Law.

.....
.....

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UNIT 12

**INTERNATIONAL CONVENTIONS - LISBON
AGREEMENT
MADRID AGREEMENT
ROLE OF WIPO IN ADMINISTRATION OF
INTELLECTUAL PROPERTY
DIFFERENT FORMS AND TYPES OF TRADEMARKS
PURPOSE OF REGISTRATION OF TRADEMARKS**

STRUCTURE

12.0 Objective

12.1 Introduction

12.2 Lisbon Agreement

12.3 Madrid Agreement

12.4 Role of WIPO in administration of IP

12.5 Different forms and types of trademarks

12.6 Purpose of registration of Trademarks

12.7 Summary

12.8 Key Words

12.9 Self Assessment Questions

12.10 References

12.0 OBJECTIVE

After studying this unit, you will be able to:

- explain the International Agreements relating to Trademarks
- know the Role of WIPO in administration of IP
- debate on purpose of the registration of trade marks

12.1 INTRODUCTION

Trademarks are one among the oldest forms of Industrial Property, which is recognized throughout the world. Because of its popularity many marks are turned as generic terms. The reputation or the goodwill of a holder was at stake due to misuse. Like patents, trademarks also landed up in many contentious issues throughout the world, which promoted them to enter into multilateral treaties to protect the rights of the owners of the marks. The important among them are Lisbon Agreement and Madrid Agreement.

12.2 LISBON AGREEMENT

The Lisbon System for the International Registration of Appellations of Origin offers a means of obtaining protection for an appellation of origin (AO) the contracting parties to the Lisbon Agreement through a single registration.

Objectives and main Features of the Lisbon Agreement

In many countries, unfair competition or consumer protection laws contain general provisions dealing with the misappropriation of indications serving to designate products that originate in a geographical area. In addition, many countries have also put in place special system aimed at identifying the specific features such indications are known to designate the products in question and deserve special protection. Securing protection for such indications in other countries has, however, been complicated due to differences in legal concepts existing from country to country in this regard and developed in accordance with different national legal traditions within a framework of specific historical and economic conditions.

The Lisbon Agreement was concluded in response to the need for an international system that facilitate the protection of a special category of such geographical indications, i.e. “appellations of origin”, in countries other than the country of origin, by means of their registration at the International Bureau of WIPO.

The Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (Lisbon Agreement) was adopted in 1958 and revised at Stockholm in 1967. It entered into force on September 25, 1966, and is administered by the International Bureau of the World Intellectual Property Organization (WIPO), which keeps the International Register of Appellations of Origin and publishes a bulletin entitled Appellations of origin. The Lisbon Express database allows for a search on appellations of origin as registered under the Lisbon Agreement, the product to which they apply, their area of production, the holders of the right to use the appellation of origin, any refusals or invalidations notified by member countries, etc.

The Agreement is supplemented by Regulations. The latest version of these Regulations was adopted in September 2011, with a date of entry into force of January 1, 2012. The Lisbon Agreement is a special Agreement under Article 19 of the Paris Convention for the Protection of Industrial Property. Any country party to the Convention may accede to the Agreement. Countries adhering to the Lisbon Agreement (1967) become members of the Lisbon Union Assembly. The Lisbon Union Assembly has the authority to modify the Regulations.

Definitions of Appellation of Origin:

Article 29(1) of the Lisbon Agreement defines an “appellation of origin” as “the geographical denomination of a country, region or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors”. Article 2(2) defines the “country of origin” as “the country whose name or the country in which is situated the region or locality whose name, constitutes, the appellation of origin that has given the product its reputation.”

Three elements should be noted in these definitions:

- First, the requirement that the appellation of origin should be the geographical denomination of a country, region or locality means that the appellation is to consist of a denomination that identifies a geographical entity in the country of origin.
- Secondly, the requirement that the appellation of origin must serve to designate a product originating in the country, region or locality concerned means that, in addition to identifying

a place, the geographical denomination in question must be known as the designation of a product originating in that place – requirement of reputation.

- The third requirement concerns the quality or characteristics of the product to which the appellation of origin relates, which must be due exclusively or essentially to the geographical environment of the place where the product originates. The reference to the geographical environment means that there is to be a qualitative connection between the product and the place in which the product originates. The geographical environment is determined on one hand by a set of natural factors (such as soil and climate), and on the other hand by a set of human factors – for instance, the traditional knowledge or know how used in the place where the product originates).

Protection Accorded:

- Similar to the Madrid and Hague systems (concerning, respectively, the international registration of trademarks and the industrial designs), the Lisbon system facilitates the registration of industrial property rights at the international level on the basis of provisions laying down the procedural rules governing the international registration procedure. However, the Lisbon Agreement also lays down a number of provisions laying down the protection to be accorded to internationally registered appellations of origin. Thus, Article 3 defines that the Member States are to protect appellations of origin registered at the International Bureau against any usurpation or imitation of the appellation of origin, even if the true origin of the product is stated or if the appellation is used in translated form or accompanied by terms such as “kind,” “type,” “make,” “imitation” or the like.
- It should also be mentioned that the protection to be provided under the Lisbon Agreement does not rule out any protection that might already exist in a member country by virtue of other international treaties, such as the Paris Convention, the Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods or the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), by virtue of bilateral or regional agreements, or by virtue of national legislation or court decisions.
- The member countries are under the obligation to provide a means of defense against any usurpation or imitation of an appellation of origin in their territory. The necessary action has to be taken before the competent authorities of each countries of the Union in

which the appellation is protected, according to the procedural rules laid down in the national legislation of those countries.

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It should also be mentioned that the protection to be provided under the Lisbon Agreement does not rule out any protection that might already exist in a member country by virtue of other international treaties, such as the Paris Convention, the Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods or the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), by virtue of bilateral or regional agreements, or by virtue of national legislation or court decisions. The member countries are under the obligation to provide a means of defense against any usurpation or imitation of an appellation of origin in their territory. The necessary action has to be taken before the competent authorities of each of the countries of the Union in which the appellation is protected, according to the procedural rules laid down in the national legislation of those countries.

The international registration of an appellation of origin assures it of protection, without any need for renewal, as long as the appellation is protected in the country of origin. However, the competent authorities of the member countries that have received notice of the registration of an appellation of origin have the right to refuse to protect it in their territory. Such a refusal of protection has to be the subject of a declaration to that effect, which has to meet two requirements:

(i) The first, is a time requirement: the refusal has to be notified to the International Bureau within a period of one year from the date of receipt by that country of the notice of registration.

(ii) The second, is a requirement regarding content: the declaration of refusal has to specify the grounds for refusal. For instance, a country may refuse to protect an appellation of origin because it considers that the appellation has already acquired a generic character in its territory in relation to the product to which it refers or because it considers that the geographical designation does not conform to the definition of an appellation of origin in the Lisbon Agreement or because the appellation would conflict with a trademark or other right already protected in the country concerned.

Refusals are not necessarily cast in stone. If a contracting country that has issued a refusal subsequently decides to withdraw the declaration of refusal, procedures are foreseen under the Lisbon system for having such withdrawals recorded in the International Register.

Since January 1, 2010, a contracting country has the option to issue, instead of tacitly accepting the protection in its territory of a given appellation of origin registered under the Agreement, a statement of grant of protection. These statements are not obligatory but can be issued by a Lisbon member country in two situations:

(i) whenever a contracting party is already in a position to know that it will not issue a refusal of protection well before the expiry of the applicable refusal period (one year from the receipt of the notification of registration), it may issue a statement of grant of protection to an appellation of origin;

(ii) following a refusal, the competent authority of a contracting country which has notified a declaration of refusal to the International Bureau may, instead of notifying a withdrawal of refusal, send to the International Bureau a statement to the effect that protection is granted to the appellation of origin that is the subject of an international registration in the contracting country concerned.

And, if no declaration of refusal is submitted but the effects of an international registration are, subsequently, invalidated in a contracting country and the invalidation is no longer subject to appeal, the competent authority of the country concerned is to notify the International Bureau accordingly. Following such a notification, the International Bureau enters

the invalidation in the International Register and sends a copy of the notification to the competent authority of the country of origin.

12.3 MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS (1891) AND THE PROTOCOL RELATING TO THAT AGREEMENT (1989)

The system of international registration of marks is governed by two treaties:

- The Madrid Agreement, concluded in 1891 and revised at Brussels (1900), Washington (1911), The Hague (1925), London (1934), Nice (1957), and Stockholm (1967), and amended in 1979, and
- The Protocol relating to that Agreement, which was concluded in 1989, with the aim of rendering the Madrid system more flexible and more compatible with the domestic legislation of certain countries which had not been able to accede to the Agreement.

The Madrid Agreement and Protocol are open to any State which is party to the Paris Convention for the Protection of Industrial Property. The two treaties are parallel and independent and States may adhere to either of them or to both. In addition, an intergovernmental organization which maintains its own Office for the registration of marks may become party to the Protocol. Instruments of ratification or accession must be deposited with the Director General of WIPO. States and organizations which are party to the Madrid system are collectively referred to as Contracting Parties. The system makes it possible to protect a mark in a large number of countries by obtaining an international registration which has effect in each of the Contracting Parties that has been designated.

Under the Madrid system an Applicant makes an International Application with the International Bureau of WIPO in Geneva, and in it they designate the countries that are party to the Madrid Agreement/Protocol in which they want the mark to be protected. WIPO registers the mark and then passes it on to the countries that have been designated, which then have the possibility of refusing protection. The respective countries would normally examine it as though it were an application filed with them directly and apply their normal national criteria accordingly. Any such refusal, including the indication of the grounds on which it is based, must be communicated to the International Bureau, normally within 12 months from the date of the

notification. However, a Contracting Party to the Protocol may declare that, when it is designated under the Protocol, this time limit is extended to 18 months. Such a Contracting Party may also declare that a refusal based on an opposition may be communicated to the International Bureau even after this time limit of 18 months. If they refuse it, the refusal is notified to us and entered against the mark for that country in the International Register. So in other words an Applicant does secure International Registration, but whether or not it is protected in a given country is determined by that country.

What is important to note here is that WIPO doesn't examine the Application as to substance. There are basically two substantive questions which are investigated by national country offices. (a) Whether the mark is capable of functioning as a trademark, in other words whether it is capable of distinguishing goods and services; & (b) Whether it conflicts with a mark already protected in someone else's name. The member countries do actually differ very much in their approach to this examination. Some conduct a full examination and some do not. WIPO doesn't do any examination of these substantive aspects, but rather leaves them entirely to the laws of the countries concerned. It does however examine first of all whether the Application complies with the formal requirements set forth in the treaties and regulations, mainly to make sure that the necessary elements of a trademark application are there. It also carries out an examination of the lists of protected goods and services that has to accompany any trademark application. Those goods and services should be classified according to an International classification, known as the Nice Classification, and the International Bureau has general responsibility for the consistent application of the Classification. So the International Bureau does conduct an examination as to form and an examination of the classification of goods and services, which means that those tasks do not have to be carried out by the Receiving Offices, because they know that they are receiving properly filed and properly classified applications.

Hence, the role of WIPO is to receive applications for the protection of trademarks in a number of designated countries. WIPO checks to see if the application has been made in a correct manner and, if so, registers the mark, and forwards it to the designated countries. Examination as to substance may be done in the designated countries if their laws so prescribe. An application for international registration (international application) may be filed only by a natural person or legal entity having a connection, through establishment, domicile or nationality, with a Contracting Party to the Agreement or the Protocol.

A mark may be the subject of an international application only if it has already been registered with the Trademark Office (referred to as the Office of origin) of the Contracting Party with which the applicant has the necessary connections. However, where all the designations are effected under the Protocol, the international application may be based on a mere application for registration filed with the Office of origin. An international application must be presented to the International Bureau of WIPO through the intermediary of the Office of origin.

Where all the designations are effected under the Agreement the International Application, and any other subsequent communication, must be in French. Where at least one designation is effected under the Protocol, the applicant has the option of English or French, unless the Office of origin restricts this choice to one of these. The filing of an International Application is subject to the payment of a basic fee (which is reduced to 10% of the prescribed amount for International Applications filed by applicants whose country of origin is a Least Developed Country (LDC), in accordance with the list established by the United Nations), a supplementary fee for each class of goods and/or services beyond the first three classes, and a complementary fee for each Contracting Party designated. However, a Contracting Party to the Protocol may declare that when it is designated under the Protocol, the complementary fee is to be replaced by an individual fee, whose amount is determined by the Contracting Party concerned but may not be higher than the amount which would be payable for the registration of a mark with its Office.

The effects of an International Registration in each designated Contracting Party are, as from the date of the International Registration, the same as if the mark had been deposited directly with the Office of that Contracting Party. If no refusal is issued within the applicable time limit, or if a refusal originally notified by a Contracting Party is subsequently withdrawn, the protection of the mark in question is, from the date of the international registration, the same as if it had been registered by the Office of that Contracting Party. Protection may be limited with regard to some or all of the goods or services or may be renounced with regard to only some of the designated Contracting Parties. An International Registration may be transferred in relation to all or some of the designated Contracting Parties and all or some goods or services.

The system of International Registration of marks especially under the Madrid System has several advantages for trademark owners. Instead of filing many national applications in all countries of interest, in several different languages, in accordance with different national

procedural rules and regulations and paying several different (and often higher) fees, an International Registration may be obtained by simply filing one application with the International Bureau (through the Office of the home country), in one language (either English or French) and paying only one set of fees.

Similar advantages exist when the registration has to be renewed; this involves the simple payment of the necessary fees, every 10 years, to the International Bureau. Likewise, if the international registration is assigned to a third party or any other change, such as a change in name and/or address, has occurred, this may be recorded with effect for all the designated Contracting Parties by means of a single procedural step. To facilitate the work of the users of the Madrid system, the International Bureau publishes a Guide to the International Registration of marks under the Madrid agreement and Madrid Protocol.

12.4 ROLE OF WIPO IN ADMINISTRATION OF IP

The World Intellectual Property Organization (WIPO) is one of the specialized agencies of the United Nations (UN) system of organizations. The “Convention Establishing the World Intellectual Property Organization” was signed at Stockholm in 1967 and entered into force in 1970. However, the origins of WIPO go back to 1883 and 1886, with the adoption of the Paris Convention and the Berne Convention respectively. Both of these conventions provided for the establishment of international secretariats, and both were placed under the supervision of the Swiss Federal Government. The few officials who were needed to carry out the administration of the two conventions were located in Berne, Switzerland. As a specialized agency of the United Nations, it is dedicated to developing a balanced and accessible international intellectual property (IP) system, which rewards creativity, stimulates innovation and contributes to economic development while safeguarding the public interest. Its headquarters is at Geneva, Switzerland.

The roots of the World Intellectual Property Organization go back to 1883, when Johannes Brahms was composing his third Symphony, Robert Louis Stevenson was writing *Treasure Island*, and John and Emily Roebling were completing construction of New York's Brooklyn Bridge. The need for international protection of Intellectual Property became evident when foreign exhibitors refused to attend **the International Exhibition of Inventions in Vienna in 1873** because they were afraid their ideas would be stolen and exploited commercially in other countries. 1883 marked the birth of the **Paris Convention for the Protection of Industrial Property**, the first major International Treaty designed to help the people of one country obtain

protection in other countries for their intellectual creations in the form of industrial property rights, known as:

- inventions (patents)
- trademarks
- industrial designs

The Paris Convention entered into force in 1884 with 14 member States, which set up an International Bureau to carry out administrative tasks, such as organizing meetings of the member states. In 1886, Copyright entered the International arena with the **Berne Convention for the Protection of Literary and Artistic Works**. The aim of this Convention was to help nationals of its member States obtain international protection for their right to control, and receive payment for, the use of their creative works such as:

- novels, short stories, poems, plays;
- songs, operas, musicals, sonatas; and
- drawings, paintings, sculptures, architectural works.

Like the Paris Convention, the Berne Convention set up an International Bureau to carry out administrative tasks. In 1893, these two small bureaux united to form an international organization called the United International Bureaux for the Protection of Intellectual Property (best known by its French acronym BIRPI). Based in Berne, Switzerland, with a staff of seven, this small organization was the predecessor of the World Intellectual Property Organization of today - a dynamic entity with 184 member states, a staff that now numbers some 938, from 95 countries around the world, and with a mission and a mandate that are constantly growing. As the importance of intellectual property grew, the structure and form of the Organization changed as well. In 1960, BIRPI moved from Berne to Geneva to be closer to the United Nations and other international organizations in that city. A decade later, following the entry into force of the Convention establishing the World Intellectual Property Organization, BIRPI became WIPO, undergoing structural and administrative reforms and acquiring a secretariat answerable to the member States.

In 1974, WIPO became a specialized agency of the United Nations system of organizations, with a mandate to administer intellectual property matters recognized by the member States of the UN. In 1978, the WIPO Secretariat moved into the headquarters building that has now become a landmark in Geneva, with spectacular views of the surrounding Swiss and French countryside. WIPO expanded its role and further demonstrated the importance of intellectual property rights in the management of globalized trade in 1996 by entering into a cooperation agreement with the World Trade Organization (WTO).

The impetus that led to the Paris and Berne Conventions- the desire to promote creativity by protecting the works of the mind - has continued to power the work of the Organization, and its predecessor, for some 120 years. But the scope of the protection and the services provided have developed and expanded radically during that time. In 1898, BIRPI administered only four international treaties. Today its successor, WIPO, administers 24 treaties (three of those jointly with other international organizations) and carries out a rich and varied program of work, through its member States and secretariat that seeks to:

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

Strategic Goals

WIPO's revised and expanded strategic goals are part of a comprehensive process of realignment taking place within the Organization. These new goals will enable WIPO to fulfill its mandate more effectively in response to a rapidly evolving external environment and to the urgent challenges for intellectual property in the 21st Century. The nine strategic goals set out in the Revised Program and Budget for the 2008/09 Biennium are:

- Balanced Evolution of the International Normative Framework for IP
- Provision of Premier Global IP Services

- Facilitating the Use of IP for Development
- Coordination and Development of Global IP Infrastructure
- World Reference Source for IP Information and Analysis
- International Cooperation on Building Respect for IP
- Addressing IP in Relation to Global Policy Issues
- A Responsive Communications Interface between WIPO, its Member States and All Stakeholders
- An Efficient Administrative and Financial Support Structure to Enable WIPO to Deliver its Programs

12.5 DIFFERENT FORMS AND TYPES OF TRADEMARKS

According to the need and interest of the public, as to the usage of the users various types marks are in recognition, the law also stipulates certain requisites so as to streamline the need as well as protection and the interest of the proprietor and users of the marks.

The types of trademarks protected under law are listed below

- Word marks
- Design marks
- Composite marks
- Colors
- Scents
- Sounds
- Certification marks
- Collective marks
- Trade Dress

Trademarks and Service Marks

A trademark is a mark used or proposed to be used in relation to goods for the purpose of indicating or as to indicate a connection in the course of trade between the goods and same person having the right to use the mark. Traditionally, the term, "trademark," described only marks designating products, or "goods" (as opposed to services). Increasingly, however, the word is used to describe any type of mark, not just traditional "trademarks."

