

# INTELLECTUAL PROPERTY RIGHTS *AND* THEIR IMPLEMENTATIONS

Editor  
Dr. Raj Kumar

Foreword  
Prof. R. K. Bhel

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**JAGAN NATH UNIVERSITY**

STATE HIGHWAY 22, JHAJJAR ROAD  
BAHADURGARH, HARYANA

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*Foreword*

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President, ICSA (Germany), Secretary, IFSDAA (Germany)

Secretary, SSARM (India)



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# Foreword

## **PROF. R.K. BEHL**

President, ICSA (Germany), Secretary, IFSDAA (Germany)  
Secretary, SSARM (India)  
Dean, Faculty of Agriculture, Jagan Nath University,  
Bahadurgarh, Haryana.



The provisions of WTO were framed to make business fare and competitive globally. Innovations are driven with the advent of new technologies. The production system and environments became efficient and predictable. World trade thus became more regulated particularly after developing the provisions of Trade Related Intellectual Property Rights. Accordingly the intentions are that the trade between countries and within country should be competitive and fare as per precincts of law. For that matter within WTO special provisions like Trade Related Intellectual Property Rights were created mainly to protect the innovations as well as right of innovators. This objective was further expended through various domains of intellectual property rights and protections like Patent Laws, Copyright Act, Trade Mark, Design Act, Geographical Indicators and Plant Variety Protection and Farmers Right (PVPFR).

However, several infringements of these provisions have been there to promote the economic interest in unethical ways. Law provisions are therefore utmost needed the provisions of the above stated regulations in letter and spirit. So that the right of the innovators is legally protected and the benefits of the innovations in term of Royalty are accrued to the real innovators, research and development organizations and corporate houses.

Keeping this in view the Faculty of Law, Jagan Nath University, Bahadurgarh, Haryana organized one day National Seminar on “Intellectual Property Rights and their Implementations” on 11th November, 2017.

The paper included in this book are on topical issues related to pharmaceutical sectors, Copyrights Act, Trademark and Design Act, IPR’s infringement and strategies to control infringement of the IPR’s. I congratulate the editor of this book and hope that this book will be useful for research scholars and faculty members of Law and lawyers engaged in providing legal remedies to the problem of IPR’s law infringement.

**PROF. R.K. BEHL**





# Preface

Intellectual Property is the product of mind, which emanates primarily from human intellect, for example, inventions, publications and other scholarly works. These proprieties can be protected under the provisions of law through Copy Rights, Trade Marks, Patents, Plant Variety Protection/ Plant Breeders Rights, Geographical Indicators, Layouts and Designs and Undisclosed Information Provisions. Of late Protection of Plant varieties and Farmers Rights Act, 2001 has also been implemented to protect the plant varieties developed by farmers.

The provisions under law have been defined to protect the IPR's under various categories, and to check their infringements. In the economic competitive world numerous cases of IPR infringements have been known globally. The offenders create ways and means to invent new trends of infringements. Therefore, the IPR laws have to be dynamic, vibrant and well defined to check the emerging trends of infringement. In view of the importance in IPR's in present day market economy the Faculty of law, Jagan Nath University, Bahadurgarh, Haryana organized one day National Seminar on "Intellectual Property Rights and their Implementations" on 11th November, 2017. The contributions in this National Seminar were based on the need and scope of law provisions to protect the IPR's. There are many issues that need to be discussed to achieve the objectives of the Intellectual Property Laws.

The paper included in this book are on topical issues related to pharmaceutical sectors, Copyrights Act, Trademark and Design Act, IPR's infringement and strategies to control infringement of the IPR's.

The editor thanks all the contributors who presented the papers or contributed the papers for this book also heartfelt thanks are expressed for the kind patronage by the management, the Vice-Chancellor, Prof. H.L. Verma and other faculty and administrative staff of Jagan Nath University, Haryana for their continuous support for the success of the National Seminar.

The papers in the book have been organized for systematic reading. I hope that this book will serve useful purpose to the law experts, research scholars and practicing lawyers alike.

**Dr. Raj Kumar**

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# Interface between Competition Law and Patent Law Reference to Pharmaceutical Products— A Study

Dr. Manish Yadav\* and Prof. G.S. Rajpurohit\*\*

## INTRODUCTION

World has witnessed dramatic and drastic changes in economic policies aggressively carried by no other developing country than India specially post GATT period which is commonly marked as post 1991 liberalisation, privatisation, and globalization era. In compliance to its international treaties India enacted Patent (Amendment) Act, 2005 and made progressive changes from Monopolies and Restrictive Trade Practices (MRTP) Act, 1969 to Competition Act, 2002. These legislations are best viewed as return gifts to its international obligations towards free market and patent protection.

Indian pharmaceutical industry is the third largest industry, in terms of volume and it is number thirteen in terms of value in the world market. The Indian pharmaceutical sector accounts for 10 percent in volume terms and 2.4 percent of in value terms, the world market. The Present market size of the Indian pharmaceutical sector is US \$ 20 billion and expected to reach US \$ 55 billion by the year 2020 with a Compound Annual Growth Rate (CAGR) of 15.92 per cent between 2015 and 2020. It is projected to grow more than the annual growth rate of the world pharmaceutical sector, which is estimated about 5 percent

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between same period.<sup>1</sup> Given the market share of Indian Pharmaceutical Industry in GDP of a country, it is important to critically analyse the striking provisions of the Patent Act which protects the rights of patent holder and its impact on competition.

Critical reading of Competition Act, 2002 which specifically identifies the provisions directing remedial measures and that prohibits anti-competitive behaviour of parties shows that Section 5 of the Act speaks about Combinations,<sup>2</sup> Section 6 of the Act provides for the regulation of the combination<sup>3</sup> Section 3 of the Act reads about the anti-competitive agreements<sup>4</sup> Section 4 of the Act prohibits abuse of dominant position.<sup>5</sup> Certain powers are bestowed upon Competition Commission to inquire into combination.<sup>6</sup> Special powers are given to commission under Section 20(4) of the Act to investigate the combinations which has adverse effect on competition<sup>7</sup> with due regard to certain parameters, barriers to entry into the market,<sup>8</sup> extent to which substitutes are available or are likely to be available in the market,<sup>9</sup> likelihood that the combination would result in the removal of a vigorous and effective competition or competitors in the market<sup>10</sup> implications for the nature and extent of innovation.<sup>11</sup> Competition law has enough provisions to protect the interest of enterprise as well as the consumers but whether it has provisions to protect the interest of patent holders is a matter of undertaken critical study of competition law especially in light of rights of patent holder of pharmaceuticals and biological.

The present paper intended to focus upon identification of provisions in Competition law which specifically clashes with provisions of Patent law and Trade secret agreements in special reference to pharmaceuticals and biologicals. After culling out relevant provisions in competition law, this study critically examines their relevance and efficacy in providing effective remedy against agreement among patent licensees and parties to trade secret agreements<sup>12</sup> when particularly such agreements are 'supra-competition' in nature.

The present research paper is a critique of identified provisions in Competition Law specifically in light of (1) Patent violating and anti-competitive moves by Government with special focus on parallel imports and compulsory licensing; (2) Market cover and Market power; (3) Medicine Patent Pool and Cross Licensing by Dominant Players in



Pharmaceuticals and conflict with rights of patent holders and parties to trade-secret agreements; and (4) Economic loss and adverse effect on Research and Development in pharmaceuticals and biological. It also testifies its effectiveness in light of measures taken by Government in its public policy initiative.

The entire study is propelled by the key assumption that without including general terms in its definitions, section or rather it can be said that without providing elaborate and effective explanation of general terms, Competition Law would itself be recognised as “anti-competitive” for the purpose of infringement of rights of patent holders in Pharmaceuticals and rights of parties who enter into Trade-secret agreement.

### **Interface between Competition Law and Rights of Patent Holder**

The entire IP system, including patent law, is ordered to ensure four broad objectives: promotion of technological innovation; the transfer and dissemination of technology; the advantage of consumers and inventors; in a manner conducive to social and economic welfare.<sup>13</sup>

The object of *patent law* has been succinctly stated by the apex court in *Bishawanath Prasad Radhey Shyam v. Hindustan Metal Industries*<sup>14</sup> case as:

*‘[T]he object of patent law is to encourage scientific research, new technology and industrial progress. Grant of exclusive privilege to own, use or sell the method or the product patented for a limited period stimulates new inventions of commercial utility. The price of the grant of monopoly is the disclosure of the invention at the Patent Office, which after expiry of the fixed period of monopoly, passes into the public domain.’*

Competition law and Intellectual Property Rights (IPRs) seem to operate in different domains having distinct objectives and applications. Thus, understanding the smooth operation of IPR law to competition law is the most challenging task, which needs immediate attention.<sup>15</sup>

Competition law and IP law are complementary to each other but not fully. Competition law has to take into consideration dynamic aspects of IPR, because competition promotes innovation and it is on the basis

of dynamic efficiency as a common objective that a concept of dynamic competition must be developed.<sup>16</sup>

### **Crossroads Intersecting Competition and Patent Rights**

The research so far which has been carried out focused on emphasizing the interface between competition law and rights of patent holder but it nowhere pointed out *where* is exactly clash between provisions of competition law and Patent Act. The present research paper is aimed at to point out those *very* clashing provisions of competition law and patent Act. Section 3(5) (i) of Competition Act, 2002 provides for the exclusion of intellectual property rights from the domain of competition.<sup>17</sup> This mentioned section has indirectly recognised the nexus between IP rights and competition law by relying on exclusivity of IP rights of patent holder from the boundary or domain of competition. It is further to be arrived at a point that by providing IP exclusivity from the domain of competition law, the said provision has brought forth the conflict of competition law and Patent Act. This is a first point of interface between competition law and patent Act which need to be redressed to avoid ambiguity in understanding objectives of the both laws.

A patent grants the patent owner the right to stop others from making, using, selling or offering for sale the patent owner's invention without consent. In effect, this allows the patent owner to license or sell their invention to other parties on mutually agreed terms. A license is a legal tool by which a patent owner can transfer the patent rights to any person seeking the right to work the invention at any time before the expiry of the patent. By granting a license to a person, the patent owner authorizes the person (licensee) to exercise the patent rights under certain circumstances. After the grant of patent, the patentee start exploiting their invention or rather most of the time starts trading their innovation in the form of sale, lease, license and purchase. By granting a license to a person, the patent owner authorizes the person (licensee) to exercise the patent rights under certain circumstances. But when they draft an agreement for the lease and license of patent use they knowingly or unknowingly put some clauses in agreement which is very harmful for the public interest or sometime injurious

too. It has been seen that while leasing the patented article, inclusion of certain restrictive condition leads towards the court of law, where any kind of defence is not acceptable.<sup>18</sup> Section 140 of Patent Act<sup>19</sup> prohibits patent holder to impose any restrictive conditions for the use of patent in the form of license or lease granted to licensee or lessee for a given limited period of time. Under this section patent holder is not supposed to impose restrictive conditions which would prohibit him to use other license or purchase of any product other than patented or licensed product. Agreement which would be imposing any conditions to this extent would be void. This section provides both incentives for innovation to patent holder by granting statutory permission to extend his innovation to licensee or lessee at the same time it ensures freedom of players (licensee) to operate without any restrictions from patent holder. The entire mandate of Section 140 of Patent Act seems to run against the prophecy of Section 3 of Competition Act<sup>20</sup> which puts restrictions on agreements which are anticompetitive in nature. Thus it is easily inferred from the reading of this relevant section of Competition Act that it does not provide any remedy for the licensing agreements carried on by patent holder for the extension of his patent to lessee or licensee at the same time it does not address the fallacy when such agreements are presupposed to be unrestrictive on the part of patent holder. Over the last 2 decades, 60 Pharma companies have become just 10 Big Pharma companies. This consolidation has helped Big Pharma gain more muscle to influence regulation while simultaneously diminish the competition.<sup>21</sup>

Such mergers and acquisitions has to be approved by Competition Commission of India under Section 6(2)(a) subject to Section 5(c) of Competition Act.<sup>22</sup> While approving the merger, Commission has to take care of dominant position clause that the process should not turn to be abusive. Section 5(c) provides that, to make assessment of requisite turnover of the company, it has to take into account IP asset of company, as one of the form of asset, among other asset of a company. This is also one of the prominent dichotomies in Competition Act that it recognises the value of IP asset while gauging turnover of a company but it ignores at the same time IP rights of patent holder vide Section 3(5) of the Act. It is also to be furthered that Competition Act recognises

IP asset, may be held in direct or License form of Patent of drug by a company, for the purpose of Mergers and Acquisitions and avoids its presence to interface and conflicting to object of competition law. It nowhere directly and explicitly provides Patent Rights as “exception” to a journey of Competition Law in promoting competition.

### **Compulsory Licensing and Parallel Import of Patented Pharmaceuticals**

A recent study identified 140 patented products being marketed in India. From the information available of about the 92 pharmaceutical products, it was found that only 4 of these were manufactured in India and remaining 88 were being imported. Thus, there is a growing trend of imported drugs forming a significant portion of the domestic market.<sup>23</sup> When Compulsory License (hereinafter CL) provisions are used, prices decrease can range from 50 percent to 97 percent, resulting in massive cost savings to governments and patients, and a significant increase in the number of patients able to access the medicines.

Patents in India are granted to encourage inventions and to secure that it is worked on a commercial scale. The Indian Patent Act ensures that a patentee should not be able to enjoy a monopoly for the importation of patented article. The Patent Act provides measures by way of CL to ensure that the patents do not impede the protection of public health and nutrition and patent rights are not abused by patentee.<sup>24</sup>

The CL therefore serves to strike the balance between two disparate objectives—rewarding patentees for their invention and making the patented inventions particularly pharmaceutical products, available to large population in developing and other developed countries at a cheaper and affordable price. Section 84 of Patent Act<sup>25</sup> provides for the grant of CL due to Non working/Unaffordable price of patented products. Compulsory licensing is not an absence of patent protection but merely a lessening of that protection.<sup>26</sup>

### **India’s First Compulsory License of Patent**

On March 9, 2012 India’s first CL was granted by Patent Office to NATCO Pharma Ltd. for products of generic version of Bayer Corporation’s Patented Medicine Nexavar, used in treatment of Liver and Kidney Cancer.

The Controller decided against the Bayer on all the three groups enlisted in the Patent Act for the grant of CL (reasonable requirement of Public not being satisfied; non-availability to a public at a reasonable affordable price, and the patented invention not being worked in the territory of India) While the multinational giant was selling the drug at INR 2.80 lakh for a month's course, NATCO promised to make the availability of the same at the price of about 3 percent (INR 8800) of what was charged by the Bayer. NATCO was directed to pay 6 percent of the Net Sale of the drug as royalty to Bayer. Among other important terms and conditions of the non-assignable, non-exclusive license were directions to NATCO to manufacture patented drug only at their manufacturing facility, selling the drug only within the Indian Territory and supplied the patented drug to at least 600 needy and deserving patients per year free of cost.

Aggrieved by the Controller's decision, Bayer moved to the Intellectual Property Appellate Board (IPAB) alleging that the grant of CL was illegal and unsustainable. The Board rejected Bayer's Appeal holding that if stay was granted, it would definitely jeopardize the interest of public who need the drug at the later stage of the disease. It further held that the right of access to affordable medicine was as much a matter of right to dignity of patients and to grant stay at this juncture would really affect them. It upheld the decision of Controller of Patent for the grant of CL to Bayer's Patented drug 'Sorafenib Tosylate'.

NATCO Case<sup>27</sup> thus provided and it is now settled principle that Government can issue CL to domestic company on ground of non-availability of essential medicine at a reasonable affordable price, non working of patented invention within the territory of India, and other general requirement of public not being satisfied.

### **Compulsory License and Dominant Position**

Issuance of CL in the general interest of public at large by Government is a welcome legislative provision embedded in Patent Act, but at the same time there is danger that such company may dominate the market in respect of that particular drug during the limited license period. It may exercise monopolistic practice even after the expiry of license of manufacturing the same drug. This kind of futuristic problem has not been taken care of in any of the provisions relating to CL in Patent Act.

The Competition Act is a suitable legislation to take care of excesses of dominant position of market player, Section 4 of Competition Act<sup>28</sup> provides for explanation of the abuse of dominant position enjoyed by key supplier. Nevertheless the said provision elaborates on dominant position and its abusive nature but it ‘nowhere’ suggest or remotely addresses the issue of dominant position due to grant of compulsory licensing by the Controller of Patents in an exigencies of epidemic condition or other public interest situations.

The dictionary meaning of the word ‘dominant’ is ‘overriding’, or ‘influential’ while ‘predatory’ has been defined as exploitation for financial purposes. Dominant position has been defined under Section 4 of the Competition Act, 2002.

The elements that constitute a dominant position are : (i) a position of strength; (ii) that position being enjoyed in a relevant market in India (both product and geographical markets) (iii) and such a position that gives the enterprise the power to ‘operate independently of competitive forces in the relevant market’, (vii) meaning that it can at will, disregard market forces and conditions and impose its own trading conditions, which will include the prices at which it is prepared to supply goods or services.

There are three crucial steps to establish whether an enterprise holds a dominant position and whether it is abusing it-

1. Defining the relevant market.
2. Assessing the market strength to ascertain whether the enterprise holds significant power.
3. Consider whether the conduct of the undertaking amounts to abuse<sup>29</sup>

Compulsory Licensing and Parallel Import under Compulsory License are so far so good but if it is desperate to enjoy the dominant position on authorisation, it would defeat the purpose of competition as is envisaged in Competition Act. This vital and glaring aspect which is in stark conflict with the Section 4 of Competition Act has been raised for the better implementation and exercise of the said Act. The plenary

reading of Section 4 of the Competition Act reflects that it failed to address the issue of dominant position to be exercised by Compulsory License holding company.

### **Compulsory License and Promotion of Competition**

Government has prerogative to issue Compulsory License to Patent holding Pharmaceutical Companies, if such drug is vital and emergency need to protect the public from deadly hazardous epidemic of particular disease. Government has obligation and reserved its power to protect the life of public from such spreading health disaster. It can also issue CL to allow these companies to make available the drug at affordable prices.

This move of a Government to issue CL to pharmaceutical companies having patents for making these drugs to readily available at low cost compared to its original cost is another version of promotion of competition. Entire reading of Competition Act reveals that it failed to address this issue of CL and its impact on competition.

Competition Act under section 3(5) clarifies the relation between Competition and Rights of Patent holder wherein it explicitly insist on absence of interface between competition legislation and Patent Act, 1970, but it indeed, under CL, is a encouraging move to enhance competition by issuing of open grant to other pharmaceutical companies which has requisite manufacturing facility to enter into a business of patented pharmaceutical products. This subtle dichotomy between non-existence of relationship between competition and patent rights and the promotion of competition by issuing of CL, is not at all reflected and addressed in Competition Act. Thus it would not be overzealous to say that Competition Act, 2002 is failed legislation to address the rights of Patent holder of pharmaceuticals if such patents are allowed to freely available in market by way of issuance of CL.

### **Parallel Import and Competition**

The GATT/WTO Agreement as such is concerned with removing rather than erecting trade barriers, and, second, that the TRIPs Agreement under Article 7, far from giving one-sided favours to intellectual property owners, is meant to promote the mutual advantage of producers and users of technological knowledge in a manner conducive to social

and economic welfare, and to a balance of rights and obligations.<sup>30</sup>

In consonance with TRIPS agreement, Patent Act, 1970 was amended in 2005 which provides under Section 92A of the Act that the Government can issue CL for the manufacturing of Patented Pharmaceutical product for the exporting of such products which is reeling under the public health problem, provided that such exporting country has reciprocating trade agreement with importing country under WTO.<sup>31</sup> Thus, it is clear that Government can issue CL for the export of patented product to a country with which such exporting country has bilateral trade agreement by invoking reciprocity for the trade of patented product. The same principles are also applicable for the import of patented drug. It must to emphasize that such import and export of patented drug is permissible under WTO agreement having seen synchronisation under Patent Act, 2005.

Article 31(f) of the TRIPS agreement undermined the need for availability of medicines to the countries having less or no manufacturing capacity through importation from other countries. WTO adopted a mechanism to resolve the problem by implementing paragraph 6 of the Doha Declaration on the TRIPS agreement and public health on August 30, 2003. Obligation under Article 31(f) of the TRIPS agreement was thus waived off in the case of export of pharmaceutical product to the country having least or no manufacturing capacity provided the eligible importing members has made a notification to the Council for TRIPS.

The Indian Patent Act was thus amended on January 1, 2005 and Section 92A<sup>32</sup> was incorporated for a grant of CL for export of pharmaceutical product in certain exceptional circumstances.

The CL under the said section can only be granted if the importing country has also granted CL or has, by notification or otherwise, allowed importation of the patented pharmaceutical products from India. This condition is not applicable for least developing countries (LCDs) having no patent regime. The LCDs is only required to notify the council of WTO about their willingness to import the pharma product subject to paragraph (6) of Doha Declaration.

Effect of medicine patent pool and cross licensing on competition

Patent pools can be defined as an agreement between two or more patent owners to license one or more of their patents to one another



or to third parties.<sup>33</sup> Technically speaking, the term ‘patent pool’ has no legal definition; it is not a term of art. However, patent pools are generally understood to be an agreement between two or more patent holders to aggregate some or all of their patents for the purpose of cross-licensing.<sup>34</sup> By ‘pooling’ patents from many license holders, licensors generally are able to lower transaction costs and administrative overhead, and benefit from a centralized model that encourages patent bundling and fair play. Licensees likewise enjoy advantages in the form of lower royalty fees and a single point of contact that eliminates the need to negotiate separately with multiple license holders.<sup>35</sup>

In a patent pool, patent rights are aggregated amongst multiple patent holders. Then, the pooled patents are made available to member and non-member licensees and typically the pool allocates a portion of the licensing fees it collects to each member in proportion to each patent’s value. A patent pool may take the form of a joint venture, created by two or more patent holders for the purpose of sharing their intellectual property rights.<sup>36</sup>

Patent pools have been the subject of discussions from both a legal and an economic perspective. On the one hand, patent pools may have positive effects on competition and innovation. By sharing intellectual property assets, companies may develop new products and reduce their transaction costs. On the other hand, under specific circumstances, patent pools may provide an opportunity for a possible anti-competitive behaviour: like any cooperation among competitors, they involve an inherent risk of collusive behaviour. In other words, a patent pool may be regarded as a cartel. In addition, there may be competition-related concerns regarding the licensing practices and restrictions they entail. The so-called ‘patent thickets’ (i.e., overlapping patent rights controlled by rights holders that require innovators to reach licensing deals for multiple patents from multiple sources) can lead to increased transaction costs and to chilling effects on the development of new products.

### **Trade Secret and Competition Law**

In a globalised economy, Intellectual Property (hereinafter referred as IP) is being protected by Organisations through adoption of available measures in the form of patents, copyright, trademark etc., but in

addition to these popular IP rights there are other IP rights which are not so popular but which are recently attracting attentions all over the world— Confidential Information and Trade Secret.<sup>37</sup> Intangibility of property rights is becoming increasingly valuable in retention of market shares in free market economies.<sup>38</sup> Trade secrets as an intellectual property have potential to translate intangible value into economic growth.<sup>39</sup>

Unfortunately, the unfavourable treatment accorded to trade secrets has displaced it from the home of Intellectual Property Rights (IPR) law. An important reason for the same is that IPR laws are tuned to bring transparency and probity in knowledge management whereas the trade secrets are shrouded in secrecy and confidentiality. Trade secrets are accorded confidentiality under legal protection allowing claims for injunctive relief for unauthorized use and dissemination by way of recovery of damages. Further, the breach of confidentiality attracts criminal charges. The extent of recognition of trade secrets the world-over can be gauged by the fact that a majority of working technologies worldwide are protected as trade secrets rather than by patents.

### **Trade Secret**

There is no law in India which defines term Trade Secret and Confidential Information. However, concept has been widely used and discussed around the world and in absence of suitable legislation in India which mentions trade secret; it is pertinent to resort to international legislations and conventions which provides the source of information about the trade secret.<sup>40</sup> Black's Law Dictionary defines trade secret as a general rule which can be any information not commonly known in the relevant industry that is used in connection with business to obtain a competitive advantage and the information is secret, is identifiable, and is not readily ascertainable.<sup>41</sup>

A trade secret denotes to information relating to the business which is not known to the public and which the owner rationally attempts to keep secret and confidential. Through trade secret businesses get competitive edge over their rivals. As long as any economic interest of the owner is involved and it is intended to be kept as secrets. For example business may have certain internal business processes that it follows for its day-to-day manoeuvres that give it an edge over its competitors. This would

be viewed as trade secrets. The agreement on Trade -related Aspects of Intellectual Property Rights (TRIPS) under the backing of World Trade Organisation (WTO) lays down the following three criteria for regarding any information as undisclosed information or trade secrets:

It must not be readily accessible or generally known by individuals who normally deal with such type of information.

1. It must have commercial value as a secret.
2. The lawful owner must take reasonable steps to retain its secrecy.

North American Free Trade Agreement (NAFTA)<sup>42</sup> in article 1711 provides that all signatories implement laws to protect trade secret and sets forth details about the required laws that are more extensive than what is set forth in Article 39 of TRIPS Agreement.

## **CONCLUSION AND SUGGESTIONS**

### **Conclusion**

Competition Act so far its journey from 2002 to this date has succeeded quietly to prevent unruly competition and provided level playing field to the competitors in the common market but it is supposed to view differently in context of pharmaceutical market. Pharmaceutical Market is altogether different in pretext of application of Competition Act. The reason behind the said demand of differential treatment is in its sale of patented medicine. It takes an average of 12 years for a drug to travel from the research lab to the patient. In addition, only five in 5,000, or 10 percent of the drugs that begin preclinical testing ever make it to human testing. Only one of these five is ever approved for human usage.<sup>43</sup> The drug before it is approved by drug approval authority of country has to rigorously tested through clinical trials which starts from preclinical Phase to Phases I, II, and III and ultimately Phase IV trials or post market surveillance.<sup>44</sup> New drug molecule is protected under a Patent Act by bestowing a patent to inventor in the praise of his scientific efforts and hard work that he has put in for the invention of new drug. Patent for a new drug is a reward to inventor to enjoy royalty against the licensing and other ways of grant of permission of using his patent to a manufacturer of pharmaceuticals. This practice which is being right of patent holder is viewed as monopolistic and dominating in the market

as it gives exclusive benefits to the license holder of patented drug.

Competition Act while taking care of other competitors in the market, whether this Act addresses the competition introduced by sale and marketing of patented medicine is a big issue.

The present research paper is aimed at to point out those *very* clashing provisions of competition law and patent Act. Section 3(5) (i) of Competition Act, 2002 provides for the exclusion of intellectual property rights from the domain of competition.<sup>45</sup> This mentioned section has indirectly recognized the nexus between IP rights and competition law by relying on exclusivity of IP rights of patent holder from the boundary or domain of competition. It can be further endorsed and interpreted that Section 3(5) (i) provides for the silent admission and promotion of patent rights of patent holder which are monopolistic in nature, may be for some term of patent.

It is further to be arrived at a point that by providing IP exclusivity from the domain of competition law, the said provision has brought forth the conflict of competition law and Patent Act. This is a first point of interface between competition law and patent Act which need to be redressed to avoid ambiguity in understanding objectives of the both laws.

A patent grants the patent owner the right to stop others from making, using, selling or offering for sale the patent owner's invention without consent. In effect, this allows the patent owner to license or sell their invention to other parties on mutually agreed terms. A license is a legal tool by which a patent owner can transfer the patent rights to any person seeking the rights to work the invention at any time before the expiry of the patent. By granting a license to a person, the patent owner authorizes the person (licensee) to exercise the patent rights under certain circumstances. After the grant of patent, the patentee start exploiting their invention or rather most of the time starts trading their innovation in the form of sale, lease, license and purchase. By granting a license to a person, the patent owner authorizes the person (licensee) to exercise the patent rights under certain circumstances. But when they draft an agreement for the lease and license of patent use they knowingly or unknowingly put some clauses in agreement which is very harmful for the public interest or sometime injurious too. It has been seen that while leasing the patented article, inclusion

of certain restrictive condition leads towards the court of law, where any kind of defence is not acceptable.<sup>46</sup> Section 140 of Patent Act<sup>47</sup> prohibits patent holder to impose any restrictive conditions for the use of patent in the form of license or lease granted to licensee or lessee for a given limited period of time. Under this section patent holder is not supposed to impose restrictive conditions which would prohibit him to use other license or purchase of any product other than patented or licensed product. Agreement which would be imposing any conditions to this extent would be void. This section provides both incentives for innovation to patent holder by granting statutory permission to extend his innovation to licensee or lessee at the same time it ensures freedom of players (licensee) to operate without any restrictions from patent holder. The entire mandate of section 140 of Patent Act seems to run against the prophecy of section 3 of Competition Act<sup>48</sup> which puts restrictions on agreements which are anticompetitive in nature. Thus it is easily inferred from the reading of this relevant section of Competition Act that it does not provide any remedy for the licensing agreements carried on by patent holder for the extension of his patent to lessee or licensee at the same time it does not address the fallacy when such agreements are presupposed to be unrestrictive on the part of patent holder.

Second point of interface between two Acts lies in mergers and acquisitions of enterprises. Mergers and acquisitions of companies have to be approved by Competition Commission of India under Section 6(2) (a) subject to Section 5(c) of Competition Act.<sup>49</sup> While approving the merger, Commission has to take care of dominant position clause that the process should not turn to be abusive. Section 5(c) provides that, to make assessment of requisite turnover of the company, it has to take into account IP asset of company, as one of the form of asset, among other asset of a company.

Whole study of Competition Act for finding interface with patent rights of patentee revealed that there exist a definite nexus between the Competition Act and rights of patent holder and a Competition Act is a failed legislation to achieve a delicate balance between the rights of competitors and patent holder of pharmaceutical and biological.

This study of effect of issuance of CL by government on competition reveals that competition law failed to take adequate care of this vital

issue. It also seems to lose its credibility in addressing impact of issuance of CL for parallel import of patented medicine. Thus second hypothesis which presumes that competition law has adequate provision to take care of issuance of CL to manufacturer for manufacturing of patented drug and another way of issuance of CL to importer of patented pharmaceutical stands disproved.

The narrower approach of interpretation of relevant market is a relevant area of critique that researcher vehemently criticizes in absence of clear definition of relevant market; originators overestimate the breadth of the relevant market when assessing the risk of commercial strategies under Indian Competition Law.

Study of 'relevant market' is a crucial test to identify whether new entrant satisfies the criterion of market share. This is necessary to provide adequate evidence that the newcomer does not destroy competition and promote monopolistic market. Study of relevant market which has been extensively elaborated in this chapter provides that hypothesis that the competition law provides adequate definition for 'relevant market' stands to be ruled out.

It is to be pointed out that court while refusing to accept that Licensing agreement among the Pharmaceutical companies in Medicine Patent Pool is a form of tie-in arrangement applied the definition of "relevant market" which is certainly not a test for judging adverse effect on competition, as it is nowhere to its remote nexus mentioned in Section 3 of Competition Act. Test of relevant market is an exclusive domain of abuse of dominant position which is explicitly covered in Section of 4 of the Competition Act.

The reason for displacement of Trade Secret from the home of Intellectual Property Rights (IPR) law is that IPR laws are tuned to bring transparency and probity in knowledge management whereas the trade secrets are shrouded in secrecy and confidentiality. Trade secrets are accorded confidentiality under legal protection allowing claims for injunctive relief for unauthorized use and dissemination by way of recovery of damages. Further, the breach of confidentiality attracts criminal charges. The extent of recognition of trade secrets the world-over can be gauged by the fact that a majority of working technologies worldwide are protected as trade secrets rather than by patents.

It is revealed thus that there is no independent trade secret legislation which would take care of violation of terms of trade secret; hence the hypothesis which says that competition law has adequate provisions to protect the rights of parties entering into trade secret agreement stands to its outright rejection.

This paper has made best of its efforts to specifically cull out selective sections of competition Act at the same time critically examined those same provisions which are in conflict when it comes to protection of rights of patent holder of pharmaceuticals and biological.

This critical study of competition law was done by taking into consideration vital and crucial issues in patenting like Points of interface between Competition Act and Patent Act, Compulsory Licensing, Market Power and Relevant Market, Medicine Patent Pooling and Trade Secret.

It is to be emphasized that competition law in a zest to promote competition, prevent adverse effect on competition and freedom of trade has ended up in proving “anticompetitive” when it comes to application of relevant provisions of competition to compulsory licensing, definition of relevant market, agreement of patent holders of pharmaceutical products and biological and lastly to trade secret in manufacturing of patented products and biological.

## **Suggestions**

First and foremost suggestion researcher would garner from undertaken research is to remove the Section 3(5)(i) of Competition Act, 2002 which emphasizes on mutual exclusivity of competition and patent rights of patent holder of pharmaceuticals. The suggestion is based on the fact that there is ample of evidence of interface between the competition and rights of patent holder available on previous research carried on this specific area. Other relevant basis for this bold suggestion is this that competition and patent both are dynamic in nature which cannot be segregated by mere insertion of provision speaking for mutual exclusion and non-interjection of both the issues, i.e., promotion of competition by encouraging entry of new competitor and the conservation of patent rights of patent holder specifically in reference to pharmaceuticals.

Secondly, researcher insists on amendment of in Section 3 with reference to patents in pharmaceuticals. This suggestion is based on the fact that section 140 of Patent Act provides for the prohibition of any restriction on agreement in respect of agreement by patent holder to licensee or lessee. It is evident from the tussle between the two provisions of both the Acts that it is necessary to introduce amendment in Section 3 of Competition Act in order to bring some harmony with Section 140 of the Patent Act.

Thirdly, researcher suggest to amend Section 5(c) of competition Act for the reason that said section while assessing turnover of a company takes into account IP asset of a company. Assessment of turnover of a company is prerequisite for the Competition Commission to arrive at a decision permitting merger and acquisitions of companies. Amendment in said section recognising IP asset of a company for the assessment of turnover of a company would correct inherent dichotomy between respecting IP rights of patent holder of pharmaceuticals and ignorance of patent rights in competition law.

While seeking anticompetitive agreements vide Section 3 of the Act, it fails to bring in within its purview a practice of mutual arrangement and agreement by way of Medicine Patent Pool. Coming to Fourth suggestion, researcher suggests some modification in Section 3 of the Competition Act which reads about anticompetitive agreement.

Fifthly researcher suggest to introduce some changes in Section 4 of competition Act which speaks about abuse of dominant position but it invariably ignores the term of 20 years granted to patent holder vide Section 53 of the Patent Act. It also turns blind eye to enjoyment of dominant position in market owing to its novelty for a term of three years where government issues a Compulsory License for a term of three years in case of public health emergency.

Sixthly, researcher also suggest to bring in necessary changes in Section 4 of the competition Act which would address possible abuse of dominant position due to Compulsory Licensing and Compulsory Licensing for parallel import and export of patented pharmaceutical products.

Seventhly, researcher believes in there is a need to redefine the term 'Relevant Market' in Competition Act covered under Section 2(r) of the Act. Researcher feels it is urgent in specific reference to dominant



position enjoyed by innovators of new medicine. In absence of clarity on said definition it provides wider net to legal practitioners to interpret it without any restraint.

At its eighth point of suggestion, researcher avows to introduce trade secret related provision in Competition Act, in the absence of which innovators would take trade secret route to enjoy monopoly and even they may go on skipping registering their patents in accordance with the patent. Absence of trade secret related provision in Competition Act would undermine and defeat the purpose and aim of the Act and it would continue to encourage monopolistic practice by taking trade secret route.

