



Directorate of Distance Education NALSAR University of Law, Hyderabad

Reading Material

Post-Graduate Diploma in Patents Law

1.1 Introduction to Intellectual Property

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Introduction

Intellectual property (IP) rights are valuable assets for any business - possibly among the most important it possesses. One may be surprised at how many aspects of your business can be protected - its name and logo, designs, inventions, works of creative or intellectual effort or trademarks that distinguish a business can all be types of IP. Some IP rights are automatically safeguarded by IP law, but there are also other types of legal protection you can apply for.

Moreover, globalization and advancement of technology has played an important role in intellectual property protection for small and medium sized enterprises. The intangible nature of intellectual property creates challenges for those businesses, to protect their inventions, brands, and business in foreign markets. Intellectual property protection is necessary to the success of most companies.

This Module is aimed to help the Patents Law students to familiarise with the major types of intellectual property currently in use in the commercial world and understand the impact and implications of each of them. Large sections of this book has been carefully compiled from several important publications made by WTO (World Trade Organisation) and WIPO (World Intellectual Property Organisation), other Government documents and published articles.

Lastly, the *Indian IP Policy* and *Schemes of Awareness* have been added as Annexures for better understanding and in depth study.

CHAPTER I

Understanding Intellectual Property Rights

Concept of Intellectual Property

Intellectual property, very broadly, means the legal rights which result from intellectual activity in the industrial, scientific, literary and artistic fields. Countries have laws to protect intellectual property for two main reasons. One is to give statutory expression to the moral and economic rights of creators in their creations and the rights of the public in access to those creations. The second is to promote, as a deliberate act of Government policy, creativity and the dissemination and application of its results and to encourage fair trading which would contribute to economic and social development.

Generally speaking, intellectual property law aims at safeguarding creators and other producers of intellectual goods and services by granting them certain time-limited rights to control the use made of those productions. Those rights do not apply to the physical object in which the creation may be embodied but instead to the intellectual creation as such. Intellectual property is traditionally divided into two branches, “industrial property” and “copyright”.

The Convention Establishing the World Intellectual Property Organization (WIPO), concluded in Stockholm on July 14, 1967 provides that intellectual property shall include rights relating to:

- literary, artistic and scientific works,
- performances of performing artists, phonograms and broadcasts,
- inventions in all fields of human endeavor,
- scientific discoveries,
- industrial designs,
- trademarks, service marks and commercial names and designations,
- protection against unfair competition,

and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.

The areas mentioned as literary, artistic and scientific works belong to the copyright branch of intellectual property. The areas mentioned as performances of performing artists, phonograms and broadcasts are usually called “related rights,” that is, rights related to copyright. The areas mentioned as inventions, industrial designs, trademarks, service marks and commercial names

and designations constitute the industrial property branch of intellectual property. The area mentioned as protection against unfair competition may also be considered as belonging to that branch, the more so as of the Paris Convention for the Protection of Industrial Property (Stockholm Act of 1967) (the “Paris Convention”) includes “the repression of unfair competition” among the areas of “the protection of industrial property”; the said Convention states that “any act of competition contrary to honest practices in industrial and commercial matters constitutes an act of unfair competition”.

The expression “*industrial property*” covers inventions and industrial designs. Simply stated, inventions are new solutions to technical problems and industrial designs are aesthetic creations determining the appearance of industrial products. In addition, industrial property includes trademarks, service marks, commercial names and designations, including indications of source and appellations of origin, and protection against unfair competition. Here, the aspect of intellectual creations—although existent—is less prominent, but what counts here is that the object of industrial property typically consists of signs transmitting information to consumers, in particular as regards products and services offered on the market, and that the protection is directed against unauthorized use of such signs which is likely to mislead consumers, and misleading practices in general.

Scientific discoveries, the remaining area mentioned in the WIPO Convention, are not the same as inventions. The *Geneva Treaty on the International Recording of Scientific Discoveries* (1978) defines a scientific discovery as “the recognition of phenomena, properties or laws of the material universe not hitherto recognized and capable of verification. Inventions are new solutions to specific technical problems. Such solutions must, naturally, rely on the properties or laws of the material universe (otherwise they could not be materially or “*technically*” applied), but those properties or laws need not be properties or laws “*not hitherto recognized*”. An invention puts to new use, to new technical use, the said properties or laws, whether they are recognized (“*discovered*”) simultaneously with the making of the invention or whether they were already recognized (“*discovered*”) before, and independently of, the invention. Intellectual property (IP) law comprises a set of exclusive rights to exclude others from making, copying, or using certain intangible creations of the human mind.

IP is a bundle of legal rights resulting from intellectual creativity in industrial, scientific, artistic and literary fields. This definition is from the point of view of rights. IP is legal protection accorded to works of the mind in distinction from manual work (result of physical labour). It is a legal protection accorded to incorporeal ownership.

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. Initially there were two secretariats (one for industrial property, one for copyright) for the administration of the two conventions, but in 1893 the two secretariats united. The most recent name of the organization, before it became WIPO, was BIRPI, the acronym of the French-language version of the name: United International Bureaux for the Protection of Intellectual Property (in English). In 1960, BIRPI moved from Berne to Geneva.

At the 1967 diplomatic conference in Stockholm, when WIPO was established, the administrative and final clauses of all the then existing multilateral treaties administered by BIRPI were revised. They had to be revised because member States wished to assume the position of full governing body of the Organization (WIPO), thus removing the supervisory authority of the Swiss Government, to give WIPO the same status as all the other comparable intergovernmental organizations and to pave the way for it to become a specialized agency of the United Nations system of organizations.

Most of the intergovernmental organizations now called specialized agencies did not exist before the Second World War. They were created for the specific purpose of dealing with a particular subject or field of activity at the international level.

Intellectual properties have their own peculiar features. These features of intellectual properties may serve to identify intellectual properties from other types of properties. It is pertinent to take a brief look at their common features. In other words, in spite of the different branches, intellectual property has some common characteristics that distinguish them from other rights. For instance, Intellectual property rights are, naturally, proprietary in nature. They can be bought and sold, mortgaged and licensed just like any other type of property. A valuation can be put on them for contractual or accounting purposes. Nevertheless, it is very important to be able to distinguish between the property rights which exist in a tangible item and the intangible intellectual property rights which may be embodied in that item.

Some of the major characteristics of intellectual property include:

- 1) Exclusive Right
- 2) Territorial
- 3) Independent
- 4) Assignable
- 5) Divisible
- 6) Volatility

7) Subject to Public Policy

Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce. IP is protected in law by, for example, patents, copyright and trademarks, which enable people to earn recognition or financial benefit from what they invent or create. By striking the right balance between the interests of innovators and the wider public interest, the IP system aims to foster an environment in which creativity and innovation can flourish.

Intellectual property rights are like any other property right. They allow creators, or owners, of patents, trademarks or copyrighted works to benefit from their own work or investment in a creation. These rights are outlined in Article 27 of the Universal Declaration of Human Rights, which provides for the right to benefit from the protection of moral and material interests resulting from authorship of scientific, literary or artistic productions. The importance of intellectual property was first recognized in the *Paris Convention for the Protection of Industrial Property* (1883) and the *Berne Convention for the Protection of Literary and Artistic Works* (1886). Both treaties are administered by the World Intellectual Property Organization (WIPO).

There are several compelling reasons for the need to protect IP:

- 1) The progress and well-being of humanity rest on its capacity to create and invent new works in the areas of technology and culture.
- 2) The legal protection of new creations encourages the commitment of additional resources for further innovation.
- 3) The promotion and protection of intellectual property spurs economic growth, creates new jobs and industries, and enhances the quality and enjoyment of life.

An efficient and equitable intellectual property system can help all countries to realize intellectual property's potential as a catalyst for economic development and social and cultural well-being. The intellectual property system helps strike a balance between the interests of innovators and the public interest, providing an environment in which creativity and invention can flourish, for the benefit of all.

CHAPTER II

Philosophical Foundation of Intellectual Property

In the IP literature, patents, copyrights, trademarks and trade secrets are considered to be statutory and moral ways of increasing innovations and boosting technological development. For this reason, individual rights to IP have been extended to almost all knowledge intensive sectors, including health care. Recent studies have been carried out of the moral foundations of IPRs, examining the plausibility of patents, copyrights, trademarks and trade secrets in relation to four theories of liberal morality: natural law (Locke); personality development (Hegel); just reward (Nozick); and social utility (Bentham).

In the contemporary era of economic globalization, an increasing number of theorists argue that the world is fast moving towards an '*intellectual capitalism*'. The main characteristic of such an advanced system of social relations is the historical shift of priority from the social division of labor to the social division of knowledge. This shift is clearly reflected in the continuous creation of knowledge pools, clusters and networks at regional, national, international and global levels. Therefore, intangible forms of property such as intellectual property (IP) are increasingly becoming more important than traditional paradigms of tangible property such as land and factories. In the IP literature, patents, copyrights, trademarks and trade secrets are considered to be statutory and moral ways of increasing innovations and boosting technological development. For this reason, individual rights to IP have been extended to almost all knowledge intensive sectors.

Any attempt to approach the particular concept of IPRs presupposes adequate understanding of the general concept of property. The meaning of property is neither abstract nor static. Rather, it is concrete and changes through different historical moments of economic and social development. These moments are linked with the various stages of development of the division of labor. Different conceptions of property arose, historically, in connection with tangible things¹. These things can be physically held and are either movables or immovables. Movables mainly include what Marx² called '*the miracles of industry and change*' e.g. movable capital. Immovables mainly include land-based products e.g. immovable capital.

¹ Waldron, J. (1988) *The Right to Private Property*, Oxford: Clarendon Press.

² Marx, K. (1975) *Early Writings*, London: Penguin.

Moral Justifications of Intellectual Property Rights

1. Natural Law

IPRs are moral-claim rights that each individual naturally has independently of the laws and government of civil society. The concept of nature here does not imply that individuals are born with IPRs but rather that these rights can be recognised as valid by moral and rational human beings apart from any provisions of positive law³. The ability to claim IPRs or any natural right depends on human reason. The moral conception of IPRs as natural rights plays important role in justifying legislation for patents, copyrights, trademarks, etc.

The moral justification of IPRs on the grounds of natural law uses as an example the Lockean theory of private property. In his *Second Treatise of Government*⁴, Locke⁵ introduces the principle of self-ownership as a natural right of each individual to her own person and labor. This principle is linked with negative liberty and not utility maximisation. Owning herself, each person is free to do with her powers whatever she chooses so long as she does not cause or threaten harm to non-consenting others. However, in the case of harm without prior consent, the affected person has the right to full compensation. On the grounds of self-ownership, Locke forms his mixing labor theory that justifies private property as a natural right. According to him *'The Labor of [Man's] Body and the Work of his Hands, we may say, are properly his. Whatsoever then he removes out of the State that Nature hath provided and left it in he hath mixed his Labor with, and joyned to it something that is his own, and thereby makes it his Property.'*⁶

It is well known that Locke's theory of private property is theologically founded. Locke argues that God gave the world to human beings in common and provided them with reason to make use of it to the best advantage of their life. This argument theoretically leads to the formation of two provisos. The first is the *'no waste'* proviso according to which appropriated resources must be used, otherwise they become common again. The second is the *'enough and as good'* proviso. As it is well known, for Locke private appropriation is morally justified only if it leaves enough and as good to newcomers. Both provisos condition individual property rights and develop presuppositions of social reproduction.

³ Waldron, J. (1988) *The Right to Private Property*, Oxford: Clarendon Press.

⁴ <<https://www.earlymoderntexts.com/assets/pdfs/locke1689a.pdf>>

⁵ John Locke (1632 – 1704) was an English philosopher and physician, widely regarded as one of the most influential of

Enlightenment thinkers and commonly known as the "Father of Liberalism".

⁶ Locke, J. (1988) *Two Treatises of Government*, 3rd ed., Cambridge: Cambridge University Press.

Therefore, it can be said that Locke's theory justifies the transition from the '*general*' right of common ownership in the state of nature to the '*special*' right of private ownership in civil society.

Thinkers such as Bouckaert⁷ and Hughes⁸ tend to believe that the conception of IPRs as moral-claim rights founded upon the principle of self-ownership is theoretically sustainable. Bouckaert criticises the theological basis of the Lockean principle of self-ownership. In his view, this principle needs to be reconstructed on a secular basis. Bouckaert⁹ suggests four general ideas that a secular and moral argument of self-ownership must take into account in order to be relevant to IPRs justification:

- i. self-ownership must be linked with moral perfection;
- ii. self-ownership requires a relative notion of the '*good life*';
- iii. the '*good life*' requires self-knowledge; and
- iv. self-knowledge requires self-ownership.

Hughes' defence of IPRs is more coherent than that of Bouckaert. Specifically, his argument is based on three propositions¹⁰:

- i. the production of ideas requires a person's labor;
- ii. these ideas are appropriated from a "*common*" which is not significantly devaluated by the ideas removal; and
- iii. ideas can be made property without breaking the non-waste condition.

Hughes adopts Nozick's¹¹ reformulation. Nozick¹² accepts that Locke's '*enough and as good*' condition may be ineffective in modern societies because of the scarcity of resources and the introduction of money.

It might be argued that IPRs also violate the '*no waste*' proviso. Thinkers such as Richards argue that '*The history of patents is rife with example of cases where new ideas and innovations have been delayed or permanently lost by interests who used patents to prolong their*

⁷ Boudewijn Bouckaert (1947 -) is a Belgian law professor, a member of the Flemish Movement, and a libertarian conservative thinker and politician. He chairs the academic board of the LIB-ERA! think tank and serves as Member of the Flemish Parliament for the liberal party List Dedecker.

⁸ Justin Hughes is the William H. Hannon Professor of Law at Loyola Law School, Los Angeles, where he teaches courses in intellectual property law, international trade, and internet law. He taught at the Benjamin N. Cardozo School of Law from 2002 through 2013.

⁹ Bouckaert, B. (1990) 'What is Property?' Harvard Journal of Law and Public Policy, Vol.13, pp.275- 816.

¹⁰ Hughes, J. (1988) 'The Philosophy of Intellectual Property' The Georgetown Law Journal, Vol.77, pp.287-366.

¹¹ Robert Nozick (1938 – 2002) was an American philosopher. He held the Joseph Pellegrino University Professorship at Harvard University, and was president of the American Philosophical Association.

¹² Nozick, R. (1974) Anarchy State and Utopia, Oxford: Blackwell.

existing intellectual and physical capital stock'¹³. In fact, appropriated ideas can be also (temporally) wasted if they are not be fully used. The idea is temporally wasted and the 'no waste' proviso is violated. The application of the 'no waste' condition to IP morally requires owners to have enough resources to exploit their ideas and to ensure sufficient access to the products/processes embodying their ideas.

2. Personality Development

IPRs constitute a moral necessity for the development of each individual's personality. The latter can only be adequately expressed in ethical community. That is a liberal realm in which contracts and exchange take place. IPRs are moral rights because facilitate the achievement of each individual's personality in ethical community. This particular rationale is crucial for justifying laws of copyright and patent protection. As Newman¹⁴ points out, the individual's intellectual creation is considered to be part of her personality. Especially, the French and the German law recognise the right of each creator to receive both public identification and protection against any changes unapproved by the creator¹⁵.

The moral justification of IPRs in terms of personality development derives from Hegel's¹⁶ theory of property. In his *Philosophy of Right*, Hegel¹⁷ conceives private property as an abstract right related to human needs and freedom. In order to satisfy their physical needs and develop their individuality and freedom, people need to have control of resources. As Ryan¹⁸ argues '*Hegel sees property rights as implicit in our first and basic entry into the world as free agents...*'. In this respect, he differs from Locke who sees property rights depending on mixing labor with unowned objects. As Waldron¹⁹ correctly observes '*The Lockean theory makes the general human right to property conditional whereas the Hegelian theory makes it unconditional*'. Also, the concept of freedom here does not have any libertarian meaning e.g. absence of coercion. In Hegel's theory freedom is conceived as each individual's ability to form abstracted thoughts and to relate them straight back to particular needs and desires. Personality is viewed as a part of the inner subjective world of each individual. Hegel stresses that both freedom and personality must be translated into the external objective world by means of private property. Hegel is idealist; he believes that abstract thought rules the

¹³ Richards, D. G. (2002) 'The Ideology of Intellectual Property Rights in the International Economy', *Review of Social Economy*, Vol. IX, No.4, pp.521-620.

¹⁴ Newman, S. (1997) 'Rights, Freedoms and Phonograms: Moral Rights and Adaptation Rights in Music and Other Copyright Works', *Computer Law & Security Report*, Vol.13, No.1, pp.22-28.

¹⁵ Hughes, J. (1988) 'The Philosophy of Intellectual Property' *The Georgetown Law Journal*, Vol.77, pp.287-366.

¹⁶ Georg Wilhelm Friedrich Hegel (1770 – 1831) was a German philosopher and an important figure of German idealism. He achieved wide recognition in his day and - while primarily influential within the continental tradition of philosophy - has become increasingly influential in the analytic tradition as well.

¹⁷ Hegel, G. W. F. (1942) *Philosophy of Right*, Oxford: Clarendon Press.

¹⁸ Ryan, A. (1984) *Property and Political Theory*, Oxford: Basil Blackwell.

¹⁹ Waldron, J. (1988) *The Right to Private Property*, Oxford: Clarendon Press.

world²⁰. Therefore, in Hegel's theory, the individual who owns an object is able to abstract herself in thought from any particular need and to embody her free will and personality into that object. Denial of this personal link to an object results in alienation. In *Philosophy of Right*, Hegel writes: *'The reason I can alienate my property is that it is mine only in so far as I put my will into it'*. Hegel's concept of alienation is crucial for his justification of private property in ethical community. Hegel believes that those individuals who are alienated from their property or those who have no property at all, fail to get recognition as persons in community. In his view, only property owners can be recognised as persons entering into several contractual relationships²¹. Hegel's concept of ethical community refers to the liberal market place as one moment of ethical life. That is the specific social context rooted to custom and tradition of the ancient city-states. In Hegel's theory the liberal realm of contracts and exchange is regulated by the state. The latter constitutes another moment of ethical life. The state intervenes to resolve antagonisms which threaten the stability of community.

The question, of course, is whether the moral justification of IPRs as a necessity for personality development can be theoretically sustained. Hegel is clear that creators are rightfully the owners of their intellectual products. He also argues that *'Single products of my particular and mental skill and of my power to act I can alienate to someone else and I can give him the use of my abilities for restricted period, because, on the strength of this restriction, my abilities acquire external relation to the totality and universality of my being'*.

IP can only satisfy epiphenomenal needs created within the capitalist market, taking the form of individual needs. Essential needs outside that realm remain unsatisfied. These needs include the development of presuppositions of social reproduction. IP is a form of private property that is the product, the result and the consequence of alienated social labor. Therefore, IP appears not to be justified on the grounds of the recognition of society as a whole.

3. Just Reward

This implies that IPRs constitute a just reward for enterprise and merit. Individual creators of innovative ideas and inventors morally deserve to be rewarded for their qualities and talents. Thinkers who favour the merit concept of justice abstract from the Hegelian conception of individuality and personality. The reward-based rationale of IPRs played important role in the 19th century patent controversy. As Machlup and Penrose²² stress, one of the arguments for IPR protection was advanced *'...in the name of fairness to secure the inventor his just reward'*. The moral justification of IPRs in terms of just reward derives from libertarianism.

²⁰ Callinicos, A. (1999) *Social Theory: A Historical Introduction*, Cambridge: Polity.

²¹ Hegel, G. W. F. (1942) *Philosophy of Right*, Oxford: Clarendon Press.

²² Machlup, F. and Penrose, E. (1959) 'The Patent Controversy in the Nineteenth Century' *Journal of Economic History*, Vol. X, No.1, pp.1-29.

Libertarians propose principles of justice which recognise that each individual is entitled to her talents and abilities. Whatever goods are acquired on the basis of natural talents and abilities are just. Libertarians argue that just distribution results from people's free exchanges. More precisely, Nozick, one of the most debated libertarians of the 20th century, suggests an '*entitlement theory*' based on three principles of justice²³:

- i. A person who acquires a holding in accordance with the principle of justice in acquisition is entitled to that holding.
- ii. A person who acquires a holding in accordance with the principle of justice in transfer, from someone else entitled to the holding, is entitled to the holding.
- iii. No one is entitled to a holding except by (repeated) applications of 1 and 2.

Nozick's entitlement theory implies that if people's current ideas are justly acquired, then just distribution can only take place in the free market. People have the right to sell and buy ideas, benefiting from exchange. The state is not morally justified to intervene in order to redistribute the benefits of innovative ideas to naturally disadvantaged or less creative people. Only the owners of the ideas can decide on such distribution.

This intuitive argument ignores the intuition about dealing fairly with unequal circumstances. The principle of fairness is a '*self-evident*' truth that requires social redistribution to remedy unequal circumstances developed in the process of exchange. Secondly, the self-ownership argument fails to comprehend the socio-economic presuppositions of natural talents and abilities. The latter remain natural potentialities if individuals lack the economic and social means of their development.

Certainly, most liberal critiques of the reward-foundation of IPRs reconstruct the egalitarian theories of Rawls²⁴ and Dworkin²⁵. In contrast to libertarians such as Nozick, Rawls²⁶ and Dworkin²⁷ consider distribution on the basis of '*natural lottery*' to be morally arbitrary. For Rawls justice implies equal share of social goods (liberty and opportunity, income and wealth, self-respect). This does not mean removal of all inequalities but only those which make the position of someone worst off.

In Rawls' theory, '*If certain inequalities benefit everyone, then they will be accepted by*

²³ Nozick, R. (1974) *Anarchy State and Utopia*, Oxford: Blackwell.

²⁴ John Bordley Rawls (1921 – 2002) was an American moral and political philosopher in the liberal tradition. Rawls received both the Schock Prize for Logic and Philosophy and the National Humanities Medal in 1999.

²⁵ Ronald Myles Dworkin (1931 – 2013) was an American philosopher, jurist, and scholar of United States constitutional law. At the time of his death, he was Frank Henry Sommer Professor of Law and Philosophy at New York University and Professor of Jurisprudence at University College London.

²⁶ Rawls, J. (1971) *A Theory of Justice*, Oxford: Oxford University Press.

²⁷ Dworkin, R. (1981a) 'What is Equality? Part I: Equality of Welfare', *Philosophy and Public Affairs*, Vol.10, No.3.

everyone'. This theory is illustrated in the principle of equal liberty and the difference principle. Rawls' principles can justify IPRs on the grounds that in the long run, innovative ideas make everyone better off. The term '*natural lottery*' was introduced by Rawls and refers to talents and abilities that each individual naturally inherits. The problem of socio-economic presuppositions of natural talents and capacities is targeted by Dworkin. In his theory, Dworkin argues that people ought to be equal in resources at their command and not in their welfare. Specifically, he proposes a '*starting gate*' distribution of equal resources through a hypothetical auction device. The latter is combined with insurance schemes, free market institutions and taxation. Initial distribution of resources according to people's choices ensures that each individual gets equal means to develop her natural talents and capacities. Natural disadvantages are compensated by insurance schemes. Taxation can be used to implement his theory in practice. However, this theory is sensitive to the special character of liberal freedom - it can only justify IPRs on the grounds of individual choice and ambition.

4. Social Welfare

Yet another theory is a consequentialist theory of social and political morality which holds that moral and legal rules such as IPRs are justified to the extent that they promote happiness in society²⁸. Utilitarianism, especially in its hedonistic version formulated by Bentham²⁹ and Mill³⁰ conceives happiness as a sum of pleasures. '*Pleasure is good, and pain or displeasure is bad*'³¹. Utilitarianism is a goal-based theory concerned with the social welfare of each individual in so far as this contributes to a particular conception of the good. Therefore, this theory is hostile towards right-based theories such as natural law, personality development and reward-based theories of IPRs.

According to Bentham, the idea that there are moral rights which exist independently of social recognition and enforcement and could be the starting point of morality is wild and pernicious nonsense³². In his view, rights are legal obligations which contribute to maximisation of the total social utility.

Critics of utilitarianism object to the conception of IPRs as legal arrangements for maximising social welfare on the grounds that it is instrumental. IPRs are not intrinsically good. If IPRs fail the utility test, then, they can no longer be justified in society. This implies that creators are

²⁸ Rayan, A. (1987) Property, Milton Keynes: Open University Press.

²⁹ Jeremy Bentham (1748 – 1832) was an English philosopher, jurist and social reformer regarded as the founder of modern utilitarianism. Bentham defined as the "fundamental axiom" of his philosophy the principle that "it is the greatest happiness of the greatest number that is the measure of right and wrong".

³⁰ John Stuart Mill (1806 – 1873) was a British philosopher, political economist, and civil servant. One of the most influential thinkers in the history of classical liberalism, he contributed widely to social theory, political theory, and political economy.

³¹ Raphael, D. D. (1994) Moral Philosophy, Oxford: Oxford University Press.

³² Bentham, J. (1970) 'An Introduction to the principles of Morals and Legislation' in J. H. Burns and H. L. Hart (eds) The Collected Works of Jeremy Bentham, Oxford: Clarendon Press.

entitled to their ideas only in so far as these ideas are valued as useful instruments for maximising social welfare.

However, utilitarianism is a theory that does not necessarily justify IPRs. In certain cases, utilitarianism requires common ownership of innovative ideas in order to contribute to total maximisation of social welfare. Although there is an epistemological problem with measuring welfare maximisation objectively, utilitarianism remains a widely accepted consequentialist theory of morality. Utilitarianism requires political decisions about IPRs to take account of the likely consequences for the happiness and unhappiness of all persons who will be affected³³. Therefore, according to that theory, justification of IPRs depends on their socio-economic effects. Whether those effects are efficient and optimal determines the moral necessity of IPRs in society.

Theoretically speaking, first of all, patents, copyright, trademarks and trade secrets cannot be sustained as moral rights on the grounds of Locke's labor theory of property. The application of the '*no waste*' and '*enough and as good*' provisos in the private appropriation of ideas through a person's labor is problematical. The social character of intellectual creativity philosophically weakens the position according to which the mixing-labor theory can be plausibly used in the moral justification of IPRs. On the other hand, the purpose of intellectual appropriation is to prevent free access to '*enough and as good*' ideas, at least, for a certain period of time. This is also the reason why the '*no waste*' proviso cannot be satisfied by IPRs. Patented inventions which are not fully exploited or used for a certain period of time can be considered as being wasted in the Lockean sense. Second, IPRs and especially copyrights cannot be justified as a necessity for personality development. The Hegelian theory of intellectual property leaves open the epistemological question of personality embodiment in IP products and fails to resolve the problem of social recognition of IP creators. Third, patents, copyrights, trademarks and trade secrets cannot constitute just reward for enterprise and merit.

Individual creators of innovative ideas and inventors do not morally deserve to be rewarded for their qualities and talents. Apart from the fact that these qualities and talents are to a certain extent the outcome of an arbitrary '*natural lottery*' in the Rawlsian sense, they can only be fully developed within particular economic and social conditions. Fourth, patents copyrights, trademarks and trade secrets fail the universal test of social utility. Existing research in the socio-economic costs and benefits of IPRs reveals that, in many cases, they reduce growth and minimise social welfare. Therefore, utilitarianism does not necessarily justify IPRs from the point of view of morality.

³³ Raphael, D. D. (1994) *Moral Philosophy*, Oxford: Oxford University Press.

IPRs can be rather seen as political developments which aim to reproduce the capitalist division of knowledge and labor at national, international and global levels.

In essence, '*information feudalism*' is nothing but another antinomy of capitalism through which the division of knowledge and labor are reproduced as class divisions between individuals and between nation states. This antinomy not only threatens equality but also liberty and human welfare.

Economic Theory

Intellectual property rights are intimately related to markets. They play a crucial role in constituting markets in information. Economic theory is too important a resource to ignore in a philosophical treatment of intellectual property. Economics is a discipline which is rich in approaches. There is nothing narrow about its scope. Information economics seems to play the role of the dangerous supplement to the neoclassical paradigm. Institutional economics recognises that power is a more complex notion than just market power. Public choice theory has proved to be a fruitful venture, at least in the eyes of its exponents, into political theory.

Given the overtly economic character of much intellectual property legislation, one possibility worth investigating is that economic theory of one kind or another provides a justification for the enactment of intellectual property rights. Of course, these rights are very different from each other in terms of legal detail and character. A patent monopoly gives the owner rights against the independent inventor of the same invention, while copyright offers rights against copying but does not prohibit the independent creation of the same work. Despite important differences like these, intellectual property rights share a fundamental character - they are rights in abstract objects.

Economists, like social and political theorists, are interested in power. Very often they are most concerned with market power: in a nutshell, the capacity to price above marginal cost. Within institutional economics, power seems to be more broadly conceived of as something that shapes and creates markets rather than just something that is delivered through the pricing mechanism.

There are many illustrations of this cost-benefit approach in intellectual property. The debate over the optimal length of the patent term is one. Probably, the greatest service that economics can perform in the area of intellectual property is to track empirically the consequences of various intellectual property arrangements. Without the cost benefit approach intellectual property would remain an opaque institution. Amongst other things, one would not know who the real winners and losers are when states, legislatures and judges shift the boundaries of abstract objects and draw new enclosure lines in the intellectual commons.

Intellectual property protection is an important component of national economic policies. Governments face complex choices on how to design an IP system that best serves their policy objectives, and how to respond to changes in technology and in business models that challenge the status quo.

Intellectual property rights have attracted increasing attention both in academic circles as well as in public policy debates over the past decades. This has gone hand-in-hand with their increasing use, particularly (but not only) patents, reforms in the national and international legal frameworks that have resulted in the strengthening of IPRs and the fast growth of sectors in which knowledge, innovation and appropriability play a key role (e.g. biotechnology, information and communication technologies and the cultural industries). Intense debates among researchers have taken place on a wide range of issues, including the reasons for the growing use of IPRs; the impact of the strengthening of IPRs on innovation; the role of IPRs in developing countries; whether there is a need for international harmonization of the laws regulating the matter and the consequences of IPR legislative reforms on poor communities in areas such as health or traditional knowledge.

Models and economic studies have obvious conclusions about the role of intellectual property rights on economic development³⁴. The issue is complex, the effectiveness of intellectual property rights in the development and growth depends on the circumstances of each country. Severe systems of intellectual property protection can either stimulate or restrict growth. The effects on economic growth and technological progress are positive only if they are structured in such a way as to promote competition. Consequently, the success of economic development will be to reduce this gap.

Intellectual property regime, as part of the innovation system, aims to stimulate innovation by allowing innovators to restrict the use of knowledge produced by imposing rewards in exchange for the use of that knowledge and thus offers the possibility of a return on investment. But one should bear in mind that the innovation system contains other elements, too. There are other ways to finance and produce research, e.g. Universities and Research Laboratories.

The innovation system is based on research and basic research occurs mainly in universities and government-funded laboratories. It is obvious, however, that research must be funded and the financial needs of research are huge, but *"research funding through monopoly profits is neither efficient nor equitable"*. Obviously, in the context of a market economy, an economy

³⁴ Livia Ilie (2014) 'Intellectual Property Rights: An Economic Approach' *Procedia Economics and Finance* Volume 16, 2014, Pages 548-552.

which is based on profit, companies must be compensated in order to be stimulated to innovate. Research, development and

innovation are expensive processes. Investing in R&D and innovation results will imply further protection to give companies time to recover the investment made and to be motivated to continue these investments.

Intellectual property protection system has two major economic goals:

- i. to stimulate investment in knowledge creation and innovation by establishing exclusive rights of use and exploitation of new technologies and products;
- ii. absence of such protection would allow competitors to use the results for free and would discourage companies to invest in research, development and innovation; widespread dissemination of new knowledge.

Although intellectual property rights can foster the acquisition and dissemination of new knowledge and information, this can be made at costs that are often very high. Information and knowledge, intellectual creations have characteristics of public goods that are non-competitive, and therefore it is difficult to exclude their use by others. The fact that it is consumed by someone, does not prevent someone else to consume it. Knowledge and information have this quality. In other words, there is no marginal cost associated with the consumption of knowledge and information.

From an economic perspective, it is socially efficient to provide broad access to new inventions. In a free market, where no intellectual property rights exist, new products and technologies could be easily multiplied at marginal cost, which would benefit society. According to the concept of public good, it can be said that it is more efficient to share knowledge freely to all, but to restrict their use by setting a price for the use.

Between the two objectives there should be a trade-off: an overprotected system will limit social gains by limiting the dissemination and use of results; a weak protection system will reduce innovation due to the lack of an adequate return on investment.

The efficiency in the use of knowledge and information can be addressed statically and dynamically. From a static point of view, to effectively use knowledge and information would require their free distribution. Providing temporary exclusive rights through intellectual property rights will lead to pricing above marginal cost and a return on investment made in R&D and innovation. From this point of view, IPR introduce inefficiency in use, distortions, the most problematic of which is the creation of monopoly power. Monopoly leads to both inequalities in consumption and distortions in resource allocation.

On the other hand, the free distribution of knowledge and information would create problems in stimulating innovation and here comes the dynamic efficiency. Therefore, the legal system includes on the one hand intellectual proprietary rights system, on the other hand the anti-trust system to limit abuses of monopoly power. Between competition policy and intellectual property related policies must strike a balance: Competition Policy envisages improving consumer welfare by constraining the behavior of companies that have market power; intellectual property rights confer some monopoly power to those who hold these rights.

Economic theory demonstrates that intellectual property rights can play a role either positive or negative on economic growth and development. The relationship is basically positive, but dependent on other factors that promote the benefits of intellectual property protection. Intellectual property protection systems should be based on market economy mechanisms and overcome the problems imposed by the creation and dissemination of information.

CHAPTER III

Overview of IP Regime

I. Law of Patents

A patent is a document, issued, upon application, by a government office (or a regional office acting for several countries), which describes an invention and creates a legal situation in which the patented invention can normally only be exploited (manufactured, used, sold, imported) with the authorization of the owner of the patent. “Invention” means a solution to a specific problem in the field of technology. An invention may relate to a product or a process. The protection conferred by the patent is limited in time (generally 20 years).

In a number of countries, inventions are also protectable through registration under the name of “*utility model*” or “*short-term patent*”. The requirements are somewhat less strict than for patents, in particular in respect of inventive step, and in comparison, with patents the fees are lower, and the duration of protection is shorter, but otherwise the rights under the utility model or short-term patent are similar. Patents are frequently referred to as “*monopolies*”, but a patent does not give the right to the inventor or the owner of a patented invention to make, use or sell anything. The effects of the grant of a patent are that the patented invention may not be exploited in the country by persons other than the owner of the patent unless the owner agrees to such exploitation. Thus, while the owner is not given a statutory right to practice his invention, he is given a statutory right to prevent others from commercially exploiting his invention, which is frequently referred to as a right to exclude others from making, using or selling the invention. The right to take action against any person exploiting the patented invention in the country without his agreement constitutes the patent owner’s most important right, since it permits him to derive the material benefits to which he is entitled as a reward for his intellectual effort and work, and compensation for the expenses which his research and experimentation leading to the invention have entailed.

It should be emphasized, however, that while the State may grant patent rights, it does not automatically enforce them, and it is up to the owner of a patent to bring an action, usually under civil law, for any infringement of his patent rights. The patentee must therefore be his own “*policeman*”.

Simply put, a patent is the right granted by the State to an inventor to exclude others from commercially exploiting the invention for a limited period, in return for the disclosure of the invention, so that others may gain the benefit of the invention. The disclosure of the invention is thus an important consideration in any patent granting procedure.

Conditions of Patentability

An invention must meet several criteria if it is to be eligible for patent protection. These include, most significantly, that the invention must consist of patentable subject matter, the invention must be industrially applicable (useful), it must be new (novel), it must exhibit a sufficient “*inventive step*” (be non-obvious), and the disclosure of the invention in the patent application must meet certain standards.

Patentable Subject Matter: In order to be eligible for patent protection, an invention must fall within the scope of patentable subject matter. Patentable subject matter is established by statute and is usually defined in terms of the exceptions to patentability, the general rule being that patent protection shall be available for inventions in all fields of technology (Article 27.1 of the *TRIPS Agreement*³⁵).

Subject matter which may be excluded from patentability includes the following (Article 27.3 of the *TRIPS Agreement*³⁶). Examples of fields of technology which may be excluded from the scope of patentable subject matter includes the following:

- 1) discoveries of materials or substances already existing in nature;
- 2) scientific theories or mathematical methods;
- 3) plants and animals other than microorganisms, and essentially biological processes for the
- 4) production of plants and animals, other than non-biological and microbiological processes;
- 5) schemes, rules or methods, such as those for doing business, performing purely mental
- 6) acts or playing games;
- 7) methods of treatment for humans or animals, or diagnostic methods practiced on humans
- 8) or animals (but not products for use in such methods).

The *TRIPS Agreement* (Article 27.2³⁷) further specifies that Members may exclude from patent protection certain kinds of inventions, for instance inventions the commercial exploitation of which would contravene public order or morality.

Industrial Applicability (Utility): An invention, in order to be patentable, must be of a kind which can be applied for practical purposes not be purely theoretical. If the invention is intended to be a product or part of a product, it should be possible to make that product. And if the invention is intended to be a process or part of a process, it should be possible to carry that process out or “*use*” it (the general term) in practice.

³⁵ <https://www.wto.org/english/docs_e/legal_e/27-trips_04c_e.htm>

³⁶ < https://www.wto.org/english/docs_e/legal_e/27-trips_04c_e.htm>

³⁷ < https://www.wto.org/english/docs_e/legal_e/27-trips_04c_e.htm>

“Applicability” and *“industrial applicability”* are expressions reflecting, respectively, the possibility of making and manufacturing in practice, and that of carrying out or using in practice. The term *“industrial”* should be considered in its broadest sense, including any kind of industry. In common language, an *“industrial”* activity means a technical activity on a certain scale, and the *“industrial”* applicability of an invention means the application (making use) of an invention by technical means on a certain scale. National and regional laws and practices concerning the industrial applicability requirement vary significantly. At one end of the spectrum, the requirement of industrial applicability is met as long as the claimed invention can be made in industry without taking into account the use of the invention. At the other end of the spectrum, the *“usefulness”* of the claimed invention is taken into account for the determination of the industrial applicability. On the other hand, some countries do not require industrial applicability, but utility.

Novelty: Novelty is a fundamental requirement in any examination as to substance and is an undisputed condition of patentability. It must be emphasized, however, that novelty is not something which can be proved or established; only its absence can be proved.

An invention is new if it is not anticipated by the prior art. *“Prior art”* is, in general, all the knowledge that existed prior to the relevant filing or priority date of a patent application, whether it existed by way of written or oral disclosure. The question of what should constitute *“prior art”* at a given time is one which has been the subject of debates.

One viewpoint is that the determination of prior art should be made against a background of what is known only in the protecting country. This would exclude knowledge from other countries, if it was not imported into the country before the making of the invention, even if that knowledge was available abroad before the date of the making of the invention.

Another viewpoint is based on the differentiation between printed publications and other disclosures such as oral disclosures and prior use, and where such publications or disclosures occurred.

The disclosure of an invention so that it becomes part of the prior art may take place in three ways, namely:

- 1) by a description of the invention in a published writing or publication in other form;
- 2) by a description of the invention in spoken words uttered in public, such a disclosure being called an *“oral disclosure”*;
- 3) by the use of the invention in public, or by putting the public in a position that enables any member of the public to use it, such a disclosure being a *“disclosure by use”*.

Publication in tangible form requires that there be some physical carrier for the information, a document in the broad sense of the term, and that document must have been published, that is to say, made available to the public in any manner such as by offering for sale or deposit in a public collection. Publications include issued patents or published patent applications, writings (whether they be manuscript, typescript, or printed matter), pictures including photographs, drawings or films, and recording, whether they be discs or tapes in either spoken or coded language. Today, publication on the Internet must increasingly be taken into consideration.

Oral disclosure, as the expression suggests, implies that the words or form of the disclosure are not necessarily recorded as such and includes lectures and radio broadcasts.

Disclosure by use is essentially a public, visual disclosure such as by display, sale, demonstration, unrecorded television broadcasts and actual public use.

A document will only destroy the novelty of any invention claimed if the subject matter is explicitly contained in the document. The subject matter set forth in a claim of an application under examination is thus compared element by element with the contents of each individual publication.

Lack of novelty can only be found if the publication by itself contains all the characteristics of that claim, that is, if it anticipates the subject matter of the claim. Lack of novelty may however, be implicit in the publication in the sense that, in carrying out the “*teaching*” of the publication, a person having ordinary skill in the art would inevitably arrive at a result falling within the terms of the claim. Generally speaking, lack of novelty of this kind will only be raised by the Patent Office where there is no reasonable doubt as to the practical effect of the prior “*teaching*”.

It should be noted that in considering novelty, it is not permissible to combine separate items of prior art together.

Inventive Step (Non-Obviousness): In relation to the requirement of inventive step (also referred to as “*non-obviousness*”), the question as to whether or not the invention “*would have been obvious to a person having ordinary skill in the art*” is perhaps the most difficult of the standards to determine in the examination as to substance.

The inclusion of a requirement like this in patent legislation is based on the premise that protection should not be given to what is already known as part of the prior art, or to anything that the person with ordinary skill could deduce as an obvious consequence thereof.

The expression “*ordinary skill*” is intended to exclude the “*best*” expert that can be found. It is intended that the person be limited to one having the average level of skill reached in the field in the country concerned.

It should be noted that novelty and inventive step are different criteria. Novelty exists if there is any difference between the invention and the prior art. The question, “*is there inventive step?*” only arises if there is novelty. The expression “*inventive step*” conveys the idea that it is not enough that the claimed invention is new, that is, different from what exists in the state of the art, but that this difference must have two characteristics:

- 1) it must be “*inventive*”, that is, the result of a creative idea, and it must be a step, that is, it must be noticeable.