Trademarks make it easier for consumers to quickly identify the source of a given good. Instead of reading the fine print on a can of cola, consumers can look for the Coca-Cola trademark. Instead of asking a store clerk who made a certain athletic shoe, consumers can look for particular identifying symbols, such as a 'BATA' or a unique pattern of stripes. By making goods easier to identify, trademarks also give manufacturers an incentive to invest in the quality of their goods. After all, if a consumer tries a can of Coca-Cola and finds the quality lacking, it will be easy for the consumer to avoid Coca-Cola in the future and instead buy another brand. Trademark law furthers these goals by regulating the proper use of trademarks

Service marks

A service mark is another type of mark. Service marks indicate the source or origin of services (as opposed to goods). Service marks are signs used by enterprises to identify their services, such as travel agencies, hotels, telephone companies and airlines. For all practical purposes, trademarks and service marks are subject to the same rules of validity, use, protection, and infringement.

Trade Dress

Trade dress also is a type of mark. "Trade dress" refers to the overall image or impression of a product (the product's "look," and "feel"), and/or the way in which the product is packaged and presented to consumers. Generally, only those elements of a product which are nonfunctional (as opposed to functional elements, such as shrink-wrap, or a plain cardboard box); which have acquired a secondary meaning, and which inform consumers about a product's source, are considered protectable product trade dress.

Trade dress will have feature like:

- “The design and appearance of the product together with all the elements making up the overall image that serves to identify the product presented to the customer”
- The total look of the product or its packaging

- **Coca cola bottle**



- **Shape/appearance of a lamp**
- **Use of a lighthouse in the design of a golf hole**
- **Fish-shaped cracker**
- **Shape/appearance of a golf club head**

Trade Names

Trade names are not marks. A trade name is a word, name, term, symbol, or combination of these, used to identify a business and its goodwill. Whereas, a mark identifies the goods or services of a company, a trade name identifies the company itself. Trade names and marks are related. For example, if one business adopts a trade name similar to a mark used by another, the trade name of the first business may impede the effectiveness of the mark used by the second in identifying the source or origin of goods or services. Consumers may come to believe that the first business makes goods, or provides services, sold by the second. For this reason, conflicts can arise between trade names and marks. Trade names also can function as marks. Many companies use all or part of their business names as marks on their products, or in connection with their services. When a company in this dual fashion uses a trade name, it becomes even more important that competing companies refrain from using a similar trade name or mark. In short in legal parlance brand names are known as ‘Trade names’.

Sound as Trademarks

Signature tunes have been popular with broadcasting organizations for long. The short, punchy musical riffs at the end of a commercial, usually when the company’s logo pops into the screen are the sound signatures set to be the thing in future and so would be clamoring to protect it not only as a sound recording but also as a trademark. In 2001 IBM unveiled a sound signature for its e-commerce business centers. The roar of the MGM lion and the ‘hoo-hoo’ of the Pillsbury Doughboy; sounds have been favorite audio logos or sound signatures for a brand and

used by companies. The Edgar Rice Burroughs, Inc, registered famous ‘TARZEN YELL’; the sound trademarks are becoming popular, as sound signatures don’t require a translation. Sound Trade Marks have to be represented graphically to claim protection.

Smell as Trademarks

Much has been debated about the registration of the smell. Sumitomo Tyres was successful in obtaining registration of the Smell Reminiscent of Roses Applied to its tyres. Tennis Balls were accorded with registration for fresh cut grass. Scents marks have been given to Fresh **cut grass – tennis balls**

Certification mark

Certification mark is a mark that certifies that goods or services of another meet certain very specific standards of quality. A good example of a certification mark is THE GOOD HOUSEKEEPING SEAL OF APPROVAL, which is placed on kitchen products. In order to obtain and maintain a certification mark, the certifier must set forth very specific standards that the products it certifies must meet, and it must provide that anyone who makes that category of product may apply for certification. Certification marks are unusual in that the certifier never uses the mark on any products of its own; it merely licenses others to do so.

The best examples of certification trademarks are ‘ISI’ and ‘Agmark’ which have played an important role in maintaining the quality of the products certified in India.



Collective marks - A New Category of Marks

The collective mark is different from other trademarks, as a collective mark distinguishes the goods or services of members of an association of persons from the goods or services of others. The association is registered as proprietor of the trademark and the members who use the marks can do, if they fulfill regulations, which are filed together with the application users. Any use by members, referred to as authorized users, is deemed to be the use by the proprietor.

Color marks

Colors can also be used for identifying goods or services. Combination of colors can also be used for goods/services.

- Pink – Owens Corning fiberglass insulation**
- Blue – Tiffany’s blue box for jewelry**

12.6 PURPOSE OF REGISTRATION OF TRADEMARKS

Trademark is sensitively significant to the trader in the market as the name to the individual in his social life. Trademark is a mark of distinctiveness, which makes the goods marketed, and services rendered with a trademark stand apart and often in the estimate of its owner far above the rest of the goods of the same class. Trademark infuses in the trader and service provider a new youthful spirit of showing himself up above his competitors in the field. Trademark provides the trader a thrust to market the goods with confidence, backed by adequate publicity; trademark helps the trader to improve his sales. Trademark also guarantees the consistency in quality of goods and services. If set in an aggressive advertisement nothing sells the goods and services, better than a trademark. At a time when brand names and trade slogans are sweeping the market, trademark has a very important role to play in the domestic and international market.

For a consumer trademark helps easy identification of the goods and services he is searching to purchase and for a trader the trademark builds enormous goodwill. To the public, trademark is useful. Based on their experience as consumers, they may return to the desirable product, which they know or avoid it as undesirable, if they so choose. Why should we protect Trademarks? This is a common question that crops up in our minds. To answer this question we need to address the issue of justifying the protection of Trademarks. There are a number of justifications for the same and we visit some of them here:

- 1) **Creativity justification-** This justification does not apply that strongly to trademarks as opposed to the fundamental reason of protection for Copyright laws. What creativity implies here is that certain trademarks are created by the proprietor with care and caution for example a coined mark like KODAK has gone on to become a distinct trademark. The creativity is combined with the goodwill acquired by the trademark.

- 2) **Information justification**- By far being the most convincing argument in any jurisdiction is that trademarks are a source of information to the end customer/buyer. The information increases the efficiency of the goods and also is a way to be distinct from other marks in the same market. This further helps a customer to make an informed decision before he/she buys the product.
- 3) **Ethical justification**- This is based on the idea of fairness or justice. This argument is based on the theory that persons should not be permitted 'to reap where they have not sown'. This argument is further linked to the more complex theories of 'unfair competition' and 'unjust enrichment'.
- 4) **Economic justification**- The economic justification for protecting trademarks is that firstly they encourage the production of quality products and secondly they reduce the customer's costs of shopping and making purchasing decisions.
- 5) **Quality justification**- Trademarks create an incentive to keep up a good reputation for a predictable quality of goods. Without marks, a seller's mistakes or low quality would be unidentifiable without a source.

The trademark shall be capable of suggesting the article and service, to which it is appended. Above all it shall be able to stand out independently as a new and distinct expression capable of earning instant popularity.

The US Supreme Court summed up this purpose in *Qualitex Co. v. Jacobson Products Co. (1995)*:

"Trademark law, by preventing others from copying a source- identifying mark, 'reduces the customer's cost's of shopping and making purchasing decision,' for it quickly and easily assures a potential customer that.... the item with this mark...is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation related rewards associated with a desirable product".

12.7 SUMMARY

Trademarks law is one of the oldest forms which recognises the rights of the owner of the mark. The initiatives at international level can be traced from Paris Convention on Industrial Property. The Madrid Convention and Protocol addresses the need of protection and enforcing of rights at

International level. Lisbon Agreement adds additional initiatives in this regard. The marks are identified according to the need of the inventor and the market like the sound mark, word mark color mark etc., the WIPO is playing an important role for the protection and enforcement of rights related Trademarks.

12.8 KEY WORDS

1. Collective Marks is different from other trademarks, as a collective mark distinguishes the goods or services of members of an association of persons from the goods or services of others. The association is registered as proprietor of the trademark and the members who use the marks can do, if they fulfill regulations, which are filed together with the application users.

2. Certification Mark is a mark that certifies that goods or services of another meet certain very specific standards of quality. Like ISI mark and Ag Mark.

12.9 SELF ASSESSMENT QUESTIONS

1. Explain the important International Conventions relating to the protection of Trademarks

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2. Give an account of various types of marks in use.

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3. Write an explanatory note on the role of WIPO towards the protection of IP.

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UNIT 13 PHILOSOPHY AND THEORIES OF PROTECTION OF TRADEMARKS DISTINCTIVE TRADEMARKS DESCRIPTIVE TRADEMARKS DECEPTIVE TRADEMARKS

STRUCTURE

13.0 Objective

13.1 Introduction

13.2 Theoretical justifications

13.2.1 Labour Justification

13.2.2 The personality Justification

13.3 Distinctive Trademarks

13.4 Descriptive Trademarks

13.5 Deceptive Trademarks

13.6 Summary

13.7 Key Words

13.8 Self Assessment Questions

13.9 References

13.0 OBJECTIVE

After studying this unit, you will be able to:

- explain the Philosophy and Theories relating to Trademarks
- analyze the scope of the Distinctive Trademarks
- debate on the Descriptive, Deceptive nature of trade marks

13.1 INTRODUCTION

The term "intellectual property" refers to a loose cluster of legal doctrines that regulate the usage of different sorts of ideas and insignia. The economic and cultural importance of this collection of rules is increasing rapidly. The fortune of many businesses now depends heavily on

intellectual property rights. A growing percentage of the legal profession specializes in intellectual property disputes and lawmakers throughout the world are busily revising their intellectual property laws. Partly as a result of these trends, scholarly interest in the field has raised dramatically in recent years. In law reviews and in Journals of economics and philosophy, articles deploying "theories" of intellectual property have proliferated.

Intellectual property is a robust and highly effective institution (institution can be replaced with the word 'concept'). Copyrights for authors of bestsellers or patents for inventors of desirable new manufacturing processes often prove to be surefire shortcuts to speedy enrichment. Some of the biggest companies in the world owe their profits to IP. For example the Japanese government officially sees its own future to be based on the development of Intellectual Property. Nevertheless, some basic questions about its definition remain open to discussion. More importantly, the legitimacy of IP is still radically in question. Some people argue that for intangible things, just as for tangibles, there is no freedom without property. On the contrary, other people believe that intellectual goods, like ideas or information, should be freed from private appropriation or commodification and considered "common" goods to which access and/or use should be free to all. Indeed, the world of intangibles is the battlefield where the historic quarrel of enclosure against the commons takes place in our age. Of course, this battle is not just a theoretical one. To determine if the map of the human genome belongs in the public domain, or, if new drugs that could help fight diseases will be too expensive for the people who need them are not just matters of philosophy. Certainly, the fact that we generally believe that patents, copyrights and trademarks on these kinds of objects are just and morally legitimate could play an important role in the story.

13.2 THEORETICAL JUSTIFICATIONS

Legal and political philosophers have often debated the status and legitimacy of intellectual property. In so doing, philosophers have specifically asked 'why should we grant intellectual property rights?', for philosophers, it is important that this question is answered, since we have a choice as to whether we should grant such rights. It is also important because the decision to grant property rights in intangibles impinges on competitors and the public.

The justifications that have been given for intellectual property tend to fall into one of the two general categories. First, commentators often rely upon instrumental justifications that focus on the fact that intellectual property induces or encourages desirable behavior. *For ex.* the patent

system is sometimes justified on the basis that it provides inventors with an incentive to disclose valuable technical information to the public, which would have otherwise remained a secret.

The current foundations of existing **trademark systems** employ a utilitarian and economic model for the justification of trademarks. Such attempts aim to widen the scope of protection accorded to trademarks on the premise that this is essential to recognize the maximum of protection to trademarks owners. This is to provide them with the incentive to produce high quality products. Therefore, this deployment of the utilitarian and economic model has led to the introduction of the dilution concept, which monopolizes rights in trademarks and prevents any public access to trademarks. This contradicts the constitutional clause in the United States which permits the adoption of a utilitarian, economic justification as the basis for protection of copyrights and patents only. Thus a trademark system should not be based on utilitarian and economic grounds in order to comply with this constitutional requirement.

Similarly, that the **trademark system** is justified because it encourages traders to manufacture and to sell high quality products. It also encourages them to provide information to the public about those attributes. Alternatively, commentators often call upon ethical and moral arguments to justify intellectual property rights. *For ex.* it is often said that copyright is justified because the law recognizes an author's natural or human rights over the products of their labour. Likewise, trademark protection is justified in so far as it prevents third parties from becoming unjustly enriched 'reaping where they have not sown'. A brief discussion of various theories will help us to understand the justifications for granting and recognizing IPRs.

13.2.1 Labour Justification

One of the most popular justifications put forward for the protection of property is to justify it as a reward for the labour put into create it. This theory was propounded by *John Locke*. Locke starts with the presumption that '*every man has a property in his own person*', this presumption leads Locke to claim that an individual's labour also belongs to that individual. Thus the origin of property is stated by him as "Whatsoever then he removes out of the State that Nature hath provided, and left it in, he hath mixed his labour with, and joined to it something that is his own, and thereby makes his property".

According to this theory, labour adds value to goods. Goods are convened from the "*commons*" by exerting labour. In the case of Trademarks, it can be said that ideas are taken from a common pool through mental and/or physical exertion. One view of this theory is that

labour is an unpleasant activity for which people should be rewarded or should be motivated to perform by securing benefits in return. This is also recognized as the '*labour avoidance*' theory.

Another interpretation of Locke's theory is the '*value added*' theory. Which states that it is the social values created by labour and not labour itself that deserves to be rewarded? This is also a powerful justification, which is often used in order to promote stronger protection regimes for intellectual property. In fact the requirement of '*utility*' in patent law is in itself a reflection of the '*value added*' theory as it requires an advance over prior art and the requirement that the patent be capable of industrial application.

Locke's '*commons*' was central of this theory. In the primitive state, there were the 'commons' on which labour was exercised in order to create private property. In the primitive state, there was 'enough and as good' such that there are enough unclaimed goods so that everyone can appropriate the objects of his labours without infringing upon goods that have been appropriated by someone else. However, Locke's theory of property provides a strong support for Trademarks. According to his view, intellectual property permits to reward the creator for his work in order to encourage him in his innovative work, he will be more inspired to produce and willing to make his work available to public. This view establishes a labour criterion of property, whereby individuals may claim property in all goods they appropriate from the state of nature through their work.

13.2.2 The Personality Justification

This theory states that, property provides a mechanism for personal expression, dignity and recognition of the individual person. *Hegel* is the proponent of this theory. According to him, 'property is the embodiment of personality'. Applying this theory to intellectual property, it can be said that ideas are the manifestation of the creator's personality or self, and hence, need to be protected. The personality justification is especially applicable to arts and artistic creations. However there are also a number of forms of intellectual property, which reflect little or no personality of their creators such as patent, engineering designs and trade secrets.

Copyright and **trademark law** are totally relays on the personality justification. The question as to whether the work is worthy of protection does not rest on the society's judgment of its worth. The protection of trademarks also rests primarily on the personality justification, as

there is no apparent labour, which goes into them. Trademark law evolved to protect the marks that reflect personality and creativity of the manufacturer/trader.

13.3 DISTINCTIVE TRADEMARKS

All marks which are capable of being represented graphically and can identify goods/service producer can be registered subject to certain conditions.

Prerequisite as a mark to qualify as a trademark are as follows;

- In order to serve as a trademark, a mark must be *distinctive* ;
- It must be capable of identifying the source of a particular good/service
- The general principles is that the mark should not describe the character, nature or quality or quantity of goods

The first and foremost condition for registration for mark is that the mark must be **Distinctive Mark**. The mark that is ‘devoid of distinctive character’ cannot be registered.

In the TREAT case the Court provided a definition of what is “devoid of any distinctive character” The Judge said:- **What does devoid of any distinctive character mean? I think the phrase requires consideration of the mark on its own, assuming no use. Is it the sort of word (or other mark) which cannot do the job of distinguishing without first educating the public that it is a trade mark?**

The mark may be devoid of distinctive character in the following cases:

- a) a description of the goods/services combined with some other noticeable but non-distinctive element; e.g. words ending with “master” eg. “Lawn Master” for lawn mover; “Cold master” for refrigerators etc. However, where the word is deemed to have no direct reference (including a covert and skilful allusion) it may be acceptable – eg. “Globe master” for cycles.
- b) a mark which appears to serve a merely decorative purpose in relation to the goods/services concerned;
- c) the shape of goods which does not stand out sufficiently from the norm to be distinctive, or does so in a way which fails to counter on the mark with a trade mark character, e.g. because the unusual features of the shape serve an aesthetic or functional purpose;

- d) a mark which is simply too insignificant to constitute or be taken to be a trade mark for the goods/services concerned, eg., colours, very simple geometrical shapes, such as a circle;
- e) a description or slogan of an undertaking or its policies which could equally apply to any undertaking in the field, eg., “The ones you want to do business with”;
- f) a description of goods/services *not* included in the application but which are so similar to the goods/services covered by the application as to deprive the trade mark of any distinctive character for those goods/services.
- g) A word, which according to its ordinary significance, is a surname or a personal name Where the word has a better known meaning, other than as a surname (eg., “Bull”, “Jury” etc) it may be regarded as a non-ordinary one for being accepted for registration as a trade mark

Another important requirement is that the mark must be **‘Capable of distinguishing goods and services’** to qualify for registration.

A mark which has a direct reference to the character or quality of the goods/service is considered as inherently not capable of distinguishing. If the reference to the character or quality is only indirect or suggestive, the mark may be considered as possessing sufficient degree of inherent capacity to distinguish. As under the old law in determining whether a trade mark is capable of distinguishing, the tribunal should have regard to the extent to which the mark is inherently capable of distinguishing and also the extent to which it is in fact capable of distinguishing by virtue of use of the mark or of other circumstances.

The fundamental principle is that “traders should not obtain any monopoly in the use of words as trademarks to the detriment of the members of the public, who, in the future and in connection with their goods might desire to use them”. York Trade Mark case (House of Lords)

In determining whether a mark is distinctive, the courts group marks into four categories, based on the relationship between the mark and the underlying product:

- arbitrary or fanciful,
- suggestive,
- descriptive, or
- generic.

An arbitrary or fanciful mark is a mark that bears no logical relationship to the underlying product. Arbitrary or fanciful marks are inherently distinctive -- i.e. capable of identifying an underlying product and given a high degree of protection. Examples include Kodak, Exxon, apple for computers etc.,



Suggestive Marks are *words which suggest some attribute or benefit from the goods or services, but do not describe the goods themselves.*

For example, CATERPILLAR for tractors, COPPERTONE for tanning lotion, WHIRLPOOL for washers.

13.4 DESCRIPTIVE TRADEMARKS

Descriptive Marks are ordinarily not eligible for registration as trademarks. A trademark is descriptive if it imparts information directly.

Descriptive Marks are *Words that describe the goods, services or a characteristic of the goods and/or services.* For example, Laudatory words like GOLD MEDAL for flour or geographically descriptive words such as BANK OF TEXAS for Texas bank services.