Last but not the least, researcher would suggest to modify and bring in other necessary amendments in Competition Act which would foster competition and preserve the rights of patent holder of pharmaceutical products. In light of these issues, researcher in its humble submission suggests the legislators to have a relook and rescreen the Sections 3, 4, 5 and 6 of competition law which are utter failure and seem to be infructuous when it is applied to test competition in a special reference to rights of patent holders of patented pharmaceuticals and biological.

In absence of quick reforms in competition law, researcher cautiously warn that it would otherwise continue to render injustice to competitors who are at no fault and they would continue to doubly jeopardize, one due to pleading against the monopolistic rights of patent holder and other for the reason of victimization on the part of bad competition law.

## NOTES & REFERENCES

1. U. Chandra and S. Sridharan, "Opportunities and Challenges of Indian Pharmaceutical Sector: An Overview" *International Journal of Scientific Research and Management (IJSRM)*, Vol. 4, No. 6, 2016, pp.4287-4302, [www.ijrm.in](http://www.ijrm.in). (Visited on June 2, 2017).
2. Section 5 of Competition Act, 2002: The acquisition of one or more enterprises by one or more persons or merger or amalgamation of enterprises shall be a combination of such enterprises and persons or enterprises, if—(a) any acquisition where—(i) the parties to the acquisition, being the acquirer and the enterprise, whose control, shares, voting rights or assets have been acquired or are being acquired jointly have,— (A) either, in India, the assets of the value of more than rupees one thousand crores or turnover more than rupees three thousand crores; or (B) 7[in India or outside India, in aggregate,

the assets of the value of more than five hundred million US dollars, including at least rupees five hundred crores in India, or turnover more than fifteen hundred million US dollars, Including at least rupees fifteen hundred crores in India.

3. Section 6 of the Competition Act, 2002: No person or enterprise shall enter into a combination which causes or is likely to cause an appreciable adverse effect on competition within the relevant market in India and such a combination shall be void.
4. Section 3 of the Competition Act, 2002: No enterprise or association of enterprises or person or association of persons shall enter into any agreement in respect of production, supply, distribution, storage, acquisition or control of goods or provision of services, which causes or is likely to cause an appreciable adverse effect on competition within India.
5. Section 4 of the Competition Act, 2002: No enterprise or group shall abuse its dominant position. [(2) There shall be an abuse of dominant position 4 [under sub-section (1), if an enterprise or a group].—(a) directly or indirectly, imposes unfair or discriminatory—(i) condition in purchase or sale of goods or service; or (ii) price in purchase or sale (including predatory price) of goods or service.
6. Section 20(1) of the Competition Act, 2002: The Commission may, upon its own knowledge or information relating to acquisition referred to in clause (a) of section 5 or acquiring of control referred to in clause (b) of Section 5 or merger or amalgamation referred to in clause (c) of that section, inquire into whether such a combination has caused or is likely to cause an appreciable adverse effect on competition in India.
7. Section 20(4) of the Competition Act, 2002: For the purposes of determining whether a combination would have the effect of or is likely to have an appreciable adverse effect on competition in the relevant market, the Commission shall have due regard to all or any of the following factors.
8. Section 20(4)(b) of the Competition Act, 2002.: For the purposes of determining whether a combination would have the effect of or is likely to have an appreciable adverse effect on competition in the relevant market, the Commission shall have due regard to all or any of the following factors, namely:— (b) extent of barriers to entry into the market.
9. Section 20(4)(g) of the Competition Act, 2002: For the purposes of determining whether a combination would have the effect of or is likely to have an appreciable adverse effect on competition in the relevant market, the Commission shall have due regard to all or any of the following factors, namely:— (g) extent to which substitutes are available or are likely to be available in the market.
10. Section 20(4)(i) of the Competition Act, 2002: For the purposes of determining whether a combination would have the effect of or is likely to have an

appreciable adverse effect on competition in the relevant market, the Commission shall have due regard to all or any of the following factors, namely:— (i) likelihood that the combination would result in the removal of a vigorous and effective competitor or competitors in the market.

11. Section 20(4) (1) of the Competition Act, 2002: (1) nature and extent of innovation.
12. M. Yadav, S. K. Sahi, *Law Relating to Trade Secret and Technology Transfer*, 1st ed. 2017, pp. 1-2.
13. <https://www.nipo.in/.../What%20are%20the%20benefits%20do%20patents%20confer> (Visited on May 12, 2017).
14. *Bishawanath Prasad Radhey Shyam v. Hindustan Metal Industries*, (1979) 2 SCC, 511.
15. K.D. Raju, “The Inevitable Connection between Intellectual Property and Competition Laws”, *Journal of Intellectual Property Rights*, vol. 18, March 2013, p.111.
16. Josef Drexel, *Research Handbook on Competition and Intellectual Property Law*, 1<sup>st</sup> ed. 2008.
17. Section 3(5)(i) of Competition Act, 2002: Nothing contained in this section shall restrict—(i) the right of any person to restrain any infringement of, or to impose reasonable conditions, as may be necessary for protecting any of his rights which have been or may be conferred upon him under—(a) the Copyright Act, 1957 (14 of 1957); (b) the Patents Act, 1970 (39 of 1970); (c) the Trade and Merchandise Marks Act, 1958 (43 of 1958) or the Trade Marks Act, 1999 (47 of 1999); (d) the Geographical Indications of Goods (Registration and Protection) Act, 1999 (48 of 1999); (e) the Designs Act, 2000 (16 of 2000); (f) the Semi-conductor Integrated Circuits Layout-Design Act, 2000 (37 of 2000).
18. [http://www.mondaq.com/india/x/447644/Patent/FDA + Issued + The + Following+Draft+ and+FinalGuidance+Document](http://www.mondaq.com/india/x/447644/Patent/FDA+Issued+The+Following+Draft+and+FinalGuidance+Document) (Visited on May 15, 2017).
19. Section 140 of Patent Act, 1970: Avoidance of certain restrictive conditions.— (1) It shall not be lawful to insert— (i) in any contract for or in relation to the sale or lease of a patented article or an article made by a patented process; or (ii) in licence to manufacture or use a patented article; or (iii) in a licence to work any process protected by a patent, a condition the effect of which may be— (a) to require the purchaser, lessee, or licensee to acquire from the vendor, less or, or licensor or his nominees, or to prohibit from acquiring or to restrict in any manner or to any extent his right to acquire from any person or to prohibit him from acquiring except from the vendor, less or, or licensor or his nominees any article other than the patented article or an article other than that made by the patented process; or (b) to prohibit the purchaser, lessee

or licensee from using or to restrict in any manner or to any extent the right of the purchaser, lessee or licensee, to use an article other than the patented article or an article other than that made by the patented process, which is not supplied by the vendor, less or licensor or his nominee; or (c) to prohibit the purchaser, lessee or licensee from using or to restrict in any manner or to any extent the right of the purchaser, lessee or licensee to use any process other than the patented process, (d) to provide exclusive grant back, prevention to challenges to validity of Patent & Coercive package licensing and any such condition shall be void. (2) A condition of the nature referred to in clause (a) or clause (b) or clause (c) of sub-section(1) shall not cease to be a condition falling within that sub-section merely by reason of the fact that the agreement containing it has been entered into separately, whether before or after the contract relating to the sale, lease or licence of the patented article or process. (3) In proceedings against any person for the infringement of a patent, it shall be a defence to prove that at the time of the infringement there was in force a contract relating to the patent and containing a condition declared unlawful by this section: Provided that this sub-section shall not apply if the plaintiff is not a party to the contract and proves to the satisfaction of the court that the restrictive condition was inserted in the contract without his knowledge and consent, express or implied. (4) Nothing in this section shall— (a) affect a condition in a contract by which a person is prohibited from selling goods other than those of a particular person; (b) validate a contract which, but for this section, would be invalid; (c) affect a condition in a contract for the lease of, or licence to use a patented article, by which the less or licensor reserves to himself or his nominee the right to supply such new parts of the patented article as may be required or to put or keep it in repair. (5) [Omitted by the *Patents (Amendment) Act, 2002*].

20. Section 3 of Competition Act, 2002.

21. *Id.*

22. Section 6(2)(a) and Section 5(c) of Competition Act, 2002: Section 6 (2) a, approval of the proposal relating to merger or amalgamation, referred to in clause (c) of section 5, by the board of directors of the enterprises concerned with such merger or amalgamation, as the case may be.

Section 5(c), any merger or amalgamation in which—(i) the enterprise remaining after merger or the enterprise created as a result of the amalgamation, as the case may be, have,—

(A) either in India, the assets of the value of more than rupees one thousand crores or turnover more than rupees three thousand crores; or (B) [in India or outside India, in aggregate, the assets of the value of more than five hundred million US dollars, including at least rupees five hundred crores in India, or turnover more than fifteen hundred million US dollars, including at least rupees fifteen hundred crores in India; or] (ii) the group, to which the enterprise remaining after the merger or the enterprise created as a result

of the amalgamation, would belong after the merger or the amalgamation, as the case may be, have or would have,— (A) either in India, the assets of the value of more than rupees four-thousand crores or turnover more than rupees twelve thousand crores; or (B) [in India or outside India, in aggregate, the assets of the value of more than two billion US dollars, including at least rupees five hundred crores in India, or turnover more than six billion US dollars, including at least rupees Fifteen Hundred Crores in India Explanation.— For the purposes of this section,— (a) “control” includes controlling the affairs or management by—

- (i) one or more enterprises, either jointly or singly, over another enterprise or group;
  - (ii) one or more groups, either jointly or singly, over another group or enterprise; (b) “group” means two or more enterprises which, directly or indirectly, are in a position to — (i) exercise twenty-six per cent or more of the voting rights in the other enterprise; or (ii) appoint more than fifty per cent of the members of the board of directors in the other enterprise; or
  - (iii) control the management or affairs of the other enterprise; (c) the value of assets shall be determined by taking the book value of the assets as shown, in the audited books of account of the enterprise, in the financial year immediately preceding the financial year in which the date of proposed merger falls, as reduced by any depreciation, and the value of assets shall include the brand value, value of goodwill, or value of copyright, patent, permitted use, collective mark, registered proprietor, registered trade mark, registered user, homonymous geographical indication, geographical indications, design or layout-design or similar other commercial rights, if any, referred to in sub-section (5) of section 3.
23. 1 <https://thewire.in/24621/india-assures-the-us-it-will-not-issue-compulsory-licences-on-medicines> (Visited on May 14, 2017).
  24. <http://www.ssrana.in/Intellectual%20Property/Patents/Patents-Compulsory-Licensing-in-India.aspx> (Visited on May 14, 2017).
  25. Section 84 of Patent Act- Compulsory licences.—(1) At any time after the expiration of three years from the date of the grant of a patent, any person interested may make an application to the Controller for grant of compulsory licence on patent on any of the following grounds, namely:—(a) that the reasonable requirements of the public with respect to the patented invention have not been satisfied, or (b) that the patented invention is not available to the public at a reasonably affordable price, or (c) that the patented invention is not worked in the territory of India. (2) An application under this section may be made by any person notwithstanding that he is already the holder of a licence under the patent and no person shall be estopped from alleging

that the reasonable requirements of the public with respect to the patented invention are not satisfied or that the patented invention is not worked in the territory of India or that the patented invention is not available to the public at a reasonably affordable price by reason of any admission made by him, whether in such a licence or otherwise or by reason of his having accepted such a licence. (3) Every application under sub-section (1) shall contain a statement setting out the nature of the applicant's interest together with such particulars as may be prescribed and the acts upon which the application is based. (4) The Controller, if satisfied that the reasonable requirements of the public with respect to the patented invention have not been satisfied or that the patented invention is not worked in the territory of India or that the patented invention is not available to the public at a reasonably affordable price, may grant a licence upon such terms as he may deem fit. (5) Where the Controller directs the patentee to grant a licence he may, as incidental thereto, exercise the powers set out in section 88. (6) In considering the application filed under this section, the Controller shall take into account,— (i) the nature of the invention, the time which has elapsed since the sealing of the patent and the measures already taken by the patentee or any licensee to make full use of the invention; (ii) the ability of the applicant to work the invention to the public advantage.

26. Irina Haracoglou, *Competition Law and Patents: A Follow-on Innovation Perspective in the Biopharmaceutical Industry* (New Horizons in Competition Law and Economics) 1<sup>st</sup> ed. 2008, p. 177.
27. *Bayer Corporation v. Natco Pharma Ltd.*, Order No. 45/2013 (Intellectual Property Appellate Board, Chennai), available at <http://www.ipab.tn.nic.in/045-2013.html>. 5 Reuters, (Visited on May 12, 2017).
28. Section 4 of Competition Act, 2002 [(1) No enterprise or group shall abuse its dominant position.] (2) There shall be an abuse of dominant position 4 [under sub-section (1), if an enterprise or a group].—(a) directly or indirectly, imposes unfair or discriminatory—(i) condition in purchase or sale of goods or service; or (ii) price in purchase or sale (including predatory price) of goods or service. Explanation.— For the purposes of this clause, the unfair or discriminatory condition in purchase or sale of goods or service referred to in sub-clause (i) and unfair or discriminatory price in purchase or sale of goods (including predatory price) or service referred to in sub-clause (ii) shall not include such discriminatory condition or price which may be adopted to meet the competition; or (b) limits or restricts— (i) production of goods or provision of services or market there for or (ii) technical or scientific development relating to goods or services to the prejudice of consumers; or (c) indulges in practice or practices resulting in denial of market access 5 [in any manner]; or (d) makes conclusion of contracts subject to acceptance by other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with

the subject of such contracts; or (e) uses its dominant position in one relevant market to enter into, or protect, other relevant market. Explanation.—For the purposes of this section, the expression— (a) “dominant position” means a position of strength, enjoyed by an enterprise, in the relevant market, in India, which enables it to— (i) operate independently of competitive forces prevailing in the relevant market; or (ii) affect its competitors or consumers or the relevant market in its favour. (b) “predatory price” means the sale of goods or provision of services, at (1) price which is below the cost, as may be determined by regulations, of production of the goods or provision of services, with a view to reduce competition or eliminate the competitors.

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31. Section 92A of the Patent Act, 1970: Compulsory licence for export of patented pharmaceutical products in certain exceptional circumstances.— (1) Compulsory licence shall be available for manufacture and export of patented pharmaceutical products to any country having insufficient or no manufacturing capacity in the pharmaceutical sector for the concerned product to address public health problems, provided compulsory licence has been granted by such country or such country has, by notification or otherwise, allowed importation of the patented pharmaceutical products from India. (2) The Controller shall, on receipt of an application in the prescribed manner, grant a compulsory licence solely for manufacture and export of the concerned pharmaceutical product to such country under such terms and conditions as may be specified and published by him. (3) The provisions of sub-sections (1) and (2) shall be without prejudice to the extent to which pharmaceutical products produced under a compulsory license can be exported under any other provision of this Act.  
  
Explanation.— For the purposes of this section, ‘pharmaceutical products’ means any patented product, or product manufactured through a patented process, of the pharmaceutical sector needed to address public health problems and shall be inclusive of ingredients necessary for their manufacture and diagnostic kits required for their use.
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42. NAFTA : Article 1711: Trade Secrets 1. Each Party shall provide the legal means for any person to prevent trade secrets from being disclosed to, acquired by, or used by others without the consent of the person lawfully in control of the information in a manner contrary to honest commercial practices, in so far as: (a) the information is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons that normally deal with the kind of information in question.
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44. [www.fda.gov/oc/03\\_drug\\_development.php](http://www.fda.gov/oc/03_drug_development.php) (Visited on May 8, 2017).
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## Economics of Intellectual Property Rights

**Dr. Parmod Malik\***

There are three distinct types of property that individuals and companies can own; real property refers to land or real estate.<sup>1</sup> Personal property refers to specific items and things that can be identified, such as jewelry, cars and stocks and intellectual property refers to the fruits or product of human creativity, including literature, advertising slogans, songs or new inventions.<sup>2</sup>

The expression Intellectual Property has gained currency in recent times throughout the world including India to refer comprehensively to works of human intellects to which the legal system attributes the incidents of property such as ownership and enjoyment, transibility.<sup>3</sup> Ownership of any property includes rights and obligations. Ownership of intellectual property also includes rights and obligations.<sup>4</sup> ‘Intellectual Property’<sup>5</sup> is a comprehensive expression. It covers the whole field of creative activity. Every innovation, be it in art, industry or literature, falls within its ambit. Thus, we have the concept of copyright, patents and trademarks. It has been rightly said, “Patents give temporary protection to technological inventions and design rights to the appearance of mass-produced goods; copyright gives longer-lasting rights in, for instance, literary, artistic and musical creations; trademarks are protected against imitation so long at least as they continue to be employed in trade.”<sup>6</sup> The basic object is to protect the “applications of ideas and information that are of commercial value. IPR are awarded

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by a country and most of the rights are territorial in nature.<sup>7</sup> Intellectual property is an intangible property or proprietary asset, which applies to any product of the human intellect that has commercial value.

Intellectual Property Rights<sup>8</sup> are one's legal rights in respect of the 'property' created by one's mind – such as an invention, or piece of music, or an artistic work, or a name or slogan or symbol, or a design, which is used in commerce, in the form of books, music, computer software, designs, technological know-how, trade symbols, etc. property rights. Writers, inventors and artists transform ideas into tangible property when this Intellectual property qualifies under law, the creator is granted certain rights, i.e. Intellectual Property Rights.<sup>9</sup> Generally speaking, intellectual property refers to the extension of property rights to intangible assets including the intellectual efforts like invention. It covers patents, copyright, trademarks, designs. It protects use of information and ideas that are of commercial value. The scope and ambit of IP is growing tremendously and attempts are being made by persons who create new creative ideas to seek protection under the umbrella of intellectual property right. The main purpose of Intellectual Property law is that no one can use the property without the prior consent of owner. All types of intellectual property are protected at national basis. Thus the scope of protection and requirements for obtaining protection will vary from country to country.<sup>10</sup> In some countries, Intellectual Property refers to Industrial Property.<sup>11</sup>

IPR pertains to patents, copyrights, trademarks and allied rights that facilitate innovation both scientific and technological and artistic creations.<sup>12</sup> Intellectual Property is a class of property emanating primarily from the activities of the human intellect human beings are distinguished from animals by the intellectual faculty endowed by the almighty.

Intellectual Property reflects the idea that its subject-matter is the product of the mind or the intellect. Intellectual Property Rights are statutory rights once granted allows the creator(s) or owner(s) of the intellectual property to exclude others from exploiting the same commercially for a given period of time.<sup>13</sup>

Intellectual property as a class presents different issues and situations than other property and because of its strategic exploitation it poses different questions. Intellectual property differs from other forms of

property because of uncertainties regarding its value and how it can be used. Intellectual property, cannot be kept in a safe deposit vault or be deposited in a bank or locked-up in a house. It is an intangible, abstraction and as such more difficult to protect than other less nebulous forms of property.<sup>14</sup>

The said property, whether in the form of a copyright, trade mark or a trade name, or in any other form, is easily and readily available to the general public and is, therefore, more easy to steal. Having the right of intellectual property registered is no guarantee of its safety from being stolen. The registration is nothing more, in effect, than the recognition of the right of ownership.

This property, which is a product of the intellect, is, therefore, very difficult to protect. Commercial piracy is big business.

There is hardly any country in the world where pirated articles are not being sold.<sup>15</sup>

Intellectual Property Rights (IPRs) are the rights granted to creators and inventors to control the use made of their productions. They are traditionally divided into two branches:<sup>16</sup>

1. "Copyright and related rights" for literary and artistic works;
2. "Industrial property", which encompasses: trademarks, patents, industrial designs, geographical indications, layout-designs of integrated circuits.<sup>17</sup>

IPR are considered as reward for creative and skillful work in execution of ideas.<sup>18</sup> Protection of Intellectual property is necessary in the interest of individuals, the country and the society.<sup>19</sup> Intellectual property has significant economic and social implications: it is a tool for the development of cultural creations, new technologies and new products that will eventually be available to the society. Indeed, recording artists, inventors, writers and many other individuals and industries depend on IPRs for a living, for a return on their investment, and crucially for future investment – otherwise, much of this activity would cease.

Of course, a balance must be reached between the need to encourage research and creation on the one hand and, on the other, the legitimate wish to make innovation and culture freely available to all. This is why most of the intellectual property rights are granted for a limited period of time.

Intellectual property is important for a common businessman. Intellectual Property can be bought, sold and licensed.<sup>20</sup> The country's economy is opening up. Industries of our country are going far and away into different countries to open up business. Foreign entrepreneurs are fast entering into domestic economy. We need to protect our businessmen. In recent times, one of the most valued asset a person has is the intellectual property.

IPR exists in different works involving intellectual or mental labour.<sup>21</sup> IPR could be categorized as For example, for a businessman, it is his trade mark; for an author, copyright over his work; for a fabric manufacturer, his design; for our inventors, the patent; for our industrialists, their trade secrets. In every nook and corner of commercial world, big or small it might be, intellectual property has grown multifariously.<sup>22</sup>

The promotion of technological and economic development has been a critical concern for most states for a long time.

In the case of knowledge – related contribution to technological development, states have developed over time a comprehensive system of legal protection.

To-date, most substantive intellectual property protection frameworks are located at the national level. They are, however supplemented by an increasingly intricate web of international treaties. State are still in principle at liberty to enact their own individual intellectual property protection laws but flexibilities has been dramatically limited by the adoption of TRIPs agreement as well as other international treaties in WIPO.<sup>23</sup>

Intellectual property laws and enforcement vary widely from jurisdiction to jurisdiction. There are inter-governmental efforts to harmonize them through international treaties such as the 1994 World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights, while other treaties may facilitate registration in more than one jurisdiction at a time. There is a well-established legislative framework to safeguard intellectual property rights in India, whether they relate to patents, trademarks, copyright or industrial designs.<sup>24</sup>

Protection of intellectual property rights in India continues to be strengthened further. The year 1999<sup>25</sup> witnessed the consideration and passage of Major legislation with regard to protection of intellectual property rights in harmony with international practices and in compliance with India's obligations under TRIPS. And in 2005, India became full-fledged TRIPs Compliant country. So we can say that Intellectual Property is a field of law that aims at protecting the knowledge created through human effort in order to stimulate and promote human creativity.<sup>26</sup>

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# Introduction to the Concept of Originality under Copyright Law in India

Dr. Raj Kumar\* and Sarvesh Kumar Shahi\*\*

## INTRODUCTION

“The *sine qua non* of copyright is originality.”<sup>1</sup>

Originality is a precondition to copyright protection. If the work of a person is not original but a mere copy of someone else’s original work then copyright protection cannot be granted to such a person. Thus, for a work to be original it is important that it should not have been copied from another work. Protection of copyright in a work is necessary for the purpose of protecting a person’s creative expression and to encourage creative expression. Copyright protection should be a form of reward for a person seeking protection of his original work.<sup>2</sup>

For a work to be protected under the copyright law, it is imperative to ensure that such is an original work and is not copied from any other work of any other person. Such a right is granted in relation to original works since one has the right of protection over the work completed through one’s own efforts. It is important to note that with regard to *R.G. Anand v. Delux Films & Others*<sup>3</sup> there can be no copyright in an idea or subject-matter but only in the arrangement and expression of such idea. It is not even necessary that the work involve novel expression of a thought. All that is required for originality of expression

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is that the expression should not be copied from another work. Thus the work should be composed by the author independently.<sup>4</sup>

## INTRODUCTION OF COPYRIGHT IN INDIA

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. It is a bundle of rights including, *inter alia*, rights of reproduction, communication to the public, adaptation and translation of the work. The only criterion to determine whether a person is entitled to copyright protection is originality in expression.

The term “copyright” is not defined under the Indian Copyright Act, 1957 (hereinafter referred to as “Copyright Act”). The general connotation of the term copyright refers to the “right to copy” which is available only to the author or the creator, as the case may be. Thus, any other person who copies the original work would be amount to infringement under the Copyright Act. Copyright ensures certain minimum safeguards of the rights of authors over their creations.

Creativity being the keystone of progress, no civilized society can afford to ignore the basic requirement of encouraging the same. Economic and social development of a society is dependent on creativity. The protection provided by copyright to the efforts of writers, artists, designers, dramatists, musicians, architects and producers of sound recordings, cinematograph films and computer software, creates an atmosphere conducive to creativity, which induces them to create more and motivates others to create.

On the other hand, what is created by him/her cannot be claimed ownership for generations all together as it might harm the social justice. Therefore, a term of life plus sixty years is being adopted in India for the purpose of determining the period of copyright. This period may vary from country to country. If copyright protection is applied rigidly, it can hamper progress of the society. Therefore, copyright laws are enacted with necessary exceptions and limitations to ensure that a balance is maintained between the interests of the creators and of the community.

Copyright protects the expression and not the content or substance *per se*. For example, an author writes about making of an aircraft. Here,



the idea of making of the plane is not protected but the only the way of expressing is protected. The idea is protected under the Patent law and not under Copyright Act.

Copyright may also be granted for things that would come under patents, trademarks or designs. As copyright protects only the expression and nothing more, it is not much preferred in practice except in case of film industry.

Work in which copyright subsists (Chapter III, Section 13 of Copyright Act)

Literary works (including computer programmes, tables and compilations including computer literary data bases):

- Dramatic Works
- Musical Works
- Artistic Works
- Cinematograph Films
- Sound Recordings

### **Foreign Works**

The copyright of foreign works is also protected in India. Copyright of nationals of countries who are members of the Berne Convention for the Protection of Literary and Artistic Works, Universal Copyright Convention and the TRIPS Agreement are protected in India through the International Copyright Order, as if such works are Indian works Copyright as provided by the Indian Copyright Act is valid only within the borders of the country. To secure protection to Indian works in foreign countries, India has become a member of the following international conventions on copyright and neighbouring (related) rights:

- (a) Berne Convention for the Protection of Literary and Artistic works.
- (b) Universal Copyright Convention.
- (c) Convention for the Protection of Producers of Phonograms against Unauthorised Duplication of their Phonograms.

- (d) Multilateral Convention for the Avoidance of Double Taxation of Copyright Royalties.
- (e) Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement.

## **BRIEF HISTORY OF COPYRIGHT LAW IN INDIA**

The evolution of Copyright Law in India is spread over three phases. The law of copyright was introduced in India during the reign of the British Rule in India via the British Copyright Act, 1911. This Act had very different provisions in comparison to today's law. The term of the Copyright was life time of the author plus seven years after the death of the author. However the total term of copyright cannot exceed the period of forty-two years. The government could grant a compulsory licence to publish a book if the owner of copyright, upon the death of the author, refused to allow its publication. Registration of Copyright with the Home Office was mandatory for enforcement of rights under the Act. This was the first phase.

The second phase was in 1914, when the Indian legislature under the British Raj enacted the Copyright Act of 1914. It was almost similar to the British Copyright Act of 1911. However the major change that was brought in this Act was the criminal sanction for infringement. The 1914 Act was constantly amended a number of times. Subsequently, India saw the third phase of its copyright law evolution in the introduction of the Indian Copyright Act, 1957 which was enacted in order to suit the provisions of the Berne Convention. This Act was enacted by Independent India and is the main Act by which we are governed till date.

## **CONCEPT OF ORIGINALITY**

Originality in copyright works is the *sine qua non* of all the copyright regimes of the world. The common conception of the meaning of 'original' is something that is new, not done before. Originality is the aspect of created or invented works by as being new or novel, and thus can be distinguished from reproductions, clones, forgeries, or derivative works. It is a work created with a unique style and substance. The term "originality" is often applied as a compliment to the creativity of artists,

writers, and thinkers. In United Kingdom, Section (1)(1)(a) of the Copyright, Designs and Patents Act, 1988 states that copyright subsists in “original literary, dramatic, musical or artistic works.” However, the Act does not state what ‘original’ means. In law, more stress is laid on how an idea had been expressed. There is no definite and single, unified concept of “originality” and there have been different doctrines which have tried to define the concept. These different doctrines have been discussed below.

1. Sweat of the Brow Test
2. Modicum of Creativity Test
3. Skill and Judgment Test

### **Sweat of the Brow Test**

This approach developed in U.K. and had been followed by the Indian Courts before the test of ‘modicum of creativity’ came into scene. The approach of the courts as above is often referred to as the “sweat of the brow” doctrine where more importance is given as to how much labour and diligence it took to create a work, rather than how original a work is.<sup>5</sup> This approach was observed in the case of *Burlington Home Shopping v. Rajnish Chibber*.<sup>6</sup>

### **Modicum of Creativity**

This approach was developed by the U.S. Courts through the case of *Feist Publications Inc. v. Rural Telephone Service Co.*<sup>7</sup> It acknowledges that not every effort or industry, or expending of skill, results in copyrightable work, but only those activities which create works that are somewhat different in character, involve some intellectual effort, and involve a certain degree of creativity.<sup>8</sup> According to this test, for a work to be original and copyrightable, it should contain a ‘minimal degree of creativity’. Earlier the Courts in India followed the ‘sweat of the brow’ test, however the approach of the Court changed after the introduction of modicum of creativity test. The focus of this approach was on the creativity rendered to the work of a person for it to be considered original. Eventually, the need of balancing the efforts and creative element in a work was realized for it to be rendered as original.

### Skill and Judgment Test

This test provides for the Indian approach to determine whether the ‘work’ in question is ‘original work’ or not. In order to ascertain this, the author should have applied his ‘skill and judgment’ in creating the work and such work created should have the minimal element of creativity thereby leading the work to be original. Thus, it is observed that India adopts a middle path between the two extreme approaches i.e. the U.K. approach (sweat of the brow doctrine) and U.S. approach (modicum of creativity). In the case of *Eastern Book Company and Others v. D.B. Modak & Anr.*,<sup>9</sup> the Delhi High Court, while considering the question of whether the head notes of reported cases constituted original expression, referred expressly to the Feist decision, and adopted a “modicum of creativity” standard, along with the standard of skill and labor.<sup>10</sup> In this case the copyright over copy-edited judgments was discussed. This case is important since a shift in the approach of the Supreme Court in deciding the copyright of ‘original work’ took place. The ‘sweat of the brow’ doctrine was rejected by the Court which relied on the U.S. approach of ‘modicum of creativity’ in ascertaining whether the work in question was original or not for the purpose of valid copyright being granted to such work.

In this case, the Supreme Court Case reporter, was aggrieved by other parties infringing their copyright and launching software containing the judgments edited by SCC alongwith other additions made by the editors of SCC like cross references, head notes, the short notes comprising of lead words and the long note which comprises of a brief description of the facts and relevant extract from the judgments of the court and standardization and formatting of text, etc.<sup>11</sup>

A recent case was decided by the Delhi High Court on September 29, 2014 (*Tech Plus Media Pvt. Ltd. v. Jyoti Janda & Ors*), wherein the copyright of databases was discussed. Earlier in the case of *Burlington Home Shopping v. Rajnish Chibber*,<sup>12</sup> it was held that a compilation may be considered a copyrightable work by virtue of the fact that there was devotion of time, labour and skill in creating the said compilation.<sup>13</sup> Also, in the case of *Diljit Titus v. Mr. Alfred A. Adebare*,<sup>14</sup> customer lists merely stored on the computer was recognized as a compilation protectable under Copyright Law. In the present case, the Court

refused to recognize the copyright of the plaintiff's in its client list and database.<sup>15</sup>

The work of the defendant, though based on the primary work (client list and database) of the plaintiff, was a development rendered through skill and judgment of the defendant and such skill and development was not involved in the compilation of the work of the plaintiff. Also, the databases were merely a collection of names and e-mail addresses of the visitors to the Plaintiff's website and thus could not be afforded copyright as they did not fall in any category of work as stipulated by Section 13 of the Copyright Act, 1957.<sup>16</sup>

This approach of the Court was observed while relying upon the Eastern Book Company case wherein certain skill and judgment needs to be proved for a valid copyright and it constituted a higher test of originality for copyright in compilations in India. It is important to note that deviation from the earlier 'sweat of the brow' doctrine in respect of copyright of databases has taken place through this case.

The ratio of the Supreme Court in Eastern Book Company case has also been followed by the Division Bench of Delhi High Court in *Syndicate of Press of the University of Cambridge on behalf of the Chancellor Masters and School v. B.D. Bhandari & Anr.*,<sup>17</sup> wherein the requirement of skill and judgment of the author alongwith the minimal standard of creativity was held essential to establish a copyright.<sup>18</sup>

Further, it is important to note the case of *Dr. Reckeweg and Co. Gmbh. and Anr. v. Adven Biotech Pvt. Ltd.*,<sup>19</sup> wherein the contention of the plaintiff was rejected as their work was held to be mere compilation and in this case Delhi High court completely rejected the phenomena of the doctrine of sweat of the brow.<sup>20</sup> Reliance was placed on the Eastern Book Company case while delivering the judgment.

Summing up the Indian approach to test the originality of a work, the Delhi High Court held in a recent case "... not every effort or industry, or expending of skill, results in copyrightable work, but only those which create works that are somewhat different in character, involve some intellectual effort, and involve a certain degree of creativity".<sup>21</sup>

## CONCLUSION

Originality requires only that the author makes the selection or arrangement independently and that some minimal amount of creativity is present in the work of the author. While a copy of something in the public domain will not, if it be merely a copy, support a copyright, a distinguishable variation will. Also, it is important to note that for copyright protection, the work created by the author should be a result of substantial variation and not a result of trivial variation. In order to encourage the avenues of research and development, the law has been practical to hold that for originality, the work in question is not required to contain novelty.<sup>22</sup>

India provides a practical approach in the ascertainment of a original work as it does not completely rely on modicum of creativity as developed by the U.S. Courts, in fact, it very well balances the sweat of the brow approach with the creativity element by ensuring that skill and judgment are exercised by the author in the creation of an original work. Since, the issue of originality is centric to the copyright ability of a work; regard has to be placed on the skill and judgment test to be applied on the factual circumstances of every individual case.

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## **Concept of Evergreening – With Special Reference to *A.G. Novartis v. Union of India Case***

**Divyanshu Chauhan\* and Tesu Gupta\*\***

A Patent, as described in the Indian Patent Act, 1970 as “a grant or a right to exclude others from making, using or selling one’s invention and includes right to license others to make, use or sell it”. A patent is a legal document which provides protection to the ideas of any individual. Usually issued by the Patent Office of a country, the patent is granted to any firm or individual. Usually, patents constitute of four different classes: Machine (a device or apparatus created by a person for the performance of a specific task), process (a process created by an individual), manufactured (any fabricated or manufactured product) or the composition of matter (any chemical mixture or compound created by a person). Patents can be sued for.<sup>1</sup>

In the Webster’s Ninth New Collegiate Dictionary, it is defined as an official document conferring a right or a privilege, letters patent, writing securing to an inventor for a term of years the exclusive right to make, use and sell his invention, the monopoly or right granted.<sup>2</sup> This right to hold a patent is given only for a period of 20 years. After the expiration of this duration, this right ceases to have any effect and that invention becomes easily accessible to any other person and he may not earn any more profit from his own creation.

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Chapter II of the Indian Patent Act, 1970 Section 3 deals with WHAT IS NOT PATENTABLE. Sub-section (d) which reads “the mere discovery of a new form of a known substance or mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant.”<sup>3</sup>

The purpose behind insertion of this provision is to prevent ‘ever-greening’. This was demonstrated in the judgment of Novartis case which shows that there is a shift in the development pattern of usage and production of technology. Till the evolution of Indian research and development India was only a user of the technology hence, its laws provided a weak protection to the research and development. But, as we developed and emerged with new technology and researches we strengthened our laws concerning intellectual property.