There must be a clearly identifiable difference between the state of the art and the claimed invention. This is why, in some jurisdictions, there is the concept of an “*advance*” or “*progress*” over the prior art.

- 2) it is required that this advance or progress be significant and essential to the invention.

In order to assess the nature of the differences which are relied upon as constituting an inventive step, account has to be taken of the prior art as a whole. Thus, as distinct from the assessment of novelty, the subject matter of the claim under examination is compared not with each publication or other disclosure separately, but with the combinations thereof, insofar as each such combination is obvious to the person having ordinary skill in the art. The combination may be global, whereas the claim may define a set of subject matter known separately. For the inventive step to be denied, it is necessary that not only the combination, but also the choice of the combined elements, is obvious. It is the sum of the differences that have been discovered which must be compared with the prior art and judged as to obviousness, and not each of the new elements taken individually, except where there is no technical link between them.

In most cases, it is useful to assess inventive step in relation to three aspects, namely:

- 1) the problem to be solved;
- 2) the solution to that problem; and
- 3) the advantageous effects, if any, of the invention with reference to the background art.

If the problem is known or obvious, the examination will bear on the originality of the solution claimed. If no inventive step is found in the solution, the question becomes whether or not the result is obvious or whether it is surprising either by its nature or by its extent. If a person having ordinary skill in the art would have been able to pose the problem, solve it in the manner claimed, and foresee the result, the inventive step is lacking.

Disclosure of the Invention: An additional requirement of patentability is whether or not the invention is sufficiently disclosed in the application. The application must disclose the invention in a manner sufficiently clear for the invention to be carried out by a person skilled in the art.

The description should set out at least one mode for carrying out the invention claimed. This should be done in terms of examples, where appropriate, and with reference to the drawings, if any. In some countries, the description is required to disclose the best mode for carrying out the invention known to the applicant.

Oppositions: Whether or not there is an examination as to substance, some jurisdictions provide for an opposition procedure which may be instituted either before or after the grant of a patent. An opposition procedure is designed to allow third parties to present objections to the grant of a patent.

So that oppositions may be filed, the public must be informed of the content of the application, and this is done by the Patent Office by publication of a notice in an official journal or gazette to the effect that:

- 1) the application is open to public inspection; and/or
- 2) the Patent Office will, unless opposition is filed within a prescribed period, grant a patent; or
- 3) a patent has been granted on the application.

The grounds upon which an opposition may be filed are prescribed by the relevant legislation. Generally speaking, it should be possible for an opposition to be based on non-compliance with any substantive requirement. However, the law in some countries restricts an opposition to certain substantive requirements only. Typically, these grounds are lack of novelty, inventive step or industrial applicability, insufficient disclosure of the invention, or the fact that an amendment made to a patent application has gone beyond the original disclosure in the application as filed. Some jurisdictions make it possible to file an opposition on the ground that the applicant has no right to a patent.

Patent Infringement

Exclusive Right of a Patent Owner: Generally speaking, a patentee acquires the right, enforceable at law, to decide who shall and who shall not exploit his patented invention. He retains this right for the term of the patent, provided he pays any necessary renewal or maintenance fees.

The patent owner's legal rights over his invention are usually limited in a number of quite different ways:

- 1) the claims which define the monopoly may be subject to amendment or invalidation by the courts in respect of defects which were not detected prior to the grant of the patent.
- 2) where the invention is an improvement or development of an earlier subsisting patent, the patent owner may need to obtain a license and pay royalties to the earlier patent owner.
- 3) the patent owner's rights are usually limited by the patent law, quite apart from the question of validity of his patent.

In most patent systems, for example, the patent owner is required to work his invention, either on his own behalf, or by licensing others to use it, if he wishes to retain his monopoly. A non-voluntary license may, for instance, be granted to third parties if it can be demonstrated that the patented invention is not worked or is insufficiently worked in the country.

- 4) a legal limitation on a patent owner's right to exploit his invention is that patented inventions may often be used by Government or by third parties authorized by Government, where the public interest so requires, on terms fixed by agreement or by the courts.

With the exception of the limitations just referred to, the grant of a patent allows its owner to exclude others from exploiting the patented invention. The right of the owner is called exclusive because it allows the exclusion of others from exploiting the invention and because the owner is the only one allowed to exploit the invention as long as others are not given an authorization, for example, by way of license to do so. This exclusive right of the patent owner has two main applications in practice, namely protection against infringement and the possibility of assigning or licensing the right, in part or in whole.

An infringement of the exclusive right of a patent owner involves the unauthorized exploitation of the patented invention by a third party. The making of the invention in particular, and its development for industrial application, usually involve considerable expense for the applicant and for the future owner of the patent for invention. The patent owner thus wishes to recover this expense through exploitation of the patented invention, in particular through the sale of products that incorporate the invention.

Enforcement of Rights: Initiative for enforcing a patent rests exclusively with the patent owner. It is he who is responsible for detecting infringements and for bringing them to the infringer's attention. In many jurisdictions there is a strict rule that the patent owner may not

threaten legal action without the possibility of incurring severe countermeasures, including damages, if the threats prove to be on insufficient grounds. The main purpose of such provisions in the law is to prevent patent owners from threatening the customers of alleged infringers without pursuing the primary infringer. In practice, a polite letter pointing out the existence of the patent carries the implication that the patentee will sue if the infringement continues. Such a letter has proven to be quite effective in suppressing an infringement. If the infringer is persistent, the patent owner may consider whether he wishes to offer a license. Many incipient disputes are settled through license negotiations at an early stage, the terms of the license reflecting the bargaining strength of the parties. But if the patent owner is reluctant to license on terms

acceptable to the licensee, he may have recourse to legal action by suing for infringement and seeking an injunction to restrain the infringement. The invariable legal response of an infringer who wishes to pursue the contest is to petition for invalidation of the patent.

The great majority of patent infringement disputes never reach the stage of court action but are settled through negotiation. Of those that do reach the stage at which official legal action is taken, very few go beyond the pre-trial stage, the usual outcome being settlement before any court hearing, possibly with the help of an unofficial arbitrator. Settlements of this nature can take several years, especially in complicated cases, but they do not typically involve large legal costs. Such settlements almost invariably involve a license and possibly damages as well.

Types of Infringement: There are several ways in which infringement of patent rights might arise. Firstly, there is the situation where a patent is deliberately infringed by a third party without any attempt to avoid the infringement. This will either be straight copying of the invention or else involve minor variations or modifications thereof. This form of infringement may occur because the third party is unscrupulous, or because he has been advised by his patent agent that the patent in question, or one or more claims thereof, is invalid.

With this form of infringement there is generally no argument as to whether or not there is infringement. If all the features of the patented invention have been copied, then there must be infringement, and the only matter to be resolved is whether the claims of the patent are valid.

The second situation which arises is where the infringement is deliberate, but some attempt has been made to avoid the appearance of infringement. It frequently happens that once an invention is disclosed either by sale of the product incorporating the invention, or in a published patent document, or in some other publication, third parties are given ideas. The publication generally outlines the problem and shows a way of solving it. Third parties then may endeavor to design an alternative to do the same thing. While third parties may be

genuinely trying to design around the patent whilst still making use of the basic idea of the inventor, the result does not always clearly fall outside the scope of the claims of the patent. This is probably the most common form of infringement faced by patent owners and it gives rise to the most litigation.

The last situation that arises is the case of accidental infringement. As soon as a patent owner comes across something which embodies his idea he naturally feels that his invention is being copied. This is not necessarily so, since there may be many people working to solve a particular problem at the same time. For example, research departments of different large organizations may all be working on a similar problem. Similarly, there may be several companies who have been asked to tender for a contract to solve a particular problem or to achieve a certain result, and in so doing may come up with similar ideas to that which may have been involved in the patented invention. Thus, although the patent owner may feel that his invention has been copied, the third party has, in fact, arrived at a similar if not identical solution via a different route.

Elements in Establishment of Infringement: To establish infringement the patent owner must prove all the following elements:

- 1) the carrying out of a prohibited act;
- 2) the prohibited act must have been done after the publication of the patent application, or
- 3) the issuance of the patent where no early publication occurs;
- 4) the prohibited act must have been done in the country where the patent has been granted;
- 5) the prohibited act must be in relation to a product or process falling within the scope of a claim of the patent.

Prohibited Acts: A prohibited act, the most important element in establishing an infringement, is one which involves the making, using, selling or importing the patented product, or the use of the patented process, or the making, using, selling or importing the product directly obtained through the patented process.

To make the product means that the product described and claimed in the patent is carried out in practice. Such making is also referred to as manufacturing especially when the product is produced on a commercial scale. The method of manufacture and the quantity in which the product is manufactured is irrelevant so far as infringement of a patented product is concerned.

There are however, three main exceptions in most laws to infringement of exclusive rights to make a patented product, namely:

- 1) where the patented product is made for the sole purpose of scientific research and experiment;

- 2) where a third party had started making the product before the date when the patent application for an invention incorporated in the product was filed; and
- 3) where the patented product is made under a non-voluntary license or under an authorization granted by the Government on public interest grounds.

In respect of patented processes, only the making of products directly obtained through the patented process is a prohibited act. “*Directly*” in this context means “*immediately*” or “*without further transformation or modification*”.

One of the difficulties in establishing infringement in respect of products directly obtained through a patented process, is that of proving that the patented process was used to produce the product. Some laws partially solve this by providing for the reversal of the burden of proof in respect of patents for processes by introducing the following presumption: if the product resulting directly from the use of the patented process was new on the filing date or priority date of the patent application, an identical product manufactured by a third party is presumed to have been obtained by the same process. Some other laws go further and eliminate the difficulty by not limiting the resulting product to one which has to be new.

The use of a patented product does not require that the use be repetitive or continuous. The rule is that use is a prohibited act irrespective of who the user of the patented product is, and for what purpose the patented product is used. The use of the patented product is a prohibited act irrespective of whether the product actually being used was made by the patent owner, with the authorization of that owner, or without the authorization of such owner.

There are, in most laws, five exceptions to infringement of exclusive rights to use a patented product, namely:

- 1) where the use of the patented product is solely for purposes of scientific research and experiment;
- 2) where the patented product that is used is a product which was put on the market in the country by the owner of the patent for invention, or with his authorization;
- 3) where the use of the patented product occurs in vehicles in transit in the country;
- 4) where the patented product is used by third parties who have the special right to continue to make the product; and
- 5) where the patented product is used under a non-voluntary license or under an authorization granted by the Government on public interest grounds.

The sale of a patented product is a prohibited act irrespective of whether the product actually sold was made by the patent owner, or with or without his authorization. Any product that corresponds to the description of the invention and is claimed in the patent, even if made

without the authorization of the owner, is a patented product.

Importing a product simply means that an article which constitutes or incorporates the patented product is brought into the country where protection has been conferred. Thus, importation is a physical act of transportation of the product across the border into the territory of the country. It is irrelevant which other country the product is imported from. Furthermore, it does not matter whether the importation takes place for purposes of use or sale, or for the purposes of distribution free of charge. It is also irrelevant whether the imported product enjoys patent protection in the country in which it was made or in the country from which it was imported.

The principles relating to the use, sale and importation of patented products, as far as the definitions of these acts are concerned, applies, *mutatis mutandis*, also to the use, sale and importation of products directly obtained through a patented process.

After Publication of the Application or Issuance of the Patent: The second element in establishing an infringement, namely that the prohibited act must have been done after the publication of the invention in either a patent application or in the granted patent, needs little comment. It would be contrary to natural justice if third parties could be charged with committing an offense when details of the invention were not available to the public to see what it is that could not be done.

In the Country where the Patent has been Granted: The third element in establishing an infringement also requires little comment. Generally speaking, patents do not extend beyond the boundaries of the country which granted the patent. The patent law of a country has no effect in any other country. However, in a small number of countries, particularly U.K. Dependent Territories, it is possible to extend the coverage of a United Kingdom patent to those countries by the owner of the U.K. patent applying, generally within a period of three years from the date of grant thereof, to register such patent in the country concerned.

Within the Scope of a Claim of the Patent: The fourth element in establishing an infringement is one which is normally the decisive point in any patent litigation. The scope of protection of the patent is determined in all countries by the claims. The meaning of the claims is ultimately interpreted by the courts. The manner in which the courts will interpret a claim in turn depends upon the domestic law and to a certain extent the rules or regulations. Therefore, what a claim means will depend upon the jurisdiction in which it is being interpreted.

The courts, particularly in common law systems, attempt to determine what structure the language of the claims defines, and whether or not the alleged infringing structure corresponds

to the structure defined in the language of the claims. In attempting to answer the question as to whether a particular structure infringes a particular claim of a patent for invention, the claim should be broken down into its individual elements, and these compared with the elements of the alleged infringement to see whether they fit. If the claim can, in fact, be made to correspond to the alleged infringement without stretching the words of the claim too far, then there may indeed be infringement. If, on the other hand, the claim contains a limitation to something which is not found at all in the alleged infringement, there may be no infringement.

When comparing the individual elements of a claim against the corresponding elements of the alleged infringement, the following questions have to be answered:

- 1) Are all the elements of the claim present in the alleged infringement?
- 2) Do all the elements have the same form?
- 3) Do all the elements perform the same function?
- 4) Do the elements have the same relationship to the other elements?

If the answer to each of these questions is “yes”, then infringement is established, depending of course, on whether the claim in question is valid. An infringing product or process must include each and every element of the invention defined in a claim.

Of course, the establishment of infringement is not always clear-cut. For example, changes in form will not avoid infringement if there is no change in the result produced. Further changing the order of steps in a process will not avoid infringement if the result is the same. Moreover the presence of additional elements in an alleged infringement does not avoid infringement if all the elements of the patent claim are also present.

One of the most difficult areas of patent claim interpretation is the determination as to whether or not there has been a substitution of equivalent elements in the alleged infringement. This is the so-called “*doctrine of equivalents*” which is well known in patent litigation practice in many countries. Briefly stated, the doctrine indicates that an infringer should not be allowed to continue his actions where he basically makes use of the patented invention while merely substituting a variant for an element of the invention which is equivalent technically and functionally to the element as contained in the patent claim, irrespective of whether the variant used by the infringer turns out to be an improvement or otherwise. Equivalence is restricted to those cases where the variant or variants used by the infringer function in substantially the same manner and produce substantially the same result as the element or elements contained in the claim or claims.

Remedies Available to the Patent Owner: The remedies which may be available to the patent owner where infringement has been established are usually provided for in the national

patent law and are generally in two forms, civil sanctions and criminal sanctions.

Broadly speaking, civil sanctions are available in all cases of infringement while criminal sanctions are available only under particular circumstances, where the infringement was committed intentionally.

Civil sanctions normally available include the award of damages, the grant of an injunction, or any other remedy provided in the general law such as the seizure and destruction of the infringing products or the tools used for the manufacture of those products.

If the patent owner establishes in court that infringement has occurred, or is occurring, he is entitled to damages, which the court will assess. Damages will only be awarded against the infringer for infringements committed since the date of publication of the invention by the Patent Office in the patent application or the granted patent. The amount of damages may be calculated in at least two different ways.

- 1) to set damages at the amount of the financial loss suffered as a result of the infringement by the patent owner; or
- 2) use a method of calculation where damages would be based on an account of profits.

This does not mean that the patent owner will necessarily receive all the profits the infringer has made on the infringing articles but, nevertheless, an account of profits can be very near to the actual profits made. Damages may also be assessed by taking into account the royalty being paid by any licensees. In this case a court may decide that damages should be no less than the royalty payments per article and, as they are damages and not royalties, it is likely that damages will be fixed at a higher figure.

Under some national laws, an infringer will not be liable to damages if he proves that at the date of infringement, he was not aware, and had no reasonable ground for supposing, that the patent existed.

An injunction is a prohibition of the infringing act. In such a case the court will issue an order directing the infringer to stop making further copies or infringements of the patented invention. Where the infringing act has not yet been committed but where preparations have been made by a third party with a view to committing an infringing act (*"imminent infringement"*) the injunction means that infringement may not be started.

Criminal sanctions depend on the structure of the criminal law and the procedures applicable in the country. The usual forms of criminal sanction are punishment by imprisonment or by a fine, or both.

Exploitation of the Patented Invention

Selling an Invention: It is not enough to assess the product itself; the inventor should also discover whether there is an adequate market for the product covered by his invention.

For some of the more sophisticated technology, research establishments, multinational corporations and the like are showing increasing interest in taking up partially developed technology with the object of completing development and thus gaining from the research effort and securing a significant lead over competitors.

Basically, there are two methods the inventor can use to get his idea into production:

- 1) He can sell or license his product idea to a company equipped to manufacture it.
- 2) Alternatively, he can become a manufacturer himself, either establishing a factory or contracting out production to a job or machine shop if appropriate.

Compulsory Licenses: Licenses that are granted by the owner of the patent are considered “*voluntary*”, as distinguished from “*compulsory*” or “*non-voluntary*” licenses. The beneficiary of a voluntary license has the right to perform acts covered by the exclusive right under an authorization from the owner of the patent for invention. The authorization in a contract is generally called a license contract concluded between the owner of the patent for invention and the beneficiary of the license. In contrast, the beneficiary of a non-voluntary license has the right to perform acts covered by the exclusive right under an authorization given by a government authority against the will of the owner of the patent for invention.

In countries where the grant of non-voluntary licenses is provided for, such licenses generally fall into two categories:

1. **In the Event of Abuse of the Patent:** Some countries provide for the grant of compulsory licenses to prevent the abuses which might result from the exercise of the exclusive rights conferred by the patent. Under Article 5A(2) of the Paris Convention, failure to work is given as an example of such an abuse, and
2. **In the Public Interest:** Some countries provide for the grant of a non-voluntary license in the case where a non-voluntary license is deemed necessary for reasons of public welfare, including health, defense, and development of the economy.

Non-Working of a Patent: While the definition of “*working*” is generally a matter of national law, it usually means at least, in the case of a patent directed to a product, the making of the product and, in the case of a patent having been granted in respect of a process, the use of the process. While the laws of some countries specifically provide that the importation of a product that includes the invention does not constitute working, the current trend is away from

this requirement. As a rule, the working requirement may be fulfilled through the working of the patented invention either by the owner of the patent for invention or by another entity or person under a license contract.

At the outset it should be recalled that a patent must disclose the invention in a manner such that one skilled in the art can carry it out. Thus patents, even apart from their being worked, are considered beneficial to industry, as their publication may inspire other inventions. Moreover, the inventions described in patents fall into the public domain after the expiration of their term. That is, after their

expiration, the technology disclosed in a patent can be freely used by anyone without obtaining the patent owner's permission.

Despite these benefits, it is believed in some countries that, in order to be fully justified the patented invention should be worked in the country where the patent is granted, and not serve only as an exclusive right to prevent others from doing so or to control importation. The principal goal of requiring local working of a patented invention is the transfer of technology, the actual working of patented inventions in a given country being seen as the most efficient way of accomplishing such a transfer to that country.

The arguments against compulsory working of an invention in a particular country are twofold:

- 1) such compulsory working of inventions may work against the goal of transferring technology and
- 2) it may not be economically feasible to do so.

The first argument against non-voluntary licenses is that they are less effective than voluntary licensing in encouraging the transfer of technology, and may, indeed, even be counterproductive to that goal. Stated another way, voluntary licensing clearly offers one means whereby the transfer of technology can be facilitated, whereas non-voluntary licensing should not be viewed as playing such a role but should be limited to correcting abuses which may arise in the exercise of patent rights.

The transfer of technology is best done in an atmosphere of cooperation between the transferor and the transferee. In the present context, that means between the patent owner and the potential licensee. That cooperation generally leads to the disclosure of non-patented "*knowhow*" which is necessary to make a commercially viable product, but which was not necessary to satisfy the disclosure requirement to obtain the patent. In the case of a non-voluntary license the atmosphere of cooperation, and hence the disclosure of non-patented know-how, is absent. Thus the grant of a non-voluntary license under a patent results in a bare

right to work the patented invention, which is likely to be an insufficient vehicle for the full transfer of technology.

Moreover, it may not be economically feasible to require a patent owner to manufacture products in accordance with his patent in every country in which patent protection has been obtained. Such a requirement does not allow cognizance to be taken of regional or international integration of markets or of comparative advantages of countries or regions. That is, a patent owner may find that products incorporating a patented invention, or made by a patented process, may be made cheaper if production is consolidated in one facility in one country, with the demand in other countries being satisfied by importation. Indeed, the patent owner may find that individual components of his product, which are themselves protected by patents, may be best manufactured in several countries or regions, with final assembly being conducted in one facility or on a regional or national basis.

In response to these criticisms of non-voluntary license provisions, two points are often made. First, since in countries with such provisions they are seldom applied for and even less likely to be granted, they are of little practical importance. Secondly, such provisions do serve as a legal possibility which may encourage a patent owner to more readily enter into a voluntary license agreement, even if those provisions are seldom applied. Nonetheless, the environment of cooperation usually found in the case of voluntary licensing is more effective than the environment of coercion in promoting the full and continuing transfer of technology.

Article 5A(2) of the *Paris Convention*³⁸ specifically provides that countries of the Paris Union may provide for the grant of non-voluntary licenses to prevent abuses resulting from the exercise of patent rights, including failure to work. Article 5A(4)³⁹ provides that compulsory licenses for failure to work or insufficient working of the invention may not be requested before a certain period of time of non-working or insufficient working has elapsed. This time limit expires either four years from the date of filing of the patent application or three years from the date of the grant of the patent for invention. The applicable time is the one which, in the individual case, expires last.

The time limit of three or four years is a minimum time limit which recognizes that it may take some time for the owner of a patent to begin working the patented invention in each country where he has obtained patent protection. The patent owner must be given a longer time limit, if he can give legitimate reasons for his inaction, for example, that legal, economic or technical obstacles prevent working, or working more intensively, the invention in the

³⁸ <https://www.wipo.int/treaties/en/text.jsp?file_id=288514#P123_15283>

³⁹ <https://www.wipo.int/treaties/en/text.jsp?file_id=288514#P123_15283>

country. If that is proven, the request for a compulsory license must be rejected, at least for the time being. The time limit of three or four years is a minimum time limit also in that sense that national law can provide for a longer time limit.

Article 5A(4)⁴⁰ further provides that the compulsory license for non-working or insufficient working must be a non-exclusive license and can only be transferred together with the part of the enterprise benefiting from the compulsory license. The patent owner must retain the right to grant other non-exclusive licenses and to work the invention himself. Moreover, because the compulsory license has been granted to a particular enterprise on the basis of its known capacities, it is bound to that enterprise and cannot be transferred separately from that enterprise. These limitations are intended to prevent a compulsory licensee from obtaining a stronger position on the market than is warranted by the purpose of the compulsory license, namely, to ensure sufficient working of the invention in the country.

Procedural Safeguards and Compensation: The grant of a non-voluntary license results in the use of a very valuable property right of the patent owner. Since the grant of such a license is without the consent of the patent owner, reasonable procedural safeguards, including an effective appeal procedure, should be established to ensure that non-voluntary licenses are properly granted and executed. Safeguards are also provided under Article 31 of the *TRIPS Agreement*⁴¹.

In particular, the granting authority, such as a patent office, should ensure that the conditions for the grant of a non-voluntary license are met, allowing the patent owner to state his position in this regard. Moreover, the granting authority should ensure that adequate payment by the beneficiary of the non-voluntary license is made to the patent owner, and should provide means whereby the non-voluntary license may be cancelled if the grounds for the grant of the non-voluntary license no longer exist or if the obligations under the non-voluntary license are not met by the beneficiary thereof.

The grant of a non-voluntary license does not mean that the beneficiary (the licensee) need not pay royalties. On the contrary, national laws dealing with this question generally require that the licensee make payments to the patent owner on the basis of the working of the invention.

Forfeiture or Revocation of the Patents in the Event of Abuses: While it is anticipated that the grant of a compulsory license would, in most instances, be sufficient to correct abuses, Article 5A(3)⁴² envisages the forfeiture or revocation of the patent in cases where the grant of

⁴⁰ < https://www.wipo.int/treaties/en/text.jsp?file_id=288514#P123_15283>

⁴¹ < https://www.wto.org/english/docs_e/legal_e/27-trips_04c_e.htm>

⁴² <https://www.wipo.int/treaties/en/text.jsp?file_id=288514#P123_15283>

such compulsory licenses is not sufficient. That paragraph further provides that “*No proceedings for the forfeiture or revocation of a patent may be instituted before the expiration of two years from the grant of the first compulsory license.*”

The Grant of Non-Voluntary Licenses in the Public Interest: Some countries provide for a compulsory license when there has been no “*abuse*” of the patent right but where the grant of a non- voluntary license is deemed necessary to protect the public interest. In general, non-voluntary licenses granted in the public interest can be divided into those that are granted in favor of private parties and those that are granted in favor of the government itself, or in favor of a person acting on behalf of the government.

Non-Voluntary Licenses Granted in the Public Interest in Favor of Private Parties: One example of a non-voluntary license granted in the public interest, but in favor of private parties, is in the case of the so-called “*dependent patents*”. Such non-voluntary licenses are granted to remedy the situation that arises when it is not possible, without performing acts covered by one patent (the “*dominant patent*”), to work an invention claimed in another patent (the “*dependent patent*”). In such a situation, and if the owner of the dependent patent has not been able to conclude a license contract with the owner of the dominant patent on reasonable terms, the owner of the dependent patent may obtain a non-voluntary license under the dominant patent. Without that possibility, the owner of the dominant patent could prevent the working of the invention claimed in the dependent patent by refusing to grant a license. This inability to work a dependent patent is seen, in some countries, as being contrary to the public interest in having the unencumbered working of all patented inventions.

Some national laws grant such non-voluntary licenses any time a situation of dependency arises. Other national laws require that the dependent patent must serve a different purpose from that of the dominant patent or constitute a real technical advance in relation to the invention claimed in the dominant patent. That latter condition serves the purpose of avoiding abuses which could result from applicants filing patent applications on trifling inventions for the sole purpose of being able, thanks to a compulsory license, to work an important invention.

In order to introduce a certain balance between the positions of the owners of the two patents for invention, it is often provided in national laws that the owner of the dominant patent may obtain a compulsory license under the dependent patent, if the owner of the dependent patent has obtained a compulsory license under the dominant patent.

In addition to non-working, some countries provide that the use of a patent in violation of competition (*anti-trust*) laws is contrary to the public interest, warranting the compulsory licensing of that patent, its unenforceability or its invalidity, as a consequence of the anti-trust violation.

Non-Voluntary Licenses Granted in the Public Interest in Favor of the Government: A number of countries allow the government to exploit inventions without the consent of the owner of the patent, or to have third parties exploit the invention on its behalf, in the public interest. There are typically three fields in which this may occur: national defense, national economy and public health.

In most cases of public interest, it should be sufficient for the State to authorize, against the will of the owner of the patent for invention, any entity or person designated by the Government, to perform any of the acts which are covered by the patent for invention. In each specific case, the Government will decide which of those acts may be performed.

This kind of measure in the public interest suits situations that arise in cases of national emergency particularly well. To take the example of medical equipment, it might be necessary to import that equipment very quickly in case of a sudden epidemic. If the owner of the patent is not willing to import or to conclude a license contract for importation on reasonable terms, the Government might decide to ask another entity to import the apparatus or might decide to import it itself. Once the epidemic has been brought under control, however, there is no reason to maintain the measure, and the owner of the patent for invention will recover the full control of the rights attached to the patent.

Procedural Safeguards and Compensation: Because the grant of non-voluntary licenses confers the right to use a valuable property right of the patent owner, without his consent, procedural safeguards should be established to ensure that the grant of such licenses is only when, and for as long as, the conditions warrant it. Moreover, provisions should be made for the compensation of the patent owner for the use of his property rights. Safeguards are also provided under Article 31⁴³ of the *TRIPS Agreement*.

Compulsory Licenses under the TRIPS Agreement: Article 31⁴⁴ of the *TRIPS Agreement* allows Members to authorize third persons to exploit a patented invention, even against the will of the patent owner, provided certain conditions are respected. The Agreement does not prescribe nor limit the grounds on which such authorizations may be granted.

Where the law of a Member allows for such compulsory licenses, including compulsory licenses by or on behalf of the government, or provides for other uses of the patented invention without the authorization of the patent owner, the following conditions must be

⁴³ <https://www.wto.org/english/docs_e/legal_e/27-trips_04c_e.htm>

⁴⁴ <https://www.wto.org/english/docs_e/legal_e/27-trips_04c_e.htm>

complied with:

- a) Authorization of a compulsory license must be considered on its individual merits. This means that applications for compulsory licenses must be considered on a case-by-case basis.
- b) A compulsory license can only be granted if the proposed compulsory licensee has made efforts to obtain authorization from the right holder on reasonable commercial terms and conditions and if such efforts have not been successful within a reasonable period of time. This requirement may be waived by a Member in the cases of a national emergency or other circumstances of extreme urgency, or in cases of public non-commercial use.
- c) The scope and duration of a compulsory license must be limited to the purpose for which it was authorized. However, in the case of semi-conductor technology a compulsory license may only be granted for public non-commercial use, or to remedy a practice determined to be anti-competitive.
- d) A compulsory license must be non-exclusive.
- e) A compulsory license may not be assigned without that part of the enterprise or goodwill which produces the product under that license.
- f) A compulsory license must be authorized predominantly for the supply of the domestic market of the Member that grants the license.
- g) A compulsory license must be liable to be terminated, subject to adequate protection of the legitimate interests of the compulsory licensee, if the circumstances that justified its grant have ceased to exist and are unlikely to recur.
- h) The patent owner must be paid adequate remuneration in the circumstances of each case, taking into account the economic value of the allowed use.
- i) The legal validity of any decision relating to the grant of a compulsory license must be subject to judicial review or other independent review by a distinct higher authority in the Member that granted the license.
- j) Any decision relating to the remuneration in respect of a compulsory license must be subject to judicial review or other independent review by a distinct higher authority in the Member that granted the license.
- k) A Member is not obliged to apply the conditions set forth in items (b) and (f) above where the compulsory license is granted to remedy a practice determined to be anti-competitive. The need to correct anti-competitive practices may be taken into account in determining the amount of remuneration in such cases. The competent authority of the Member must have the power to refuse termination of a compulsory license if the conditions that justified its grant are likely to recur.
- l) In cases of dependency between two patents belonging to different owners, so that the later patent cannot be exploited without infringing the earlier patent, the following

additional conditions must be applied:

- i. the invention claimed in the second patent must involve an important technical advance of considerable economic significance in relation to the invention claimed in the first patent; the owner of the first patent is entitled to a cross-license on reasonable terms to use the invention claimed in the second patent; and
- ii. the use authorized in respect of the first patent may not be assigned except with the assignment of the second patent.

II. Law of Copyright & Related Rights

Copyright law is a branch of that part of the law which deals with the rights of intellectual creators. Copyright law deals with particular forms of creativity, concerned primarily with mass communication. It is concerned also with virtually all forms and methods of public communication, not only printed publications but also such matters as sound and television broadcasting, films for public exhibition in cinemas, etc. and even computerized systems for the storage and retrieval of information.

Copyright deals with the rights of intellectual creators in their creation. Most works, for example books, paintings or drawings, exist only once they are embodied in a physical object. But some of them exist without embodiment in a physical object. For example, music or poems are works even if they are not, or even before they are, written down by a musical notation or words.

Copyright law, however, protects only the form of expression of ideas, not the ideas themselves. The creativity protected by copyright law is creativity in the choice and arrangement of words, musical notes, colors, shapes and so on. Copyright law protects the owner of rights in artistic works against those who “*copy*”, that is to say those who take and use the form in which the original work was expressed by the author.

Copyright Protection

Copyright protection is above all one of the means of promoting, enriching and disseminating the national cultural heritage. A country’s development depends to a very great extent on the creativity of its people, and encouragement of individual creativity and its dissemination is a *sine qua non* for progress.

Copyright constitutes an essential element in the development process. Experience has shown that the enrichment of the national cultural heritage depends directly on the level of protection afforded to literary and artistic works. The greater the number of a country’s intellectual

creations, the higher its renown; the greater the number of productions in literature and the arts, the more numerous their so-called “*auxiliaries*” (the performers, producers of phonograms and broadcasting organizations) in the book, record and entertainment industries; and indeed, in the final analysis, encouragement of intellectual creation is one of the basic prerequisites of all social, economic and cultural development. Legislation could provide for the protection not only of the creators of intellectual works but also of the auxiliaries that help in the dissemination of such works, in respect of their own rights. The protection of these auxiliaries of intellectual creators is also of importance to developing countries since the cultural achievement of some of these countries includes, in no small measure, performance, sound recording and broadcasting of different creations of their folklore as well.

While developing countries are often in need of foreign books, especially in the field of science, technology, education and research, they could offer to the world an abundance of their national cultural heritage, which can be protected, within the framework of copyright legislation, through protection of the rights of these auxiliaries or of related (or *neighboring*) rights as they are called.

Adoption of the law is the first step. The practical value of the law depends on its effective and efficient application. This can be achieved through setting up of appropriate authors’ organizations for collection and distribution of authors’ fees. Copyright, if effectively implemented, serves as an incentive to authors and their assignees (the publishers) to create and disseminate knowledge. It is something that society must necessarily accept if it wishes to encourage intellectual creativity, to ensure the progress of the sciences, the arts and of knowledge in general, to promote the industry using authors’ works and to render it possible to distribute such works in an organized manner among the widest possible circle of interested persons.

Copyright protection, from the viewpoint of the creator of works, makes sense only if the creator actually derives benefits from such works, and this cannot happen in the absence of publication and dissemination of his works and the facilitation of such publication and dissemination. This is the essential role of copyright in developing countries.

There are several factors influencing intellectual creativity in developing countries, apart from the pecuniary condition of most of the authors and intellectual creators themselves, who need to be offered incentives and subsidies. There is the shortage of paper for the production of textbooks for the process of continuing education (both formal and non-formal), and for production of prescribed and recommended books as also general books, which are to be placed within the reach of the common man in these countries.

The role of governments in this activity could include financial assistance in the creation and production of textbooks and other educational literature, inputs for training and also help for expansion of the library system, the creation of mobile libraries to serve far-flung and remote rural areas, etc. In this whole chain, the various links, namely authorship, publishing, distribution and fostering of the library movement on a broad base, cannot be underrated, and need to be carefully nurtured and coordinated.

In the late nineteenth and in the twentieth century considerable socio-economic and political changes on the one hand, and rapid strides in technological development on the other, have brought about substantial changes of outlook in relation to copyright. The freedom and expansion of the press, the gradual disappearance of the feudal order, the growth of adult training and mass education schemes, the raising of standards in higher education, the increase in the number of universities, institutions of higher learning and libraries, the emphasis on the use of national languages, the development of science and technology, the changed map of the world with the birth of a number of newly independent developing nations - all these factors have caused conceptual changes.

The challenge in this new situation is to maintain a balance between provision of adequate rewards to creators of works and ensuring that such rewards are in harmony with the public interest and the needs of modern society.

Economic rights have a time limit, which can vary according to national law. In those countries which are members of the Berne Convention, the time limit should be equal to or longer than 50 years after the creator's death. Longer periods of protection may however be provided at the national level.

Subject Matter of Copyright Protection

The subject-matter of copyright protection includes every production in the literary, scientific and artistic domain, whatever the mode or form of expression. For a work to enjoy copyright protection, however, it must be an original creation. The ideas in the work do not need to be new but the form, be it literary or artistic, in which they are expressed must be an original creation of the author. And, finally, protection is independent of the quality or the value attaching to the work – it will be protected whether it be considered, according to taste, a good or a bad literary or musical work - and even of the purpose for which it is intended, because the use to which a work may be put has nothing to do with its protection.

Works eligible for copyright protection are, as a rule, all original intellectual creations. A non-exhaustive, illustrative enumeration of these is contained in national copyright laws. To be protected by copyright law, an author's works must originate from him; they must have their

origin in the labor of the author. But it is not necessary, to qualify for copyright protection, that works should pass a test of imaginativeness, of inventiveness. The work is protected irrespective of the quality thereof and also when it has little in common with literature, art or science, such as purely technical guides or engineering drawings, or even maps. Exceptions to the general rule are made in copyright laws by specific enumeration; thus laws and official decisions or mere news of the day are generally excluded from copyright protection.

Practically all national copyright laws provide for the protection of the following types of work:

- 1) **literary works:** novels, short stories, poems, dramatic works and any other writings, irrespective of their content (fiction or non-fiction), length, purpose (amusement, education, information, advertisement, propaganda, etc.), form (handwritten, typed, printed; book, pamphlet, single sheet, newspaper, magazine); whether published or unpublished; in most countries “*oral works*”, that is, works not reduced to writing, are also protected by the copyright law;
- 2) **musical works:** whether serious or light; songs, choruses, operas, musicals, operettas; if for instructions, whether for one instrument (solos), a few instruments (sonatas, chamber music, etc.), or many (bands, orchestras);
- 3) **artistic works:** whether two-dimensional (drawings, paintings, etchings, lithographs, etc.) or three-dimensional (sculptures, architectural works), irrespective of content (representational or abstract) and destination (“*pure*” art, for advertisement, etc.); maps and technical drawings;
- 4) **photographic works:** irrespective of the subject matter (portraits, landscapes, current events, etc.) and the purpose for which they are made;
- 5) **motion pictures** (“*cinematographic works*”): whether silent or with a soundtrack, and irrespective of their purpose (theatrical exhibition, television broadcasting, etc.), their genre (film dramas, documentaries, newsreels, etc.), length, method employed (filming “*live*”, cartoons, etc.), or technical process used (pictures on transparent film, videotapes, DVDs, etc.).
- 6) **computer programs** (either as a literary work or independently).

Many copyright laws protect also “*works of applied art*” (artistic jewelry, lamps, wallpaper, furniture, etc.) and choreographic works. Some regard phonograph records, tapes and broadcasts also as works.

Rights Comprised in Copyright

The owner of copyright in a protected work may use the work as he wishes - but not without regard to the legally recognized rights and interests of others - and may exclude others from using it without his authorization.

Therefore, the rights bestowed by law on the owner of copyright in a protected work are frequently described as “*exclusive rights*” to authorize others to use the protected work. The original authors of works protected by copyright also have “*moral rights*”, in addition to their exclusive rights of an economic character.

What is meant by “*using*” a work protected by copyright? Most copyright laws define the acts in relation to a work which cannot be performed by persons other than the copyright owner without the authorization of the copyright owner. Such acts, requiring the authorization of the copyright owner, normally are the following:

- 1) copying or reproducing the work; performing the work in public;
- 2) making a sound recording of the work;
- 3) making a motion picture of the work;
- 4) broadcasting the work; translating the work;
- 5) adapting the work.

Right of Reproduction and Related Rights

The right of the owner of copyright to prevent others from making copies of his works is the most basic right under copyright. For example, the making of copies of a protected work is the act performed by a publisher who wishes to distribute copies of a text-based work to the public, whether in the form of printed copies or digital media such as CD-ROMs. Likewise, the right of a phonogram producer to manufacture and distribute compact discs (CDs) containing recorded performances of musical works is based, in part, on the authorization given by the composers of such works to reproduce their compositions in the recording. Therefore, the right to control the act of reproduction is the legal basis for many forms of exploitation of protected works.

Other rights are recognized in national laws in order to ensure that the basic right of reproduction is respected. For example, some laws include a right to authorize distribution of copies of works. The right of distribution is usually subject to exhaustion upon first sale or other transfer of ownership of a particular copy, which means that, after the copyright owner has sold or otherwise transferred ownership of a particular copy of a work, the owner of that copy may dispose of it without the copyright owner’s further permission, for example, by giving it away or even by reselling it. Another right which is achieving wider and wider recognition, including in the TRIPS Agreement⁴⁵, is the right to authorize rental of copies of certain categories of works, such as musical works included in phonograms, audiovisual works, and computer programs. The right of rental is justified because technological advances have made

⁴⁵ <https://www.wto.org/english/docs_e/legal_e/27-trips.pdf>

it very easy to copy these types of works; experience in some countries has shown that copies were made by customers of rental shops, and therefore, that the right to control rental practices was necessary in order to prevent abuse of the copyright owner's right of reproduction. Finally, some copyright laws include a right to control importation of copies as a means of preventing erosion of the principle of territoriality of copyright; that is, the legitimate economic interests of the copyright owner would be endangered if he could not exercise the rights of reproduction and distribution on a territorial basis.

Performing Rights

Another act requiring authorization is the act of public performance - for example, public readings, dramatic and musical performances before an audience. The right to control this act of public performance is of interest not only to the owners of copyright in works originally designed for public performance, but also to the owners of copyright, and to persons authorized by them, when others may wish to arrange the public performance of works originally intended to be used by being reproduced and published. For example, a work written originally in a particular way in order to be read at home or in a library may be transformed ("*adapted*") into a drama designed to be performed in public on the stage of a theater.

Recording Rights

The third act to be examined is the act of making a sound recording of a work protected by copyright. So far as music is concerned, sound recording is the most favored means of communicating a work to a wide public. This serves much the same purpose for musical works as books serve for literary works. Sound recordings can incorporate music alone, words alone or both music and words. The right to authorize the making of a sound recording belongs to the owner of the copyright in the music and also to the owner of the copyright in the words. If the two owners are different, then, in the case of a sound recording incorporating both music and words, the maker of the sound recording must obtain the authorization of both owners.

Under the laws of some countries, the maker of a sound recording must also obtain the authorization of the performers who play the music and who sing or recite the words. This is another example of the fact that the owner of copyright in a work cannot use it or authorize the use of it in a way which is contrary to the legal rights of others.

Motion Picture Rights

A "*motion picture*" is a visual recording, giving to viewers an impression of motion. In the technical language of copyright law, it is often called a "*cinematographic work*" or an "*audiovisual work*". In some countries the word "*film*" is used instead of the expression "*motion picture*". The expression "*motion picture*" is perhaps preferable, because such

productions are, today, frequently made with technological methods (such as magnetic tape) which do not require the use of photographic film.