A descriptive mark is a mark that directly describes, rather than suggests, a characteristic or quality of the underlying product (e.g. its color, odor, function, dimensions, or ingredients).

Unlike arbitrary or suggestive marks, descriptive marks are not inherently distinctive and are protected only if they have acquired "secondary meaning" like 'Holiday inn'.



According to sec.9(1) of the Act, the trademarks which consist exclusively of marks or indications which may serve in trade to designate the kind, quality, quantity, intended purpose, values, geographical origin or the time of production of goods or rendering of the service or other characteristics of the goods r services are not registrable.

A Descriptive Mark may be registered when they acquire 'secondary meaning'. Following may be noted in relation to descriptive mark acquiring secondary meaning;

- Descriptive mark when they acquire special significance in reference to particular goods.
- For example, "apple" is a common word, but also a trademark for computers and for recordings.
- The word has acquired "secondary meaning" in each product category because consumers associate it with a particular brand of product.
- Secondary meaning gives trademark owners protection, but does not prevent people from using the same word for other types of products or in common conversation.

Factors to be considered to determine whether a descriptive mark has acquired are:

- (1) the amount and manner of advertising;
- (2) the volume of sales;
- (3) the length and manner of the term's use;
- (4) results of consumer surveys.

Generic Marks are *words* that define the product or service, but not its source. ***For example: Aspirin, Escalator, Pizza, Lawn Mower, Credit Card etc.***

13.5 DECEPTIVE TRADEMARKS

According to sec.9 (2) (a) of the Act, a mark is not registered as a trademark if it is of such a nature as to deceive the public or cause confusion. 'to deceive' means deceiving a person by telling him a lie or making a false representation and making him believe that a particular thing is true which in fact is false. 'To cause confusion' may mean causing confusion without telling a person a lie or making a false representation to him.

In *Parker Knoll Ltd. v. Knoll International Ltd.* Lord Denning Opined that: ...' to deceive' is one thing. To 'cause confusion' is another. The difference is this: When you deceive aman, you tell him a lie. You make false representation to him and thereby cause him to believe a thing to be true which is false. You may not do it knowingly, or intentionally, but still you do it, and so you deceive him. But you may cause confusion without telling him a lie at all, and without making any false representation to him. You may indeed tell him the truth, the whole truth and nothing but the truth, but still you may cause confusion in his mind, not by any fault of

yours, but because he has not the knowledge or ability to distinguish it from the other pieces of truth known to him or because he may not even take the trouble to do so.

Deceptive Similarity:

‘Deceptive similarity’ is one of the vital tribulations that is sought to be resolved by the Trademarks Act, 1999. As per section 2 (h) 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 and mark as per section 2 (m) includes a device, brand, heading, label, ticket, name signature, word, letter, numerical, shape of goods, packaging or, combination of colors or any combination thereof. In *Bombay Metal Works (P) Ltd v. Tara Singh & Ors*, is one such case where even after obtaining an injunction, the plaintiff is forced to make attempts to sustain the protection of marks.

Facts of the case

Tara Sing & Ors were restrained by an injunction order, from manufacturing, selling, offering for sale, advertising directly or indirectly dealing in cycle parts under the impugned Ball Head Racers and Screw Head Racers or any other packing which could be substantially similar to that of Bombay Metal Works Ltd.

Despite the said order, Tara Singh continued the manufacturing and selling of the goods there by violating the said order. Aggrieved by the non-compliance of the order, Bombay Metal Works filed a contempt application under section 2 (a), 11 and 12 of the Contempt of the Court Act. Surprisingly the Judge not only rejected the contempt application, but also gave a finding that the impugned packaging of Tara Singh cannot be considered as deceptively similar to the packing of the Bombay Metal Works. Aggrieved by the said order, Bombay Metal works preferred the appeal.

Contentions

The main contention of the Tara Singh was that the appeal is not maintainable and that it shall lie to the High Court only if the contemnor has been punished and not in any other case. On the other hand, Bombay Metal Works contented that they have filed the appeal not as contempt appeal but as the First Appeal Order (FAO) and hence it is maintainable.

Judgment

The Appeal court on perusal of earlier single bench orders found that the parties had virtually settled their dispute and Tara Singh had given an undertaking that they shall change the color scheme and outlook of their packaging. The Appellate Court further opined that as Tara Singh had agreed to change the color scheme and design of the packing, there is a prima facie breach of an interim injunction order and hence Tara Singh & Ors are estopped from acting contrary to their undertaking. Holding the above line, the Court upheld the appeal.

This case underlines the difficulty of protecting the marks. The undertaking by the respondents in the case itself proves that they are accepting that their packing is deceptively similar to that of the appellants. One of the significant tactics primarily applied by new manufactures is to pass off their goods as that of another. The trademark holder needs to be alert of the infringements and the prospective infringements. Close monitoring of the developments has emerged as a key factor. Timely judicial intervention is another prime factor that has become inevitable to the protection of a trademark.

In *Coca-Cola co of Canada v. Pepsi Cola of Canada Ltd.*, it was found that the word 'cola' was in common use, and distinguishing feature of the marks 'Coca-Cola' and 'Pepsi Cola' were 'Coca' and 'Pepsi' respectively. It was neither not likely that anyone would confuse the word Pepsi and Coca. Trademarks are one among the oldest forms of Industrial Property, which is recognized throughout the world. Because of its popularity many marks are tuned as generic terms. The reputation or the goodwill of a holder was at stake due to misuse.

13.6 SUMMARY

Trademarks and its protection is a very an important aspect under IPR laws. This concept is ably supported by theoretical justifications; both Hegel and Locke support the protection of Trademarks as an valuable asset for the creator. Certain criterions are evolved to give recognition and protection to Trademarks; they can be summarized as Descriptive, Distinctive and Deceptive marks.

13.7 KEY WORDS

Deceptive Similarity: is one of the vital tribulations that is sought to be resolved by the Trademarks Act, 1999. As per section 2 (h) 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 and mark as per section 2

(m) includes a device, brand, heading, label, ticket, name signature, word, letter, numerical, shape of goods, packaging or, combination of colors or any combination thereof.

Distinctive Mark: The first and foremost condition for registration for mark is that the mark must The mark that is ‘devoid of distinctive character’ cannot be registered. It should be different from a mark which is already in existence.

Descriptive Marks are *Words that describe the goods, services or a characteristic of the goods and/or services.*

13.8 SELF ASSESSMENT QUESTIONS

1. Explain the theoretical justifications relating to protection of Trademarks

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2. Discuss the significance of Distinctive, Descriptive and Deceptive Marks.

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UNIT 14 INFRINGEMENT OF TRADEMARKS ACTIONS FOR INFRINGEMENT AND PASSING OFF OFFENCES AND PENALTIES

STRUCTURE

14.0 Objective

14.1 Introduction

14.2 Infringement

14.3 Actions for Infringement and Passing off

14.3.1 Reputation

14.3.2 Misrepresentation

14.3.3 Damages

14.3.4 Good will

14.3.5 New horizons of passing off

14.3.6 Dilution

14.4 Offences and Penalties

14.5 Summary

14.6 Key Words

14.7 Self Assessment Questions

14.8 References

14.0 OBJECTIVE

After studying this unit, you will be able to:

- explain the incidence of Infringement relating to Trademarks
- analyze the Offences and Penalties
- narrate about the concept of cyber squatting

14.1 INTRODUCTION

Trademark infringement is a violation of the exclusive rights attached to a trademark without the authorization of the trademark owner or any licensees (provided that such authorization was within the scope of the licence). Infringement may occur when one party, the "infringer", uses a trademark which is identical or confusingly similar to a trademark owned by another party, in relation to products or services which are identical or similar to the products or services which the registration covers. An owner of a trademark may commence civil legal proceedings against a party which infringes its registered trademark. In the United States, the Trademark Counterfeiting Act of 1984 criminalized the intentional trade in counterfeit goods and services.

14.2 INFRINGEMENT

An infringement action is based on violation of statutory right. The Trademark Act deals with infringement of trademarks and explicitly declares various acts which constitute infringement of trade mark. A trade mark may be infringed in the following ways;

1. A registered trade mark 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 trade mark in relation to goods or services in respect of which the trade mark is registered and in such manner as to render the use of the mark likely to be taken as being used as a trade mark
2. A registered trade mark is infringed by a person who uses in unauthorized manner in the course of trade, a mark which because of

- (i) its identity with the registered trade mark and the similarity of the goods or services covered by such registered trade mark or
 - (ii) its similarity to the registered trade mark and the identity or similarity of the goods or services covered by such registered trade mark or
 - (iii) its identity with the registered trade mark and the identity of the goods or services covered by such registered trade mark, is likely to cause confusion on the part of the public, or which is likely to have an association with the registered trade mark.
3. A registered trade mark is infringed by a person who uses in unauthorized manner in the course of trade, a mark which because of
- (i) is identical with or similar to the registered trade mark and
 - (ii) is used in relation to goods or services which are not similar to those for which the trade mark is registered and
 - (iii) the registered trade mark has a reputation in India and the use of the mark without due cause takes unfair advantage of or is detrimental to the distinctive character or repute of the registered trade mark.
4. A registered trade mark is infringed by a person if he uses such registered trade mark, as his trade name or part of his trade name, or name of his business concern or part of the name of his business concern dealing in goods or services in respect of which the trade mark is registered.
5. A registered trade mark is infringed by a person who applies such registered trade mark to a material intended to be used for labeling or packaging goods, as a business papers, or for advertising goods or services, provided such person when he applied the mark, knew or has reason to believe that the application of the mark was not duly authorized by the proprietor or a licensee
6. A registered trade mark is infringed by any advertising of that trade mark if such advertising (i) takes unfair advantage of and is contrary to honest practices in commercial or industrial matters or
- (ii) is determined to its distinctive character or
 - (iii) is against the reputation of the trademark

7. Where the distinctive elements of registered trade mark consists of or include words, the trade mark may be infringed by spoken use of those words as well as their visual representation.

The use of a trademark in connection with the sale of a good constitutes infringement if it is likely to cause consumer confusion as to the source of those goods or as to the sponsorship or approval of such goods. To determine confusing similarity, the marks are generally compared with respect to pronunciation, appearance, and a meaning or verbal translation. For example, although marks might be spelled differently, if they are pronounced in the same way, they might be considered to be “confusingly similar” (phonetically). Similarity of appearance is determined in the context of the general presentations of the trademark on the product. Similarity in meaning depends on the mental impact made on the consumer as a result of the psychological imagery evoked by the marks concerned. Therefore, translations of words, especially from well-known languages, are taken into account to determine whether there exists confusing similarity with the meaning the protected mark or not. Similarity, a figurative mark can be confusingly similar to a work mark, depending on the mental impression each of the marks create. For example, the word mark “arrow” and the figurative mark consisting of a drawing of an arrow evoke similar visual image in the mind.

So, for example, the use of an identical mark on the same product would clearly constitute infringement. If a manufacturer ‘A’ sells computers using the mark "Apple," his use of that mark is likely to cause confusion among consumers, since they may be misled into thinking that the computers are made by Apple Computer, Inc. Using a very similar mark on the same product may also give rise to a claim of infringement, if the marks are close enough in sound, appearance, or meaning so as to cause confusion. So, for example, "Applet" computers may be off-limits; perhaps also "Apricot." On the other end of the spectrum, using the same term on a completely unrelated product will not likely give rise to an infringement claim. Thus, Apple Computers and Apple Records can peacefully co-exist, since consumers are not likely to think that the computers are being made by the record company, or vice versa.

Between the two ends of the spectrum lie many close cases, in which the Courts will apply the factors listed above. So, for example, where the marks are similar and the products are *also* similar, it will be difficult to determine whether consumer confusion is likely. In one

instance, the owners of the mark "Slickcraft" used the mark in connection with the sale of boats used for general family recreation. They brought an infringement action against a company that used the mark "Sleekcraft" in connection with the sale of high-speed performance boats. Because the two types of boats served substantially different markets, the Court concluded that the products were related but not identical. However, after examining many of the factors listed above, the Court concluded that the use of Sleekcraft was likely to cause confusion among consumers.

Let us now look at how the Indian Courts have dealt with the issue of confusion. In *Khoday Distilleries Limited (Now known as Khoday India Limited) v. The Scotch Whisky Association and Ors.* the Respondents filed a Rectification Application in 1986 against Appellant-distilleries who were the registered proprietor of the trade mark "PETER SCOT" in respect of liquor in India since 1968. The Registrar allowed the application on the ground of deceptive similarity and rejected the plea of acquiescence/delay raised by the Appellant as they failed to rebut the evidence placed by the Respondents regarding deceptive similarity. Appeal there against before the High Court was also dismissed. Hence, they appealed.

Certain issues discussed were whether the use of the term 'Scot' would itself be a sufficient ground to form an opinion about the mark 'Peter Scot' as deceptive or confusing. The tests of deceptive similarity, required to be applied in each case would be different

- (i) nature and kind of customers who were likely to buy goods
- (ii) when and how a person would likely to be confused are relevant considerations

Where the classes of buyers are quite educated and rich, the test to be applied is different from the one where the product would be purchased by the villagers, illiterate and poor. Hence, in India the test for passing off to be applied has got a different connotation. In the present case, the class of buyer who are supposed to know the value of money, the quality and content of Scotch Whisky are supposed to be aware of the difference of the process of manufacture, the place of manufacture and their origin. Further, onus of proof which was on the Respondents to prove that the mark was deceptive and confusing was not discharged. "*The test of deceptive similarity to be applied would be different in each case and should depend upon the nature and kind of customers who would likely to buy the goods.*"

The test of infringement was laid down elaborately as early as in 80s in the case of *Durga Dutt Sharma v. Navratna Pharmacy Laboratories*, as follows-

- 1) The onus would be on the Plaintiff;
- 2) Where two marks are identical, no further question to establish that there is infringement;
- 3) Where two marks are not identical the plaintiff would have to establish that the mark used by the defendant so nearly resembles the plaintiff's registered trademark as is likely to deceive or cause confusion in relation to goods in respect of which it is registered;
- 4) The Court has to compare the two marks; the degree of resemblance. The purpose of the comparison is for determining whether the essential features of the plaintiff's trademark are to be found used by the defendant. The base is to find out if the mark used by the defendant as a whole is deceptively similar to that of the registered mark of the plaintiff;
- 5) The identification of the essential features of the mark is in essence a question of fact and depends on the judgment of the Court based on evidence led before it as regards the usage of it in the trade.

The above case is still good law in India and the guidelines are used to approach any type of trademark infringement. The rules and principles do not apply to a passing off action. Two types of remedies are available to the owner of a trademark for unauthorized use of his or her mark or its imitation by a third party. These remedies are:

- (i) 'an action for infringement' in case of a registered trademark and
- (ii) 'an action for passing off' in the case of an unregistered trademark.

While former is a statutory remedy, the latter is a common law remedy. The reliefs in a suit for Infringement include an injunction, restraining further use of the mark, damages or an account of profits, and an order for delivery-up of the infringing labels and marks for destruction or erasure. The history and development of the common law of passing off is discussed here below:

Deceptive Similarity

Deceptive similarity in relation to another mark is defined as ‘ a mark so nearly resembles that other mark as to be likely to deceive or cause confusion’. Traders have been employing the technique of ‘confusingly similar’ marks as their marks to sell their goods by taking the advantage of the popular brands. Whether the bottle looks like Coca-Cola bottle?



Is there a trade mark infringement in this?



Is there a likelihood of confusion?



Is there a likelihood of confusion?



It is pertinent to note that the decision of the Delhi High Court in regard to what constitutes deceptive similarity or likely hood of confusion. The Court laid down that “The true and appropriate test is whether an ordinary consumer of normal memory, purchasing with common caution, who could not be expected to make a close and careful examination of the products in juxtaposition, was likely to be induced or confused into buying wrong product...”

When a Registered Trade Mark is not infringed?

The Trademark Act excludes certain acts as not constituting infringement of trade mark. In the following situations there is no infringement of trade mark;

- (a) Where the use in relation to goods or service indicates the kind, quality, quantity , intended purpose, value, geographical origin, the time of production of goods or of rendering of services or other characteristics of goods ro services ;
- (b) Where a trade mark is registered subject to any conditions or limitations, the use of the trade mark in any manner in relation to goods to be sold or otherwise traded in, in any place, or in relation to goods to be exported to any market or in relation to services for use or available or acceptance in any place or country outside India or in any other circumstances, to which, having regard to those conditions or limitations, the registration does not extend;
- (c) Where the use by a person of a trade mark (i) in relation to goods connected in the course of trade with the proprietor or a registered user of the trade mark if, as to those goods or a bulk or which they form part, the registered proprietor or the registered user conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it, or has at any time expressly or impliedly consented to the use of trade mark or (ii) in relation services to which the proprietor of such mark or of a registered user

conforming to the permitted use has applied the mark, where the purpose and effect of the use of the mark is to indicate, in accordance with the fact, that those services have been performed by the proprietor or a registered user of the mark

- (d) Where the use of a trade mark by a person in relation to goods adapted to form part of, or to be accessory to, other goods or services in relation to which the trade mark has been used without infringement of the right given by registration under the Act or might for the time being so used, if the use of the trade mark is reasonably necessary in order to indicate that the goods or services are so adapted, and neither the purpose nor the effects of the use of the trade mark is to indicate, otherwise than in accordance with the fact, a connection in the course of trade between any person and the goods or service, as the case may be; and
- (e) Where the use of a registered trade mark, being one of two or more trademarks registered under the Act which are identical or nearly resemble each other, in ‘exercise of the right to the use of that trade mark given by registration under the Act.

14.3 ACTIONS FOR INFRINGEMENT AND PASSING OFF

Passing off is a common law cause of action which can apply in a very wide range of factual situations. The classical trinity test of (a) reputation (b) misrepresentation and (c) damage to goodwill has been applied in a plethora of cases and in a number of jurisdictions which follows common law.

Lord Oliver describes what a claimant must do to bring an action of passing off and the same is reiterated here below-

“First, he must establish goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying ‘get-up’ under which his particular goods or services are offered to the public, such that the get-up is recognized by the public as distinctive specifically of the plaintiff’s goods or services.

Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by him are the goods or services of the plaintiff.

*Thirdly, he must demonstrate that he suffers or, in a **qui timet action**, that he is likely to suffer damage by reason of the erroneous belief engendered*

by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff"

IN Spalding v Gamage (1915) 32 RPC 273, HL, the court identified five characteristics which must be present in order to create a valid cause of action for passing off-

- (1) a misrepresentation;
- (2) made by a trader in the course of trade;
- (3) to prospective customers of his or ultimate customers of goods or services supplied by him;
- (4) which is calculated to injure the business or goodwill of another (in the sense that this is a reasonably foreseeable consequence);
- (5) which cause actual damage to a business or goodwill of a trader by whom the action is brought (or in *qui timet* action) will probably do so.