### **EVER-GREENING– WHAT IS IT?**

Ever greening is a strategy by which a patentee tends to extend his patent rights shortly before or after its expiration. Ever-greening is achieved by seeking extra patents by doing some tweaks or we can say variations in the existing chemical composition of the existing original drug. Big pharma refers to this as “lifecycle management”. Even if the patent is dubious, the company can earn more from the higher prices than it pays in legal fees to keep the dubious patent alive.

Patent is a monopoly right given for a limited period to an inventor in return of his disclosure of an invention that is new, useful and non-obvious product or process. In India patents are granted for a maximum term of 20 years (provided it is maintained by paying yearly fees). After the expiry of a patent, the invention is free for use, manufacture, sell or import, and, this is the reason that makes pharmaceutical companies to evergreen the product by making slight modifications in the existing chemical composition(s).

Patentee aims to evergreen the product just in order to have a monopoly right and because of their lust for money. When the term of patent is about to end these companies make trivial /insignificant variations to the existing patented invention and files for new patent, thus extending their monopoly. This is called ever greening of patent. In the pharmaceutical trade, when brand-name companies patent “new inventions” those are

really just slight modifications of old drugs, it's called "ever greening." And it's a practice that, according to some who have looked into it, isn't doing a whole lot to improve people's health. "Typically, when you evergreen something, you are not looking at any significant therapeutic advantage. You are looking at a company's economic advantage," says Dr. Joel Lexchin, a Professor in the School of Health Policy and Management at York University in Toronto, Ontario.<sup>4</sup>

In *The Greening Nursery Company v. J&R Tool and Manufacturing Company* it was observed that in order to be patentable, an invention must meet the statutory standards of 35 U.S.C. § 101, 102 and 103,<sup>5</sup> which require novelty, usefulness, and non-obviousness. If the invention is anticipated by the prior art, it is not patentable.<sup>6</sup>

The test for determining anticipation is whether the prior art discloses all the elements of the claimed combinations, or their mechanical equivalents, functioning in substantially the same way, to produce the same result. A mere improvement over the prior art does not rise to the level of patentability; 'The conjunction or concert of known elements must contribute something; only when the whole in some way exceeds the sum of its parts is the accumulation of old devices patentable.'<sup>7</sup>

In *Graham v. John Deere Co. of Kansas City*,<sup>8</sup> an Eighth Circuit case, the Court construed § 103 and explained its effect on patentability. The Supreme Court concluded that the Patent Act of 1952 was intended to codify the rule laid down in *Hotchkiss v. Greenwood*,<sup>9</sup> This rule, in essence, is that to be patentable, an invention must evidence that the inventor had more skill and ingenuity than that possessed by an ordinary mechanic acquainted with the prior art in the area in which he is working. In *Graham*, at pages 17 and 18 of 383 U.S., at page 694 of 86 S.Ct., the Court said that in order to decide whether the test of § 103 has been met, the following should be used as indicia of obviousness or non-obviousness:

*"the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or non-obviousness of the subject-matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject-matter sought to be patented."*

Ever greening of patents do not allow the price of a product coming down due to extension of monopoly of the patentee. Ever greening of medicines/drugs is in violation of a citizen's right to health. This is so because if a product would be granted a patent again and again then it will obviously cost more than a generic drug because of its R&D expenses.

In India, section 3(d) of the Patent Act, 1970 do not allow:

- mere discovery of a new form of a known substance (without enhanced efficacy) or
- mere discovery of any new property for a known substance or
- mere discovery of new use for a known substance or
- Discovery of mere use of a known process, machine or apparatus.

This is a section incorporated in The Patent Act to initiate resistance to ever greening of patents. Thus, ever greening of patents is not easy in India as compared to other nations.

In most of the cases, generic products are available in the market once the patent expires. With these generic products from different companies, a competition in the market sets in. This result in lowering of price of the product that brings in a relief for poor patients whose life depends on the life saving drugs. It also helps in keeping the price of essential drugs within the reach of common people.

This concept of ever-greening or we may say being granted a patent for the same invention again and again was critically examined by the Apex Court of India in the well known Novartis case. In this case the Court observed

*“Evergreening” is a term used to label practices that have developed in certain jurisdictions wherein a trifling change is made to an existing product, and claimed as a new invention. The coverage/protection afforded by the alleged new invention is then used to extend the patentee's exclusive rights over the product preventing competition.*<sup>10</sup>

### **Novartis Case<sup>11</sup>**

Novartis filed an application before the Chennai patent office related to a drug name GLEEVEC which was slightly a different version of its 1993 patent for Anti Leukaemia drug. Whilst the Novartis's patent

battle was ongoing new clause (clause d) was inserted under Section 3 of the Patents Act, 1970. The Assistant Controller of Patent and design, Chennai Patent Office rejected the application under section 3(d). Novartis prayed the Court to declare section 3(d) of Patent (Amendment) Act, 2005 non-compliant with the TRIPS Agreement and in violation of Article 14 of the Constitution. The entire argument regarding violation of Article 14 Constitution of India was based on arbitrary discretionary power vested in the Patent Controller in determination of enhanced efficacy.

The court said that the aim of the patent system is to discourage the extension of the patent after the expiration of the patent term of twenty years so that other firms can produce and market the drug. The Court said that the Amendment was intended to:

- Preventing ever-greening;
- To provide easy access to the denizens of this country for life saving drugs; and
- To discharge their constitutional obligation of providing health care to its citizens.

It is vital to note that, here, the Court did not deliver the judgment in contradiction to the patent laws. The court remarkably factored public interest while deciding the case. The right to health is a cause of concern in many parts of the world, one-third population of world does not have access to basic medicines and among this one-third, majority of population lives in African and Asian continent. Since price is one of the major factors in accessibility, this decision was of great significance as it allowed many poor countries to access the patented drug at affordable prices.

Here, in this case the Apex Court observed that Section 3(d) of the Patent's Act, 1970 bars patent protection for all incremental inventions of chemical and pharmaceutical substances. The patent applications submitted by the appellant contain a clear averment that all the therapeutic qualities of beta crystalline form of Imatinib Mesylate are also possessed by Imatinib Mesylate in free base. Beta crystalline Form of Imatinib Mesylate is thus clearly a new form of substance. Regarding the therapeutic efficacy, it is clear that the physic-chemical properties of beta-crystalline form of Imatinib Mesylate may be otherwise beneficial,

but these properties cannot even be taken into account for the purpose of the test of Section 3(d), since these properties have nothing to do with therapeutic efficacy. Therefore, the beta-crystalline form of Imatinib mesylate fails the test of Section 3(d). The appeal referred by the appellant thus, failed and was dismissed with costs.

## BACKDROPS OF THE JUDGMENT

Although the apex court of India has adjudged the matter in favour of the citizens of the state and protected their right to health by assuring the availability of generic drug (by not granting patent to gleevec). But, due to this decision the company has decided to spend less money in the research to be done in India and shifted its major research in China (that was intended to be done in India<sup>12</sup>.) And not only this, many other companies will also now hesitate to spend or to invest their money for research in India. **MNCs who are upset with the verdict might stop innovating and investing in the country.** One of the main reason for the MNCs to be upset is that when product patents are denied, they cannot charge high prices and hence their profits go down. Novartis has spent a large sum of money for developing this drug. By denying it the patent, India is effectively not contributing to the financing of R&D by these organisations. India is free riding. Indian law has taken such a strict step and enacted stricter provision at its developing stage, this might affect the growth of the country. Most developed countries adopted pharmaceutical product patent protection after they had reached a high degree of economic development.

## Benefits

As a coin has two faces, so is this judgment. This judgment has not only denied the grant of patent to the Novartis's drug Gleevec but has also ensured to deliver and safeguard the rights of the citizens of the state.

This judgment has safeguarded the Right to equality as is provided by Article 14 of the Indian constitution.

As a result of this judgement the prices of drugs in general will be more affordable because this judgment. This judgment has set an example that if there is nothing new in the chemical composition or we can say that if it does not satisfy the criterion set by Indian **Patent law under section 3(d) and strict criterion of efficacy it cannot be granted**

**a patent (just for the reason that they are the new forms of old drugs).** Moreover, this particular anti-cancer drug will become more affordable. In a developing country like India the criterion laid down by Indian Patent Law and the definition of the word ‘efficacy’ is very helpful in the development of the country because of the factors like low incomes, poor public health and inadequate insurance facilities, access to essential drugs, including the unpatented drugs is very low. Thus, we can say that this hasn’t laid down only stricter criterion but has also safeguarded the health care of the citizens of the state.

The poor of India certainly need affordable medicines and to accomplish this aim, the court decision goes a long way, ensuring that a monthly dose of Gleevec can be made available for ₹ 8,000-10,000 compared to the Novartis price of ₹ 1-1.2 lakhs. Nevertheless, it is questionable how many Indians can afford even ₹ 10,000 per month, especially for an indefinite period of time as required for treatment with Gleevec.<sup>13</sup>

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12. Ranjit Shahani, Managing Director of Novartis India, said at a news conference “We will continue with our investments in India, even though cautiously,” He said the company in 2005 moved its investment in drug research to China, where manufacturers find conditions more favourable.

“This ruling is a setback for patients that will hinder medical progress for diseases without effective treatment options,” Shahani said.

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# Indian Pharmaceutical Patent Regime and Access to Medicine A Critical Analysis

Dr. Kritika<sup>\*</sup> and Indu Yadav<sup>\*\*</sup>

## Abstract

*The concept of Intellectual Property has changed in a fundamental manner. Starting from a “privilege” or “reward” granted by society to the inventor in return for full disclosure of innovation, Intellectual property is now seen as a “right”. TRIPS Agreement, WTO, WHO and Indian Patents Act, 1970 has given a new shape to the patent regime and public health with 2005 amendment. Health is the supreme concern of every human being because a healthy mind lives in a healthy body. Right to health falls in the ambit of right to life as per Article 21 of Indian Constitution. Our supreme law of the land i.e. the Constitution has given good response to health issues. Our constitution is not blind on health issue. It is again evident from Preamble where social justice comes before economic and political justice. Research and Development and Access to medicine at affordable price are two aims to be worked at simultaneously. In India, generic drugs are fulfilling these needs. The paper will focus on the effects of patent regimes and monopolies on*

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*pharmaceutical sector and access to medicine at affordable price in developing countries.*

**Keywords:** *Pharmaceutical sector, Access to medicine, TRIPS, Generic medicines, Public health.*

## INTRODUCTION

Patent is one of the Intellectual Property Right which provides a platform to the inventions as well as maximum benefit to the society. Patent is the monopoly right which is granted to a person for period of twenty years. In developing countries like India, where Pharmaceutical Industry is setting its heights through Research and Development, by inventing medicines and drugs in its name through Patent. Monopolistic Right over a patented medicine may cause a difficulty to easy access of medicine at lower price to the developing countries. Transformation of process patent to product patent through amendments is itself evidentiary to the aim of providing medicine at cheaper rate and technological advancement in India. “The idea of a better ordered world is one in which medical discoveries will be free of patents and there will be no profiteering from life and death. Indira Gandhi at the World Health Assembly in 1982.

## WHO AND ACCESS TO MEDICINE

WHO estimates that one third of people in the world have no access to medicines, this includes a large number in South-East Asia. Medicines should be available on the basis of need rather than the ability to pay. Where trade agreements affect health, priority must be assigned to health aspects. WHO addresses its mandate by providing guidance on the revision of national pharmaceutical legislation, and by increasing awareness and information regarding the public health implications of the Agreement on Trade-Related Intellectual Property (TRIPS). This includes monitoring of the effects of globalization and TRIPS on access to medicines through different mechanisms.

WHO perspective on access to medicines:<sup>1</sup>

- Access to medicine is a human right.
- The affordability of essential medicines is a public health priority.

- Essential medicines are not simply another commodity.
- Patent laws should be managed in an impartial way and strike a balance between the incentives provided to stimulate innovation and public health needs.
- WHO supports the incorporation of TRIPS flexibilities in national legislation, in order to protect public health.

The HIV/AIDS epidemic and the high prices of Anti Retro Viral Drugs (ARVs), which were out of reach of the millions in developing countries needing AIDS treatment, led to significant concerns about the implications of TRIPS on access to medicine. These concerns ultimately culminated in the Doha Declaration, which represents an explicit recognition of the need to protect public health within international trade rules. However, implementation of the Doha Declaration remains problematic and access to expensive, patent-protected second-line ARVs remains uncertain in the developing world.

## **DEVELOPING COUNTRIES AND PRODUCT PATENT REGIME**

In the knowledge based pharmaceutical industry, technology becomes obsolete due to 'creative destruction' of innovations. As many innovations actually stand on the shoulders of giants, providing stronger intellectual protection to pharmaceutical innovations goes against the interest of countries which do not have adequate manufacturing and technological capacity. Adhering to the TRIPS Agreement in the pharmaceutical sector poses several questions before developing countries and least developed countries.

Would the product patent regime affect the access to medicines for the public or do the Intellectual Property Rights (IPRs) totally endanger the access to medicines? What are options available in the TRIPS agreement to meet their welfare objectives and is it possible for them to avail those options? Even if they avail the options, will the pharmaceutical industry in developing countries be able to face the challenges to product patent regime and would they be able to assess various options and continue to operate in WTO regime?

Implicit in the Article 7 of the TRIPS Agreement is that, the TRIPS regime should facilitate free flow of trade, investment and technical know-how among member countries by resolving barriers that exist in the form of differences in the standards of intellectual property in

a manner conducive to fulfil the socio-economic welfare and rights obligations.<sup>2</sup>

## **PATENT AND PHARMACEUTICAL INDUSTRY**

The basic idea behind patent protection is that the invention is made public, while the inventor for a limited time has the exclusive right to make, use or sell that invention. It can be argued that the notion of patent right is built on a contradiction: in order to promote the development of ideas, it is necessary to reduce the freedom with which people can use them. The principle arguments of the pharmaceutical industry in favour of patent rights are related to the fact that it invests huge amounts in the development of new drugs and hence deserves returns for such investments. However, even after those investments have been made on Research and Development, the pharmaceutical sector has consistently been more profitable than any other industrial sector.

Patents are granted for inventions, not for medicines per se. Thus patents may be granted for:

1. a chemical compound or molecule;
2. a medical indication or therapeutic effect of the molecule;
3. the combination of products (e.g. a fixed dose combination of two or more molecules);
4. the manufacturing process (known as a process patent).

There could be more than one patent for a single medicine, e.g. the chemical compound and its production process can both be patented. It needs to be kept in mind, however, that national laws may restrict the kind of patents that may be granted for medicine; some laws can explicitly bar the grant of patents for drug combinations (as in India).<sup>3</sup>

Domestic industries outside the developed countries have been able to develop in places where strong protection for product patents did not exist. India is representative of such situation; the Indian Patents Act of 1970 allowed Indian Companies to develop and market generic versions of patented drugs.

## **TRIPS, THE DOHA DECLARATION AND PUBLIC HEALTH**

A majority of members of the WTO already had some form of intellectual property protection in exercise prior to the TRIPS

Agreement. For example, as of Jan, 1995, fewer than 20 of the current WTO developing country and least-developed country members excluded pharmaceutical products per se from the grant of patents. The key difference that came after the adoption of the TRIPS Agreement in 1995 was that countries were bound to certain minimum universal standards of patent protection.

Articles 7 and 8 of TRIPS set out the broad objectives of the Agreement. These include: promotion of technological innovation, transfer and dissemination of technology, measures to protect public health and nutrition and promotion of public interest. Countries can include measures in their national legislation that limit exclusive patent rights, so that the objectives and principles of the TRIPS Agreement can be achieved. The Doha Declaration on the TRIPS Agreement and public health, made later during the WTO Ministerial Meeting in 2001, further affirmed the right of countries to use the flexibility in TRIPS to the fullest. Flexibilities with TRIPS include- Government use, Compulsory licenses and Parallel importation.

## **COMPULSORY LICENSING**

Compulsory Licensing is a procedure whereby a Government can allow any company, agency or designated person the right to make a patented product, or use a patented process under license, without the consent of the original patent holder. Under section 84(1) of the Amended Act, an application can be made for compulsory license three years after the grant of a patent: “At any time after the expiration of three years from the date of the grant a patent, any person interested may make application to the Controller for grant of compulsory license.”

## **PATENT LAW IN INDIA**

The history of Patent Law in India starts from 1911 when the Indian Patents & Designs Act, 1911 was enacted. The present Patents Act, 1970 came into force in the year 1972, amending and consolidating the existing law relating to patents in India. The Patents Act, 1970 was again amended by the Patents (amendment) Act, 2005; wherein product patent was extend to all fields of technology including food, drugs, chemicals, and micro-organisms. After the amendment, the provisions relating to Exclusive Marketing Rights (EMRs) have been repealed,

and a provision for enabling grant of compulsory license has been introduced. The provisions relating to pre-grant opposition have also been introduced.<sup>4</sup>

An invention relating to a product or a process that is new, involving inventive step and capable of industrial application can be patented in India. However, it must not fall into the category of inventions that are non-patentable as provided under sections 3 and 4 of the (Indian) Patents Act, 1970. The introduction of product patents for pharmaceutical inventions and the consequent threat to an internationally renowned generic industry that has thus ensured the supply of affordable drugs spurred widespread protests, both nationally and internationally, to an extent never before witnessed in the annals of intellectual property law making in India.<sup>5</sup>

## **GENERICS ARE A LIFELINE**

“Generic drugs play a vital part in our programmers’ i.e. in Medicines Sene Frontiers (MSF) or Doctors without borders. These generics that we source from India are used by us in 60 countries and constitute nearly two-third of the drugs we use for HIV, TB and malaria. We have limited resources and we are committed to delivering health care to as many as possible. It is imperative that we keep costs low. Take the case of AIDS treatment, it is on account of the competition largely from Indian generic drugs that the annual cost of the HIV cocktail needed has been brought down 99% from about \$10,000 in 2000 to about \$100 today. This made another 16 million people possible to have the treatment. These statistics speak for themselves. The role generics play in affordable health care hardly needs emphasis. In many cases they are lifeline.” said by Jerome Oberreit, Secretary General of MSF.<sup>6</sup>

## **CASES**

### **THE NOVARTIS CASE**

Worldwide, Novartis is the main producer of Glivec, a drug used for treating blood cancer. The company has sought a patent that would give it in the exclusive right to produce Glivec, stopping production by the Generic Drugs Industry in India.

In 1997, when India did not allow protection for pharmaceutical products, Novartis filed a patent application in the Chennai Patent

Controller's office for what Novartis kept on hold until 2005 when India amended its patent system. In Jan, 2006, the Patent Controller rejected the application, stating that the Patents Act does not allow protection for products that are a modified version of an existing drug, and that in this case the new version lacked novelty. In May, 2006, Novartis challenged this decision in the Chennai High Court.

In Aug, 2007, the Chennai H.C. transferred the case to the newly created Patent Office in the Intellectual Property Appellate Board. In June 2009, the Appellate Board disagreed with the Patent Controller and found that Glivec was new and involved an inventive step. However, it still denied patent protection because it said Novartis did not demonstrate that the new product was more effective than the previous one, as laid requires by the Patents Act.

Novartis petitioned the SC to review the Intellectual Property Appellate Board's Decision. The company argued that Glivec had satisfied key criteria including novelty, and hence it should be considered on "invention" under the Patents Act. In April, 2013 the Supreme Court upheld the Appellate Board's decision and its finding that Novartis failed to prove improved therapeutic efficacy of the new version.<sup>7</sup>

*F. Hoffman-La Roche Ltd. v. Cipla Ltd. (Delhi High Court):*

The Court, while rejecting the application from Roche for a temporary injunction preventing Cipla from manufacturing and selling at very low price the generic version of the cancer drug erlotinib, observed:

"therefore, this Court is of the opinion that as between the two competing public interests, that is, the public interest in granting injunction to affirm a patent during the pendency of an infringement action, as opposed to the public interest in access for the people to a life saving drug, the balance has to be tilted in favour of the latter. The damage or injury that would occur to the plaintiff in such case is capable of assessment in monetary terms. However, the injury to the public which would be deprived of the defendant's product which may lead to shortening of lives of several unknown persons, who are not parties to the suit, and which damage cannot be restituted in monetary terms, is not only uncompensatable, it is irreparable. Thus irreparable injury would be caused if the injunction sought for is granted."<sup>8</sup>

## SUGGESTIONS

- Fine balance should be maintained between the cost of Research & Development process and lifesaving drugs.
- Protecting people's health and saving their lives must take precedence over and the very high profits which drug companies derive from this.
- Government needs a permanent guarantee that they can put public health and the welfare of their citizens before patent rights, without having to face legal pressures or threat of trade sanctions.
- International Trade agreements and National laws on IPRs need a conclusive aim of public health by providing medicines to poor at cheap price.

The rate should be kept at a competitive level so that there is no increase in prices drugs and medicines.

## CONCLUSION

It may be concluded that since 1970, India's Patent Act has allowed Indian manufactures to legally produce generic versions of medicines patented in other countries. 2005 marks a fundamental and potentially dramatic change in access to medicines in developing countries such as India, now have to implement patent laws in compliance with the World Trade Organization (WTO) and Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement. The amended Patents Act has an effective opposition system for challenging frivolous patents, limited patentability exceptions, elaborate provisions pertaining to compulsory licensing, and parallel importation. India has continued to maintain a fine balance between TRIPS and public health by providing drugs at cheap rate domestically and around the world.

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# An Endeavor to Lure A Middle Pathway between Intellectual Property Right and Competition Law

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## Abstract

*The recent judgment of single judge bench of Delhi high court in Ericsson v. CCI case has again raised the question whether Intellectual Property Rights and Competition Law are contradicting with each other. Intellectual property rights grant a degree of exclusivity to the original creators or inventors, necessarily restricting access of others to the same while competition law seeks to promote competition and increase access to the market. There is a seemingly inherent conflict between these two. There is no doubt that in the modern economy, Intellectual property and competition have complementary roles in the ultimate goal of the protection of consumer welfare. However, it cannot be ignored that the direct and the immediate goals of these two realms of law do conflict sufficiently to need some mode of reconciliation – a middle path. This middle path can only be achieved by separating the functioning of two spheres of each other. It is in this backdrop that the paper shall make an attempt to show that both IP and competition have distinct operational areas and their functions can and must be kept independent.*

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*The most hammered areas of legal frameworks of IP Laws & Competition Law and Ericsson case study shall be the focus areas of this research paper. At the end, the researchers would try to find out the solutions by drawing a middle path in the form of reconciliation.*

## INTRODUCTION

Intellectual Property Rights (IPRs) and Competition Law seem to operate in different domains having distinct objectives and applications. Thus, understanding the smooth operation of IP law to competition law is the most challenging task, which needs immediate attention.<sup>1</sup> With the evolution of jurisprudence on competition law and the emergence of a plethora of cases, it has become utmost important to understand the interface between two mainstreams of law, i.e., IPR and competition law. Intellectual Property Rights offer a period of exclusive rights to exploit the property in question.<sup>2</sup> Competition law, on the other hand, seeks to maintain effective access to the market.<sup>3</sup> Very simply, Intellectual Property protects individual interest while competition protects the market. This leads to the immediate interface that there is a conflict between the two sets of regulatory mechanisms.<sup>4</sup> The non-excludable character of intellectual property that causes the deadlock between the two essentially creates the interface and connection between IPRs and competition law.<sup>5</sup> Thus, this tussle boils down to the conflict between the IPR law and the competition law, which needs to be amicably resolved.

However, there have been wide changes in both laws in the recent times. On one hand, competition law is emerging as a law designed for regulation of economic power<sup>6</sup> and on the other hand expansion of IPR coverage to wide range of markets and products along with the emergence of IPR driven markets in various jurisdictions is taking place.<sup>7</sup> Thus, the latest trend and dispute has shifted from conflict between the domain of IPRs and completion law to the exercise of rights in intellectual property affecting competition law. This flows from the fact that the both are intended towards furthering innovation and consumer welfare.<sup>8</sup>

## **OBJECTIVES OF INTELLECTUAL PROPERTY AND COMPETITION LAW**

The perception of such conflict is further bolstered by the historical emphasis of Intellectual Property Law which was based on the policy of reward to the creator or inventor.<sup>9</sup> At the time of introduction of protection for Intellectual Property, the law was designed to reward the inventor for making his work public and thereby allowing the society to access something that would otherwise have remained secret.<sup>10</sup> Protection in the form of IPRs was the price paid by society to the inventor so that the latter would make his work public.<sup>11</sup> As a result, there was a great focus on the individual right of the inventor.<sup>12</sup> It was not envisaged that protection of IP benefitted the society as well.<sup>13</sup> When IP law focused on such a traditional relationship between the inventor and the general public, the conflict between IP and competition is much easier to explain. Here IP has no commonality with competition policy and the two pursue divergent goals.<sup>14</sup> IP seeks to protect and reward the inventor by granting exclusivity and competition law seeks to protect the market by enhancing access,<sup>15</sup> which necessarily goes against the exclusivity granted by IP.<sup>16</sup>

With time, the idea of what must be rewarded has changed.<sup>17</sup> It is not the act of making the invention public that is being sought to be rewarded, but the necessity to promote innovation and creativity through the creation of incentives.<sup>18</sup> Reconciling intellectual property and competition policy requires recognizing that IP law is a form of competition policy.<sup>19</sup> With this change in approach, IP law becomes less individual-centric. The result is a balance between individual interest of the right-holders and the general interest of the society in encouraging further innovation.<sup>20</sup> Since the aim of such innovation is ultimately more competition, competition law and IP become less divergent. However, a close observation reveals that both IPR and Competition Law work towards a common objective. There is a unanimous consensus on the fact that both aim towards promotion of innovation and consumer welfare.<sup>21</sup>

## **THE TRIPS AGREEMENT**

The Trade Related Aspect of Intellectual Property Rights ('TRIPS') Agreement also enumerates guidelines and safeguards in this regard.

The essence of the same can be narrowed down to three guiding principles which are:

1. It is up to the determination of each nation to reserve its own IPR-related competition policy.
2. It is required to have consistency between the TRIPS Agreement's principles of IP protection and national IPR-related competition policy.
3. The focus is majorly centered towards targeting those practices that are restricting the dissemination of protected technologies.<sup>22</sup>

The TRIPS agreement enumerates elaborately in its text the role of IPRs and supporting character of competition policy to avoid the deadlock between the two domains.<sup>23</sup> However, TRIPS agreement is merely facilitating than being mandatory. Thus, the objectives and principles of TRIPS guide in attaining the competitive balance required for facilitating innovation along with economic growth.<sup>24</sup> Article 6 of the TRIPS deals with an important aspect of exhaustion, which plays, a vital role under competition law. It deals with exhaustion of rights. It facilitates the balancing of rights, duties and liabilities under the two domains.<sup>25</sup> Article 8.2 deals with other aspects of objectives and principles enumerated under the TRIPS Agreement.<sup>26</sup> This article is of much importance from the perspective of developing nations as it facilitates developing nations in justifying its' provision and stand in competition law for dealing in areas that are silent under TRIPS agreement like abuse of dominant position in the relevant market and IPR.<sup>27</sup>

Article 40 of TRIPS<sup>28</sup> is the cornerstone of the interface between IPR and competition law and helps in providing flexibilities to the developing nations. It has provisions like code of conduct for transfer of technology<sup>29</sup> for the developing nations and equitable principles for regulating anti-competitive and restrictive practices that were adopted by the UN General Assembly in 1980.<sup>30</sup> Further, Article 7 acts as a guiding principle for interpreting the provisions pertaining to IPR and competition law under TRIPS.<sup>31</sup> Article 31(k) also acts as a strong provision to counterbalance the adverse effect of IPR on competition law.<sup>32</sup>

## **EMERGING JURISPRUDENCE**

As discussed above, TRIPS agreement provides a wide ambit for inclusion of provisions pertaining to IPR and competition law. Further, it also grants flexibility to all the nations including developing nations to formulate provisions as per the needs and requirements of their market. However, in the absence of a mandatory provision, there are ample chances of subjection of this contentious issue to more negotiations at World Trade Organization.<sup>33</sup> Thus, in the light of the above possibility, it is of utmost necessity for the developing nations to clarify its stand and scope on the subject of interface between competition law and IPR to be able to exercise the flexibility accorded to it in the future. There are also chances of development of mandatory provisions under TRIPS pertaining to the present jurisprudence in developed countries.<sup>34</sup> This would directly hamper the development, growth and flexibilities in developing nations.

Thus, developing nations should concentrate and analyze the aspects related to their economies to build a framework for reconciling both IPR and competition law. There is not much jurisprudence and provisions available under TRIPS for regulation from the perspective of competition policy except for few elaborations. TRIPS pose lots of difficulties to the developing nations as it mostly addresses and facilitates the developed nations' policy framework. Most of its substantive content draws its roots from EPC and thus it had negligible impact on EU<sup>35</sup> and created many changes as far as developing nations are concerned.

## **THE STUDY OF INTERFACE IN INDIA**

With the emergence of a plethora of cases and regulations pertaining to prevention of the overriding effect of IPR over competition law, it has become necessary to critically analyze the subject in great details with respect to both statutory provisions and judicial precedents. However, a mixed view is prevalent in the present scenario pertaining to the much debated issue of IPR and competition law. Critically examining, one can easily reach to the reasonable inference that every subject under IPR does not need regulation by the competition law.<sup>36</sup> IPR merely confers the dominant position or facilitation of, but this does not necessarily imply the abuse of dominant position by the proprietor

of the subjects specified under IP laws.<sup>37</sup> In India, Competition Act, 2002 provides for the prohibition of anti-competitive practices and not monopolies per se. Completion law effectively operates to regulate the unjustified practices under IPR subject to conditions and provisions enumerated therein.

## STATUTORY ANALYSIS

The Competition Act, 2002 passed by the Indian legislature is in synchronization with the principles of economic efficiency and liberalization. With the opening of trade barriers and rapid flow from international markets, a need was felt for robust regulation of the same. Thus, initially an open market policy was formulated in India. Later on keeping in mind the new challenges, Competition Act was enacted which seeks to fulfill its objectives vide prohibition of the following:<sup>38</sup>

- (a) Anti-competitive agreements;
- (b) Abuse of dominant position by the enterprises in the market; and
- (c) Regulation of combinations that exceed the threshold limits against the prescribed assets or turnover.

The competition law policy and practice find reference in the Indian law vide Articles 38 and 39 of the Constitution. It lays down the principles for promoting and securing social, economic and political justice for the people and maintaining social order.<sup>39</sup> The duty is on the State to ensure the same. Additionally, the State is burdened with the duty to regulate the ownership of material resources and direct the control in the best way to address the common good with fulfillment of maximum objectives. This is to ensure and check the concentration of power in the hands of few, which leads to anti-competitive practices and accumulation of wealth in the hands of few.

In order to fulfill the gaps in the MRTP Act and counterbalance the challenges, Government in October 1999, appointed a High Level Committee to draft a new completion law.<sup>40</sup> Consequently Competition Act, 2002,<sup>41</sup> was enacted with robust provision and inclusion of TRIPS complying provisions too. Section 3 of the Competition Act, 2002 dealt with the anti-competitive agreements. The interface between competition law and IPR can be easily traced by incorporation of Section 3(5) of the Act. It is essentially a blanket provision which acts

as an exception for IPRs under Section 3(5) of the Act. This is done to accommodate innovations and thereby promote technologically advanced goods and products.<sup>42</sup> However, it also regulates efficiently, the practice in order to check unreasonable practices of IPR under this provision.<sup>43</sup>

## JUDICIAL PRECEDENTS

Since the emergence of MRTP Act and Competition Act, 2002, plethora of cases have emerged, laying down principles related to the subject-matter of competition law and IPR. Anti-competitive agreements<sup>44</sup> and abuse of dominant position<sup>45</sup> along with other sub-heads form the framework of Competition Act that determines the regulation of IPR pertaining to competition law. There have been various landmark judgments pertaining to the conflict between IPR and the competition law. Various authorities and agencies are continuously deliberating and debating over this contentious issue. *Aamir Khan Productions Pvt. Ltd. v. Union of India*<sup>46</sup> is a landmark judgment delivered by the Bombay High Court wherein the Court while dealing with a matter pertaining to the issue of IPR held that CCI has the jurisdiction to deal with all cases concerning competition law and IPR. In *Kingfisher v. Competition Commission of India*<sup>47</sup> also, the Court reiterated that the CCI is competent to deal with all the issues that come before the Copyright Board. Such cases enumerate the fact that the Indian Courts are ready for dealing with emerging cases of competition law involving IPR.

In the case of *FICCI Multiplex Association of India v. United Producers/Distributors Forum (UPDF)*,<sup>48</sup> the petitioner (FICCI) filed a complaint against the UPDF alleging the formation of market cartels in the film industry. This was deliberately done by UPDF to boost their revenue, and thus, it had refused to strike deal with the multiplex owners. This has direct and drastic effect on the multiplexes as their business is wholly dependent on the film industry. In *Hawkins Cookers Limited v. Murugan Enterprises*,<sup>49</sup> The Delhi High Court held that a well-known mark on the pretext of being prominent and well-known cannot be left unchecked to create a monopoly in the market by indulging in practices of controlling the incidental market. The same would fall under the category of abuse of dominant position in the market and is prohibited.

## CONCLUSION

It can undoubtedly be inferred now that both IP and competition law have complementary goals. Both are working towards achieving the ultimate objective of promoting innovation and protection of consumer and economic welfare. IP furthers innovation which consequently results in promotion of competition in the market. Over the time, direct goals of these two domains of law have been sufficiently reconciled for attaining the optimum middle path. IP confers rights to the property holder to enjoy the returns of the disclosure, while competition law is required to deal with IPR in a manner of not absolutely curtailing it rather reconciling it with the goals of competition law. Competition law should impose regulation on IPR only to the extent of interference by holder of IPR in the domain of competition law. There is a need to strike an optimum balance between the policies of IPR and competition law. This will facilitate the long term relationship between the two along with fulfilling the goal of innovation and economic welfare.

The detailed analysis of both the streams IPRs and competition law direct us to the conclusion that both have overlapping issues which can't be dealt in isolation. Despite both are in essence poles apart, however, their goals and objectives are converging than conflicting as understood in general parlance. Despite the fact that there are intricacies and sensitive issues, both the streams have managed to reconcile and strike a middle path in order to ensure the fulfillment of the ultimate objective of common good and protection of consumer welfare. Thus, at this initial stage of competition law in India, the emerging jurisprudence in India and abroad allay down sufficient framework for development of competition law and regulatory scheme for IPR. The emerging jurisprudence had effectuated the inclusion of gradual changes in both the laws thereby getting prepared to tackle new challenges and plethora of new cases and disputes.

Also, it is equally important from the perspective of a developing nation like India to understand the sensitive and crucial aspects of the contentious issue of tussle between IPR and its effect on competition law. The framework is set inappropriately to handle any interference with economic growth. However, a true understanding and application



of laws and reasons behind the precedents would help in ensuring the smooth function of both the domains and specific needs of the Indian market.