A drama originally written for performance by performers to an immediately present audience (“*live performance*”) can be visually recorded and shown to audiences far larger in numbers than those who can be present at the live performance; such audiences can see the motion picture far away from the place of live performance and at times much later than the live performance.

Broadcasting Rights

A major category of acts restricted by copyright consists of the acts of broadcasting works and of communicating works to the public by means of wires or cables. When a work is broadcast, a wireless signal is emitted into the air which can be received by any person, within range of the signal, who possesses the equipment (radio or television receiver) necessary to convert the signal into sounds or sounds and images.

When a work is communicated to the public by cable, a signal is diffused which can be received only by persons who possess such equipment linked to the cables used to diffuse the signal. In principle, according to the Berne Convention for the Protection of Literary and Artistic Works, owners of copyright have the exclusive right of authorizing both the wireless broadcasting and the diffusion by cable of their works.

The broadcasting and diffusion by cable of works protected by copyright have given rise to new problems resulting from technological advances which may require a review by governments of their national copyright legislation. The advances include the use of space satellites to extend the range of wireless signals, the increasing possibilities of linking radio and television receivers to signals diffused by cable, and the increasing use of equipment able to record sound and visual images which are broadcast or diffused by cable.

Translation and Adaptation Rights

The acts of translating or of adapting a work protected by copyright require the authorization of the copyright owner. “*Translation*” means the expression of a work in a language other than that of the original version.

“*Adaptation*” is generally understood as the modification of a work from one type of work to another, for example adapting a novel so as to make a motion picture, or the modification of a work so as to make it suitable for different conditions of exploitation, for example adapting an instructional textbook originally prepared for higher education into an instructional textbook

intended for students at a lower level.

Translations and adaptations are themselves works protected by copyright. Therefore, in order, for example, to reproduce and publish a translation or adaptation, the publisher must have the authorization both of the owner of the copyright in the original work and of the owner of copyright in the translation or adaptation.

Moral Rights

The Berne Convention requires member countries to grant to authors:

- 1) the right to claim authorship of the work;
- 2) the right to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the work which would be prejudicial to the author's honor or reputation.

These rights, which are generally known as the moral rights of authors, are required to be independent of the usual economic rights and to remain with the author even after he has transferred his economic rights.

Related Rights

There exist rights related to, or "*neighboring on*", copyright. These rights are generally referred to as "*related rights*" (or "*neighboring rights*") in an abbreviated expression.

It is generally understood that there are three kinds of related rights: the rights of performing artists in their performances, the rights of producers of phonograms in their phonograms, and the rights of broadcasting organizations in their radio and television programs. Protection of those who assist intellectual creators to communicate their message and to disseminate their works to the public at large, is attempted by means of related rights.

Works of the mind are created in order to be disseminated among as many people as possible. This cannot be done generally by the author himself, for it requires intermediaries whose professional capability gives to the works those forms of presentation that are appropriate to make them accessible to a wide public. A play needs to be presented on the stage, a song needs to be performed by artists, reproduced in the form of records or broadcast by means of radio facilities.

All persons who make use of literary, artistic or scientific works in order to make them publicly accessible to others require their own protection against the illegal use of their contributions in the process of communicating the work to the public.

The protection of authors' interests does not consist merely in preventing the use of their creations and cannot be limited to prohibiting infringements of the rights that laws afford to the authors. Their works are intended to be made available to the public at large. Various categories of works are made accessible to the public in various ways. A publisher reproduces a manuscript in its final form without adding to the expression of the work as created by the author. The interests of book publishers are protected by means of copyright itself and laws do recognize that copyright is essential as a stimulus to creative writing, as also to support the economies of publishing.

The position is slightly different with regard to dramatic and musical works, pantomimes, or other types of creative works intended for either auditive or visual reception. Where some of such works are communicated to the public, they are produced or performed or recited with the aid of performers. In such cases, there arises the interest of the performers themselves in relation to the use of their individual interpretation in the performed work.

The problem in regard to this category of intermediaries has become more acute with rapid technological developments. Where, at the very beginning of the 20th century, the performance of dramatists, actors, or musicians ended with the play or concert in which they performed, it is no longer so with the advent of the phonograph, the radio, the motion picture, the television, the videogram and satellites.

These technological developments made possible the fixing of performances on a variety of material, viz., records, cassettes, tapes, films, etc. What was earlier a localized and immediate phase of a performance in a hall before a limited audience became an increasingly permanent manifestation capable of unlimited and repeated reproduction and use before an equally unlimited audience that went beyond national frontiers. The development of broadcasting and more recently, television, also had similar effects.

These technological innovations, since they have made it possible to reproduce individual performances by performing artists and to use them without their presence and without the users being obliged to reach an agreement with them, have led to a reduction in the number of live performances. This creates what has come to be known as technological unemployment among professional artists, thus giving a new dimension to the protection of the interests of performers.

Likewise by the very same token, the increasing technological development of phonograms and cassettes and, more recently, compact discs (CDs), and their rapid proliferation, was pointing to the need of protection of producers of phonograms. The appeal of the phonogram,

as also the easy availability in the market of the variety of increasingly sophisticated recording devices, created the growing problem of piracy, which by now has become a worldwide scourge. In addition, there is the increasing use of records and discs by broadcasting organizations; while the use of these by the latter provides publicity for the phonograms and for their producers, these also have, in turn, become an essential ingredient of the daily programs of broadcasting organizations. Consequently, just as the performers were seeking their own protection, the producers of phonograms began to pursue the case of their protection against unauthorized duplication of their phonograms, as also for remuneration for the use of phonograms for purposes of broadcasting or other forms of communication to the public.

Finally, there were the interests of broadcasting organizations as regards their individually composed programs. The broadcasting organizations required their own protection for these as well as against retransmission of their own programs by other similar organizations.

Thus the need was felt for special protection for performers, producers of phonograms and broadcasting organizations. The performers through their organizations at the international level sought a study leading to their protection. While a performer would be paid once for recording a performance, and the recording of the performance could be played repeatedly for the benefit of a third party, the performers felt that they would not only not derive any income from such secondary use, but would also be placed in the awkward position of having to compete with their own recordings in respect of their employment potential for live performances in theaters, restaurants, cafés, etc.

Unlike most international conventions, which follow national legislation and provide a synthesis of existing laws, the Rome Convention was an attempt to establish international regulations in a new field where few national laws existed. This meant that most States would have to draft and enact laws before adhering to the Convention. Since the adoption of the Convention in 1961, a large number of States have legislated in matters related to the Convention, and a number of others are considering such legislation. The notion of Related Rights is understood as meaning rights granted in an increasing number of countries to protect the interests of performers, producers of phonograms and broadcasting organizations in relation to their activities in connection with the public use of authors' works, all kinds of artists' presentations or the communication to the public of events, information, and any sounds or images. The most important categories are: the right of performers to prevent fixation and direct broadcasting or communication to the public of their performance without their consent; the right of producers of phonograms to authorize or prohibit reproduction of their phonograms and the import and distribution of unauthorized duplicates thereof; the right of broadcasting organizations to authorize or prohibit rebroadcasting, fixation and reproduction of their broadcasts. An increasing number of countries already protect some or

all of these rights by appropriate rules codified mainly within the framework of their copyright laws. Several countries also grant a sort of moral right to performers to protect them against distortion of their performances and grant them the right to claim the mention of their name in connection with their performances. Some countries also protect the interests of broadcasting organizations by preventing the distribution on or from their territory of any program-carrying signal emitted to or passing through a satellite, by a distributor for whom the signal is not intended. No protection of any related right can, however, be interpreted as limiting or prejudicing the protection secured to authors or beneficiaries of other related rights under a national law or an international convention.

Protection of performers is provided in order to safeguard the interests of actors, singers, musicians, dancers, or other persons who act, sing, deliver, declaim, play in or otherwise perform literary or artistic works, or expressions of folklore, against certain unlawful uses of their performances. The term “*producer of phonograms*” denotes a person who, or a legal entity which, first fixes the sounds of a performance or other sounds. A phonogram is any exclusively aural fixation of sounds of a performance or of other sounds. A duplicate of a phonogram is any article containing sounds taken directly or indirectly from a phonogram and which embodies all or a substantial part of the sounds fixed in that phonogram. Gramophone records (discs), magnetophone cassettes and compact discs are duplicates of a phonogram. Broadcasting is usually understood as meaning telecommunication of sounds and/or images by means of radio waves for reception by the public at large. A broadcast is any program transmitted by broadcasting, in other words, transmitted by any wireless means (including satellite transmissions) for public reception of sounds and of images and sounds.

Communication to the public by wire is generally understood as meaning the transmission of a work, performance, phonogram or broadcast by sounds or images through a cable network to receivers not restricted to specific individuals belonging to a private group.

By first fixation of sounds is meant the original embodiment of sounds of a live performance, or of any other sounds not taken from another existing fixation, in some enduring material form such as tapes, records or any other appropriate device permitting them to be perceived, reproduced or otherwise repeatedly communicated. First fixation of sounds is not to be confused with first publication of a phonogram.

Another notion that of rebroadcasting is either simultaneous transmission of a broadcast of a program being received from another source, or a new, deferred broadcast of a formerly recorded program transmitted or received earlier. Finally, it must be stated that since in the cultural life of countries, including the developing countries, due importance is attached to the artistic heritage, the protection of related rights affords rights to those who contribute to the

interpretation and dissemination of that heritage. It is particularly important for some developing countries whose tradition is largely oral and where the author is often the performer as well. In this context, the place occupied by works of folklore must be borne in mind, and the interests of the artists performing and thus perpetuating them must be safeguarded when use is made of their performances. By also protecting the producers of phonograms, particularly in developing countries, the basis for setting up an industry in the tertiary sector of the economy is ensured. Such an industry, while guaranteeing the dissemination of national culture, both within the country and throughout the world, can additionally constitute a substantial source of revenue for the country's economy and, in those cases where its activities extend beyond the country's frontiers, can represent an inflow of foreign currency. The part played by the broadcasting organizations in developing countries should also not be forgotten, nor that such organizations have a natural interest in the protection of their programs against rebroadcasting, reproduction and communication to the public.

Ownership of Copyright

The owner of copyright in a work is generally, at least in the first instance, the person who created the work, that is to say, the author of the work. There can be exceptions to this general principle. Such exceptions are regulated by the national law. For example, the national law may provide that, when a work is created by an author who is employed for the purpose of creating that work, then the employer, not the author, is the owner of the copyright in the work. It is to be noted, however, that the "*moral rights*" always belong to the author of the work, whoever may be the owner of the copyright.

In many countries, copyright (with the exception of moral rights) may be assigned. This means that the owner of the copyright transfers it to another person or entity, who becomes the owner of the copyright. In some other countries, an assignment of copyright is not legally possible. However, very nearly the same practical effect as the effect of assignment can be achieved by licensing. Licensing means that the owner of the copyright remains the owner but authorizes someone else to exercise all or some of his rights subject to possible limitations. When such authorization or license extends to the full period of copyright and when such authorization or license extends to all the rights (except, of course, the moral rights) protected by copyright, the licensee is, vis-à-vis third parties and for all practical purposes, in the same position as an owner of copyright.

Limitations on Copyright Protection

Temporal: Copyright does not continue indefinitely. The law provides for a period of time, a duration, during which the rights of the copyright owner exist. The period or duration of copyright begins with the creation of the work. The period or duration continues until sometime after the death of the author. The purpose of this provision in the law is to enable

the author's successors to have economic benefits after the author's death. It also safeguards the investments made in the production and dissemination of works.

In countries which are party to the Berne Convention, and in many other countries, the duration of copyright provided for by national law is the life of the author and not less than fifty years after the death of the author. In recent years, a tendency has emerged towards lengthening the term of protection.

Geographic: The second limitation or exception to be examined is a geographical limitation. The owner of the copyright in a work is protected by the law of a country against acts restricted by copyright which are done in that country. For protection against such acts done in another country, he must refer to the law of that other country. If both countries are members of one of the international conventions on copyright, the practical problems arising from this geographical limitation are very much eased.

Permitted Use: Certain acts normally restricted by copyright may, in circumstances specified in the law, be done without the authorization of the copyright owner. Some examples of such exceptions are described as "*fair use*". Such examples include reproduction of a work exclusively for the personal and private use of the person who makes the reproduction; another example is the making of quotations from a protected work, provided that the source of the quotation, including the name of the author, is mentioned and that the extent of the quotation is compatible with fair practice.

Non-Material Works: In some countries, works are excluded from protection if they are not fixed in some material form. In some countries, the texts of laws and of decisions of courts and administrative bodies are excluded from copyright protection. It is to be noted that in some other countries such official texts are not excluded from copyright protection; the government is the owner of copyright in such works and exercises those rights in accordance with the public interest.

Miscellaneous: In addition to exceptions based on the principle of "*fair use*" other exceptions are to be found in national laws and in the Berne Convention. For example, when the broadcasting of a work has been authorized, many national laws permit the broadcasting organization to make a temporary recording of the work for the purposes of broadcasting, even if no specific authorization of the act of recording has been given. The laws of some countries permit the broadcasting of protected works without authorization, provided that fair remuneration is paid to the owner of copyright. This system, under which a right to remuneration can be substituted for the exclusive right to authorize a particular act, is frequently called a system of "*compulsory licenses*". Such licenses are called "*compulsory*"

because they result from the operation of law and not from the exercise of the exclusive right of the copyright owner to authorize particular acts.

Piracy and Infringement

The rights of an owner of copyright are infringed when one of the acts requiring authorization of the owner is done by someone else without his consent. The unauthorized copying of copyright materials for commercial purposes and the unauthorized commercial dealing in copied materials is known as "*piracy*".

Incidence of Piracy: An essential part of piracy is that the unauthorized activity is carried on for commercial gain. This element of commercial gain implies that piracy will often be carried out on an organized basis, since not only is the unauthorized reproduction of a work involved, but also the subsequent sale or distribution of the illegally reproduced work, which will require some form of organized distribution network or contact with potential purchasers. To the consumer, often only the end of the chain of such a distribution network will be visible in the form of one sales outlet selling a pirated product. It is important to bear in mind, however, particularly when addressing the question of the means of dealing effectively with piracy, that behind one such outlet will often lie a systematically organized illicit enterprise, which illegally reproduces a copyrighted work and distributes it to the public via a number of such sales outlets.

While piracy is not a recent phenomenon, two developments have occurred which have caused it to assume alarming proportions, and to threaten the basis of the copyright system. The first has been the advances in the means by which intellectual works may be communicated. The medium of the printed word has been supplemented progressively by media for communicating audio and visual recordings in the form of phonograms, music cassettes, films and videograms. Similarly, widespread commercialization of the computer has added a further means of recording and communicating information. Most recently, the advent of digital technology has had a tremendous impact on the creation, dissemination and use of works.

The copyright system has responded to these developments by progressively enlarging the subjects over which the creators of intellectual works are granted rights. These advances, however, have increased the scope for pirates to interfere in the control which an author exercises over the dissemination and use of his works by the public. Simultaneously with the advances in the means of communicating intellectual works have been significant advances in the means of reproducing tangible records of those works. Foremost amongst the latter developments have been:

- 1) the development of the offset technique of printing and of duplicating and

- photocopying machines;
- 2) the invention of the magnetic tape, the advent of the compact disc, and the development of higher quality and cheaper cassette recorders which enable not only the playing of pre-recorded cassettes, but also the recording of music from live performances, radio or gramophone records; and
 - 3) the invention of the video recorder, which has extensively enlarged the means by which films and other, principally visual, works may be received.

One consequence of these advances is the difference in cost between, on the one hand, the making of the original recording by an author and his business partners and, on the other hand, the reproduction of such a recording by others. In the case of a film, a producer must, through his own and his partners investment, finance the script writer and any other literary author involved, the musical composer, the actors, the support cast, the cost of location and site facilities, and the use of sophisticated visual and sound recording equipment. Once a tangible record has been made of the film, however, particularly if the record is contained in a videogram recording, further records of the work can be reproduced with considerable ease and at little cost. Thus, advances in recording technology have produced the means whereby pirates can easily produce illegal versions of the original work. Since the pirate has not made, and therefore does not need to recover the cost of, any investment in the production of the original work, the pirated copies are usually sold at reduced prices, thereby undermining the original author's, performer's, investor's and distributor's possibility of obtaining a just moral and economic reward for their work and investment.

Effects of Piracy: While consumers may sometimes see short-term benefits in the availability of cheaper works as a result of piracy, the quality of reproductions made by pirates is often very inferior. Consumers are also disadvantaged in the long term by piracy as a result of the absence of remuneration given to authors and performers by pirates, and of the misappropriation of the economic returns to publishers and producers. This diversion of economic rewards from authors and their business partners to pirates removes the incentive to the investment of time, effort, skill and resources in the creation of new works.

Since piracy is a clandestine activity, the profits derived by pirates are not subject to tax collection. Amongst the adverse consequences of this diminution in governmental revenue may be a reduction in the amount of government sponsorship available for the arts, as the level of such sponsorship may in part be determined by reference to the contribution which is made to the government budget by taxation derived from the distribution or sale of works subject to copyright protection.

Piracy can be seen to have detrimental effects, therefore, on each of the elements that make up the copyright system. In consequence, piracy threatens to stultify the evolution and development of national cultural identity which the copyright system is designed to promote.

Remedies

Remedies for infringement of copyright or for violation of related rights consist of civil redress, as where infringers are obliged by court to cease the infringement and to undertake reparatory action by any appropriate means, for example, rectification in the press or liability for damages. Some laws also provide for penal remedies in the form of fines and/or imprisonment. Infringing copies, receipts resulting from infringement and any implement used for the same are usually subject to seizure.

The main remedies which are available to a copyright owner in respect of infringement in common-law jurisdictions are an injunction to restrain the continuation of the infringement, and damages to compensate the copyright owner for the depreciation caused by the infringement to the value of his copyright. In the context of piracy, because it is often carried out as an organized activity, the effectiveness of these remedies may be jeopardized for a number of reasons.

In the first place, the organizer of the making and distribution of illegal reproductions may be using a large number of sales outlets of an impermanent nature. The copyright owner may be confronted with a situation in which it is possible to locate only a small proportion of these outlets, without being able to prove any linkage between the outlets, or any common source of supply for the outlets. Furthermore, the service of a writ commencing an action for infringement, by giving notice to the pirate or to those distributing the works which he has illegally reproduced, may precipitate the destruction of vital evidence required to indicate the source of supply and the extent of sales which have taken place. In addition, since piracy often involves an international dimension, there is a risk that the financial resources and other assets of a pirate may be removed from the jurisdiction in which legal proceedings are commenced against him, thereby depriving the copyright owner of the possibility of recovering damages. These difficulties have accentuated the need for preliminary remedies which may be obtained speedily, which will assist in the collection of evidence against a pirate, and which will prevent the destruction of evidence and the removal of financial resources against which damages may be claimed. In many common-law jurisdictions a number of developments have occurred in recent years in response to this need.

Anton Piller Orders: Foremost among the new developments which have occurred in

preliminary remedies has been the so-called *Anton Piller* order⁴⁶. The *Anton Piller* order, named after the case in which the English Court of Appeal sanctioned its use (*Anton Piller K.G. v Manufacturing Processes Ltd.* [1976] RPC 719), is an order granted by the court permitting the inspection of premises on which it is believed some activity is being carried on which infringes the copyright of the plaintiff. The order has a number of features which make it a particularly appropriate remedy in the context of piracy:

- i. the order will be granted *ex-parte*, that is, on the application and in the presence alone of the copyright owner, without prior warning being given to the defendant. The essence of the order is thus that it takes the defendant by surprise and precludes the defendant from destroying or removing vital evidence.
- ii. the terms on which the order is granted enable the copyright owner to inspect the premises of the defendant, and all documents (including business information, such as bills, invoices, sources of supply and customer lists) relating to the alleged infringement. By virtue of these terms, the copyright owner is given the means whereby he may be able to establish the source of supply of pirated works, and the extent of sales which have taken place, which will assist in turn in establishing the amount of damages to which he may be entitled.
- iii. the order for inspection will often be accompanied by an injunction restraining the defendant from altering or removing in any way articles or documents referred to in the order for inspection.

The *Anton Piller* order can undoubtedly constitute an important weapon in the armory against piracy. Since it is granted on an *ex-parte* basis, however, care needs to be exercised to ensure that the rights of persons against whom it is granted, and whose actions have not yet been judged, are adequately protected. Two safeguards, in particular, which have been required by courts in jurisdictions where it is available, should be noted. First, it will only be granted where it is essential that the plaintiff should have inspection so that justice can be done between the parties. In order to meet this criterion, usually a copyright owner will have to prove that there is clear evidence that the defendants have in their possession incriminating documents or material; that the circumstances are such that there is a real possibility or grave danger that the incriminating materials will be destroyed or hidden if the defendant is forewarned; and that the potential or actual damage to the plaintiff as a result of the defendant's alleged wrongdoings is very serious.

The second safeguard which is often required is proper respect for the defendant's rights in the execution of the order. In this respect, it may be required that, in executing the order, a

⁴⁶ <<http://www.bailii.org/ew/cases/EWCA/Civ/1975/12.html>>

copyright owner be attended by his lawyer, give the defendant adequate opportunity of considering the order, and not force entry into the defendant's premises against his will. Of course, if a defendant were to refuse entry into his premises, this would cause extremely adverse inferences to be drawn against him at the subsequent trial.

In relation to *Anton Piller* orders, it may finally be noted that the effectiveness of the orders was brought into question in one case when a defendant, pleading the privilege against self-incrimination, successfully applied to discharge orders on the ground that they would expose him to a real risk of prosecution for a criminal offense⁴⁷ (*Rank Film Distributors Ltd. v Video Information Center* [1981] 2 All E.R. 76). In order to overcome the effects of this decision, it may be necessary to pass legislation revoking the privilege against self-incrimination as a basis for refusing to comply with an *Anton Piller* order, as was done in the Supreme Court Act of 1981 in the United Kingdom.

Discovery against Third Parties: In certain common-law jurisdictions it has been decided that an innocent third party, who becomes caught up in the wrongdoings of another, is liable to furnish a plaintiff with evidence in his possession relevant to the prosecution of an action by the plaintiff against the wrongdoer. This decision arose in the English case of *Norwich Pharmacal Co. v. Commissioners of Customs and Excise* ([1972] RPC 743, [1974] AC 133)⁴⁸ where the plaintiffs, the proprietors of a patent covering a chemical compound, discovered that various persons were importing the compound into the country in contravention of their patent, but were unable to establish the identity of these persons.

This information was in the possession of the Commissioners of Customs and Excise, since the importers were required under the customs regulations to fill in a form of entry specifying the name of the importer and a description of the goods. The customs authorities refused to disclose the identity of the importers on the ground that the information had been given to them in confidence.

Nevertheless, it was decided that an innocent third party, such as the customs authorities, who inadvertently becomes involved in the wrongdoing of another, will be liable to furnish information concerning the wrongdoer to a plaintiff. While this case was concerned with patents, it also has an application to copyright and could be of particular use to copyright owners who are unable to establish the identity of persons importing pirated works into a country.

⁴⁷ <<https://swarb.co.uk/rank-film-distributors-v-video-information-centre-hl-1-mar-1981/>>

⁴⁸ <<https://swarb.co.uk/norwich-pharmaceutical-co-and-others-v-customs-and-excise-commissioners-hl-26-jun-1973/>>

A related but more effective procedure is to be found in Section 53⁴⁹ of the *Indian Copyright Act* 1957. This provision enables the Registrar of Copyrights to order that copies made out of India of a work which, if made in India, would infringe copyright, shall not be imported. The section also authorizes the Registrar to enter any ship, dock or premises for the purpose of examining allegedly infringing works. The use of the section in a case involving the transportation of pirated audio cassettes over Indian territory was approved by the Indian Supreme Court in *Gramophone Company of India Ltd. v. Panday* ([1984] 2 SCC 534)⁵⁰.

Interlocutory Injunctions: In order to minimize the damage being inflicted by piracy, it will be important for a copyright owner to take swift action in seeking to prevent its continuation. For as long as piracy continues, he will be deprived of a portion of his potential market, and thus of the capacity to recover the economic reward for his creativity or investment. The aim of the interlocutory injunction is to meet this need by granting speedy and temporary relief during the period before a full trial of an infringement action takes place, thus preventing irreparable damage from occurring to the plaintiff's rights.

One of the difficulties which has been experienced with interlocutory proceedings is that they have tended to become themselves lengthy inquiries involving rather full consideration of the facts of the case, with the result that their effectiveness as a means of obtaining temporary relief is prejudiced. In many common-law jurisdictions, this has caused a reassessment of the principles on which interlocutory relief is granted and, in particular, of the standard of proof which a plaintiff is required to establish in order to obtain interlocutory relief. Previously, a plaintiff was required to establish a *prima facie* case that his copyright was being infringed, that is, to establish on the balance of probabilities that his case for infringement could be defended. In order to overcome the delays and the lengthy proceedings which this standard of proof involved; many jurisdictions have now required that a plaintiff establish only that there is a "*serious question*" to be tried. In other words, the merits of the legal issues involved in the case need only be considered at the interlocutory stage to the point where the court is satisfied that the plaintiff's claim for infringement is not frivolous. Thereafter, the decision as to whether an injunction should be granted is taken on the basis of the factual circumstances of the case, and whether, in particular, each party could be adequately compensated in damages for the temporary impairment of his right were he to be unsuccessful at the interlocutory stage, and later prove to be successful at the trial.

The adoption of this approach to interlocutory proceedings assists in avoiding excessive delays in obtaining relief during the period, which is most important for the copyright owner,

⁴⁹ < <https://indiankanoon.org/doc/359894/> >

⁵⁰ < <https://indiankanoon.org/doc/383397/> >

namely, the period immediately following the initial publication and marketing of his work.

Final Remedies: The two usual remedies which are available for copyright owners in common-law jurisdictions following the final trial of an infringement action are a perpetual injunction and damages. The perpetual injunction is granted in order to prevent any further repetition of the infringing action. In order to make the injunction effective, it is often coupled with an order for the delivery by the infringer of all infringing copies of the copyright work, which are then subject to destruction so as to ensure that they cannot be re-used or sold.

The object of an award of damages to a copyright owner is to restore the copyright owner to the position he would have been in had his copyright not been infringed. A difficulty often encountered in obtaining a satisfactory judgment in damages is the production of evidence as to the extent of sales which have taken place and thus as to the extent of damage which has been caused to the plaintiff's copyright. It is for this reason that the recent developments in preliminary remedies, such as the *Anton Piller* order, which are aimed at enabling a plaintiff to acquire evidence of infringement, are particularly important. Of particular relevance to piracy, is the provision in some jurisdictions for additional damages in the case of a flagrant infringement of copyright. Before an award of additional damages can be made in such jurisdictions, however, it is necessary to establish that the infringer's conduct has been deliberate and calculated, and that he has obtained a pecuniary advantage in excess of the damages that he would otherwise have to pay.

III. Law of Trademarks

Trademarks already existed in the ancient world. Even at times when people either prepared what they needed themselves or, more usually, acquired it from local craftsmen, there were already creative entrepreneurs who marketed their goods beyond their localities and sometimes over considerable distances. As long as 3,000 years ago, Indian craftsmen used to engrave their signatures on their artistic creations before sending them to Iran. Manufacturers from China sold goods bearing their marks in the Mediterranean area over 2,000 years ago and at one time about a thousand different Roman pottery marks were in use, including the FORTIS brand, which became so famous that it was copied and counterfeited. With the flourishing trade of the Middle Ages, the use of signs to distinguish the goods of merchants and manufacturers likewise expanded several hundred years ago. Their economic importance was still limited, however.

Trademarks started to play an important role with industrialization, and they have since become a key factor in the modern world of international trade and market-oriented economies. Industrialization and the growth of the system of the market-oriented economy

allow competing manufacturers and traders to offer consumers a variety of goods in the same category. Often without any apparent differences for the consumer, they do generally differ in quality, price and other characteristics. Clearly consumers need to be given the guidance that will allow them to consider the alternatives and make their choice between the competing goods. Consequently, the goods must be named. The medium for naming goods on the market is precisely the trademark.

By enabling consumers to make their choice between the various goods available on the market, trademarks encourage their owners to maintain and improve the quality of the products sold under the trademark, in order to meet consumer expectations. Thus trademarks reward the manufacturer who constantly produces high-quality goods, and as a result they stimulate economic progress.

Definitions

Trademarks: *“A trademark is any sign that individualizes the goods of a given enterprise and distinguishes them from the goods of its competitors”*. This definition comprises two aspects, which are sometimes referred to as the different functions of the trademark, but which are, however, interdependent and for all practical purposes should always be looked at together.

In order to individualize a product for the consumer, the trademark must indicate its source. This does not mean that it must inform the consumer of the actual person who has manufactured the product or even the one who is trading in it. It is sufficient that the consumer can trust in a given enterprise, not necessarily known to him, being responsible for the product sold under the trademark.

The function of indicating the source as described above presupposes that the trademark distinguishes the goods of a given enterprise from those of other enterprises; only if it allows the consumer to distinguish a product sold under it from the goods of other enterprises offered on the market can the trademark fulfill this function. This shows that the distinguishing function and the function of indicating the source cannot really be separated. For practical purposes one can even simply rely on the distinguishing function of the trademark and define it as *“any visible sign capable of distinguishing the goods or services of an enterprise from those of other enterprises”*.

Service Marks: In modern trade consumers are confronted not only with a vast choice of goods of all kinds, but also with an increasing variety of services which tend more and more to be offered on a national and even international scale. There is therefore also a need for signs

that enable the consumers to distinguish between the different services such as insurance companies, car rental firms, airlines, etc. These signs are called service marks and fulfill essentially the same origin-indicating and distinguishing function for services as trademarks do for goods.

Since service marks are signs that are very similar in nature to trademarks, basically the same criteria can be applied, so service mark protection has sometimes been introduced by a very short amendment to the existing trademark law, simply providing for the application to service marks, *mutatis mutandis*, of the provisions on the protection of trademarks. It follows from the above principle that service marks can be registered, renewed and canceled in the same way as trademarks; they can moreover be assigned and licensed under the same conditions. Rules devised for trademarks therefore apply equally, in principle, to service marks.

Collective Marks and Certification Marks: Trademarks typically identify individual enterprises as the origin of marked goods or services. Some countries provide for the registration of collective and certification marks, which are used to indicate the affiliation of enterprises using the mark or which refer to identifiable standards met by the products for which a mark is used.

The following are the common features in the relevant provisions of national law on this topic.

Collective Marks: A collective mark may be owned by an association which itself does not use the collective mark but whose members may use the collective mark; the members may use the collective mark if they comply with the requirements fixed in the regulations concerning the use of the collective mark. An enterprise entitled to use the collective mark may in addition also use its own trademark.

The regulations concerning the use of the collective mark normally have to be included in an application for the registration of the collective mark and any modifications to the regulations have to be notified to the Trademark Office. In several countries (for example, the Federal Republic of Germany, Finland, Norway, Sweden and Switzerland), the registration of a collective mark may be canceled if that mark is used contrary to the provisions of the regulations or in a manner which misleads the public. Collective marks, therefore, play an important role in the protection of consumers against misleading practices.

The *Paris Convention* contains provisions on collective marks in its Article 7⁵¹. Those provisions, in particular, ensure that collective marks are to be admitted for registration and

⁵¹ < https://www.wipo.int/treaties/en/text.jsp?file_id=288514#P195_32302 >

protection in countries other than the country where the association owning the collective mark has been established. This means that the fact that the said association has not been established in accordance with the law of the country where protection is sought is no reason for refusing such protection. On the other hand, the Convention expressly states the right of each member State to apply its own conditions of protection and to refuse protection if the collective mark is contrary to the public interest.

Certification Marks: The certification mark may only be used in accordance with the defined standards. The main difference between collective marks and certification marks is that the former may be used only by particular enterprises, for example, members of the association which owns the collective mark, while the latter may be used by anybody who complies with the defined standards. Thus, the users of a collective mark form a “*club*” while, in respect of certification marks, the “*open shop*” principle applies.

An important requirement for the registration of a certification mark is that the entity which applies for registration is “competent to certify” the products concerned. Thus, the owner of a certification mark must be the representative for the products to which the certification mark applies. This is an important safeguard for the protection of the public against misleading practices.

The definition of “*certification mark*” is not the same in all countries. In the United States of America, for instance, a certification mark may not be used by anybody who complies with the defined standards, but only by enterprises which have been authorized by the owner of the certification mark to use that mark. Thus, in the United States of America, the difference between a certification mark and a collective mark is smaller than in other countries; it only relates to the purpose of those two kinds of marks: the certification mark refers to certain standards of products or services, while the collective mark refers to the membership of its users in a particular organization.

Signs which May Serve as Trademarks: It follows from the purpose of the trademark that virtually any sign that can serve to distinguish goods from other goods is capable of constituting a trademark. Trademark laws should not therefore attempt to draw up an exhaustive list of signs admitted for registration. If examples are given, they should be a practical illustration of what can be registered, without being exhaustive. If there are to be limitations, they should be based on practical considerations only, such as the need for a workable register and the need for publication of the registered trademark. If we adhere strictly to the principle that the sign must serve to distinguish the goods of a given enterprise from those of others, the following types and categories of signs can be imagined:

- 1) **Words:** This category includes company names, surnames, forenames, geographical names and any other words or sets of words, whether invented or not, and slogans.
- 2) **Letters and Numerals:** Examples are one or more letters, one or more numerals or any combination thereof.
- 3) **Devices:** This category includes fancy devices, drawings and symbols and also two-dimensional representations of goods or containers.
- 4) **Combinations** of any of those listed above, including logotypes and labels.
- 5) **Colored Marks:** This category includes words, devices and any combinations thereof in color, as well as color combinations and color as such.
- 6) **Three-Dimensional Signs:** A typical category of three-dimensional signs is the shape of the goods or their packaging. However, other three-dimensional signs such as the three-pointed Mercedes star can serve as a trademark.
- 7) **Audible Signs (Sound Marks):** Two typical categories of sound marks can be distinguished, namely those that can be transcribed in musical notes or other symbols and others (e.g. the cry of an animal).
- 8) **Olfactory Marks (Smell Marks):** Imagine that a company sells its goods (e.g. writing paper) with a certain fragrance and the consumer becomes accustomed to recognizing the goods by their smell.
- 9) **Other (Invisible) Signs:** Examples of these are signs recognized by touch.

As mentioned before, countries may set limits on registrability for practical purposes. The majority of countries allow the registration only of signs that can be represented graphically, since only they can be physically registered and published in a trademark journal to inform the public of the registration of the trademark.

A number of countries allow the registration of three-dimensional trademarks, obliging the applicant either to submit a two-dimensional representation of the three-dimensional sign (drawing, picture or any other representation which can be printed) or a description, or both. In practice, however, it is not always clear what is protected by the registration of a three-dimensional sign. A similar problem exists for audible signs. A sequence of notes can of course be registered as a device mark, but that registration does not normally give protection to the actual musical phrases so expressed. What is protected is the sequence of notes, as registered, against the use of similar devices. Sound marks clearly can serve as trademarks, however, and the United States of America, for example, allows the registration of **sound marks**. In practical terms, this means that the sound must be recorded, and the cassette submitted to the U.S. Patent and Trademark Office for registration. The United States of America is the first country to have recognized the registrability of a smell mark - fresh floral fragrance

reminiscent of Plumeria blossoms for sewing thread and embroidery yarn – TTAB (1990)⁵². In a decision on February 11, 1999, the Board of Appeal of the Office for Harmonization in the Internal Market (Trademarks and Designs) of the European Community⁵³ supported the registrability of the smell mark “*the smell of fresh cut grass*” for tennis balls (R 156/1998-2).

Criteria of Protectability

The requirements which a sign must fulfill in order to serve as a trademark are reasonably standard throughout the world. Generally speaking, two different kinds of requirement are to be distinguished. The first kind of requirement relates to the basic function of a trademark, namely, its function to distinguish the products or services of one enterprise from the products or services of other enterprises. From that function it follows that a trademark must be distinguishable among different products. The second kind of requirement relates to the possible harmful effects of a trademark if it has a misleading character or if it violates public order or morality.

These two kinds of requirement exist in practically all national trademark laws. They also appear in Article 6^{quinquies} B of the Paris Convention where it is stated that trademarks enjoying protection under Article 6^{quinquies} A may be denied registration only if “*they are devoid of any distinctive character*” or if “*they are contrary to morality or public order and, in particular, of such a nature as to deceive the public*”.

Requirement of Distinctiveness: A trademark, in order to function, must be distinctive. A sign that is not distinctive cannot help the consumer to identify the goods of his choice. The word “*apple*” or an apple device cannot be registered for apples, but it is highly distinctive for computers. This shows that distinctive character must be evaluated in relation to the goods to which the trademark is applied.

The test of whether a trademark is distinctive is bound to depend on the understanding of the consumers, or at least the persons to whom the sign is addressed. A sign is distinctive for the goods to which it is to be applied when it is recognized by those to whom it is addressed as identifying goods from a particular trade source or is capable of being so recognized.

The distinctiveness of a sign is not an absolute and unchangeable factor. Depending on the steps taken by the user of the sign or third parties, it can be acquired or increased or even lost. Circumstances such as (possibly long and intensive) use of the sign have to be taken into account when the registrar is of the opinion that the sign lacks the necessary distinctiveness, that is, if it is regarded as being not in itself distinct enough for the purpose of distinguishing between goods and services.

⁵² U.S. Reg. No. 1,639,128.

⁵³ <http://www.copat.de/download/R0156_1998-2.pdf>

There are, of course, different degrees of distinctiveness, and the question is how distinctive a sign must be in order to be registrable. In that connection a distinction is generally made between certain typical categories of marks - fanciful or coined trademarks which are meaningless and the others. A famous example of the first category is the KODAK trademark.

These trademarks may not be the favorites of the marketing people, since they require heavy advertising investment to become known to consumers. They inherently enjoy very strong legal protection, however.

Common words from everyday language can also be highly distinctive if they communicate a meaning that is arbitrary in relation to the products on which they are used. The same is true of the corresponding devices. Examples are the famous CAMEL trademark for cigarettes (and the equally famous device mark) and the previously-mentioned APPLE mark (both the word and the device) for computers.

Marketing people are generally fond of brand names that generate a positive association with the product in the mind of the consumer. They tend therefore to choose more or less descriptive terms. If the sign is exclusively descriptive, it lacks distinctiveness and cannot be registered as such as a trademark. However, not all signs that are neither meaningless nor arbitrarily used necessarily lack distinctiveness: there is an intermediate category of signs that are suggestive, by association, of the goods for which they are to be used, and of the nature, quality, origin or any other characteristic, of those goods, without being actually descriptive. Those signs are registrable. The crucial question in practice is whether a trademark is suggestive or descriptive of the goods applied for. This question has to be judged according to the local law and jurisprudence of the country and all the circumstances of the specific case. As a general rule, it can be said that a descriptive term is distinctive for the goods concerned if it has acquired a secondary meaning, that is, if those to whom it is addressed have come to recognize it as indicating that the goods for which it is used are from a particular trade source. In case of doubt as to whether a term is descriptive or suggestive, the very fact that the mark has been used in the course of trade for a certain period of time may be sufficient for accepting it for registration. However, the more descriptive the term is, the more difficult it will be to prove secondary meaning, and a higher percentage of consumer awareness will be necessary.

Lack of Distinctiveness: If a sign is not distinguishable, it cannot function as a trademark and its registration should be refused. The applicant normally need not prove distinctiveness. It is up to the registrar to prove lack of distinctiveness, and in the case of doubt the trademark should be registered. Some trademark laws put the onus on the applicant to show that his mark

ought to be registered. This practice may be considered strict, however, and sometimes prevents the registration of marks that are demonstrably capable of distinguishing their proprietor's goods. And yet the modern trend, as reflected in Article 3 of the *EC Harmonization Directive* is clearly to treat lack of distinctiveness as a ground for refusing an application for registration of a trademark.

Generic Terms: A sign is generic when it defines a category or type to which the goods belong. It is essential to the trade and also to consumers that nobody should be allowed to monopolize such a generic term. Examples of generic terms are "*furniture*" (for furniture in general, and also for tables, chairs, etc.) and "*chair*" (for chairs). Other examples would be "*drinks*", "*coffee*" and "*instant coffee*", which shows that there are larger and narrower categories and groups of goods, all having in common that the broad term consistently used to describe them is generic. These signs are totally lacking in distinctiveness, and some jurisdictions hold that, even if they are used intensively and may have acquired a secondary meaning, they cannot be registered since, in view of the absolute need of the trade to be able to use them, they must not be monopolized. For these reasons the High Court of Delhi, India, in 1972 refused registration of the JANTA trademark as in Hindi the word means cheap in price.

Descriptive Signs: Descriptive signs are those that serve in trade to designate the kind, quality, intended purpose, value, place of origin, time of production or any other characteristic of the goods for which the sign is intended to be used or is being used. In line with the definition of the distinctive sign given earlier, the test to be applied must establish whether consumers are likely to regard a sign as a reference to the origin of the product (distinctive sign) or whether they will rather look on it as a reference to the characteristics of the goods or their geographical origin (descriptive sign). The term "*consumer*" is used here as an abbreviation denoting the relevant circles to be considered in a specific case, namely those to whom the sign is addressed (and in certain cases also those who are otherwise reached by the sign). The fact of other traders having a legitimate interest in the fair use of a term can therefore be used as a kind of additional ground when making the decisive test of whether consumers are likely to regard the sign as a reference to origin or as a reference to characteristics of the goods. It should not, however, be used on its own as a basis for a decision to refuse the registration of a term when it is not clear that consumers are also likely to regard the term as descriptive.