The trinity test and the five principles laid down by Spalding v Gamage was applied in Warnik v. Townend A.C. 731 (H.L). The first plaintiff's a Dutch company, held 75 percent of the English market for ADVOCAAT and had increased its popularity by heavy advertising campaigns. Egg flip, which was also available on the English market, comprised egg and fortified wine and accordingly attracted a lower rate of excise. It was sold at a substantially cheaper price. The defendants changed the name of their egg flip to Keeling's Old English Advocaat". Thereafter they captured an appreciable share of the advocaat market from the plaintiff. It is essential for the plaintiff in a passing-off action to show at least the following facts:-

1. That his business consists of, or includes, selling in England a class of goods to which the particular trade name applies;
2. That the class of goods is clearly defined, and that in the minds of the public, or a 20 section of the public, in England, the trade name distinguishes that class from other similar goods;
3. That because of the reputation of the goods, there is goodwill attached to the name;
4. That he, the plaintiff, as a member of the class of those who sell the goods, is the owner of goodwill in England which is of substantial value;

5. That he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached.

The House of Lords decided in favour of the trade mark ADVOCAAT based on the above guidelines. This test has gone on to become a foundation for many cases on 'passing off' and the same has been followed in India.

Reputation

It is essential to the success of any claim in respect of passing off, based on the use of a given mark, get-up or other indication of origin, for the claimant to show that this had (at the relevant date) become by user in the respective country distinctive, to some section of the public, if not of the claimant's goods or business alone, at least of a defined class of goods or business to which those of the claimant belong.

Misrepresentation

Misrepresentation lies at the heart of a passing off action. A successful claimant must prove not only the fact of misrepresentation but also that the misrepresentation was operative or material, in the sense that the allegedly misleading indicia was at least a cause of deception or its likelihood amongst the relevant class of consumers and hence damaging to the claimant's goodwill.

Lord Diplock in the *Advocaat* Case opined "Where although the plaintiff and the defendant were not competing traders in the line of business, a false suggestion by the defendant that their business were connected with one another would damage the reputation and thus the goodwill of the plaintiff's business". The relevant connection must be one by which the plaintiffs would be taken by the public to have made themselves responsible for the quality of the defendant's goods or services.

Damages

Damage or likelihood of damage is the gist of an action for passing off, to maintain an action proof, to maintain an action proof of damage is not necessary. But the plaintiff must show that there is a reasonable probability of his being injured by the defendant's action, even if the

conduct of the defendant might be calculated to deceive the public. Proof of damage depends wholly upon the facts of each case.

Goodwill

Goodwill does not have a conclusive definition. However the House of Lords in *Commissioners of Inland Revenue v Miller* (1901) AC 217 at 223-224₂ have discussed the concept of goodwill:

“...Goodwill is bought and sold every day. It may be acquired, I think, in any of the different ways in which property is usually acquired. When a man has got it he may keep it as his own. He may vindicate his exclusive right to it if necessary by process of law. He may dispose of it if he will – of course, under the conditions attaching to property of the nature....Goodwill is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in customers. It is the one thing which distinguishes an old established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However, widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates. Goodwill is composed of a variety of elements. It differs in its composition in different trades and in different businesses in the same trade.....The goodwill of a business is one whole.....For goodwill cannot exist by itself. It must be attached to a business. Destroy the business, and the goodwill perishes with it, though elements remain which may perhaps be gathered up and be revived again. No doubt, where the reputation of a business is very widely spread or where it is the article produced rather than the producer of the article that has won popular favour, it may be difficult to localize goodwill.”

The above case has discussed the different facets of goodwill. Lord Lindley in the same case further discusses the connection between goodwill and the business. He states,

*“Goodwill regarded as **property** has no meaning except in connection with some trade, business, or calling. In that connection I understand the word to include whatever adds value to business by reason of situation, name and reputation, connection, introduction to old customers, and agreed absence from competition, or any of these things, and there may be others which do not occur to me. In this wide sense, goodwill is inseparable from the business to which it adds value, and in my opinion, exists where the business is carried on.....”*

The goodwill in a business is an *intangible* asset being the whole advantage of the reputation and connection formed with the customers together with the circumstances which make the connection durable. It is that component of the total value of the undertaking which is attributable to the ability of the concern to earn profits over a course of years because its reputation, location and other features. [*Khushal v Khorshedbanu* (Civil Appeal No. 1201 66, SC- unreported) cited in *Thermofriz v Vijay* (1981) PTC 128 at 135]. Goodwill thus appears to be a species of personal property capable of being sold or charged (as commonly in the case of Company's goodwill by debentures) or of being bequeathed by will (This is a well established principle under English law. *Re Betts* (1949) 1 All ER 568).

New horizons of Passing off

The new meaning of passing off is yet to be discerned. The real question in each case is whether there is as a result of misrepresentation a real likelihood of confusion or deception of the public and consequent damage to the plaintiff, and if so then relief shall be granted. In the case where the plaintiff has a domain name REDIFF and the defendant has adopted a domain name RADIFF simply to trade on the reputation of the plaintiff; the injunction was issued against the use of Radiff.

Dilution

Trademark dilution is a concept permitting the owner of a famous trademark to forbid others from using that mark in a way that would lessen its uniqueness. In most cases, trademark dilution involves an unauthorized use of another's trademark on products that do not compete with, and have little connection with, those of the trademark owner. Section 11(2)(b) of the Trademarks Act 1999 recognizes the concept and has given it statutory recognition and the same can be raised as one of the grounds under an infringement suit. Dilution is sometimes divided into two related concepts: blurring, or essentially basic dilution, which *blurs* a mark from association with only one product to signify other products in other markets (such as "Kodak shoes"); and *tarnishment*, which is the weakening of a mark through unsavory or unflattering associations. Not all dilution protection laws recognize tarnishment as an included concept.

In *Victor Moseley v V Secret Catalogue* (259 F.3d 464) the Petitioners, Victor and Cathy Moseley, owned and operated a retail store named 'Victor's Little Secret' in a strip mall in Elizabethtown, Kentucky. They had no employees. The Respondents were affiliated corporations

that own the VICTORIA'S SECRET trademark, and operate over 750 Victoria's Secret stores, two of which are in Louisville, Kentucky, a short drive from Elizabethtown. In the February 12, 1998, edition of a weekly publication distributed to residents of the military installation at Fort Knox, Kentucky, petitioners advertised the grand opening of their store VICTOR'S SECRET in nearby Elizabethtown. The ad featured Intimate Lingerie for woman, Romantic Lighting, Lycra Dresses, Pagers, and Adult Novelties/Gifts. An army colonel, who saw the ad and was offended by what he perceived to be an attempt to use a reputable Company's trademark to promote the sale of unwholesome, tawdry merchandise, sent a copy to respondents. Their counsel then wrote to petitioners stating that their choice of the name 'Victor's Secret' for a store selling lingerie was likely to cause confusion with the well-known 'VICTORIA'S SECRET' mark and, in addition, was likely to dilute the distinctiveness of the mark.

The Court found that – “distinctiveness in a mark is a characteristic quite different from fame.” As used in the statute, “distinctive” and “distinctiveness” refer not to the absolute quality that every trademark is required to possess (i.e., an indication of the source of goods or services), but rather to the spectrum of distinctiveness that distinguishes a weak mark from a strong one. Distinctiveness is a crucial trademark concept, which places marks on a ladder reflecting their inherent strength or weakness. The degree of distinctiveness of a mark governs in part the breadth of the protection it can command. Requiring distinctiveness in addition to fame means that under the FTDA (Federal Trademark Dilution Act) a mark can be “famous” without being “distinctive.” The requirement of distinctiveness is furthermore an important limitation. A mark that, notwithstanding its fame, has no distinctiveness is lacking the very attribute that the anti-dilution statute seeks to protect. The anti-dilution statute seeks to guarantee exclusivity not only in cases where confusion would occur but throughout the realms of commerce.

14.4 OFFENCES AND PENALTIES

The nature of offences are described in relating to infringement is described in 4.2 para above. Normally one can resort to various Remedies prescribed under the Act.. The offences are listed under Sec.101 to 121 of the Trademarks Act 1999.

Suit to be instituted before the District Court:

Sec.134 of the Act describes that,

1) No suit –

- (a) for the infringement of a registered trade mark, or
- (b) relating to any right in a registered trade mark, or
- (c) for passing off arising out of the use by the defendant of any trade mark which is identical with or deceptively similar to the plaintiff's trade mark, whether registered or unregistered.

Shall be instituted in any court inferior to a District Court having jurisdiction to try the suit.

Sec. 101 of the Act deals with the meaning of applying trademarks and trade descriptions.-

(1) A person shall be deemed to apply a trade mark or mark or trade description to goods or services who –

- (a) applies it to the goods themselves or use it in relation to services, or
- (b) applies it to any package in or with which the goods are sold, or exposed for sale, or had in possession for sale or for any purpose of trade or manufacture, or
- (c) places, encloses or annexes any good which are sold, or exposed for sale, or had in possession of sale or for any purpose of trade or manufacture, in or with any package or other thing to which a trade mark or mark or trade description has been applied , or
- (d) uses a trade mark or mark trade description in any manner reasonably likely to lead to the belief that the goods or services in connection with which it is used are designated or described by that trade mark or mark or trade description , or
- (e) in relation to the goods or services uses a trade mark or trade description in any sign, advertisement, invoice, catalogue, business letter, business paper, price list or other commercial document and goods are delivered or services are rendered to a person in pursuance of a request or order made by reference to the trade mark or trade description as so used.

(2) A trade mark or mark or trade description shall be deemed to be applied to goods whether it is woven in, impressed on, or otherwise worked into, or annexed or affixed to, the goods or to any package or other thing.

Sec. 102 deals with Falsifying and falsely applying trademarks and Sec. 103 prescribe the Penalty for applying false trademarks, trade descriptions, etc.-

Any person who –

- (a) falsifies any trade mark, or
- (b) falsely applies to goods or services any trade mark, or
- (c) makes, disposes of, or has in his possession, any die, block, machine, plate or other instrument for the purpose of falsifying or of being used for falsifying, a trade mark, or.
- (d) applies any false trade description to goods or services, or
- (e) applies to any goods to which an indication of the country or place in which they were made or produced or the name and address of the manufacturer or person for whom the goods are manufactured is required to be applied under section 139, a false indication of such country, place, name or address, or
- (f) tampers with, alters or effaces an indication of origin which has been applied to any goods to which it is required to be applied under section to be done,
- (g) causes any of the things above-mentioned in this section to be done.

Shall, unless he proves that he acted, without intent to defraud, be punishable with imprisonment for a term which shall not be less than six months but which may extend to three years and with fine which shall not be less than fifty thousand rupees but which may extend to two lakh rupees.

Provided that the court may, for adequate and special reasons to be mentioned in the judgment, impose a sentence of imprisonment for a term of less than six months or a fine of less than fifty thousand rupees.

Sec. 104 prescribes Penalty for selling goods or providing services to which false trade mark or false trade description is applied.-

Any person who sells, lets for hire or exposes for sale, or hires or has his possession for sale, goods or things, or provides or hires services, to which any false trade mark or false trade description is applied or which, being required under section 139 to have applied to them an indication of the country or place in which they were made or produced or the name and address of the manufacturer, or person for whom the goods are manufactured or services provided, as the case may be, are without the indications so required, shall, unless he proves-

- (a) that, having taken, all reasonable precautions against committing an offence against this section, he had at the time of commission of the alleged offence no reason to suspect the

genuineness of the trade mark or trade description or that any offence had been committed in respect of the goods or services, or

(b) that, on demand by or on behalf of the prosecutor, he gave all the information in his power with respect to the person from whom he obtained such goods or things or services, or be punishable with imprisonment for a term which shall not be less than six months but which may extend to three years and with fine which shall not be less than fifty thousand rupees but which may extend to two lakh rupees.

Provided that the court may, for adequate and special reasons to be mentioned in the judgment, impose a sentence of imprisonment for a term of less than six months or a fine of less than fifty thousand rupees.

Sec. 107 prescribe Penalty for falsely representing a trade mark as registered .-

(1) No person shall make any representation –

(a) with respect to mark, not being a registered trade mark, to the effect that it is a registered trade mark, or

(b) with respect to a part of registered trade mark, not being a part separately registered as a trade mark, to the effect that it is separately registered as a trade mark, or

(c) to the effect that a registered trade mark is registered in respect of any goods or services in respect of which it is not in fact registered, or

(d) to the effect that registration of a trade mark gives an exclusive right to the use thereof in any circumstances in which, having regard to limitation entered on the register, the registration does not in fact give that right.

(2) If any person contravenes any of the provisions of sub-section (1) he shall be punishable with imprisonment for a term which may extend to three years, or with fine, or with both.

Sec. 108 prescribes Penalty for improperly describing a place of business as connected with the Trade Marks Office.-

If any person use on his place of business, or on any document issued by him, or otherwise, words which would reasonably lead to the belief that extend to two years, his place of business is, or is officially connected with, the Trade Marks Office, he shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

Sec. 109 Penalty for falsification of entries in the register.-

If any person makes, or causes to be made, a false entry in the register, or a writing falsely purporting to be a copy of an entry in the register, or produces or tenders or causes to be produced or tendered, in evidence any such writing, knowing the entry or writing to be false, he shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

Sec.111 addresses about the Forfeiture of goods.-

(1) Where a person is convicted of an offence under section 103 or section 104 or section 105 or is acquitted of an offence under section 103 or section 104 on proof that he acted without intent to defraud, or under section 104 on proof of the matters specified in clause (a), clause (b) or clause (c) of that section, the court convicting or acquitting him may direct the forfeiture to Government of all goods and things by means of, or in relation to, which the offence has been committed, or but for such proof as aforesaid would have been committed.

(2) When forfeiture is directed on a conviction and an appeal lies against the conviction, an appeal shall lie against the forfeiture also.

(3) When forfeiture is directed on acquittal and the goods or things to which the direction relates are of value exceeding fifty rupees, an appeal against the forfeiture may be preferred, within thirty days from the date of the direction, to the court to which in appealable cases appeals lie from sentences of the court which directed the forfeiture.

(4) When forfeiture is directed on a conviction, the court, before whom the person is convicted, may order any forfeited articles to be destroyed or otherwise disposed of as the court thinks fit.

14.5 SUMMARY

Like any other IP rights trademarks are more susceptible to copy and gives every possibility to imitate. This will lead to infringement of the right holder. Various provisions are made to protect the interest of the owner of the Trademarks. For an unregistered trademark against the infringement the remedy is available under the common law, under the heading 'Passing off'. To establish under the proposition of Passing off is a very difficult one.

14.6 KEY WORDS

Passing off: Misrepresentation lies at the heart of a passing off action. A successful claimant must prove not only the fact of misrepresentation but also that the misrepresentation was operative or material, in the sense that the allegedly misleading indicia was at least a cause of deception or its likelihood amongst the relevant class of consumers and hence damaging to the claimant's goodwill.

Dilution: Trademark dilution is a concept permitting the owner of a famous trademark to forbid others from using that mark in a way that would lessen its uniqueness. In most cases, trademark dilution involves an unauthorized use of another's trademark on products that do not compete with, and have little connection with, those of the trademark owner.

14.7 SELF ASSESSMENT QUESTIONS

1. Explain the incidence of infringement of Trademarks. Discuss the remedies

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.....

2. Define Passing off. How the owner of mark can obtain relief against the act of Passing off.

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.....

14.8 REFERENCES

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**UNIT 15 PROCEDURE FOR REGISTRATION OF A
TRADEMARK REGISTRABLE AND NON-
REGISTRABLE TRADEMARKS REGISTRATION
OF DOMAIN NAMES ROLE OF ICANN
IRREGULAR REGISTRATION OF DOMAIN
NAMES CYBER SQUATTING - FRAUD**

STRUCTURE

15.0 Objective

15.1 Introduction

15.2 Procedure of registration of trade mark

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15.0 OBJECTIVE

After studying this unit, you will be able to:

- A prescribe the method of registration of Trademarks
- analyze the Role of ICANN
- narrate about cyber squatting

15.1 INTRODUCTION

The law considers a trademark to be a form of property. Proprietary rights in relation to a trademark may be established through actual use in the marketplace, or through registration of the mark with the trademarks office (or "trademarks registry") of a particular jurisdiction. In some jurisdictions, trademark rights can be established through either or both means. Certain jurisdictions generally do not recognize trademark rights arising through use. If trademark owners do not hold registrations for their marks in such jurisdictions, the extent to which they will be able to enforce their rights through trademark infringement proceedings will therefore be limited. In cases of dispute, this disparity of rights is often referred to as "first to file" as opposed to "first to use." Other countries such as Germany offer a limited amount of common law rights for unregistered marks where to gain protection, the goods or services must occupy a highly significant position in the marketplace — where this could be 40% or more market share for sales in the particular class of goods or services.

15.2 PROCEDURE FOR REGISTRATION OF TRADEMARKS

Sec. 18 of the Act specifies the Application for registration, which is as follows:

(1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him, who is desirous of registering it, shall apply in writing to the Registrar in the prescribed manner for the registration of his trade mark.

(2) A single application may be made for registration of a trade mark for different classes of goods and services and fee payable there for shall be in respect of each such class of goods or services.

(3) Every application under sub-section (1) shall be filed in the office of the Trade Mark Registry within whose territorial limits the principal place of business in India of the applicant or in the case of joint applicants the principal place of business in India of the applicant whose name is first mentioned in the application as having a place of business in India, is situate:

(4) Subject to the provisions of this Act, the Registrar may refuse the application or may accept it absolutely or subject to such amendments, modifications, conditions or limitations, if any, as he may think fit.

(5) In the case of a refusal or conditional acceptance of an application, the Registrar shall record in writing the grounds for such refusal or conditional acceptance and the materials used by him in arriving at his decision.

Advertisement of application. –

Sec. 20 of the Act clearly mandates the requisites of the Advertisement as follows:

(1) When an application for registration of a trade mark has been accepted whether absolutely or subject to conditions or limitations, the Registrar shall, as soon as may be after acceptance, cause the application as accepted together with the conditions or limitations, if any, subject to which it has been accepted.

Opposition to registration:

The following grounds for Opposition for registration are laid down in Sec. 21 of the Act:

(1) Any person may, within three months from the date of the advertisement or re-advertisement of an application for registration or within such further period, not exceeding one month in the aggregate, as the Registrar, on application made to him in the prescribed manner and on payment of the prescribed fee, allows, give notice in writing in the prescribed manner to the Registrar, of opposition to the registration.

(2) The Registrar shall serve a copy of the notice on the applicant for registration and, within two months from the receipt by the applicant of such copy of the notice of opposition, the applicant shall send to the Registrar in the prescribed manner a counter-statement of the grounds on which he relies for his application, and if he does not do so he shall be deemed to have abandoned his application.

(3) If the applicant sends such counter-statement, the Registrar shall serve a copy thereof on the person giving notice of opposition.

(4) Any evidence upon which the opponent and the applicant may rely shall be submitted in the prescribed manner and within the prescribed time to the Registrar, and the Registrar shall give an opportunity to them to be heard, if they do desire.

(5) The Registrar shall, after hearing the parties, if so required, and considering the evidence, decide whether and subject to what conditions or limitations, if any, the registration is to be

permitted, and may take into account a ground of objection whether relied upon by the opponent or not.

(6) Where a person giving notice of opposition or an applicant sending a counter statement after receipt of a copy of such notice neither resides nor carries on business in India, the Registrar may require him to give security for the costs of proceedings before him, and in default of such security being duly given, may treat the opposition or application, as the case may be, as abandoned.