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# Status and Issue of IPR in Digital Era– A Study

Minakshi Kumari\*

## Abstract

*Technological developments during last two decades have tremendous opportunities of speedy information and development of the world market for information resources and services. The Modern Society belongs to the technology and needs variety of information resources. In the ICI era, Intellectual property right have been emerging as a big challenge around the competitive world. It is the practical means to legally act for protecting human creation and public welfare. This paper covers the traditional Intellectual Property Rights (IPR) laws and associated concepts from printed to digital works, and discusses how the characteristics of digital replication pose problems for traditional IPR systems. It provides some perceptivity into the India software industry by discussing the scope of the India copyright law, the right of owner, infringement, penalties etc. Also the paper discusses the distinction between “public” infringers who make works available to others, either for free or for profit, and “private” infringers who are making a personal copy. The copyright law in most countries allows copying for private use, which makes most private infringement legal.*

**Keyword:** *Intellectual Property Right, Copyright, Digital content, IPR law, Copyright law.*

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## INTRODUCTION

Intellectual property is an area of law that has evolved with development of technology. The increasing use of both computers and communication technology has given rise to a digital economy. This new economy is changing the way products are produced, the nature of products and their distribution. Certain distinctive qualities of the digital medium have given rise to challenging legal issues. Thus, Intellectual Property Rights (IPR) have come to be recognized as an important tool for economic dominance. The objective of this paper is to analyze an emerging digital IPR regime with respect to copyright protection as libraries move from the physical medium to the digital, library staffs are increasingly confronted with the challenges of addressing copyright and other Intellectual Property Rights (IPR) issues related to digital information. Copyright has become a hot topic and a vexing issue for all those who have a stake in scholarship and scholarly communication. In the digital world, the very premises and philosophy of copyright are being questioned and voices are being heard reviewing its tenets. What is so different in the digital age that has made it an engaging topic for all the stakeholders in the scholarly communication process? Balancing conflicting “private” and “public” interests is neither easy nor explicit. This issue is further accentuated in the world of academic research, where the private and public concepts are very nebulous. The issue of rights ownership transgresses into the realm of hair-splitting issues of creativity, work for hire and other equally contentious matters.<sup>1</sup> In the world of scholarship and intellectual heritage, libraries play a very important role: libraries are the voices for the “public good”. But, in the digital millennium, how do we balance often conflicting interests? How are libraries and library services affected? This paper attempts to examine copyright issues and their exceptions, especially in the context of academic research, with a view to highlight the issues that are of concern to libraries, scholarship and to society.

We are living in the Information Age, where information is a vital resource. There are various means through which a person can gain information. One of the best sources of information is a book. Books are the unparalleled instruments for setting down man’s knowledge and wisdom.

Many libraries in India acquire information sources in different media, one of which is digital media. The digital form enables the information sources to be easily copied and transferred over the network. Digital media requires specific modifications in the Indian Copyright Law or altogether different law to ensure that the creator's rights are protected by fair use of such media.<sup>2</sup>

### **What is Intellectual Property Rights?**

Intellectual property is not a single property but also a bunch of intangible property.<sup>3</sup>

### **Intellect**

Intellect is an intangible creation of the human mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce, if we expressed it in a tangible form that is assigned certain rights of property.<sup>4</sup> Examples of intellectual property include an author's copyright on a book or article, a patent on the process to manufacture racing motorcycle design, a distinctive logo design representing a soft drink company and its products etc.<sup>5</sup>

### **Property**

Property identifies those things that are commonly "one's own thing". A right of ownership is associated with that property. One can do anything with that property e.g. buy or sell.

### **Properties are of two types –**

1. Tangible Property (Physically Present)
2. Intangible Property (Spiritually Form)

Building, land, house, cash, jewellery are a few examples of tangible properties which can be seen and felt physically. On the other hand there is a kind of valuable property that can't be felt physically as it does not have a physical form. Intellectual property is one of the forms of intangible property. It is above the value of a tangible asset.

### **Rights**

It is certain laws or acts given to that creator for their creation in certain period of time.

## **Definition of IPR**

According to the World Intellectual Property Organization (WIPO), “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”.

## **Significance of Intellectual Property Rights in Modern Era**

The main purpose of intellectual property law is to give protection, encourage the research innovation and rewarded for their original work. Without IPR, creators and inventors would derive no benefit/ gain from new ideas from their work, and the investment made in that works would never be compensate.<sup>6</sup>

It can valuable because it represents ownership and an exclusive right to use, manufacture, reproduce, or promote a unique creation or idea. Like other forms of property, Intellectual Property is also an asset which can be owned, sold, and exchanged.

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). IPRs have assumed significant importance since the signing of the Agreement on Trade Related Intellectual Property Rights (TRIPS) under World Trade Organization (WTO). India has been a World Trade Organisation (WTO) member since 1995.

## **Role of World Intellectual Property Organization (WIPO) in IPR**

WIPO was a specialized agency of the United Nations system of organizations in 1974. It was established by a convention signed at Stockholm on July 14, 1967 and entitled “Convention Establishing the World Intellectual Property Organization”.<sup>7</sup> The WIPO Convention entered into force in 1970. It is an international organization dedicated to helping ensure that the rights of creators and owners of intellectual property are protected worldwide. This international protection acts human creativity, enriching the world of literature and the arts by providing a stable environment for marketing products protected by intellectual property.

On April 26 every year we celebrate World Intellectual Property Day to promote discussion of the role of intellectual property for encouraging innovation and creativity.

### **Rights Protected under Intellectual Property**

The intellectual property rights are the bunch of rights. Different types of intellectual property rights are there. The major types of Intellectual Property Rights<sup>8</sup> are:

- I. Copyrights and Related rights
- II. Patent
- III. Industrial Design
- IV. Trademark
- V. Trade Secrets
- VI. Geographical Indications
- VII. Integrated Circuits Layout Design
- VIII. Protection of New Plant Varieties etc.

### **Copy Right Law in India**

The copyright law of India gives moral rights to the authors of an original literary work. Moral rights under the Indian Law have been conferred upon the authors of an original work, and include the combination of three rights, viz. Right of Publication; Right of Paternity; and the Right of Integrity. It is significant to note that moral rights stand independent of the economic rights flowing through authorial creations, and vests with the author even after the transfer of his copyright.<sup>9</sup>

The aspect of moral rights in India has been as author specific right added upon him rights to prevent mutilation of work in any form.<sup>10</sup>

These days more and more books and journals are being printed in electronic form in addition to print form. This has been made possible by the development in information technology. The rapid advances in the field of IT are affecting the society in more than one way. The new technologies have brought in significant changes in almost all activities of human life be it manufacturing, trade and business, art or culture etc. The publishing industry is also no exemption as we see the traditional



printing and publishing services are fast giving way to electronic publishing.

Electronic publishing is a process where activities relating to publication such as submission of manuscript, formatting, editing, printing and even distribution are carried out with the help of computers and telecommunication technologies. In its simplest form, electronic publishing describes a situation where use of computers is limited to formatting and editing etc. but the final output is processed in the conventional print forms.<sup>11</sup>

The latest trend, however, is towards paperless publication where the entire flow of information from the authors to the readers takes in machine-readable form. Technologically, electronic publishing is taking two important forms, viz. Optical Disk (e.g. CD-ROM) publishing and network publishing.<sup>12</sup>

### **Digital Libraries and Content Creation**

Digital libraries, by virtue of how content has been created and made available, can be broadly grouped into three classes: born digital, turned digital and gained digital libraries.

#### **Born Digital**

In born digital libraries, the content is created in digital form with the purpose and understanding that the content is primarily meant for storage and use in digital form. The tools for creating born digital content are word processing package (e.g. MS office) or complex multimedia content authoring and development tools.

Born digital content can be categorized into exclusive digital wherein the analog version is not developed at all. This could include creating course focused content, e-books, learning objects or other multimedia content where analog counterparts are not meant to be created or are not required. The other type of born digital content type is digital for print. In this type, the content is created in digital form for dual purposes, which include hosting the content in digital libraries and also having a print counterpart of the content so developed. Many books and journals publishers follow this model of content creation.<sup>13</sup>

The difficulty with born digital content is that content creation can be a time consuming task taking a long time to settle the digital library.

Further, resource requirement in terms of manpower and financial resources would be high for the content creation process.

### **Turned Digital**

In the turned digital type, the contents that are in analog form such as the printed books are converted to digital form. Digitization technologies mainly the scanning technology is used to turn analog material existing on print media including paper, manuscripts, etc. to digital form and storing them in digital form only. Digitization technologies are also improving day by day making it easier to turn analog content into digital content. Major digital library initiatives in the world such as Project Gutenberg and the Million Book Project belong to the turned digital library kind.

Based on the type of conversion involved, the turned digital kind can be categorized as turned digital with replica content and turned digital with modified content.

The disadvantages of turned digital content include the large size of the resultant scanned file which can become time consuming to download for voluminous publications. With regard to copyright issues, digitizing “out of copyright” material and institution owned copyrighted material such as dissertation and thesis is easier but obtaining permissions from copyright owners of other desired materials is a daunting task.

### **Gained Digital**

In the gained digital type, the content by itself might have been born digital or turned digital at some source but the library is not associated with the creation of content. The library only acts as a facilitator to access the already available content. This could include licensed resources such as the e-journals, e-books, databases, etc. to which through licensing mechanisms, the library facilitates access to these resources but do not own the content themselves.

Although very high costs are involved in developing a gained digital content in the library collection, the consortium access ensures that high-quality resources can be made available to the users in the shortest time and content is easier to manage. On the other hand, considering that content is usually licensed, the perpetuality of the digital content can be a problem area. Moreover, the users should be sensitized about

the copyright issues involved as the library is likely to have entered into licensing agreements with publishers or other intermediaries with regard to the usage of the content.

### **Complexities of Digital Networks and Copyright Law**

The significant copyright issues in the digital era can be classified into three groups:

- Issues relating to a whole new set of work, namely, computer programs, databases and multimedia works.
- Issues relating to reproduction, distribution and communication to the public of a work through digital media.
- Issues relating to the management and administration of copyright in the digital environment.<sup>14</sup>
- The key problems associated with copyright protection include:
- The protection of computer programs is too long; and
- Ideas cannot be protected, such as when a computer programmer looks at someone else's program and steals its ideas. If a programmer steals the form of expression from other computer programs, that programmer is liable for copyright infringement.

Some select situations where copyright problems would not be resolved when accessing or using information includes:<sup>15</sup>

- **Web Content.** In case of copyrighted Web based information, the technical interchange from computer to computer during surfing could be in a form of transmission that infringes multiple copyrights.
- **Data Uprising.** Library services have been based on “fair use” and the “first sale doctrine”. Any library with copyright works on a Web site, gopher site, or FTP site could be liable for a lawsuit as a spreader.
- **Resources** for the creation of technology based protection tools to safeguard digital copyrights may have to come from libraries and publishers of digital works.
- **Increase in Information Value.** Those who believe that information gains value through use and thorough manipulation by a multitude of users, should not claim copyright and should: push information

to users as rapidly as possible; establish a reputation as a generator of quality data;

- **Reduce the Time-to-Market for Research Data;** build publication vehicles such as CDs, flash drive etc. that users use for faster retrieval;
- **Hyperlinks.** A hyperlink used by a site does not directly cause any essential content to be copied, but merely provides a pointer to another site. Since readers are free to click on a hyperlink, though, the owner of the linked site may feel that access should be direct, rather than through the link.
- **Use of Library Computer Terminals.** Library users may make use of computer terminals to view movies, listen music on video/ audio tapes or CDs, run software programs, or download and print copyright materials from databases. Since a library is a public place, there is potential for infringement if the users exceed the licensed number of people. Even though a library has purchased initial copies of these works, it does not mean that the library is free to make copies.
- **Electronic Rights Management:** Several digital copyrightable products ranging from electronic documents to multimedia products are emerging in the network environment. The components of electronic copyright management included in the National Information Infrastructure (NII) White Paper are: a registration and recording system, a digital library system with affiliated repositories of copyright works, a rights management system and a transaction monitoring system to check illegal use of systems.
- **Digital Broadcasting and Meeting.** In the past, broadcasting regulations primarily covered contents. In the USA, satellite based video services like Direct-To-Home are regarded as a telecommunication service, whereas in Europe they are treated as a broadcast service. The IPR framework may need to address various concerns from the broadcasters' and the right holders' point of view.<sup>16</sup>

### **Copying Technology**

If the technology for making copies of a work requires expensive machines, large numbers of people, or financial resources beyond ordinary reach, then the infringement remains a relatively modest and manageable problem. Once the technology changes to make copying trivially easy, as is true at present with digital materials, then the traditional limiting factors that previously made the law enforceable cease to be effective. Ease of copying is often seen as the main problem in allowing infringement, but it is really only one factor.

### **Distribution Technology**

Access technology has two parts: one is the simple distribution of a work; the other is the ability of those receiving the work to make use of it. Distribution matters for any form of public infringement that has an effect on the value of a work. Both rights holders and public infringers need a cost-effective mechanism for getting copies to the point of sale. If a mechanical distribution technology makes distance a factor in the price, then gaps in the distribution of legitimate copies may appear and markets may grow up where the legitimate product cannot (or for pricing reasons does not) fill the demand. If technology drops distribution costs to virtually nothing, then the market becomes effectively global. Access to the contents can be more complex. In pre-digital times, it often meant language, and infringement often had to do with unauthorized translations. Today access means software, network access, and server space.<sup>17</sup>

### **Sales Technology**

The technology of sales determines how a rights holder or a profit-seeking public infringer can get money for a work. The technology can be a mechanical network of transfer payments from bookstores to publishers to authors. Within a common currency area it may function more smoothly than across currency boundaries and across certain economic boundaries sale may not function at all – such as during the cold war. Digital sales mechanisms certainly exist in today's internet, but they have cumbersome aspects, often for security reasons, that make them less attractive for some potential buyers than in-store payment.

## Exceptions to Copyright with Respect to Library

Copyright is not sheer. There are a number of limiting principles and exceptions to the rights. Those principles that are relevant for libraries in the digital age are listed below:

- **Archiving and Copying** – Libraries and archives are permitted to make up to three copies of unpublished copyrighted works for the purposes of preservation, security or for deposit for research use in another library or archive. Libraries can also make up to three copies of a published work to replace a work in their collection if it is damaged, deteriorated or lost, or the format of which has become obsolete.<sup>18</sup>
- **Fair Use** – What constitutes “fair use” is debatable. However there are certain factors that govern fair use:
  - **Purpose and Character of Use**, i.e. is it for commercial use or for non-profit educational purposes?
  - **Nature of the Copyrighted Work** – The fair use principle is generally more indulgent for fact-based works than it is for “fanciful” works, and also is broader for published works than it is for unpublished works.
  - **Amount or Proportion of the Whole That is to be Copied** – Effect that the use has on market potential or the value of the copyrighted work.
- **First Sale Doctrine** – The matter of disposition of a particular copy of a copyright is limited by the first sale doctrine, according to which the owner of that particular copy of the work may sell or transfer that copy. Libraries’ lending and marketing of used books are governed by the first sale doctrine.

Issues and concerns are complicated by the difficulty of defining what constitutes a “copy” in the digital age. The first copy may be the only copy for which the copyright receives an economic return. The paranoia of the holders of copyright stems from this fear of losing the market and the right to distribute. There are understandable concerns of users, including those of libraries, regarding loss of their rights as provided for in the above exceptions”.

## CONCLUSION

The nature and use of copyright material in the digital environment differs from that of the print environment. Copyright materials in digital format can be accessed almost directly from anywhere at any time. An advance in ICT makes it possible for the digital content to be quickly and easily copied on a large-scale without the copyright owner's knowledge, without the use of intermediaries, transmitted, and used by multiple users. The new exploitation opportunities in digital environment have come with new challenges to provide protection to the copyright holders against unauthorized use of their contents in digital environment. In the digital environment contents are created for different purposes and in different modes are not covered by copyright laws in equal and comprehensive terms. Also, it is commonly seen that copyright owners many times directly manage with consumers via contracts, licenses, etc.

Technology has long been recognized as a key factor in enabling copyright violation. Some new technologies attempt to restrict copying (e.g. Digital Rights Management Software). Now internet software is being used thoroughly for discovery and policing. The future of copyright enforcement will likely continue to be a function of technology.

In the Indian context, at present Indian legislation does not deal with the particulars of computer-based network systems. This is true for many developing countries. Digital content providers will have to be conformist to various jurisdictional laws and policies regarding the content provided as well as addressing differing intellectual property laws. In India content providers need assurance of the proper use of intellectual property in the open internet environment and efforts in this direction are on track. There should be legal mechanisms to protect against the hacking of technological protection measures applied to copyrighted works in digital environment.

We live in the ever-changing global digital environment, so it is important that libraries keep abreast of international copyright standards and domestic case law to ensure that their understanding of current copyright legislation is appropriate and maintains a balance between the “public interest” and the rights of copyright owners to earn a living.

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# Compulsory Licensing of Copyrights: Issues and Challenges

Dr. Jyoti Rani\*

## Abstract

*The research aims at analysing the existing recently amended Copyright laws relating to the compulsory licensing and to determine how far these amended laws have been successful in balancing the rights of the Copyright owners. Indian copyright law, which is based on the Berne Convention, includes certain provisions for compulsory licensing of copyrights in respect of certain works, which are withheld from the public. The authority for entertaining complaints on such matters has been given to the Copyright Board, a statutory body established under the Act. The purpose behind the provision is to prevent the abuse of monopolies granted by copyrights, and to create a balance between individual rights and public interest. The Copyright Board has also been given the authority to adjudicate disputes relating to issue of compulsory licenses in copyrighted works.*

## Aim and Objectives

To analyse the existing copyright laws with regard to the compulsory Licensing and to determine the need to the same and how is it affecting the rights of the copyright owners and to analyse the reasons for the existence of such problem and to find out the relevant solutions.

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## **Need for Compulsory Licensing**

The owner of the work may grant any interest in his copyrighted work to some other person through the way of licensing. It should be duly signed by the owner or by his authorized agent. Licensing allows copyright holders to choose the rights a licensee may exploit without passing title.<sup>1</sup> A copyright owner can choose to grant a license for one or all exclusive rights or grant more limited licenses based on geographic territories or other criteria. Each license can enumerate an array of terms, conditions, limitations, and royalty arrangements as agreed upon in a licensing contract. Licenses, therefore, can produce significant financial income for copyright owners.<sup>2</sup>

Non voluntary licenses are necessary in India for public interest. If the owner of the copyright holder denies to republish or if he denies to communicate the same to the public without any reasonable grounds then the complaint can be made against the same in public interest.<sup>3</sup>

Compulsory license is the term generally applied to a statutorily license to do an act covered by an exclusive right, without the prior authority of the right owner. Compulsory license provisions afford the facility of using protected material in certain circumstances, as provided by statute, without seeking the prior permission of the right owner. Some of the terms (for instance those regarding rates of payment) may be fixed by the court, or a tribunal, outside the provisions of the statute.<sup>4</sup> The legislator, in introducing such provisions, has often sought a means to establish a fair rate for the royalties to be charged, and a system for avoiding abuse of exercise of rights in a monopoly situation.

In voluntary licensing, the problem which arises is regarding to the unreasonable terms and conditions set by the owner of the copyright work or the copyright societies. This pulls the attention of the courts towards the compulsory and statutory licensing. For the hassle free work or for the reduction in the litigation and negotiation the concept of non-voluntarily license has been introduced. Earlier it was just compulsory licensing now it is extended to the statutory licensing as well.

## **Distinguishing Compulsory Licensing From Statutory Licensing**

Compulsory licenses provide for the right to use a copyrighted work if certain procedures are followed and a statutorily defined fee is paid.

There is no specific difference as such between statutory licensing and compulsory licensing. In many jurisdictions both the terms are used interchangeably. However the Indian copyright law tries to make a distinction between the two in the sense that under compulsory licensing the rate of royalty is left to be negotiated by the parties but in statutory licensing the rate of royalty is decided by the Copyright Board. In this form of statutory licensing permission is not required before using someone else's intellectual property, provided that a fee is paid. Licence is created by statute and not the copyright owner nor the user.<sup>5</sup>

### **Compulsory Licences**

A compulsory license provides that the owner of a copyright licenses the use of their rights against payment either set by law or determined through some form of adjudication or arbitration. In essence, under a compulsory license, an individual or company seeking to use another's intellectual property can do so without seeking the rights holder's consent, and pays the rights holder a set fee for the license. This is an exception to the general rule under intellectual property laws that the intellectual property owner enjoys exclusive rights that it may license or decline to license to others.

### **Compulsory Licensing on Published Works**

With respect to the 'any works'<sup>6</sup> published or performed in public, compulsory licenses can be obtained by making a complaint to the Copyright Board on the ground that the owner has:<sup>7</sup>

- Refused to re-publish or allow the republication of the work or has refused to allow the performance of the work in public and by reason of such refusal the work is withheld from the public.
- Refused to allow the communication of the work to the public by broadcast of the work or work in the sound recording on such terms, which the complainant considers reasonable.
- Refused to allow the performance of the work in public and by reason of such refusal work is withheld from public;<sup>8</sup>

### **Compulsory Licensing on Unpublished Works**

Compulsory licenses can also be obtained with respect to any unpublished work or any work published or communicated to the public

where the work is withheld from the public in India and in those cases where the author is dead or unknown or the owner cannot be traced.<sup>9</sup>

**Section 31B**– It relates to the Compulsory Licence for the benefit of disabled persons. It was introduced into the Copyright Act, 1957 as an exception to copyright for the benefit of disabled persons (in Section 52(1)(zb)). In addition to this, it has been proposed to insert into the Act, a compulsory licence which would apply to situations which the exception in the proposed Section 52(1)(zb) did not cover.

The proposed Section 31B under which a compulsory licence may be obtained states—who may apply for a compulsory licence in its first sub-section. This sub-section, Section 31B(1) itself has two major causes of concern. Firstly, the proposed amendment does not allow disabled persons themselves to apply to the Copyright Board for a compulsory licence. To be eligible to apply for a compulsory licence to publish any work in which copyright subsists for the benefit of disabled persons, the organisation must:

1. Be registered under Section 12A of the Income Tax Act, 1961;
2. Work primarily for the benefit of persons with disability; and
3. Be recognised under Chapter X of The Persons with Disabilities (Equal Opportunities, Protection of Rights, and Full Participation) Act, 1995.

There are very few organisations in India which would satisfy these criteria. As such, by making the eligibility requirements to apply for a compulsory licence under this proposed Section 31B so limited, the scope of the provision has been severely limited. Secondly, there is no time limit within which the Copyright Board is required to dispose of applications for the grant of a compulsory licence. The Copyright Board is only enjoined to dispose of such applications “as expeditiously as possible” and to attempt to dispose of them “within a period of two months from the date of receipt of the application”. Another problem is that what factors the Copyright Board will count while granting a compulsory licence.<sup>10</sup>

## **Compulsory Licensing and International Copyrights Regime**

### **• Berne Convention**

Article 9 of the Berne Paris Text provides the basis for the provisions concerning compulsory licensing. This provision provides the

Convention's exclusive basis for equitable remuneration and provides for the conditions which should be met before a member country can entirely excuse a use which includes the equitable remuneration and not prejudicing the reasonable interests of the author.

Article 11b is (2) of the Convention provides that the legislation in the member country are to prescribe the conditions for the exercise of the broadcasting rights and sound recording rights. Under Berne Convention - Article II and III of the Appendix talks about the limitations on the right of translation and reproduction of the work related to the compulsory licensing in certain cases. These are the special provision regarding the developing countries.

India has given the formal consent to the Berne Appendix and act according to the provisions relating to the compulsory licensing.

- **TRIPS**

TRIPS Agreement Article 13 restates Article 9(2) of Berne Convention.

- **WIPO Copyright Treaty**

Incorporates rights under Berne by reference, Article 10(1) provides for the 3 step test for all Berne works plus computer programs (Applied to the digital as well as physical environment).

An important case with regard to compulsory licensing is *Entertainment Network (India) Ltd. v. Super Cassette Industries Ltd.*<sup>11</sup> In this case, Radio Mirchi was playing music, the rights of which were held by Super Cassette Industries. The music company filed for permanent injunction and while the suit was pending, the FM operators filed an application before the Copyright Board for the grant of compulsory license under Section 31(1)(b) of the Copyright Act. The question that arose here was whether in such a certain circumstance, granting of a compulsory license was viable. The broadcasters, i.e. Radio Mirchi argued that since a license had already been granted to AIR and Radio City, there were no grounds on which a license to Radio Mirchi should be denied. The Court held that since a compulsory license can be granted on grounds stated in Section 31A of the Copyright Act, i.e. only when access to the work has been absolutely denied to the public. In this case, license had already been granted to AIR and Radio City.

Therefore, it was not absolutely barred to public access. Therefore, the argument of Radio Mirchi holds no water and they were liable for infringement of copyright.

A second issue in this case was whether such a compulsory license can be issued to more than one complainant in the light of Section 31(2)? Here again, although a literal reading of the section made clear that there could only be one such applicant, the court held that, “Sub-section (2) of Section 31 would lead to an anomalous position if it is read literally. It would defeat the purport and object of the Act. It has, therefore, to be read down. Purposive construction therefore may be resorted to.” The case was referred back to the copyright board for determining “appropriate” royalties.

While the judgment faced some criticism, it came as a positive development for the FM radio industry. The decision also put the ball back in the Copyright Board’s court for deciding royalties, a decision on which would alleviate the need for any future negotiations between radio stations and the record labels or collecting societies.

The dispute between the Copyright Society PPL & radio stations was decided by the Copyright Board on the 25th of August, 2010, and the board ordered all music owners in the country to compulsorily licence all of their music to the radio station/applicants at a fixed 2% royalty. This was immediately challenged in a number of petitions and appeals.

## **CONCLUSION AND SUGGESTIONS**

Copyright only protects the expression of an idea. Anyone can create a similar work only the exact copying is not allowed. The idea or expression should be different. Copyright is intellectual property and should be protected like the real or personal property. The Indian Copyright Act grants protection to the works of writers, artists etc. so that they can benefit from the results of their hard work and creativity. However, this comes at a price, i.e., the work should be available for access and fair use for other individuals. There are times when copyright owners refuse to part from their work. In such a case, in order to ensure availability of copyrighted material to the public and free flow of ideas and information without infringing the rights of the copyright owner, compulsory licensing becomes a necessity.

The provisions which are incorporated in our copyright system are insufficient to cop up with the society demand. As the provisions found in our system is different and incomplete in their own way. If we look around the other countries in the world, the laws and provisions are way more specific and cover a variety of situation.

There is a need to limit the principle lays down regarding to the compulsory licensing and also need to protect the exclusive rights of the owner. The mandatory licensing should be an exception rather than making it a rule. It should not use to exploit the owner itself. There is a need to maintain the balance. Thus, the justification of compulsory licensing is based on drawing a mid-line on a spectrum where the market domination is one side and the incentive-less intellectual property system is on the other side.

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# Intellectual Property Rights (IPR) Issues for Libraries in the Era of Digital Preservation and Dissemination of Information

Dr. Shalini\*

## Abstract

*Digital Libraries have been proved as a boon for the library users and the present era has created a platform for the libraries from where information can be disseminated through a wider service network.*

*But somehow these are quite threatened by Intellectual Property Right infringement issues. Information which is selectively acquired by libraries but can be easily transferred to some other platform must be protected. This paper gives an overview of Intellectual Property Rights (IPR) issues & challenges in digital environment and the paper deals with the copyright law as well as the role of librarians in the protection of copyright literature.*

**Keywords:** *Intellectual Property Rights, IPR, Digital Information, Digital Technology, Copyright.*

## INTRODUCTION

The widespread use of computer networks, and the open access to resource materials online and the global reach of the World Wide Web have added to the information sector's production of an abundance of information in

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digital form, as well as offering ease of access to it. Creating, publishing, distributing, using, and reusing information have become many times easier and faster in the past decade. But that can also bring to those who take advantage of the properties of digital information to copy, distribute, and use information illegally.

Migrating traditional print medium such as books, journals, magazines and other library resources into digital form for the purpose of easy access on the Internet opens them up to a lot of unauthorized access. The nature of digital resources makes them vulnerable to various types of attacks. Unauthorized duplication of digital resources undermines the value and integrity of digital resource, threatening to hinder technology innovation and reduce economic opportunities for authors and other copyright owners. Protecting resource materials on the internet not only open new market opportunities by allowing authors and developers distribute evaluation products freely, it also safeguard the efforts of the authors and encourage advancement in intellectual property development.

### **Intellectual Property Right (IPR)**

Intellectual property refers to rights in creations of the human mind which arise under the laws of patents, copyrights, trademarks, trade secrets, unfair competition and related laws. Copyright laws encourage the creation of literary works, computer programs, artistic works, and expressions of national culture.

Intellectual property rights are the legal rights given to creators of intellectual property. Intellectual property rights usually give the creator of intellectual property the right to exclude others from exploiting the creation for a defined period of time. The protection of intellectual property rights contributes significantly to technological progress, competitiveness of businesses and our country's well-being.

Intellectual property refers to creations of the mind: inventions, literary and artistic works, and symbols, names, and images used in commerce. Intellectual property is divided into two categories: first, Industrial Property includes patents for inventions, trademarks, industrial designs and geographical indications. Second, Copyright includes literary works such as novels, poems and plays, films, musical works, artistic

works such as drawings, paintings, photographs and sculptures, and architectural designs. Rights related to copyright include those of performing artists in their performances, producers of phonograms, and those of broadcasters in their radio and television programs. Intellectual property rights are like any other property rights – they allow the creator, or owner, of a patent, trademark, or copyright to benefit from his or her own work or investment.

### **Significance of Intellectual Property Rights**

The main purpose of intellectual property law is to give protection, encourage the research innovation and rewarded for their original work. Without IPR, creators and inventors would derive no benefit/gain from new ideas from their work, and the investment made in that works would never be compensate. It can be valuable because it represents ownership and an exclusive right to use, manufacture, reproduce, or promote a unique creation or idea. Like other forms of property, Intellectual Property is also an asset which can be owned, sold, and exchanged. 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). IPRs have assumed significant importance since the signing of the Agreement on Trade Related Intellectual Property Rights (TRIPS) under World Trade Organization (WTO). India has been a World Trade Organization (WTO) member since 1995.

### **Need of Intellectual Property Rights**

The Intellectual property rights were essentially recognized and accepted all over the world due to some very important reasons. Some of the reasons for accepting these rights are:

- To provide incentive to the individual for new creation.
- Provide due recognition to the creators and inventors.
- Ensuring material reward for intellectual property.
- Ensuring the availability of the genuine and Original products.

## Overview of Laws Related to Intellectual Property Rights

There are four general types of intellectual property law: copyright, patent, trademark, and trade secrets. The various types of intellectual property law receive different legal treatment. They also face oversight from different government agencies. The following sections briefly address the various types of intellectual property law:

1. **Patents:** are property rights given to the developer of an invention. Patents are issued by the United States Patent and Trademark Office (USPTO).
2. **Trademarks:** are words, or symbols that indicate the provider of a good or service. It is used to distinguish between providers.
3. **Trade secrets:** are the last intellectual property categories. Trade secrets are information that gives its holder a competitive advantage in the marketplace. Examples of trade secrets include formulas, patterns, processes, techniques, or procedure.
4. **Copyright:** Refers to the legal protection of original works of authorship. Works covered by copyright include, but are not limited to: novels, poems, plays, reference works, newspapers, computer programs, databases, films, musical compositions, choreography, paintings, drawings, photographs, sculpture, architecture, advertisements, maps, and technical drawings. Copyright does not cover the ideas expressed in such works. But it covers the way ideas are expressed. Copyright protections are automatically provided to the author of both published and unpublished works at the moment they are affixed in a tangible medium. The copyright holder has the exclusive right to the following with his/her work:
  1. To reproduce the work.
  2. To prepare derivative works.
  3. To sell, lend, distribute copies or transfer ownership.
  4. To perform the work publicly.
  5. To display the copyrighted work publicly.

## **Rules and Laws Governing IPR in India**

The Rules and Laws governing Intellectual Property Rights in India are as follows:

1. The Copyright Act, 1957, the Copyright Rules, 1958 and International Copyright Order, 1999.
2. The Patents Act, 1970 The Patents Rules, 2003, The Intellectual Property Appellate Board (Patents Procedure) Rules, 2010 and The Patents (Appeals and Applications to the Intellectual Property Appellate Board) Rules, 2011.
3. The Trade Marks Act, 1999, The Trade Marks Rules, 2002, The Trade Marks (Applications and Appeals to the Intellectual Property Appellate Board) Rules, 2003 and The Intellectual Property Appellate Board (Procedure) Rules, 2003.
4. The Designs Act, 2000 and the Designs Rules, 2001.
5. The Geographical Indications of Goods (Registration and Protection) Act, 1999 and the Geographical Indications of Goods (Registration and Protection) Rules, 2002.
6. The Semiconductors Integrated Circuits Layout– Design Act, 2000 and The Semiconductors Integrated Circuits Layout– Design Rules, 2001.

## **World Intellectual Property Organization (WIPO)**

World Intellectual Property Organization (WIPO) established in 1970, it is an international organization dedicated to helping to ensure that the rights of creators and owners of intellectual property are protected worldwide and that inventors and authors are thus recognized and rewarded for their ingenuity. This international protection acts as a spur to human creativity, pushing forward the boundaries of science and technology and enriching the world of literature and the arts. By providing a stable environment for the marketing of intellectual property products, it also oils the wheels of international trade. WIPO works closely with its Member States and other constituents to ensure that the intellectual property system remains a supple and adaptable tool for prosperity and well-being, crafted to help realize the full potential of intellectual property for present and future generations.

## **Possible Threats to the Intellectual Properties Contained in Digital Resources**

There are three major types of attack and three corresponding technical defenses on the intellectual property contained in digital resources on the Internet. These attacks are software tampering, reverse engineering and unauthorized copying.

**Software Tampering:** Software tampering remains a threat induced by advancements in Information technology application and products. Many mobile agents and e-commerce application must contain encryption keys or other secret information. Hackers who are able to extract, modify or otherwise tamper with this information can incur significant financial losses to the intellectual property owner. The defense against software tampering is tamper proofing so that unauthorized modification to software (for example to remove a watermark) will result in nonfunctional codes.

**Reverse Engineering of Software Products:** The Second technique to be considered is reverse engineering. This is a scenario in which a very valuable piece of code is extracted from an application and incorporated into a competitor's code. Such threats have recently become more of a concern since, more and more programs are being distributed in easily decomposable formats rather than in the primitive or native binary codes. Obfuscation, a process that renders software unintelligible but still functional is a defense against reverse engineering.

**Piracy:** Among the various threats against which digital must be protected, piracy ranks highest in terms of its impact on developments in information technology and the global economic at large. The term "software piracy" covers such activities as the unauthorized copying of resource, counterfeiting and distributing resource illegally. It is important to understand the different resource piracy channels, not just to comply with the law but also to protect against bigger economic problems like lost revenue and lost jobs. The survival of the intellectual properties on the web is paramount to the survival of modern businesses, IT activities and the Internet as a whole. Many users have found themselves caught in the piracy trap, unaware they were doing anything illegal. It is worth explaining ways one can intentionally or unintentionally pirate.

**Unrestricted client access:** Unrestricted client access piracy occurs when a copy of a digital resource is copied onto a library's servers and the library's network "clients" are allowed to freely access the resource in violation of the terms of the license agreement. This is a violation when the library has a "single instance" license that permits installation of the digital resources onto a single computer, rather than a client-server license that allows concurrent server-based network access to the resource. A violation also occurs when the library has a client-server license; the library is not enforcing user restrictions outlined in the license.