Other Signs Lacking Distinctiveness: Signs may lack distinctiveness for other reasons. This is true of a device which, owing to its simplicity or pure illustrative or ornamental character, may not capture the consumer's attention at all as a sign referring to the origin of the product, but rather as a mere illustrative

part of the packaging of the goods offered to him. An example (with regard to words) would

be a relatively long advertising slogan recommending the goods to the consumer which, even when reproduced on the packaging, would be much too complex to be understood by consumers as a reference to the origin of the product.

In practice the authorities have to deal with certain other typical categories of cases which in many laws are expressly listed as grounds for refusal, and which are dealt with below.

Reference to Geographical Origin: References to geographical origin (as opposed to the origin of the goods in the sense of the origin-indicating function) are basically not distinctive. They convey to the consumer an association with the geographical name, indicated either as the place of manufacture of the goods in question or of ingredients used in their production, or - depending on factual circumstances

- with certain characteristics of the goods attributable to their origin. For such an association to be conveyed to the consumer, the geographical location referred to must of course - at least to a certain extent - be first known to him. Signs referring to practically unknown localities are therefore distinctive. References to areas where nobody would expect the goods concerned to be manufactured are also distinctive.

Even if a geographical area is known to the consumer, a sign that makes a reference to it can either be or become distinctive if there is no other manufacturer or trader in the same field of activity, and no potential for competitors to settle there in the future. A geographical denomination may also, through long and intensive use, be associated with a certain enterprise to such an extent that it becomes distinctive as a trademark for it, even if competitors already exist or establish themselves in the future.

Letters, Numerals and Basic Geometrical Shapes: These signs are often regarded as being indistinctive and therefore unregistrable. Some trademark laws (such as the former German trademark law) even expressly excluded them from registration or accepted them only if at least three letters and/or numerals are combined, or in the case of letters, if the sequence is pronounceable.

It is certainly true that consumers will not normally regard letters, numerals or simple geometrical shapes as indications of the origin of the goods. Nevertheless, letters, numerals and their combinations can become distinctive through use and the so-called legitimate interest of other traders in making fair use of them should be no reason for refusal. The recent international trend therefore goes towards accepting the registration of such signs more liberally. Furthermore, even without any use, letters and numerals can be registrable if they are applied for in a fanciful device.

Foreign Script and Transliterations: Imagine the use of a Thai script mark in India or Sri Lanka, the use of Chinese characters in Switzerland, Sinhala characters in the United States of America or Japanese characters (*Katakana*, *Kandi*) anywhere but in Japan. For the great majority of ordinary consumers these marks are purely fanciful devices. Consequently, they are in principle distinctive, except where the sign has no more than an ornamental effect, depending on its graphic presentation. Since these marks are distinctive, they are basically registrable. The registrar may, however, ask for a translation (a description of its meaning) in local script.

Colors: The use of words and/or devices in colors or combined with colors generally increases their distinctiveness. Consequently, applications for such signs claiming the colors shown or described in the application are easier to register. The first trademark registered in the United Kingdom in 1876 (and still on the register) was a triangle (a basic geometrical shape) in red. However, protection is then in principle restricted to the actual colors in which the mark is registered. Signs that might have been regarded as confusingly similar to the registered mark, had it been in black and white, may therefore fall outside the scope of protection in view of the use of different colors. Since signs registered in black and white are protected against the registration and use of confusingly similar signs regardless of color, and since the registered owners of such signs can normally use them in any color they may wish to use, the usual practice is not to register signs in color. However, a given color or combination of colors may be an important element of a trademark, constantly used by its owner, and therefore liable to be imitated by competitors. This shows that a trademark owner may have a real interest in registering his mark in the distinctive colors in which it is used, even where the mark was distinctive enough to be registrable in black and white. In order to eliminate the previously-mentioned risk of restricting the scope of protection of such a mark, its owner may register the mark both in black and white and in the colors actually used.

Signs consisting exclusively of individual colors or of color combinations can be registrable trademarks. It is a matter for practice in the various countries to determine whether they are considered inherently distinguishable or basically descriptive with the possibility of becoming distinctive through use.

Names, Surnames: Company names and trade names are registrable, except where they are deceptive or not distinctive. Common surnames are not registrable in some countries, since they are not distinctive. As for less common surnames, it is, in such countries, important to establish whether another meaning in everyday language will be overwhelmingly recognized by consumers. If there is such a dominant meaning, the sign is registrable on the condition that the meaning in question is not descriptive of the goods for which the mark is to be used.

Exclusions from Registration on other Grounds: Public Interest

Deceptiveness: Trademarks that are likely to deceive the public as to the nature, quality or any other characteristics of the goods or their geographical origin do not, in the interest of the public, qualify for registration. The test here is for intrinsic deception, inherent in the trademark itself when associated with the goods for which it is proposed. This test should be clearly distinguished from the test for the risk of confusing customers by the use of identical or similar trademarks for identical or similar goods. It is true that fanciful trademarks or marks with an arbitrary meaning for the goods proposed cannot be deceptive. And yet trademarks that have a descriptive meaning, even if they are only evocative or suggestive and therefore distinctive, may still be deceptive. Such trademarks have therefore to be examined from two angles: first they must be distinctive, and secondly, they must not be deceptive. As a rule, it can be said that the more descriptive a trademark is, the more easily it will deceive if it is not used for the goods with the characteristics described.

Reference to Geographical Origin: Signs that are descriptive or indicative of geographical origin are false for products that do not come from the region described or indicated. In such cases the consumer will be deceived if the reference to the geographical origin has the wrong connotations for him. This is particularly true if the region or locality has a reputation. Famous examples of such signs are “*Champagne*” and “*Swiss Chocolate*”.

In practice, such cases of direct reference to geographical origin are relatively rare. More often indirect references are made, and these cases are more problematic. A reference to a famous Swiss mountain for chocolate would still deceive consumers, as would a device mark consisting of a typical alpine landscape. Indeed, even the use of foreign words can, under certain circumstances, be deceptive without any reference to a specific geographical origin. The very fact that a word comes obviously from a particular foreign language may give consumers the impression that the product comes from the country where that language is spoken. Consumers will therefore be deceived if the country concerned has a reputation for the goods concerned.

However, it should be realized that, in addition to being spoken in many different countries all over the world, English is also the modern international marketing language, with the result that many trademarks have an English-language connotation quite independent of the geographical origin of the goods marked with it, and that consumers are generally aware of the fact.

Partial Deceptiveness: We have seen that the question whether or not a trademark is inherently deceptive must be examined in relation to the goods in respect of which the

application is made. Depending on the list of goods, therefore, an application may be distinctive for some, descriptive for others and/or deceptive for still others. In such cases the examiner has to require a limitation of the list of goods. Should the applicant not agree to such limitation, the examiner refuses the whole application in some countries. In others, he accepts the application only for the goods for which, in his opinion, the mark is not deceptive and refuses it for the others.

Signs Contrary to Morality or Public Policy: Trademark laws generally deny registration to signs that are contrary to morality or public policy.

Signs Reserved for Use by the State, Public Institutions or International Organizations: A country generally protects its national flag, its official name and the names of official institutions in its own interest. Furthermore, countries are obliged by Article 6ter of the Paris Convention also to protect the notified signs of other member States and international intergovernmental organizations (such as the *United Nations Organization*).

Protection of Trademark Rights

A trademark can be protected on the basis of either use or registration. Both approaches have developed historically, but today trademark protection systems generally combine both elements. The *Paris Convention* places contracting countries under the obligation to provide for a trademark register. Over one hundred and fifty States have adhered to the Paris Convention. Nearly all countries today provide for a trademark register, and full trademark protection is properly secured only by registration.

Use does still play an important role, however: first of all, in countries that have traditionally based trademark protection on use, the registration of a trademark merely confirms the trademark right that has been acquired by use. Consequently, the first user has priority in a trademark dispute, not the one who first registered the trademark.

Use Requirements

Need for an Obligation to Use: Trademark protection is not an end in itself. Even though trademark laws generally do not require use as a condition for the application for trademark registration, or even the actual registration, the ultimate reason for trademark protection is the function of distinguishing the goods on which the trademark is used from others. It makes no economic sense, therefore, to protect trademarks by registration without imposing the obligation to use them. Unused trademarks are an artificial barrier to the registration of new marks. There is an absolute need to provide for a use obligation in trademark law.

At the same time trademark owners need a grace period after registration before the use

obligation comes into effect. This is especially true of the many companies that are active in international trade. In order to avoid loopholes in the protection of their new trademarks of which competitors could take advantage, they must from the very beginning apply for the registration of their new trademarks in all countries of potential future use. Even in their own countries companies often need several years before they can properly launch a newly-developed product on the market. This is especially true of pharmaceutical companies, which have to make clinical tests and have to apply for approval of their product by the health authorities. The grace period granted in trademark laws that provide for a use obligation is sometimes three years, but more often five years.

Consequences of Non-Use: The principal consequence of unjustified non-use is that the registration is open to cancellation at the request of a person with a legitimate interest. There is moreover a tendency to require of the registered owner that he prove use, since it is very difficult for the interested third party to prove non-use. In the interest of removing “*deadwood*” from the register, such reversal of the burden of proof is justified.

The burden of proof should be on the trademark owner not only in cancellation proceedings but also in any other proceedings where the owner is alleged to have taken advantage of his unused trademark right (opposition procedure, infringement action). No evidence of use should be required for the renewal of a trademark registration, however. This is an administrative complication which is unnecessary in view of the fact that an interested person can at any time at all take appropriate action against an unused trademark registration.

Non-use does not always lead to invalidation of the trademark right. Non-use can be justified in the case of force majeure, and any other circumstance that is not due to fault or negligence on the part of the proprietor of the mark, such as import restrictions or special legal requirements within the country.

Proper Use of Trademarks: Non-use can lead to the loss of trademark rights. Improper use can have the same result, however. A mark may become liable for removal from the Register if the registered owner has provoked or tolerated its transformation into a generic name for one or more of the goods or services in respect of which the mark is registered, so that, in trade circles and in the eyes of the appropriate consumers and of the public in general, its significance as a mark has been lost.

Basically, two things can cause genericness:

- 1) improper use by the owner, provoking transformation of the mark into a generic term, and
- 2) improper use by third parties that is tolerated by the owner.

In order to avoid improper use, everyone in the company owning the trademark, who is involved in advertising or publicizing the brand, must follow some rules.

The basic rule is that the trademark should not be used as, or instead of, the product designation. By systematically using a product designation in addition to the trademark, the proprietor clearly informs the public that his mark identifies a specific product as one in a certain category. This is especially important if the trademark proprietor has invented a totally new product which at the outset is the only one in the category. Trademarks such as FRIGIDAIRE, CELLOPHANE and LINOLEUM became generic terms because they were the only product in their category, and no additional name was given to the category by its proprietors. When instant coffee, also called soluble coffee, was invented in 1938, the first product marketed by the company that invented it was called NESCAFÉ. However, from the start the company systematically used a product designation such as “*instant coffee*” or “*soluble coffee*” on its labels. A second important rule is that trademarks should always be used as true adjectives and never as nouns, in other words the trademark should not be used with an article, and the possessive “s” and the plural form should be avoided. It would be wrong to talk about NESCAFÉ’s flavor or about three NESCAFÉs instead of three varieties of NESCAFÉ.

Furthermore, it is advisable always to highlight the trademark, that is, to make it stand out from its surroundings. Finally, a trademark should be identified as such by a trademark notice. Only a few laws provide for such notices and making their use on goods compulsory is prohibited by Article 5D of the Paris Convention. Trademark law in the United States of America allows the use of a long statement (such as “*Registered with the United States Patent and Trademark Office*”) to be replaced by a short symbol, namely, the circled R, or ®. Over the years this symbol has spread throughout the world and become a widely recognized symbol for a registered trademark. Its use is recommended for registered trademarks as a warning to competitors not to engage in any act that would infringe the mark.

However, it is not enough just to follow these rules: the trademark owner must also ensure that third parties and the public do not misuse his mark. It is specifically important that the trademark should not be used as or instead of the product description in dictionaries, official publications, journals, etc.

Trademark Registration

Application for Registration: Applications for registration of a trademark are to be filed with the competent government authority which in most countries is the same as the authority competent for processing patent applications. Usually, it is called “*Industrial Property Office*”

or “*Patent and Trademark Office*” or “*Trademark Office*”.

In general, countries provide for an application form, the use of which is mandatory in certain countries. The application form has to be completed with the name and address of the applicant. Foreigners have either to give an address for service in the country or to use an agent holding a power of attorney to be signed by the applicant. Often further formalities are imposed.

The *Trademark Law Treaty* (TLT)⁵⁴ contains, in Article 3⁵⁵, an exhaustive list of information which Trademark Offices of Contracting Parties may require for a trademark registration, and expressly prohibits certain formalities, such as authentication or legalization, which are considered unnecessary and particularly burdensome. The TLT also provides Model International Forms which contain all relevant information, and which have to be accepted by Offices of Contracting Parties. The sign filed for registration must appear in the application form or in an annex to it. If it is intended that the sign should be registered in color, the colors must be claimed and a specimen in color or the description of the color(s) must be submitted. If a three-dimensional sign is filed for registration, it is necessary to claim protection of the sign in its three-dimensional form. The sign must moreover be graphically represented in a manner that allows it to be reproduced for a twofold purpose: it must be possible to register it (regardless of the form in which the register is established, that is, whether the marks are entered in a book, collected in a card index or integrated in a computerized system). Owners of prior rights must be able to take note of the trademark application, which normally is ensured by its publication in a trademark journal.

The applicant has also to list the goods for which the sign is to be registered. Trademark laws provide generally for a classification of goods for the purposes of registration. In some countries a separate application has to be made for each class, while in others one application is sufficient for several classes. An important treaty for international trade is the *Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks*⁵⁶, which establishes an international classification of goods and services for the purpose of registration of trademarks. The document in the back flap of this publication shows the Contracting States of this treaty. Finally, one or more lots of fees have to be paid for the registration of a trademark. A country may provide for a single, all-embracing fee or several (application fee, class fee, examination fee, registration fee, etc.). Both systems have advantages and disadvantages. On the one hand, it is simpler and more cost-efficient to charge a single fee. On the other hand, this may lead to unjust consequences for applicants who decide

⁵⁴ < <https://wipo.lex.wipo.int/en/text/294358> >

⁵⁵ < https://www.wipo.int/treaties/en/text.jsp?file_id=294357#a3 >

⁵⁶ < https://www.wipo.int/treaties/en/text.jsp?file_id=294357#a3 >

to withdraw the application totally or partially during the registration procedure, for example, because of an objection from the owner of a prior right, or because of insurmountable objections from the registrar.

Examination as to Form: Countries generally accept an application for registration of a trademark only if the formal requirements are fulfilled.

Examination as to Substance: Most countries examine trademark applications as to substance in the interest of both the public and competitors. One has to make a clear distinction between two types of grounds for refusal. Trademarks may be examined for absolute, objective grounds for refusal, that is, whether they are sufficiently distinctive, not deceptive, not immoral, etc. Such an examination is highly desirable in the interest of consumer protection, but for competitors too, and for the trade in general, it is important that nobody should be able to have an exclusive right in a descriptive or even a generic term by a simple administrative act. The laws of many countries provide also for examination on relative grounds, that is, whether the rights applied for are identical or similar to prior rights that have been applied for or granted for identical or similar goods. Such examination may either be made *ex officio* and/or on the basis of an opposition procedure.

In general, three typical approaches can be observed internationally.

1. The British system, providing for examination by the office for absolute and relative grounds, and also for an opposition procedure. This system is also applied, in Europe, by countries such as Portugal, Spain and the Northern European countries.
2. Under a second approach the office examines only for absolute grounds, the law provides for no opposition procedure and it is left to the owner of the prior rights to bring a cancellation or infringement action against the registration or use of a more recent sign. This system has been used under the old trademark laws of France and Switzerland—both countries introduced opposition procedures in their new laws.
3. The third system is the German one, which provides for examination by the office for absolute grounds and also for an administrative opposition procedure, in which the owner of prior rights can oppose the infringing trademark application by means of a simplified and not too costly procedure. This system is a compromise between the more extreme systems mentioned before, and follows a modern trend which is reflected in the European Community Trade Mark system.

Industry in general prefers the latter system, since it is less time-consuming and much more flexible. In view of the many trademarks on the registers of countries all over the world, it is in any case advisable to carry out a search for prior rights before applying for registration of a trademark, and even more so before beginning to use it. Most applicants do such searches

regularly, while companies have at least their more important registered trademarks watched, either by their trademark agents or by one of the international watching services, in order to keep themselves informed of applications for registration of potentially conflicting similar marks.

The standards to be applied by the registrar when examining whether a trademark application is to be refused because of a prior right are the same, in principle, as those to be applied in an opposition

procedure or by a judge in an infringement action, even though in the latter case the factual circumstances of the infringement will play an additional role.

Refusal of Registration: Before issuing a total or partial refusal of the application, the office should give the applicant an opportunity to make observations. The decision refusing an application either partly or totally must be open to appeal. Depending on the legal system of the country, the appeal may be lodged with the registrar, with an administrative appeal board or with the court.

Date of Registration: If the application leads to registration, the office issues a certificate to the owner. The owner's exclusive right exists from the date of registration. However, the priority of the right should date back to the date of filing for registration. While it is true that the application is not normally a sufficient basis for bringing an infringement action against a later right, it must be a valid basis for an opposition procedure. And, even more importantly, the date of the application for registration will be decisive in a later court case. The time that passes before an application leads to registration varies a great deal, and in certain cases can be very long. A later application can for various reasons lead to registration sooner (for instance where the earlier application was refused by the examiner and finally granted on appeal). Clearly, the owner of the earlier application must have the prior right in relation to the owner of a later application. Furthermore, the applicant can claim the priority of his national registration under Article 4 of the Paris Convention if the application in the foreign country is made within six months of the filing date of the first application.

Duration and Renewal: Since trademarks do not grant an exclusive right that could be exploited, there is no need to limit their validity. For administrative reasons, a time limit is generally provided for in trademark laws, but it is possible to renew registrations when the time limit expires. One of the reasons for imposing such time limits is that the office can charge a fee for renewal, and this is a welcome source of revenue. Furthermore, the registration of trademarks without a time limit would lead to an undesirable amount of trademark registrations that are no longer of any interest to their owners. Even if unused marks may be

removed from the register, such a procedure would be costly and time- consuming for the interested party, and not always successful.

Consequently, the requirement of renewal and the payment of a renewal fee is a welcome opportunity for a trademark owner to consider whether it is still worth having his registration renewed, as the trademark may have been superseded in its graphic form, or may even be no longer in use. Excessive fees should also be avoided, however. In any case, renewals should be made simply on payment of the fee, without any new examination of the mark for absolute or relative grounds for refusal. Of course, it should be possible for the owner to make a voluntary restriction of the list of goods of the original registration, especially if he can save fees by doing so.

Publication and Access to the Register

It is important for owners of prior rights and the public that all relevant data contained in the register, concerning applications, registrations, renewals and changes of name, address and ownership, should be published in an official gazette. This enables owners of prior rights to take the necessary steps, including opposition (if provided for) or an action for cancellation. The publication of applications and registrations should contain all the important data, such as the name and address of the applicant, a representation of the mark, the goods grouped according to the classification system, the colors claimed, where the mark is three-dimensional a statement to that effect, and where the priority of any other mark is claimed (Paris Convention, Article 4) a statement to that effect.

The register of marks should, moreover, be accessible to the public. To ensure that owners of prior rights are properly informed it is indispensable that the register contain up to date information, namely all recorded data not only on registrations, but also on the contents of pending applications, regardless of the medium on which the data are stored.

Removal of the Trademark from the Register

The cancellation of a trademark registration is a serious matter for its owner, as it leads to a loss of his rights under the registration. Nevertheless, there are a number of grounds on which a trademark can be removed from the register.

Removal for Failure to Renew: It has been shown that, for administrative reasons, a trademark is registered for a certain period of time only. If the owner fails to renew his trademark registration and more specifically fails to pay the renewal fee, this leads to the removal of the trademark from the register. Registries generally allow a period of grace for payment of the renewal fee (usually with a surcharge) in accordance with Article 5bis of the

Paris Convention.

If the law permits renewal of the trademark registration for just some of the registered goods (to be encouraged as a means of removing “deadwood” from the register), this leads to a partial cancellation of the trademark registration for all the goods in respect of which it is not renewed.

Removal at the Request of the Registered Owner: The registered owner can himself, at any time, renounce his registration for either all or some of the goods for which the mark is registered. At the request of the registered owner, therefore, the authorities will in principle remove the mark from the register either wholly or in part.

Removal for Failure to Use: If the owner of a trademark fails to use his mark within the grace period provided for in the law, any interested party can, in principle, ask for its cancellation. If the owner

cannot justify the non-use, removal of the registration is ordered by the court. If the owner can prove use or justify the non-use, but only for some of the registered goods, the court orders partial cancellation. Partial cancellation extends either to all registered goods for which use cannot be proved or at least to all those not similar to the goods that the registered owner has used.

This does not mean that the registered owner’s rights would be strictly limited to the goods used, or even to a single product on which his trademark has been used. Even if his registration is canceled for all but the one product for which he can prove use, he can still defend his exclusive right to his registered trademark against the registration and use of an identical or confusingly similar trademark by a competitor for all goods that are identical or similar to the product for which his trademark is registered and used.

Cancellation on Account of Nullity: If a trademark consists of a sign that should not have been registered, it can be declared null and void by the court at the request of any interested party. Sometimes trademark laws also provide an ex officio procedure for that purpose. As a consequence of the declaration, the trademark is removed from the register.

If the grounds for invalidity exist only with respect to some of the registered goods, the registration is removed for those goods only. Normally, removal from the register is ordered only if the grounds for invalidity already existed when the trademark was registered. Moreover, even if the trademark should not have been registered owing to lack of distinctiveness, its cancellation is excluded if in the meantime it has become distinctive by use.

Such acquired distinctiveness cannot, however, prevent the removal from the register of trademarks that consist of generic or deceptive terms. And yet there can be exceptional cases in which the deceptive meaning that would have prevented trademark registration at the outset has been lost in the meantime.

Removal of a Mark that has lost its Distinctiveness: If the registered owner has provoked or tolerated the transformation of a mark into a generic name for one or more of the goods or services in respect of which the mark is registered, the mark becomes liable for removal from the register.

Rights Arising from Trademark Registration

The registered owner has the exclusive right to use the trademark. This short definition of the specific subject matter of trademark rights encompasses two things:

- 1) the right to use the trademark and
- 2) the right to exclude others from using it.

The Right to Use the Trademark: This positive right of use belonging to the trademark owner is recognized in most trademark laws. It would indeed be contradictory not to grant such a positive right of use while imposing an obligation to use. Of course, the right of use is subject to other laws and rights, as is any other right provided by law. What is allowed under trademark law may be prohibited under competition law or by public enactment. It means first the right of the owner of the mark to affix it on goods, containers, packaging, labels, etc. or to use it in any other way in relation to the goods for which it is registered. It means also the right to introduce the goods to the market under the trademark. It is important to make a distinction between these two rights, both derived from the right to use a trademark. When the trademark owner has launched a product on the market under his mark, he cannot object to further sales of the product in the course of trade. This is the essence of the so-called principle of exhaustion of the trademark right. Some countries do not allow objections to parallel imports of products marketed in a foreign country by the trademark owner or by a third party with his consent. Other countries do allow such parallel imports to be objected to, namely by applying the principle of territoriality of rights. Still other countries make the decision on whether the trademark owner can object to parallel imports dependent on whether consumers are likely to be mistaken as to the characteristics or quality of the imported goods.

Apart from this special aspect of parallel imports of goods marketed for the first time in a foreign country, the principle of exhaustion of trademark rights clearly applies within the country. However, it is a principle that applies only to the right to launch the product bearing the trademark on the market for the first time. The owner's exclusive right to affix the

trademark on the goods and their packaging, containers, labels, etc. continues to exist. Consequently, he can object to acts that infringe that right, such as the repacking of goods bearing his mark, the destruction of his mark on the goods, or the alteration and subsequent sale of his products under his mark. Altering the product and selling it under the same mark has the same effect as affixing the mark to goods, that is, it gives the consumer the impression that the genuine product has been marketed by the trademark owner under his mark. If that is not true, the trademark owner has a right to intervene.

Finally, a third right out of the series of rights incorporated in the right to use a trademark is the trademark owner's right to use his mark in advertising, on business papers, documents, etc.

The Right to Exclude Others from Using the Mark: It follows from the mark's basic function of distinguishing the goods of its owner from those of others that he must be able to object to the use of confusingly similar marks in order to prevent consumers and the public in general from being misled. This is the essence of the exclusive right afforded to the trademark owner by registration. He must be able to object to any use of his trademark by a third party for goods for which it is protected, to the affixing of the mark on such goods, to its use in relation to the goods and to the offering of the goods for sale under the mark, or the use of the mark in advertising, business papers or any other kind of document. Furthermore, since consumers are to be protected against confusion, protection generally extends to the use of similar trademarks for similar goods, if such use is likely to confuse the consumer. It must be underlined, however, that the trademark owner cannot unconditionally object to the use of his trademark or a similar mark for the goods for which his trademark is registered or for similar goods. His trademark must be protected for the goods specified in the registration. Such protection operates automatically for all registered goods during the user's grace period, which is generally laid down by law. When that period has expired, protection has to be reduced to the goods on which the mark is actually used and goods similar to them. Any goods for which the trademark was registered but which are not in use should no longer be a valid basis for asserting exclusive trademark rights. Depending on the procedural system in the country, the trademark owner may be able to rely on those formal rights for goods for which the mark is registered but not used, but he could face a counterattack leading to partial cancellation of his trademark for non-use.

The exclusive rights of the trademark owner can be exercised by means of an infringement action. The trademark is infringed if, owing to the use of an identical or similar sign for identical or similar goods, there is a risk, or a likelihood of the public being misled. The test is not a hypothetical one but has to deal with the reality of infringement in the marketplace. Many laws not only provide for an infringement action, but also offer an administrative opposition procedure against an application for the registration of a confusingly similar trademark. In that

case, the test is much broader, because allowance has to be made for the risk of confusion that could arise from any use that the applicant might possibly make of his trademark if it were registered. The test is in fact the same as is applied by the office in its examination for prior third-party rights.

Together with the question whether a trademark is distinctive, the question whether a trademark is confusingly similar to an earlier right is one of the cornerstones of practical trademark protection.

Similarity of Goods: Trademarks are registered for goods in certain classes which have been established for purely administrative purposes. The classification of goods cannot therefore be decisive for the question of similarity. Sometimes totally different goods are listed in the same class (for instance computers, eyeglasses, fire extinguishers and telephones in class 9), while similar goods can clearly be listed in different classes (adhesives may fall into classes 1, 3, 5 and 16). The test of whether goods are similar is based on the assumption that identical marks are used. Even identical marks are unlikely to create confusion as to the origin of the goods if the goods are very different. As a general rule goods are similar if, when offered for sale under an identical mark, the consuming public would be likely to believe that they came from the same source. All the circumstances of the case must be taken into account, including the nature of the goods, the purpose for which they are used and the trade channels

through which they are marketed, but especially the usual origin of the goods, and the usual point of sale.

A further aspect is the nature and composition of goods. If they are largely made of the same substance, they will generally be held to be similar, even if they are used for different purposes. Raw materials and finished goods manufactured out of the raw materials are not normally similar, however, since they are generally not marketed by the same enterprise.

Similarity of Trademarks: Trademarks can be more or less similar to each other. The test, of course, is whether they are confusingly similar. A trademark is confusingly similar to a prior mark if it is used for similar goods and so closely resembles the prior mark that there is a likelihood of consumers being misled as to the origin of the goods. If the consumer is confused, the distinguishing role of the trademark is not functioning, and the consumer may fail to buy the product that he wants. This is bad for the consumer, but also for the trademark owner who loses the sale.

No intention to confuse on the part of the infringer is necessary, nor is actual confusion. The likelihood of confusion is the test. That is the only way for the system to function. Of course,

phrases such as “*likelihood of confusion of the consumer*” (or “*of the public*”) have to be interpreted. “*The consumer*” does not exist, and the public as such cannot be confused. Confusion arises, or is likely to arise, always in a section of the public. It has to be determined in the specific case what the relevant part of the public is that has to be considered, in other words who are actually addressed or reached by the trademark.

Since it is very difficult to work in practice with the broad definition of confusing similarity, some rules have been developed which help to define in specific cases whether, in view of the similarity of the two marks, confusion is likely to arise. The most important point is that the consumer does not compare trademarks side by side; he is generally confronted with the infringing mark in the shop without seeing the product bearing the mark that he knows and remembers more or less accurately. He mistakes the products offered under the infringing mark for the genuine product that he actually wants to buy. In this context it must be taken into account that the average consumer also has an average memory, and that it must be sufficient for him to doubt whether the trademark with which he is confronted is the one he knows.

Since the average consumer generally does not at first glance recognize differences between the marks that he might spot if he took his time to study the mark and the product offered under it more carefully, the first impression that he gains must be decisive. This is especially true for mass-consumption goods offered in self-service stores. Furthermore, unsophisticated, poorly-educated consumers and also children are more liable to be confused. The purchaser of a sophisticated and costly machine, car or aircraft will no doubt be more attentive than the consumer in the self-service store. In those fields, therefore, very similar trademarks do coexist, which would probably be easily confused if applied to mass-consumption goods.

Another interesting example of how the category of goods can influence the testing of confusing similarity is to be found in the field of pharmaceuticals. Prescription drugs are normally sold to the consumer (on prescription by doctors) by educated pharmacists, who are less likely to be misled by relatively similar brand names used for medicines for different indications, so the testing of similarity can be more generous. For drugs sold over the counter, the contrary is true. In view of the potentially serious consequences for the uneducated consumer if he buys a wrong product, the testing of similarity must be particularly strict.

The second important point when testing the similarity of trademarks is that they should be compared as a whole, and that more weight should be given to common elements which may lead to confusion, while differences overlooked by the average consumer should not be emphasized. Notwithstanding this basic rule of comparing trademarks as a whole and not dividing them into parts, the structure of the signs is important. Common prefixes are normally more important than common suffixes; if two signs are very similar or identical at

the beginning, they are more likely to be confused than if the similarity is in their endings. Long words with common or similar beginnings are more likely to be confused than short words with different initial letters.

The third important point is that highly distinctive marks (coined or arbitrarily used marks) are more likely to be confused than marks with associative meanings in relation to the goods for which they are registered. The same is true if a mark contains a highly distinctive part (part of the word mark or one of several words forming the mark), and that highly distinctive element is exactly or almost exactly duplicated by the infringing mark. If, on the other hand, the common element of the two signs is descriptive, the consumer's attention tends to focus on the rest of the mark.

When trademarks with a common element are compared, it also has to be established whether there are other trademarks on the register and used by different owners that have the same common element. If so the consumer will have become accustomed to the use of this element by different proprietors, and will no longer pay special attention to it as a distinctive element of the mark.

The situation is different, however, if all marks having such a common element (normally a prefix or suffix) are registered and used by the same proprietor (or with his consent). This is the special case of the series mark, where the consumers may have become accustomed to associate the series with a common source and will tend to make the same assumption about any new trademark containing the same element. However, the mere fact of somebody using a series of trademarks that have a common element is not, as such, sufficient to exclude the use of the same element by a competitor as a component of a mark which on the whole is very different. The use of such a common element can only constitute infringement if consumers really have come to recognize the common element of the series of marks used by the registered owner as indicating the source of the goods offered by him under the different marks containing that element.

The fourth important point is that confusion can arise from similarity in the writing, the pronunciation and in the meaning of the sign, and that similarity in one of those areas is sufficient for infringement if it misleads the public.

With regard to similarity in writing, the graphic presentation of the trademark plays an important part. Similarity in pronunciation is important because trademarks that are written differently may be pronounced in the same way, and pronunciation counts in oral communication: even if similarity in writing is avoided by the use of very different graphic presentations, this does not make any difference when the two trademarks are compared orally.

A totally different meaning can preclude confusion between two marks that would normally be regarded as confusingly similar. Independently of the above rules, some special aspects have to be taken into account for figurative marks (devices).

For purely fanciful marks the graphical impression conveyed by the two marks is decisive. For composite marks the similarity of the word part is normally sufficient, as similarity in pronunciation constitutes trademark infringement. Similarity in the figurative part can only lead to confusion if that figurative part is a distinctive element of the mark. Furthermore, in the case of composite marks any similarity in the word parts of the two marks is likely to be emphasized if the figurative parts of the marks are also similar. Even though the words might not be confused in writing or pronunciation, the marks as a whole can be confusingly similar in view of the similarity of their figurative elements.

A special case is the device that can be named by a word, such as a star device and the word “*star*”. The question arises whether the corresponding word as a trademark should be prohibited, and whether the owner of the word mark “*star*” should be able to object to all possible graphic presentations of a star in a device mark. The situation is different when two device marks are compared in which both features, for instance, the same animal. Two such devices, for instance two tiger or lion or cow devices (there are numerous cow devices registered for milk products) must be sufficiently similar for there to be confusion.

Influence of Use and Non-Use: Confusion in the marketplace can only arise from actual use on similar goods. To prevent confusion, however, it is still necessary that the trademark protection system allow the trademark owner to object to an application for registration of a trademark which is based on mere intention to use the mark.

For the same preventive purpose, many trademark laws allow the owner of a registered trademark to object in opposition procedures to the filing, and in infringement actions to the use, of similar marks for goods identical or even similar to all goods covered by the existing registration, regardless of the use of the latter. The defendant who is aware of the total or partial non-use must therefore counterattack by introducing an invalidation action seeking partial or total cancellation of the existing trademark registration for non-use.

More modern conceptions allow the trademark owner, after the grace period has expired, to object by opposition or court action to an application for registration, or to the use, of an identical or similar mark for goods identical or similar only to those on which the owner is actually using his. If the owner is not using his trademark, the opposition is refused, and if he

is using it on one or several of the goods for which it is registered, only those on which it is used are taken into consideration for the test of confusing similarity. The burden of proof of use in an opposition procedure is on the owner of the right.

Many laws also allow the defendant in trademark infringement actions to claim non-use of the trademark on which the action is based, and the owner can then only succeed in his infringement action if he can prove use of his mark. If the infringed trademark is being used, the extent of the use can influence the test of confusing similarity. Intensive use increases the distinctiveness of the mark, and confusion with well-known marks is more likely even if the goods on which the infringing mark is used are less similar or if the similarity of the marks is less apparent.

Protection Beyond the Scope of Confusing Similarity: Well-known or famous marks, which are highly reputed, are in some countries given protection that goes beyond the scope of similarity of the goods. Such far-reaching protection should only be given if the use of the same mark or a nearly identical mark for other, dissimilar goods would be prejudicial to its distinctiveness or its reputation. This extended protection does not necessarily cover all possible goods. It could well be that the use of a mark identical to the well-known mark would do unjustified harm in relation to a certain category of goods, whereas the same use on totally dissimilar goods might not be against the interests of the registered owner of the well-known mark. The decision has to be determined by all the circumstances of the specific case, including the extent of reputation of the mark, the type of goods for which it is used by the infringer, the manner in which he presents his goods, and so on.

Yet reputation is not sufficient on its own, of course; broader protection is justified only where the use of a sign without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the reputation of the trademark.

In September 1999 the WIPO General Assembly and the Assembly of the Paris Union adopted a Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks which provides guidance for determining whether a particular mark is well-known, and determines the scope of protection of well-known marks.

Restriction of the Exclusive Right in the Public Interest: In the same way as the owner's right to use his trademark can be restricted by other rights, his right to prevent third parties from using his mark can be restricted by the legitimate interests of others. A provision is contained in many trademark laws which states that the registration of the mark does not confer on its registered owner the right to preclude third parties from using bonafide, for example, their

names, addresses, or pseudonyms.

The trademark owner also cannot prevent third parties who are not his competitors from referring to his trademark by acts such as the listing of the mark in a compendium of trademarks, or from using it in newspaper articles or in books or other publications.

Remedies for Trademark Infringement

A successful infringement action leads to prohibition of the use of the confusingly similar mark. If the infringing mark is registered, cancellation of the registration is ordered. The trademark owner can also, in principle, ask for compensation for damages. Damages are difficult to prove in trademark infringement cases, however, so this remedy is not very important in practice. The situation is of course different in cases of counterfeiting, which will be dealt with below.

Trademark Piracy, Counterfeiting and Imitation of Labels and Packaging

Trademark Piracy: Trademark piracy means the registration or use of a generally well-known foreign trademark that is not registered in the country or is invalid as a result of non-use. The Paris Convention provides in its Article 6^{bis} that a well-known trademark must be protected even if it is not registered in the country. Article 6bis is restricted to identical and similar goods, however. Often well-known trademarks are used by pirates on totally different goods, or for services. Furthermore, courts sometimes require a trademark to be well-known in the country where piracy is discovered, and deny protection, even if the true owner of the trademark can prove that it is internationally well-known in a considerable number of other countries. Improved protection against trademark piracy is therefore needed. The Joint Recommendation Concerning Provisions of the Protection of Well-Known Marks which was adopted by the WIPO General Assembly and the Assembly of the Paris Union in September 1999 provides some guidance in this respect.

Counterfeiting: Counterfeiting is first of all the imitation of a product. The counterfeit is not only identical in the generic sense of the term. It also gives the impression of being the genuine product (for instance a LOUIS VUITTON bag), originating from the genuine manufacturer or trader. The offering of such a counterfeit product is only meaningful, of course, if the genuine product is known to the consumer. Consequently, counterfeit goods often belong to the category of luxury goods and bear a well-known trademark. In fact, however, this is only a coincidence: counterfeit goods can just as well be mass-consumption goods, or goods not sold under a trademark but protected by other intellectual property rights such as copyright or design protection. They can also be known to a small group of specialized consumers only, such as brakes to be used for cars, or aircraft, or pesticides known to clients in agriculture. These examples show at the same time how dangerous the use of counterfeit goods can be - a whole

year's crop in a large part of Africa was once destroyed by the use of a counterfeit pesticide. Some very typical and widely-known examples of counterfeit goods, have been, for example, the false LOUIS VUITTON bags, the false ROLEX, CARTIER and other luxury watches, the false PUMA and REEBOK sports shoes, the false LACOSTE sports shirts and so on. Worldwide sales of some counterfeit products may exceed those of the genuine products. This shows that counterfeiting is an economic phenomenon of worldwide importance, which can represent an alarming percentage of world trade. Indeed, it is important to recognize that counterfeiting is an economic crime, comparable to theft. Counterfeiters not only deceive the consumer but also damage the reputation of the genuine manufacturer, apart from which they do not pay taxes and other duties to the State.

Legal Protection Against Counterfeiting: Although it is not a condition and not always the case, counterfeit goods generally bear a trademark. This has the advantage of making counterfeiting actionable as trademark infringement, which is generally easier than fighting against infringement of other intellectual property rights, which may also be involved. However, since counterfeiting is an economically serious and important problem, the remedies specified in trademark laws are often not sufficient to serve as an effective deterrent. This is a problem that concerns three areas of law enforcement, all of which are essential if counterfeiting is to be successfully combated.

Laws must provide for severe criminal sanctions, including imprisonment. Most trademark laws provide for criminal sanctions for trademark infringement, but they were often enacted long ago and are no longer realistic. Counterfeiters pay fines, and imprisonment is rarely ordered. Rapid, far-reaching remedies are necessary. Counterfeiters do not operate from a normal business address, and in the event of prosecution are difficult to trace. Often, they can only be found after a long and thorough investigation. There is therefore a pressing need for provisional measures such as interim injunctions: in the United Kingdom the so-called *Anton Piller* order is a very useful measure. By such provisional measures the counterfeit goods may be confiscated and the person who has them in his possession is obliged to inform the genuine trademark owner of their source. Since counterfeiting is a phenomenon that occurs in international trade, it is also necessary to empower the customs authorities to check goods at the border of their country and confiscate counterfeit goods at the request of the owner of the trademark affixed to them.

Imitation of Labels and Packaging: The cases discussed in this section lie between normal trademark infringement and counterfeiting, sometimes coming very close to counterfeiting. As in the case of counterfeiting, the label or packaging of the competing product is imitated, but in this case the imitation does not give the impression of being the genuine one. If one compares the genuine product and the imitation side by side, although consumers seldom proceed in this

way, one can distinguish them, and the imitator does not usually hide behind the manufacturer of the genuine product; he trades under his own name. He is not a criminal, but rather a competitor who uses unfair methods of competition. Instead of developing at his own expense a label and packaging with an image of his own for his product, the imitator tries to take advantage of the reputation of the competing product by giving his product an appearance so similar to it that confusion arises in the marketplace.

Often the imitator uses a trademark (in the sense of a product name) which is confusingly similar to that of his competitor. If he does that he is committing trademark infringement. In a number of cases the word mark used by the imitator is somewhat, but not confusingly, similar to the one used by his competitor, but may even be totally different from it. In such situations the confusion in the marketplace arises only, or mainly, from the use of colors and graphic elements that are identical or very similar to those of the competitor's label or packaging. Labels and packaging are rarely registered as trademarks, which means that trademark law mostly offers no basis for intervention in such cases. They have to be dealt with under the rules of unfair competition. In principle, it is generally recognized as being unlawful (unfair competition) to pass off one's own goods as being those of a competitor. If a label or the packaging of a product is confusingly similar to that of a competitor's product, this requirement is normally fulfilled.

Trademark Licensing

It is common practice for trademark owners to license third parties to use their trademarks locally in the country where they exercise their own business. However, the main importance of the possibility of licensing the use of trademarks lies in its usefulness in international business relations. Licensing is indeed the principal means whereby the trademarks of foreign companies are used by local businesses. Such license agreements are very common between partners from different developed countries, and they do exist between partners who both originate in developing countries, or even between a licensor in a developing country and a licensee in a developed country. The most important role they play, however, is in the relations between licensors in developed countries and licensees in developing countries. In these situations, they are not normally simple trademark licenses, but general agreements including the licensing of patents, trademarks, know-how and possibly other intellectual property rights, as well as technical assistance to be given to the licensee. These agreements are a key factor in the economic development of developing countries and are usually characterized by the transfer of technology, the creation of jobs and the use of local raw materials. They are often regulated by special provisions of local laws which provide for the control or approval of the agreement by a local authority, such as a ministry responsible for technology transfer.