(7) The Registrar may, on request, permit correction of any error in, or any amendment of, a notice of opposition or a counter-statement or such terms as he thinks just.

Correction and amendment:

Sec.22 of the Act specifies the provisions for the correction and amendment of the application:

The Registrar may, on such terms as he thinks just, at any time, whether before or after acceptance of an application for registration under section 18, permit the correction of any error in or in connection with the application or permit an amendment of the application.

Registration:

The registration will be done according to the provisions of Sec 23.of the Act:

(1) Subject to the provisions of section 19, when an application for registration of a trade mark has been accepted and either-

(a) the application has not been opposed and the time for notice of opposition has expired, or

(b) the application has been opposed and the opposition has been decided in favor of the applicant.

(2) On the registration of a trade mark, the Registration shall issue to the applicant a certificate in the prescribed form of the registration thereof, sealed with the seal of the Trade Marks Registry.

(3) Where registration of a trade mark, is not completed within twelve months from the date of application by reason of default on the part of the applicant, the Registrar may, after notice to the applicant in the prescribed manner, treat the application as abandoned unless it is completed within the time specified in that behalf in the notice.

(4) The Registrar may amend the register a certificate of registration for the purpose of correcting a clerical error or an obvious mistake.

15.3 REGISTRABLE AND NON-REGISTRABLE TRADEMARKS

The 1999 Act clearly lays down the procedure to register the trademark. For the easy understanding of the procedure for registration, the Act lays down two grounds which has been placed as Absolute Grounds and Relative Grounds for refusal of registration.

Sec.9 of the Act describes the **Absolute grounds for refusal of registration** as follows:

(1) The trade marks -

(a) Which are devoid of any distinctive character, that is to say, not capable of distinguishing the good or services of one person from those of another person.

(b) Which consist exclusively of marks or indications which may serve in trade to designate the kind, quality, quantity, intended purpose, values, geographical origin or the time of production f the goods or rendering of the service or other characteristics of the goods or service.

(c) Which consist exclusively of marks or indications which have become customary in the current language or in the bona fide and established practices of the trade.

Shall not be registered:

Provided that a trade 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 or is a well-known trade mark.

1. A mark shall not be registered as a trade mark if-

(a) it is of such nature as to deceive the public or cause confusion.

(b) It contains or comprises of any matter likely to hurt the religious susceptibilities of any class of section of the citizens of India.

(c) It comprises or contains scandalous or obscene matter.

(d) Its use is prohibited under the Emblems and Names (Prevention of Improper Use) Act, 1950 (12 of 1950).

1. A mark shall not be registered as a trade mark if it consists exclusively of-
2. the shape of goods which results from the nature of the goods themselves. Or
 - (a) the shape of good which is necessary to obtain a technical result, or
 - (b) the shape which gives substantial value of the goods.

Explanation - For the purposes of this section, the nature of goods or services in relation to which the trade mark is used to proposed to be used shall not be a ground for refusal of registration.

Sec.11 of the Act describes the **Relative grounds for refusal of registration**, which is as follows:

- (1) Save as provided in section 12, trade mark shall not be registered if, because of-
 - (a) its identity with an earlier trade mark and similarly of goods or services covered by the trade mark, or
 - (b) its similarity to an earlier trade mark and the identity or similarity of the goods of services covered by the trade mark.

There exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

- (2) A trade mark which –
 - (a) is identical with or similar to an earlier trade mark, and
 - (b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered in the name of a different proprietor.

Shall not be registered if or to the extent the earlier trade mark is a well-known trade mark in India and use of the later mark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trade mark.

- (3) A trade mark shall not be registered if, or to the extent that, its use in India is liable to be prevented –
 - (a) by virtue of any law in particular the law of passing off protecting an unregistered trade mark used in the course of trade, or
 - (b) by virtue of law of copyright.

(4) Nothing in this section shall prevent the registration of a trade mark where the proprietor of the earlier trade mark or other earlier right consents to the registration, and in such case the Registrar may register the mark under special circumstances under section 12.

(5) A trade mark shall not be refused registration on the grounds specified in sub-section (2) and (3), unless objection on any one or more of those grounds is raised in opposition proceedings by the proprietor of the earlier trade mark.

Obligations of the Registrar:

According to Sec.11(6) The Registrar shall, while determining whether a trade mark is a well-known trade mark, take into account any fact which he considers relevant for determining a trade mark as a well-known trade mark including –

(i) the knowledge or recognition of that trade mark in the relevant section of the public including knowledge in India obtained as a result of promotion of the trade mark.

(ii) the duration, extent and geographical area of any use of that trade mark.

(iii) the duration, extent and geographical area of any promotion of the trade mark, including advertising or publicity and presentation, at fairs or exhibition of the goods or services to which the trade mark applies.

(iv) the duration and geographical area of any registration of or any publication for registration of that trade mark under this Act to the extent they reflect the use or recognition of the trade mark.

(v) the record of successful enforcement of the rights in that trade mark, in particular, the extent to which the trade mark has been recognized as a well-known trade mark by any court or Registrar under that record.

According to Sec.11 (7) The Registrar shall, while determining as to whether a trade mark is known or recognized in a relevant section of the public for the purposes of sub-section (6), take into account.

(i) the number of actual or potential consumers of the goods or services.

(ii) the number of persons involved in the channels of distribution of the goods or services.

(iii) the business circles dealing with the goods or services.

To which that trade mark applies.

Sec.11 (8) prescribes: Where a trade mark has been determined to be well-known in at least one relevant section of the public in India by any court or Registrar, the Registrar shall consider that trade mark as a well-known trade mark for registration under this Act.

Sec.11 (9) prescribes: The Registrar shall not require as a condition, for determining whether a trade mark is a well-known trade mark, the any of the following, namely:-

- (i) that the trade mark has been used in India,
- (ii) that the trade mark has been registered.
- (iii) that the application for registration of the trade mark has been filed in India.
- (IV) that the trade mark –
 - (a) is well known in ; or
 - (b) has been registered in; or
 - (c) in respect of which an application for registration has been filed in, any jurisdiction other than India; or
- (v) that the trade mark is well known to the public at large in India.

(10) While considering an application for registration of a trade mark and opposition filed in respect thereof, the Registrar shall—

- (i) protect a well known trade mark against the identical or similar trademarks ;
- (ii) take into consideration the bad faith involved either of the applicant or the opponent affecting the right relating to the trade mark.

According to Sec.11 (11), Where a trade mark has been registered in good faith disclosing the material information's to the Registrar of where right to a trade mark has been acquired through use in good faith before the commencement of this Act, then, nothing in this Act shall prejudice the validity of the registration of the trade mark or right to use that trade mark on the ground that such trade mark is identical with or similar to a well known trade mark.

Note: The students are advised to refer UNIT 3 under para 3.2 to 3.4 for elaborate understanding of the Distinctive, Descriptive and Deceptive Grounds for registration.

15.4 REGISTRATION OF DOMAIN NAMES

The internet is a widespread conglomeration of thousands of interconnected heterogeneous networks and hosts. The design of the internet is based on a protocol hierarchy. There exist multiple implementations of the portals. Since the internet is a conglomeration of computers there is an operation between computers worldwide, to facilitate such operation there

has to be communication between computers. Computers communicate with each other having distinctive identification numbers which are commonly known as Internet Protocol “IP”, which are nothing but the addresses of the computers on internet. The Internet Protocol comprises of a set of numbers, which are used as identifiers of computers. These numbers are very difficult to remember, therefore for easy communication purpose these numbers are equated to names of the hosts. These names are Domain Names. *Domain Names are nothing but a virtual street, which leads to find a computer on the web.* To access a website, one requires a web address and the web address comprises of domain names. Thus, when an internet user enters such domain names, the computer converts the names into the unique numeric address that correspond to the relevant computer site and then uses that particular numeric address to seek the relevant computer site.

Domain name is a name that identifies a computer or computers on the internet. These names appear as a component of a Web site's URL, e.g. www.ksou.ac.in. This type of domain name is also called a hostname. It is a ‘product’ that Registrar of domain name provide to their customers. These names are often called registered domain names. Internet users sometimes use the terms URL and **domain name** interchangeably, but they are, in fact, different.

A URL (uniform resource locator) is the computer information that directs our browser (like Internet Explorer or Fire Fox or Opera) to show us a specific document on the internet in a specific way. A domain name can be part of the URL, and exists for the convenience of human users. A domain name relies on DNS (domain name servers) to "translate" the name to its physical IP (internet protocol) address. Names used for other purposes in the Domain Name System (DNS), for example the special name which follows the @ sign in an email address, or the Top-level domains like .com, or the names used by the Session Initiation Protocol (VoIP), or Domain Keys.

Definition of Domain Name

The meaning of Domain name has been expanded and affirmed by the Courts of Law Practice and the interpretation can be made as:

- a. A common address depends upon on the Location, where the web-address is selected by an applicant, provided that it is not identical to any other address name;

A web-address may be often guessed, since in order to enter a site of a firm, its name should be typed. Therefore, a domain name is not a common address; it is rather a sign, which, like a poster in a shop indicates the “place” of goods and services for sale. A domain acquires features, which characterize industrial property.

Domain Name Structure

The basic structure of the Domain name has 3 parts. Top Level domain, Secondary Level Domain and sub domain which can go up to m127 different levels.

Every domain name ends in a top-level domain (TLD) name, which is always either one of a small list of generic names (three or more characters), or a two characters territory code based on ISO-3166 (there are few exceptions and new codes are integrated case by case). Top-level domains are sometimes also called first-level domains.

"Top-level domain" refers to the ".com," ".org," ".net" and ".edu" part of a URL. These were the original top-level domains, with .com the most popular. Additional top-level domains, such as .biz, .us and .info have been added, as well as domains such as .in, .uk, .fr or .ja which designate entities within specific countries.

Domain names gained importance due to a significant change in technology, which in turn prompted the business community to have an access to this modern tool which opened up the gateway to their business to new horizons. Naturally, a company prefers its own trade mark to be used as a domain name since people recognize the trademark. This development not only influenced the general business class but also one time conservative class like print media to adopt this technology to reach their readers around the globe. Today almost all newspapers have their web version too.

The Supreme Court also recognized the importance of domain names in *Satyam Infoway Ltd. v. Sifynet Solutions (P) Ltd.* and made an observation as:

“The original role of a domain name was no doubt to provide an address for computers on the Internet. But the Internet has developed from a mere means of communication to a mode of carrying on commercial activity. With the increase of commercial activity on the Internet, a domain name is also used as a business identifier. Therefore, the domain name not only serves as an address for an Internet communication but also identifies the specific Internet site. In the commercial field, each domain name owner provides services which are associated with such domain name”.

It was further observed that “a domain name as an address must, of necessity, be peculiar and unique and where a domain name is used in connection with a business, the value of maintaining an exclusive identity becomes critical” Therefore, the importance of a domain name is no less than the trademark itself. If a particular trade name has come to be known in the market to represent a particular commodity or a particular company, the general guess of people online would be that the domain name equivalent to such trade name would be used by such company. The domain name in the online world, just like the trade name in the offline world, serves to identify the goods/services provided by the company.

Authorities and Organizations for Domain Name Registration

The Internet was managed until the early 1980s by DARPA. From 1987 a consortium of computer corporations, funded by the National Science Foundation (NSF) developed NSFNET, a national high-speed government network based on Internet protocols. This network provided connections to some 4000 research and educational institutions. In 1992 the US Congress gave the NSF statutory authority to allow commercial activity on the NSFNET. The subsequent relationship between NSFNET and commercial Internet Service Providers (ISPs) became the Internet as we know it today.

Administration of the Domain Name System

In 1991-92 the NSF assumed responsibility for coordinating and funding the management of non-military applications of the Internet. It solicited competitive proposals for the provision of infrastructure services. On 31 December 1992, NSF entered into an agreement with Network Solutions, Inc (NSI) by which the latter managed key registration, coordination and maintenance functions of what became the Internet domain name space system (DNS). NSI registered domain names in the generic top level domains, namely “.com”, “.org” and “.net”.

Each host computer on the Internet has a unique IP number, The Internet Number Allocation Authority (IANA), was directed by Dr Postel, until his death in Oct 1998, and allocates blocks of numerical addresses to regional IP registries (ARIN in North America, RIPE in Europe and APNIC in the Asia Pacific Region). Each Internet computer has a unique IP number. IANA allocates blocks of numerical addresses to regional IP registries (e.g. ARIN in North America, RIPE in Europe and APNIC in the Asia Pacific Region). Internet Service Providers apply to

these registries for blocks of IP addresses, which are then assigned to smaller ISPs and to end users.

At the head of the administrative pyramid of global domain names management stands the Internet Corporation for Assigned Names and Numbers (ICANN), a non-profit organization that is responsible for the maintenance and management of the gTLD directories by virtue of an exclusive contract with the U.S. government. ICANN delegated the administration of the ccTLD registries to the respective national governments.

15.5 ROLE OF ICANN

The global domain names management stands the Internet Corporation for Assigned Names and Numbers (ICANN), a non-profit organization that is responsible for the maintenance and management of the gTLD directories by virtue of an exclusive contract with the U.S. government. ICANN delegated the administration of the ccTLD registries to the respective national governments.

The Internet Corporation for Assigned Names and Numbers (ICANN) has overall responsibility for managing the DNS. It administers the root domain, delegating control over each TLD to a domain name registry. For ccTLDs, the domain registry is typically installed by the government of that country. ICANN has a consultation role in these domain registries but cannot regulate the terms and conditions of how domain names are delegated in each of the country-level domain registries. On the other hand, the generic top-level domains (gTLDs) are governed directly under ICANN, which means all terms and conditions are defined by ICANN with the cooperation of each gTLD registry.

The first step towards obtaining the domain name is to contact the administrator of TLD. If the identical request domain name is not assigned, the names will be approved by the administrator.

The allocation of IP addresses and domain names worldwide is done centrally. There is a specific registration process involved. The IANA is the Central Internet Authority that allocates IP addresses and domain names through the INTENIC (Internet Network Information Center).

In India registrations are to be made through the accredited registrars. Education and Research Network (ERNET) www.ernet.in/DNS/main.htm will be the exclusive registrar for the “ac.in”, “edu.in”, and “res.in” domains.

National Informatics Center (NIC) will be the exclusive registrar for the “gov.in” domain “www.registry.gov.in” any of the accredited registrars of “.in” registry www.registry.in/register/accredited_registrars provides registration for the “.in”, “co.in”, “net.in”, “org.in”, “firm.in”, “gen.in” and “ind.in” domains.

Domain names are often seen in analogy to real estate in that:

- (1) domain names are foundations on which a website (like a house or commercial building) can be built and
- (2) the highest "quality" domain names, like sought-after real estate, tend to carry significant value, usually due to their online brand-building potential, use in advertising, search engine optimization, and many other criteria.

A few companies have offered low-cost, below-cost or even cost-free domain registrations with a variety of models adopted to recoup the costs to the provider. These usually require that domains be hosted on their website within a framework or portal that includes advertising wrapped around the domain holder's content, revenue which allows the provider to recoup the costs. Domain registrations were free of charge when the DNS was new. A domain holder (often referred to as a domain *owner*) can give away or sell infinite number of sub-domains under their domain name. For example, the owner of *example.edu* could provide sub-domains such as *foo.example.edu* and *foo.bar.example.edu* to interested parties.

15.6 IRREGULAR REGISTRATION OF DOMAIN NAMES

As domain names became interesting to marketers because of their advertising and marketing potential, rather than just being used to label Internet resources in a technical fashion, they began to be used in manners that in many cases did not reflect the intended purpose of the label of their top-level domain. As originally planned, the structure of domain names followed a hierarchy in which the TLD indicated the type of organization (commercial, governmental, etc.), and addresses would be nested down to third, fourth, or further levels to express complex structures, where, for instance, branches, departments and subsidiaries of a parent organization would have addresses in sub-domains of the parent domain. Also, hostnames were originally intended to correspond to actual physical machines on the network, generally with only one name per machine.

As the World Wide Web became popular, site operators frequently wished to have memorable addresses, regardless of whether they fit properly into the structure; thus, because the .com domain was the most popular and therefore most prestigious, even non-commercial sites began to obtain domains directly within that gTLD, and many sites desired second-level domain names in .com, even if they were already part of a larger entity where a subdomain would have been logical (e.g., *abcnews.com* instead of *news.abc.com*).

Shorter, and therefore more memorable, domain names are thought to have more appeal. As a convenience methods were implemented to reduce the amount of typing required when entering a web site address into the location field of a web browser. A website found at "http://www.example.org" will often be advertised without the *http://*, since the HTTP protocol is implicitly assumed when referring to web sites. In many cases, web sites can be also be reached by omitting the www prefix, as in this given example. This feature is usually implemented in DNS by the website administrator. In the case of a .com, the website can sometimes be reached by just entering *example* (depending on browser versions and configuration settings, which vary in how they interpret incomplete addresses).

The popularity of domain names also led to uses which were regarded as abusive by established companies with trademark rights; this has become known as cyber-squatting, in which a person registers a domain name that resembles a trademark in order to profit from visitors looking for that address. To combat this, various laws and policies were enacted to allow abusive registrations to be forcibly transferred, but these were sometimes themselves abused by overzealous companies committing reverse domain hijacking against domain users who had legitimate grounds to hold their names. Such legitimate uses could include the use of generic words that are contained within a trademark, but used in a particular context within the trademark, or their use in the context of fan or protest sites with free speech rights of their own.

As of 2008, the four major Registrars have all sub-contracted their expiring domain lists to certain reseller and auctioneer partnerships, for the purpose of keeping the domain name at the original registrar and continuing to extract revenue off the renewal of premium registered names. Since this policy is not explicitly banned at ICANN, the practice has become more commonplace and as a result, complaints from individual registrants about losing their domains have tracked higher over the past two years.

Laws that specifically address domain name conflicts include the Anti cyber-squatting Consumer Protection Act in the United States and the Trademarks Act of 1999 in India. Alternatively, domain registrants are bound by contract under the UDRP to comply with mandatory arbitration proceedings should someone challenge their ownership of a domain name.

15.7 CYBER SQUATTING

Cyber squatting is an act of “deliberate, bad faith and abusive registration of internet domain names in violation of the rights of trademark owner”. The intention of the cyber squatter is to engage in business but to extort money from the real trademark owner. Speculation on the resale value of internet domain names has become a profitable business for internet entities. For example, loans.com sold for US\$3 million, cinema.com for US\$800,000 and dHappyBirthday.com for US\$55,000. A person who registers a domain name identical to a well-known or famous name for the purpose of subsequently demanding an exorbitant fee for ‘transfer’ is referred to as a cyber squatter. The value to the cyber squatter lies in the fact that every domain name is unique. The term cyber squatting originates from ‘squatting’, typically used to refer to physically taking over ‘tenements’ and refusing to move. In many jurisdictions squatters attain real proprietary interests through continuous possession and the passage of time.