**Commercial use of non-commercial resource:** Using educational or other commercial-use-restricted resource in violation of the resource license is a form of resource piracy. Companies often market special noncommercial resources aimed at a particular customer.

**Counterfeiting** is the duplication and sale of unauthorized copies of resource in such a manner as to try to pass off the illegal copy as if it were a legitimate copy produced or authorized by the legal publisher.

**CD-R piracy:** CD-R piracy is the illegal copying of resource using CD-R recording technology. This form of piracy occurs when a person obtains a copy of a resource and makes a copy or copies and redistributes them to friends or for re-sale.

**Internet piracy:** Internet piracy is the uploading of commercial resource (i.e., resource that is not free ware or public domain) on to the Internet for anyone to copy or copying commercial resource from any of these services. Internet piracy also includes making available or offering for sale pirated resource over the Internet.

There are a number of forces acting to increase piracy around the globe. The unauthorized distribution of pirated resources over the internet, and peer to peer networks present a new and much more complicated threat to resources producers. Online piracy is facilitated by continuous increases in transmission speeds, since faster connections enable users to send and download larger files more quickly, along with the absence of strong online copyright laws and enforcement of laws. In addition, the economic slowdown in some regions, the increase in the number of new users, mostly consumers and small businesses, in emerging markets has contributed to increase piracy.

## **Role of Librarians in Copyright Protection**

In any educational institute librarian plays a key role in many spheres, including copyright. The main role of librarian is to make available of library collections to students and faculty in support of teaching, learning, research and scholarship. Libraries are creatures of the historical and statutory balance in copyright law. Libraries lend materials based on the First Sale doctrine. Libraries share materials and preserve works under specific provisions for libraries in the Act. Libraries are often the only entities that provide access to the vast majority of copyrighted works that lose market vitality long before the expiration of the copyrights, and are often the only entities that preserve public domain materials. From the above perspective, it is clear and reasonable that the role of librarians is very important for the following reasons:

1. To enable users to access copyrighted and public domain works and to exercise their rights under the exceptions and limitations to creators rights in the law. The creation of new intellectual property building on the old is stimulated as a result of the existence of libraries. Libraries are places where public and the proprietary meet.
2. To work for library as social organizations address the balance in the law and are shaped by it. The institutional role of libraries, librarians and their associations necessitate paying close attention to that balance and promote users' rights as well as creators' rights. Libraries are a small but significant market for published works. The vast majority of copyrighted works in library collections were purchased or acquired through license agreements. Often libraries pay more for copyrighted works than works of an individual. Hence, there is the need for library staff and users to know about copyright, their limitations and benefits, when making use of any of the materials on the library shelves, either in open or closed access in order to safeguard anti-piracy legislation. Libraries have an important role to play in caring for and providing access to other people's copyrighted work.
3. To recognize about copyrighted materials to the library users who are not aware of their dependence on balanced law and policy for access to information and for gaining knowledge.



4. To play a role as advocates for individual users of copyrighted materials. Librarians need to ensure that the rights and privileges of their customers are safeguarded i.e. they must assure the library users of uninhibited access to available collection in aid of research. Any user that is unsure if the material to be copied is protected by copyright needs to seek advice from the library staff.
5. To give the knowledge to the library users regarding “fair use legislation”. This means that they can copy a very small amount of a work for educational purposes and not for commercial purposes. It may be possible to get permission to copy or use copyright material by contacting the copyright owner. Any copying now carried out for a commercial purpose requires prior permission from the copyright owner or payment of a copyright fee.
6. To give the orientation about rule of copyright infringement is the concept known as fair use. Under this principle, the law permits the use of portions of copyrighted works for such purposes as criticism, comment, teaching, and research, even without permission of the copyright owner.
7. There is a need for all the librarians in India to have copyright education in order to familiarize with the basic principles and concept of copyright laws in India. This will enable them to render their services without violating copyright laws. With adequate education in copyright, librarians will be able to know the risk involved in copying from copyright-protected material and operate within the laws. There is no doubt that libraries and Librarians in India have a lot of functions, very vital ones indeed, to play in the protection of author’s rights. Firstly, they must provide the right guidance to their library users on how to make use of the library stock without infringing on the copyright of the authors of such works. The librarians can provide the following assistance to library users in order to properly enforce the copyright laws in the library. Research projects in the library should be made available to researchers for consultation only. Photocopying the entire work should not be allowed, and if there is the need to photocopy, the principle of fair use should be strictly adhered to. Also, the librarians should ensure that precise citation is done by any researcher for any piece of information collected from a given source in the Library.

## CONCLUSION

A common man comes across intellectual properties from dawn to dusk. He uses the products which are intellectual properties of some one. The socio-economic development of a country depends to a large extent on the creativity of her people and creative works can't be encouraged without effective administration of copyright laws. Librarians as the custodians of most of the intellectual property cannot be left out in the successful implementation of copyright laws. Violation of copyright laws can easily be carried out in the library. In order to have books, author and creators of literary and artistic works, there should be adequate reward commensurate with the work. Hence, the enactment of copyright law to encourage creativity. Librarians need to be carried along in the war against violation of copyright laws. Therefore, the knowledge about intellectual property right is must for a common man.

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# Issues and Challenges Relating to Non-Conventional Trademarks

Dr. Reetika\*

## Abstract

*With every passing day the domain of trademark protection law is expanding all over the world. The security of trademark has become imperative in present day competitive world because, every producer of a good or service will want his mark to be unique, eye catching as well as it should be easily distinguishable from others. To be more precise, this paper deals with the expanding boundaries of scope of trademarks. Unlike the case in US and EU, very few non-conventional marks have received registration in India.*

*Trade and Merchandise Marks Act, 1958 does not deal with the non-conventional trademarks such as smells, sound and tastes, colour combinations per se, three-dimensional marks, were incapable of being registered. But the Trade Marks Act of 1999 and the Trade Marks Rules of 2002 deals with the non-conventional trademarks.<sup>1</sup>*

*The Trademarks Registry has released a draft Trademarks Manual outlining the practices and procedures for trademark proprietors. The Draft Manual for Trademark Practice & Procedure is a significant document which provides guidelines to the trade mark examiners, traders and the*

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*general public, for attaining consistency and accuracy in practice.*<sup>2</sup>

**Key Words:** *Trademark, conventional trademark, non-conventional trademark.*

## **TYPES OF TRADEMARKS**

There are two types of trademarks, which are as follows:

1. Conventional Trademarks
2. Non-conventional Marks

### **Conventional Trademarks**

It includes pre-existing traditional category of trademarks like letters, words, logos, numerals, pictures, and symbols those consisting of letters, numerals, words, logos, pictures, symbols, or combinations of one or more of these elements.

### **Non-Conventional Trademarks**

It is relatively new concept in the Intellectual Property Law. Marks which do not come under the traditional categories of trademarks are called as non-conventional trademark. So, Non-conventional trademarks consist of marks originating from shapes, sounds, smells, tastes and textures.

In India, according to the views of Judiciary and the Draft Manual, the non-conventional marks are ordinarily common in beginning but these have to acquire distinctiveness for protection. Distinctiveness of a non-traditional mark is generally satisfied through the doctrine of acquired distinctiveness or secondary meaning. The Draft Manual provides that the non-conventional sign must be capable of distinguishing the goods or services of one person from those of others before it is elevated to the status of trademark. Thus, the basic element, i.e., distinctiveness must be present before registration of non-traditional marks. Non-conventional marks in India are:

1. Colour Trademarks
2. Sound Trademarks
3. Smell Trademarks

#### 4. Shape of Goods

#### 5. Holograms

The registration of non-conventional marks is further helped by the decision of the *U.S. Supreme Court in Qualitex Co. v. Jacobson Products Co.*,<sup>3</sup> wherein it held that a trademark can be “almost anything at all that is capable of carrying meaning.”

### **Colour Marks**

By tradition, colour combined with words, designs, symbols, logos and other such distinguishable signs have been eligible for a trademark. But, the problem is whether a colour by itself is entitled to get protection as a trademark or not. Due to the limited number of colours, there is distress for two things, i.e., by allowing registrations of colours per se (i.e. single colour), ultimately the available stock of colours will become depleted or exhausted because there is limited number of colors in the world and thus anti-competitive.

Second, there was concern that if single color alone was protectable, then courts would be overflowing with numerous and lengthy trademark infringement suits and in turn the process of trademark registration would be slow down.<sup>4</sup> As a result, there are strict requirements for registering single colour marks.

### **In United States**

In U.S. the Supreme Court restricted the admissibility of color trademarks to only those color marks that have attained a “secondary meaning” and are associated with and assist in recognising and distinguishing a particular brand and thus indicate its source.<sup>5</sup> In addition, if a color is functional in nature than it cannot be registered as a trademark.

### **In European Union**

In case of colour marks, the European Court held that graphic representation must be ‘clear, precise, self-possessed, independent, easily approachable or accessible, intelligible, durable, and objective.’ A sample of colour alone cannot pass the test of graphical representation because there is a fear of losing original shade with the passage of time. But, to use an internationally recognised identification code for

designation of colour may be considered to constitute a sensible graphic representation because such codes are believed to be specific, perfect and stable. For example, the colour purple for Cadbury's Dairy Milk.

### **In India**

Most applications are filed for words, designs, symbols, logos and other such distinguishable signs alongwith particular colours, to add distinctiveness to a mark. But the problem here is about the registerability of single colour alone as a trademark because the Trade Marks Act does not explicitly provides for the registration of a single colour alone, although it does not expressly exclude this concept. However, in practice, instead of a single colour, a combination of colours stands in a better chance of registration, provided that it is capable of distinguishing the goods of one trader from those of others. In India, colour marks continue to be accepted only as a device marks for registration. For example, the Standard Chartered Bank obtained registration for its corporate, colour combination of green and blue, but this is registered as a device mark, not as a colour mark.<sup>6</sup>

According to the draft Trademarks Manual guidelines, a single colour can be registered only in exceptional circumstances if the colour is capable of indicating the origin of a product or service and has acquired a high level of distinctiveness. The Draft Manual put emphasis on the careful examination of single colour marks during registration, because of fear of depletion of available stock of colours and there is also a public interest in not limiting the availability of colours for other traders.

In *Colgate Palmolive Company v. Anchor Health and Beauty Care Pvt. Ltd.*<sup>7</sup> the court observed that a colour combination is a 'trademark' within the definition of the Trade Marks Act, 1999 as there is no exclusion of colors as a trademark in the definition and even a single colour is entitled to protection under the law of passing off.

Deviating from the observation expressed in *Colgate Palmolive Company Case*, in *Cipla v. MK Pharma*<sup>8</sup> the court held that a single colour or a colour combination cannot be a trademark so incapable of protection under the common law of passing off. Due to these

inconsistent views, confusion creates which surrounds the principles of protection that are applicable to colour marks. It is expected that in future things will turn out to be settled as the courts examine more cases.

### **Sound Marks**

Now-a-days sound is also used as a trademark. Sound used as a trademark where it performs the trademark function of uniquely identifying the commercial origin of products or services. Sounds are capable of satisfying the trademark criteria, they can serve to identify the source or trade origin of a product or service. Some examples of Sound Marks are: four-note bell sound of Britannia Industries, default ring-tone of a Nokia mobile phone, Yahoo's yodel (songlike cry in which the voice fluctuates rapidly between the normal voice and falsetto), sound of the lion's roar at the beginning of an MGM-produced film Corporation, thunderous sound of Harley-Davidson etc.

### **In the European Union**

In the European Union, for registration as trademark, sounds have to follow all traditional trademark laws. Sound must be represented graphically in a way that is clear, precise, self-contained, equally accessible, intelligible, durable and objective. It means that musical notes that can be represented in the form of musical notations are acceptable whereas noises like a dog barking or a lion roaring which cannot be represented by a musical notation but has to be described onomatopoeically (imitation of a natural sound) or through a sonogram cannot be eligible for a trademark in the European Union.

Metro Goldwyn Mayer (MGM) Corporation had applied for the registration of a sound that was of a Lion's roaring. Corporation submitted a sonogram for the "Lion's roar". But the application was rejected in the European Union. But it was surprising that the same trademark was allowed in the US. Here, the views of both US and EU were poles apart. In the United States, whether a sound can serve as a trade mark depends on the aural perception of the listener which may be as fleeting as the sound itself instead of graphical representation of sound.

## **In United States**

In the United States, whether a sound can serve as a trade mark “depends on the aural perception of the listener which may be as fleeting as the sound itself unless, of course, the sound is so inherently different or distinctive that it attaches to the subliminal mind of the listener to be awakened when heard and to be associated with the source or event with which it struck.”

## **In India**

According to the Draft Manual, while considering a sound mark it is the basic requirement that the sound must be capable of indicating the origin of goods, i.e. the average consumer will recognise the sound in the sense that the goods or services are exclusively associated with one undertaking. So, *Prima Facie*, no sound marks will qualify for acceptance until there is evidence of factual distinctiveness.

For the time being, India is one of the few Asian countries who have opened its doors to the statutory protection of sound marks. India's first sound mark registration for Yahoo's three-note yodel was granted by Trademarks Registry in 2008. Indian entity ICICI Bank has also filed an application for a sound mark which is a constructive development in the area of trademark law. It is the first Indian entity who got success in securing registration for its corporate jingle by registering the very notes that form the jingle.

But the basic requirement is that these sounds must be capable of graphical representation. A musical notation can be accepted as effective graphical description of a sound mark. The source of sound from where it emanates, i.e. musical instrument, should also be mentioned. In case of onomatopoeic words (words formed in imitation of a natural sound), sonograms or spectrograms (an image of a structure that is produced by reflections of high-frequency sound waves), may also be accepted as graphical representations.<sup>9</sup>

## **Smell Trademarks**

In comparison to colour and sound trademarks, the number of smell or scent or olfactory trademarks registered is significantly less. Along with the basic requirements, the smell marks also has to fulfil the basic



criterion of distinctiveness. The scent must be distinctive in nature and it cannot be utilitarian or functional. Consequently, the fragrance of a perfume cannot be registered as a trademark for perfume. Besides, in terms of graphical representation, the court stated that though drawings were not required, description of the scent was required.<sup>10</sup>

The main problem in accepting smell as trademark, under the Indian law and other jurisdictions like European Union and the United States of America, has been with the requirement of graphical representation.<sup>11</sup> How does one 'graphically' represent a scent?

### **In European Union**

This is very uncommon and controversial trademark that has gained a lot of attention in recent times. The basic condition for registration of smell marks is its graphical representation. In Ralf Sieckmann case the registration of smell mark was rejected because of non-fulfilment of graphical representation criterion.

In the end, the European Union court decided that clear and precise graphical representation is not possible. So, they could not be registered only on the basis of distinctiveness.

### **In United States**

In case of US, the condition has been completely different from the European Union. In United States it is not compulsory to represent the odour graphically but only to present a clear description of the odour with the registry.<sup>12</sup> To submit detailed written description which clearly describes the non-visual marks was sufficient. The scent must be distinctive in nature and it cannot be utilitarian or functional. Consequently, the fragrance of a perfume cannot be registered as a trademark for perfume. Moreover, in terms of graphical representation, the court stated that although drawings were not required but description of the scent was required.<sup>13</sup>

### **In India**

The Trade Mark Law in India does not specifically mentioned about the smell or scent marks. But it does not mean that definition excludes smell or scent completely. No smell or scent has been advertised in the Trade

Marks Journal since the Act and Rules framed there under came into force on 15th September 2003. There are no regulations for measuring distinctiveness of a smell mark. The Draft Trade Mark Manual provides that the registration of Smell trademarks in India faces certain statutory impediments.

A “graphical representation” means the representation of a trade mark for goods or services in paper form.<sup>14</sup> As per Rule 25(2) of the Trademarks Rules, 2002, ‘An application to register, a trademark for a specification of goods or services included in any one class shall be made in Form TM-1 and after observing this form, it is almost impossible for the Registry to register smell as a trademark.’<sup>15</sup>

The forms are to be found in Schedule 2 of the Trademarks Rules, 2002. In the very start, the TM-1 application necessitates the ‘representation’ of the trademark to be fixed in the space that is provided for the same. It is the first deficiency of the TM-1 format because it is impossible to attach a representation of the trademark in the case of smell marks for goods or service.

Also, as per Rule 25 (12) (b), the trademark application should be able to depict the graphical representation of the trademark. But it is very difficult that a smell as a trademark cannot be depicted graphically, this problem being present in most jurisdictions of the world. In the case of a three dimensional trademark, the act and the rules have made exceptions; thus, in order to facilitate smell to be registered as a trademark, it would be necessary to introduce an amendment, both in the act and in the rules, as has been done for the combination of colours and three dimensional trademarks.<sup>16</sup>

### **Shape Marks**

Shape is also a nonconventional trademark. But the basic condition, i.e. distinctiveness and must be able to distinguish the goods and services of one person from another person.

The shape of a product may be registered as a trademark provided that shape must not be functional in nature. A shape is functional when it affects the products use or performance. The shape of a product can be a trademark on condition that shape doesn’t provide superior function. Shape has become associated in the minds of the purchasing public with the manufacturer.<sup>17</sup> Thus if a certain shape is ornamental than more functional and serves no purpose then it may be registered.

## **In India**

Shape marks are entitled to protection under the Indian Trademark Law. The first trademark protection to a shape mark was given by Delhi High Court to Zippo Manufacturing Company.<sup>18</sup> In this case the Court observed that “Like other trademarks it would be sufficient for a shape mark to enable the public concerned to distinguish the product from others which have another commercial origin, and to conclude that all the goods bearing it have originated under the control of the proprietor of the shape mark to whom responsibility for their quality can be attributed.”

The Trademark Act provides that a trademark shall not be registered if it consists exclusively of;<sup>19</sup>

- (a) The shape of goods which results from the nature of goods themselves; or
- (b) The shape of goods which is necessary to obtain a technical result; or
- (c) The shape of goods, which gives substantial value to the goods.

The Trade Mark Draft Manual states clearly that when an application for a trade mark consisting of a shape of goods or packaging is made, the application should be in relation to the goods only and not in respect of the container. In this regard the Draft Manual further provides that the shape should not be descriptive in nature and must be distinguishing from the crowd and in the case of new product development must not be a shape likely to be taken for the product concerned.

## **Holograms**

Holograms comes under the category of non-conventional trademarks, are capable of protection under the trademark law if they are distinctive and capable of distinguishing the goods and services of one person from another person. There is no provision in the Indian Trademark Law which restrict the protection of holograms.

## **Instances of Registration in India**

Till now three non-conventional trademarks have received registration in India. Yahoo!’s yodel is the first non-conventional trademark to be registered. The yodel was represented through musical notes. The shape

of the Zippo lighter was also granted registration, which was later confirmed in a trademark infringement suit in the Delhi High Court, on the ground that it was distinctive.<sup>20</sup>

## CONCLUSION

Non-conventional marks are gaining acceptance in India, but laws and procedures are still evolving. With new technological developments and the growing ease with which consumers can access information on devices that produce high-quality graphics and sound, the need for trademark protection will become greater. Regarding registration requirements, while it is imperative that these marks, apart from being distinctive and non-functional, be capable of being graphically represented since that ensures clarity for all interested parties, it is stressed that neither smell nor sound can be labelled to be incapable of graphical representation.

## SUGGESTIONS

India laws and procedures are still in evolving stage so provisions should be made keeping in mind the high technological advancements in international trade and business.

In order to facilitate smell to be registered as a trademark, amendments should be made, both in the act and in the rules, as has been done for the combination of colours and three dimensional trademarks.

We should also follow the European and the American way of accepting sonograms and sound recordings as valid graphical representations in case sound marks.

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# Forms of Copyrights Infringement: A Desideratum

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## Abstract

*The article examines that where an action for infringement of copyright is proved or admitted that infringement was committed but that at the time of the infringement, the defendant was not aware and had no reasonable grounds for suspecting that copyright subsisted in the work, the plaintiff will not be entitled to any damages against the defendant in respect of the infringement, but will be entitled to an account of profits in respect of the infringement whether or not any other relief is granted. In time the forms of copyrights are examined to same in line with modern trends in the 3rd millennium.*

## INTRODUCTION

Infringement of any copyright work simply means the doing or causing to be, without the license or authorization of the owner, any act, the doing of which is controlled by copyright.<sup>1</sup> Some acts which would amount to infringement of copyright are: importing or causing to be imported into Nigeria any copy of a work which if made in Nigeria would be an infringing copy,<sup>2</sup> exhibition in public of any article in respect of which copyright is infringed<sup>3</sup> distribution by way of trade,

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offers for sale, hire or for any purpose prejudicial to the owners of copyright any article in respect of which copyright is infringed<sup>4</sup> making or having in his possession plates, master tapes, machines, equipment or contrivances used for the purpose of making infringing copies of the work<sup>5</sup> permitting a place of public entertainment or of business to be used for a performance in the public of a work, where the performance constitutes an infringement of the work unless the person permitting the place so used was not aware, and had no reasonable ground for suspecting that the performance would be an infringement of the copyright<sup>6</sup> and lastly, performances or causing to be performed for the purposes of trade or business or as supporting facility to a trade or business, and work in which copyright subsist.<sup>7</sup>

Instances of infringement may differ in nature and degree from one type of work to another. One notable indirect infringement which may be common to all types of work is where a person permits or performs or causes to be permitted or to be performed for the purpose of trade or business or provide as supporting facility to a trade or business, the doing of which infringes any work in which copyright subsists.<sup>8</sup> This is a wide ambit of infringement under which many people consciously or unconsciously may become liable in their daily business.

In cases of direct or indirect infringement, the essential ingredient of the complaint is that the act was done without the authorization or license of the owner of the copyright. It may be argued, albeit not in the express terms of the Act, that the license or authorization of the owner need not be expressed in writing but could be given orally or by implied conduct.

## **Counterfeiting**

Counterfeiting is ultimately an infringement of the legal rights of an owner of intellectual property.<sup>9</sup> Counterfeiting is defined<sup>10</sup> as to unlawfully forge, copy, or imitate an item or to possess such an item without authorization and with the intent to deceive or defraud by presenting the item as genuine. A counterfeit mark is a spurious mark that is used in connection with trafficking in goods or services that is identical with, or substantially indistinguishable from a mark in use and registered on the principal register for those goods or services and the use of which is likely to cause confusion, mistake or deceive.<sup>11</sup> It

is the term used to denote piracy when the goods are packaged so as to resemble the original. The word counterfeit' denotes to forge, copy or imitate (something) without a right to do so and with the purpose of deceiving or defrauding.<sup>12</sup> It involves duplication of both the copyrightable work and its packaging. The counterfeited products are made with the intent of fraudulently passing it off as genuine. They are produced with the intent to take advantage of the established worth of the imitated product.<sup>13</sup>

### **Bootlegging**

This can be defined as the unauthorized recording of live performance. The word 'bootleg' can mean to manufacture, reproduce, or distribute something particularly, copyrighted works illegally. Bootleg recordings are musical recordings that have not been officially released by the artist or their associated management or production companies. They may consist of demos, out takes or other studio material, or illicit recordings of live performances. The slang term bootleg is derived from the use of the shank of a boot for the purpose of smuggling, is often used to describe illicitly copied materials.<sup>14</sup>

The Indian Copyright Act defines a district court to include a court within the local limits of whose jurisdiction,<sup>15</sup> the institution of the suit or other proceedings, the person instituting the suit or other proceedings, or where there is more than one such person, any of them actually and voluntarily resides or carries on business or personally works for gain.<sup>16</sup>

It should be noted that the above provision of the Indian law is an improvement on the Nigerian law in the sense that by virtue of the provision of the Federal Civil Procedure Rules, the plaintiff shall institute the action at the Federal High Court where the defendant resides.<sup>17</sup>

### **Enforcement of the Right of the Copyright Owner**

Enforcement is the system of sanctions to be applied in case the rights under copyright law are infringed. They are needed in order to make the rights respected. Without a sufficiently efficient such system the temptation may simply be too great for many persons to violate the rights, something that is all the more tempting because the



possibility to make profit is so great.<sup>18</sup> Without an appropriate system of sanctions, copyright law is just a particularly tooth-less paper tiger. Upon infringement of a copyright, the owner of such copyright whose right has been infringed can enforce such right through civil or criminal proceedings.

### **Standing to Institute Enforcement Proceedings**

The person or entity who or which is in the first instance authorized to institute proceedings is naturally the author or his successor in title; this should normally include exclusive licensees.<sup>19</sup> In addition, it may be appropriate to grant such standing to institute proceedings, for instance collective rights management bodies (“collecting societies”). The association contracts through which authors join those societies frequently contain either explicitly or implicitly also provisions in this respect.

It should also more generally be underlined that collecting societies and authors’ organizations in general have a very important function in the context of enforcement of rights. Individual authors often do not have the professional, economic or legal experience (or simply have no time) required so successfully take action against infringements of their rights. These qualities are, on the other hand, very much present in professional bodies such as collecting societies and corresponding entities.<sup>20</sup>

## **COURTS RESPONSE TO INTELLECTUAL PROPERTY VIOLATIONS IN NIGERIA**

Nigerians have been urged to find solace in the Nigeria courts to curb intellectual rights violations as it is essentially a private initiative. On copy right infringement for instance it was asserted that. A copyright owner can enforce his right through civil proceedings’.<sup>21</sup> A civil litigation will be a litigation brought by right holder against infringer based on statutory remedies.<sup>22</sup> Civil litigation seeks civil monetary damages and remedies, like injunction, costs and attorney fees.<sup>23</sup>

In *Maurice Ukaoha v. Broad Based Mortgage Finance Ltd &Anor*,<sup>24</sup> which involves the infringement of an artistic work. The plaintiff, in this civil suit, led evidence to show that he constructed a 17 storey architectural model during his student days at the University of Lagos

and that he lent it out to the defendants to display temporarily in their conference room. Thereafter he traveled to Kano. In his evidence, he stated that, while in Kano, he saw the architectural model in newspapers. The defendants had claimed in the newspapers that the model was their proposed headquarters in Abuja without the plaintiff's permission. They further attributed the model not to the plaintiff but to one 'Goni and Associates'. In finding for the plaintiff, the learned Judge, Jinadu J. said<sup>25</sup> that there is no doubt that the plaintiff has given evidence, uncontradicted, in conformity with the averments in his statement of claim. From the totality of the evidence adduced by the plaintiff, I find and hold that copyright exists in the model work Exhibit C which is an artistic work of art made and constructed by the plaintiff a qua fil/led person under the provisions of section 2(1)(a) of the Copyright Act Cap 68 Laws of the Federation of Nigeria, 1990. The learned judge also granted an injunction restraining the defendants whether by themselves or by their servants or agents from further infringing the plaintiffs copyright, and a sum of N250,000.00 (Two hundred and fifty thousand naira) as general damages for the infringement of the plaintiff's copyright.

However in the case of *American Motion Picture Export Co. (Nigeria) Ltd. v. Minnesota (Nigeria) Limited*<sup>26</sup> involving the infringement of cinematograph film. The main issue was not whether the defendant was liable for the infringement of copyright in the cinematograph film but whether he could be held so liable if the infringement had been committed by his employee in the course of his employment. The learned Judge, Bassey, J. referred with approval to Halsbury<sup>27</sup> and held that a master will be held liable for any infringement of copyright committed by his employee in the course of his employment and it is not a defense that he must have given a general warning or prohibition against the doing of the acts which might amount to an infringement.<sup>28</sup>

The issue of infringement of copyright of a sound recording was also considered in the case of *Island Records Ltd & Ors v. Pandum Technical Sales & Services Ltd & Anor*,<sup>29</sup> where it was held that for an infringement of copyright to take place, there must be a copy amounting to a theft of the work created by an author or of one who records or owns the record at the time of the recording. Holding in favour of the defendants, Belgore J., stated *inter alia*<sup>30</sup> that In the instant case, the

failure of the plaintiffs to show any evidence of any photograph or other artistic works involved as claimed and to give evidence of when any of the sound tapes were first made to determine whether they are within the infringement period limit and also failure to lead evidence of registration of any of the rights in Nigeria is fatal to the plaintiff's case".

It is instructive to state here that by virtue of section 16(3) of the Copyright Act where in an action for infringement of copyright, it is proved or admitted that infringement was committed but that at the time of the infringement, the defendant was not aware and had no reasonable grounds for suspecting that copyright subsisted in the work, the plaintiff will not be entitled to any damages against the defendant in respect of the infringement, but will be entitled to an account of profits in respect of the infringement whether or not any other relief is granted under the section. The above called for consideration in the case of *Plateau Publishing Company Ltd and Ors v. Chief C'huksAdophy*<sup>31</sup>: In this case, the plaintiff respondent, in an action filed at the Federal High Court, Sokoto held in Jos, claimed against the defendants N200,000.00 damages for infringement of his copyright, 50,000.00 as special damages for the same infringement of copyright, an account of all profits made in the publication of the plaintiffs work and a perpetual injunction against the defendants from any further sale, use or dealings in the plaintiff's work. The work which was allegedly infringed is an article titled "After Tarka What Next Special Tribute" written by the plaintiff. The plaintiff alleged that he sent the article to the 1st appellant for publication but that it was not published but that subsequently, the article was published by the 1st Appellant under a different name from the author without any license or authority from him. The 1st appellant/defendant pleaded in the statement of defense that the publication was not a reproduction of the Article written by the plaintiff. At trial, the 1st appellant also led evidence to show that they did not know that copyright existed in the work seeking refuge under section 12 of the Copyright Act, 1970.<sup>32</sup>

The Supreme Court unanimously<sup>33</sup> dismissing the appeal held *inter alia* that for a defendant in a copyright action to plead innocence of copyright, the defendant must allege and prove that at the time of the infringement of the copyright, he was not aware and had no reasonable

grounds for suspecting that copyright subsisted in the work. It is therefore clear from the above that one must not only assert innocence, one must also prove one's innocence. There are stringent provisions in the law for any criminal act committed against the copyright owner.<sup>34</sup> In an action for infringement under the Act,<sup>35</sup> where an *ex parte* application is made to the court supported by an affidavit, that there is reasonable cause for suspecting that there is in any house or premises any infringing copy or any plate, film or contrivance used or intended to be used for making infringing copies of work, the court may issue an order upon such terms as it deems necessary, authorizing the applicant to enter the house or premises at any reasonable time by day or night accompanied by a police officer not below the rank of an Assistant Superintendent of Police, and; (a) seize, detain and preserve any such infringing copies or contrivance; and (b) inspect all or any documents in the custody or under the control of the defendant relating to the action.<sup>36</sup>

It is also a criminal offence under the Act to give false information and such an offender is liable on conviction to a fine of N 1,000.00.<sup>37</sup> In the case of *Nigerian Copyright Council v. Musical Copyright Society of Nigeria & Ors.*,<sup>38</sup> the issue that came before the court was whether the power of Copyright inspector to prosecute criminal matters was not in conflict with the powers of the Attorney-General under the constitution. Dismissing the accused applicants' objection, Okeke J held my understanding of section 174(1) of the constitution is that the Attorney-General has power to institute or undertake criminal proceedings at his instance. It is therefore clear that any authority or person authorized by law may institute or undertake criminal proceedings, but without prejudice to the overriding power of the Attorney-General to take over and continue such proceedings or discontinue same before judgment. Section 21 of the Copyright Act also provides for certain anti-piracy measures. It is also worthy of note that some summary convictions for infringement of works of copyright have been recorded.<sup>39</sup> The Copyright Act also makes provision for offences by body corporate.<sup>40</sup>

However, such person shall not be liable to imprisonment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of the offence. Section 22(2) of the Act further provides that if it is proved that the offence was committed with the consent or connivance of any director,

manager, secretary or other shall be guilty of an offence and shall be punished accordingly. Criminal prosecution has been viewed by some as the only effective tool against commercial -scale piracy.<sup>41</sup> Criminal prosecution can only be effective if the relevant authority i.e. Copyright commission takes action and the courts impose deterrent sentences, including imprisonment on offenders. It is pertinent to note that, by virtue of section 24 of the Act,<sup>42</sup> both civil and criminal litigation can occur simultaneously in respect of the same infringement.

In *Sunday Uzokwe v Dansy Industries Ltd.*<sup>43</sup> the facts of the case which were that from the plaintiffs pleading evidence at the trials court depicted that he is the registered owner of deign No. 4464. It was the case defendant that the design was not new that the plaintiff was not the creator and that the product was common, available in the market and have been produced even before the registration of the plaintiff design. In his amended statement of defence the 2nd defendant denied the newness of the said design and stated that the product had been in the market long before the registration of the design by the plaintiff. The lead trial judge awarded 10,000.00 damages against the defendant in favour of the plaintiff for infringement of the plaintiff design. No 4464. The defendant dissatisfied appealed to the Court of Appeal Enugu Division. Their appeal succeeded and the plaintiffs claim was dismissed. The plaintiff then appealed to the Supreme Court.

On what actually constitutes that design of an industrial design the court held that it is that particular combination and arrangement of line which gives such features. It is therefore important in a case where the newness of a design is in dispute as in this case, the design claimed to be infringed and the infringing design should be put side by side to enable the court to compare and determine whether they are basically the same or whether there are fundamental differences in the shape and pattern of the lines. On whether similarity in design has something to do with novelty or distinctiveness, it held that similarity in design has nothing to do with it's novelty or distinctiveness.

On whether similarity in infringing product merely can sustain an infringement of rights in design. The court posited that a claim for an infringement of rights in design cannot be sustained merely because the infringing product is similar to that of the plaintiff. More is required from the plaintiff bearing in mind Section 1 of the Act.

In *Dyktrade Limited v Omnia Nigeria Limited*,<sup>44</sup> the appellant applied for the registration of a trade mark. The registrar of trademark accepted the application but had not registered it and so certificate of registration had not been issued. When the appellant brought this action seeking an injunction to restrain the respondent from infringing the trademark and passing off. It was essentially an action for an injunction to restrain the respondent from passing off the plaintiff's grinding stones used for washing terrazzo.

The Supreme Court held *inter alia* that as regards procedure for the registration of trademark that section 22 Trade Marks Act states the registrar shall unless the application has been accepted in error register the trademark in part A or part B as the case may be. When registered, the trademark shall be deemed as having been registered on the date the application was made. In the instant case what was before the court was a mere application and acknowledgement of the application not what the applicant calls acceptance. Actual acceptance of the application will be when the conditions in S. 22 of the Act have been fulfilled. There was no evidence that the application has been accepted and by virtue of S. 22 (4) it has abated.

On the vexed question of who is a proprietor? The Supreme Court held that by virtue of the provisions of the Trade Marks Act. Nobody acquires the status of a proprietor unless that person in relation to the trademark is the owner, importer exporter, sipper or any other person for the time being possessed of or beneficially interested in the goods to which the trademark is applied. In the instant case the appellant has not acquired any right to be protected for the time being as all the procedure leading to acceptance has not being followed.

"The word" proprietor" may be misleading if taken literally because what is being protected is the good will of a business not a proprietary right as such. It is clear that the right sought to be protected with injunction by the appellant has not matured and that this courts on the scanty evidence before it the appellant has not indicated clearly the right he wanted protected either in the interim or substantive claim. What was before the honourable court was neither a patter of passing off nor that of breaching or appellants trademark. The appellant has no trademark to protect.<sup>45</sup>

In *Ayman Enterprises Limited v Akuma Industries Limited*,<sup>46</sup> in the Federal High Court, the appellant sued the respondents for an injunction and damages for passing off of goods that were not plaintiffs manufacture or emanating from that wrongful act. The appellants trademark that was allegedly infringed was not registered was not registered. Following a ruling by the trial judge in which he dismissed an application by the respondents seeking to set aside discharge or vacate the orders that he made to authorize the seizure of the offending goods from the respondent on an *ex parte* order (*Anton-pillars* order) pending the determination of the motion on notice for the same purpose, the respondents appealed to the court of appeal against the ruling. The Court of Appeal allowed the appeal and set aside the ruling of the trial judge. Both sides appealed against the judgment of the court of appeal to the Supreme Court. The cross appeal by the respondents was based on a sole ground of appeal from which the following sole Issue was formulated.