To the extent that such general agreements confer the right to use the licensor's trademarks, they have to comply with the relevant licensing provisions of the trademark law of the licensee's country (even though the above-mentioned special provisions may also apply). The trademark laws of many countries contain provisions on trademark licensing. The general guiding principles of trademark licensing are dealt with hereunder, independently of its foreign ownership and technology transfer aspects.

Legal Protection

If a trade name or business name is distinctive it is protected by use, whether registered or not. If it is not distinctive, it can be protected after distinctiveness has been acquired by use. Distinctiveness in this context means that the consuming public recognizes the name as being a reference to a particular trade source.

A trade name or a business name can also be afforded protection by registration as a trademark. Usually, both the full corporate name and the short business name can be registered. To safeguard such a registration, it is of course necessary actually to use the trade name as a trademark. This requirement is normally not met by making a reference, somewhere on the label or packaging of a product, to the manufacturing or trading company with its full address in small print, as is often required by labelling regulations. It is therefore more adequate and commoner in practice to register the shorter business name as a trademark, the more so as that name is often at the same time an important trademark (such as the so-called "*house mark*") of the company.

In the same way as enterprises can register trade names and business names as trademarks, they can and often do use them not only to distinguish themselves but also to distinguish the goods or services that they offer and, as mentioned before, this is even necessary in connection with the obligation to use if the name has been registered as a trademark. It is therefore inevitable that conflicts between trade names, business names and trademarks arise. If a trade name or business name is used as a trademark (whether registered or not), the general rules of priority and the protection of consumers against confusion as to the origin of the goods or services offered under the signs concerned will determine the outcome of any conflict with a similar trademark.

Even if an enterprise uses a business name or trade name as such, in other words not as a trademark for the goods or services it offers, it is nevertheless widely recognized that a prior trademark is infringed if the use of the business name or trade name is likely to create confusion as to the origin of the goods or services that the enterprise offers under its name. Conversely, the use of a trademark, service mark or collective mark can in the same way

infringe a prior (registered or unregistered) business name or trade name.

Franchising

Even if the term “*franchising*” is unfamiliar to most consumers, they are familiar with the results of franchising. The most widely known results of franchising appear to be fast-food restaurants, hotels or cosmetic retail shops. Franchising extends, however, to industries as diverse as the hiring of formal wear, car tuning, the preparation of taxation statements or returns, lawn care, day-care schools and dentistry. In short, it may apply to any economic activity for which a system can be developed for the manufacture, processing and/or distribution of goods or the rendering of services. It is this “*system*” that is the subject matter of franchising.

In developed market economy countries, the sale of goods and services through franchising has grown remarkably since the 1950s and can account for a very large proportion of all retail sales in certain countries. This rapid growth and success of franchising has been attributed to a number of factors, the most basic one being perhaps that franchising combines the depth of knowledge and the strength of one entity, the franchisor, with the entrepreneurial spirit of a businessman, the franchisee.

Whether there is government-mandated regulation of franchises or not, as in all commercial activities, the best protection against the possibility of abuse is the knowledge held by potential franchisees and their professional advisers as to what franchising is and how it works.

In order to illustrate better the discussion on franchising, this chapter uses a fictional franchise from time to time as an example - a restaurant selling Italian food and operating under the name of VESPUCCI. While VESPUCCI is the mark (both for goods and services) and the trade name under which the franchisees operate the restaurants, the company offering the franchise (the franchisor) is referred to as Vespucci, Inc. Vespucci, Inc. has developed a system for preparing and selling its food products, which are sold in large volume and in a uniform manner. The system includes various factors that contribute to the success of VESPUCCI restaurants, including recipes and methods of preparing food that produce a product of consistent quality, good seating in the restaurant, the design of employees' uniforms, the design of the buildings and billboards, quality sources for supplies, the design of packaging, an inventory of ingredients used in the preparation of the food, and management and accounting systems. Vespucci, Inc. imparts its knowledge and experience to its franchisees to assist them in developing a new business. Without the franchisor's guidance, the local restaurant owner is liable to make serious mistakes which could cause the business to fail. Moreover, Vespucci, Inc. retains the right to supervise and control the way in which the

local franchisee is operating the local VESPUCCI restaurant, so that the goodwill of the VESPUCCI mark and trade name is maintained and the value of the local restaurant, indeed of the whole system under which VESPUCCI restaurants are operated, is not reduced. Vespucci, Inc. receives a financial benefit in exchange, in the form of a payment by the local franchisee to Vespucci, Inc. That payment may include an advance payment or “*up-front fee*” and some form of continuing payment based, for example, on a percentage of the franchisee’s total sales. Payment in kind might also be envisaged. In addition, depending on the nature of the agreement, the franchisee may have a number of other payments to make for items such as special food spices, rental of equipment (e.g. ovens, cutting machines, etc.), purchase of consumable goods and miscellaneous articles necessary for his business.

Although different definitions could be proposed, franchising may be described as an arrangement whereby one person (the franchisor), who has developed a system for conducting a particular business, allows another person (the franchisee) to use that system in accordance with the prescriptions of the franchisor, in exchange for compensation. The relationship is a continuing one, as the franchisee operates in accordance with standards and practices established and monitored by the franchisor and with his continuing assistance and support.

The franchising arrangement therefore relates to a system, which the franchisor allows - or licenses - the franchisee to exploit. This may be referred to as the franchised system, or simply “*the system*”. The franchised system is a package comprising intellectual property rights relating to one or more marks, trade names, industrial designs, inventions and works protected by copyright, together with relevant know-how and trade secrets, to be exploited for the sale of goods or the provision of services to end users.

A license to use the system: In return for an agreed payment, the franchisee is allowed to use the franchised system. He is in effect given a license to use the franchisor’s system to carry out his business. Where the franchised system is to be exploited at a particular location, such as at a franchised restaurant or shop, that location is usually referred to as the “*franchised unit*”. The heart of a franchising arrangement is a license, granted by the franchisor to the franchisee, to use the franchised system. This is essential to allow the franchisee to conduct his business in the manner developed by the franchisor. In contrast, a retail sales arrangement involves the simple sale of goods and does not necessarily require the grant of a license. In this regard the distinction between a franchise arrangement and a standard license arrangement is a more subtle one. It has been stated that franchising is merely a sophisticated form of a standard license arrangement and that a franchising arrangement goes beyond the mere licensing of one or more specific intellectual property rights, such as trademarks, because it is a license to use a system that includes, but is not limited to, intellectual property rights. Indeed, under a franchise arrangement, the franchisee does more than merely selling goods or providing services under

another's mark, although he might not himself do any manufacturing at all. Franchising goes further by allowing the franchisee to manufacture and sell goods or provide services as part of a larger system.

In a retail sales arrangement, the manufacturer and the distributor are usually independent of each other. In a standard licensing arrangement and in a franchising arrangement, the parties are independent but have a close working relationship defined by the terms of the license agreement and franchise agreement, respectively. The income of each party is dependent on the combined efforts of both parties. The more successful the licensee's or franchisee's business becomes, the greater the income for both parties. In contrast to a standard license arrangement, however, the franchisee's success is also dependent on the franchisor's ability to develop a profitable system, to train the franchisee in the proper operation of the system, to improve and promote the system, to supervise or monitor the franchisee and to assist him during the term of the franchise agreement in order to enhance the likelihood of success. In a franchise arrangement, at least part of the ongoing nature of the relationship presupposes the franchisor continuing to develop the franchised system and communicating the new developments to the franchisee. Variations may consist of changes in the nature of the franchised system, the scope and content of the license granted, the nature or object of the ongoing relationship and the scope and degree of supervision exercised by the franchisor over the manner in which the franchise is exercised. A business format type of franchise has been described as being characterized by an ongoing business relationship between franchisor and franchisee that includes not only the product, service and trademark, but the entire business format itself - a marketing strategy and plan, operating manuals and standards, quality control, and continued two-way communications.

Character Merchandising

Broadly speaking, the term "*character*" covers both fictional human beings (for example, Tarzan or James Bond) or non-human characters (for example, Donald Duck or Bugs Bunny) and real persons (for example, famous personalities in the film or music business, sportsmen).

In the context of the merchandising of characters, it is mainly the essential personality features easily recognized by the public at large which will be relevant. Those personality features are, for example, the name, image, appearance or voice of a character or symbols permitting the recognition of such characters.

The main sources of fictional characters are:

- 1) literary works (such as Pinocchio by Collodi or Tarzan by E.R. Burroughs);
- 2) strip cartoons (such as Tintin by Hergé or Astérix by Uderzo and Goscinny);
- 3) artistic works (such as paintings, for example, Mona Lisa by Leonardo da Vinci,

- or drawings, for example, the panda of the World Wide Fund for Nature);
- 4) cinematographic works (such as Crocodile Dundee, King Kong, Rambo or ET with respect to movies, McGyver or Columbo with respect to television series or Bambi with respect to motion picture cartoons).

It should be noted that, in the case of cinematographic works, the character may, and in fact often does originate in a literary work (such as the character Oliver Twist by Charles Dickens) or in a strip cartoon (such as the character Batman). As regards the primary use of a fictional character, it can in most cases be referred to as an “*entertainment function*”. Such a character may appear in a novel, a tale or a strip cartoon (for example, the character Tarzan in the novel entitled “*Tarzan, the Lord of the Jungle*”, the character Mr. Brown in the tale entitled “*Squirrel Nutkin*” or the characters named James Bond or Tintin), and the success gained by the work depicting the character generally leads to new stories. Such primary use will be made by the creator of the character, although, where a character has reached a high degree of reputation and the creator has died, the heirs if any, or the holders of the publishing rights, may organize by means of contracts the “*survival*” of the character in new stories (for example the books featuring James Bond after the death of Ian Fleming). Other creators, on the contrary, may wish that the characters they have created should not be the subject of new stories after their death (for example, Hergé, the creator of Tintin). The situation is somewhat different in the case of cinematographic works, where it is seldom the creator of a character (the maker of the original drawings or scripts) who makes the primary use, but exceptions do exist, such as the “*little man*” character created by Charlie Chaplin.

In other cases, the primary uses of a fictional character can sometimes be referred to as “*promotional, advertising and recognition functions*”. This will concern, for example, characters which are closely linked to a certain company (such as the “*Michelin Man*”, the Exxon (Esso) tiger or the Peugeot lion), to a certain product (such as the character Johnnie Walker to a Scotch whisky) or to a given event (such as the mascots used to personalize Olympic Games or World Cup football). Those characters are created with a view to popularizing legal entities, products or services, and activities. Generally, the primary use will not originate from the creator of the character, i.e. the person entrusted with the task of creating the character.

The main sources, where the character is a real person, are the movie and show businesses and sporting activities. In the case of real persons, one should speak of “*primary activity*” in preference to “*primary use*”. The difficulty with real persons is that actors, for example, may enjoy a reputation both as persons and as the character they may have portrayed in a movie or television series. In some cases, the real person is only referred to under the name of the character portrayed.

Character merchandising can be defined as the adaptation or secondary exploitation, by the creator of a fictional character or by a real person or by one or several authorized third parties, of the essential personality features (such as the name, image or appearance) of a character in relation to various goods and/or services with a view to creating in prospective customers a desire to acquire those goods and/or to use those services because of the customers' affinity with that character. It should already be emphasized that the person or legal entity which will organize the merchandising activity (the merchandiser) will very seldom be the creator of the fictional character or the real person concerned. The various property or personality rights vesting in the character will be the subject of contracts (such as transfer or license agreements or product or service endorsement agreements) enabling one or several interested third parties to be regarded as authorized users of the character.

The following examples of character merchandising can be given:

- 1) a toy is the three-dimensional reproduction of the fictional character Mickey Mouse;
- 2) a T-shirt bears the name or image of fictional characters;
- 3) the label attached to a perfume bottle bears the name of an actor or actress;
- 4) an advertising movie campaign for a drink shows a pop star drinking it.

As an organized system, character merchandising originated and was initiated in the United States of America in the 1930s in the Walt Disney Studios in Burbank (California). When this company created its cartoon characters (Mickey, Minnie, Donald), one of its employees, Kay Kamen, established a department specialized in the secondary commercial exploitation of those characters and, to the surprise of most, succeeded in granting an important number of licenses for the manufacture and distribution of low-priced mass market merchandise (posters, T-shirts, toys, buttons, badges, drinks). Of course, the idea of secondary exploitation of the reputation of a character existed before the twentieth century, but the reasons were not directly commercial. In South East Asia, for example, the religious characters of "*Ramayana*", such as Prince Rama, Vishnu and Sita, have for centuries been represented in the form of sculptures, puppets or toys. Furthermore, in more recent times (late 19th century), some industrialists, with a view to popularizing the goods they manufactured, decided to create fictional characters which would be represented on the goods, the packaging or any documents and would be used to generate secondary exploitation for functional or ornamental goods such as decorative plates, articles of clothing, clocks, puppets, etc., for example in France, the character Pierrot Gourmand (a famous mark for lollipops) or the Michelin Man of the tire manufacturer. This phenomenon developed rapidly during the 20th century. In the 1950s, political, movie and show-business personalities authorized, for example, the reproduction of their names or images on articles of clothing (so-called "*tie-in advertising*"). The range of goods or services covered by "*merchandising*" expanded considerably in the 20th Century, and, for example in

the United States of America, it concerns at least 29 of the 42 classes of the International Classification of Goods and Services established by the Nice Agreement.

From a commercial or marketing point of view, character merchandising can probably be dealt with in a single category. However, from the legal point of view it is important to differentiate between the various subjects of merchandising, since the scope and duration of legal protection may vary according to the subject involved. Two main categories exist depending on whether the merchandising involves the use of fictional characters or of real personalities (generally referred to as “*personality merchandising*”). Between those two categories, a third hybrid category exists which is generally referred to as “*image merchandising*”.

This is the oldest and the best-known form of merchandising. It involves the use of the essential personality features (name, image, etc.) of fictional characters in the marketing and/or advertising of goods or services.

Originally, the practice of character merchandising, as an organized system of promotion, developed as a means of exploiting the popularity of cartoon characters, drawings of attractive figures and the like. Such cartoon characters originated:

- 1) in a literary work being adapted to the cartoon form (for the purpose of a movie or a comic strip) such as the characters Pinocchio or Alice in Wonderland;
- 2) in a work created as a cartoon character, originally for films (Mickey Mouse, Donald Duck, Pluto) or for comic strips (Tintin, Snoopy, Astérix, Batman);
- 3) in a film character, later reproduced or adapted as a cartoon for advertising and merchandising purposes (the character Zorro or even a real creature such as the shark in the film “*Jaws*”);
- 4) in a cartoon character created mainly for the purpose of merchandising and not, originally, intended for a movie or comic strip (for example, the numerous mascots created and used in respect of various events, such as sports competitions);
- 5) in a puppet or doll character designed for a film or a television show (for example, the character ET, the Gremlins or the Muppets).

Character merchandising with cartoon characters involves mainly the use of the name, image and appearance of the character. The appearance may involve two-dimensional reproduction (drawings, stickers, etc.) or three-dimensional reproduction (dolls, key rings, etc.).

The more recent form of merchandising involves the use of the essential attributes (name, image, voice and other personality features) of real persons (in other words, the true identity of an individual) in the marketing and/or advertising of goods and services. In general, the real person whose attributes are “*commercialized*” is well known to the public at large; this is the reason why this form of merchandising has sometimes been referred to as “*reputation merchandising*”. In fact, from a commercial point of view, merchandisers believe that the main reason for a person to buy low-priced mass goods (mugs, scarves, badges, T-shirts, etc.) is not because of the product itself but because the name or image of a celebrity appealing to that person is reproduced on the product. This category can be subdivided into two forms:

- 1) the use of the name, image (in two or three dimensions) or
- 2) symbol of a real person.

This form relates mainly to famous persons in the film or music industries. However, persons connected with other fields of activity may be concerned (for example, members of a royal family). As indicated above, it is not so much the product which is of principal importance to the consumer, but rather the name or image that it bears is the main marketing and advertising vehicle. The second form occurs where specialists in certain fields, such as famous sports or music personalities, appear in advertising campaigns in relation to goods or services. The appeal for the potential consumer is that the personality represented endorses the product or service concerned and is regarded as an expert. Examples are advertising for tennis shoes or rackets by a tennis champion, advertising for an energy drink by a cross-country runner or advertising for high-fidelity equipment or musical instruments by a pop star.

The most recent form of merchandising involves the use of fictional film or television characters, played by real actors, in the marketing and advertising of goods or services. In those cases, the public sometimes finds it difficult to differentiate the actor (real person) from the role he plays (character portrayed). Sometimes, however, there is a complete association and the real person is referred to and known by the name of the character. The following examples can be given to illustrate this notion: from the film industries, Laurel and Hardy, the Marx Brothers, Frankenstein’s monster by Boris Karloff and Tarzan by Johnny Weissmuller; from television series, Columbo played by Peter Falk, or the character McGyver played by Richard Dean Anderson. In the case of the latter, a T-shirt bearing the image of R.D. Anderson would be referred to as a “*McGyver T-shirt*”, while packs of dairy products reproducing the image of R.D. Anderson would mention the name McGyver, the purchasing of such product giving the possibility of winning secondary “*McGyver*” products such as T-shirts or travel bags.

IV. Law of Trade Secrets

Introduction to Trade Secrets

In a highly competitive business environment, responding to the new and evolving needs and wants of current and potential customers requires the creation of new or improved goods and services. For an existing or new business to survive, grow and thrive in this environment, it must be able to create itself or get the needed useful information to create and provide the new or improved goods or services in the marketplace. Such useful information is a “*trade secret*”. Often, competitors get access to such information rather easily, for example, by winning over or merely hiring away your key employees who created or have access to such useful, confidential information that gives your business a competitive edge. To prevent the erosion or loss of its competitive edge provided by such information, a successful company has to safeguard its proprietary or confidential information.

Broadly speaking, any confidential business information which provides an enterprise a competitive edge may be considered a trade secret. Trade secrets encompass manufacturing or industrial secrets and commercial secrets. The unauthorized use of such information by persons other than the holder is regarded as an unfair practice and a violation of the trade secret. Depending on the legal system, the protection of trade secrets forms part of the general concept of protection against unfair competition or is based on specific provisions or case law on the protection of confidential information.

The subject matter of trade secrets is usually defined in broad terms and includes sales methods, distribution methods, consumer profiles, advertising strategies, lists of suppliers and clients, and manufacturing processes. While a final determination of what information constitutes a trade secret will depend on the circumstances of each individual case, clearly unfair practices in respect of secret information include industrial or commercial espionage, breach of contract and breach of confidence.

Definition of Trade Secret

A trade secret is defined as any information that is:

- 1) not generally known to the relevant business circles or to the public;
- 2) confers some sort of economic benefit on its owner. This benefit must derive specifically from the fact that it is not generally known, and not just from the value of the information itself; and
- 3) the subject of reasonable efforts to maintain its secrecy. A trade secret continues for as long as the information is maintained as a trade secret.

Type of information that could be a Trade Secret

Virtually any type of information may qualify as a trade secret.

- 1) A trade secret may consist of information relating to a formula, pattern, device or other compilation of information that is used for a considerable period of time in a business.
- 2) Often, a trade secret is technical information used in the manufacturing process for production of goods.
- 3) A trade secret may relate to marketing, export or sales strategies, or a method of bookkeeping or other business management routines or procedures, including software used for various business purposes.

Other examples of potential trade secrets may include technical, scientific or financial information, such as business plans, business processes, list of key customers, list of reliable or special suppliers, product specifications, product characteristics, purchase prices of key raw materials, test data, technical drawing or sketches, engineering specifications, proprietary recipes, formulas, content of laboratory note books, salary structure of a company, product pricing and advertising rates, source code, object code, databases and electronic data compilations, agreements containing details of marketing tie-ups, promotional or marketing material under development.

Challenges and limitations of Trade Secret protection

A trade secret cannot be protected against being discovered by fair and honest means, such as by independent invention or reverse engineering. If a person not having legal access to the trade secret information, deciphers the information without taking recourse to any illegal means, such as by reverse engineering or as by independent invention, then such a person cannot be stopped from using the information so discovered. Under these types of circumstances, the owner of a trade secret cannot take any legal action against the other person.

Advantages of trade secret protection

- 1) Trade secrets involve no registration costs;
- 2) Trade secret protection does not require disclosure or registration;
- 3) Trade secret protection is not limited in time;
- 4) Trade secrets have immediate effect.

In the case of inventions that may be patentable the disadvantages of protecting such inventions as trade secrets.

- 1) The secret embodied in an innovative product may be discovered through

“reverse engineering” and be legitimately used.

- 2) Trade secret protection only protects you against improper acquisition, use or disclosure of the confidential information.
- 3) A trade secret is difficult to enforce, as the level of protection is considerably weaker than for patents.
- 4) Another person may patent someone’s trade secret if he has developed the same invention by legitimate means.

Protection

Contrary to patents, trade secrets are protected without registration, that is, trade secrets are protected without any procedural formalities. Consequently, a trade secret can be protected for an unlimited period of time. For these reasons, the protection of trade secrets may appear to be particularly attractive for SMEs. There are, however, some conditions for the information to be considered a trade secret. Compliance with such conditions may turn out to be more difficult and costly than it would appear at first glance. While these conditions vary from country to country, some general standards exist which are referred to in Art. 39 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement):

- 1) The information must be secret (i.e. it is not generally known among, or readily accessible to, circles that normally deal with the kind of information in question).
- 2) It must have commercial value because it is a secret.
- 3) It must have been subject to reasonable steps by the rightful holder of the information to keep it secret (e.g., through confidentiality agreements).

For example, an SME develops a process for the manufacturing of its products that allows it to produce its goods in a more cost-effective manner. Such a process provides the enterprise a competitive edge over its competitors. The enterprise in question may therefore value its know-how as a trade secret and would not want competitors to learn about it. It makes sure that only a limited number of people know the secret, and those who know it are made well aware that it is confidential. When dealing with third parties or licensing its know-how, the enterprise signs confidentiality agreements to ensure that all parties know that the information is a secret. In such circumstances, the misappropriation of the information by a competitor or by any third party would be considered a violation of the enterprise's trade secrets.

Precautionary Measures

Trade secrets are widely used by SMEs. In fact, many SMEs rely almost exclusively on trade secrets for the protection of their IP (although in many cases they may not even be aware that trade secrets are legally protected). It is important, therefore, to make sure that enterprises take all necessary measures to protect their trade secrets effectively. This includes:

- 1) considering whether the secret is patentable and, if so, whether it would not be better protected by a patent.
- 2) making sure that a limited number of people know the secret and that all those who do are well aware that it is confidential information.
- 3) including confidentiality agreements within employees' contracts. Under the law of many countries, however, employees owe confidentiality to their employer even without such agreements. The duty to maintain confidentiality on the employer's secrets generally remains, at least for a certain period of time, even after the employee has left the employment.
- 4) signing confidentiality agreements with business partners whenever disclosing confidential information.

Benefits

While a decision will have to be taken on a case-by-case basis, in the following circumstances it would be advisable to make use of trade secret protection:

- 1) When the secret is not patentable.
- 2) When the likelihood is high that the information can be kept secret for a considerable period of time. If the secret information consists of a patentable invention, trade secret protection would only be convenient if the secret can be kept confidential for over 20 years (period of protection of a patent) and if others are not likely to come up with the same invention in a legitimate way.
- 3) When the trade secret is not considered to be of such great value to be deemed worth a patent (though a utility model may be a good alternative in countries where utility model protection exists).
- 4) When the secret relates to a manufacturing process rather than to a product, as products would be more likely to be reverse engineered.
- 5) When you have applied for a patent and are waiting for the patent to be granted.

It is important to bear in mind, however, that trade secret protection is generally weak in most countries, that the conditions for, and scope of, its protection may vary significantly from country to country depending on the existing statutory mechanisms and case law, and that the courts may require very significant and possibly costly efforts to preserve secrecy. Patent or utility model protection, wherever possible, will provide much stronger protection.

Trade Secret management program

It is absolutely important for companies – big, mid-sizes or small to build a proper trade secret management program and monitor the same at regular frequency. The 10 major steps to build up a trade secret management program include:

- 1) Put in place a system for identifying trade secrets Identifying and categorizing the trade secrets is a prerequisite for starting a trade secret protection program. The steps taken to protect your trade secrets should be dictated by the nature of the secrets themselves.

- a) The basic questions to ask

- What information would hurt my business if my competitors get it?

- And how much will it hurt?

- b) A related question to ask

- Do you have staff specifically assigned to record keeping, data security, or for preservation of trade secrets?

Make a written list of the information to be protected and organize it into the different types of information, depending on its value to the business and the type of protection measures that would be needed to protect it.

- 2) Develop an information security policy that includes a trade secret protection policy The information security policy encompasses systems and procedures designed to protect the information assets from disclosure to any person or entity not authorized to have access to that information, especially information that is considered sensitive, proprietary, confidential, or classified (as in national defence).

- a) It is important to have a written information security or trade secret protection policy. A written policy provides clarity on all aspects that need to be addressed.

- It should explain the why and how of doing so.

- It should prescribe how to reveal or share such information in-house or with outsiders.

- It should articulate and demonstrate the commitment of the business to protect its trade secrets as this would eventually play an important role in any unavoidable litigation.

- b) Information security can be implemented at various levels such as the following:

- Physical controls

- Administrative controls

- Technical controls.

- 3) Educate all employees on issues related to information security

- a) Always hire an employee on the basis of his competence knowledge and skills and not because of his access to trade secrets of a former employer.

- b) All employees should acknowledge that they have understood the policy and that they agree to abide by it. Periodically, reiterate the policy.

- c) Avoid hiring a person bound by a non-compete agreement. If unavoidable

then do so only after taking advice from an independent and competent lawyer.

- d) Indemnifying a new employee, who is bound by a non-compete agreement to a previous employer, should be avoided, as doing so raises suspicion of wrong doing and may result in a financial obligation if wrong doing is proved in a court case.
 - e) Remind your employees not to disclose trade secrets to unauthorized individuals or entities and to follow the security procedures; do so by way of notices, memos, network e-mails, newsletters, etc.
 - f) Hiring away more than one employee from a competitor would raise suspicion of wrong doing, and, therefore, it should be avoided as far as possible.
- 4) Importance of exercising care in hiring an employee of a competitor
- a) Educate and train employees on information security policy.
 - b) Transform every employee into a potential security officer.
 - c) Every employee must contribute to create a secure environment.
 - d) Prevent inadvertent disclosure that may take place due to ignorance.
 - e) The employees should be trained to recognize and properly protect trade secrets. **Departing Employees:** Make departing employees aware of their obligations towards former employer. Do so by conducting exit interviews that should also focus on issues related to confidentiality, trade secrets, etc. If necessary or desired, they should be made to sign a new or updated confidentiality agreement. You may write a letter to new employer informing him about the relevant aspects of your trade secret concerns so that the departing employee is not put by the new employer on projects or activities where inevitable disclosure of your trade secrets would occur or is most likely to happen.
- 5) Include reasonable restrictions in writing, in all contracts Signing a good confidentiality or non-disclosure agreements with employees, suppliers, contractors, business associates is of immense value in keeping information away from competitors.
- a) **Non-analysis clauses:** Include non-analysis clauses in agreements for licensing trade secrets so that the other party agrees not to analyze or have analyzed any material or sample supplied under the agreement to determine its composition, qualities, characteristics, or specifications, unless authorized in writing by a duly authorized representative of your business.
 - b) **No-raiding, non-recruitment or non-solicitation clause:** A no-raiding, non-recruitment or non-solicitation clause in an employment agreement

prohibits a departing employee from soliciting co-workers to leave with him to join another business or set up a new rival business.

- 6) Restrict access to paper records To prevent unauthorized access to records classified as confidential, sensitive, or secret, limit access to only those employees who are duly approved, or cleared, to see them on a need to know basis.

This may be done more easily by proper labeling of records (e.g., with a stamp such as confidential or secret) or using special colored folders (e.g., red or orange), and by keeping such marked records physically isolated or segregated in a secure area or in locked filing cabinets.

Depending on the size and nature of the trade secret, the location of the separated information can vary from a locked file cabinet, to a security patrolled warehouse or storage facility. There has to be proper access control through appropriate authorization and accountability and tracking system for employees provided access to classified information.

- 7) Mark documents - There are various types of useful ways for marking confidential or trade secret information. Look at the following examples:

- a) MAKE NO COPIES
- b) THIRD PARTY CONFIDENTIAL
- c) DISTRIBUTION LIMITED TO ____
- d) COVERED BY A NON-ANALYSIS AGREEMENT

The CRITICAL, MAXIMUM, MEDIUM, and MINIMUM labels are examples of information classifications. In general, the labels should provide brief but clear direction to the user on how to handle the information.

- 8) Office management and keeping confidentiality

- a) **Mobile or cellular phones:** Discussing sensitive topics over a cellular phone is a dangerous practice. Confidential information may be “lost” if there is unrestricted use of mobile or cellular telephones.
- b) **Fax machines:** Often, the fax machine is located in a common area with unrestricted access and it is typically unattended. The second problem with fax transmissions is that they utilize phone lines, which can be tapped quite easily.
- c) **Photocopying:** It is not unusual for an employee to make copies of a secret or confidential document, pick up the copies and walk away, leaving the original in the copier for the next user to find. Extra care should be taken to remember to retrieve those original secret or confidential records when the copying is finished.
- d) **Shredding:** A better method for disposition of all paper records, of course, is shredding them. Shredding is a major element in most information security

programs. With a wide variety of machines on the market, businesses may implement shredding in several ways.

- e) **Telephones:** Callers posing as researchers, industry analysts, consultants, or students ask for information about the organization and its employees—and many times get it.
 - f) **Internal literature:** Newsletters, magazines, and other in-house publications often contain information useful to snoops, including new product announcements, results of market testing, and names of employees in sensitive areas (who are potential contacts).
 - g) **Waste bins:** It is not safe to put them into a nearby office waste paper or trash bin, as anyone with access to the trash might make use of those records for gathering competitive intelligence.
 - h) **The compulsive talker and loose talk:** Employees are deluding themselves if they think their lunchtime or coffee break conversations and any discussion of company business on the metro, subway, bus stop, train station, or a restaurant is wholly private. It is not at all unusual for people nearby to hear clearly these conversations.
- 9) Maintain computer secrecy For most computer systems at least two security measures are built into them:
- a) Use of passwords for a user to access the system
 - b) Automated audit trails to enable system security personnel to trace any additions or changes back to whoever initiated them, and to indicate where and when the change was carried out. Access control is a means of enforcing authorizations.
- There are a variety of access control methods that are based on different types of policies and rely on different security mechanisms.
- i. Rule based access control is based on policies that can be algorithmically expressed.
 - ii. Identity based access control is based on a policy which applies explicitly to an individual person or host entity, or to a defined group of such entities. Once identity has been authenticated, if the identity is verified to be on the access list, then access is granted.
- 10) Guarding secrets that are shared in partnerships
- a) While employees can be the single biggest threat to secrecy, it is also important to guard secrets in joint ventures, with consultants and even with customers.
 - b) For many software companies, the most dangerous exposure is the sale of a system because the software is then susceptible to reverse engineering. In software and many other high-tech industries, licensing of your

company's product is a secure way to guard against loss.

How Trade Secrets get stolen

Industrial espionage: Intense competition in domestic and export markets has also lead to an alarming increase in theft by outsiders, known as industrial espionage. Such activities are on the rise due to increasing global competition, shorter product cycles, thinning profit margins, and declining employee loyalty.

External threats: External threats include corporate spying with professional criminals targeting specific technology, initiating network attacks (hacks), laptop computer thefts: - accessing source code, product designs, marketing plans, customer lists - approaching employees to reveal company information etc. Businesses strive to protect their trade secrets by enacting corporate security measures and confidentiality clauses in employment, technology licensing, distributorship and joint venture agreement.

- 1) **Internal theft:** Internal theft by disgruntled workers or former employees is also intentional. Some of these people allow themselves to be exploited by competitive intelligence operatives, either for money or merely for spite. Example A fired or retrenched employee might go directly to a competitor and offer, for seeking revenge or for a fee, to disclose your trade secrets, marketing strategies, or new product plans-often despite signed nondisclosure or confidentiality agreements. Sometimes, competitive intelligence operatives may tap phone lines, or regularly sift through a company's garbage, break into computer systems. They may include seemingly innocent persons such as research analysts, business analysts, information specialists, and potential employees or customers, who gain employees' trust for obtaining proprietary information by inducements, gifts or blackmail.

Protection of Trade Secrets

Generally, most countries do not have a specific law for trade secrets The owner of trade secrets has to rely on relevant provisions of the national law against unfair competition and/or by court action under the law of torts and by appropriate clauses or provisions in employment agreements and other types of business agreements in accordance with the contract law of the country.

- 1) **Unfair competition law / Principles of tort:** When misappropriation is done by competitors who have no contractual relationship or indulge in an act of theft, espionage, or of subversion by employees. The law of tort is judge-made law in '*common law*' countries.

Dealing with memorized trade secrets: The main difficulty is in separating a protectable trade secret from non-protectable knowledge and skills of former

employee that are retained in the person's memory. The courts of some countries have dealt with this issue in the following ways:

- a) whether an employer can stop a former employee from using trade secrets retained in memory, i.e., *"misappropriation by memory"*.
- b) whether an employer can use trade secret law to enjoin a former employee from working in a job that would inevitably result in the use of trade secrets, i.e. *"inevitable disclosure"*.

In fact, both protect against the use of a memorized trade secret, but they differ in the type of injunctive relief available. The doctrine of inevitable disclosure should be limited to the narrow factual situation where it is inevitable that a former employee will use a specific trade secret in the course of performing an identified job responsibility that is inherent in the person's new job.

- 2) **Contract law:** When the agreement between the parties seeks to protect the trade secret by using a non-disclosure clause or confidentiality clause, through an anti-reverse engineering clause, or where an implied confidential relationship exists, such as between an attorney and his client, or an employer and his employee, etc.
- 3) **Criminal law:** When an employee steals trade secrets from a company or someone does espionage or is involved in acts that may be considered as invasion of privacy, etc., or circumvention of technical protection measures of IT / non-IT systems.

CHAPTER IV

Emerging IP Regime

I. Law of Geographical Indications

Introduction to Geographical Indications

A geographical indication (GI) is a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin. In order to function as a GI, a sign must identify a product as originating in a given place. In addition, the qualities, characteristics or reputation of the product should be essentially due to the place of origin. Since the qualities depend on the geographical place of production, there is a clear link between the product and its original place of production.

“Champagne”, “Cognac”, “Roquefort”, “Chianti”, “Pilsen”, “Porto”, “Sheffield”, “Havana”, “Tequila”, “Darjeeling” - are some well-known examples for names which are associated throughout the world with products of a certain nature and quality. One common feature of all those names is their geographical connotation, that is to say, their function of designating existing places, towns, regions or countries. However, when we hear these names, we think of products rather than the places they designate.

Those examples show that geographical indications can acquire a high reputation and thus may be valuable commercial assets. For this very reason, they are often exposed to misappropriation, counterfeiting or forgery, and their protection - national as well as international - is highly desirable.

The Paris Convention for the Protection of Industrial Property does not contain the notion of geographical indication. Article 1 paragraph (2) defines as subjects of industrial property, inter alia, indications of source and appellations of origin. This is the terminology traditionally applied and still officially used in the conventions and agreements administered by WIPO. According to this terminology, the following distinction is made between indications of source and appellations of origin: *“indication of source”* means any expression or sign used to indicate that a product or service originates in a country, a region or a specific place, whereas *“appellation of origin”* means the geographical name of a country, region or specific place which serves to designate a product originating therein the characteristic qualities of which are due exclusively or essentially to the geographical environment, including natural or human factors or both natural and human factors.

The term *“geographical indication”* has been chosen by WIPO to describe the subject matter of a new treaty for the international protection of names and symbols which indicate a certain

geographical origin of a given product. In this connection, the term is intended to be used in its widest possible meaning. It embraces all existing means of protection of such names and symbols, regardless of whether they indicate that the qualities of a given product are due to its geographical origin (such as appellations of origin), or they merely indicate the place of origin of a product (such as indications of source). This definition also covers symbols, because geographical indications are not only constituted by names, such as the name of a town, a region or a country ("*direct geographical indications*") but may also consist of symbols. Such symbols may be capable of indicating the origin of goods without literally naming its place of origin. Examples for such indirect geographical indications are the Eiffel Tower for Paris, the Matterhorn for Switzerland or the Tower Bridge for London.

On the other hand, the term "*geographical indication*" is also used in the EC Council Regulation No. 2081/92 of July 14, 1992, on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs and in the Agreement on TRIPS. In both texts, this term is applied to products whose quality and characteristics are attributable to their geographical origin, an approach that closely resembles the appellation of origin kind of protection. In other words, "*mere*" indications of source are not covered by the specific notion of geographical indication used in those two legal texts.

Rights of a GI

A geographical indication right enables those who have the right to use the indication to prevent its use by a third party whose product does not conform to the applicable standards. For example, in the jurisdictions in which the Darjeeling geographical indication is protected, producers of Darjeeling tea can exclude use of the term "Darjeeling" for tea not grown in their tea gardens or not produced according to the standards set out in the code of practice for the geographical indication.

A sign must qualify as a geographical indication under the applicable law and not be subject to any obstacles to registering a geographical indication. Generally, an important requirement under the definition, is that the good identified by the GI needs to have a link to the geographical origin. This link may be determined by a given quality, reputation or other characteristic essentially due to the geographical origin. In many legislation a single criterion attributable to geographical origin is sufficient, be it a quality or other characteristic of the product, or only its reputation.

However, a protected geographical indication does not enable the holder to prevent someone from making a product using the same techniques as those set out in the standards for that indication. Protection for a geographical indication is usually obtained by acquiring a right over the sign that constitutes the indication.

Types of GI

Geographical indications are typically used for agricultural products, foodstuffs, wine and spirit drinks, handicrafts, and industrial products. The right to use a protected geographical indication belongs to producers in the geographical area defined, who comply with the specific conditions of production for the product.

GI vs. Trademark: Geographical indications 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. Finally, a trademark can be assigned or licensed to anyone, anywhere in the world, because it is linked to a specific company and not to a particular place. In contrast, a GI may be used by any persons in the area of origin, who produces the good according to specified standards, but because of its link with the place of origin, a GI cannot be assigned or licensed to someone outside that place or not belonging to the group of authorized producers.

GI vs Indication of Source: An indication of source can be defined as an indication referring to a country (or to a place in that country) as being the country or place of origin of a product. In contrast to a geographical indication, an indication of source does not imply the presence of any special quality, reputation, or characteristic of the product essentially attributable to its place of origin. Indications of source only require that the product on which the indication of source is used originate in a certain geographical area. Examples of indications of source are the mention, on a product, of the name of a country, or indications such as “made in”, “product of”, etc.

GI vs Appellations of Origin: Appellations of origin are a special kind of geographical indication. GIs and appellations of origin require a qualitative link between the product to which they refer and its place of origin. Both inform consumers about a product’s geographical origin and a quality or characteristic of the product linked to its place of origin. The basic difference between the two concepts is that the link with the place of origin must be stronger in the case of an appellation of origin. The quality or characteristics of a product protected as an appellation of origin must result exclusively or essentially from its geographical origin. This generally means that the raw materials should be sourced in the place of origin and that the processing of the product should also take place there. In the case of GIs, a single criterion attributable to geographical origin is sufficient - be it a quality or other characteristic of the product – or even just its reputation.

GI vs Traditional Knowledge (TK): Products identified by a geographical indication are often the result of traditional processes and knowledge carried forward by a community in a particular region from generation to generation. Similarly, some products identified by a geographical indication may embody characteristic elements of the traditional artistic heritage developed in a given region, known as “traditional cultural expressions” (TCEs). This is particularly true for tangible products such as handicrafts, made using natural resources and having qualities derived from their geographical origin. GIs do not directly protect the subject matter generally associated with TK or TCEs, which remains in the public domain under conventional IP systems. However, GIs may be used to indirectly contribute to their protection, for instance, by preserving them for future generations. This can be done, for example, through the description of the production standards for a GI product, which may include a description of a traditional process or traditional knowledge.

Generic GI: In the context of geographical indications, generic terms are names which, although they denote the place from where a product originates, have become the term customary for such a product. An example of a GI that has become a generic term is Camembert for cheese. This name can now be used to designate any camembert-type cheese.

The transformation of a geographical indication into a generic term may occur in different countries and at different times. This may lead to situations where a specific indication is considered to constitute a geographical indication in some countries, whereas the same indication may be regarded as a generic term in other countries.

Homonymous GI: Homonymous geographical indications are those that are spelled or pronounced alike, but which identify products originating in different places, usually in different countries. In principle, these indications should coexist, but such coexistence may be subject to certain conditions. For example, it may be required that they be used only together with additional information as to the origin of the product in order to prevent consumers from being misled. A GI may be refused protection if, due to the existence of another homonymous indication, its use would be considered potentially misleading to consumers with regard to the product’s true origin.

Protection of GI

There are three main ways to protect a geographical indication:

- 1) so-called sui generis systems (i.e. special regimes of protection);
- 2) using collective or certification marks; and
- 3) methods focusing on business practices, including administrative product approval schemes.

These approaches involve differences with respect to important questions, such as the conditions for protection or the scope of protection. On the other hand, two of the modes of protection - namely sui generis systems and collective or certification mark systems — share some common features, such as the fact that they set up rights for collective use by those who comply with defined standards.