Some registrations offend particular sensitivities: when the names of eminent political, scientific and religious persons and the names of countries, cities or indigenous peoples are registered by people with no actual association with those names, for instance. The Anti-Cyber Squatting Consumer Protection Act (ACPA) passed by the American congress prohibits cyber squatting and penalizes such activities. Under ACPA any act of registering, trafficking in or using a domain name that is identical or confusingly similar to a mark or dilutive of a famous mark with bad faith intent to profit, is prohibited.

In **Electronics Boutique V John Zuccarini**, the defendant Zuccaini registered electronic boutique, electronicbotique.com, ebwold.com & ebworl.com as against real websites electronicsboutique.com & ebworld.com. It was held that the defendant was liable under ACPA. This kind of registration is also known as typo squatting where the offender relies on spellings of the popular marks to get hits to his website.

In India, there is no specific legislation that deal with cyber squatting. However, Indian Courts have successfully invoked provisions of the Trademark Act to protect the interest of domain name owners.

In **Yahoo Inc V Akash Arora**, where defendant made an attempt to register ‘Yahooindia.com’, the Delhi HC protected the international reputation of Yahoo and restrained Arora from using ‘Yahooindia.com’. The court ruled that the defendant is trying to create the impression among users that ‘YahooIndia.co’ is part of the international gaint ‘Yahoo.com’, which was not true.

15.8 SUMMARY

The Trademarks Act clearly made provisions under Sec.18 for the registration trademarks, Sec. 9 and Sec.10 of the Act discuss about the Absolute and Relative grounds to refuse registration. Domain Names are IP address on the virtual world. Domain names have become our day today activities. The creation, use and protection are addressed by the law. The ICANN is the organization which is responsible for the administration of the Domain Name.

15.9 KEY WORDS

1. Cyber squatting is an act of “deliberate, bad faith and abusive registration of internet domain names in violation of the rights of trademark owner”. The intention of the cyber squatter is to engage in business but to extort money from the real trademark owner.

2. Domain Name: has been expanded and affirmed by the Courts of Law Practice and the interpretation can be made as: A common address depends upon on the Location, where the web-address is selected by an applicant, provided that it is not identical to any other address name; A web-address may be often guessed, since in order to enter a site of a firm, its name should be typed. Therefore, a domain name is not a common address; it is rather a sign, which, like a poster in a shop indicates the “place” of goods and services for sale. A domain acquires features, which characterize industrial property.

15.10 SELF ASSESSMENT QUESTIONS

1. Discuss the law relating to the Registrable and Non-registrable Trademarks.

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2. Define Domain Names and discuss its significance with reference its uses and misuse.

Write note on:a. Cyber Squatting b. Irregular registration of Domain Names

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15.11 REFERENCES

Prescribed Books:

1. Intellectual Property Law - P.Narayan
Eastern Law House., Kolkota, III Edn.2009
2. Law Relating to Intellectual Property Rights - V.K.Ahuja
LexisNexies - Butterworths Wadhwa, Nagpur, I Edn 2009
3. Intellectual Property Law - Lionel Bentley & Brad Sherman
Oxford University Press., Delhi,. 2003

BLOCK: 4

UNIT 16 INTRODUCTION AND OVERVIEW OF GEOGRAPHICAL INDICATIONS MEANING, SCOPE, FEATURES OF GEOGRAPHICAL INDICATIONS

STRUCTURE

16.0 Objective

16.1 Introduction

16.2 Meaning, Scope and features of Geographical Indications

16.3 Summary

16.4 Key Words

16.5 Self Assessment Questions

16.6 References

16.0 OBJECTIVES

After studying this unit, you will be able to:

- an overview of Geographical Indications
- define the meaning of Geographical Indications
- debate on the features of Geographical Indications

16.1 INTRODUCTION

Geographical Indications are those, which identify a good as originating in the territory or a region or a locality in that territory, where a given quality, reputation or other characteristic of the goods is essentially attributable to its geographical origin. It identifies goods as originating from a territory. What attributes to goods originating from that territory, region or locality is its quality; reputation or other characteristic? Thus geographical indication is an indication, in relation to goods such as agricultural, natural or manufactured as originating or manufactured in

a locality where a given quality, reputation or other characteristic is attributable to its geographical origin.

Geographical indications are used typically on agricultural or related products (such as wines and spirits), but are not necessarily limited to these. A geographical indication may also highlight specific characteristics of a given product due to factors other than the geographical such as human factors. This is the case of expressions such as "*Swiss made*" for distinguishing the origin of famous watches or chocolates.

Certain geographical names have acquired a lot of importance in the commercial market, particularly with regard to the goods uniquely associated with such names (e.g.) Mysore Silk, Kanchipuram Silk Sarees, Basmati Rice, Scotch Whisky, Paris Perfume and so on. These names have lot of attraction among consumers at large and in a commercial market. One goes to it by its name only. These goods have some sort of a geographical background. Such geographical names may be misused and wrongly applied to those goods, which are not associated with such times.

16.2 MEANING, SCOPE AND FEATURES OF GEOGRAPHICAL INDICATIONS

Unlike other categories of Intellectual Property Rights such as patents or trademarks, where there is a general definition accepted worldwide, in the case of geographical indications there is not a single definition or a single terminology. "With the exception of design law, there is probably no category of Intellectual Property law where there exists such a variety of concepts of protection as in the field of geographical indications. This is perhaps best demonstrated by the term "geographical indication" itself, which is relatively new and appeared only recently in international negotiations."

Geographical Indications have been given various definitions, but the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPs") defines geographical indications as "*indications which identify a good as originating in the territory of a member country, 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*".

Geographical Indications of Goods are defined as that aspect of industrial property which refers to the geographical indication referring to a country or to a place situated therein as being the country or place of origin of that product. Typically, such a name conveys an assurance of

quality and distinctiveness which is essentially attributable to the fact of its origin in that defined geographical locality, region or country. Under Articles 1 (2) and 10 of the Paris Convention for the Protection of Industrial Property, geographical indications are covered as an element of IPRs. They are also covered under Articles 22 to 24 of the Trade Related Aspects of Intellectual Property Rights (TRIPs) Agreement, which was part of the Agreements concluding the Uruguay Round of GATT negotiations.

India, as a member of the World Trade Organization (WTO), enacted the Geographical Indications of Goods (Registration & Protection) Act, 1999 has come into force with effect from 15th September 2003.

Definition:

The Geographical Indications of Goods (Registration and Protection) Act, under Sec.2(1)(e) defines ‘geographical indication’ in relation to goods, as ‘an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods, one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case maybe.’ This can be summarized as:

- i) Geographical indication is an indication
- ii) Such indication is in relation to goods to which it is applied
- iii) Such goods may be agricultural goods or natural goods or manufactured goods
- iv) Such goods may originate or manufactured
 - (a) In the territory of a country or
 - (b) A region or locality of that territory.
- v) They have specific quality, reputation or other characteristic.
- vi) Such quality, reputation or characteristic is attributable to its geographical origin.

Rationale of Protecting GI:

Geographical Indications addresses the needs of indigenous and local communities and farmers too, this is the indication to protect. Geographical Indications:

- a) are based on collective traditions and a collective decision-making process;

- b) reward traditions while allowing for continued evolution;
- c) emphasize the relation between human efforts, culture, land resources and environment; and
- d) are not feely transferable from one owner to another.

The Geographical Indications are community rights in nature, it will enjoyed by the concerned community or region or group. By protecting it all the concerned will be benefitted. The protection may be requested by a group of producers of the product identified by the geographical indication. The producers may be organized as an entity, such as a cooperative or association, which represents them and ensures that the product fulfils certain requirements which they have agreed upon or adhered to. In some jurisdictions, protection may also be requested by a national competent authority (for example, a local government authority).

Functions of Geographical Indications:

Geographical Indications are valuable property to producers from particular geographical regions. They basically perform three functions:

- a) they identify goods as originating in a particular territory, or a region or locality in that territory;
- b) they suggest the consumers that the goods come from an area where a given quality, reputation or other characteristic of the goods is essentially attributable to their geographic origin; and
- c) They promote the goods of products of a particular area/region.

16.3 SUMMARY

Geographical Indications are valuable property to producers from particular geographical regions. The Geographical Indications are community rights in nature, it will enjoyed by the concerned community or region or group. By protecting it all the concerned will be benefitted. The protection may be requested by a group of producers of the product identified by the geographical indication.

16.4 KEY WORDS

- Identity
- Attribute
- Distinctiveness

16.5 SELF ASSESSMENT QUESTIONS

1. Define Geographical Indications. Discuss its significance in the present context.

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2. Explain the Rationale for protection of Geographical Indications and its functions.

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16.6 REFERENCES

Prescribed Books:

1. Intellectual Property Law - P.Narayan
Eastern Law House., Kolkota, III Edn.2009
2. Law Relating to Intellectual Property Rights - V.K.Ahuja
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Oxford University Press., Delhi,. 2003

UNIT 17 REGISTRATION OF GEOGRAPHICAL INDICATIONS MISLEADING USE OF GEOGRAPHICAL INDICATIONS PROHIBITION OF DILUTION OF GEOGRAPHICAL ORIGINS

STRUCTURE

- 17.0 Objective
- 17.1 Introduction
- 17.2 Registration of geographical indications
- 17.3 Misleading use of geographical indication
- 17.4 Prohibition of dilution of geographical origins
- 17.5 Summary
- 17.6 Key Words
- 17.7 Self Assessment Questions
- 17.8 References

17.0 OBJECTIVES

After studying this unit, you will able to:

- give the procedure to register Geographical Indications
- know the misleading use of Geographical Indications
- debate on the prohibition on use of Geographical origins

17.1 INTRODUCTION

A geographical indication is an indication that is used to identify agricultural, natural or manufactured goods originating from a definite geographical territory and having a special quality, reputation or other characteristic. The manufactured goods should be produced, processed or prepared in that territory. Geographical indications encompass what is known as the appellation of origin. An appellation of origin is a special type of geographical indication used for products with a specific quality that is exclusively or essentially due to the geographical

environment in which the products are produced. Examples of Indian geographical indications include Basmati rice, Kanchipuram silk, Darjeeling tea, Alphanso mango, Nagpur orange, Kolhapuri chappal and Bikaneri bhujia.

In India, geographical indications are governed by the Geographical Indications of Goods (Registration & Protection) Act 1999, which seeks to provide for the registration and better protection of geographical indications relating to goods in India. The act also provides for the establishment of the Geographical Indications Registry.

17.2 REGISTRATION OF GEOGRAPHICAL INDICATIONS

Chapter III of the Geographical Indications of Goods (Registration and Protection) Act, 1999, deals with the procedure for registration of geographical indications and other related matters under Sections 11 to 19. It also deals with its duration, renewal, removal and restoration of registration.

The procedure for the registration of geographical indications may be studied under the following heads:

- a) The filing and examination of the application;
- b) The refusal and acceptance of registration;
- c) Withdrawal of acceptance of application;
- d) Advertisement of application;
- e) Opposition to registration;
- f) Registration.

(a) The filing and examination of the application:

The process for registration of geographical indication commences with the submission of the application. The rules relating to the procedure for registration contained in the Geographical Indications of Goods (Registration and Protection) Rules, 2002.

A document entitled 'statement of case' containing following details must be submitted along with application forms ;

- 1. Specification** – A brief statement describing the special characteristics and quality parameters of the goods in about 50 to 100 words.
- 2. Description of goods giving its uniqueness and geographical linkage** – A detailed description of the GI shall clearly indicate its special characteristics, unique features, linkage to the specific geographical location including human creativity involved. Environmental factors

such as soil, water and climatic condition may be clearly brought out. This part shall also contain the standard benchmark set by the producers of the GI. Fixing such a standard may be necessary for quality control, inspection and enforcement of the GI.

3. Method of Production – This part shall describe in detail the method of production, including the process involved, raw materials and tools, packaging specialty if any, etc.

4. Uniqueness of the product – This part may contain the comparison with other similar products, so as to establish its uniqueness of the goods for which registration is applied. This part may be described in not more than 100 words.

5. Proof of Origin - Historic proof in the form of documentary evidence, shall be submitted, to prove the existence of the Geographical Indications such as, gazetteers, published documents, news articles, advertisement materials, for clearly bringing out the historic development of the Geographical Indications.

6. Inspection Body - This part may contain details of the Inspection Body set-up by the Applicant to monitor the production in respect of quality, integrity and consistency of the product as well as the genuine use of the GI.

7. Present scenario of the GI product – This part shall elaborate the present market of the GI product with the details of exports, if any, total turnover of the product, and the activities undertaken by the applicant association in development and promotion of the GI.

1. Who can submit an application?

A body of association must file the application. Section 11 says that, 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, should apply in writing to the Registrar. The application must be in such form and in such manner and accompanied by such fees as may be prescribed for the registration under the Geographical Indications of Goods (Registration and Protection) Rules, 2002.

2. Subject matter of registration:

The subject matter of registration must be one as recognized under the Act. The geographical indications, which are prohibited, cannot be registered. Section 9 mentions what are the geographical indications that are prohibited for registration. It says:

A geographical indication:

- a. The use of which would be likely to deceive or cause confusion; or
- b. The use of which would be contrary to any law for the time being in force; or
- c. Which comprises or contains scandalous or obscene matter; or
- d. Which comprises or contains any matter likely to hurt the religious susceptibilities; or
- e. Of any class or section of citizens of the India; or
- f. Which would otherwise be disentitled to protection in a Court; or
- g. Which are determined to be generic names or indications of goods and are;
- h. Therefore, not or ceased to be protected in their country of origin, or
- i. Which have fallen into disuse in that country; or
- j. Which although literally true as to the territory region or locality in which goods;
- k. Originate, but falsely represent to the persons that the goods originate in other;
- l. Territory, region or locality, as the case may be.

3. Contents of Application:

The Section 11 prescribes the application for registration of the geographical indication must contain the following particulars-

- a) A statement as to how the geographical indication serves to designate the goods as originating from the concerned territory of the country or region or locality in the country in respect of Specific quality, reputation or other characteristics of goods which are due exclusively or essentially to the geographical environment, with its inherent natural and human factors, and the production, processing or preparation of which takes place in such territory, region or locality.
- b) The class of goods to which the geographical indication shall apply;
- c) The geographical map of the territory of the country or region or locality in the country in which the goods originate or are being manufactured;
- d) The particulars regarding the appearance of the geographical indications as to whether it is comprised of the words or figurative elements or both;
- e) A statement containing such particulars of the producers of the concerned goods, if any proposal to be initially registered with the registration of the geographical indication as may be prescribed;
- f) Such other particulars as may be prescribed.

4. The refusal and acceptance of application:

The Registrar may refuse the application or may accept it absolutely or subject to such amendments, modification, conditions or limitations, if any, as he thinks fit. In the case of refusal or conditional acceptance of application, the Registrar will record in writing the grounds for such refusal or conditional acceptance and the materials used by him in arriving at his decision.

5. Withdrawal of acceptance:

Section 12 states under what circumstances the Registrar, can withdraw his acceptance. After the acceptance of application but before its registration, the Registrar may withdraw his acceptance if he is satisfied that:

- (i) the application has been accepted in error; or
- (ii) that in the circumstances of the case the geographical indication should not be registered. Or he may register it subject to conditions or limitations.

Such objection or proposal will be communicated to the applicant in writing. The applicant within 30 days may amend the application or apply for hearing. If it is not done, the acceptance shall be deemed to be withdrawn.

6. Advertisement of application:

After having accepted the application absolutely or subject to conditions and limitations, the Registrar may cause it to be advertised in the manner prescribed in Rule 38. It shall ordinarily be done in the Journal within 3 months (Rule 38 (1)).

7. Opposition to Registration:

Section 14 deals with the opposition to registration of an application for geographical indication. Any person may within 3 months from the date of advertisement or re-advertisement of an application for registration or within such period as may be extended by the Registrar may oppose the registration with a statement of grounds of his opposition. It will be communicated to the applicant. Then the applicant has to send his counter statement of grounds within 2 months. If he fails to respond, he deemed to have abandoned his application. The Registrar will hear the parties and decide whether subject to what conditions or limitations, the registration is to be permitted.

8. Registration of the application:

Subject to the provisions of Section 12, when an application for registration of a geographical indication has been accepted and either—

(i) The application has not been opposed and the time for notice of opposition has expired; or

(ii) The application has been opposed and the opposition has been decided in favour of the applicant, The Registrar will register the said geographical indication.

Certificate of Registration: On the registration of a geographical indication, the Registrar will issue to the applicant or to the authorized user, a certificate sealed with the seal of the Geographical Indications Registry.

17.3 MISLEADING USE OF GEOGRAPHICAL INDICATION

Normally IPRs provide excludable benefits by granting a monopoly over the exploitation of the particular IP asset. What is distinct for GIs is the fact that benefits are shared, and non-rival, or, at most, partially rival (because benefits to right-holders might decrease due to dilution of the GI).

“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. 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. The latter suffer damage because valuable business is taken away from them and the established reputation for their products is damaged.” (WIPO – International Bureau, 2002)

Once protected, the production of GI-labeled products is always geographically confined to the region, locality or territory that provided the good with its special attributes. In most jurisdictions, this also implies that any producer established in the GI area that meets the product specifications may label his/her product with the GI, implying that a GI may be used by a number of different producers, which we can call “insiders”, as opposed to “outsiders”. This is specific to GIs among other IPRs.

This geographical confinement implies capacity limitations in supply, often resulting in price facea, with an added impact on factors' costs: the market value of land and local wages typically go up, with a positive effect on the terms of trade with other territories (even neighboring regions). The price premium, coupled with production specifications, ensures both a strong homogeneity and a minimum level of quality among final products, limiting free-riding from "insiders" and ensuring non-rivalry in benefits to GI right-holders.

Imperfect excludability and partial rivalry might occur, however, for a number of reasons:

- a) a brand associated to a particular GI might benefit from a higher consumer recognition or reputation, and exert a higher price premium, thus adding an element of competition to other GI producers.
- b) free-riding by "insiders" (i.e. right-holders), through cuts in quality, may also entail dilution of the GI and partial rivalry of benefits.
- c) as an IPR, a GI is protected from its unlawful utilization by non-right holders; free-riding from "outsiders" might be even more damaging to the goodwill of GI legitimate producers, particularly if the "passing-off" is somewhat legal (until Chile negotiated with the EU, the marketing of "Champagne made in Chile" was TRIPS-legal, on the basis of the grand-father clause, Article 24.4, for example).
- d) the fact that production methods can be and are replicated (*Grana Padano v Parmiggiano*; *Cava v Champagne*, etc.), while technically a competition issue, might also be associated to partial excludability when it is assumed by consumers that the said products are essentially the same except for their *terroir* of origin, particularly if these are marketed with expressions such as "kind", "type", "style", "imitation" or the like (illegal for wines and spirits, but not for other products under the TRIPS Agreement).

Once countries start protecting their GIs at the national and international levels, past processes of GI dilution through the utilization of the GI label by "outsiders" (national producers from other regions or foreign producers) are hard to reverse, as vested interests are well entrenched. The European Commission reports that 2.7 billion kg of Antigua Coffee and 10 billion kg of Darjeeling tea are produced in Guatemala and India respectively, although eight and

three times as many kilograms are sold under those names around the world (European Commission 2003).