## CONCLUSION

From the period of Nigeria gained her independence till date, fewer, cases have come to court for adjudication as regards violations of intellectual property rights. Our survey conducted proves that either the Nigerian terrain is not healthy or ripe or that records are just not straight. Where the law states that products be registered without which the proprietor stands no locus to come to court. It becomes apparent that such condition precedents breed in themselves violation thereby making it possible for violation to be the victors in their stead.

A walk through the Nigeria markets would unearth the fact that many products are being faked day in day out and nobody cares to come to court for redress. What can be explained for the draught in litigations, could it be the expensive nature of litigation itself, the time wastage, the burden of proof, and the quest for non-interest in litigation to protect their corporate image or what? These and further questions, beg for answer. Could it be greed or the poverty level of the Nigeria populace or sheer ignorance or illiteracy some and or all of these could be the answer. But our intellectual ingenuity must not die. Our intellectual property rights must be protected in all its ramifications.

To curb intellectual rights violations through the courts, the populace must be made aware of the fact that the courts exist for them. Secondly cost of litigation for intellectual property rights violations should be free. One could argue that it would open a flood gate of cases even irrelevant ones but only on this basis could right owners would be encouraged to come to court. Moreover, the issue of enforcement of violations should not be left to the right owners alone. This is so because a right owner may be thousands of kilometers away and may not be aware of the infringement in relation to his or her work. The right owners, the government the agencies, the courts and the citizens must wake up to the fight against intellectual property rights violations.

Thirdly people should be educated enough to know and note the difference when they see one, as the level of illiteracy in Nigeria remains so alarming. Again technicalities should be eschewed in intellectual rights litigation's. The literary rule of interpretation should always be given priority.

Finally people should be made to know at all that they have a right to be protected by law; a poser on the village singers, the village story tellers, the village dancers, and the intellectual property terrain must be expanded to cover even such category of persons.

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# The Need to Curb Intellectual Property Rights Violations through the Courts: A Reexamination

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## Abstract

*That the inventor, writer, artist or musician deserves to have the product of his mental and physical exertion protected from unauthorized exploitation can no longer be said to be a passive buzzword. In this article the authors examine the need to curb intellectual rights violations through the courts. The author argues that the resort to self help has become otiose for it is a fundamental rule even of natural justice that a laborer deserves his wages. But lack of action on the part of the right owners would always almost render the law impotent.*

## INTRODUCTION

It is a fundamental rule of natural justice that a man should be guaranteed the fruits of his labour, for every labourer deserves his wages. According to the United Nations Declaration of Human Rights to which Nigeria is a signatory every person has the right to freely participate in the cultural life of the community to enjoy the arts and to share in the scientific advancement and its benefits and also that

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everyone has the right to the protection of the moral and material interest resulting from any scientific literary or a artistic production of which he is the author. The inventor, artist, writer or musician deserves to have the product of his mental and physical exertion protected from unauthorized exploitation.

It is against this backdrop that the authors shall examine the need to curb intellectual property violations through the courts vis-à-vis the Nigeria experience. Essentially therefore curbing intellectual property rights violations remain a private initiative as lack of action on the part of right owner renders the law impotent. Experience shows that right owners are generally, reluctant when it comes to seeking appropriate remedies in the law courts. This apathy the author seeks to argue against as a labourer deserves his wages.

## CONCEPTUAL CLARIFICATION

The *Blacks Law Dictionary* defines Intellectual property as a category of intangible rights protecting commercially valuable products of the Human Intellect; the category comprises primarily trademark, copy rights and patent rights and also includes trade secrets, moral rights and rights against unfair competition.<sup>1</sup>

Countries with innovative local industries almost invariably have laws to foster innovations by regulating the copying of inventions, identifying symbols, and creative expression. These laws encompass four separate and distinct types of intangible property; patents, trade marks, copyright and trade secrets which collectively are referred to as intellectual property.<sup>2</sup>

A more comprehensive definition of intellectual property was given by WIPO'S convention concluded at Stockholm on July 14, 1967 which provides that it should include rights relating to literary artistic and scientific works, performances of performing artists phonograms and broad casts, inventions in all fields of human endeavour, scientific discoveries, industrial designs, trade marks, service marks, and commercial names and designs notions and also protection against unfair competition and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.<sup>3</sup>

## CATEGORIES OF INTELLECTUAL PROPERTY

Intellectual property rights protect applications of ideas and information that are of commercial value. There has recently been a great deal of political and legal activity designed to assert and strengthen the various types of protection of ideas. All the same it is often asserted that rights granted there under are essentially negative meaning they are rights to stop others doing certain things: rights in other words to stop pirates, counterfeiters imitators and even in some cases third parties who have independently received the same ideas from exploiting them without the license of the right owner.<sup>4</sup>

In Nigeria there is the Patent and Designs Act cap. P2 laws of the Federation of Nigeria, 2004. This law is essentially meant to prevent all others from including any form of the invention in their products and services; and where real breakthrough are patented this potential is occasionally so considerable as to render the competition obsolete. More regularly a patent poses serious difficulties for competitors. This is why patents are not freely available for all industrial improvement but only for what is judged to qualify as a patentable inventions.

Another type of specie of intellectual property is copyright. Here the law protects only the form of expression of ideas not the ideas themselves arrangement of words, musical notes, colors, shapes and so on. Copyright law protects the owners of rights in artistic works against those who copy those who take and use the form which the original works was expressed by the author.<sup>5</sup> Copyright is right given against the copying of defined types of cultural information and entertainment productions. They are rights given the creations of author's playwrights, composers, artists and film directors.<sup>6</sup> Ekpo defines copyrights as a right in law conferred on authors and owners of creative works be they literary, scientific or artistic in nature to control the doing of certain acts in relation to those works.<sup>7</sup>

The *Black's Law Dictionary*<sup>8</sup> defines copyright as the right of literary property as recognized and sanction by positive law. An intangible incorporeal right granted by statute to the author or originator of certain literary or artistic productions whereby he is invested for a limited period with the sole and exclusive privilege of multiplying copies of the same and publishing and selling them.

Sodipo, on his part sees copy right as an esoteric craft which floats in the air only to crystallize, clutch fasten into and protect literary musical and artistic work sound recording cinematograph films and broadcasts that satisfy certain conditions of eligibility by giving the owners the exclusive right among other things to reproduce communicate to the public, broadcast adapt or translate the whole work or a substantial part of the work either in its original form or in any form recognizably derivable from the original.<sup>9</sup>

Trademark basically guarantees rights over goods and services of a manufacturer as against an infringer and other persons. A trademark as defined by the *Blacks Law Dictionary* means a distinctive mark of authenticity through which the products of particular manufacturer or the vendible commodities of particular merchant may be distinguished from those of another.<sup>10</sup> The interpretation section of the trade mark Act<sup>11</sup> defines trademark as a mark used or proposed to be used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and some person having the right either as proprietor or as a registered user or use to whether with or without any indication of the identity of that person and means in relation to a certification trademark. A mark registered or deemed to have been registered.

## INFRINGEMENT ACTION

### Patent and Copyright

The first task in any patent infringement action is to accurately assess the limit of the rights granted. This will require the court to construe the patent specification. In general the court is not permitted to adduce expert evidence to construct words which are capable of ordinary meaning in English the only exception is when technical words are used for which the court may require a technical explanation. Similarly considering the claims it is not permissible to look into the body of the specification so as to try and twist or strain the meaning of ordinary English words.<sup>12</sup> The court would also decide whether the alleged infringement falls within the scope of the claims which it has construed. This is asserted is not always easy particularly when the defendant has well advised. In patent actions the use of experiments is often resorted

to in order to prove infringement the burden of which always remains with the plaintiff.<sup>13</sup>

The first of the acts restricted by copyright is “reproduction.” By reproduction is generally meant the right to multiply copies of the work, the production even one copy being an infringement. Reproduction it is asserted is not defined in any of the acts but its meaning is probably very similar to “copy”.<sup>14</sup> What is a copy will be a question of fact and degree. When the copy is not exact the court must examine the degree of resemblance. For infringement to arise there must be such a degree of similarity as would lead one to say that the alleged infringement is a copy or reproduction of the original having in other words adopted its essential features and sustained.<sup>15</sup> On the other hand bearing in mind particularly that copy right does not protect ideas (which may or may not be the proper subject of a patent) but rather the way in which ideas are expressed and articulated, the court will by way of balance always be mindful not in effect to give a plaintiff the benefit of a “50 years patents” under the guise of copyright.

### **Trademark and Passing Off**

The aforementioned topics are so related that if infringement of a registered trade work exists in a particular case the plaintiff will usually also plead passing of History tells us that the action to restrain a defendant from passing off his goods as the goods of the plaintiff was a generalized form of an action to restrain the infringement of a trademark. Trademark is usually available in respect of both goods and services. Nigeria being a commonwealth country there exist two categories of trademark, those falling under part A and part B of the register.<sup>16</sup> According to WIPO<sup>17</sup> the concept of part B marks was introduced to satisfy a somewhat lower standard of distinctiveness for registration and as a consequence, to give a somewhat lower level of protection in litigation.

Evidence of ownership of a trademark will generally be adduced by a duly certified copy of the entry in the national trademark register. The copy certificate should however be scrutinized with care for at least the following information: the mark itself, the good in respect of which registration has being secure, name and details of its proprietor, the date

of registration and whether it has been registered in Part A or Part B of the Register.

*Ubi jus Ibi remedium* is typical of intellectual property violations. The remedies are injunctions, damages & account of profits. Injunction could either be interlocutory or interim, the main purpose being to preserve the status quo until the hearing of the main action. Thus in granting interlocutory injunction the court is concerned essentially with the maintenance of a position that would easily enable justice to be done when the final determination is made. The court could order that the parties arrange their affairs in way that is more in accordance with the requirement of justice.

## **ENFORCEMENT OF COPYRIGHT AND INFRINGEMENT**

Infringement of any copyright work simply means the doing or causing to be, without the license or authorization of the owner, any act, the doing of which is controlled by copyright.<sup>18</sup> Some acts which would amount to infringement of copyright are: importing or causing to be imported into Nigeria any copy of a work which if made in Nigeria would be an infringing copy,<sup>19</sup> exhibition in public of any article in respect of which copyright is infringed<sup>20</sup> distribution by way of trade, offers for sale, hire or for any purpose prejudicial to the owners of copyright any article in respect of which copyright is infringed<sup>21</sup> making or having in his possession plates, master tapes, machines, equipment or contrivances used for the purpose of making infringing copies of the work<sup>22</sup> permitting a place of public entertainment or of business to be used for a performance in the public of a work, where the performance constitutes an infringement of the work unless the person permitting the place so used was not aware, and had no reasonable ground for suspecting that the performance would be an infringement of the copyright<sup>23</sup> and lastly, performances or causing to be performed for the purposes of trade or business or as supporting facility to a trade or business, and work in which copyright subsist.<sup>24</sup>

Instances of infringement may differ in nature and degree from one type of work to another. One notable indirect infringement which may be common to all types of work is where a person permits or performs or causes to be permitted or to be performed for the purpose of trade or business or provide as supporting facility to a trade or business, the



doing of which infringes any work in which copyright subsists.<sup>25</sup> This is a wide ambit of infringement under which many people consciously or unconsciously may become liable in their daily business.

In cases of direct or indirect infringement, the essential ingredient of the complaint is that the act was done without the authorization or license of the owner of the copyright. It may be argued, albeit not in the express terms of the Act, that the license or authorization of the owner need not be expressed in writing but could be given orally or by implied conduct.

Perhaps in answer to such an argument the Act replies that ‘no assignment of copyright and no exclusive license to do an act the doing of which is controlled by copyright shall have effect unless it is in writing.’<sup>26</sup> This provision requires an infringer relying on such license or authorization to be heard only upon documentary evidence thereof.

Basically, there must be an actual connection between the copyright works and the alleged infringed work. The issue of substantial similarity is not determined by word for word comparison of the copyright work and the infringing work, but depends on whether the alleged infringing work is substantially similar to the copyright work in question.<sup>27</sup>

## **FORMS OF INFRINGEMENT**

### **Counterfeiting**

Counterfeiting is ultimately an infringement of the legal rights of an owner of intellectual property.<sup>28</sup> Counterfeiting is defined<sup>29</sup> as to unlawfully forge, copy, or imitate an item or to possess such an item without authorization and with the intent to deceive or defraud by presenting the item as genuine. A counterfeit mark is a spurious mark that is used in connection with trafficking in goods or services that is identical with, or substantially indistinguishable from a mark in use and registered on the principal register for those goods or services and the use of which is likely to cause confusion, mistake or deceive.<sup>30</sup> It is the term used to denote piracy when the goods are packaged so as to resemble the original. The word counterfeit’ denotes to forge, copy or imitate (something) without a right to do so and with the purpose of deceiving or defrauding.<sup>31</sup> It involves duplication of both the copyrightable work and its packaging. The counterfeited products are

made with the intent of fraudulently passing it off as genuine. They are produced with the intent to take advantage of the established worth of the imitated product.<sup>32</sup>

### **Bootlegging**

This can be defined as the unauthorized recording of live performance. The word 'bootleg' can mean to manufacture, reproduce, or distribute something particularly, copyrighted works illegally. Bootleg recordings are musical recordings that have not been officially released by the artist or their associated management or production companies. They may consist of demos, out takes or other studio material, or illicit recordings of live performances. The slang term bootleg is derived from the use of the shank of a boot for the purpose of smuggling, is often used to describe illicitly copied materials.<sup>33</sup>

The Indian Copyright Act defines a district court to include a court within the local limits of whose jurisdiction,<sup>34</sup> the institution of the suit or other proceedings, the person instituting the suit or other proceedings, or where there is more than one such person, any of them actually and voluntarily resides or carries on business or personally works for gain.<sup>35</sup>

It should be noted that the above provision of the Indian law is an improvement on the Nigerian law in the sense that by virtue of the provision of the Federal Civil Procedure Rules, the plaintiff shall institute the action at the Federal High Court where the defendant resides.<sup>36</sup>

### **Enforcement of the Right of the Copyright Owner**

Enforcement is the system of sanctions to be applied in case the rights under copyright law are infringed. They are needed in order to make the rights respected. Without a sufficiently efficient such system the temptation may simply be too great for many persons to violate the rights, something that is all the more tempting because the possibility to make profit is so great.<sup>37</sup> Without an appropriate system of sanctions, copyright law is just a particularly tooth-less paper tiger. Upon infringement of a copyright, the owner of such copyright whose right has been infringed can enforce such right through civil or criminal proceedings.

## CONCLUSION

The person or entity who or which is in the first instance authorized to institute proceedings is naturally the author or his successor in title; this should normally include exclusive licensees.<sup>38</sup> In addition, it may be appropriate to grant such standing to institute proceedings, for instance collective rights management bodies (“collecting societies”). The association contracts through which authors join those societies frequently contain either explicitly or implicitly also provisions in this respect.

It should also more generally be underlined that collecting societies and authors’ organizations in general have a very important function in the context of enforcement of rights. Individual authors often do not have the professional, economic or legal experience (or simply have no time) required so successfully take action against infringements of their rights. These qualities are, on the other hand, very much present in professional bodies such as collecting societies and corresponding entities.<sup>39</sup> A civil litigation will be a litigation brought by right holder against infringer based on statutory remedies.<sup>40</sup> Civil litigation seeks civil monetary damages and remedies, like injunction, costs and attorney fees.<sup>41</sup>

So intellectual property right owners can go to court; the High Court to enforce their rights even when such rights are yet to be registered. In *Defectors Work v. Odun Utun Trading Co.*<sup>42</sup> the court ordered the delivery up of bread wrappers which were likely to pass off the goods of the defendants as plaintiff’s bread. In *Bills Sons & Co. v. Godwin Ako*<sup>43</sup> the court found that “Glucos-AID” was calculated to confuse and deceive the public in it’s sound in their consideration of the trademark “Lucozade”.

To curb intellectual rights violations through the courts, the populace must be made be aware of the fact that the courts exist for them. Secondly cost of litigation for intellectual property rights violations should be free. One could argue that it would open a flood gate of cases even irrelevant ones but only on this basis could right owners would be encouraged to come to court. Moreover, the issue of enforcement of violations should not be left to the right owners alone. This is so

because a right owner may be thousands of kilometers away and may not be aware of the infringement in relation to his or her work. The right owners, the government the agencies, the courts and the citizens must wake up to the fight against intellectual property rights violations.

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# Intellectual Property Rights in the Age of Digitalization

Surjit Singh\* and Sewanand\*\*

## Abstract

*Rapid growth of digitalization in the last few years has changed almost every aspect of life, by making things convenient, faster, cheaper and more efficient. It is not only changing the way of life, but also changing the face of business worldwide. Business community are increasingly using digitalization not only to create, store, transmit and retrieve information in electronic form, but also to conduct various business activities such as, buying and selling goods and services, transfer of funds, payment gateways, advertisement etc. Thus, much of the value of firm in the digital economy is in the form of intellectual property and individuals and firms are trying to secure more and more rights in their intellectual property. It has become common e.g. to file patents for firms business method. But intellectual property rights in digital information products are complex for various reasons like the nature of digital products, such that payment gateways, Internet's long reach etc.*

*Issues of generation, protection and exploitation of intellectual property are assuming increasing importance in the age of digitalization. India is one of the few countries, which has adopted some credible initiatives to adopt and accord a system, which can ensure adequate protection of intellectual*

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*property right to this sector. This can be witnessed from the series of steps taken by the Indian government to make its intellectual property compatible with the TRIPS Agreements by bringing in amendments of its IPR laws like the Indian copyright Act, 1957, Trade Marks Act, 1999, Patents Act, 1970 and enactment of Design Act, 2000 and IT Amendment Act, 2008. But still there is a little doubt that in various respects, it remains one of the most obscure and arcane areas of modern laws. The information technology Amendment Act, 2008 has not provided any regime for protection of IPR issues nor any remedies against violation of such rights.*

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Rapid growth of digitalization in the last few years has changed almost every aspect of life, by making things convenient, faster, cheaper and more efficient. It is not only changing the way of life, but also changing the face of business worldwide. Business community are increasingly using digitalization not only to create, store, transmit and retrieve information in electronic form, but also to conduct various business activities such as, buying and selling goods and services, transfer of funds, payment gateways, advertisement etc. Thus, much of the value of firm in the digital economy is in the form of intellectual property and individuals and firms are trying to secure more and more rights in their intellectual property. It has become common e.g. to file patents for firms business method. But intellectual property rights in digital information products are complex for various reasons like the nature of digital products, such that payment gateways, Internet's long reach etc.

## **CONCEPT OF INTELLECTUAL PROPERTY RIGHTS**

Wealth and acquisition of wealth is single potent motivating force for a human being to make efforts relentlessly for ingenuity, innovation and invention. In addition to tangible, material or physical property,



intellectual property has also acquired a new value and importance worldwide in recent times. Loosely defined, Intellectual property is a “*product of human intellect or mind*”.<sup>1</sup> This property can be purchased or sold, hired or licensed. The right granted for protection of this property is called “*Intellectual Property Rights*”.<sup>2</sup> The IPRs can be protected through: (1) Patents, (2) Copyrights, (3) Trademarks, (4) Design, (5) Layout Design of Integrated Circuits, (6) Contractual Licenses, (7) Trade Secrets. Intellectual property rights in the age of information technology or digital information products are complex for several reasons:

- (i) The nature of digital products is ambiguous.
- (ii) Error free and cheap digital copying.
- (iii) Internet’s long reach and high monitoring potential.

## **INDIAN LEGAL REGIME FOR PROTECTION OF IPRS IN AGE OF DIGITALIZATION**

The emergence of new digital technologies and the increasing pervasiveness of the Internet have led to a renewed examination of intellectual property rights and its related laws. Over the years there has been phenomenal growth in the development of intellectual property laws. India is one of the few countries, which have adopted some credible initiatives to adopt and accord a system, which can ensure adequate protection of intellectual property rights to information technology sector.<sup>3</sup> This can be witnessed from the series of steps taken by the government to make its intellectual property regime compatible with the TRIPS agreement by bringing in amendments to its IPR laws like the Indian Copyright Act, 1957; Trade Marks Act, 1999; The Patents Act, 1970 and the Enactment of Information Technology Amendment Act, 2008.<sup>4</sup>

### **Indian Patent Laws**

In very simple terms, a patent is a monopoly right granted to persons, who have developed a new invention as a result of their own innovation and ingenuity. Thus, a patent is a form of intellectual property rights in among other things, a new and useful device, design or process. The Indian Patent Act, 1970 is the current law dealing with patents. Under our Patent Act, 1970 as amended vide the Patents (Amendment) Act,

2002, a mathematical or business method or a computer program per se. or algorithms are not patentable inventions (sec. 3 (K)). The Patent Laws of most other countries have also denied patenting computer program. It is justified that a computer program may neither be classified as a product and hence would not, fall within the ambit of term ‘invention’. But, according to Indian Patent Law, it is now legally possible to obtain patent on computer programmer, which produces a technical effect, which is new and is capable of industrial application. Thus, now hundreds of applications for software patents have been filed in our country.<sup>5</sup>

### **The Copyrights Laws**

The Copyrights Act, 1957 of India describes the provisions with respect to nature of copyrights and section 14 deals with meaning of copyrights in India. Copyright means the exclusive right, subject to the provisions of this Act, to do or authorize the doing any acts (mentioned in section 14) in respect of work or any substantial part thereof. In case of a computer programme copyright means.

- (1) to do any of the acts specified in clause (a);
- (2) to sell or give on hire, or offer for sale or hire, any copy of computer programme, regardless of whether such copy has been sold or given on hire on earlier occasions.

### **Information Technology Amendment Act, 2008**

Keeping in view the expanding culture of Information Technology in India, the Indian Parliament has enacted the Information Technology Amendment Act, 2008.<sup>6</sup> This act provides legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as “electronic commerce”, which involve the use of alternatives to paper based method of communication and storage of information to facilitate electronic filing of documents with the Government agencies and further to amend the Indian Penal Code, 1860; the Indian Evidence Act, 1872, the Banker’s Book Evidence Act, 1891 and the Reserve Bank of Indian Act, 1934 and for matters connected therewith or incidental thereto.<sup>7</sup> This act hardly addresses itself to the broader problem of protection

and enforcement of Intellectual Property Rights.<sup>8</sup> The act provides for investigation, trial and punishment for certain offences like tampering with computer system, publication of information which is obscene, tampering with protected computer systems, piracy, misuse and faking of digital signature certificate.<sup>9</sup> On the examination of IT Amendment Act, 2008, one finds that this act is a good attempt at indexing and cosmetic support to tackle violation of IPRs and does not grapple with the problem in its entirety with insight and intensity.<sup>10</sup>

### **Trademarks Laws**

The Indian statute relating to the regulation and use of trademarks is the Trade and Merchandise Marks Act, 1958. Under the provisions of this Act, the term 'marks' has been defined at section 2 (1) (j) as, 'Mark' includes a device, brand, heading, label, ticket, name, signature, word, letter or numerical or any combination thereof. Thus, the trademark under which a computer or computer peripheral is sold, would be entitled to the same protection under trademark law as any other products. But it is quite difficult to ascertain the extent to which the use of trademarks on the Internet would be either defensible or punishable under Indian law. The Act has clearly been restricted to the territory of India and therefore could not be said to apply to other jurisdictions. The reason, each country has its own laws relating to trademarks, as well as its own system for registration and the fact that a trademark has been registered in a given country would not qualify that trademark for protection in another country where such registration has not been obtained, except where a suit for passing off is initiated on the ground that the mark is so well known as to have established a reputation within the country without such registration.

A perusal of the recently enforced Trademarks Act, 1999 would immediately reveal that the Act has failed to address the protection of well-known marks or trademarks. The domain names are akin to trademarks. But our traditional trade marks laws would not be able to address the abuses concerning domain names and unfortunately neither our Trademarks Act, 1999 nor the IT Amendment Act, 2008 provide any remedy or relief against such practices done in bad faith unlike the Anti-cyber Squatting Consumer Protection Act of 1999 of the US which creates a federal cause of action if a distinctive or famous mark

has been registered as a domain name with the intent to use or sell the mark in bad faith.

## **CYBERCRIME AGAINST IPRS IN THE DIGITAL ECONOMY**

Cybercrime against intellectual property include hacking and cracking of computer system, secret codes, copyrights, trademarks, domain name etc. this form of crime is also known as infringement of intellectual property rights. Among them domain names is the most controversial and dangerous form of crime. The use of the name of a business by individuals or organizations, without having any connection with that business and interrogation of the rights of the owner of those names, is objectionable because the use of an infringement of another's rights.<sup>11</sup>

There are also numerous court cases regarding infringement of trademarks through domain name regarding the entire world. Trademark infringements arise through use of marks by one person that belongs to another person. Section 29 of the Trademarks Act, 1999 sets out when a registered trademark is infringed. Large-scale piracy of the Copyrighted films, video pictures performance, etc. and their transmission and circulation have grown with the spread of Internet. There are also other forms of cyber crime against intellectual property rights exists. This includes theft of data, information, Internet sabotage, Internet fraud, viruses and malicious codes etc. A number of cases concerning cyber squatting have been filed in different courts wherein interim injunctions have been granted and the cases are subjudice. However, there was great hope that IT Amendment Act, 2008 would cover all these tedious issues but IT Amendment Act, 2008, as it stands now, does not provide for remedies for online infringements of IPRs. How would a copyright holder in a motion picture produced in India protect his rights when he finds that they are offered on the Internet from a site outside the country?<sup>12</sup>

## **PROTECTION OF IPRS IN THE AGE OF DIGITALIZATION: SOME TECHNOLOGIES**

The fundamental problem is that technology itself cannot be regulated. There can be no global agreement on banning technologies used by hackers and pirates because the technologies are ultimate embodiment of the term "dual use", their essential commercial purpose is inseparable

from their contra-legal potential.<sup>13</sup> Moreover, it is in the immediate economic – interest of the producers of these technologies to ensure that they are quickly and widely propagated as possible on a global basis.<sup>14</sup> Apart from the government regulation, recent years have seen the exploration of many technological mechanisms intended to protect intellectual property in digital form, alongwith attempts to develop commercial products and services based on those mechanisms.<sup>15</sup> Following steps can be taken to provide software based technical protection to the Intellectual Property:<sup>16</sup>

1. **Watermarking:** Watermarking is the embedding of copyright management into protected digital objects. It is the method by which the identifier can be indelibly stamped in order to provide evidence of ownership. Watermarking is seen by many as an essential part of copyright management.
2. **Certification:** As the trading of digital protected information will take place between parties who are not well known to one another, same system to enable both parties to trust each other is essential. Certification is the process by whereby parties to a transaction can be vouched by third parties, often referred to as a ‘Trusted Third Part (TTP)’. Certification usually employs asymmetric encryption technology. For certification to become widespread, the creation of PKI (Public Key Infrastructure) is necessary. The development of an International PKI is currently hindered by some government objections to the widespread deployment of encryption.
3. **Surveillance:** The act of watching an individual movement is considered to be covered under the concept of “surveillance” as far as privacy infusion is considered. However, in the part the term surveillance has been considered something, which is primarily carried out on the behalf of society as a whole (government). The surveillance of an individual involved in criminal at the surveillance may assist the arrest, interrogation and imprisonment of criminal. The government also across the globe are now under compulsion to make laws and rules of convergence of information technology, communication and Tele communication. The traditional concepts like activity, technology, and regulatory scheme or jurisdiction are disappearing at a fast speed due to advances in the IT age. According to Alan Westin there are three

forms of surveillance (i) Physical, (ii) Psychological and (iii) data surveillance.

4. ***Intrusion Detection System Security:*** It include protection against “attacks from the Internet and the Intranet, enabling trust and privacy protection for e-transactions, controlling access to systems and performing security management. Host and network based intrusion detection systems augment the protection offered by anti-virus software, firewalls, and VPNs by warning administrators of real and attempted intrusions, both from inside and outside the organisation.
5. ***Access Control:*** The purpose of this is to ensure that only authorized users have access to a particular system and/or specific resources. That access and modification of a particular portion of data is limited to authorized individuals and programs. In most cases, access control mechanisms are implemented in a single computer to control access to that computer. Since much of the access to a computer is through a networking or communication facility, it is important to consider access control as part of security. It is a form of authorization and relates to who or what may have access to a certain service or system.
6. ***Use of Digital Signature:*** A digital signature is a close parallel to a handwritten signature. Like a handwritten signature, a digital signature is unique – only one person presumably possesses the private key. When used with a hash function, the digital signature is even more unique than a handwritten signature. In addition to being unique to a particular individual, when used to sign a hashed document, the digital signature is also unique to the document, and changes every document.
7. ***Digital Certificates:*** To further strengthen the security mechanisms, the concept of digital certifications has gained popularity. Just as we have paper certificate to prove that we have passed a particular examination, or that what we are eligible for driving a car, a digital certificate is used for authenticating either a web clients or a web server (i.e. assuring that the message has indeed originated from it). A digital certificate proves the identity of a client or a server beyond doubt, because a reliable authority such as the government, a bank or a financial institution issues it.

## CONCLUSION AND SUGGESTIONS

The concept of IPR's in the age of digitalization is one of the critical issues that need to be understood and must be analyzed, realized and resolved critically. The information infrastructure makes infringements of intellectual property rights vastly easier to carry out and correspondingly more difficult to detect and prevent. International community has shown considerable attention to introduce better safeguards which accord effective IPR protection. Indian government has already taken number of initiatives in this direction by bringing in amendments to its IPR laws. There is a growing recognition in US that Indian IPR laws are good they point out that their implementation is tardy because there is no central agency. Add to this Indian laws are not suitably amended, even IT Act, 2008, does not mention a single word about domain names and such disputes, leave aside cybersquatting. Consequently, there is a great air of uncertainty hanging around the issue of IPR. There is an urgent need for the government of India to address the issues relating to domain names disputes. The Intellectual property right laws have to be suitably amended that too quickly, to be sync with the emerging trend over the digital world. We need to have special provisions for IPR laws violations and more significantly, IPR laws must be implemented strictly and effectively. Our judiciary should set up "intellectual property" benches in Supreme Court and High Court to render the disposal of IPR cases effective and expeditious. The industrialists has to adopt appropriate safeguards to ensure protection of IPR by joining hands with the government in forging, formulating and enforcing an effective IPR regime, which can minimize if not totally eliminate violation of such rights. Change will come surely through awareness regarding strictly implementation of intellectual property right laws. IPRs will surely survive the digital age, although substantial time and efforts may be required to achieve the goal of digitalization.

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# Infringement of Intellectual Property Rights

Tanishq Acharya\* and Deepa Roy\*\*

## INTELLECTUAL PROPERTY RIGHTS AND ITS IMPLEMENTATION

Paris Convention for the protection of industrial property in 1886 at Berne convention for the protection of literary and artistic work was the time when internationally the need of intellectual property rights emerged. Now Specific Article 27 of *Universal Declaration* protects the intellectual property.

For economic development and social and cultural welfare Intellectual property right is a powerful Tool. Laws to intellectual property rights are the result of promotion of creativity and invention especially when the public interest and the interest of innovator became same.

Protected innovation alludes to the immaterial property, for example, licenses, copyrights, trademark and exchange dress which have a place with a man or an organization to be more particular it alludes to the manifestations of the mind like images, development, masterful works, scholarly and pictures (Introduction to Property Theory and Practice 1997), Intellectual Property Rights (IPR) are rights given to people to protect commercially valuable products of human intellect, similar to the rights in the forms of physical property are necessary to protect

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product or services from being copied or stolen by others. IPR cover human intellect creations, such as inventions, designs, trademarks or artistic works, such as music, books, films, dances, sculptures or photographs.

**Intellectual Property Fundamentals:** Understanding the Classic Areas of Intellectual Property: Copyrights and Patents.

**Copyrights** is a set of exclusive rights granted to the author or owner of an original work, including the right to copy, issue to the public such copies, perform in public or communicate to the public, distribute by way of sale or rental, adapt or translate the work in question. Copyright lasts for a certain time period after which the work is said to enter the public domain.

### **Patent**

The term “patent” refers to an exclusive right, granted to anyone who invents any new process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof, to make, use, exercise, sell or distribute the invention. It is set of exclusive rights granted by a specific nation to an inventor for a limited period of time in exchange for a public disclosure of the invention in question. For an invention to be patentable, it should pass a three-fold test, i.e.

- (i) The invention should be novel,
- (ii) There should be an inventive step and,
- (iii) The invention should have public utility.

### **Trademarks**

A Trade mark is (or should be) a badge of origin. In other words, it indicates the source or the trade origin of the goods or service in respect of which it is used. A trade mark may do other things as well, but it must act as a badge of origin.

Speaking in general terms, we can define a trademark as being a sign which distinguishes<sup>1</sup> particular goods or services of one undertaking from the goods or services of other undertakings. That is easy enough, but things start to get more complicated when you want to create a registration system. Any registration system is going to be imperfect

way of capturing all the attributes of trademarks which operates in the market.<sup>2</sup>

## **INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS**

Infringement of intellectual property happens when someone attempts to exploit the rights conferred on the respective owners under different forms of intellectual property without the assent of the owners or persons authorized by them. The term “infringement” has different connotations with respect to different types of intellectual property. For example, under copyright law there can be no infringement without copying regardless of the extent of similarity between the two works.<sup>3</sup> In other words unlike in the case of patents, independent creations cannot be infringing works.<sup>4</sup> Similarly, use of copyrighted work is not an infringing act if such use does not fall within the scope of those the scope of those rights expressly granted to the copyright proprietor.<sup>5</sup> The differences may be due to the differences in the scope of rights conferred by each intellectual property and its impact on society at large. The first step in determining infringement of intellectual is the proof of existence of a valid intellectual property. The next step is to see if there is violation of rights granted by the statute. While determining this, the excusable or justifiable actions have to be taken into account.

## **COPYRIGHT INFRINGEMENT**

The copyright in a work could be said to be infringed when someone without the permission of the owner of copyright does anything, the exclusive right being conferred upon the owner by the Copyright Act. The various acts that amount to copyright infringement have been enumerated in section 51 of the Indian Copyright Act. In order to prove infringement, it has to be proved that the work alleged to be infringed has copyright and the infringing work is a copy of it. For proving the latter part, one has to have a clear understanding as to what amounts to copying. How much of the original work need to be copied for constituting infringement? Copying of the uncopyrightable material from the original work is not infringement. In order to constitute infringement not only that copyrighted material is copied but also such protected material is “substantial”. In other words, there should be substantial copying between the original work and the work alleged to

be an infringing copy. Substantial copying does not necessarily mean copying of substantial portion of the work. Even if the similar material is quantitatively small, it is enough to constitute substantial copying if it is qualitatively important.<sup>6</sup> Copying need not be literal or verbatim. It is enough if the fundamental essence or structure of one work is duplicated.<sup>7</sup> The mere fact that the defendant paraphrased rather than literally copied will not preclude a finding of substantial copying.