Broadly speaking geographical indications are protected in different countries and regional systems through a wide variety of approaches and often using a combination of two or more of the approaches outlined above. These approaches have been developed in accordance with different legal traditions and within a framework of individual historical and economic conditions.

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).

Protection for a geographical indication is granted by a national (regional) competent authority upon request. In some countries the function of granting GI protection is carried out by a special body responsible for GI protection. In other countries, the national intellectual property office carries out this function.

In many sui generis legislations, registrations for geographical indications are not subject to a specific period of validity. This means that the protection for a registered geographical indication will remain valid unless the registration is cancelled. Geographical indications registered as collective and certification marks are generally protected for renewable ten-year periods.

Like all intellectual property rights, the rights to geographical indications are enforced by the application of national legislation, typically in a court of law. The right to take action could rest with a competent authority, the public prosecutor, or to any interested party, whether a natural person or a legal entity, whether public or private. The sanctions provided for in national legislation could be civil (injunctions restraining or prohibiting unlawful acts, actions for damages, etc.), criminal, or administrative.

Firstly the following are generally excluded from geographical indication protection: signs that do not qualify as geographical indications under the applicable law.

From a legal point of view, potential obstacles to successfully registering a geographical indication may include the following:

- 1) Conflict with a prior mark.
- 2) Generic character of the term that constitutes the GI.
- 3) The existence of a homonymous geographical indication, the use of which would be considered potentially misleading as to the product's true origin.
- 4) The indication's name being that of a plant variety or animal breed.
- 5) The lack of protection of the GI in its country of origin.

Protection of GI - National Level: As regards the various forms of protection of geographical indications on the national level, three main categories can be distinguished:

- 1) The first category comprises all possibilities of protection which are not based on a decision taken by the competent authority establishing protection with respect to a particular geographical indication, but which result from the direct application of legislative provisions or principles established by jurisprudence.
- 2) The second category covers the protection of geographical indications through registration of collective marks (including *agricultural labels*) or certification marks (or *guarantee marks*).
- 3) The third category includes all special titles of protection of geographical indications which result from a decision made by the competent government authority establishing the protection. This category, in particular, comprises the protection of appellations of origin - whether they result from a registration with the industrial property office, as under the new Russian law, or from the adoption of decrees, as is the practice in France since the adoption, in 1919, of a special law for the protection of appellations of origin.

Protection of GI - Multilateral Treaties: Three multilateral treaties administered by WIPO contain provisions for the protection of geographical indications:

- 1) the Paris Convention for the Protection of Industrial Property,
- 2) the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods, and
- 3) the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration.

Protection of GI - Bilateral Agreements: A further possibility of international protection of geographical indications is the conclusion of bilateral agreements between two states. A number of countries have entered into such agreements. In general, such bilateral agreements consist of lists of geographical indications which were drawn up by the contracting parties and an undertaking to protect the geographical indications of the respective contracting parties.

The agreement usually also specifies the kind of protection that is to be granted. Although in general useful, bilateral agreements cannot constitute an entirely adequate solution to the problem of the lack of international protection because of the multiplicity of negotiations required and, resulting therefrom, an inevitable diversity of standards.

GI & Business

Consumers are paying more and more attention to the geographical origin of products and many care about specific characteristics present in the products they buy. In some cases, the “place of origin” suggests to consumers that the product will have a particular quality or characteristic that they may value. Geographical indications therefore function as product differentiators on the market, by enabling consumers to distinguish between products with geographical origin-based characteristics and others without those characteristics. Geographical indications can thus be a key element in developing collective brands for quality-bound-to-origin products.

Protecting a geographical indication enables those who have the right to use the indication to take measures against others who use it without permission and benefit from its reputation (“free-riders”). A geographical indication’s reputation is a valuable, collective, and intangible asset. If not protected, it could be used without restriction and its value diminished and eventually lost.

Protecting a GI is also a way to prevent registration of the indication as a trademark by a third party and to limit the risk of the indication becoming a generic term. In general, GIs, backed up by solid business management, can bring with them:

- 1) Competitive advantage
- 2) More added value to a product
- 3) Increased export opportunities
- 4) A strengthened brand

II. Law of Industrial Designs

Introduction to Industrial Designs

In a legal sense, an industrial design constitutes the ornamental or aesthetic aspect of an article. An industrial design may consist of three dimensional features, such as the shape of an article, or two dimensional features, such as patterns, lines or color.

In principle, the owner of a registered industrial design or of a design patent has the right to prevent third parties from making, selling or importing articles bearing or embodying a design which is a

copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes. Industrial designs are applied to a wide variety of products of industry and handicraft items: from packages and containers to furnishing and household goods, from lighting equipment to jewellery, and from electronic devices to textiles. Industrial designs may also be relevant to graphic symbols, graphical user interfaces (GUI), and logos.

Industrial design rights are territorial. This means that these rights are limited to the country (or region) where protection is granted. An application for the registration of an industrial design or for the grant of a patent for an industrial design can be filed with the intellectual property (IP) office of the country (or region) in which protection is sought. Alternatively WIPO's Hague System⁵⁷ for the International Registration of Industrial Designs provides a practical business solution for registering up to 100 designs in a large number of territories through filing one single international application. Historically, the emergence of protection for industrial designs is intimately connected with the growth of industrialization and methods of mass production. In the United Kingdom, the first law giving protection to industrial designs was the *Designing and Printing of Linens, Cotton, Calicoes and Muslins Act* of 1787, which gave protection for a period of two months to “every person who shall invent, design and print, or cause to be invented, designed and printed, and become the Proprietor of any new and original pattern or patterns for printing Linens, Cottons, Calicoes or Muslins”. The contribution and importance of design in the growing textile industries was thereby recognized. A somewhat similar evolution of design protection took place in France. The *Law on Literary and Artistic Property* of 1793 was applied in certain cases to the protection of designs. The growth of the textile industries, in particular, soon led to the enactment in 1806 of a special law dealing with industrial designs. The Law of March 18, 1806, established a special council (*Conciliation Board* or *Conseil de Prud'hommes*) in Lyon responsible for receiving deposits of designs and for regulating disputes between manufacturers concerning designs. While initially destined for industries in Lyon, particularly those manufacturing silk, the system of deposit and regulation by special council was extended to other cities and, through judicial interpretation, to two- and three-dimensional designs in all areas of industrial activity.

Protection

In most countries, an industrial design needs to be registered in order to be protected under industrial design law as a “*registered design*”. In some countries, industrial designs are protected under patent law as “*design patents*”.

Industrial design laws in some countries grant - without registration - time and scope limited protection to so-called “*unregistered industrial designs*”.

Industrial design rights are granted for a limited period. The duration of the protection of

⁵⁷ < <https://www.wipo.int/treaties/en/registration/hague/> >

industrial designs varies from country to country, but it amounts at least to 10 years. In many countries, the total duration of protection is divided into successive renewable periods.

Depending on the particular national law and the kind of design, industrial designs may also be protected as works of art under copyright law.

Industrial design rights are usually enforced in a court, generally on the initiative of the owner of the rights, as provided for by the applicable law. The remedies and penalties vary from country to country and could be civil (injunctions to desist from an infringement, payment of damages, etc.), criminal or administrative.

Industrial Design vs Patent: An industrial design right protects only the appearance or aesthetic features of a product, whereas a patent protects an invention that offers a new technical solution to a problem. In principle, an industrial design right does not protect the technical or functional features of a product. Such features could, however, potentially be protected by a patent.

Industrial design registrations or design patents are granted by the IP office of the country (or region) where an application is filed. Depending on the applicable laws, independently created industrial designs must fulfil some or all of the following criteria: novelty/originality.

The assessment of novelty and originality varies from country to country. In general, an industrial design is considered to be new or novel if it has not previously been disclosed to the public and it may be considered original if it significantly differs from known designs or combinations of known design features.

At present, no “world” or “international” industrial design right exists. In general, in order to obtain protection in other countries, an application for the registration of an industrial design or for the grant of a patent for an industrial design must be filed in each country where protection is sought, in accordance with the law of that country. In other words, if protection is sought in countries A and B, an application should be filed with the intellectual property office of country A and another application with the IP office of country B.

To avoid having to submit applications in each and every country where protection is sought, WIPO’s Hague System provides a practical business solution for registering up to 100 designs in a large number of territories - all through one single international application. India is not a contracting party to this system, till date.

In certain regions, it is also possible to obtain protection for industrial designs in the region concerned by filing an application with a regional IP office. This is the case in the African Intellectual Property Organization (OAPI), which registers industrial designs in states party to the Bangui Agreement⁵⁸; the African Regional Intellectual Property Organization (ARIPO), which registers industrial designs in states party to the Lusaka Agreement⁵⁹; the Benelux Office for Intellectual Property (BOIP), which registers industrial designs in the three “Benelux” countries⁶⁰; and the European Union Intellectual Property Office (EUIPO), which registers industrial designs in the member states of the European Union.

Timing is very important. Taking into account the novelty and/or originality requirement for industrial designs in most legislation, it is in general crucial to file an application for registration or for the grant of a patent before publicly disclosing it, so as to avoid destroying its novelty/originality.

If the industrial design has already been disclosed to the public (for example, by an advertisement published on the company’s website), it may no longer be considered as “new” or “original” and may become part of the public domain. Some countries, however, allow for a “grace period” to file after disclosure of the industrial design. Such a period provides a safeguard for applicants who have disclosed their industrial design before filing an application. Such a “grace period” is usually 6 or 12 months.

Registration: Industrial design protection is usually granted pursuant to a procedure for the registration of such designs. The most commonly adopted examination system provides for a formal examination only of an application for a registered design. According to this system, an application is examined to ensure that it meets with each of the formal requirements for an application which are imposed by the relevant law (for example, whether the requisite number of representations or specimens of the design are filed with the application), but no search is made of the prior art to determine whether the substantive criterion of novelty or originality is satisfied by the design for which registration is sought.

A system requiring only formal examination has the effect of shifting the burden of assessing novelty to those interested persons in the market who may wish to use, or who may have used, the design or a substantially similar design. Any person interested in using such a design will have the opportunity either to oppose the registration of the design for which application has

⁵⁸ < https://www.wipo.int/edocs/trtdocs/en/oa002/trt_reg_oa002_2.pdf >

⁵⁹ < <http://lusakaagreement.org/wp-content/uploads/2013/12/LA-Final-Act-upd.pdf> >

⁶⁰ The Benelux Union is a politico-economic union of three neighbouring states in western Europe: Belgium, Netherlands and Luxembourg.

been made, if the relevant law provides for an opposition procedure, or of bringing proceedings for the cancellation of a registration which it is alleged is invalid. The system thus offers a means of reducing the administrative burden of the maintenance of a system of registration of industrial designs. It also offers a solution to the problem of maintaining an adequate search file to undertake a substantive examination of the novelty of designs. Such a search file can very often be almost impossible to maintain, since, on the basis of a condition of unqualified universal novelty, it would need to include all designs made at any time in any part of the world since the commencement of recorded history.

The alternative system of examination provides for a search of past designs and an examination of the design for which registration is sought to ascertain whether it satisfies the required condition of novelty. It necessitates the maintenance of a search file and sufficient skilled manpower to undertake the substantive examination.

Creation and Fixation: Rights in designs may, under certain laws, also be acquired by the act of creation and fixation of the design, in a document or by embodying the design in an article. These systems do not require any formal registration procedure for the acquisition of exclusive rights in the design. Examples of this system are provided by the Law of France, and the “*design law*” under the *Copyright, Designs and Patents Act 1988*, of the United Kingdom.

Novelty or Originality: It is a requirement of all industrial design laws that protection through registration shall be granted only to designs which are novel or, as it is sometimes expressed, original. The novelty of the design constitutes the fundamental reason for the grant of a reward to the originator through protection by registration of the industrial design.

While the requirement of novelty is to be found in all laws, the nature of the novelty that is required as a condition of protection differs amongst the laws of various countries. The novelty required is sometimes absolute or universal, meaning that the design for which registration is sought must be new against all other designs produced in all other parts of the world at any previous time and disclosed by any tangible or oral means. On the other hand, a qualified standard of novelty is sometimes required. In this latter situation, the qualification may relate to time, meaning that novelty is judged by reference to designs published within a limited preceding period of time; or may relate to territory, meaning that novelty is judged by reference to all designs published within the relevant jurisdiction, as opposed to anywhere in the world; or may relate to means of expression, meaning that novelty is assessed by reference to written or tangible disclosures anywhere in the world and to oral disclosures only within the relevant jurisdiction.

The broad policy argument in favor of a standard of unqualified universal novelty is that

exclusive rights by registration should be granted only where the originator of the design has produced something which is truly novel, and which therefore justifies the reward of exclusive rights. The broad policy argument in favor of a qualified standard of novelty is that one purpose of design registration is to encourage new design within the relevant jurisdiction, so that a novel design registered within that jurisdiction should not be deprived of protection by the publication elsewhere of a design which its originator did not introduce into the jurisdiction to add to the designs available to industry. It should be noted, however, that it would not necessarily follow from a qualified standard of novelty that a person could obtain valid rights within the jurisdiction simply by registering a design which he had seen overseas and copied, since it is often also a requirement of design law that the applicant be the author of the design.

Relation to Copyright: Objects qualifying for protection under the law of industrial designs might equally well receive protection from the law of copyright. Thus, industrial designs law has relations both with copyright law and with industrial property law. Cumulation of protection means that the design is protected simultaneously and concurrently by both laws in the sense that the creator can invoke the protection of either or both, the copyright law or the industrial design law, as he chooses. It also means that if he has failed to obtain the protection of the industrial design law by failing to register his design, he can claim the protection of copyright law, which is available without compliance with any formality. Finally, it means that after the term of protection of the registered design expires, the creator may still have the protection of the copyright law.

The system of cumulation of protection by the industrial design law and the copyright law exists in France and in Germany. And the system of co-existence of protection by both laws prevails in most other countries. The difference between protection by the copyright law and protection by the industrial design law is as follows. Under the industrial design law, protection is lost unless the industrial design is registered by the applicant before publication or public use anywhere, or at least in the country where protection is claimed. Copyright in most countries subsists without formalities. Registration is not necessary. Industrial design protection endures generally for a short period of three, five, ten or fifteen years. Copyright endures in most countries for the life of the author and fifty years after his death. The right conferred by registration of an industrial design is an absolute right in the sense that there is infringement whether or not there has been deliberate copying. There is infringement even though the infringer acted independently and without knowledge of the registered design. Under copyright law, there is infringement only in the reproduction of the work in which copyright subsists.

Rights

The right to prevent others from exploiting an industrial design usually encompasses the

exclusive right to do any of the following things for industrial or commercial purposes:

- 1) make articles to which the design is applied or in which the design is embodied;
- 2) import articles to which the design is applied or in which it is embodied;
- 3) sell, hire or offer for sale any such articles.

In some laws, the exclusive rights of the proprietor also extend to preventing another from stocking any articles to which the design has been applied or in which it is embodied. While this right is sometimes considered as excessive in that it deals only with preparatory acts, it is on the other hand often included in order to facilitate the enforcement of a proprietor's rights, since it may often be easier to locate a stock of infringing articles than to apprehend a person in the act of selling or offering for sale such articles.

As opposed to copyright, where the subject matter of the right is the work which is created by the author and which is thus defined by the author, the subject matter of the rights of the proprietor of an industrial design is defined by the design which has been registered. However, it is usual to provide that the proprietor's rights extend not only to the unauthorized exploitation of the exact design which has been registered, but also to the unauthorized exploitation of any imitations of such a design which differ from the registered design only in immaterial respects.

The term for an industrial design right varies from country to country. The usual maximum term goes from 10 to 25 years, often divided into terms requiring the proprietor to renew the registration in order to obtain an extension of the term. The relatively short period of protection may be related to the association of designs with more general styles of fashions, which tend to enjoy somewhat transient acceptance or success, particularly in highly fashion-conscious areas, such as clothing or footwear.

Industrial Design & Business

Industrial designs make a product attractive and appealing to customers. Design drives consumer's choice: the appearance of a product can be a key factor in the consumer's purchase decision. In other words, the success or failure of a product may rest, at least partially, on how it looks. Industrial designs can therefore be very important for both small- and medium sized enterprises (SMEs) and larger companies alike, regardless of their sector of activity.

The protection of industrial designs should form an integral part of any business strategy. The main reasons to protect industrial designs are the following:

- 1) Return on investments: Protection contributes to obtaining a return on investments made in creating and marketing attractive and innovative products.
- 2) Exclusive rights: Protection provides exclusive rights for at least 10 years, so as to prevent or

stop others from commercially exploiting or copying the industrial design.

3) Strengthen brands: Industrial designs can be an important element of a company's brand. Protecting industrial designs contributes to protecting a company's brand.

4) Opportunity to license or sell: Protection provides rights that may be sold or licensed to another enterprise, which will then be a source of income for the owner of the rights.

5) Positive image: Protection helps convey a positive image of a company, since industrial designs are business assets which may increase the market value of a company and its products.

6) Reward: Protecting industrial designs rewards and encourages creativity.

If one doesn't protect the industrial designs then it follows that one may not enjoy exclusive rights to them. Consequently, competitors may take a product to market, incorporating the industrial design, without getting permission.

So if a competitor or anyone else makes, sells or imports products bearing or embodying a design which is a copy (or substantially copy) of the industrial design without consent, one will have no legal means to fight them. Moreover, it is likely that copies of the industrial design will be sold at a lower price as competitors do not have to recoup the investments made in the creative process. This could reduce the market share for the product in question and be harmful both to the firm's reputation and to that of the products.

III. Law of Semi-conductors & Integrated Circuits

Introduction to Topographies of Integrated Circuits

Integrated circuits, commonly known as "chips" or "micro-chips" - are the electronic circuits in which all the components (transistors, diodes and resistors) have been assembled in a certain order on the surface of a thin semiconductor material (usually silicon).

In modern technology, integrated circuits are essential elements for a wide range of electrical products, including articles of everyday use, such as watches, television sets, washing machines, and cars, as well as sophisticated computers, smart phones, and other digital devices. Developing innovative layout designs of integrated circuits is essential for the production of ever-smaller digital devices with more functions.

While the creation of a new layout-design is usually the result of an enormous investment, both in financial terms and in terms of the time required from highly qualified experts, the copying of such a layout-design may cost only a fraction of the original investment. In order to prevent unauthorized copying of layout designs and to provide incentives for investing in this field, the layout design (topography) of integrated circuits is protected under a sui generis intellectual

property system.

For the purpose of intellectual property protection, the terms “integrated circuits” and “layout design (topography)” are defined as follows⁶¹:

- An “integrated circuit” means a product, in its final form or an intermediate form, in which the elements, at least one of which is an active element, and some or all of the interconnections are integrally formed in and/or on a piece of material and which is intended to perform an electronic function.
- “Layout-design (topography)” means the three-dimensional disposition, however expressed, of the elements, at least one of which is an active element, and of some or all of the interconnections of an integrated circuit, or such a three-dimensional disposition prepared for an integrated circuit intended for manufacture.
- Layout-designs of integrated circuits are also called topographies of integrated circuits or mask works of semiconductor chip products.

Integrated circuits are manufactured in accordance with very detailed plans or layout designs. The layout designs of integrated circuits are creations of the human mind. They are usually the result of vast investment, of both expertise and financial resources. There is a continuing need for the creation of new layout designs that reduce the dimensions of existing integrated circuits and simultaneously increase their functions.

Whilst creating a new layout design for an integrated circuit involves a major investment, it is possible to copy such a layout design for a fraction of that cost. Copying may be done by photographing each layer of an integrated circuit and preparing masks for the production of the integrated circuit on the basis of the photographs obtained. The high cost of the creation of such layout designs and the relative ease of copying are the main reasons why layout designs need protection, in order to foster sustainable investment and innovation in the field.

While the exclusive right to the topography is intended to encourage creativity, the possibility of “reverse engineering” by others for the purpose of evaluation, analysis, research or teaching is meant to strike a balance in order to enable improvements of existing integrated circuits and their compatibility.

Different from other forms of IP

In general, layout designs of integrated circuits are not considered to be industrial designs, since they do not determine the external appearance of integrated circuits, but rather the physical location, within the integrated circuit, of each element with an electronic function.

⁶¹ Article 2 of the *Washington Treaty on Intellectual Property in Respect of Integrated Circuits* (IPI.)

Moreover, layout designs of integrated circuits are normally not patentable inventions, because making them usually does not involve an inventive step, although it does require a great deal of work by an expert. The subject matter of layout design protection does not extend to the inventive nature or function of a product or a process of making a product, but it does cover the original designs of a three-dimensional disposition, which is the result of an intellectual effort.

Further, copyright protection may not apply if national law determines that layout designs cannot be copyrighted, or that the concepts related to copyright protection might be too general to provide specific protection of layout-designs and related integrated circuits and articles.

In order to effectively protect intellectual property with respect to integrated circuits, different aspects of the integrated circuits can be protected by different types of intellectual property rights in a complementary manner.

System Established by the Washington Treaty

A Diplomatic Conference was held at Washington, D.C., in 1989, which adopted a *Treaty on Intellectual Property in Respect of Integrated Circuits* (IPIC Treaty). The Treaty is open to States Members of WIPO or the United Nations and to intergovernmental organizations meeting certain criteria. The Treaty has been incorporated by reference into the *TRIPS Agreement of the World Trade Organization (WTO)*, subject to the following modifications: the term of protection is at least 10 (rather than eight) years from the date of filing an application or of the first commercial exploitation in the world, but Members may provide a term of protection of 15 years from the creation of the layout-design; the exclusive right of the right-holder extends also to articles incorporating integrated circuits in which a protected layout-design is incorporated, in so far as it continues to contain an unlawfully reproduced layout-design; the circumstances in which layout designs may be used without the consent of right-holders are more restricted; certain acts engaged in unknowingly will not constitute infringement.

The layout-designs of integrated circuits are creations of the human mind. They are usually the result of an enormous investment, both in terms of the time of highly qualified experts, and financially. There is a continuing need for the creation of new layout-designs which reduce the dimensions of existing integrated circuits and simultaneously increase their functions. The smaller an integrated circuit, the less the material needed for its manufacture, and the smaller the space needed to accommodate it. Integrated circuits are utilized in a large range of products, including articles of everyday use, such as watches, television sets, washing machines, automobiles, etc., as well as sophisticated data processing equipment.

Whereas the creation of a new layout-design for an integrated circuit involves an important investment, the copying of such a layout-design may cost only a fraction of that investment. Copying may be done by photographing each layer of an integrated circuit and preparing masks for its production on the basis of the photographs obtained. The possibility of such copying is the main reason for the introduction of legislation for the protection of layout-designs.

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Subject Matter of Protection⁶²: A layout design of an integrated circuit can be protected if it is original in the sense that it is the result of the creators' own intellectual effort and not commonplace among creators of layout-designs and manufacturers of integrated circuits at the time of the creation. In general, protection of the topography requires that an integrated circuit be registered or commercially exploited.

Under the IPIC Treaty, each Contracting Party is obliged to secure, throughout its territory, intellectual property protection of layout-designs (topographies) of integrated circuits, whether or not the integrated circuit concerned is incorporated in an article. Such obligation applies to layout designs that are original in the sense that they are the result of their creators' own intellectual effort and are not commonplace among creators of layout designs and manufacturers of integrated circuits at the time of their creation.

Protection: In general, a right holder has the exclusive right to prevent or stop others from commercially using the protected layout designs. In other words, the original layout design cannot be reproduced entirely or partly for commercial purposes by others, without the authorization of the holder of the right. Further, without the authorization of the right holder, a

⁶² Article 2 of the IPIC Treaty.

protected layout-design, an integrated circuit incorporating the layout design, or an article incorporating such a layout design cannot be imported, sold or otherwise distributed, for commercial purposes.

The term of protection varies from one country to another. According to the *Agreement on Trade Related Aspects of Intellectual Property Rights* (TRIPS Agreement), members must provide for a minimum protection of at least ten years from the filing of the application for registration or from the first commercial exploitation of integrated circuits.

The Contracting Parties must, as a minimum, consider the following acts to be unlawful if performed without the authorization of the holder of the right: the reproduction of the lay-out design, and the importation, sale or other distribution for commercial purposes of the layout-design or an integrated circuit in which the layout-design is incorporated. However, certain acts may be freely performed for private purposes or for the sole purpose of evaluation, analysis, research or teaching.

Mention should be made, in this connection, of the concept of “*reverse engineering*” in the context of the integrated circuits industry; reverse engineering is the use of an existing layout design in order to improve upon it. It is considered desirable to permit reverse engineering even if it involves the copying of an existing layout-design, provided that an improved layout-design is thereby created - an advance of technology which is in the general public interest. The Contracting Parties may make protection of layout-designs dependent on their commercial exploitation or on the filing of an application for their registration, or on their registration.

Conditions: In some countries, topographies of integrated circuits have to be registered in order to obtain protection. In general, such registrations take place without extensive examination. However in some countries, an application for registration must be filed within two years and protection commences with the first commercial exploitation. In other countries, the protection starts automatically with the first commercial exploitation, separately, or as incorporated in an integrated circuit.

In general, an application for registration has to contain information on the owner, a title and a drawing of the topography, and a detailed description or deposit of the topography of the integrated circuit. In some countries, where the integrated circuit has been commercially exploited, submission of a sample of that integrated circuit, along with information defining the electronic function performed by the integrated circuit, may be also required. Registration is usually subject to the payment of a fee.

Rights & Remedies

The beneficiary of the protection is, typically, the creator of a layout design. However, if the design is created during the course of an employment contract, most national laws provide for an implied transfer of rights to the employer. Since layout designs of integrated circuits are protected by sui generis intellectual property rights, they could be assigned or licensed to others.

The extent of the exclusive rights varies from one country to another. In general, a right holder has the exclusive right to prevent or stop others from commercially using the protected layout design. In other words, the original topography cannot be reproduced entirely or partly for commercial purposes by others, without the authorization of the holder of the right. Further, without the authorization of the right holder, a protected layout design, an integrated circuit, or an article which incorporates an unlawfully reproduced layout-design cannot be imported, sold or otherwise distributed, for commercial purposes by others without the authorization of the holder of the right.

However, the performance of an act by a third party for private use or for the sole purpose of evaluation, analysis, research or teaching is not considered to require the authorization of the right holder. Therefore, “*reverse engineering*” of an integrated circuit for such purposes is not restricted.

In sum, layout designs of integrated circuits are protected against copying of the topographies and against the distribution of products which integrate copied topographies, but the right holder cannot prevent others from developing other original topographies which have the same functions as those of protected topographies.

The right holder may enforce his or her rights against an infringer through civil action. Remedies can include injunctions, damages and seizure of goods.

In most countries, topographies of integrated circuits are registered without substantive examination. Therefore, lack of originality may be raised as a defence in infringement proceedings. In some countries criminal sanctions against an infringement are also available.

Legal Framework

The *Washington Treaty on Intellectual Property in Respect of Integrated Circuits* (IPIC) was adopted by WIPO member states in 1989. Although the Washington Treaty has not entered into force, its substantive provisions have been incorporated by reference in the *Agreement on Trade Related Aspects of Intellectual Property Rights* (TRIPS Agreement), to a large extent.

These provisions deal, among other things, with the definitions of “*integrated circuit*” and “*layout-design (topography)*”; requirements for protection; exclusive rights conferred and their limitations; as well as exploitation, registration and disclosure. The TRIPS Agreement provides for additional provision, inter alia, on the scope and term of protection.

The international legal framework leaves it open to member states as to which legal form of protection for the layout designs of integrated circuits is provided. In most countries, a special law (*sui generis* law) on layout-designs (topographies) of integrated circuits (or sometimes called “*mask works*”) exists. However, countries may provide protection of layout designs of integrated circuits by the law on copyright, patents, utility models, industrial designs, unfair competition or any other law (or a combination of any of those laws).

Each national law provides protection of layout designs of integrated circuits related to activities in its territory. In countries where registration is required, an application for registration has to be filed in each country in which protection is sought. In other countries, the first commercial exploitation anywhere in the world is sufficient for obtaining protection.

IV. Protection of Plant Varieties & Plant Breeders Rights

Introduction to Protection of Plant Varieties

The availability to growers of improved, new plant varieties is critically important to the agricultural and horticultural industries of all countries. Improved disease resistance, higher yields and improvements in a host of other features of plants can dramatically affect the economics of the production of a crop and its acceptability to its final consumers. Food security for a rapidly growing world population, sustainable agricultural production, the need to raise farm incomes and to enhance economic development call for sustained efforts in breeding new varieties.

However, new varieties, developed after many years of patient work and heavy investment, are frequently capable of self-reproduction, with the result that the release of a small quantity of reproductive material of a plant variety can mean that it is thenceforth available to all. Since the plant breeder is unable to secure a sufficient economic return from the initial release of material of his variety, the granting to breeders of rights of exclusive exploitation of their varieties has proved to be essential to provide an incentive for private investment in plant breeding in many species.

New varieties of plants with improved yields, higher quality or better resistance to pests and diseases increase quality and productivity in agriculture, horticulture and forestry, while minimizing the pressure on the environment. The tremendous progress in agricultural productivity in various parts of the world is largely based on improved plant varieties. More so, plant breeding has benefits that extend beyond increasing food production.

The development of new improved varieties with, for example, higher quality, increases the value and marketability of crops. In addition, breeding programs for ornamental plants can be of substantial economic importance for an exporting country. The breeding and exploitation of new varieties is a decisive factor in improving rural income and overall economic development. Furthermore, the development of breeding programs for certain endangered species can remove the threat to their survival out in nature, as in the case of medicinal plants.

While the process of plant breeding requires substantial investments in terms of money and time, once released, a new plant variety can be easily reproduced in a way that would deprive its breeder of the opportunity to be rewarded for his investment. Clearly, few breeders are willing to spend years making substantial economic investment in developing a new variety of plants if there were no means of protecting and rewarding their commitment. Therefore, an effective system for the protection of plant variety is essential to encourage breeders to invest in plant breeding and contribute to the development of agriculture, horticulture and forestry and for the benefit of society as a whole.

Plant Variety Protection

Plant variety protection, also called a "*plant breeder's right*" (PBR), is a form of intellectual property right granted to the breeder of a new plant variety. According to this right, certain acts concerning the exploitation of the protected variety require the prior authorization of the breeder. Plant variety protection is an independent *sui generis* form of protection, tailored to protect new plant varieties and has certain features in common with other intellectual property rights.

Any person who creates, or discovers and develops, a plant variety may apply for PBR. Once the PBR has been granted to the breeder, it means in practice that the title holder is the owner of the variety and anyone else who wants to commercialise that protected variety requires the authorisation of the holder of the PBR (i.e. the breeder of the variety). This authorisation is normally in the form of a license agreement between the title holder and those who sell the variety.

To be granted a PBR, it is necessary to file an application for examination by the designated

authority. For a variety to be protected, it must be **novel, distinct, uniform and stable, and must have a suitable denomination**. A PBR will be granted if the requirements are fulfilled. The breeder is usually able to file an application without the services of an intellectual property agent acting on his behalf, since the procedure is well defined.

Once granted under the 1991 Act of the *UPOV Convention*, the PBR is valid for a minimum of 25 years in the case of trees and vines and for 20 years in the case of other crops from the date of granting the PBR. The PBR is valid in the territory where it was granted while in the case of intergovernmental organisations which grant PBRs, validity applies in all the member states of that organisation. For example, the *Community Plant Variety Office* (CPVO) grants PBR, which are valid in all member states of the European Union.

UPOV

The International Union for the Protection of New Varieties of Plants, known as "*UPOV*", is an intergovernmental organisation based in Geneva, Switzerland. The acronym UPOV is derived from the French name of the organisation namely, "*Union Internationale pour la Protection des Obtentions Végétales*".

UPOV Mission Statement: To provide and promote an effective system of plant variety protection, with the aim of encouraging the development of new varieties of plants for the benefit of society.

The UPOV system of plant variety protection came into being with the adoption of the International Convention for the Protection of New Varieties of Plants at a Diplomatic Conference in Paris, on

December 2, 1961. This was the point at which there was recognition of the intellectual property rights of plant breeders in their varieties on an international basis. The UPOV Convention was revised in 1972 and 1978; the most recent Act of the Convention dates from 1991. The UPOV Convention provides a *sui generis* form of intellectual property protection which has been specifically adapted for the protection of plant varieties taking into account the particular features of plant breeding and the circumstances under which plant varieties are used. The Convention has been developed with the aim of encouraging breeders to develop new varieties of plants. Innovations in other areas of technology concerning plants are covered by other forms of intellectual property rights including, in particular, patents.

Residents of a country that is a member of UPOV can apply for PBR in that country and any other member country of the Union. The application will be filed and examined, in the same way as national applications.

Variety

The species is considered as the lowest rank of botanical classification of the plant kingdom. Nevertheless, plants within a species can be very different. Farmers and growers need plants which are adapted to the environment in which they are grown and which are suited to the cultivation practices employed. Therefore, farmers and growers use a more precisely defined group of plants, selected from within a species, called a *"plant variety"*. The UPOV Convention's definition of a plant variety starts by stating that it is *"a plant grouping within a single botanical taxon of the lowest known rank,..."*

This confirms that a plant variety results from the lowest sub-division of the plant kingdom. The UPOV Convention (Article 1(vi)) defines as a variety:

"a plant grouping within a single botanical taxon of the lowest known rank, which grouping, irrespective of whether the conditions for the grant of a breeder's right are fully met, can be

- *defined by the expression of the characteristics resulting from a given genotype or combination of genotypes,*
- *distinguished from any other plant grouping by the expression of at least one of the said characteristics and*
- *considered as a unit with regard to its suitability for being propagated unchanged;"*

This full definition clarifies that a variety must be defined by its characteristics, different from any other variety and remain unchanged during the process of propagation. If a plant grouping does not meet these criteria, it is not considered to be a variety within the UPOV system. However, the definition also makes clear that this is irrespective of whether the conditions for the grant of a breeder's right are fully met. Thus, the definition applies also to plant groupings that may not qualify for protection

Breeder

The UPOV Convention stipulates that the breeder is the one who is entitled to apply for protection of a variety.

The 1991 Act of the UPOV Convention (Article 1(iv)) defines a breeder as:

- *the person who bred, or discovered and developed, a variety,*
- *the person who is the employer of the aforementioned person or who has commissioned the latter's work, where the laws of the relevant Contracting Party so provide, or*
- *the successor in title of the first or second aforementioned person, as the case may be;*

This simple definition contains some important information concerning the UPOV system. The breeder, a natural or legal person, might be a plantsman, a farmer, a company or a scientist. Thus, for example; farmers are potential breeders. It also clarifies that the breeder is considered to be the one who bred the variety, i.e. created a plant variety by means of plant breeding techniques. The plant breeding techniques can range from classic "*crossing and selection*", through modern procedures, such as genetic engineering. As explained in the second and third indents, the employer of the breeder and the successor in title of the breeder may also be entitled to protection. The phrase "the person who bred, *or discovered and developed*", also clarifies that a mere discovery or find would not entitle the person to protection, development is necessary.

Benefits of the UPOV System

1) Lowering "barriers to entry" into the breeding sector

PBR, as mentioned above, has specific features tailored to provide a favourable balance between scope and exceptions in the promotion of plant breeding. The "*breeder's exception*" plays a key role for SMEs, by allowing all breeders to use protected varieties for further breeding, thus reducing the "barriers to entry" for those SMEs wishing to enter the plant breeding business. SMEs can benefit by sharing the developments made by the whole breeding sector.

2) A simple and harmonised application system

UPOV has developed model application forms for PBR, denominations, technical questionnaires, that UPOV members have incorporated into their own application forms. This means that the information requested in PBR applications is the same or very similar in all UPOV member states. Furthermore, this application system is simple and does not require the service of special IP agents. For SMEs, this translates into lower costs and simplified filing procedures in foreign countries.

3) Harmonised system of variety examination

In the pursuit of internationally harmonised PBR, UPOV has developed general principles for distinctness, uniformity and stability (DUS) examination.

In addition, for many species or other plant groupings, UPOV has developed specific guidelines (*UPOV Test Guidelines*) for the examination of DUS, which are followed by the authorities. It has achieved a high degree of harmonisation in the variety examination of PBR applications, making possible several ways of cooperation:

1. Purchase of DUS test reports: Once a UPOV member has examined a variety, it is possible for the results to be used by the authority of another member.
2. Testing on behalf of another authority: by means of bilateral agreements, a UPOV member can request another member to run the DUS testing on its behalf. This type of agreement is of particular importance for testing crops for which there may not be technical expertise locally

or where only few applications are filed and a testing system has not been developed.

3. Mutual recognition of DUS test reports: this is another form of bilateral agreement which allows two UPOV members, who have the technical capability to carry out DUS testing for a given species, to mutually accept the technical report made by the other member, thus avoiding unnecessary duplication of tests.
4. Centralized testing: In some cases, the designated authority may not run itself the DUS testing. It can designate specific testing centers for this purpose to test the varieties under the supervision of and following the Test Guidelines developed by the Authority based on UPOV Test Guidelines. There could be more than one center for a given species in the same UPOV member state. It is also possible that a central testing centre could be agreed upon between several UPOV members.
5. Involvement of Breeders: As mentioned above, the breeder can be involved in different forms of cooperation within DUS testing, ranging from a total breeder testing system to various degrees of cooperation with the designated authority. As in other forms of cooperation, it maximizes the use of all available information, minimizes the time spent on DUS examination and can provide access to a breeder's specialist resources.

All these means of cooperation in testing procedures result in a significant saving of time and costs for the breeders and ensure harmonised testing criteria.

Using PBRs

Return on Investment: PBR enables breeding companies to achieve a return on their investment in breeding programs. The PBR system provides a legal framework that allows breeders to recover their investments and thereby allows them to continue their breeding activity. SMEs can take advantage of their empirical knowledge and create and protect their new plant varieties. Furthermore, the breeder's exemption under the UPOV Convention allows the breeder of a variety to enjoy the PBR of his variety whilst allowing other breeders to use the material of the protected variety for further breeding.

Companies or individual breeders can use the protected varieties of other breeders freely and incorporate them into their breeding programs. They can also exploit the resulting new varieties freely. This is a unique feature of PBR under the UPOV Convention and it reduces barriers for entering into the business and stimulating the development of the local breeding industry. It recognizes that real progress in breeding for the benefit of society - the goal of intellectual property rights in this field - relies on access to the latest improvements and new variation.

Public agricultural research centres may use PBR as a tool to promote and finance their activities.

Investment: SMEs breeding companies can develop a licensing strategy to reinforce their presence in the local market and expand their activity abroad by entering into a partnership with foreign companies. PBR can provide the basis for the transfer of technology necessary to compete in the market. Universities and National Agricultural Research Institutes may take advantage of PBR and play a key role in the process. They may have the knowledge and expertise for research but perhaps neither the infrastructure nor the experience required for successful marketing. In this situation, seed producers and consumers, for example in the milling industry and/or farmers/growers associations, can assist in the financing of a breeding program and then be in charge of the multiplication and marketing of the resulting varieties. Ownership could be shared in different ways according to the funding by the different parties of the breeding activity. PBR sets up the legal framework enhancing the relationship between researchers, PBR holders, licensees and users, hence creating a favorable environment for the development and transfer of technology (i.e. the varieties) in agriculture.

Facilitating access to foreign markets: A basic principle of the UPOV Convention is that the nationals and residents of any member of the Union receive the same treatment as accorded to the nationals of all other members of the Union. Breeders can protect their varieties in other countries and therefore broadens their market. The high degree of harmonisation in the examination of PBR applications between UPOV members facilitates the filing of applications in foreign countries. It is not necessary to set up one's own office - a local representative, in most cases somebody who is licensed to commercialize the protected variety, can provide the service.

Development of SMEs in the plant/seed propagation sector: Seed multipliers benefit from increased demand for the seed of new varieties. Due to the natural extensive coverage of agricultural activity, breeders in many cases let seed multiplier companies handle the seed multiplication and distribution of their protected varieties. Very often the seed producer is a cooperative of farmers or a family-owned company working in the region where they have settled. These SME seed multipliers can obtain a license from the holder of the PBR for producing and marketing the new protected varieties bred by others.

Varieties can be protected independently, whether they will be locally marketed or not. The multiplication of varieties for foreign markets is another activity that is enhanced by PBR. Foreign breeders can protect their varieties and issue licences for multiplying them and exporting the propagating material to foreign markets. Thus, local seed producers can take advantage of this business opportunity.

Contracts with processors and distributors: Processors and distributors of vegetal farm products, based on new varieties, can benefit from improved quality in terms of, for example, better physical properties and improved content and composition of desired ingredients.

Farmers/growers have access to varieties that are more suitable to specific agro-climatic conditions and allow them to respond better to market requirements.

Developing the agricultural sector: A reliable legal framework is a very effective tool to attract the best foreign varieties and rapidly enhance productivity, competitiveness and income in national agriculture/horticulture. On some markets, there may be a demand for specific agricultural products, such as ornamentals and exotic fruits. Sometimes an entirely new branch within agriculture/horticulture may be created. In such cases, the cultivation of foreign varieties is necessary to meet the demand of these markets. Agricultural/horticultural trade companies or growers' associations can obtain licenses to exploit protected foreign varieties and make commercial agreements with overseas traders to export their production. PBR again provides an opportunity for the acquisition of technology for the development of new agricultural and horticultural activities, benefiting the rural sector and diversifying the production. Furthermore, it encourages the development of the necessary services (packaging, transport, etc.) which bring economic benefits.

Requirements for grant of PBRs

A variety shall be granted protection if it is: new, distinct, uniform and stable. The grant of protection shall not be subject to any further conditions, provided the variety is designated by a suitable denomination and the applicant complies with all the formalities and pays the required fees. The words in italics clarify that no other criteria or conditions can be used in determining whether to grant protection to a variety.