17.4 PROHIBITION OF DILUTION OF GEOGRAPHICAL ORIGINS

Indications of geographical origin (IGOs) 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 the former is distinct with respect to similar goods, allows 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. Early evidence in the 12th century of the use of IGOs and seals of quality exist in the form of indications of city-origin by tapestry manufacturers 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 (panda beer), landmarks (Mt. Fuji sake), buildings (Pisa silk), heraldic signs (fleur de lys butter) or well-known personalities (Mozart chocolate). Even while earlier multilateral treaties involving IGOs have existed, the TRIPs Agreement seeks to establish new standards and norms; it also introduces a new category of IPRs – geographical indications.

A useful starting point is the following quote by WIPO:

“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. False use of geographical indications by unauthorised 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. The latter suffer damage because valuable business is taken away from them and the established reputation for their products is damaged.” (WIPO – International Bureau, 2002)

This principle expressed in the previous para 2.2 above expresses a consumer protection element. Protection is offered against the use of the IGOs 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’ – and hence mislead the public – it must be the case that the public perceive the (original) IGO to refer to a certain geographical area. Naturally, denominations which have become generic do not meet this requirement. 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’ (i.e. explicit words) indicated or ‘indirectly’ (i.e. symbols and emblems) imputed. A variety of border measures exist in the Paris Convention to implement this doctrine. 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: “... 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 a 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 GIs is provided in the TRIPs Agreement through Article 22.2(a), and Article 22.4 provides for the case of ‘deceptive’ use of GIs. A higher level of protection for wines and spirits incorporating this doctrine exists in Article 23.1 where there is no need to establish the public is misled – instead, the indication cannot be used if the goods do not originate in the indicated geographical area.

This principle should be adopted by the respective national jurisdiction.

17.5 SUMMARY

Geographical Indications of Goods (Registration and Protection) Act, 1999, under Chapter III deals with the procedure for registration of geographical indications and other related matters in Sections 11 to 19. The law also provides for protection against misleading use, also the dilution is addressed by WIPO.

17.6 KEY WORDS

- Misleads
- Agreement
- Misrepresented by dishonest

- Application

17.7 SELF ASSESSMENT QUESTIONS

1. Explain the procedure for registration under Geographical Indication Act.

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2. Discuss the issues relating to Misleading use of Geographical Indications and dilution of geographical origins.

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17.8 REFERENCES

Prescribed Books:

1. Intellectual Property Law - P.Narayan
Eastern Law House., Kolkata, III Edn.2009
2. Law Relating to Intellectual Property Rights - V.K.Ahuja
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Webinars:

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UNIT- 18 TYPES OF GOODS OFFERED PROTECTION COMPARISON BETWEEN TRADEMARK & GI & TRADITIONAL INDICATIONS

STRUCTURE

18.0 Objective

18.1 Introduction

18.2 Types of goods offered protection:

Agriculture goods, manufactured goods, and natural goods

18.3 Comparison between trade mark & Geographical indications & traditional indications.

18.4 Summary

18.5 Key words

18.6 Self Assessment Questions

18.7 References

18.0 OBJECTIVES

After studying this unit, you will able to:

- Analyze the types of Geographical Indications given protection.
- Give an overview of Conflict between G I & Traditional Indications.

18.1 INTRODUCTION

Geographical indication (GI) is a name or sign used on certain products which corresponds to a specific geographical location or origin (eg. a town, region, or country). The use of a GI may act as a certification that the product possesses certain qualities, or enjoys a certain reputation, essentially attributable to their geographical origin. The GI can have a reference to the agricultural produce, natural products or products manufactured or processed. Such goods must have a reputation and quality which are attributable to the place of origin, environment and other inherent natural and human factors. The protection is granted to GI through registration. The registration of GI is not granted to any individual. It is a national property, it is granted to

associations of persons or producers or an organization or authority representing the interest of the producers of goods.

18.2 TYPES OF GOODS OFFERED PROTECTION

Normally the law relating to Geographical Indications offers protection to Agriculture goods, manufactured goods, and Natural goods. According to section 1 (3)(e) of the Act, Geographical indication has been defined as "an indication which identifies such goods as agricultural goods, natural goods or manufactured goods as originating, or manufactured in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of such goods is essentially attributable to its geographical origin and in case where such goods are manufactured goods one of the activities of either the production or of processing or preparation of the goods concerned takes place in such territory, region or locality, as the case may be.

Classification of goods:-

- 1) For the purposes of the registration of a geographical indication or as an authorised user, goods shall be classified in the manner specified in the Fourth Schedule.
- 2) 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 sub-section (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.
- (3) 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.

18.3 COMPARISONS BETWEEN TRADEMARK & GEOGRAPHICAL INDICATIONS & TRADITIONAL INDICATIONS.

Difference between Trademarks and Geographical Indications

Geographical Indications (GIs) identify a good as originating from a particular place. On the contrary a trademark identifies a good or service as originating from a particular individual or company. A trademark often consists of a fanciful or arbitrary sign, in case of GI the name used is predetermined with reference to geographical area.

Most importantly a trademark can be assigned or licensed to anybody; in any part of the world on the contrary a GI may be used by any person of origin, who produces the goods according to specified standard. It is community right remains in the community and cannot be assigned or licensed. When considering geographical indications as a special kind of distinctive sign used in commerce and thus as a particular as category in intellectual property, it is important to distinguish from trademarks. Some of the main differences are analyzed in the table below:

| Trademarks | Geographical indications |
|---|--|
| Trademarks are expressions such as “Coca Cola” “Peugeot”, “Marlboro”, and “Citibank”. All of them distinguish products or services and or | Geographical indications are expressions such as “Cognac”, “Pilsen”, “Tequila”, and “Champagne”. All of them distinguish the geographical origin of a given product. |
| A trademark provides protection to the owner of the mark by ensuring the exclusive right to use it to identify goods or services or to authorize another to use it in return for payment | The protection of Geographical indications is however enjoyed by all traders from a particular geographical location. |
| Trademarks personalize and identify products and services from a specific manufacturer, producer or service provider in order to differentiate such goods or services. | Geographical indications do not identify a single producer or manufacturer, but rather a place of origin. |
| The development of trademarks is linked to human creativity. Such creativity is capable of creating an original and novel sign or expression, which permits a certain product or service to be distinguished from similar products or services. As such, trademarks put an emphasis on the producer of a product. | Geographical indications linked to topography, human work, climate or other factors, independently from human creativity. Geographical indications underlie the geographic origin of the product and some derived characteristics. |
| There is a single person legal or natural entitled to use the trade mark. | All producers belonging to the region or locality where the geographical indication comes from are |

| | |
|--|--|
| | entitled to use it. |
| Since a trademark is used to distinguish the products of a specific trader from those of its competitors, it is not likely to be descriptive and it cannot be generic | Geographical indications are by definition generic descriptions because a geographic name denotes the geographical origin of the product it identifies in many countries a geographical will normally not be registered as a trademark for a product, because a geographical indication is considered to be insufficiently distinctive. |
| Individual production of goods is linked more to the notion of trademarks | Collective production of products originating from the same geographical zone, and having the same quality, reputation or characteristic attributable to its geographical origin, are linked to the notion of geographical indication. |
| Trademarks are easier to protect internationally than geographical indications but requires active participation by the owner or holder of the trademark. Usually trademarks are protected by registering with the competent domestic authority. | Geographical indications are generally monitored and protected by producer associations from the relevant regions. International protection of geographical indications is more difficult as no single mechanism exists to protect geographical indications and it could be done by means of law, jurisprudence or administrative acts. State involvement is far greater in the case of geographical indications than trademarks |
| Trademarks are freely transferable from one owner to another | Geographical indications are not freely transferable from one owner to another, as a user must have the appropriate association with the geographical region and must comply with the production practices of that region |

18.4 SUMMARY

Geographical Indications offers protection to Agriculture goods, manufactured goods, and Natural goods. The classifications are given under Fourth Schedule of the Rule. The debate on

Trademarks and GIs are there from the beginning. Geographical indications (GIs) identify a good as originating from a particular place. By contrast, a trademark identifies a good or service as originating from a particular *company*. A trademark often consists of a fanciful or arbitrary sign. In contrast, the name used as a geographical indication is usually predetermined by the name of a geographical area.

18.5 KEY WORDS

Reputation

Attribute

Application

18.6 SELF ASSESSMENT QUESTIONS

1. Distinguish Trademarks and Geographical Indications

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2. Explain the types of goods eligible for registration under the GI Act.

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18.7 REFERENCES

Prescribed Books:

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Eastern Law House., Kolkota, III Edn.2009
2. Law Relating to Intellectual Property Rights - V.K.Ahuja
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UNIT 19

CONFIDENTIAL INFORMATION-HISTORICAL BASIS AND CONCEPTUAL BASIS WHAT MAKES CONFIDENTIAL INFORMATION CONFIDENTIAL

STRUCTURE

19.0 Objective

19.1 Introduction

19.2 Confidential Information

19.2.1 Historical basis and conceptual basis

19.3 What makes confidential information confidential?

Obligation of confidence- good faith-fiduciary duty

19.4 Summary

19.5 Key words

19.6 Self Assessment Questions

19.7References

19.0 OBJECTIVES

After studying this unit, you will be able to:

- analyze the historical basis of confidential information
- give an overview of Obligation of confidence- good faith-fiduciary duty

19.1 INTRODUCTION

Confidential information refers to items that should be kept private. This can include documents, images, or audio materials. Conversations are also commonly subject to privacy, especially in client-professional relationships. If information is not public then it generally has an owner, which can be an individual or an organization. In most cases, only the owner is permitted to share or authorize the sharing of private items. Confidential information is often generated in

client-professional relationships. There are many instances in which a person seeks the assistance or services of a professional and divulges or learns things she may not want others to know. For example, a person may visit a physician and reveal that she has certain symptoms. The physician may, in turn, diagnose her with a disease. Both the information that the patient revealed and the conclusions reached are subject to confidentiality.

19.2 CONFIDENTIAL INFORMATION

In today's globalised economy, the organizations are protecting their intellectual property by adopting the available measures in form of patents, copyright, trademark etc. but besides these popular IP rights there are other IP rights not so popular but which are recently drawing attention all over the world- **Confidential Information and Trade Secret**. Confidential Information/Trade secret is one of the form of the Intellectual Property which plays a very vital role in the trade and commerce and development of the business. It gives protection and security to the traders for their exclusive invention and ideas which are economically important inter alia prevents unfair- trade practices and unhealthy competitions.

Undisclosed information or confidential information is that aspect of intellectual property rights, which may not be registered or disclosed to anyone. Their value lies in the fact that they are confidential and no one else except the proprietor or the creator of the information and a very few more people know of it and the same is not readily available to anyone looking for the same. And it has commercial value. The point to be noted here is that the moment it is disclosed to anyone else or to the public at large, then that information loses the characteristic of confidentiality.

So to retain the characteristic of confidentiality one has to guard its secrecy. But the point to be noted here is that in order to conduct the business effectively, companies have to share their confidential information with several persons (usually within the business). At the same time, it is vital that such information be kept confidential and not to be revealed to the competitors or to the public without the consent of the proprietor of the information. This brings out the problem associated with the protection of confidential information as one side disclosure enables the proprietor to reap the benefit but, on the other side it exposes him to the threat of being disclosed to others without the authority. This requires proper step to be taken by the proprietor to protect the confidentiality of information. This led to the evolution of non-disclosure type of contract.

At international level TRIPs has afforded protection to the trade secret effectively. Many countries have adopted the policy of trade secret and have enacted the proper legislations for the protection of the same and whereas other countries are following traditional good faith doctrine. The draft on Innovation Act, 2008 has been prepared in India which is designed to protect confidential information. As of now the said draft Act has not been passed, hence India being a Common law country is still following, *good faith, and doctrine to protect confidential information / trade secret*.

19.2.1 Historical basis and conceptual basis

Meaning & Definition:

The law protects certain types of information, under certain circumstances, from being disclosed where there is a relationship of confidence. Generally, it is understood to include any information that a company or individual creates, discovers or acquires which is held in confidence and the improper disclosure of which would be harmful to the owner. According to *Law Lexicon* confidential means *imparted in confidence or confiding of secrets*. It can be said that any information which is imparted in confidentiality or which has the quality of confidentiality, is confidential information.

Canadian law defines confidential information as a form of intellectual property that meets the following criteria:

- a) It is not in the public domain***
- b) It has commercial value***
- c) It is reasonably protected.***

TRIPs Agreement which has accorded recognition to confidential information at international level also contains the definition of it. Article 39 of TRIPs defines confidential information as information which:

- 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;***
- c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information to keep it secret.***

Thus, it can be said that confidential information is one which has been created by the owner by investing his skill, knowledge, time, capital, etc., and is secret, has commercial value and reasonable steps have been taken to protect its secrecy. The draft National Innovation Bill of 2008 of India which aims at the protection of confidential information adopts the definition provided under TRIPs.

The point to be noted here is that according to some legal scholars confidential information is different from trade secret. But generally the term confidential information has been used interchangeably with the term trade secret.

According to the scholars this usage is not correct. According to them trade secrets is the subset of confidential information. The confidential information is a wider term. It includes trade secrets (formula, process, etc), governmental secrets, business secrets such as information relating to investment, etc.

The term trade secret has been defined by *the Uniform Trade Secrets Act of America*. According to it the trade secret means any information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

- i) 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
- ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

This brings out the difference between the confidential information and trade secret. This difference has been approved by the US Court in *Tax Track Systems Corporation v. New Investor world Inc*. Even the *Court of Appeals of Missouri in Brown v. Rollet Brothers*, has recognized this difference.

Historical background:

Trade secrecy is the oldest and original form of intellectual property, dating back at least 4000 years, when Irtisen the scribe promised to keep Pharaoh's secrets, in hieroglyphics on stele C-14. One may easily imagine that the prehistoric human's shared information with their own

claim, but kept information secret from rivals- the location of good hunting grounds, or their own stores of grain. The jurisdiction to restrain breach of confidence has its roots in equity. Equity implies the system of law which refers to *conscience, reason, fairness and good faith* as the cardinal pillars. Megarry, J. traced the actions based on breach of confidentiality to the jurisdiction of the court of chancery which was regarded as a court of equity.

The protection of confidential information is based on the principle of good faith which states, he who received information in confidence shall not take unfair advantage of it. This imposes a negative duty on the person who receives confidential information not to misuse the information. It is said that the modern law began to be settled around 1850 with *Prince Albert v. Strange & Morison v. Moat*. In both cases, injunctions were granted against indirect recipients of the confidential information and the jurisdiction was said to arise by virtue of property, agreement, confidence, trust and bailment. But it was left uncertain then in what circumstances direct and indirect recipients of information would have liability imposed upon them. In the period after the *Judicature Acts*, there were some attempts to confine the equitable wrong to cases in which the original disclose agreed by contract, express or implied, to respect confidence, with the consequence that an indirect recipient, not being privy to the contract, would be liable only if he deliberately or recklessly induced breach of that contract.

Recently contract has ceased to be treated as the only universal touchstone of liability (though its role in determining what obligations of confidence exist may still be crucial). Starting with *Saltman v. Campbell*, the courts have recognized a wider equitable jurisdiction based not so much on property or a contract, but rather on good faith. This paved the way for the new tort of breach of confidence and the concept of equitable property as the true basis of protection.

The main factors which brought this shift from *contractual to tort law* were:

- 1) *The liability of those who in some sense act innocently;*
- 2) *The circumstances in which damages may be awarded for breach;*
- 3) *The possibility of awarding damages for injury to feelings as distinct from economic loss;*
- 4) *The liability of indirect recipients;*
- 5) *The effect of dealings that treat the information as property.*

Now the position is that not only the contract law, even Tort law governs the breach of confidence. This means the existence of contract is not a condition precedent to accord protection to confidential information. Recently few countries like U.S., Canada have enacted laws to protect the confidential information. Even the Department of Science and Technology, government of India has drafted National Innovation Bill 2008 to deal with this aspect.

19.3 WHAT MAKES CONFIDENTIAL INFORMATION CONFIDENTIAL?

Obligation of confidence- good faith-fiduciary duty

The term ‘confidential’ by itself clearly indicates the nature of the information how important and not open for disclosure, particularly with relation to business and creative aspects.

NEED TO PROTECT CONFIDENTIAL INFORMATION

Secrets are considered as an important intellectual resource. They can represent a company’s most valuable asset. If it gets leaked then the interest of the company gets affected. So it requires protection. Five reasons can be made out which justifies the protection of confidential Information. They are:

- a) Protection of interest of creator*
 - b) Protection of interest of company*
 - c) Prevention of unfair competition*
 - d) Issue of privacy*
 - e) Public interest*
- a) Protection of Interest of Creator:**

One of the requirements to grant protection to information under the head confidential information is that the creator must have invested skill, labour, time, capital to formulate the information. If this is the case then the moral right accrues in favor of creator to the protection of such information or else someone may take away the benefits of creator’s labour.

Even John Locke has advocated in his labour theory to justify the protection of property. He says that when a person creates or gains property by investing his labour, skill, etc. that property has to be protected in favor of him. This theory has been used to justify creator’s ownership rights in his creation. In this aspect also as the creator by investing his labour, skill,

etc. formulates the confidential information that should be protected in order to allow him to reap the benefit out of it and prevent the violation.

b) Protection of Interest of the Company:

Another requirement to grant protection for the confidential information is that it should have commercial value. Article 39 of TRIPs, Canadian law on confidential information and the Draft National Innovation Bill of 2008 of India specifically stipulates that to be eligible for protection confidential information should have commercial value.

As the confidential information will be having great commercial value, if it is not protected, then the interest of the company will be adversely affected. For instance, the recipe of coca-cola has been kept as a secret by the company. So far they have not availed the patent for the formula relating to manufacture of coca-cola. The point to be noted here is that, this has been kept secret for many years beyond the duration of a patent protection. As the recipe of Coca-cola has the commercial value and brings lot of profits to the company, if it is not protected then someone will acquire it and start exploiting it, thus, the company will be deprived of its commercial gains. So protection of such information protects the interest of the company.

c) Prevention of Unfair Competition:

Normally the confidential information will be having commercial value; naturally the competitors will be attempting to acquire it in order to get the edge over the originator i.e. the person or company. This has generally been referred to as **business spying**. For instance, if the competitors of Coca-Cola Company get access to the Coca-cola formula which is kept as confidential, then they will use it so as to capture the market and that will affect the interest of the Coca-Cola Company.

The other danger associated with it is that it will lead to unhealthy and unfair competition as the opponent will be waiting to acquire confidential information through illegal means. To curb such unfair competition Article 10bis of Paris Convention (1967) specifically requires taking steps to ensure protection against unfair competition. To give effect to this Article TRIPs Agreement through Article 39 enables a person who has secret information lawfully in his control to prevent its unauthorized disclosure, acquisition or use in a manner contrary to honest commercial practice.

d) Issue of Privacy:

A notable aspect is that, the term confidential information includes even the personal information or personal secrets also. Even this has to be protected against unauthorized disclosure. Article 8 of European Convention on Human Rights specifically requires respect for private and family life, home and correspondence. In other words, it protects privacy of the persons. Various Human Rights Conventions adopted at international level mandates the respect for the privacy of the persons.