The Supreme Court of India has subsequently enunciated various governing principles when it comes to infringement of copyright in the context of plays and cinematographic films. In *R.G Anand v. Deluxe Films*<sup>8</sup> the plaintiff had written a play titled “Hum Hindustan” in 1953 and it was staged for the first time in 1954. The defendant had approached the plaintiff earlier for using this play to make to a film. However, there was no decision intimated to the plaintiff in this regard but subsequently, the defendant announced the production of a motion picture titled “New Delhi”. When the plaintiff approached the defendant and aired his apprehension about this movie being an infringement of the plaintiff’s copyright in his play, the defendant allayed these doubts and assured the plaintiff that the story treatment, dramatic construction, characterization etc. were quite different in the film. Once the film was released, the plaintiff having formed the belief that the film was entirely based on his play filed a suit for copyright infringement against the defendant. The Supreme Court, after examining the plaintiff’s and the defendant’s works, came to the conclusion that there was no copyright infringement by the defendant as the film had made substantial alterations to the plaintiff’s theme.

### **A. Infringement of Copyright under UK Law and Indian Law**

Under the U.K. Law there are two types of infringement: the primary and the secondary. Violation of one’s copyright by another is referred to as primary infringement while aiding or abetting somebody to commit the act of primary infringement is called secondary infringement. Thus, there is a fundamental distinction between the two:

“Primary infringement is concerned with the people who are directly involved in the reproduction, performance (etc.) of the copyright work. In contrast, secondary infringement is concerned with people in a commercial context who either deal with infringing copies, facilitate such copying or facilitate public performance.”<sup>9</sup>

“Fair dealing” in UK is the corresponding law which permits parties to use copyrighted materials under very limited circumstances. In United States Fair Dealing is restrictive where as Fair Use is less restrictive. In cases the author or creator of the work must be given sufficient acknowledgment. If not practiced then you will be committing theft or pirating of copyrighted material.<sup>10</sup>

Indian Copyright Act in its section 51 enumerates situations when copyright in a work shall be deemed to be infringed. The first situation is when a person, either without the license of owner of copyright or license of Copyright Board or in contravention of a license so granted or any condition imposed by a competent authority, does anything the exclusive right of doing which has been exclusively conferred upon the owner of the copyright; or such person permits for profit any place to be used for the communication of the work to the public where such communication constitutes an infringement of the copyright in the work. The condition is that, in the latter case, such a person should be aware and should have reasonable ground for believing that such communication to the public would be an infringement of the copyright.<sup>11</sup>

## **B. Remedies and Provisions for Appeals**

For a system of law to be perfect it is of vital importance that remedies should be available to those who are aggrieved as a result of violation by others of the rights or privileges which the law confers on the former. The Copyright Act, 1957 provides for civil and criminal remedies against infringement of copyright or related rights.

### **Civil Remedies**

Where the copyright in any work has been infringed, the owner of the copyright is entitled to all such remedies by way of injunction, damages, accounts and otherwise as are or may be conferred by law of infringement of a right.

In *Palakurtu Lakshmi Ganapati Rao and Gundu Subhadramma v. Manisha Video Vision*,<sup>12</sup> the trial court found that the defendants had infringed the copyright of the plaintiff by producing video cassettes of a cinematograph film wherein the plaintiff had a copyright; but did not award damages saying the plaintiff had not adduced enough evidence

to help the Court compute the damages. On appeal the High Court, rejected the plea of the trial court and awarded ₹ 25000 as damages for the plaintiff.

Section 61 provides that unless directed otherwise by the court, an exclusive licensee can make the owner of the copyright a defendant and in this situation the owner of copyright shall have the right to dispute such claim made by the exclusive licensee. And, if the exclusive licensee succeeds in a civil suit or other proceedings against the owner of copyright, no fresh suit or other proceedings with respect to the same cause of action shall lie at the instance of the owner of the copyright.<sup>13</sup>

Section 62 provides that every suit or other civil proceedings arising under the sections discussed above (i.e. Sections 55 to 61) shall be instituted in the District Court having jurisdiction.

### **Criminal Remedies**

A person who knowingly infringes or abets the infringement of the copyright in a work or any other right conferred by the Copyright Act (except the re-sale share right in original copies conferred by Section 53-A) shall be punishable with imprisonment ranging from six months to three years and fine from fifty thousand rupees to two lakh rupees. However, if the infringement is not for commercial gain, the Court may, through a reasoned decision, impose a fine of less than fifty thousand rupees and an imprisonment of less than six months. It is a cognizable offence.<sup>14</sup>

### **INFRINGEMENT OF PATENTS**

When a person works a patentable invention without a lawful authority to use it, he is said to have committed infringement of the patent right. the person in whom this right is vested, be it the owner of patent or an assignee person in whom the right is vested, be the owner of patent or an assignee or a licensee or anybody else who lawfully has an interest in the patented invention, can bring the proceedings of infringement against the unauthorized user.<sup>15</sup>

The defenses available are that the invention is not really an invention under the meaning the Act, that it had been obtained wrongfully in contravention of rights of somebody else who had really claimed. It that it was obvious and that it had been subject-matters of an earlier patent

etc. Section 107 states that all the grounds on which a patent may be revoked may be grounds of defense in a suit of infringement. The Court has also upheld this view in *The Pilot Pen Co. (India) Private Ltd., Madras v. The Gujarat Industries Private Ltd., Bombay*.<sup>16</sup>

The question of infringement of a patent is a mixed question of law and fact. Observing thus the court in *Lallubhai chakubhai jariwala v. Chimanlal Chunnilal and Co.*,<sup>17</sup> stated that a patent may be infringed in several ways, one of which being the use of “the invention or any colorable imitation thereof in the manufacture of articles or by getting the invention in practice in any other way.” A patent, according to the Court’s view, may sometimes be infringed by taking part only of the invention, but that depends on whether the part for which protection is asked is a new and material part.

## INFRINGEMENT OF A TRADE MARK

If any person, without the consent or license of the registered proprietor, uses that mark or a mark similar to it in relation to either the similar or identical or different class of goods or services, which has the tendency to create confusion among the public as regards the registered trademark or which may be detrimental to the distinctive character or repute of the registered trade mark; that other person may be held guilty of infringement of the registered trade mark.<sup>18</sup>

For the purposes of ascertaining whether a trademark has been infringed, a person shall be deemed to use a trademark if he-

- Affixes it to goods or the packaging thereof;
- Offers or exposes goods for sale;
- Imports or exports goods under the mark; or
- Uses the registered trade mark on business papers or in advertising.

A registered user can bring the proceedings against infringement of the registered trademark though he cannot have any assignable or transmissible right in that trademark. A permitted user (that is, a person other than the registered proprietor and the register user) does not have right to institute proceedings against infringer of the registered trademark which he is permitted to use.

## **WHY INTELLECTUAL PROPERTY RIGHTS?**

The expressed goal of the IPR (except for Trademarks) is to promote progress.

The implementation of intellectual property rights is important because:

- To provide incentive to the individual for new creations.
- Providing due recognition to the creators and inventors.
- Ensuring the availability of the genuine and original products.
- Intellectual property protection is critical to fostering innovation. Without protection of ideas, businesses and individuals would not reap the full benefits of their inventions and would focus less on research and development. And even one cannot fully compensate the creation of an artist and cultural vitality.<sup>19</sup>

The needs of Intellectual Property Rights are properly stated above by the author. So how is a person going to protect his or her intellectual property rights. Following are the step how which a person is going to protect his/her rights:

### **Part 1- Identifying Your Intellectual Property:**

1. Know the three types of intellectual property-Patent, Trademark, Copyrights.
2. Categorize your business assets and creations.
3. Prioritize your intellectual property.

### **Part 2- Protecting Your Intellectual Property inside Your Business:**

### **Part 3- Protecting Your Intellectual Property outside Your Business:**

1. Watermark your images.
2. Patent your inventions.
3. Copyright your art and publications.
4. Register your trademarks.

## **CONCLUSION**

The law of intellectual property has some special features. It does not deal with tangible properties movable or immovable. It is concerned with various areas where the intellectual effort of an individual has



enriched his business and society. At the same time since the statute gives a monopoly, its technicalities have to be mastered by the lawyer.

A Rational man comes across intellectual properties from morning to night. The good having a very big area to cover which cover food, shelter, clothes; all the things which are luxuries as well as for comfort of a human being, from waking up on a round bed, using a Bombay dyeing mattress and pillows, having a cup Baadbakri tea, then wearing a Puma suite and shoes for morning walk, he deals with these properties of intellectual property rights. A Bru coffee in breakfast, going in a Santro car to the office using a Dell computer and coming back in a car. In the evening watching Sab TV and fixing alarm in his/her Timex watch to wake up in the morning, individual uses the products which are intellectual properties of someone. Patents or a copyright or a trademark are covering these things a normal man's life is slinked with this thing which are protected by law under intellectual rights. The unauthorized reproduction of these things without the permission of the owner amount to offences. Therefore, the knowledge about IPR is must.

## NOTES & REFERENCES

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4. *Kewanee Oil Co. v. Bicron Corp.*, 40 L Ed 315:416 US 470,477 (1974).
5. Nimmer on Copyright, 8.OI [1], pp. 8-14.
6. Nimmer on Copyright, at pp. 13-47.
7. *Nicols v. Universal Pictures Co.*, 45 F 2d 119 (2d Cir 1930), at p 121.
8. (1978) 4 SCC118, AIR 1978 SC 1613,[1979] 1 SCR 218.
9. Bently and Sherman, *op. cit.*, p. 155.
10. <https://www.reputationhawk.com/Summary-of-UK-Copyright-Law.php>.
11. J.P.MISHRA, An Introduction to Intellectual Property Rights, pp. 156-157, (3rd ed. 2012).
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14. *Abdul Sattar v. Nodal Officer, Anti Piracy Cell, Kerala Crime Branch*, 2007 (35) PTC780 (Ker.). The Kerala High Court interpreted the relevant provisions of Part II of the Schedule to the Code of Criminal Procedure to infer that an offence punishable with imprisonment for three years or more is a cognizable offence.
15. N.S. Gopalakrishnan and T.G. Agitha, *Principles of Intellectual Property* (Eastern Book Company 2014) pp. 369-393.
16. A.I.R. 1967 Madras 215.
17. A.I.R 1936 Bombay 99.
18. Section 29, The Trade Marks Act, 1999.
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# Compulsory Licensing of Pharmaceuticals as under TRIPS Agreement Vis a Vis Competition Laws in India

Ayesha Mukherjee

## Abstract

*The emergence of the TRIPS Agreement which favours protection for intellectual property rights was amended to allow for certain flexibilities allowing members to weaken patents for promoting public health. This introduced the compulsory licensing system. Compulsory license means, an individual or company seeking to use another's intellectual property can do so without seeking the rights holder's consent, and pays the rights holder a set fee for the license. This is an exception to the general rule under intellectual property laws that the intellectual property owner enjoys exclusive rights that it may license or decline to license to others. The primary focus of the agreement everytime it was amended was to promote public health of the member states. The issue of compulsory licensing is a highly debated issue between the developed and developing nations. There are several grounds on which compulsory licensing has been opposed by developed countries. The TRIPS Agreement support the concept of compulsory licensing to a great extent. The Canada Rwanda case expose that the entire mechanism of compulsory licensing may be an extremely cumbersome process. Thus, it may deter foreign investment but the question whether it will have any impact on future prospects*

*in innovation and R&D needs introspection. The decision of Competition Commission of India in Natco v. Bayer reflects the approach of promoting access to medicines for all. The argument of promoting public health taking into account the global health issues takes precedence over the arguments that seek to protect the economic interests of the pharma giants. Even though a couple of amendments could be introduced to reconcile the two different viewpoints.*

## INTRODUCTION

The emergence of the TRIPS Agreement which favours protection for intellectual property rights was amended to allow for certain flexibilities allowing members to weaken patents for promoting public health. This introduced the compulsory licensing system. There is a well founded mechanism by which the system of compulsory licensing works. It has largely been observed that the process is cumbersome and lengthy but at the same time it assures worldwide access to medicines. It has been argued by mostly developed nations, since they are home to big pharma giants that, the system of compulsory licensing would not create an investment friendly climate and hence would restrict innovation and medical progress. This paper is an attempt to analyze the entire ambit and scope of the compulsory licensing system as evolved under the TRIPS Agreement with special reference to India. It is a descriptive study aimed at analyzing the reasons and grounds on which this is opposed by the developed countries have also been dealt with. It is a fundamental research regarding the question – whether the system of compulsory licensing, which has been introduced to tackle global health issues, should be scrapped in view of the economic interests of pharma giants? In the opinion of the developed nations the provisions of compulsory licensing restricts innovation and foreign investment. But is it really so? If yes then to what extent? It has also been analyzed whether the global health issue deserves more or less importance than the economic interests of the pharma giants. In this context, the case of *Natco v. Bayer* deserves special mention. The system of compulsory licensing does not restrict innovation to the extent perceived by pharma giants. Even if it does restrict innovation, there are certain amendments which can be made in the TRIPS agreement to neutralize such undesirable effects. Compulsory licensing has ensured access

life saving drugs worldwide, which would not have been otherwise possible.

## LEGAL BACKGROUND

Patents are national rights, usually granted by the national patent office, with effects only in the area for which they have been granted. The TRIPS Agreement, one of the main WTO Agreements, prescribes a minimum level of patent protection that WTO Members must provide. According to Trips Agreement Art, 27, Members must grant patents “for any inventions (...) in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application. Further, in order to obtain a patent, applicants must file an application disclosing the invention. If the invention is patentable, the inventor obtains a patent with a term of at least twenty years from the date of filing. A patent on a product allows the patent-holder to prevent third parties from “making, using, offering for sale, selling or importing” the product in the territory of the grant without its consent. To secure protection of an invention in several countries, inventors must file for patents in all of them. Pharmaceutical companies generally patent their inventions in all major markets.

As quasi-monopolies, patents generally allow inventors to sell their product at higher prices, creating an incentive to invest in research and development, but also a threat for access to medicines for the poor. The issue was recognized by the WTO in its 2001 Doha Declaration on the TRIPS agreement and public health. It pointed out that the TRIPS Agreement provides for a number of so-called “flexibilities” allowing Members to weaken patents, including compulsory licenses. A compulsory license is a license granted by the government allowing the use of the invention without the patent holder’s authorization. The beneficiary can produce the patented product or import it from a country where it is not patented. Article 31 of the TRIPS Agreement allows Members to grant compulsory licenses under several conditions, such as authorization on the individual merits, payment of adequate remuneration and unsuccessful efforts to obtain an authorization from the patent-holder on reasonable commercial terms within a reasonable period of time. The latter requirement may be waived, e.g., in times of national emergency.

TRIPS Article 8, outlining the principles of the TRIPS, permits Members to “adopt measures necessary to protect public health.” TRIPS Articles 30 and 31 relate to flexibilities, Articles 30 and 31, read in light of article 8, may already permit countries to exercise TRIPS flexibilities to protect public health.

The 2001 Doha Ministerial Conference decided that countries unable to manufacture pharmaceuticals could obtain cheaper copies elsewhere if necessary and hence amendments were made to this effect. The Doha Declaration further clarified that one of the important flexibilities under the TRIPS Agreement is “Each members has the right to grant compulsory licences and the freedom to determine the grounds upon which such licences are granted.” Granting of a compulsory license is well within the rights preserved by members in full accordance with the rights and obligations under the TRIPS Agreement. As the Doha Declaration affirms and clarifies, governments have an obligation to implement the TRIPS Agreement, including the use of TRIPS flexibilities, to protect public health and promote “access to medicine for all.”

The entire mechanism of TRIPS agreement can be stated as under:

1. The importing country must make an application to the WTO.
2. The compulsory license granted in the exporting country shall also be notified to the WTO and be limited to the amount necessary to meet the needs of the importing country.
3. Products shall furthermore be distinguishable through specific labelling and marking and information must be published on the internet.

To put the mechanism into operation, the importing Member must notify the WTO’s Council for TRIPS of the name and expected quantity of the product, confirm that it has established that it has insufficient or no manufacturing capacity for the product in question (unless it is an LDC), and confirm that it has granted or intends to grant a compulsory license if the product is patented in its territory. The exporting Member can then issue a compulsory license limited to the quantity of the drug necessary for the notifying importing Member with the whole production going to that Member. It must require the beneficiary to identify the drugs to prevent re-imports, e.g. by adding a special

color, and to post quantities and distinguishing features of the drug on a website before shipment begins. Several importing Members can pool as importers. The exporting Member has to notify the Council for TRIPS of the grant of the license and its conditions. The notifications by importing and exporting Members do not need approval by the WTO. The mechanism is subject to an annual review by the Council for TRIPS.

As compulsory licenses for export are granted under national law, exporting Members must amend their patent laws for the mechanism to work. Several Members have done so, albeit not in a uniform manner.

A study of the Rwanda Canada Case will enable us to understand how the mechanism of compulsory license actually works.

The road towards the first application of the mechanism started when the NGO Médecins Sans Frontières (MSF) committed itself to test the new law.

In December 2004, the Canadian company Apotex agreed to produce a fixed-dose combination of the three HIV/AIDS drugs later to be known as TriAvir. Nine Canadian patents are related to the drugs.

Health Canada did not approve the new drug until August 2006. Apotex's attempts to negotiate voluntary licenses with the patent holders stalled. It complained that the innovative companies could attach any condition preventing a deal. Also, Apotex failed to fulfill the requirements for a compulsory license under the Canadian Patent Act because there was no importing country. Rwanda signaled its willingness to use the mechanism. Apotex filed for and on 19 September 2007 obtained a two-year-compulsory license on the nine Canadian patents for manufacturing 15.6 million tablets and exporting them to Rwanda. Canada notified the Council for TRIPS of the license on October 4, 2007.

The process proved cumbersome and the generic manufacturer has few incentives to go through with it. It is not economic to produce for merely one importing country, and it is difficult to convince countries to notify the WTO of their need to import. Additionally, Canada imposes a maximum term of two years for the compulsory license, not enough to recoup the investment for producing a generic drug.

The entire process starting from trying to import voluntary licences till the time the goods are finally shipped is extremely time consuming.<sup>1</sup>

When Brazil issued compulsory license to import and eventually manufacture the generic versions of the drug more cheaply, the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), which includes big pharma giants, criticized Brazil by saying that it was a confrontational approach.<sup>2</sup>

## **EFFECT OF COMPULSORY LICENSING ON COMPETITION**

**Effect on foreign investment.** Compulsory licensing may deter foreign direct investment in industrial sectors. Apprehensions of compulsory licensing of IPRs may cause companies to not venture in to Indian jurisdiction as their right of patent or any other IPR may be licensed to others bringing down the profitability.

At times even a fear of compulsory licensing may adversely affect trade relations between countries. It has to be noted that growth of local industry in developing countries depends on investment that comes from outside the country. In order to protect their products from compulsory licensing, the pharmaceutical companies may find a different venue for their clinical trials. Therefore, a country may lose a potential source of economic growth by issuance of compulsory licenses.<sup>3</sup>

The pharma giants try to justify their monopoly position leading to high prices on the ground that the high price of medicine stems from the costly research and development process, which is necessary to produce safe and effective pharmaceutical products. A decrease in research will certainly reduce the rate of medical progress and innovation across the globe.<sup>4</sup> It has also been argued that without patent protection, the pharmaceutical companies will not receive adequate return on investment. Uncertainty about patent protection may halt search for new drugs much needed by third world countries.<sup>5</sup>

Another danger is that compulsory licensing can be used to seek price levels below what a given national market is capable of supporting, further concentrating the burden of financing pharmaceutical innovation on developed country consumers and discouraging development of



drugs targeted at the disease burdens of countries using compulsory licenses.<sup>6</sup>

### **Compulsory Licensing: Restricts or Promotes Innovation?**

The price at which a compulsory license is set will determine whether and how much innovation is affected. If a compulsory license price is set essentially at what a patentee demands, there is no real reason to anticipate that innovation will be substantially harmed. On the other hand, a compulsory license whose price is set at a level far below market could operate to effectively strip the patentee of its right to any monopoly profits. In compulsory licensing the IP holder whose right has been licensed to others gets royalty as sanctioned by the court. In *Bayer v. Natco* the Bayer is sanctioned 6% of profits from sale of sofrinib by Natco-pharma. This indicates that though profitability of an IP is diluted to a great extent by compulsory licensing but a still the incentive for innovation does not vanish completely.

Besides price, two factors that deserve special attention are “market significance,” or the extent to which a licensee actually threatens the patentee’s markets, and “predictability,” or the extent to which a licensor anticipates a compulsory license.<sup>7</sup>

Unpredictable licenses that cover only existing technologies are more limited in scope than those that are predictable and cover future inventions.

It is true that unpredictable compulsory license can have an adverse impact on innovation and development but it is not so in the case of predictable compulsory license. The licensor may choose to redirect R&D investment, put off inventive activity until the license has expired, or choose trade secret over patent protection.

The Canadian Patents Act issued compulsory licensing authorized compulsory licensing over medicines. The Eastman Commission studied the effect of granting compulsory license from 1969 to 1983. During the said period almost 80% of the applications for compulsory license were granted. The Commission concluded that compulsory licensing did not significantly affect innovation in Canada. One reason for this result may be the relative insignificance of the Canadian market to the worldwide market for pharmaceuticals.<sup>8</sup>

Another issue is when exclusive guarantee in the form of IPR rights has been given, it has resulted in monopoly and hence competition is curbed.<sup>9</sup>

The main argument against compulsory licensing is that it mainly leads to erosion in incentive for innovation. At the same time, it has to be remembered that a right is also accompanied by a duty, and failure to perform a duty might have implications in law. Moreover, compulsory licensing ensures that a good number of producers or manufacturers are there to cater to the needs of society.

Moreover, it must be remembered that the market in developing countries represents little profit for the pharmaceutical industry. Data available show that the market in developing countries contributes less than 20% of the profits obtained by pharmaceutical companies. Adequate use of compulsory licensing in these countries would have extremely little impact on investments in R&D.

Patent holders frequently assert the high costs of drug development as a justification for high prices and advocacy for higher patent protection. Unfortunately, the actual costs of drug development are often not disclosed to the public, and company or third party estimates can be speculative, controversial and self-serving. Many public and philanthropic agencies already fund research in areas of AIDS and cancer. Thus the chance of compulsory licensing affecting innovation is bleak.

Another frequent argument refers to the potential negative effects of compulsory licensing on the attraction of foreign investment. So far there have been no conclusive studies showing a link between the level of protection of intellectual property and the amount of foreign resources entering a country. Choices of investment are in fact influenced by the analysis of the potential for economic growth of a country and by the soundness of its institutions and not by compulsory license.

### **Compulsory Licensing in India**

India is home to big Pharmaceutical Industry which breathes on patents. Most of the Indian pharmaceutical industry is engaged in manufacturing generic drugs. Research and development budget of Indian government, Indian universities and companies is abysmally low

compared to other countries which lead the way in R&D. Therefore, there exists a chance that these companies can abuse their positions and resort to anticompetitive practices. Compulsory licensing of IPRs in cases of such abuses would be an apt remedy that will deter these companies from abusing their dominant positions. Keeping in mind Indian conditions compulsory licensing will spur growth and development in Indian industrial sectors. Keeping in mind the size of Indian market the incentive for innovation will not erode to the extent that might deter companies from entering in to innovative endeavours as courts have granted reasonable royalties in cases where compulsory licensing has been awarded. Compulsory licensing will make the products more accessible to public and it will be beneficial for public welfare.

### **Natco v. Bayer<sup>10</sup>**

IP laws in India have long made provision for the grant of a compulsory license. However, section 84 of the Patents Act, 1970 (Patents Act), the provision under Indian patent law that provides for the issue of a compulsory licence, was enforced for the first time in *Natco v. Bayer*, in relation to Bayer's patented drug 'sorafenibtosylate' Bayer sells sorafenibtosylate, which is used for the treatment of the advanced stages of kidney and liver cancer, under the brand name 'Nexavar'. Nexavar is a life-enhancing and not a life-saving drug; it seeks to extend the life of a patient afflicted with the last stages of kidney or liver cancer. Bayer launched Nexavar in 2006 and was granted a patent by the Indian patents authority on 3rd March, 2008. Bayer then sold the drug to patients in India suffering from the advanced stages of kidney and liver cancer at a cost of ₹ 280,428 (approximately US \$ 5,278) per month. NATCO, an Indian pharmaceutical company, had applied to Bayer for a voluntary licence to manufacture and sell the drug, and proposed to sell sorafenibtosylate at a price of ₹ 8,800 (approximately US \$ 167) for a month's therapy, a fraction of the price being charged by Bayer. However, NATCO's request was refused by Bayer. Three years after the grant of Bayer's patent for sorafenibtosylate, NATCO filed an application for the grant of a compulsory licence at the Indian Patents Office.

Under the Patents Act, a compulsory licence may be granted after the

expiration of three years of the grant of a patent, on any of the following grounds:

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

In *NATCO v Bayer*, the Controller General of Patents, Designs and Trademarks of the Indian Patents Office (Controller) concluded that all three grounds on which a compulsory licence could be granted under section 84 of the Patents Act were satisfied. A compulsory licence for the manufacture and sale of sorafenibtosylate was granted to NATCO for the balance term of the patent, subject to the payment of a royalty of six per cent of the net sales of the drug to Bayer

In the *NATCO v Bayer* decision, Bayer's inability to make Nexavar available to nearly 98 per cent of the Indian public was held by the Controller to amount to a failure to satisfy the reasonable requirements of the public. Further, the Controller had observed that a patentee can contribute towards the transfer and dissemination of technology by either manufacturing the product in India itself or by granting a licence to a third party to manufacture the product in India, and that Bayer had failed to do so. The decision in *NATCO v Bayer* also states that 'the patentee (Bayer) thus took no adequate or reasonable steps to start the working of the invention in the territory of India on a commercial scale and to an adequate extent'. The CCI could potentially adjudge such failure to work a patent as amounting to a denial of market access, an abuse listed under section 4(2)(c) of the Competition Act.

## RECOMMENDATIONS AND POSSIBLE SOLUTIONS

McGill J. has given the following recommendations to improve the public health situation within the framework of the existing TRIPS agreement.

**RECOMMENDATION 1: DEFINE THE TERM “ESSENTIAL MEDICINES” WITHIN TRIPS**

Patents can be applied to a wide variety of technologies; from the most complex and sophisticated piece of computer software to the most mundane hinge, nut or bolt. Even within the pharmaceutical industry, products under patent vary greatly. With this immense variance, should a patent on a drug for AIDS be treated in the same way as a patent on a drug for erectile dysfunction or high cholesterol?

**RECOMMENDATION 2: AN OBLIGATION NOT AN OPTION**

The biggest problem with compulsory licensing, as described in the TRIPS agreement and its amendment, is that it is not written as a minimum standard that nations must implement into their domestic legislation to be TRIPS-compliant. Rather, it is written as an option that member nations have for implementation into their domestic legislation. As a result, only five jurisdictions that have the pharmaceutical capacity to be exporting countries under compulsory licensing have actually made progress on implementing these measures into their domestic legislation.

In some cases having more than one non-exclusive licensee may encourage competition, which is better for pricing – a key issue in compulsory licensing cases. Moreover, by opting for the voluntary licensing path, the rights holder also has the option of choosing licensees of varying capabilities, and may have access to different geographical markets.<sup>11</sup>

Compulsory licensing has triggered positive outcomes for India. India is the largest producers of Anti-Retro Viral drugs for middle and low income countries. A lot of Indian companies cater to Sub-Saharan and African countries where HIV spread is creating havoc. This has enabled differentiated products and cheaper prices. There is a lot of criticism against generic drug manufacturers on the ground that this leads to production of sub-standard drugs. But whatever might be the reasons given by the big pharma giants against compulsory licensing the global health issues cannot be ignored.

Thus, merely because the provisions of compulsory licensing do not suit the commercial interests of the developed nations it does not follow

that compulsory licensing should not be used for the millions of people suffering across the globe.

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# Indian IP Jurisprudence: Replicating an Accomplished IP Infrastructure Regime

Ayush Chaddha\*

## Abstract

*The research paper titled “IP Enforcement: Achilles Heel in the Indian IP Jurisprudence” primarily discusses the circumstances prevailing in the Indian IP regime. It discusses the development of the IP enforcement regime.*

*The paper primarily lays its thrust upon the challenges faced during the enforcement of an IP Right. The challenges along with the suggestions have been discussed in great detail.*

*The salient feature of the paper is its focus on the practical suggestions which can be incorporate under the prevailing legal structure to improve the situation. The paper has taken a step ahead by incorporating relevant precedents and appropriate web pages.*

## INTRODUCTION

When a kid sketches himself or prepares a craft model in school, it is only the praise for that sketch or a reward for that craft which catalyses his imagination and creativity, which further encourages and motivates him to come up with a better and improved piece of his intellect.

The Intellectual Property regime is the portrayal of the same phenomenon on a huge scale. Imagination and creativity being the fundamental characteristics of innovators, requires its due acknowledgment. This

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acknowledgment can be in the form of value, recognition etc. which acts as a motivation for the innovator, which in turn grants him the opportunity to come up with an improved invention in future.

The Intellectual Property Law ensures the deserved due credit to the author, artist, inventor or scientist and protect their rights. In case of a violation of the right, Intellectual Property (IP) enforcement ensures that one gets what he deserves. World Intellectual Property Organization (WIPO) defines Intellectual Property as:

“Creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce.”<sup>1</sup>

IP Laws are important for the economic and cultural development of a nation. IP intensive industries support at least 45 million U.S. jobs and contribute approximately 38.2% to the Gross Domestic Product.<sup>2</sup>

India, being always viewed as a land of snake charmers and the Great Indian rope trick still lags behind in the field of IP enforcement. The lack of awareness coupled with the dead ringer mind-set among its citizen has not been beneficial to recognise the imagination and hardwork of the innovators. This mind-set coupled with unawareness stands as a major challenge in establishing a successful IP enforcement regime in India.

## **IP AND ENFORCEMENT: THROUGH THE AGES: A TRICKY RELATIONSHIP**

The Intellectual Property regime in India has undergone an extensive period of progress. From the first reference of patents in the Indian jurisprudence on February 28, 1856, when the Government of India promulgated a legislation to grant “exclusive privileges for the encouragement of inventions of new manufactures” i.e. the Patents Act, to May 2016 when India released its first National IPR Policy which aims at the better enforcement of the IPR. During this period, the focus has always been to assure the enforcement of the IP rights guaranteed to the inventors, authors etc.

A gradual and continuous development has been witnessed in the jurisprudence of Intellectual Property, like, in March 2012, India granted its first compulsory license ever to an Indian generic drug manufacturer NATCO Pharma Ltd. for Sorafenib tosylate, a cancer



drug patented by Bayer.<sup>3</sup> Non-governmental groups also welcomed this decision; also, India recently joined Madrid Protocol, 2013 which will offer the trademark owners a cost effective, user friendly and streamlined means of protecting and managing their trademark portfolio internationally; and many more useful amendments in different Intellectual Property Laws and the initiative of Traditional Knowledge Digital Library i.e. a collaboration – between the Council of Scientific and Industrial Research (CSIR) and the Department of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH), Ministry of Health & Family Welfare, Government of India; ensure a great progress in the IP Laws of the country.

The recent judicial as well as the legislative trend has accelerated positive changes in the IP enforcement.

The purpose of a field of law is to ensure that the rights guaranteed under it are enjoyed by the citizens. Such rights can be enjoyed only when they are enforced by the concerned authorities. Therefore, the purpose of a law is complete only when the enforcement of its rights is strict and solid.

### **IP ENFORCEMENT: NEED OF THE HOUR?**

Stefan Scheytt has wittingly remarked “*It is a child play to register a trademark; but to defend one is a sisyphian task.*” Just as donkey will not chase a carrot on a stick unless he is allowed to catch it once a while, similarly, an artist or an author or an investor or inventor will not sacrifice his resources and time for such market which does not ensure the protection of his rights as IP owner. Such ambiguity amongst the investors severely affects the economic development, like; no investor will sacrifice his resources in inventing, development, implementing and marketing unless he is confident about protection of his patent rights, which will reduce the chance of production or manufacturing of such product in the country in turn losing the chance of employment generation.

Hence, though there are sufficient IP legislations existing or upcoming in India but still the essence of such laws lies in the enforcement of them. Enforcement is basically defined as:

“Making sure a rule or standard or court order or policy is properly followed.”<sup>4</sup>

The principle of Enforcement ensures that the bouquet of IP legislation is effected to ensure that the IP owners obtain their due. It promotes unrestricted innovation and unique expression of ideas under different IP forms with the assurance of protection of the of creator's rights making him care free.

Despite, being the *sine qua non* part of the IP Jurisprudence, IP enforcement is neglected in India. Mere legislations do not serve their purpose in the absence of their implementation, which needs to be tackled properly. According to a recent survey, India ranked no. 4 in the world for downloading the most pirated movies.<sup>5</sup> It is high time that one recognises the challenges existing in the Enforcement of the IP Rights and sets the record straight.

## CHALLENGES: PITH AND SUBSTANCE

### A. Unawareness

The cause of nescience can be interpreted through two aspects:

- (a) *Common Man*– A lack of sense of concern regarding IP rights prevail in the society. Indian innovators or producers continue to be ignorant about their IP rights or even if they are aware they do not attempt to defend it. A huge market of fake brands exists in India. People compromise with the brand and quality of goods; and buy cheaper fake branded goods. Low respect and unawareness also leads to fewer registrations of the IPs, which results in the lack of documentary evidences during the dispute, diminishing the efficiency of trial and giving an advantage to the infringers.
- (b) *Judiciary*– The lack of knowledge relating to the complicated IP subjects and ambiguity regarding its remedies-amongst the judicial experts is the principal hurdle in the better enforcement and protection of the rights of IP owners.

In case of an infringement, court is chosen as the best way of redressal of an IP dispute. However, the judges are not well-versed with the law or the technical concepts and remedies, which leads to an ineffective judgment, affecting the enforcement of the judgment. Judges are not well versed with new remedies like Anton Pillar Order<sup>6</sup> and Ashok

Kumar order<sup>7</sup>. Hence, the plaintiff suffers in the urge of securing a remedy for the violation of their rights.

The lack of awareness among the people who come up with innovations, further aggravates the deplorable state of affairs. Therefore, in order to improve the situation it is essential that the awareness of the IP laws trickles down to all strata of people in the society.

## **B. Lack of Civil Remedies**

The Indian judiciary on account of lack of technical expertise often fails to reach the correct verdict. Even if, the verdict is correct, the damage awarded to the winning party is paltry. Instead of acting as a detriment to the infringer, the paltry penalty demotivates the investor and inventors from investing in a market.

In a landmark case, known for awarding the highest damages which was a mere 20 lakh, was criticized as it did not even cover the actual cost of the invention.<sup>8</sup>

The misuse of the John Doe Order due to the misunderstanding of the technological concept has been observed in many cases.<sup>9</sup>

## **C. No Jurisprudence on Overlapping**

Overlapping exists when there exists more than one remedy under diverse IP laws. Such an existence results in an ambiguity in the determination of the remedy. Ex: if a particular trademark is written in a different font style, it is considered to be a trademark as well as a copyright. The dilemma arises as to under which law it is to be registered and its duration. Thus, a need arises for a legislation which could deal with the cases where a subject-matter involves two or more intellectual property. It is a huge problem as each IP carries its own remedy which is different from the other, a failure to identify the IP involved will also result in a failure to determine the remedy involved. Ex: Generally, songs fall under copyright, however the “Loonie Toons” tune is registered as a trademark by Time Warner.]