Novelty: To be eligible for protection, a variety must not have been sold, or otherwise disposed of, in the territory of the member of the Union concerned for more than one year prior to the application for a breeder's right, or more than four years (six years for trees or vines) in a territory other than that of this member of the Union. In the case of new members of the Union, or members extending the plant genera or species for which protection is offered, these novelty periods may be extended for varieties which have been created only recently before the time that protection becomes available.

Distinctness: A variety is deemed to be distinct if it is clearly distinguishable from any other variety whose existence is a matter of common knowledge at the time of filing of the application. A variety whose existence is a matter of common knowledge (a "*variety of common knowledge*") must fall within the definition of a variety set out in Article 1(vi) of the 1991 Act of the UPOV Convention, but this does not necessarily require fulfilment of the Distinctness, Uniformity and Stability (DUS) criteria required for grant of a breeder's right under the UPOV Convention. Thus, a variety of common knowledge does not have to be a protected

variety and includes ecotypes or landraces which fall within the definition of variety. Furthermore, if protection was wrongly granted to a variety that was not distinct, the breeder's right shall be declared null and void, i.e. considered that the right was never granted.

Uniformity: A variety is deemed to be uniform if, subject to the variation that may be expected from the particular features of its propagation, it is sufficiently uniform in its relevant characteristics. The uniformity requirement within the Convention has been established to ensure that the variety can be defined as far as is necessary for the purpose of protection. Thus, the criterion for uniformity does not seek absolute uniformity and takes into account the nature of the variety itself. Furthermore, it relates only to the characteristics relevant for the protection of the variety.

Stability: A variety is deemed to be stable if its relevant characteristics remain unchanged after repeated propagation or, in the case of a particular cycle of propagation, at the end of each such cycle. As with the uniformity requirement, the criterion for stability has been established to ensure that the identity of the variety, as the subject matter of protection, is kept throughout the period of protection. Thus, the criterion for stability relates only to the relevant characteristics of a variety. The distinctness, uniformity and stability (DUS) criteria are often grouped together and referred to as the "*technical criteria*". They are most easily understood by considering the criteria together with the way in which they are examined.

Denomination: Each member of the Union must register the denomination of a new plant variety at the same time as it issues the title of protection for the new variety. Anyone who, within the territory of one of the members of the Union, offers material of the protected variety for sale or markets propagating material of the variety is obliged to use the denomination, even after the expiration of the breeder's right of that variety. The denomination is chosen by the breeder of the new variety but it must conform with all the criteria set out in Article 20 of the 1991 Act. In summary:

- 1) it must be different from all other denominations used by other members of the Union for the same, or a closely related, species;
- 2) it must not be liable to mislead or cause confusion concerning the characteristics, value or identity of the variety or identity of the breeder; in particular,
- 3) it must enable the variety to be identified;
- 4) no rights in the denomination shall hamper its free use as the variety denomination (even after expiry of the breeder's right);
- 5) prior rights of third persons must not be affected and such rights can require a change of the variety denomination;
- 6) it may not consist solely of figures, unless this is an established practice.

The breeder must submit the same denomination to all members of the Union and, unless this is considered to be unsuitable within a particular territory, this same denomination will be registered by all the members of the Union. A trademark, trade name or other similar indication may be associated with the denomination for the purposes of marketing or selling, but the denomination must be easily recognizable.

Exceptions to PBRs

The breeder's right does not extend to

- (i) acts done privately and for non-commercial purposes, This exception means that, for example, subsistence farming is excluded from the scope of the breeder's right.
- (ii) acts done for experimental purposes and
- (iii) acts done for the purpose of breeding other varieties and for the purpose of exploiting these new varieties provided the new variety is not a variety essentially derived from another protected variety (the initial variety).

This latter exception, for the purpose of breeding other varieties, is a fundamental aspect of the UPOV system of plant variety protection and is known as the “*breeder's exemption*”. It recognizes that real progress in breeding - which, for the benefit of society, must be the goal of intellectual property rights in this field - relies on access to the latest improvements and new variations. Access is needed to all breeding materials in the form of modern varieties, as well as landraces and wild species, to achieve the greatest progress and is only possible if protected varieties are available for breeding. The breeder's exemption optimizes variety improvement by ensuring that germ plasm sources remain accessible to all the community of breeders. However, it also helps to ensure that the genetic basis for plant improvement is broadened and is actively conserved, thereby ensuring an overall approach to plant breeding which is sustainable and productive in the long term. In short, it is an essential aspect of an effective system of plant variety protection system which has the aim of encouraging the development of new varieties of plants, for the benefit of society.

In addition, as an optional exception, each member of the Union may, “*within reasonable limits and subject to the safeguarding of the legitimate interests of the breeder, restrict the breeder's right in relation to any variety in order to permit farmers to use for propagating purposes, on their own*

holdings, the product of the harvest which they have obtained by planting, on their own holdings, the protected variety or other variety covered by the protection”. This provision recognizes that, for some crops, there has been a common practice of farmers saving their own seed, i.e. seed is produced on a farm for the purpose of re-sowing on the same farm and not for the purpose of selling the seed. The provision allows each member of the Union to take

account of this practice when providing variety protection. However, the purpose of plant variety protection is to encourage the development of new varieties of plants, for the benefit of society. Therefore, the Convention requires this optional exemption to be regulated “*within reasonable limits and subject to the safeguarding of the legitimate interests of the breeder, ...*”. Should this exemption be introduced in a way that failed to provide an incentive for breeders to develop new varieties, then society would fail to benefit from the system.

Examination of the application of PBRs

According to Article 12 of the UPOV Convention, protection can only be granted in respect of a new plant variety after examination of whether the variety complies with the conditions for protection laid down in the UPOV Convention (Articles 5 to 9 and 20) and, in particular, that the variety is distinct (D) from any other variety whose existence is a matter of common knowledge at the time of the filing of the application, and that it is sufficiently uniform (U) and stable (S), or “DUS” in short. The DUS examination generates a description of the variety, using its relevant characteristics (e.g. plant height, leaf shape, time of flowering), by which it can be defined as a variety in terms of Article 1(vi) of the UPOV Convention. Article 12 states that “... *In the course of the examination, the authority may grow the variety or carry out other necessary tests, cause the growing of the variety or the carrying out of other necessary tests, ...*” This establishes that the authority may conduct growing trials, or other tests, itself (“*Official Testing*”) or, alternatively, the authority may arrange for other parties to conduct the growing trials or other tests e.g. an independent institute or the breeders themselves. Cooperation with breeders has the advantage that it maximizes the use of all available information, minimizes the time for DUS examination and can provide access to breeders’ specialist resources. Nevertheless, the involvement of the breeder is always under the control of the authority and will always result in a decision being taken by the authority. Article 12 also provides that “... *In the course of the examination, the authority may ... take into account the results of growing tests or other trials which have already been carried out. ...*” This establishes the opportunity for the authority to take into account the results from previous tests or trials conducted by, for example, other authorities. This can take the form of: the purchase of DUS test reports; bilateral arrangements; or centralized DUS testing. Such cooperation between authorities is important for minimizing the time for DUS examination, minimizing the cost of DUS examination and optimizing examination of distinctness in the growing trials. UPOV has developed a document known as the “*General Introduction to the Examination of Distinctness, Uniformity and Stability and the Development of Harmonized Descriptions of New Varieties of Plants*”, which sets out the principles which are used in the examination of DUS. The identification of those principles ensures that examination of new plant varieties is conducted in a harmonized way throughout the members of the Union. This harmonization is important because it facilitates cooperation in DUS testing and also helps to provide effective protection through the development of harmonized, internationally recognized descriptions of protected varieties. In addition, UPOV

has developed “*Guidelines for the Conduct of Tests for Distinctness, Uniformity and Stability*”, or “*Test Guidelines*”, for many individual species or other variety groupings. The purpose of these Test Guidelines is to elaborate certain of the principles contained in the General Introduction into detailed practical guidance for the harmonized examination of DUS and, in particular, to identify appropriate characteristics for the examination of DUS and production of harmonized variety descriptions.

CHAPTER V

IP Ecosystem in India

National IPR Policy

The Union Cabinet has approved the National Intellectual Property Rights (IPR) Policy on May 12, 2016 that shall lay the future roadmap for IPRs in India. The Policy recognises the abundance of creative and innovative energies that flow in India, and the need to tap into and channelize these energies towards a better and brighter future for all.

The National IPR Policy is a vision document that encompasses and brings to a single platform all IPRs. It views IPRs holistically, taking into account all inter-linkages and thus aims to create and exploit synergies between all forms of intellectual property (IP), concerned statutes and agencies. It sets in place an institutional mechanism for implementation, monitoring and review. It aims to incorporate and adapt global best practices to the Indian scenario.

The Policy recognizes that India has a well-established TRIPS-compliant legislative, administrative and judicial framework to safeguard IPRs, which meets its international obligations while utilizing the flexibilities provided in the international regime to address its developmental concerns. It reiterates India's commitment to the Doha Development Agenda and the TRIPS agreement.

With this document, India aims to place before the world a vibrant and predictable IP regime, which stimulates creativity and innovation across sectors, as also facilitates a stable, transparent and service- oriented IPR administration in the country.

An IPR Think Tank was constituted to undertake an in-depth study on the IPR scenario in the country and prepare a draft National IPR Policy. It engaged actively with various stakeholders from all over the world. Based on the comments received from the public, various Ministries/ Departments, in-depth deliberations and the inputs received from the Think Tank, the National IPR policy was formulated.

The broad contours of the National IPR Policy are delineated below:

Vision Statement: An India where creativity and innovation are stimulated by Intellectual Property for the benefit of all; an India where intellectual property promotes advancement in science and technology, arts and culture, traditional knowledge and biodiversity resources; an India where knowledge is the main driver of development, and knowledge owned is transformed into knowledge shared.

Mission Statement: Stimulate a dynamic, vibrant and balanced intellectual property rights system in India to:

- 1) foster creativity and innovation and thereby, promote entrepreneurship and enhance socio-economic and cultural development, and
- 2) focus on enhancing access to healthcare, food security and environmental protection, among other sectors of vital social, economic and technological importance.

Objectives: The Policy lays down the following seven objectives:

- 1) **IPR Awareness: Outreach and Promotion:** To create public awareness about the economic, social and cultural benefits of IPRs among all sections of society.
- 2) **Generation of IPRs:** To stimulate the generation of IPRs.
- 3) **Legal and Legislative Framework:** To have strong and effective IPR laws, which balance the interests of rights owners with larger public interest.
- 4) **Administration and Management:** To modernize and strengthen service-oriented IPR administration.
- 5) **Commercialization of IPRs:** Get value for IPRs through commercialization.
- 6) **Enforcement and Adjudication:** To strengthen the enforcement and adjudicatory mechanisms for combating IPR infringements.
- 7) **Human Capital Development:** To strengthen and expand human resources, institutions and capacities for teaching, training, research and skill building in IPRs.

These objectives are sought to be achieved through detailed action points. The action by different Ministries/ Departments shall be monitored by DIPP which shall be the nodal department to coordinate, guide and oversee implementation and future development of IPRs in India.

Salient Features:

- i. **Cell for IPR Promotion and Management (CIPAM):** A Cell CIPAM shall be created as a professional body under aegis of DIPP to address the 7 identified objectives of the Policy. Among other aspects, it shall study IP processes to simplify and streamline them, monitor public grievances, oversee capacity building of human resources and institutions for outsourced search activities, promote commercialization of IPRs and endeavor to provide a platform to connect innovators and creators to potential users, buyers, investors and funding institutions. It will coordinate with agencies at State level and with the various Ministries/ Departments of the Union Government. The data generated at CIPAM

shall serve as a valuable resource for future policy.

- ii. **Awareness Campaign:** To be launched in schools, institutions of higher education like engineering colleges and law schools, centres of skill development, industry clusters etc, it aims to foster an IP culture in the country by creating awareness about the economic, social and cultural benefits of IPRs among all sections and enabling people to realize the value of their IPs as also respect for other IPRs. Syllabi and suitable course materials to emphasize importance of IPRs, shall be formulated for educational institutions at all levels.
- iii. **IP Cells:** IP cells shall be created in key Ministries/ Departments of the Govt of India, which are vital the field of IPRs, as well as in State Governments, Industry associations and clusters and major academic institutions. CIPAM shall coordinate with the Cells.
- iv. **Generation, registration and commercialization:** The Policy aims to encourage creativity and innovation, leading to generation of IPs and their protection through IPRs. Registration of Geographical Indications (GIs) shall be encouraged through support institutions. Action shall be taken to encourage R&D as well as to improve IPR output from Govt laboratories and organizations, with special focus on national priority areas.

Apart from creation of IPRs, for their effective commercialisation, it is essential to Identify opportunities for marketing Indian IPR-based products, especially GIs, and services to a global audience.

- i. **Traditional Knowledge Digital Library (TKDL):** TKDL's ambit is to be expanded to include other fields besides Ayurveda, Yoga, Unani & Siddha. The possibility of using TKDL for furthering R&D by public research institutions and private sector will be explored.
- ii. The Policy recognizes the importance of **effective coordination between Patent office and National Biodiversity Authority** for speeding up the disposal of patent applications using biological resources and associated TK.
- iii. **Cadre Management in IP Offices:** The Policy recognizes the crucial role of a motivated work force in productivity enhancements. The organizational and cadre structure of the Indian IP Offices shall be studied and reviewed with a view to enhance efficiency and productivity.
- iv. **Access to Medicines:** Access to affordable medicines and other healthcare solutions is becoming a challenge for all countries. India too faces a growing challenge on this count. The Policy recognises this and aims to enhance this by (a) encouraging cross-sector partnerships between public sector, private sector, universities and NGOs; (b) promoting novel licensing models, and (c) developing

novel technology platforms.

- v. **Piracy/ Counterfeiting:** Offline and online piracy is a serious concern and needs to be combated through public awareness as also legal and enforcement mechanisms.
- vi. **Assistance to smaller firms:** Smaller firms need assistance for protection of their IPRs internationally. Schemes such as DeitY's⁶³ *Support for International Patent Protection in Electronics and IT* (SIP-EIT) are to be enhanced.
- vii. **Judicial Awareness & Resolution of IP disputes:** Since IPRs are a specialised discipline, awareness amongst the judiciary is crucial since judicial precedents set the tone of the country's IP regime. For this, it is important that IP modules for judges be formulated, including regular IP workshops / colloquia at the judicial academies. Commercial Courts set up at appropriate levels will be responsible for adjudicating IP disputes.

Resolution of IP cases through Alternate Dispute Resolution methods shall reduce burden on judiciary and provide speed and inexpensive resolution of disputes. Mediation and conciliation centres need strengthening, and ADR capabilities and skills in the field of IP developed.

Review: A detailed review of IPR Policy shall be undertaken every five years. Continuous and regular Review will be done by a Committee to be constituted for this purpose under the Secretary, DIPP⁶⁴.

Indian Treaties Database

Legal and Treaties Division: Legal and Treaties Division of the Ministry of External Affairs was created in 1957 as a nodal point to deal with all aspects of International law advise to the Government of India. This Division is the sole source of legal advice for the Ministry of External Affairs. In addition, it also advises other Ministries/Departments of the Government of India on all matters concerning International law and conclusion and interpretation of treaties.

Indian Treaties Database: The Database prepared and managed by the Legal and Treaties Division of the Ministry of External Affairs strives to provide an accessible and searchable link or series of links to the Treaties/Agreements/MoUs etc., which have been entered into by the

⁶³ Department of Electronics and Information Technology (DeitY), Ministry of Communications and Information Technology, Government of India.

⁶⁴ The name of the Department of Industrial Policy and Promotion (DIPP) has been changed as Department for Promotion of Industry and Internal Trade (DPIIT) vide Gazette Notification No. S. O. 507 (E) Dated January 27, 2019, Department of Industrial Policy & Promotion DIPP was established in the year 1995, and was reconstituted in the year 2000 with the merger of Department of Industrial Development. The department functions under the Ministry of Commerce and Industry, Government of India.

Government of the Republic of India with Foreign Countries since the year 1950. The database is being updated regularly.

Scheme for Facilitating Startups Intellectual Property Protection (SIPP)

Intellectual Property Rights (IPRs) are emerging as a strategic business tool for any business organization to enhance industrial competitiveness. Startups, with limited resources and manpower, can sustain in this highly competitive world only through continuous growth and development-oriented innovations; for this, it is equally crucial that they protect their IPRs. The scheme for Startups Intellectual Property Protection (SIPP) is envisaged to facilitate protection of Patents, Trademark and Designs of innovative and interested startups.

Vision: To protect and promote Intellectual Property Rights of startups and thus encourage innovation and creativity among them.

Objective: The scheme of SIPP aims to promote awareness and adoption of Intellectual Property Rights amongst startups. Scheme is inclined to nurture and mentor innovative and emerging technologies among Startups and assist them in protecting and commercialize it by providing them access to high- quality IP services and resources.

Startup: An entity will be considered a startup as long as the below listed conditions are met by the entity:

- 1) Entity has to be a Private Limited company (as defined in the Companies Act, 2013), or a registered partnership firm registered u/s 59 of the Partnership Act, 1932 or a limited liability partnership under the Limited Liability Partnership Act, 2002.
- 2) Five years should have not lapsed since the date of registration or incorporation of the entity.
- 3) Turnover in any of the financial year should not be more than INR Twenty Five crores.
- 4) Entity should not have been formed by splitting up or reconstruction of a business already in existence.

The patent office fees for startup, even though a legal entity, is the same as the fees charged for natural persons (individuals). Hence, startup would pay 60% less in government fee compared to the fee that was applicable prior to the amendment. A startup can also opt for expedited examination instead of ordinary examination. In an ordinary examination process an examiner has to prepare an examination report ordinarily in one month but not exceeding three months from the date of reference of the application to him by the Controller. On the other hand, in an expedited examination process, the examiner has to prepare an examination report in one month but not exceeding two months from the date of reference of the application to him by the Controller.

Appointment of Facilitators: For effective implementation of the scheme, facilitators shall be empaneled by the Controller General of Patent, Trademark and Design (CGPDTM)⁶⁵. The CGPDTM shall regulate conduct and functions of empaneled facilitators from time to time. In case of any complaint by a startup about a facilitator or on getting information about professional misconduct through any source, the CGPDTM can remove the facilitator from the panel. The following can be a Facilitator:

- 1) Any Patent Agent registered with the CGPDTM.
- 2) Any Trademark Agent registered with the CGPDTM.
- 3) Any Advocate as defined under The Advocates Act" 1961 who is entitled to practice law as per the rules laid down by Bar Council of India from time to time, who is well versed with the provisions of the relevant Acts and Rules and is actively involved in filing and disposal of applications for patents, trademarks and designs.
- 4) Government departments/ organizations/ agencies like TIFAC, NRDC, BIRAC, DEITY, DSIREtc.

National Acts & Rules

Act is the law that is passed by the legislature. It is also called statute. However, most laws are not complete code in themselves, i.e. certain provisions as to their application or enforcement etc are deliberately left out by the legislature. That is where rules come into picture.

Rules help govern a law. They are secondary in nature, in the sense they don't have independent existence of their own. They are made to make the parent Act work. The rules provide for the details that have not been provided for in the Act, however Rules by no means can go beyond the power conferred by the Act, or extend the same.

The major Indian Acts & Rules in the discipline of IP, including a brief chronology is listed below:

Patents:

The Patents Act, 1970

The Patent Rules, 2003

The Patent (Amendment) Rules, 2006

The Patent (Amendment) Rules, 2012

The Patent (Amendment) Rules, 2013

The Patent (Amendment) Rules, 2014

The Patent (Amendment) Rules, 2016

The Patent (Amendment) Rules, 2017

⁶⁵ < <https://www.cgpdtrnrecruitment.in/> >

Copyright:

The Copyright Act, 1957
The Copyright Rules, 1958
The Copyright Rules, 2013
The Copyright (Amendment) Rules, 2016

Trademarks:

The Trade Marks Act, 1999
The Trade Marks Rules, 2002
The Trade Marks (Amendment) Rules, 2013
The Trade Marks Rules, 2017
The Trade Marks (Applications & Appeals to IPAB) Rules, 2003

Geographical Indications:

The Geographical Indication of Goods (Registration & Protection) Act, 1999
The Geographical Indication of Goods (Registration & Protection) Rules, 2002
The Geographical Indication of Goods (Forms, Appeals & Fees) Rules, 2013

Industrial Designs:

The Design Act, 2000
The Design Rules, 2001
The Design (Amendment) Rules, 2008
The Design (Amendment) Rules, 2014

Semiconductors & Integrated Circuits:

The Semiconductor & Integrated Circuits Layout-Design Act, 2000
The Semiconductor & Integrated Circuits Layout-Design Rules, 2001
The Semiconductor & Integrated Circuits Layout-Design (Amendment) Rules, 2012

Plant Varieties & Plant Breeders:

The Protection of Plant Variety and Farmers Right (PPVFR) Act, 2001
The Protection of Plant Variety and Farmers Right (PPVFR) Rules, 2003

Biological Diversity:

The Biological Diversity Act, 2002
The Biological Diversity Rules, 2004

Membership of Conventions

India is a member of almost all international conventions. The obligation of the member state arising out of the conventions can be enforced on the basis of reciprocity only. No right or obligation is enforceable unilaterally. Therefore to pass own laws on Intellectual property is in the interest of every country. In 1999, a considerable passage of major legislations with regard to protection of Intellectual property rights in harmony with international practices and in compliance with India's obligations under TRIPS. Among others, India is a signatory to the following treaties / agreements concerning IP:

Treaty / Agreements	Accession Date
Berne Convention for the Protection of Literary and Artistic Works	01 April 1928
General Agreement on Tariffs and Trade (GATT)	08 July 1948
Universal Copyright Convention (UCC)	06 September 1952
World Intellectual Property Organization (WIPO) Convention	31 January 1975
Convention on Biological Diversity (CBD)	05 June 1992
World Trade Organization (WTO)	01 January 1995
Trade-Related Aspects of Intellectual Property Rights (TRIPS)	01 January 1995
Paris Convention for the Protection of Industrial Property	07 September 1998
Patent Cooperation Treaty (PCT)	07 December 1998
Budapest Treaty	17 September 2001
Madrid Agreement Concerning the International Registration of Marks	08 July 2013
WIPO Copyright Treaty (WCT)	25 September 2018
WIPO Performance and Phonograms Treaty (WPPT)	25 September 2018

Annexure I



NATIONAL INTELLECTUAL PROPERTY RIGHTS POLICY

12th May 2016

Government of India

Ministry of Commerce and Industry
Department of Industrial Policy & Promotion

National IPR Policy

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EXECUTIVE SUMMARY

Creativity and innovation have been a constant in growth and development of any knowledge economy. There is an abundance of creative and innovative energies flowing in India. India has a TRIPS compliant, robust, equitable and dynamic IPR regime. An all-encompassing IPR Policy will promote a holistic and conducive ecosystem to catalyse the full potential of intellectual property for India's economic growth and socio-cultural development, while protecting public interest. The rationale for the National IPR Policy lies in the need to create awareness about the importance of IPRs as a marketable financial asset and economic tool.

VISION STATEMENT

An India where creativity and innovation are stimulated by Intellectual Property for the benefit of all; an India where intellectual property promotes advancement in science and technology, arts and culture, traditional knowledge and biodiversity resources; an India where knowledge is the main driver of development, and knowledge owned is transformed into knowledge shared.

MISSION STATEMENT

Stimulate a dynamic, vibrant and balanced intellectual property rights system in India to:

- foster creativity and innovation and thereby, promote entrepreneurship and enhance socio-economic and cultural development, and
- focus on enhancing access to healthcare, food security and environmental protection, among other sectors of vital social, economic and technological importance.

The Policy lays down seven Objectives which are elaborated with steps to be undertaken by the identified nodal Ministry/ department. The Objectives are briefly mentioned below.

OBJECTIVE 1: IPR Awareness: Outreach and Promotion - *To create public awareness about the economic, social and cultural benefits of IPRs among all sections of society*

The 21st century belongs to the knowledge era and is driven by the knowledge economy. A nation-wide program of promotion should be launched with an aim to improve the awareness about the benefits of IPRs and their value to the rights-holders and the public. Such a program will build an atmosphere where creativity and innovation are encouraged in public and private sectors, R&D centers, industry and academia, leading to generation of protectable IP that can be commercialized. It is also necessary to reach out to the less-visible IP generators and holders, especially in rural and remote areas. The clarion call of the program would be the holistic slogan **“Creative India; Innovative India: रचनात्मक भारत; अभिनव भारत”**.

OBJECTIVE 2: Generation of IPRs - *To stimulate the generation of IPRs*

India has a large talent pool of scientific and technological talent spread over R&D institutions, enterprises, universities and technical institutes. There is a need to tap this fertile knowledge resource and stimulate the creation of IP assets. A comprehensive base line survey or IP audit across sectors will enable assessment and evaluation of the potential in specific sectors, and thus formulate and implement targeted programmes. Focus will be placed on facilitating researchers and innovators regarding areas of national priority. The corporate sector also needs to be encouraged to generate and utilize IPRs. Steps also need to be taken to devise mechanisms so that benefits of the IPR regime reach all inventors, especially MSMEs, start-ups and grassroot innovators.

OBJECTIVE 3: Legal and Legislative Framework - *To have strong and effective IPR laws, which balance the interests of rights owners with larger public interest*

The existing IP laws in India were either enacted or revised after the TRIPS Agreement and are fully compliant with it. These laws along with various judicial decisions provide a stable and effective legal framework for protection and promotion of IPRs. India shall remain committed to the Doha Declaration on TRIPS Agreement and Public Health. At the same time, India is rich in traditional medicinal knowledge which exists in diverse forms in our country, and it is important to protect it from misappropriation.

OBJECTIVE 4: Administration and Management - *To modernize and strengthen service-oriented IPR administration*

The Offices that administer the different Intellectual Property Rights (IPOs) are the cornerstone of an efficient and balanced IPR system. IPOs now have the twin challenges of making their operations more efficient, streamlined and cost effective, with expanding work load and technological complexity on one hand, and enhancing their user-friendliness by developing and providing value added services to the user community on the other. The administration of the Copyright Act, 1957 and the Semiconductor Integrated Circuits Layout-Design Act, 2000 is being brought under the aegis of DIPP, besides constituting a Cell for IPR Promotion and Management (CIPAM). This will facilitate more effective and synergetic working between various IP offices, as also promotion, creation and commercialization of IP assets.

OBJECTIVE 5: Commercialization of IPR - *Get value for IPRs through commercialization*

The value and economic reward for the owners of IP rights comes only from their commercialization. Entrepreneurship should be encouraged so that the financial value of IPRs maybe captured. It is necessary to connect investors and IP creators. Another constraint faced is valuation of IP and assessment of the potential of the IPRs for the

purpose of marketing it. Efforts should be made for creation of a public platform to connect creators and innovators to potential users, buyers and funding institutions.

OBJECTIVE 6: Enforcement and Adjudication - *To strengthen the enforcement and adjudicatory mechanisms for combating IPR infringements*

There is a need to build respect for IPR among the general public and to sensitize the inventors and creators of IP on measures for protection and enforcement of their rights. At the same time, there is also a need to build the capacity of the enforcement agencies at various levels, including strengthening of IPR cells in State police forces. Measures to check counterfeiting and piracy also need to be identified and undertaken. Regular IPR workshops / colloquia for judges would facilitate effective adjudication of IPR disputes. It would be desirable to adjudicate on IPR disputes through specialised commercial courts. Alternative Dispute Resolution mechanism may also be explored.

OBJECTIVE 7: Human Capital Development - *To strengthen and expand human resources, institutions and capacities for teaching, training, research and skill building in IPRs*

In order to harness the full potential of IPRs for economic growth, it is essential to develop an increasing pool of IPR professionals and experts in spheres such as policy and law, strategy development, administration and enforcement. Such a reservoir of experts will facilitate in increasing generation of IP assets in the country and their utilization for development purposes.

IMPLEMENTATION

The present IP Policy aims to integrate IP as a policy and strategic tool in national development plans. It foresees a coordinated and integrated development of IP system in India and the need for a holistic approach to be taken on IP legal, administrative, institutional and enforcement related matters. While DIPP shall be the nodal point to coordinate, guide and oversee implementation and future development of IPRs in India, the responsibility for actual implementation of the plans of action will remain with the Ministries/ Departments concerned in their assigned sphere of work. Public and private sector institutions and other stakeholders, including State governments, will also be involved in the implementation process.

INTRODUCTION

Creativity and innovation have been a constant in growth and development of any knowledge economy. There is an abundance of creative and innovative energies flowing in India. The evolution of the film and music industry; the contribution of the Indian pharmaceutical sector in enabling access to affordable medicines globally and its transformation to being the pharmacy of the world; a strong and dynamic software industry; a considerably diverse handicraft and textile industry; richness and versatility of the Indian systems of medicines such as Ayurveda, Unani, Siddha and Yoga; the advances made in the Indian space programme and the pioneering role of our scientists in keeping it cost effective; these are but a few examples of these energies.

While India has always been an innovative society, much of the intellectual property (IP) created remains unprotected both on account of lack of awareness and the perception that IP protection is either not required or that the process to obtain it is unnecessarily complicated. The rationale for the National IPR Policy lies in the need to create awareness about the importance of intellectual property rights (IPRs) as a marketable financial asset and economic tool.

India has robust IP laws and a strong IP jurisprudence. The legal framework does reflect the underlying policy orientation and national priorities, which have evolved over time, taking into account development needs and international commitments.

An all-encompassing IPR Policy will promote a holistic and conducive ecosystem to catalyse the full potential of intellectual property for India's economic growth and socio-cultural development, while protecting public interest. Such a Policy will nurture the IP culture, guiding and enabling all creators and inventors to realize their potential for generating, protecting and utilizing IPRs which would contribute to wealth creation, employment opportunities and business development.

This policy shall weave in the strengths of the Government, research and development organizations, educational institutions, corporate entities including MSMEs, start-ups and other stakeholders in the creation of an innovation-conducive environment. It will complement the strengths of our substantive laws with transparent, predictable and efficient administrative and procedural mechanisms as also well-informed adjudicatory structure.

OVERVIEW

The concrete measures taken by the Government in the last two decades in consonance with national development priorities and in conformity with international treaties, conventions and agreements to which India is a party has created and established a TRIPS compliant, robust, equitable and dynamic IPR regime. The continuous and unending improvements alongwith the

National IPR Policy

sweeping and far-sighted changes at the legislative and administrative levels has resulted in strengthening the administration, management and enforcement of IPRs.

The statutes governing different kinds of IPRs in India are Patents Act, 1970; Trade Marks Act, 1999; Designs Act, 2000; Geographical Indications of Goods (Registration and Protection) Act, 1999; Copyright Act, 1957; Protection of Plant Varieties and Farmers' Rights Act, 2001; Semiconductor Integrated Circuits Layout-Design Act, 2000 and Biological Diversity Act, 2002.

The Department of Industrial Policy and Promotion (DIPP) is entrusted with matters concerning the specialised UN agency on IPRs, the World Intellectual Property Organisation (WIPO), including coordination with other concerned Ministries or Departments.

The Controller General of Patents, Designs and Trade Marks (CGPDTM) under the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry is entrusted with the responsibility of administering the laws relating to Patents, Designs, Trade Marks and Geographical Indications within the territory of India. The CGPDTM presently functions through Patent Offices at four locations (Chennai, Delhi, Kolkata, and Mumbai), Trademarks Offices at five locations (Ahmedabad, Chennai, Delhi, Kolkata, and Mumbai), a Geographical Indications Registry at Chennai and a Designs Wing at Kolkata. The Office of CGPDTM is also in charge of the Rajiv Gandhi National Institute of Intellectual Property Management at Nagpur.

Copyrights were administered by the Ministry of Human Resource Development. The Copyright Act is comprehensive and with the recent amendments, the rights of creators have been strengthened.

The Protection of Plant Varieties and Farmers' Rights Act, 2001 is a *sui generis* legislation in India providing protection for plant varieties and rights of farmers and is under the aegis of the Ministry of Agriculture.

The Department of Information Technology was responsible for Semiconductor Integrated Circuits Layout-designs; the first registration under the Semiconductor Integrated Circuits Layout-Design Act was granted in October 2014.

The preservation of biological diversity in India is under the Ministry of Environment and Forests; the Biological Diversity Act 2002 provides mechanism for regulating access and ensuring fair and equitable sharing of benefits arising out of the use of biological resources and associated traditional knowledge.

India has always been conscious of its obligations in the international arena, and has acceded to a number of international conventions to further the cause of IPRs globally. India was the first country to ratify the Marrakesh Treaty 2013 for Access to published works by visually impaired persons. The accession to the Madrid Protocol in 2013 is a step towards global alignment for proprietors of marks. The Indian Patent office has been recognized as an International Search Authority and an International Preliminary Examination Authority.

The IPR regime in India has adequate safeguards in the form of judicial review and appellate provisions. Indian courts have consistently enforced IPRs, with judgements clearly expressing the intent and purpose of our laws. The Intellectual Property Appellate Board hears appeals arising from the decisions of Controllers of Patents as also Registrars of Trade Marks and GIs.

In a slew of initiatives, the IP offices under the CGPDTM have been modernized and there is a perceptible change for the better. Conscious efforts have been made to develop a robust e-service delivery system, including real-time public dissemination of dynamic IP knowledge through e-enabled innovative tools.

VISION STATEMENT

An India where creativity and innovation are stimulated by Intellectual Property for the benefit of all; an India where intellectual property promotes advancement in science and technology, arts and culture, traditional knowledge and biodiversity resources; an India where knowledge is the main driver of development, and knowledge owned is transformed into knowledge shared.

MISSION STATEMENT

Stimulate a dynamic, vibrant and balanced intellectual property rights system in India to:

- foster creativity and innovation and thereby, promote entrepreneurship and enhance socio-economic and cultural development, and
- focus on enhancing access to healthcare, food security and environmental protection, among other sectors of vital social, economic and technological importance.

OBJECTIVES

The Policy lays down seven Objectives which are elaborated with steps to be undertaken by the identified nodal Ministry/ department. The implementing or Nodal Ministry/ Department shall coordinate with all other concerned stakeholders, including other Ministries/ departments, towards attaining the objectives.

OBJECTIVE 1: IPR Awareness: Outreach and Promotion

To create public awareness about the economic, social and cultural benefits of IPRs among all sections of society

The 21st century belongs to the knowledge era and is driven by the knowledge economy- an economy that creates, disseminates and uses knowledge to enhance its growth and development. Traditionally, monetization of knowledge has never been the norm in India. While laudable and altruistic, this does not fit with the global regime of zealously protected IPRs. Hence, there is a need to propagate the value of transforming knowledge into IP assets. This requires a major paradigm shift of how knowledge is viewed and valued - not for what it *is*, but for what it *can become*.

Many IP holders are unaware of the benefits of IP rights or of their own capabilities to create IP assets or the value of their ideas. They are often discouraged by the complexities of the process of creating defendable IP rights. Conversely, they may be unaware of the value of others' IP rights and the need to respect the same. The policy proposes to tackle both perspectives through outreach and promotion programs.

A nation-wide program of promotion should be launched with an aim to improve the awareness about the benefits of IPRs and their value to the rights-holders and the public. Such a program will build an atmosphere where creativity and innovation are encouraged in public and private sectors, R&D centers, industry and academia, leading to generation of protectable IP that can be commercialized.

It is also necessary to reach out to the less-visible IP generators and holders, especially in rural and remote areas. Emphasis would be laid on creating awareness regarding the rich heritage of India in terms of our Geographical Indications, Traditional Knowledge, Genetic Resources, Traditional Cultural Expressions and Folklore.

The immediate economic rationale for individuals and the community, as well as the pride in being innovative, should be conveyed effectively to the public. The clarion call of the program would be the holistic slogan **“Creative India; Innovative India:   अभिनव  **

The steps to be taken towards attaining this objective are outlined below:

- 1.1.** Adopt the national slogan "Creative India; Innovative India" and launch an associated campaign on electronic, print and social media, including by linking the campaign with other national initiatives such as “Make in India”, “Digital India”, “Skill India”, “Start Up India”, “Smart Cities” and other new initiatives in the future;
- 1.2.** Create a systematic campaign for promotion of India's IP strengths by conveying to all stakeholders the value and benefits of IP by:
 - 1.2.1.** Customizing programs for specific needs of industries, MSMEs, start-ups, R&D institutions, science and technology institutes, universities and colleges, inventors and creators, entrepreneurs;

- 1.2.2. Reaching out to the less visible and silent IP generators and holders, especially in the rural and remote areas, through campaigns tailored to their needs and concerns. These would include small businesses, farmers/ plant variety users, holders of traditional knowledge, traditional cultural expressions and folklore, designers and artisans;
 - 1.2.3. Including case studies of successful use of IPRs in campaigns to create value in the respective domains;
 - 1.2.4. Promoting the idea of high quality and cost-effective innovation as a particularly Indian competence leading to competitive advantage;
 - 1.2.5. Involving eminent personalities as 'ambassadors' to spread awareness and importance of IP in India;
 - 1.2.6. Using audio/ visual material in print/ electronic/ social media for propagation;
 - 1.2.7. Creating moving exhibits (e.g. a train with a theme that will crisscross the nation, road shows) that can travel to all parts of the country;
 - 1.2.8. Creating materials for IP promotion in multiple languages and pictorial form for those who cannot read;
 - 1.2.9. Studying best practices and success stories in other countries to design and launch public outreach programs.
- 1.3. Create awareness programs specifically targeting industry and R&D entities, both private and public by:
 - 1.3.1. Providing scientists/ researchers with a deeper level of understanding about the need to protect their inventions even before publishing;
 - 1.3.2. Engaging public funded research organizations and the private sector to create campaigns highlighting the process of IP creation and the value generated therefrom;
 - 1.3.3. Encourage multi-national corporations and other large corporate entities to develop IP programs for their employees and adapt and propagate them to the public;
 - 1.3.4. Creating materials for MSMEs highlighting special support mechanisms for them to develop and protect IP.
- 1.4. Create well-publicized events and ongoing programs to emphasize the

importance of IP by:

- 1.4.1.** Partnering with industry bodies, large corporations and institutions of R&D and higher learning for such events, and consider establishment of Innovation, Creativity and IP museum(s);
- 1.4.2.** Announcing with the help of State governments, Innovation and IP Days especially in major industrial, innovation and university clusters; celebrate 'World IP Day' in different cities and institutions;
- 1.4.3.** Setting up India's 'Hall of Fame' to celebrate IP innovators and creators;
- 1.4.4.** Instituting prizes and awards to encourage IP creation activity in specific sectors.
- 1.5.** Create suitable course materials for:
 - 1.5.1.** Educational institutions at all levels to emphasize the importance of IP rights;
 - 1.5.2.** Online and distance learning programs for all categories of users;
 - 1.5.3.** Including IPRs in school curriculum at appropriate level.
- 1.6.** Engage with the media to sensitize them regarding IP related issues.

OBJECTIVE 2: Generation of IPRs

To stimulate the generation of IPRs

The profile of IP filings and registrations/ grants is one of the parameters, though not the only one, to assess the current status and potential of IP creation in a country. In India, the number of patent filings has increased in the last few years, but the percentage of filings by Indians is relatively low. In the case of trademarks, India is among the top five filers in the world, with the majority being filed by Indians. The number of design applications filed is nowhere near India's potential, given its vast pool of designers, artisans and artists. India has a large talent pool of scientific and technological talent spread over R&D institutions, enterprises, universities and technical institutes. There is a need to tap this fertile knowledge resource and stimulate the creation of IP assets.

GIs is an area of strength and optimism for India, where it has accorded protection to a number of hand-made and manufactured products, especially in the informal sector. The copyright based sector contributes significantly to the Indian economy and its future potential is immense. In the area of plant varieties and farmers' rights, the number of filings and registrations are very encouraging. There is considerable unexplored potential for

developing, promoting and utilizing traditional knowledge, which is a unique endowment of India. Activities for promotion of traditional knowledge have to be conducted with effective participation of holders of such knowledge.

A comprehensive base line survey or IP audit across sectors will enable assessment and evaluation of the potential in specific sectors, and thus formulate and implement targeted programmes to tap this vast potential and help develop new technologies, products and solutions. This would include strengthening and spread of IPR facilitation centres and incubators, amongst other measures. Focus will be placed on facilitating researchers and innovators regarding areas of national priority. The corporate sector also needs to be encouraged to generate and utilize IPRs. It is also desirable to introduce IPRs as part of academic curriculum in educational institutions, especially universities, law and technical institutions.

Steps also need to be taken to devise mechanisms so that benefits of the IPR regime reach all inventors, especially MSMEs, start-ups and grassroot innovators. Incentives may be built-in to encourage filing by such targeted users. These may include schemes to facilitate domestic IPR filings, for the entire value chain from IPR generation to commercialization. R&D needs to be promoted through tax benefits available under various laws, through simplification of procedures for availing direct and indirect tax benefits.

The ambit of Traditional Knowledge Digital Library (TKDL) should also be expanded, while the possibility of using it for further R&D shall be explored.