Much national legislations have incorporated similar provisions to protect the privacy of the persons. For instance, Human Rights Act of 1998 of U.K. provides for the protection of privacy. Article 21 of the Indian Constitution seeks to provide protection to the privacy of the persons. In 1972 to study the scope of breach of confidence Younger committee was appointed in U.K. That committee opined that a general right of privacy should not be introduced into the law.

It proposed in most jurisdictions that, liability for the breach of confidence should be expressed as a statutory liability. It suggested that there should be a duty to preserve confidence arising initially of a confidential relationship and extending to indirect recipients once they knew the true position. It suggested seven other types of situations like using devices for surveillance wherein duty to respect confidentiality arises.

But no specific law has been enacted to deal with it. However, **Data Protection Act of U.K.** to some extent takes care of unauthorized use of information. The appreciable aspect is that judiciary has taken the active role by balancing the need to protect the information and right to receive information.

In *H. v. Associated Newspaper and Health Authority*, Health Authority discovered that one of its doctors is affected with HIV positive. So the authorities started to look back, to find in which patient who has been treated by the doctor are informed so that they can receive further treatment and counseling. This posed a question whether the name of the doctor and his medical specialty should be disclosed. The court asked the Authorities to keep the name as secret.

e) Public Interest:

The public interest requires that there should not be any unfair competition. To prevent the same and to encourage the creators to formulate information so as to enhance productivity there is a need to protect the confidential information. For instance, to encourage new formulas

and methods of manufacturing of drugs it is incumbent to protect the confidential information. As far as government secrets are concerned, the public interest specifically requires that they should be protected in the interest of the nation.

The other aspect is that this requirement of secrecy confronts with the freedom of press, right to information. Under some circumstances the public interest may require the disclosure of information. For instance, requiring the manufacturers to disclose the contents of the product so as to ascertain its quality, quantity and to inform the consumers is in the public interest as the consumers have right to know. It is said that there can be no confidence which can be relied on to restrain a disclosure of inequity. The inequity may cover criminal, tortuous and other legally wrong conduct. For instance, if a company directors misuse the funds of the company and then try to take the shelter under the head business secrets.

Even the public safety and the due administration of justice require that certain matters have to be published. In *Lion Laboratories v. Evans*, a newspaper came to know that a breathalyzer used by the police on suspected drunken drivers gave inaccurate readings. It was held proper for the newspaper to publish this for merely reporting the information to the police or home office might have led to its suppression. Thus the courts have the task of balancing the competing public interest i.e. *freedom of expression on the one side and need to keep the confidential information secret.*

The above discussion clearly addresses the need for protection and the obligation on part of various individuals and entities, which in turn leads to the fiduciary obligation on part of the person or organization receives the information.

19.4 SUMMARY

Undisclosed information or confidential information is that aspect of intellectual property rights, which may not be registered or disclosed to anyone. Their value lies in the fact that they are confidential and no one else except the proprietor or the creator of the information and a very few more people know of it and the same is not readily available to anyone looking for the same.

19.5 KEY WORDS

- Unfair competition
- Commercial value
- Asset

19.6 SELF ASSESSMENT QUESTIONS

1. What makes confidential information confidential?

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2. Give a Historical and conceptual basis of Confidential Information.

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UNIT TRADE SECRETS AND EMPLOYMENT 20 CONTRACTNON-DISCLOSURE AGREEMENTS NONCOMPETEAGREEMENTSMISAPPROPRIATIO N OF TRADE SECRETS & REMEDIESPROTECTION OF TRADE SECRETS UNDER LAW OF CONTRACT

STRUCTURE

- 20.0 Objective
- 20.1 Introduction
- 20.2 Trade Secretes and Employment Contract
- 20.3Non-disclosure Agreements & Non-compete Agreements
- 20.4 Misappropriation of Trade Secrets and Remedies
- 20.5 Protection of Trade Secret under the law of contract
- 20.6 Summary
- 20.7 Key Words
- 20.8 Self Assessment Questions
- 20.9 References

20.0 OBJECTIVES

After studying this unit, you will able to:

- analyze the trade secrets and employment contract
- compare Non-disclosure Agreements & Non-Compete Contracts
- give an overview of misappropriation of trade secrets and remedies

20.1 INTRODUCTION

A non disclosure agreement is a written legal contract between an employer and employee. The non disclosure agreement lays out binding terms and conditions that prohibit the employee from disclosing company confidential and proprietary information. A non disclosure agreement is in effect for the duration of an employee's employment and for a period of time following employment termination.

20.2 TRADE SECRETES AND EMPLOYMENT CONTRACT

Before proceeding to know what are all the subjects that can be protected under confidential information it is necessary to know when the relationship of confidence arises. Broadly two circumstances wherein relationship may be said to be one of the confidence. They are:

A. Confidence expressed/implied in contract

B. Confidence implied by circumstances

A. Confidence expressed/implied in contract:

It is said that the best way of protecting the confidential information is to have contract to that effect. Generally these contracts will be referred to as Non-disclosure contract or Non-compete contract. Such contracts are common in case of employer and employee relationship.

Under this head two types of situation can be considered. They are:

a) Employer and employee relationship

b) Other than this relationship

a) Employer and employee relationship:

This relationship is such that the employer has to disclose the confidential information to few of his employees for the purpose of doing business. For instance, if the directors of Coca-Cola Company do not disclose the Coca-cola formula to few employees, then it becomes impossible to manufacture the product.

So in this relation there is a requirement of disclosure of confidential information. At this juncture so as to protect such information the employer expressly provides for the confidentiality clause in the employment agreements. However, even where an employee's contract does not contain such a clause, it is usually implied into a contract by the court.

This head requires two aspects to be addressed, they are:

- (i) The obligation of employee in service
- (ii) The obligation of Ex-employee

i) The obligation of employee in service:

In a contract of employment, a term will be implied (if it not expressed) that the employee will act at all times during his service in his employer's best interests. This 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. In *Hivac v. Park Royal*, the plaintiff company which produced hearing aids of advanced design secured an interim injunction to prevent a rival company from giving jobs to some of its technician by way of moonlighting after hours as that would have been resulted in the disclosure of confidential information.

ii) The obligation of ex-employee:

When relationship between employer and employee ceases, the question of maintaining confidentiality of information once again arises. The notable aspect is that, here the conflict between the interest of the ex-employee to work under some other employer and interest of the former employer in maintaining secrets comes into picture. The restrictions can be imposed on an ex-employee from disclosing the confidential information of his former employer. But he cannot be restricted to use the skill and knowledge acquired by him in the course of employment. Cornish uses the terminologies like discrete technical secrets (i.e. chemical formula, details of technical process) to denote confidential information and incidental information to denote know-how.

The ex-employee can be restricted from using know-how only when there exist non- compete/ non-disclosure type of contract. If the former employer intends to restrict the disclosure of such information in the absence of contract then he has to establish certain conditions which have been laid down in *Faccenda Chicken v. Fowler*. The conditions laid down are:

i) the nature of the employment (for example whether confidential information was regularly handled;

ii) the nature of the information at issue;

iii) the degree to which the employer impressed its secrecy on the employees;

iv) the ease with which it can be isolated from other, un-protectable information;

v) the extent to which it is already in the public domain; and

vi) the likely damage from use or disclosure.

The point to be noted here is that the validity non-disclosure agreement depends upon the reasonableness of restrictions imposed by it. For instance, Sec. 27 of Indian Contract Act, holds the contract in restraint of trade as void. In other words, if such contract unreasonably imposes restriction then such contract becomes void. The reasonableness has to be ascertained based on the cases.

b) Other than employer and employee relationship:

If two parties make a contract, under which one of them obtains for the purpose of the contract or in connection with it some confidential matter, even though the contract is silent on the matter of confidence, the law will impose an obligation to treat matter as confidential.

B. Confidence implied by circumstances:

To establish confidential obligation, the existence of express or implied terms in a contract is not a pre-condition. Even in the absence of the provision in a contract, the circumstances under which information is revealed gives rise to such obligation. Generally this type of situation can be witnessed in cases of fiduciary relations. Fiduciary relation is one under which equity imposes a duty upon one to act in the interest of the other rather than of himself. This fiduciary duty may, for instance, exist between trustee and beneficiary, agent and principal, individual partner and the partnership, director and the company, secret service agent and the government etc. The proof of fiduciary relation is the necessary foundation of an obligation of confidence.

The other aspects to be discussed here are the obligations of governmental department, indirect recipient and obligation in the absence of any relationship. As for as government department is concerned, the authorities daily receive lot of information. Even here also the obligation of confidence applies. Official Secrets Act governs such confidential communication. As far as indirect recipient is concerned, if he knows the confidential nature of the information, then he will be held responsible for breach of confidence. If he is not aware of the same then he cannot be held responsible. Indirect recipient is a person who obtains information from a person who has obtained it from creator. For instance, if A gives information to B in confidence and B passes it to C, then C will be called as indirect recipient. As far as innocent recipient is concerned

the courts have imposed liability on him also from the time when he, subsequent to the acquisition of information, came to know about the confidentiality.

In *Wheatley v. Bell* one defendant acquired confidential knowledge about franchising local business guides and proceeded to sell it to other defendants as franchisees in a different place. The latter, though initially innocent, were held liable, as they subsequently came to know about the confidentiality.

As far as obligation in the absence of any relationship is concerned, the incidence in *Megarry, V-C in Malone v. Commissioner of Police*, where an unsuccessful attack was made on the propriety of official wire-tapping in order to detect crime, observed that if one person told a second one something in confidence, but a third overheard it, the last was under no legal liability to preserve the confidence. However, in *Francome v. Mirror Group*, the court imposed liability even in the absence of relationship to protect confidentiality. This issue has been addressed by the Younger Committee on privacy and the Law Commission, U.K., both favored the creation of a separate form of civil liability to deal with such matters.

20.3 NON-DISCLOSURE AGREEMENTS & NON-COMPETE AGREEMENTS

Non-disclosure agreement is the best way to protect trade secrets -- valuable confidential information that businesses want to keep under wraps. That information could be a sales plan, a list of customers, a manufacturing process or a formula for a soft drink. By using a non-disclosure agreement, you can ensure that your secrets stay secret -- or have legal recourse if they are misused or disclosed to the wrong parties. A non-disclosure agreement -- also called an NDA or a confidentiality agreement -- is a contract in which the parties promise to protect the confidentiality of secret information that is disclosed during employment or another type of business transaction.

The use of non-disclosure agreements is widespread in the high-tech field, particularly for Internet and computer companies.

Example: Sabeer Bhatia, founder of Hotmail, collected over 400 NDAs from employees, friends and roommates. He believes that his secrecy efforts gave him a crucial six-month lead on the competition. He eventually sold Hotmail to Microsoft for a reported \$400 million in stock.

If you have a non-disclosure agreement with someone who uses your secret without authorization, you can ask that a court order the violator from making any further disclosures. You can also sue for damages. The purpose of an NDA is to create a confidential relationship

between the person who has a trade secret and the person to whom the secret is disclosed. People who have such a confidential relationship are legally bound to keep the information a secret. An NDA is not the only way to create a confidential relationship. You can create a confidential relationship with an oral agreement or it can be implied from the conduct of the parties. However, these relationships are much more difficult to prove than a relationship based on a written agreement. NDAs are often categorized as either "mutual" or "one-way." A mutual NDA is one in which both parties are exchanging confidential information -- for example, you provide secret information for a company to evaluate and they provide you with secret information about their marketing strategy. A one-way agreement is used when only one party is making a disclosure -- for example, when you explain your secret to a contractor or investor.

Elements of a Nondisclosure Agreement

Normally, there are five important elements in a non-disclosure agreement:

- definition of confidential information
- exclusions from confidential information
- obligations of receiving party
- time periods, and
- miscellaneous provisions

In short, signing a document titled "Non-disclosure Agreement" will not automatically erect a shield around your business information. To protect you, an NDA must be properly drafted and must correctly identify secret information. In addition, you must take other reasonable efforts to keep your information Secret.

Non-compete

Agreements

A contract limiting a party from competing with a business after termination of employment or completion of a business sale. Found in some business contracts, non-compete agreements are designed to protect a business owner's investment by restricting potential competition. Generally, businesses pursue these agreements in two instances: when hiring new employees, or when purchasing an established business. The non-compete agreement is a form of restrictive covenant, a clause that adds limitations to the employment or sale contract. These agreements

protect the business by restricting the other party from performing similar work for a specific period of time within a certain geographical area. First used in the nineteenth century, and common today in certain professions, non-compete agreements sometimes have an uncertain legal status. Courts do not always uphold them. Generally, courts evaluate such clauses for their reasonableness to determine whether they constitute an unfair restraint on trade.

20.4 MISAPPROPRIATION OF TRADE SECRETS AND REMEDIES

An action based on breach of confidence lies against those who receive information in confidence. In an action for the breach of confidential information the plaintiff has to show the following factors:

- (1) Identify clearly what is the information he is relying on. In other words, the information must be identified in specific terms.***
- (2) It was handed over in the circumstances of confidence.***
- (3) The information is of the type which could be treated as confidential. Along with this he has to show that it is not in public domain.***
- (4) The defendant has made or is about to make an unauthorized disclosure or use of that information.***

Another factor which the plaintiff has to establish in addition to above said factors is the detriment which he is going to suffer by such unauthorized use. In *Coco v. Clark*, Megarry, J., has clearly said that in an action for breach of confidence the plaintiff has to establish the detriment which he suffers from the unauthorized use.

There are some exceptions to the action for breach of confidence. Disclosure in the public interest is one such exception. It requires disclosure of anti-national activities, breaches of law, etc. The other exception is disclosure for the purpose of administration of justice. So far as breach of confidence is concerned, in case of contractual relations it is easy to ascertain the breach and remedy the same. But in the absence of contract some difficulty arises. Hence the courts have evolved a test i.e. whether a reasonable person standing in the shoes of the recipient of the information would have realized that the information was given in confidence. It is said that the state of mind of the recipient concerning confidentiality of the communication is

irrelevant for establishing the charge of the breach of confidence. It is irrelevant for breach confidential information that the communicator did so sub-consciously or honestly. In fact, in *Seager v. Copydex* (no.1), the court held that sub-conscious copying amounts to breach of confidence.

There are two important doctrines which have been evolved to deal with the breach of confidence. They are:

- 1) Doctrine of spring board
- 2) Doctrine of inevitable disclosure.

1) Doctrine of spring board:

This doctrine prohibits the person who has obtained the information in confidence from using it as a spring board for the activities detrimental to the person who made the confidential communication or creator. In other words it requires that the possessor of information must be placed under a special disability in the field of competition to ensure that he does not get an unfair start. It means possessor of information will not be allowed to use such confidential information as start up for his activities. This doctrine remains in operation even when all the features have been ascertained by actual inspection by members of the public. This doctrine was for the first time applied in *Terrapin v. Builders Supply Company*, wherein the court further observed that remedy for the breach of confidentiality does not depend upon a contract; it is the obligation of confidence which determines the factor.

In *RLA Polymers Pty Ltd. v. Nexus Adhesives Pty Ltd. and Ors.*, The Federal Court has awarded damages to a RLA Polymers Pty Ltd, a flooring adhesives manufacturer, after finding that former employees who founded a competing company had misused confidential information to speed up their product development. Justice Ryan ordered Nexus Adhesives Pty Ltd, the company co-founded by two of the former employees, to pay damages for sales made during the period of time that was saved as a result of the misuse of the confidential information.

The Court considered each of the elements RLA needed to satisfy in order to make out an action for misuse of confidential information, namely that:

- 1. the information the subject of the action must be confidential;*
- 2. it must have been imparted in circumstances importing an obligation of confidence; and*

3. *there must have been an actual or threatened unauthorized use or disclosure of the confidential information.*

Applying the springboard doctrine in the present case, Justice Ryan held that it would be necessary to consider what advantage Nexus had obtained by misusing RLA's confidential information. That advantage would be taken into account in awarding relief to RLA.

2) Doctrine of inevitable disclosure:

This doctrine states that under certain circumstances it becomes inevitable to misappropriate confidential information. This doctrine aims to avoid such inevitable disclosure. The factual circumstances that generally surround such claim include, for instance, where an employee from company A with a certain job title and responsibilities is hired by a competing company B to have the same job title and perform the exact same responsibilities to make a competing product. Then such employee while doing the job in company B may reveal the confidential information, as such disclosure becomes inevitable in order to produce competing products.

In *IBM v. Paper Master*, IBM's Vice-President of the Blade development unit in 2008 was called on by Apple Company to hold the post of senior vice-president of devices hardware engineering. IBM filed a complaint against Paper Master claiming breach of contract and misappropriation of trade secrets. The company sought injunction to prevent Paper Master from working at apple. IBM Company argued that because of Paper Master's position and responsibilities at Apple it was inevitable for him to apply knowledge learned at IBM to his work at Apple, thus aiding a competitor and harming IBM. The court upheld the arguments of IBM.

Remedies:

The remedies for breach of confidence consist of an **injunction, damages and delivery-up order**. As far as injunctions are concerned, it may be temporary or permanent. The plaintiff has to show prima facie case, balance of convenience in his favor and also that if order is not allowed he will suffer irreparable loss. As far as damages are concerned it is determined on the basis of the market value of the confidential information based on a notional sale between a willing seller and a willing purchaser. Where the plaintiff opts for account of profit, he will receive the difference between the sale price of the goods and the sum expended in

manufacturing them. Where the information is contained in some documents or other materials the court may order delivery-up of such materials.

20.5 PROTECTION OF TRADE SECRET UNDER THE LAW OF CONTRACT

As far as the issues that can be protected under confidential information by virtue of its nature are: generally ideas, information, formulas, designs, etc., provided they have to fulfilled the ingredients necessary to characterize them as confidential. The other requirement is that they should not be in public domain. They may be in written form or conveyed by oral communication. Trade secret remains confidential for indefinite period of time as per the will of the proprietor provided the security and its confidentiality is not breached. There is no specific legislation regulating the protection of trade secrets in India. India follows common law approach of protection and all matters relating to it are generally covered under the **Contract Act, 1872**. So, if the information constituting trade secret is leaked, legal action can be brought against the parties who have leaked it under the Law of Contracts. All Non-disclosure and Non-compete Agreements are drafted well within the frame work of the law of contract.

20.6 SUMMARY

It is said that the best way of protecting the confidential information is to have contract to that effect. Generally these contracts will be referred to as Non-disclosure Agreement or Non-compete Agreement. Such Agreements are common in case of employer and employee relationship. The remedies against breach of these agreements are under the law of contract and equity. Some countries have enacted laws to protect the confidential information.

20.7 KEY WORDS

1. Non-compete agreements: A contract limiting a party from competing with a business after termination of employment or completion of a business sale.

2. Non-disclosure agreements -- also called an NDA or a confidentiality agreement -- is a contract in which the parties promise to protect the confidentiality of secret information that is disclosed during employment or another type of business transaction.

20.8 SELF ASSESSMENT QUESTIONS

1. What are Trade Secretes and Employment Contracts? Discuss

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2. Explain the Non-disclosure Agreements & Non-Compete Agreements

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3. What amounts to Misappropriation of Trade Secrets and suggest Remedies

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