The steps to be taken towards attaining this objective are outlined below:

- 2.1.** Use the campaign "Creative India; Innovative India" to propagate the value of creativity and innovation, and the resultant benefit to the public; to create a mindset and culture that encourages knowledge generation and its application through IP;
- 2.2.** Carry out a comprehensive IP audit or base line survey in various sectors in cooperation with stakeholders to assess and evaluate areas of strength and potential, prioritize target groups of inventors and creators, develop specific programs to address their needs, provide resources to enable them to create IP assets and utilize them for their own and social benefit;
- 2.3.** Undertake studies to assess the contribution of IP content in different industries on the economy, employment, exports and technology transfer;
- 2.4.** Focus on improving IPR output of National Research Laboratories, Universities, Technology Institutions and other researchers by encouraging and facilitating the acquisition of Intellectual Property Rights by them;

- 2.5. Encourage researchers in public funded academic and R&D institutions in IPR creation by linking it with research funding & career progression;
- 2.6. Encourage researchers in public funded academic and R&D institutions by having uniform guidelines for division of royalties between the organizations and individual researchers and innovators;
- 2.7. Include IP creation as a key performance metric for public funded R&D entities as well as Technology Institutions, and gradually extend such evaluation from Tier-1 to Tier-2 Institutions;
- 2.8. Provide guidance to researchers and innovators about national priority areas to focus on, for instance in energy and food security, healthcare and agriculture, as well as specific sectors such as biotechnology, data analytics, nanotechnology, new materials and ICT;
- 2.9. Encourage public funded R&D institutes and industry to develop affordable drugs relating to neglected diseases;
- 2.10. Encourage R&D including open source based research such as Open Source Drug Discovery (OSDD) by the Council of Scientific and Industrial Research (CSIR) for new inventions for prevention, diagnosis and treatment of diseases, especially those that are life threatening and those that have high incidence in India;
- 2.11. Establish and strengthen IP facilitation centers as nodal points especially in industrial and innovation university clusters;
- 2.12. Create an industry-academia interface for encouraging cross-fertilization of ideas and IPR-driven research and innovation in jointly identified areas;
- 2.13. Stimulate large corporations, both Indian and foreign, that have R&D operations, to create, protect and utilize IPRs in India;
- 2.14. Improve a wareness of the value of copyright for creators, the importance of their economic and moral rights;
- 2.15. Introduce support systems for MSMEs, start-ups and grass root innovators to reduce transaction costs linked to IP creation for the entire value chain from IPR generation to commercialization, including schemes to facilitate domestic IPR filings;
- 2.16. Consider incentives to promote R&D, including the following steps:
 - 2.16.1. Promote R&D through tax benefits available under various laws, through simplification of procedures for availing direct and indirect tax benefits;
 - 2.16.2. Consider financial support for a limited period on sale and export of products based on IPRs generated from public funded research;

- 2163.** Creation of an effective and simple loan guarantee scheme in order to encourage start-ups and cover the risk of genuine failures in commercialization based on IPRs as mortgage-able assets;
- 2.17.** Promote ‘infusion of funds to public R&D units’ as a part of Corporate Social Responsibility to foster a culture of open innovation;
- 2.18.** Provide special incentives for creation of IPRs in green technologies and manufacture of energy efficient equipment;
- 2.19.** The ambit of Traditional Knowledge Digital Library (TKDL) should also be expanded to include other fields besides Ayurveda, Yoga, Unani and Siddha;
- 2.20.** Public research institutions should be allowed access to TKDL for further R&D, while the possibility of using TKDL for further R&D by private sector may also be explored, provided necessary safeguards are in place to prevent misappropriation;
- 2.21.** Document oral traditional knowledge, taking care that the integrity of the said knowledge is preserved and traditional ways of life of communities are not compromised;
- 2.22.** Introduce IPRs as part of academic curriculum in educational institutions, especially universities, law and technical institutions;
- 2.23.** Increase awareness of international mechanisms and treaties (e.g. PCT, Madrid, Hague) to encourage creation and protection of IPRs by Indian individuals and entities in global markets;
- 2.24.** Encourage and incentivize IP generation and utilization among students at all levels, use awareness programs and educational materials to inculcate an appreciation for the value of IP;
- 2.25.** Encourage innovations in the agriculture and pisciculture sector through application of IP for higher sustainable agricultural production;
- 2.26.** Encourage the registration of Geographical Indications (GIs) through support institutions; assist GI producers to define and maintain acceptable quality standards, and providing better marketability;
- 2.27.** Encourage creation of design related IP rights by identifying, nurturing and promoting the aspects of innovation protectable under the design law and

educating designers to utilize and benefit from their designs; involve the NIDs, NIFTs and others institutions in sensitization campaigns;

- 2.28. IPR generation for ICT technologies, including those relating to cyber security for India, will be encouraged;
- 2.29. Take steps to increase domestic filings of patent applications;
- 2.30. Promote India's rich heritage of traditional knowledge with the effective involvement and participation of the holders of such knowledge. Traditional knowledge holders will be provided necessary support and incentives for furthering the knowledge systems that they have nurtured from the dawn of our civilization.

OBJECTIVE 3: Legal and Legislative Framework

To have strong and effective IPR laws, which balance the interests of rights owners with larger public interest

It is an acknowledged fact that a strong and balanced legal framework encourages continuous flow of innovation and is among the bare necessities to fuel a vibrant knowledge economy. India recognizes that effective protection of IP rights is essential for making optimal use of the innovative and creative capabilities of its people. India has a long history of IP laws which have evolved taking into consideration national needs and international commitments. The existing laws were either enacted or revised after the TRIPS Agreement and are fully compliant with it. These laws along with various judicial decisions provide a stable and effective legal framework for protection and promotion of IPRs. India will continue to utilize the legislative space and flexibilities available in international treaties and the TRIPS Agreement, even as it continues to engage constructively in the negotiation of such international treaties and agreements. India shall remain committed to the Doha Declaration on TRIPS Agreement and Public Health.

At the same time, India is rich in traditional medicinal knowledge which exists in diverse forms in our country. Amongst them, well developed systems like Ayurveda, Yoga & Naturopathy, Unani, Siddha, Sowa-Rigpa and Homeopathy have immense economic value. It is important to protect such knowledge, be it oral or in codified form, from misappropriation, while providing space and environment for dynamic development of traditional knowledge for benefit of mankind.

Since it is difficult to predict the reach of existing laws in a changing and dynamic knowledge field, it becomes necessary to carry out legislative changes, as may be required from time to time. For this purpose, stakeholder consultation shall be done to keep the laws updated in consonance with national needs and priorities. The legal framework may also be utilized to enhance transparency and efficiency in the administration and enforcement of IPR laws.

The steps to be taken towards attaining this objective are outlined below:

- 3.1. Review existing IP laws, where necessary, to update and improve them or to remove anomalies and inconsistencies, if any, in consultation with stakeholders;
- 3.2. Engage constructively in the negotiation of international treaties and agreements in consultation with stakeholders; examine accession to some multilateral treaties which are in India's interest; and, become signatory to those treaties which India has *de facto* implemented to enable it to participate in their decision making process;
- 3.3. Continue to engage actively and constructively in the deliberations at various international fora to develop legally binding international instrument(s) to protect Traditional Knowledge (TK), Genetic Resources (GR) and Traditional Cultural Expressions (TCE);
- 3.4. Pursue transfer of clean technology and know-how from developed countries to India, as per the provisions of Article 4 of the UNFCCC, in order to meet the objectives of reducing anthropogenic emissions of GHGs and support activities of climate change adaptation;
- 3.5. Review and update IP related rules, guidelines, procedures and practices for clarity, simplification, streamlining, transparency and time bound processes in administration and enforcement of IP rights;
- 3.6. Undertake an in-depth study to determine the appropriateness and extent of applying the existing laws to protecting TK, GR and TCE, and to propose changes required, if any;
- 3.7. Indian Cinematography Act, 1952 may be suitably amended to provide for penal provisions for illegal duplication of films;
- 3.8. Identify important areas of study and research for future policy development, such as (the list is indicative, and not exhaustive):
 - 3.8.1. Interplay amongst IP laws; and between IP laws and other laws to remove ambiguities and inconsistencies, if any;
 - 3.8.2. IP interface with competition law and policy;
 - 3.8.3. Guidelines for authorities whose jurisdictions impact administration or enforcement of IPRs such as patents and Biodiversity;
 - 3.8.4. Protection of Trade Secrets.
- 3.9. Examine the issues of technology transfer, know-how and licensing relating to SEPs

on fair and reasonable terms and provide a suitable legal framework to address these issues, as may be required.

OBJECTIVE 4: Administration and Management

To modernize and strengthen service-oriented IPR administration

The Offices that administer the different Intellectual Property Rights (IPOs) are the cornerstone of an efficient and balanced IPR system, administering laws, granting or registering IP rights, providing IPR related services to users, including dissemination of IPR related information for the benefit of research & development and furthering of innovation in the country, as also serving as a bridge between the government, IP support institutions and the user community. As IPRs increase in significance and contribute to economic development, the importance and role of IP administration and management has also expanded. The IPR infrastructure is one of the key elements of enhanced competitiveness in the globalized international economic paradigm. This in turn, influences the organization, structure and functions of modern IPOs.

IPOs now have the twin challenges of making their operations more efficient, streamlined and cost effective, with expanding work load and technological complexity on one hand, and enhancing their user-friendliness by developing and providing value added services to the user community on the other. Steps will continue to be taken towards modernization of various IP offices, including improvement of ICT infrastructure. Aiming towards a service oriented regime at IPOs, steps would be taken to fix and adhere to timelines for disposal of IPR applications. There is also need to augment manpower after analyzing the projected workload.

Sensitization of IPR officials at all levels with regard to the objects and reasons of our laws and international obligations; their continuous education and training and regular audit of their work will ensure a vibrant and service oriented IPR regime. The Rajiv Gandhi National Institute of Intellectual Property Management, Nagpur (RGNIIPM) needs to be strengthened to cater to the training needs in an evolving IP environment. Measures should also be taken to promote interaction between the IP Offices and various R & D organizations and Universities.

The administration of the Copyright Act, 1957, hitherto under the Department of Higher Education, and the Semiconductor Integrated Circuits Layout-Design Act, 2000, hitherto under the Department of Electronics and Information Technology, is being brought under the aegis of the Department of Industrial Policy and Promotion leading to synergetic linkage between various IP offices under one umbrella, streamlining processes, and ensuring better services to the users. To facilitate promotion, creation and commercialization of IP assets, a Cell for IPR Promotion and Management (CIPAM) should be constituted under the aegis of DIPP.

Continued efforts should be made for promotion of technical cooperation with IP offices in other countries in areas such as capacity building, human resource development, training, access to databases, best practices in search and examinations, use of ICT and user oriented services.

The steps to be taken towards attaining this objective are outlined below:

- 4.1.** The administration of the Copyright Act 1957 alongwith the office of the Registrar of Copyrights, under the Department of Higher Education, is being transferred to the Department of Industrial Policy and Promotion;
- 4.2.** The administration of the Semiconductor Integrated Circuits Layout-Design Act 2000 alongwith the office of the Semiconductor Integrated Circuits Layout-Design Registry (SICLDR), under the Department of Electronics and Information Technology, is being transferred to the Department of Industrial Policy and Promotion;
- 4.3.** Restructure, upgrade and modernize IPOs taking into account the rapid growth and diversity of IP users and services, higher responsibilities and increased workload;
- 4.4.** Augment manpower after analyzing projected workload, speedy liquidation of backlog, requirements of global protection systems and productivity parameters;
- 4.5.** Study and review the organizational and cadre structure, processes of recruitment, training, career development, performance based incentives to attract and retain the best talent to enhance efficiency and productivity;
- 4.6.** Modernize further the physical and ICT infrastructure taking into account the expanding needs of the IPOs and to accelerate e-filings, e-processing and other e-services;
- 4.7.** Promote interaction between various IP offices and public R&D institutions for sensitization of personnel and scientists;
- 4.8.** Collaborate with various R&D Institutions, Universities, Funding Agencies, Chambers of Industry and Commerce in providing advisory services to improve IP creation, management and utilization;
- 4.9.** Make efforts to include TKDL as a part of PCT minimum documentation;
- 4.10.** Establish close cooperation between IPOs and create a common web portal for ease of access to statutes, regulations, guidelines and for better coordination;
- 4.11.** Promote cooperation with IP offices in other countries in areas of Capacity Building, Human Resource Development, Training, Access to Databases, Best

Practices in search and examinations, use of ICT and user oriented services;

- 4.12.** Introduce approaches and mechanisms so that benefits of the IP system reach all inventors including MSMEs, informal innovators and holders of traditional knowledge;
- 4.13.** Create a Cell for IPR Promotion and Management (CIPAM) under the aegis of DIPP to facilitate promotion, creation and commercialization of IP assets;
- 4.14.** Explore the possibility of expedited examination of patent applications to promote manufacturing in India;
- 4.15.** Enhance international and bilateral cooperation and coordinate with Indian Missions abroad to follow IP developments and advice on IP related matters;

4.16. Office of the Controller General of Patents Designs and Trademarks

The office of CGPDTM, which administers patents, designs, trademarks and GIs, has undergone a sea change in the past few years, in up gradation and use of ICT. These changes shall be further advanced through such measures as:

- 4.16.1.** Fix and adhere to timelines for grant of registrations and disposal of opposition matters;
- 4.16.2.** Adopt best practices with respect to filing and docketing of documents, maintenance of records and digitizing the same including document workflow and tracking systems;
- 4.16.3.** Create a service-oriented culture to make the IP office user friendly;
- 4.16.4.** Take steps to expedite digitization of the Design office and enable online search and filing;
- 4.16.5.** Ensure that public records in the IP office are easily available and accessible both online and offline;
- 4.16.6.** Conduct periodic audits of processes being adopted in IP administration for efficient grant and management of IP rights;
- 4.16.7.** Implement quality standards at all stages of operations with the aim to obtain ISO certification;
- 4.16.8.** Establish effective coordination between its office and National Biodiversity Authority to enable harmonious implementation of guidelines relating to grant of patents on inventions using biological resources and associated TK;

- 4.16.9.** Provide continuous training to staff of the IP Office to update them of developments in procedures (especially search and examination), substantive laws and technologies, with the Rajiv Gandhi National Institute of Intellectual Property Management, Nagpur (RGNIPM);
 - 4.16.10.** Remove disparities, if any, among different branches of the trademark registries and patent offices and adopt standardized procedures in examination/grant of applications including maintenance of rights;
 - 4.16.11.** Implement centralized priority field-wise on a national basis for patent applications;
 - 4.16.12.** Examine joining Centralized Access for Search and Examination (CASE) and WIPO Digital Access Services (DAS);
 - 4.16.13.** Existing guidelines published by the Patent Office shall be reviewed periodically and revised to reflect legislative provisions;
 - 4.16.14.** Value added services in the form of helpdesks, awareness and training materials, ease of remote access of the international patent search mechanisms and other IP related databases;
 - 4.16.15.** Implement incentives for MSMEs and grass root innovators to encourage filing by the said sector;
 - 4.16.16.** Conduct patent and trademark agent examinations at regular intervals; arrange training programs and involve them in capacity building activities.
- 4.17. Office of Registrar of Copyrights:**
- The office will:
- 4.17.1.** Take measures to expedite modernization of the Copyright Office in terms of office space and infrastructure, organizational structure, e-filing facility including e-applications, processing and issue of final extracts of registrations;
 - 4.17.2.** Digitize copyright records and introduce on-line search facility; Provide necessary manpower and adequate training facilities to personnel in the Copyright Office;
 - 4.17.3.** Take urgent measures for effective management and administration of copyright societies to ensure transparency and efficiency in the collection and disbursement of royalties in the best interest of the right holders;

- 4.17.4. Provide user friendly services in the form of helpdesks, awareness and training materials;
 - 4.17.5. Streamline the processes to grant copyright permissions to individual creators, enterprises and institutions for their creative work.
 - 4.18. The Protection of Plant Varieties and Farmers' Rights Authority
The Protection of Plant Varieties and Farmers' Rights Authority will:
 - 4.18.1. Support increased registration of new, extant and essentially derived varieties of plants and streamline procedures;
 - 4.18.2. Facilitate development of seeds and their commercialization by farmers;
 - 4.18.3. Establish links between the Authority and Agricultural Universities, Research Institutions, Technology Development & Management Centers and Krishi Vigyan Kendras;
 - 4.18.4. Coordinate with other IPOs for training, sharing expertise and adopting best practices;
 - 4.18.5. Augment awareness building, training and teaching programs;
 - 4.18.6. Modernize office infrastructure and use of ICT
 - 4.19. Registrar of Semiconductor Integrated Circuits Layout Design
 - 4.19.1. The Registrar will study the reasons for lack of interest in filings under The Semiconductor Integrated Circuits Layout Design Act, 2000 and suggest appropriate remedial measures;
 - 4.19.2. Liaise with the concerned Group in the Patent office and Design wing under the CGPDTM for further working.
 - 4.20. National Biodiversity Authority
 - 4.20.1. The Government will formalize a consultation and coordination mechanism between the NBA, IPOs and other concerned Ministries/departments like AYUSH, with a view to harmonious implementation of guidelines for grant of IP rights and access to biological resources and associated traditional knowledge and benefit sharing;
 - 4.20.2. The NBA will streamline approvals for expeditious grant of IP rights, monetary and non-monetary benefit-sharing and introduce efficient and user friendly mechanisms for a meaningful interface between the NBA and applicants.
 - 4.21. Re-designate the institution of the Controller General of Patents, Designs and

Trademarks as Controller General of Intellectual Property Rights to reflect its mandate in view of the proposed change in its scope of responsibilities.

OBJECTIVE 5: Commercialization of IPR

Get value for IPRs through commercialization

The value and economic reward for the owners of IP rights comes only from their commercialization. A concerted effort should be made for capitalizing the existing IP assets in the country. Entrepreneurship should be encouraged so that the financial value of IPRs may be captured. Existing mechanisms including Incubators and Accelerators set up to promote entrepreneurship should be strengthened with IP-oriented services.

Financing is a major impediment for entrepreneurs and therefore it is necessary to connect investors and IP creators. Another constraint faced is valuation of IP and assessment of the potential of the IPRs for the purpose of marketing it.

There is an urgent need to take stock of existing IP funding by different departments and bodies of the Government like BIRAC, NRDC and TIFAC, and take measures to consolidate the same, scaling up successful models while avoiding duplication of efforts. Public – funded research laboratories, academia and other institutions should stimulate commercialization of their research outcomes. They ought to be suitably state-supported in the development and deployment of their IPRs.

While certain larger organizations have the intent and capabilities to commercialize their technology/IPRs, several others do not. Hence, it becomes imperative to establish facilitative mechanisms that can address such limitations, especially in terms of MSMEs, academic institutions and individual innovators. One of the effective ways of achieving this would be by synergizing the activities of IP facilitation centres with the industry, especially industrial clusters. This would also include sensitization regarding licensing arrangements.

Efforts should be made for creation of a public platform to function as a common database of IPRs. Such a platform can help creators and innovators connect to potential users, buyers and funding institutions. It would also be helpful in scouting the technology landscape to identify white spaces and thereby help promote innovative activities in uncovered areas. Significant potential for innovation exists in new and emerging technologies like nano-technology, biotechnology, agri-biotech, life sciences, green technologies, telecommunications, new materials, space technologies, etc.

The steps to be taken towards attaining this objective are outlined below:

5.1. CIPAM shall also undertake the following tasks:

- 5.1.1.** Provide a platform for IPR owners and users of IPRs by acting as a facilitator for creators and innovators to be connected with potential users, buyers and funding agencies;
- 5.1.2.** Undertake a study to examine the feasibility of an IPR Exchange;
- 5.1.3.** Establish links among different organizations for exchange of information and ideas as also to develop promotional/educational products and services;
- 5.1.4.** Facilitate access to databases on Indian IP and global databases of creators/innovators, market analysts, funding agencies, IP intermediaries;
- 5.1.5.** Study and facilitate implementation of best practices for promotion and commercialization of IP within the country and outside;
- 5.1.6.** Promote public sector initiatives for IPR commercialization;
- 5.2.** Promote licensing and technology transfer for IPRs; devising suitable contractual and licensing guidelines to enable commercialization of IPRs; promote patent pooling and cross licensing to create IPR based products and services;
- 5.3.** Provide support for MSMEs, Individual Inventors and Innovators from the informal sectors with enablers like facilitation centers for single window services to help them commercialize their IPRs;
- 5.4.** Incentivize Indian inventors, MSMEs, start-ups to acquire and commercialize IPRs in other countries also;
- 5.5.** Examine availability of Standard Essential Patents (SEPs) on fair, reasonable and non-discriminatory (FRAND) terms ;
- 5.6.** Identify opportunities for marketing Indian IPR-based products, especially GIs, and services to a global audience;
- 5.7.** Promote collaborative IP generation and commercialization efforts between R&D institutions, Industry, Academia and Funding Agencies;
- 5.8.** Ensure enhanced access to affordable medicines and other healthcare solutions by (a) encouraging cross-sector partnerships between public sector, private sector, universities and NGOs; (b) promoting novel licensing models, and (c) developing novel technology platforms;
- 5.9.** Streamline regulatory processes to ensure timely approval for manufacturing and marketing of drugs while maintaining safety and efficacy standards;

- 5.10.** Make efforts to reduce dependency on active pharmaceutical ingredients (API) imports, including incentivizing manufacture of APIs in India and revitalizing public sector undertakings in health care sector;
- 5.11.** Support the financial aspects of IPR commercialization by:
- 5111.** Enabling valuation of IP rights as intangible assets by application of appropriate methodologies and guidelines; facilitating securitization of IP rights and their use as collateral by creation of enabling legislative, administrative and market framework;
 - 5112.** Facilitating investments in IP driven industries and services through the proposed IP Exchange for bringing investors/ funding agencies and IP owners/users together;
 - 5113.** Providing financial support to the less empowered groups of IP owners or creators like farmers, weavers, artisans, craftsmen, artists etc. through financial institutions like rural banks or cooperative banks offering IP friendly loans;
 - 5114.** Providing financial support for development and commercialization of IP assets through links with financial institutions including banks, venture capital funds, angel funds, crowd funding mechanisms;
 - 5115.** Utilizing Technology Acquisition and Development Fund under the Manufacturing Policy for licensing or procuring patented technologies;
 - 5116.** Taking stock of all IP funding by the Government and suggesting measures to consolidate the same to the extent possible; scaling up the funding as needed and avoiding duplication; enhancing the visibility of IP and innovation related funds so that utilization is increased; performance based evaluation for continued funding;
- 5.12.** Promote use of Free and Open Source Software along with adoption of open standards; possibility of creating Indian standard operating environments will be examined;
- 5.13.** Promote going-to-market activities by:
- 5131.** Creating mechanisms to help MSMEs and research institutions to validate pilots and scale up through market testing;
 - 5132.** Providing seed funding for marketing activities such as participating in trade fairs, industry standards bodies and other forums;

- 5133.** Providing guidance and support to IPR owners about commercial opportunities of e-commerce through Internet and mobile platforms;
- 5134.** Encouraging enterprises to create brand equity from their IP rights, such as trademarks and GIs.

OBJECTIVE 6: Enforcement and Adjudication

To strengthen the enforcement and adjudicatory mechanisms for combating IPR infringements

IP rights are essentially private rights. The primary obligation of protecting IP rights is on the IPR owners who can seek legal remedies for enforcement of their rights. Along with providing an effective mechanism for enforcement of IP rights, it is equally important to balance the rights of the public in a manner conducive to social and economic welfare and to prevent misuse or abuse of IP rights.

There is a need to build respect for IPR among the general public and to sensitize the inventors and creators of IP on measures for protection and enforcement of their rights. At the same time, there is also a need to build the capacity of the enforcement agencies at various levels, including strengthening of IPR cells in State police forces.

Measures to check counterfeiting and piracy also need to be identified and undertaken. In this regard, the definitions of "counterfeit trademark goods" and "pirated copyright goods" as referred to in the footnote of Article 51 of the TRIPS Agreement shall serve as the guiding principles.

Regular IPR workshops / colloquia at judicial academies and other fora for judges would facilitate effective adjudication of IPR disputes. Multi-disciplinary IP courses / modules for other stakeholders are also needed.

It would be desirable to adjudicate on IPR disputes through specialised commercial courts. Alternative Dispute Resolution mechanism may also be explored.

The steps to be taken towards attaining this objective are outlined below:

- 61.** Create awareness of the value of IP and respect for IP culture by:
 - 61.1.** Educating the general public, especially the youth and students, on ills of counterfeit and pirated products;
 - 61.2.** Engaging with all levels of industry, including e-commerce, in order to create respect for IP rights and devise collaborative strategies and tools;
 - 61.3.** Sensitizing inventors, creators of IP on measures for protection and

enforcement of their rights.

- 6.2.** Take strong measures against attempts to treat generic drugs as spurious or counterfeit;
- 6.3.** Undertake stringent measures to curb manufacture and sale of misbranded, adulterated and spurious drugs;
- 6.4.** Public awareness as also legal and enforcement mechanisms, including technology based measures, will be reinforced to combat offline and online piracy;
- 6.5.** Small technology firms will be supported in safeguarding their IP rights; for instance, support for IPR in ICT focus areas will be provided through easy-to-use portals;
- 6.6.** Assistance to smaller firms for protection of their IPRs internationally will be enhanced, such as DeitY's Support for International Patent Protection in Electronics and IT (SIP-EIT);
- 6.7.** Pursue incidents of misappropriation of TK, GR and TCE in other countries vigorously;
- 6.8.** Strengthen the enforcement mechanisms for better protection of IP rights by:
 - 6.8.1.** Enhanced coordination between the various agencies and providing direction and guidance on strengthening enforcement measures; coordinating with and sharing of intelligence and best practices at the national and international level; studying the extent of IP violations in various sectors; examining the implications of jurisdictional difficulties among enforcement authorities; and introducing appropriate technology based solutions for curbing digital piracy;
 - 6.8.2.** Working closely with state governments for establishment of IP cells for curbing IP offences;
 - 6.8.3.** Augmenting manpower, infrastructure facilities and technological capabilities of the enforcement agencies and building capacity to check proliferation of digital crimes;
 - 6.8.4.** Providing regular training, including refresher training, for officials in the enforcement agencies at their academies;
 - 6.8.5.** Encouraging application of technology based solutions in the enforcement of

IP rights;

- 686.** Initiating fact-finding studies in collaboration with stakeholders concerned to assess the extent of counterfeiting and piracy and the reasons behind it as well as measures to combat it;
- 687.** Taking up the issue of Indian works and products being pirated and counterfeited abroad with countries concerned;
- 6.9.** Licensing practices or conditions that may have an adverse effect on competition will be addressed through appropriate measures, including regulation of anti- competitive conduct in the market by the Competition Commission of India;
- 6.10.** Facilitate effective adjudication of IP disputes through different measures including:
 - 6.10.1.** Adjudicate IP disputes through Commercial Courts, set up at appropriate level;
 - 6.10.2.** Creating IP modules including case laws for the benefit of judges who deal in IP; conducting regular IP workshops / colloquia at the judicial academies;
 - 6.10.3.** Promoting ADRs in the resolution of IP cases by strengthening mediation and conciliation centers, and developing ADR capabilities and skills in the field of IP;

OBJECTIVE 7: Human Capital Development

To strengthen and expand human resources, institutions and capacities for teaching, training, research and skill building in IPRs

The IPR scenario is dynamic and fast changing with increasing globalization, advancement of technologies, digital environment, development imperatives and global public policy issues. It is important to build national capacity for providing thought leadership in the IPR field. Continuous policy research is also needed on empirical and topical IPR areas of relevance with an interdisciplinary perspective at the national and international level. This research would enrich the process of policy, law, strategy development and international negotiations at the government and organizational levels. While apex level institutes or bodies exist for most sectors of national importance, such an institution has yet to be established for intellectual property rights development.

In order to harness the full potential of IPRs for economic growth, it is essential to develop an increasing pool of IPR professionals and experts in spheres such as policy and law, strategy development, administration and enforcement. IPR expertise would thus need to be developed and increased in industry, academia, legal practitioners, judiciary, IP users and civil society. In addition, there will be enhancement of multidisciplinary human and institutional capacity for policy development, teaching, training, research and skill building. Such a reservoir of experts will facilitate in increasing generation of IP assets in the country and their utilization for development purposes.

The steps to be taken towards attaining this objective are outlined below:

- 7.1.** Strengthen and empower RGNIPM, Nagpur to conduct training for IPR administrators and managers in industry and business, academicians, R&D institutions; IP professionals; inventors and civil society; train the trainers and develop training modules; develop links with other similar entities at the international level; provide legal training for examiners;
- 7.2.** Strengthen IP Chairs in educational institutes of higher learning to provide quality teaching and research; develop teaching capacity and curricula and evaluate their work on performance based criteria;
- 7.3.** Introduce multi-disciplinary IP courses/ modules in all major training institutes such as Judicial Academies, National Academy of Administration, Police and Customs Academies, Institute for Foreign Service Training, Forest Training Institutes;
- 7.4.** Making IPR an integral part of the curriculum in all legal, technical, medical and management educational Institutions, NIFTs, NIDs, AYUSH Educational Institutes, Agricultural Universities, centres of skill development and the like;
- 7.5.** Strengthen existing and create new IPR cells and technology development and management units in NIDs, NIFTs, Agricultural Universities, Technology and Management Institutes and centres of skill development;
- 7.6.** Encourage formulation of institutional IP Policy / Strategy in Government Departments, Higher Education, Research and Technical Institutions;
- 7.7.** Progressively introduce IP teaching in Schools, Colleges and other Educational Institutions and centres of skill development;

- 7.8.** Facilitate Industry Associations, Inventor and Creators Associations and IP Support Institutions to raise awareness of IP issues and for Teaching, Training and Skill Building;
- 7.9.** Develop distance learning and on-line courses on IP for all categories of users; strengthen IP teaching in open universities and centres of skill development;
- 7.10.** Strengthen IP Teaching, Research and Training in collaboration with WIPO, WTO, other International Organizations and reputed Foreign Universities;
- 7.11.** Encourage and support capacity building among Women Creators, Innovators, Entrepreneurs, Practitioners, Teachers and Trainers.

IMPLEMENTATION

Intellectual property in India is regulated by several laws, rules and regulations under the jurisdiction of different Ministries/ Departments. A number of authorities and offices administer the laws. The legal provisions need to be implemented harmoniously so as to avoid conflict, overlap or inconsistencies among them. It is necessary that the authorities concerned administer the laws in coordination with each other in the interest of efficient administration and user satisfaction. Legal, technological, economic and socio-cultural issues arise in different fields of IP which intersect with each other and need to be addressed and resolved by consensus in the best public interest. International, regional and bilateral negotiations require developing a common national position in consultation with different Ministries, authorities and stakeholders.

The present IP Policy aims to integrate IP as a policy and strategic tool in national development plans. It foresees a coordinated and integrated development of IP system in India and the need for a holistic approach to be taken on IP legal, administrative, institutional and enforcement related matters.

Thus, the Department of Industrial Policy and Promotion shall be the nodal point to coordinate, guide and oversee implementation and future development of IPRs in India. The responsibility for actual implementation of the plans of action will remain with the Ministries/ Departments concerned in their assigned sphere of work. Public and private sector institutions and other stakeholders, including State governments, will also be involved in the implementation process.

IPR Awareness - Creative India, Innovative India!

Name of the Scheme/Project

Scheme for IPR Awareness – Creative India; Innovative India

Objective

In order to take forward the National IPR Policy and to enhance creativity, innovation, competitiveness and economic growth in India, it is imperative to harness IP. With phenomenal growth of the Indian Economy it is vital that IPRs are generated in India and then legally protected and exploited. Inadequate knowledge about the rights of individuals to protect their ideas and innovations and low awareness about the procedures involved in obtaining an IPR has hindered India's growth in Intellectual Property. With India's potential and its importance in the global arena, it's time we rise and become a leader in innovation and Intellectual Property!

Cell for IPR Promotion and Management (CIPAM)

CIPAM, vide Order No. 12(09)/2016-IPR-III (Pt.-2) dated 09/08/2016, has been created as a professional body under the aegis of DIPP. CIPAM consists of verticals, which address the seven identified objectives of the policy.

Allocation of Funds

Funds to implement this scheme will be made available from the head '*Intellectual Property*' under the head '*Awareness Campaign*' which has already been approved in CIPAM's DPR.

Area of Coverage

Pan India, including Tier 1, Tier 2, Tier 3 cities as well as rural areas.

Name of the Implementing Agency

The Cell for IPR Promotion and Management (CIPAM), Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, Udyog Bhawan, Central Secretariat, New Delhi - 110011

Total Project Duration

The duration of the scheme is for 3 Years (April 2017 – March 2020)

Date of Commencement

01-04-2017

Date of Completion

31-03-2020

Salient Features of the Scheme

- I. The scheme targets to conduct IP awareness workshops/seminars in collaboration with industry organizations, academic institutions and other stakeholders across the country.
- II. It is also proposed to undertake training programmes to create a resource pool of trainers who would conduct the IP Awareness workshops/seminars for the public, enforcement agencies and judiciary.
- III. These awareness programmes will be tailored for 4 categories: Primary School (up to Grade 8), Secondary School (Grade 9 to Grade 12), University/ College and Industry, including MSMEs and Startups. However, two or more categories may be combined in any awareness programme.
- IV. Workshops/Seminars for the industry will be further tailored for the Industry to cover vital IP topics including all facets pertaining to inter-alia, Patents, Trademarks, Copyrights, GIs, Designs, Plant Varieties, Genetic Resources and TK (including international filing procedures in accordance with PCT and Madrid protocol) among MSMEs, Startups, various IP generating sector-specific industries and R&D entities (as mentioned in the National IPR Policy under action point 1.2.1 and 1.3.2).
- V. Workshops/Seminars on promotion of GIs (as mentioned in the National IPR Policy under point 1.2.2).
- VI. Workshops/Seminars to highlight the ill effects of piracy and counterfeiting (as mentioned in the National IPR Policy under point 6.1.1).
- VII. Conduct IP training and sensitization programmes for enforcement agencies (Police, Customs) and Judiciary. (as mentioned in the National IPR Policy under point 6.8.4).

Targets

- 4000 IP awareness workshops/seminars in academic institutions and the industry across India
- 40 training programmes (Training of Trainers) to create a resource pool of persons for conducting IPR Awareness workshops/seminars
- 5 workshops with eminent International speakers on IP in the global context
- 270 IP training and sensitization programmes for enforcement agencies and judiciary

Outcome of the Scheme

This scheme will help in realizing the goals of the National IPR Policy. Enhanced IPR awareness amongst the citizens of the country would result in an increased IP portfolio of the country – this would mean an increase in the IP's generated domestically, increased competitiveness of the Indian industry both domestically and globally as well as economic growth.

A concerted effort would stimulate a dynamic, vibrant and well balanced IPR system in India to:

- Foster creativity and innovation and thereby, promote entrepreneurship and enhance socio-economic and cultural development
- Focus on enhancing access to healthcare, food security and environmental protection, among other

Background

IP activity in India is showing a remarkable upward movement in the last 15 years with the number of Patents filed increasing nearly nine times. The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India, has taken various initiatives to ensure that the intangible assets of the country are adequately protected some of which are highlighted below:

- **National IPR Policy**

A comprehensive National IPR policy has been approved that will not only stimulate innovation and creativity across sectors, but also provide a clear vision regarding IPR issues. The Policy document is available on the website of the DIPP <http://dipp.nic.in>.

- **Cell for IPR Promotion and Management (CIPAM)**

A professional body under the aegis of DIPP to ensure focused action on issues related to IPRs to ensure effective implementation of the National IPR Policy. Assist in simplifying and streamlining of IP processes, apart from undertaking steps for furthering IPR awareness, commercialization and enforcement.

- **IPR Awareness Programmes (Pilot)**

On a pilot basis CIPAM/DIPP launched the IPR Awareness campaign across 18 states in country in June-July 2016. These awareness programmes received a very warm response from participants and various stakeholders. The Industry requested CIPAM to conduct more of such awareness programmes across the country to encourage creativity, innovation and awareness on protection of Intellectual Property.

Similarly, IP sensitizing programmes were conducted on a pilot basis for Andhra Pradesh and Uttar Pradesh Police in various batches, CIPAM in association with FICCI has made an IPR Enforcement Toolkit for Police.

- **International Scenario:**

International scenario as regards to similar campaigns to raise IPR Awareness conducted by other countries has also been taken into consideration while preparing the scheme. In Canada, various Outreach campaigns: initiatives aimed at increasing public awareness on IP issues among SMEs, entrepreneurs, consumers, law enforcement officials and general public have been undertaken. Also, initiative like Outreach research have been undertaken to enhance awareness and to study attitudes and behavior of different audiences towards IP. Similarly, countries like China, USA, Japan, Germany who are leaders in the World IP arena have conducted effective outreach campaigns in recent years to enhance their global IP footprint. Hong Kong, from 1997 to February, 2004, talked to 175,571 students through 494 visits to secondary schools as part of its IPR promotion programme. In April, 2003, IPD published a comic series targeting youngsters and students. The series carries 30 strips of crisp messages on different IP subjects with lively and attractive graphics. India was placed at rank 66th in the Global Innovation Index 2016 which can improved further given the country's booming economy and vast potential.

Inter-linkage with other Existing/Proposed Programmes Providing Similar Benefits

A list of other programs/schemes providing support for IPR Awareness are enumerated below:

- (i) Scheme for "Building Awareness on Intellectual Property Rights" by the Ministry of Micro, Small & Medium Enterprises provides support IPR workshop and seminars.
- (ii) Scheme on IPR Awareness by the Ministry of Electronics and Information Technology for providing support for IPR workshops by educational institutes and industry in the ICT sector.
- (iii) Cluster level IP Awareness program "An initiative of the office of the Controller General of Patents, Designs and Trademarks (CGPDTM) in association with Industry Associations (CII, FICCI, ASSOCHAM)"

However, the above mentioned schemes are disjointed and sporadic and their purview does not generally expand past the major cities. CIPAM being the nodal agency for implementing the National IPR Policy aims to conduct awareness programmes across the country including Tier 1, Tier 2, Tier 3 cities and rural areas for school children, university students and specific industry tailored workshops/seminars.

Screening of Applications

All the applications received by CIPAM will be processed in a time bound manner.

Sanction of Funds

IPR specific awareness workshops promoting innovation and entrepreneurship will be supported under the scheme as per details given below:

- I. The Grant-in-Aid will be provided to eligible partner institutions/ organizations for organizing IPR workshops/seminars. The funding will be as per following criterion:

- a) Support for awareness programmes in Schools will be limited to Rs.25,000 per programme. In case more funds are required, separate sanctions shall be obtained.

Duration: 1-2 hours

Deliverables: Content approved by CIPAM may be delivered in the form of presentations, lectures, recording, brochures & pamphlets, banners & posters and games & quizzes by the speakers.

- ☐ Content will be printed and published for which the cost will be borne by CIPAM. All costs related to logistics and speakers including their travel, lodging & boarding and honorarium will be borne by the partnering institution/ organization.
- ☐ It is expected that the venue/hall will be available in the academic institution. If this has to be arranged by the partnering institution/ organization, then additional budget will be provided as per actuals.

- b) Rs. 50,000 for awareness programmes to be organized by colleges and universities. In case more funds are required, separate sanctions shall be obtained.

Duration: 2-3 hours

Deliverables: Content approved by CIPAM may be delivered in the form of presentations, lectures, recording, brochures & pamphlets, banners & posters and games & quizzes by the speakers.

- ☐ Content will be printed and published for which the cost will be borne by CIPAM. All costs related to logistics and speakers including their travel, lodging & boarding and honorarium will be borne by the partnering institution/ organization.
- ☐ It is expected that the venue/hall will be available in the academic institution. If this has to be arranged by the partnering institution/ organization, then additional budget will be provided as per actuals.

- c) Rs. 1.0 Lakh for awareness programmes in the Industry. In case more funds are required, separate sanctions shall be obtained.

Duration: 1 day

Deliverables: Content approved by CIPAM may be delivered in the form of presentations, lectures, recording, brochures & pamphlets, banners & posters and games & quizzes by the speakers.

- ☐ Content will be printed and published for which the cost will be borne by CIPAM. All costs related to logistics, booking of hall/venue and speakers including their travel, lodging & boarding and honorarium will be borne by the partnering institution/ organization.

- II. Following will be sanctioned on case to case basis as per actuals to eligible partner institutions/ organizations:
- Awareness programmes/ Workshops/ Seminars with eminent speakers from around the globe will be dealt on actual basis.
 - Training of Trainers certificate course to create a resource pool of persons (up to 6 days).*
*There may be separate ToTs for IPR Awareness programmes for the public and IP training and sensitization programmes for enforcement agencies and judiciary.
 - IP training and sensitization programmes for enforcement agencies and judiciary (up to 3 days).

Total Fund Outlay

Awareness Campaign – Roadshows and Awareness Programs			
Event Category	Number of Events*	Expenses per Event (Rs.)	Total Estimated Expenses (Rs.)
Industry roadshows	1100	1,00,000	11,00,00,000
Universities/ colleges	1000	50,000	5,00,00,000
Schools	1900	25,000	5,00,00,000
Workshops/Events with eminent International speakers	5	50,00,000	2,50,00,000
Total	4005	-	23,50,00,000
IP training and sensitization programmes for Enforcement Agencies and Judiciary			
Event Category	Number of Events	Expenses per Event (Rs.)	Total Estimated Expenses (Rs.)
Sensitizing of Police Officials	90	2,00,000	1,80,00,000
Sensitizing of Custom Officials	90	2,00,000	1,80,00,000
Sensitizing of Judiciary	90	2,00,000	1,80,00,000
Total	270	-	5,40,00,000
Training of Trainers – IPR Awareness programmes + Enforcement Agencies and Judiciary			
Event Category	Number of Events	Expenses per Event (Rs.)	Total Estimated Expenses (Rs.)

Training of Trainers for IPR Awareness for general public*	20	2,00,000	40,00,000
Training of Trainers for IPR Awareness for enforcement agencies and judiciary	20	2,00,000	40,00,000
Total	40	-	80,00,000
Cumulative Expenditure under the Scheme**			
Event Category	Number of Events	Expenses per Event (Rs.)	Total Estimated Expenses (Rs.)
Awareness Campaign – Roadshows and Awareness Programs	4005	-	23,50,00,000
IP sensitizing programmes for Enforcement Agencies and Judiciary	270	-	5,40,00,000
Training of Trainers	40	-	80,00,000
Total			29,70,00,000**

*The number of events in each category may vary.

**The total expenditure in the scheme has been estimated for the purpose of calculation and may vary as payment for certain event categories will be done on actual basis.

The total project cost estimate under the scheme is Rs. 29,70,00,000 for 3 years.