Overlapping protection undermines the careful balance individually developed under each body of intellectual Property Law.

In the famous Monsanto Case<sup>10</sup>, there exists an overlap of Patent laws and Plant variety law which has created so much confusion in the decision of NSAI.

### **D. Ignorance of Administrative Remedies and Ineffective Implementation**

The Indian Custom Act, 1962, deals with the import and export of goods including protection of patent, trademarks and copyright. Infringing materials can be confiscated by the custom authorities. It is at a nascent stage and custom authorities need to be aware about the laws and procedure prevailing.

Imports from China and other countries infringing goods are way frequent in India and this job becomes difficult because of vast network of ports in India.

Though, India has notified the IPR (Imported Goods) Enforcement Rules 2007, still proper training of officials and proper equipment need to be provided for its enforcement.

### **E. Delay in Grant of Certificate**

The red-tapism in the Indian bureaucracy leads to delay in the grant of specific IP certificate to the applicants which detriments their will and confidence to enter the Indian market. A case in point is the issuance of a patent certificate, the whole process of examination, opposition and grant by the Indian Patent Office takes not less than six to seven years. Such a long duration, consequently cuts the duration of the term of patent.

### **F. Internet Piracy**

Internet or Online piracy is defined as the practice of using the internet to illegally copy software and pass it on to other people.

Many recent case of the movie “Udta Punjab” being leaked on the internet before its release, software piracy, are causes of a low rank in IP enforcement.

The reaction of the population on the ban of torrent website reflects the popularity of such websites. There is a territorial limitation, which diminishes the implementation of laws for the offence done outside the country. Many servers are based abroad which are beyond the scope of national laws.

### **G. Counterfeiting**

A counterfeit trademark would be a trademark which purports to be a genuine trademark but is in reality not so and it would so purport only when it is a copy of the other though not an absolutely exact copy in every detail.<sup>11</sup>

The fact that no specific IP law under the Indian IP jurisprudence deals or provides a remedy for counterfeiting gives a spine chill.

There are so many cases of counterfeiting in pharmaceutical industry, with respect to identity or brand which is an area of huge concern as far as the health and safety of person are concerned.

Trademark Act, 1999 also only deals with infringement and holds no specific mention about it. This places a huge burden of proof on plaintiff, which prevents the IP holders to enter the Indian Markets.

The only reference to the offence of “counterfeiting” is in Indian Penal Code, which has an ambiguity on its jurisdiction and offers less favourable grounds to enforce IP rights.

### **H. Lack of Technology**

With the development of IP laws and offences like online piracy, trademark infringement of website dominance, patents in various technologies, a strict advancement in the resources provide to the administrative system is required.

Improved infrastructure in IP offices should be provided, lack in technology, delays the process of examination of applications, it also limits the system to deal with the online privacy and other technology based IP issues.

## **CONCLUSION**

Though, the IP laws have undergone rapid development in the recent years, but still, further progress is necessary. The challenges discussed could be tackled:

- (a) The importance of IPR should be communicated to all strata of society.
- (b) Special training for judges should be undertaken and if possible special courts should be settled.

- (c) Administrative and custom officials should be given proper training and provided with the necessary tools and information.
- (d) More resources and technologically advanced resources should be provided in the IP offices, so as to speed up the process and tackle modern privacy and online offences.
- (e) Balance between private rights and public interest should be maintained with the help of legislations of unexplored areas of IP plus clear picture should be brought on different ambiguous points like overlapping, jurisdiction issue, trade secrets and conflict with the competition law.

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# Pharmaceutical Drug Patent in India: A Medico-legal Study

Dalbir\*

## Abstract

*The recent developments in the Intellectual Property Rights; in consonance with the rapid advancement in science and technology has rebutted the common public inference that tangible property is more important than intangible property. The Intellectual property is the creative work of the human intellect and also intangible one. Patent in pharmaceutical Drugs is an allied IPRS granted to a person who have invented a new drug or medicine; granting exclusive marketing rights to sell or distribute the article subject to certain conditions. This paper focuses on the origin of Patent Law in India and development of Patent Laws in India, The Indian Patent Act, 1970 and the effect of TRIPS<sup>1</sup> agreement on Indian pharmaceutical patent laws mandating amendments in a fixed time frame. This paper also draws light over other aspects of Pharmaceutical Patents viz. patentable and non-patentable inventions, process patent and product patent, rights and obligations of patentee, compulsory licensing etc. This paper discusses some leading case laws related to Patent in Pharmaceutical Drug stating clear position of law and effect thereof on Indian pharmaceutical industry.*

**Keywords:** Intellectual Property Rights, GATT, TRIPS, patent, compulsory licensing, pharmaceutical drug, Product Patent.

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## INTRODUCTION

A **patent** is a set of exclusive rights granted by a sovereign state to an inventor or assignee for a limited period of time in exchange for detailed public disclosure of an invention. An invention is a solution to a specific technological problem and is a product or a process. Patents are a form of intellectual property.

The procedure for granting patents, requirements placed on the patentee, and the extent of the exclusive rights vary widely between countries according to national laws and international agreements. Typically, however, a granted patent application must include one or more claims that define the invention. A patent may include many claims, each of which defines a specific property right. These claims must meet relevant patentability requirements, such as novelty, usefulness, and non-obviousness. The exclusive right granted to a patentee in most countries is the right to prevent others, or at least to try to prevent others, from commercially making, using, selling, importing, or distributing a patented invention without permission.<sup>2</sup> Supreme Court in a significant judgment *M/s. Bishwanath Prasad Radhey Shyam v. Hindustan Metal Industries*,<sup>3</sup> held that the price of grant of monopoly is the disclosure of the invention at patent office, which after expiry of the fixed period of the monopoly, passes into the public domain.

### Origin of Patent Law in India

It is well established fact that the ancient India had acquired a high standard of proficiency in Science and Art. However, the knowledge was kept as secret or handed on to posterity through chosen disciples, and only the results were made available to public. Due to lack of statutory protection to the inventor there was always a threat of theft and that lead to secrecy of the knowledge and that knowledge was either handed over to the favorite disciple or lost with the demise of the inventor.<sup>4</sup>

It was the British who stepped in first to bring Patent Laws in India in 19th century. The first legislation in India relating to patents was the Act VI of 1856. The objective of this legislation was to encourage inventions of new and useful manufactures and to induce inventors to disclose secret of their inventions. The Act was subsequently repealed by Act IX of 1857 since it had been enacted without the approval of



the British Crown. A fresh legislation granting 'exclusive privileges' to the inventor; was introduced in the year 1859 as Act XV of 1859. This legislation contained certain modifications of the earlier legislation, namely, grant of exclusive privileges to useful inventions only and extension of priority period from 6 months to 12 months. This Act excluded importers from the definition of inventor. This Act was based on the United Kingdom Act of 1852 with certain departures which include allowing assignees to make application in India and also taking prior public use or publication in India or United Kingdom for the purpose of ascertaining novelty.<sup>5</sup> In 1988 some change were brought in existing laws in conformity of the changes in U.K. Laws and also in the year 1911.

After Independence, it was felt that the Indian Patents & Designs Act, 1911 was not fulfilling its objective. It was found desirable to enact comprehensive patent law owing to substantial changes in political and economic conditions in the country. Accordingly, the Government of India constituted a committee under the Chairmanship of Justice (Dr.) Bakshi Tek Chand, a retired Judge of Lahore High Court, in 1949 to review the patent law in India in order to ensure that the patent system is conducive to the national interest.

### **Patent Act, 1970**

In 1957, the Government of India appointed Justice N. Rajgopala Ayyangar to examine and review the Patent Laws in India. A patent bill 1965 was introduced in the Lok Sabha on 21st September, 1965 mainly based on Justice Ayyangar report 1959 and a few more changes regarding food, drug and medicines.

Actually it was The Patent Act, 1970 which introduced pharmaceutical laws in India. The Act of 1970 granted special status to medicines, food items and chemicals. No product patent can be granted relating to medicines, food and chemicals. Only the process of manufacturing such product could be patented.<sup>6</sup> The patents were valid for seven years only. With the introduction of GATT, plethora of changes occurred in Indian Patent Laws as India being one of the signatory nations to it. It was now mandatory for India to comply with GATT as well as TRIPS agreement 1995 as defying these standards means India loosing membership if WTO (World Trade Organization).

## **TRIPS Agreement**

The TRIPS agreement 1995 envisaged under Article 27 that patents shall be available for 'any inventions', whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application. Recently when a multinational company Novartis challenged section 3(d) of Indian Patent Act, 1970 as a violation of section 27 of TRIPS, the Madras High Court refused to entertain observing that WTO is the only forum to hear such disputes as per TRIPS disputes settlement mechanism. TRIPS strongly favored the property side. Article 27 specifically bans discrimination as to 'place of intervention'.

## **Patent (Amendment) Act, 1999**

India being a founder member of WTO and signatory of TRIPS 1995 had obligation to change existing IPR laws as per TRIPS standards within 10 years of time frame. Accordingly The Patent Act, 1970 was amended in a phased manner. Amendment Act, 1999 granted exclusive marketing rights to sell or distribute certain articles or substances in India.<sup>7</sup>

In 2001 developing countries insisted on an equivalent technological sophistication as not all WTO member countries were equally technological sophisticated. This concern initiated a round of talks that resulted in the Doha Declaration.<sup>8</sup>

The most visible conflict has been over AIDS (Acquired Amino Deficiency Syndrome) drug in Africa. The 2001 Doha Convention indicated that TRIPS should not prevent states from dealing with public health crisis.

## **Patent (Amendment) Act, 2002**

In the compliance of TRIPS agreement, invention has been redefined as a new product or process involving an inventive step and capable of industrial application. Patent protection was enlarged to 20 years uniformly to all categories of inventions. Discovery of any substance occurring in nature was made non-patentable. The provision of 'License of Right' was abolished. The provision of compulsory licensing and revocation was also amended as per TRIPS terms.

### **Patent (Amendment) Act, 2005**

The deadline for India to fully comply with TRIPs regarding IPRs was 10 years from TRIPs agreement 1995. Accordingly and within framework of TRIPs, India amended the Patent Laws fully complying TRIPs as under-

1. Product patent to be issued in areas of drugs, food and chemicals.
2. 'Inventive steps' was redefined by adding technological advance/economic significance along with 'non-obviousness'.
3. 'New Invention' and 'Pharmaceutical Substance' have been defined.
4. The discovery of new form of known substance has been made non-patentable invention.
5. Grant of compulsory license for export of patented drugs to countries which have insufficient or no manufacturing capacity to meet public health emergencies like HIV, AIDS etc.
6. Provision of acquisition of patent for public health purposes.
7. Protection will be valid for 20 years from the date of application.
8. Provision for exclusive marketing rights has been deleted.<sup>9</sup>

### **Patentable Inventions**

Patent Act, 1970 (as amended in 2005) defines invention as, "invention means a new product or process involving an inventive step and capable of industrial application".<sup>10</sup> It further require technical advance/economic significance or both that makes the invention 'not-obvious' to a person skilled in art.<sup>11</sup> The above definition reveals essentials of patentable inventions as hereunder:

1. Novelty
2. Non-Obviousness
3. Industrial application.

### **Non-Patentable Inventions**

It is in public domain that every invention is not patentable. Section 3 of the Act incorporates that following inventions are not patentable as per the Act.

1. Any invention the primary or intended use of which would be against health, public order, morality or natural laws.
2. Mere discovery of living or non-living substance occurring naturally in nature without any added efficacy.
3. Any drug obtained by mere admixture resulting only in the aggregation of the properties of the compounds thereof or a process for producing such substances.
4. Any process for the medicinal, surgical, diagnostic or other treatment of human beings.
5. An invention which already has been in public domain or based on some compound traditionally known.

In *Novartis AG & Anr. v. Union of India*,<sup>12</sup> Novartis was denied protection under Indian Patent Act by the Patent office for its new drug Gleevec, mainly used for Blood Cancer; as Novartis was claiming a new form of a known substance without any added efficacy. Novartis claimed patent for beta crystalline form of mesylate compound, which was already in public domain. However Novartis had patented mesylate in many countries on account of product patent. Meanwhile Novartis obtained exclusive marketing rights for Gleevec in India. On the basis of EMRs, it obtained orders preventing some of the generic manufacturers from manufacturing and selling generic version of the medicine. In 2006, the patent controller at Chennai, agreeing with the contentions of local generic manufacturers refused Novartis to grant patent.

While hearing the writ filed by Novartis, Madras High Court observed two issues to be settled; first is violation of TRIPs and second was ‘enhanced efficacy’ in section 3(d) is constitutional or not. The court held that the right forum to raise TRIPs violation was WTO and not Indian court for section 3(d), the court held that it was not vague or arbitrary, and therefore, did not violate the Indian Constitution.<sup>13</sup>

However Supreme Court of India in 2013 cleared all clouds on the issue of beta crystalline form of imatinib mesylate as well as new form of known substances anomaly. The Apex Court in *Novartis AG and others v. Union of India and others*,<sup>14</sup> held that the substance which Novartis sought to patent is known and thus does not qualify the test of invention as laid down in section 2(1)(j) and 2(1)(ja) of the Indian Patent Act.

The decision was a boon to Indian generic pharmaceutical industry as the invention was denied protection of Indian Patent Act. Also the decision has ensured low cost generic version of the life saving drugs for poor.

It is pertinent to mention that if knowledge of the invention/compound comes in public domain before date of application for patent, then no patent subsequently granted would be valid.<sup>15</sup>

### **Rights and Obligations of Patentee**

A patentee has exclusive rights to exploit, use, sale or transfer his for a fixed period of 20 years, however the rights are not absolute and subjected to certain terms and duties to the patentee in the interest of health, public order and safety. Hereunder are some Rights and obligation of the patentee.

#### **Rights**

1. The patentee or the person authorized by him can commercially use the patented invention. However this right is subjected to conditions mentioned in section 47 of the Patent Act.
2. The patentee can grant license to some other person or can assign his patent fully or partially through sale, gift etc.
3. Under section 63 the patentee has right to surrender his patent by giving notice in prescribing manner.
4. The patentee has right to obtain duplicate patent in case patent is lost or destroyed.

#### **Obligations**

1. The Government can use the patented invention and even acquire it, under certain circumstances. It is discretionary to the Government that the patentee should be given royalty for the patent use or not in such case. The Government may import the patented article or make the article for its own use or for distribution to hospitals or medical institutes. (Ss. 99-103)
2. If the Central Government is satisfied that the invention for which application is made is indispensable for public purpose and should be acquired for public purpose or already granted patent, government can acquire all the rights related to such invention or patent by notifying in official Gazette.

3. It is duty of the patentee to work out patent and make it available to public failing to which may amount to abuse of patent.
4. It is duty of the patentee to furnish information demanded by controller of the patent office under section 100 and section 146. Failing to which he may be fined up to 10 Lac.

### **Compulsory Licensing**

Under the Indian Patent Act compulsory licenses can be granted by the Central Government after expiration of three years from the grant of patent on here under given grounds.

1. If reasonable requirements of the public have not been satisfied.
2. If the patented drug is not available to the public at reasonable prices.
3. If the patented invention is not worked in territories of India.

A compulsory license can be granted by the Central Government by notification in the official Gazette on terms and conditions which deems fit to the controller. It is duty of the controller that the patented drug shall be made available to the public at the lowest prices as it is mandated by S. 92(1) of the Act. In the case of national emergency, extreme urgency or human health crises; the need for obtaining compulsory license can be bypassed. Amendment Act, 2005 also provided that compulsory license shall be provided for manufacture and export of patented pharmaceutical drug to any country having insufficient or no manufacturing capacity in the pharmaceutical sector for the concerned for the concerned product to address public health problems.<sup>16</sup>

In the case of *Bayer Corporation v. Union of India*,<sup>17</sup> the Supreme Court disposed of the pharmaceutical patent dispute between Bayer Corp. and NATCO, a local drug manufacturer at Hyderabad. The controller has given compulsory license to NATCO to sell Bayer's patented cancer drug Nexavar, which the company was charging 2.8 Lac for 120 tablets. Which NATCO was supposed to provide in 8800 rupees for the generic version of the German medicine Nexavar.

Hon'ble Supreme Court held that the compulsory license granted to NATCO was totally based on the objectives that patented article is made available to the society in adequate numbers and at reasonable price as mandated by section 84 of the Indian Patent Act. Supreme

Court dismissed the petition holding the grant of the compulsory a matter of public interest.

### **Chief Justice M.S. Sanklecha, J. held in the present case**

The law of patent is a compromise between interest of inventor and public. In this case we are concerned with the patented drug i.e. medicines to heal patients suffering from cancer. Public interest is and should always be fundamental in deciding a *lis* between the parties while granting a compulsory license for medicines/drugs.

Dismissal of this petition was also a boon to the generic pharmaceuticals industry and it slowed down the flood in pharmaceutical patent applications in the patent offices across India.

### **CONCLUSION**

The emergence of TRIPs has generated a global debate on protection of IPRs with more focus on Patent system. And in the context of medicines and drugs, WTO-TRIPs mandate has compelled all member countries to harmonize and synchronize pharmaceutical inventions with TRIPs resulting considerable change in Indian Patent Laws as well as Indian pharmaceutical industry. The competitive laws regarding patent in medicine and drugs resulted in forming pharmaceutical industry as a major economic and industrial shareholder. Indian Government had approved product patent in 2005 as per TRIPs framework. Novartis applied for patent in 2001 at Madras patent office for its cancer drug Glivec on the grounds that it invented the beta crystalline salt form of imatinib, a chemical compound already known. Novartis patent application was kept in the mail box and not opened until 2005. The denial of patent to Glivec started a legal battle between Novartis and the generic drugs manufacturers. The decision of Madras HC and thereafter The Supreme Court in Novartis case has brought the issue of pharmaceutical patent into realm of global debate. Claims of incremental patents and ever greening patents of pharmaceutical patent with the object of earning huge profits by multinational pharmaceutical giants are ought to be balanced with reasonable requirements of public and public health crisis. Indian Government in 2005 allowed liberally patent protection for a uniform 20 year period. To further strengthen the research and development, the Government of India has provided series of fiscal incentives to individuals, industries and R&D institutions. The

central Government has waived excise duty on medicines and drugs for three years from the date of commercial production provided that such drugs are manufactured by a wholly owned Indian company. Bulk drugs manufactured on the basis of indigenous R&D are exempted from drug price control for a period of 5 years. Weighted tax deduction @150% on R&D is available to company engaging production of pharmaceutical drugs. Tax holiday and income tax relief are also being awarded to the approved pharmaceutical companies. Moreover, Tatkal patents and incentives are awarded to the start-ups.

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# **Protection of Subject-matter of Copyright & Patent under TRIPs Agreement: Whether the Indian Laws Satisfy the TRIPs Obligation?**

**Jyoti Jain\***

## **INTRODUCTION**

Intellectual Property (IP) is the outcome of creativity and innovation of human mind, the commercial application of which adds tremendously to the enrichment and progress of individual, society and mankind as a whole. Intellectual Property Rights (IPRs) are given to creators of intellectual properties for gainful exploitation of their creations. These rights are protected by relevant laws of individual countries that confer on its holders a monopolistic right to exclusive use for a certain period and debar others from utilizing it without proper permission during that period. There are treaties at both regional and international levels that govern the utilisation of IP among the contracting states. The IP actually is in the information or knowledge incorporated or reflected in the creations.

Intellectual property protection is available only to those items which are specifically identified and recognized by the law as the subject matter of protection. It is possible to deny protection of an item where the minimum requirements are stipulated by law like originality, novelty, distinctiveness, inventive step etc., if it is expressly excluded from the subject-matter of protection. Inventions like computer software's, biotechnology pharmaceuticals etc. are good examples of

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the new items that are emerging due to new technologies which may not attract protection unless expressly or impliedly covered in law.<sup>1</sup>

The study therefore covers the following areas:

- Offers a theoretical framework for thinking about IP subject-matter
- Analyses contemporary domestic legal conceptions of the invention, the plant variety, the authorial work, the trademark, the geographical indication and product designation, goodwill, and the designs.
- Analyses the categories and properties of the subject-matter protectable by each IP regime.
- How the judiciary interpreted the provisions covering different varieties of subject matter.

### **The Concept of Intellectual Property**

Since India's accession to the GATT agreement in 1995, we have been increasingly hearing about Intellectual Properties in newspapers, journals, discussions and political parlours. It has often been a highly debatable issue among academicians, intellectuals, economists and politicians. Arguments for and against it have, consequently, left the general public confused about its nature, scope and importance for the public in general, and for the country as a whole.<sup>2</sup> For a clear picture to emerge, it is imperative first to understand the concept of Intellectual Property.

We all are familiar with tangible properties like land, house, money, jewellery and other goods. But Intellectual Property (IP) is different in that it is a creation of human intellect. "Intellectual Property (IP) refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce."

### **Types of Intellectual Properties<sup>3</sup>**

Intellectual properties are divided into two broad categories, viz. industrial property and copyright and related rights. Industrial property includes inventions or patents, industrial designs, trademarks and geographical indications. Copyright includes literary and artistic works, and copyright-related rights include rights of performers, producers of phonograms and broadcasters. With the trade related

Aspects of Intellectual Property Rights (TRIPs) Agreement of World Trade Organisation (WTO), the intellectual property rights attained the authority to enforce the law internationally. According to TRIPs, the intellectual property rights are:

1. Copyright and Related Rights:
  - (a) Rights of artists, painters, musicians sculptors, photographers, and authors for copyright in their works;
  - (b) Rights of computer programmes whether in source or object code for a copyright in their programmes and compilation data;
  - (c) Rights of performers producers of phonogram's and broadcasting organizations in respect of fixation on their programmes for copyright in their work.
2. Right of traders in their trade marks.
3. Right of manufacturers and producers on geographical indication in relation to such products and produce.
4. Right of designers for their distinctive design striking to the eye.
5. Patents:
  - (a) Right of the inventor for patent is his invention.
  - (b) Rights of plant breeders and farmers.
  - (c) Rights of biological diversity.
6. Right of computer technologist for their layout design of integrated circuits.
7. Right of businessmen for protection of their undisclosed information on technology and management.

## **PROTECTION OF WORK UNDER VARIOUS IPR REGIMES**

### **Subject-matter of Copyright Law**

The word work is defined under section 2(y) of The Copyright Act, 1957 to mean Literary, dramatic, musical or artistic works, cinematograph films and sound recordings. Section 13 of the Act lists out the works in which copyright subsist.

## Literary Works

*Literary Work*– Copyright subsists in original literary works and relates to the expression of thought, but the expression need not be original or novel.

- The work must not be copied from another work but must originate from the author.
- Two authors independently producing an identical work will be entitled for copyright in their respective works.
- The emphasis is more on the labor, skill judgment and capital expended in producing the work. It includes tables, compilations and computer programs.<sup>4</sup>

In *University of London Press Ltd. v. University Tutorial Press Ltd.*<sup>5</sup> Peterson, J. stated: “It may be difficult to define ‘literary work’, as used in his Act, but it seems to me plain that it is not confined to ‘literary work’ in the sense in which the phrase is applied, for instance, to Meredith’s novels and he writings of Robert Louis Stevenson. In speaking of such writings, as literary works, one thinks of the quality, the style, and the literary finish which they exhibit. Under the Act of 1842, which protected books, many things which had no pretensions to literary style acquired copyright; for example, a list of registered bills of sale, a list of fox-hounds and hunting dogs, and trade catalogues; and I see no ground for coming to the conclusion that the present Act was intended to curtail the right of authors. In my view the words ‘literary work’ cover work which is expressed in print or writing, irrespective of the question whether the quality or style is high. The word ‘literary’ seems to be used in a sense, somewhat similar to the sue of the word ‘literature’ in political or electioneering literature, and refers to written or printer matter to include in his publication any solutions of the questions.”<sup>6</sup>

## Artistic Work

**Artistic work means**<sup>7</sup>

- A painting,
- A sculpture,
- A drawing including a diagram, map, chart or plan,
- An engraving or a photograph, whether or not any such work

possesses artistic quality;

- An architectural work of art; and any other work of artistic craftsmanship.
- The work need not possess any artistic quality but the author must have bestowed skill, judgment and effort upon the work.
- A poster used in advertisement is an artistic work. But advertisement slogans consisting of a few words only are not copyright matter.

### **Can Similar Works be Created?**

Copyright can be infringed if the works are reproduced or a “substantial” part of the works are used without permission. There is no statutory definition of “substantial”. Finklestein J in the case of *TCN Channel Nine Pty Ltd & Ors v. Network Ten Pty Ltd*. (No 2) noted that

*‘there is no fixed rule for determining how much of a copyright work must be taken for it to be a substantial part of the work’.*

As a guide cases such as *Ice TV Pvt. Ltd v. Nine Network Australia Pty Ltd*.<sup>8</sup> have defined “substantial part” as part of a work that is an important, distinctive or essential part. If an individual has created works similar to those of another, the individual will not have infringed the other person’s copyright if it was a mere coincidence. For a similar work to infringe another person’s copyright, it must be shown that: there is a similarity between the two works; and evidence that the similarity is a result of copying, either directly or indirectly.<sup>9</sup>

### **Dramatic Work**

*Dramatic work*– Copyright subsists in original dramatic work and its adaptation.

- It includes any piece or recitation, choreographic work.
- Entertainment in dumb show.
- The scenic arrangement or acting form of which is fixed in writing otherwise.
- But does not include a cinematograph film.

It is interesting to note that the definition insists for fixation of the work

“in writing or otherwise”, a requirement not insisted in case of other works.<sup>10</sup>

The rights of performers is based on the concept of the consent of the performer, if the performer has consented to the producer of the film for the incorporation of his performance, he may not claim further any right over it as then the producer of the film become the assignee of the copyright which subsists in performer's right.

In *Fortune films International v. Dev Anand*,<sup>11</sup> the court said that the copyright protection is available only to films including the sound track, the cine artist who act in the film is not protected by copyright law for their acting.

In *Indian Performing Rights Society v. East Indian Motion Pictures Association*,<sup>12</sup> The apex court held that if an author of a musical work has authorized a cinematograph film producer to incorporate his works within the films thereby permitting him to appropriate his work by such incorporation in the sound track of the films, the composer may not restrain the film producer from causing the acoustic portion of the films to be performed projected screened in public for profit or from making any record embodying the recordings in any part of the sound track associated with the film or from communicating the communication of the films by radio diffusions.

### **Musical Work<sup>13</sup>**

*Musical Work*– Copyright subsists in original musical work and

- Includes any combination of melody and harmony, either of them reduced to writing or otherwise graphically produced or reproduced.
- An original adaptation of a musical work is also entitled to copyright.
- There is no copyright in a song. A song has its words written by one man and it's music by another; is words have a literary copyright, and so has its music. These two copyrights are entirely different and cannot be merged.
- In cases where the word and music are written by the same person, or where they are owned by the same person, he would own the copyright in the song.

In the case of *The Gramophone Company of India Ltd. v. Super Cassette Industries Ltd.*<sup>14</sup> The plea by Gramophone Company said, “Super Cassettes has launched a series of audio cassettes containing version recordings which violate copyright. The company avers that it has not granted any right, permission or licence to them [Super Cassettes] to make version recordings of the works in which it has copyright. Gramophone company alleged that the launch of ‘Super non-stop remix volumes 2, 3 and 4’ contain remixed versions of songs from *Hum Aapke Hain Kaun*, *Daur*, *1942 — A Love Story*, *Saudagar*, *Dilwale Dulhania Le Jayenge* and many more films. According to Gramophone Company, Super Cassettes used the songs even though it was denied permission, made version recordings embodying the lyrics and the musical works.” The court, after citing various provisions of the Copyright Act, said, “The owner[s] of copyright in the literary, dramatic and musical works can make or authorize the making of a new sound recording by using the same literary, dramatic or musical work which may earlier have been used for making an earlier sound recording. This right is not abridged or taken away by the said provision. Therefore, it is permissible to make another sound recording either by using the same or different set of musicians, singers or artists.”<sup>15</sup>

### Computer Program

As a very recent technology, protection of computer program posed challenges to the realm of IP Law. The initial query was as to which field of IP is best suited to the protection of computer programs. The answer to this query came out to be in two fields of IPR i.e Copyright Law & Patent Law. Computer programs are thus globally protected under the copyright law as literary work since this is international mandatory norm set in the TRIPS Agreement.<sup>16</sup>

In *Apple Computer Inc v. Franklin Computer Corpn.*,<sup>17</sup> it was held that a computer program whether in object code or source code is a literary work and is protected from unauthorized copying, whether from its object code or source code.

In *Lotus Development Corpn v. Paperback Software International*,<sup>18</sup> the issue of copyrightability of non literal elements in computer programs was considered in detail. The court expressed the view that when computer program includes element both literal and non-literal that can

be identified separately from and are capable of existing independently of, the aspects of article, they are potentially copyrightable.<sup>19</sup>

### **Patentable Inventions**

To be patentable, an invention should fall within the scope of patentable subject-matter as defined by the patent statute. The invention must be a product or a process in order to be eligible for patent protection. With regard to medicine or drug and certain classes of chemicals no patent was granted for the product itself even if new, only the process of manufacturing the substance was patentable. After the Patents Amendment Ordinance, 2004, which commenced on January 1st, 2005, the provision relating to food, drugs and other chemicals have been omitted.<sup>20</sup> Both product and process patents are now available for Food and Drugs. An invention, which is a product or process, is not eligible for a patent grant, if it falls within the scope of non-patentable inventions mentioned under section 3 of the Patent Act.

### **Novelty**

The invention claimed must be novel indicating that it should be new at the time of conception. Novelty of invention must be considered in the light of prior art. Prior art means the technology that is relevant to the invention and was publicly available at the time the invention was made. It includes prior specifications, patents, printed and published literature and other materials related to the invention. An invention is not novel if it can be anticipated in the light of prior art.

### **Obviousness/Inventive Step<sup>21</sup>**

An invention should also not be obvious to a person having ordinary skill in the art to which it relates. If the invention is obvious and does not have any inventive step, it is not patentable. Existence of a prior publication of the invention in any Indian specification or in any document in India or elsewhere or public use of the invention would make an invention obvious. In order to be ineligible for a patent, an invention should be obvious at the time of conception of the invention and not at the time of contention of obviousness.



## Specification

Specification is an essential part of a patent. It should consist of the subject-matter, description and at times including the drawing of the invention indicating its scope. The specification has to enable a person with ordinary skill in the art to practice and use the invention. It should also describe the best mode of performing the invention.

## Pharmaceutical Inventions

One of the areas that attracted maximum public attention and debate after India joined the World Trade Organization (WTO) and started implementing the TRIPS obligation, is patenting of invention relating to pharmaceutical products. The replacing of process patent regime by product patent in the field of pharmaceutical products, it was feared posed serious challenge to indigenous industry which flourished under the process patent regime.<sup>22</sup> There was an argument that since Indian research and design on invention of new drug is very weak, the benefit of new system is going to be enjoyed by the multi nationals corporation for outside India.<sup>23</sup>

A patent claim relating to a pharmaceutical product may relate to an active ingredient as such independently of or jointly with formulations, salts, prod rugs, isomers, etc., or cover any of these subject-matters separately. It may also solely cover a manufacturing process or include both a process and a product. In some countries, as noted below, use-related claims are admissible. The following sections include some considerations for the evaluation of different types of claims that are typical in this area.

In undertaking such evaluation it will be important to bear in mind that while the development of new molecules of pharmaceutical use may encompass various levels of inventive steps, pharmaceutical techniques for the preparation of medicines in different forms and dosages are generally well known and part of the pool of knowledge in possession of a 'person skilled in the art'. Hence, there is a narrow range of developments that could be considered genuinely inventive in this field in view of the state.

In *Novartis AG. v. Union of India*,<sup>24</sup> The Petitioner, Novartis, had

its patent application rejected by the relevant statutory authority, the Controller General of Patents and Designs (Patent Controller) because did not comply with the requirements of section 3(d) of the *Indian Patent (Amendment) Act, 2005* (the Act). The rejection was, amongst other things, on the grounds that the drug in question “did not result in the enhancement of the known efficacy of that substance,” as required by section 3(d). The Petitioner moved the High Court to challenge section 3(d) on the ground that it was incompatible with India’s obligation under the World Trade Organization’s Trade-Related Aspect of Intellectual Property Rights Agreement (TRIPS), which provides for the right to have an invention patented. The Petitioner also argued that section 3(d) was vague, arbitrary and gave uncontrolled discretion to the Patent Controller and was therefore a violation of article 14 of the Constitution, which guarantees equality before the law and equal protection of the laws.

The Court declined to decide whether section 3(d) was compatible TRIPS. It reasoned that since a comprehensive dispute settlement mechanism existed under TRIPS, a binding international treaty, deference must be paid to such mechanism and Indian courts should not interfere. The Court also declined to grant declaratory relief to the Petitioner because its challenge to section 3(d)’s compatibility with TRIPS was not made on the ground that it infringed upon a fundamental right, and because such relief would not have been “a stepping stone to claim relief at some other stage.” The Court held that even if it were to declare that section 3(d) was incompatible with India’s obligations under TRIPS, the Petitioner would be unable to use such a declaration, as Parliament could not be forced to pass a law.

## CONCLUSION

The provisions of the above mentioned two enactments show that the Copyright Protection and Patents in India is strong and effective enough to take care of the Copyright of the concerned person. The protection extends not only to the Copyright as understood in the traditional sense but also in its modern aspect. Thus, on-line copyright issues are also adequately protected, though not in clear and express term. To meet the ever- increasing challenges, as posed by the changed circumstances and latest technology, the existing law can be so interpreted that all facets of copyright are adequately covered. This can be achieved by

applying the purposive interpretation” technique, which requires the existing law to be interpreted in such a manner as justice is done in the fact and circumstances of the case. Alternatively, existing laws should be amended as per the requirements of the situation. Till the country has such a sound and strong legal base for the protection of Intellectual Property Rights, the judiciary should play an active role in the protection of these rights, including the copyright. The situation is, however, not as alarming as it is perceived and the existing legal system can effectively take care of any problems associated with copyright infringement. India has always acknowledged the importance of a strong copyright and patent system for the development of industry and commerce, which is evident for the amendments done to bring India at par with the modern world. With the promulgation of the product patent regime in India, most of the countries are now looking for business opportunities. There has been a considerable rise in the patent filing. Innovators and inventors from all fields of technology are keen on protecting their intellectual property.

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# Infringement of Trademarks and Action Against Infringement

Elike Chibuzor<sup>\*</sup>

## INTRODUCTION

A consumer is duped if you buys a commodity presuming it to have originated from a certain identified source when actually it is not, and later he finds the commodity standard.

In the process, the reputation of trader suffers. The interests of both the consumer and the trader can be saved if some definite symbol which marks the origin of goods from a definite trade source is attached with the goods emanating from such source. It is this symbol that is called a trademark.

## DEFINITION OF TRADEMARK

A trademark is defined as a visual representation attached to the goods for the purpose of indicating their trade origin.

Again, “Trademark” as a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours.

“MARK” According to section 2 (1)(m) of The Trademark Act, 1999, the word “mark” includes a device, brand, heading, label, ticket, name, signature, word, letter, shape of goods, packaging or combination of colours numeral shape of goods, packaging or combination of colours or any combination thereof.<sup>1</sup>

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## **INFRINGEMENT OF TRADEMARK**

Infringement of trademark occurs if a person other than the registered proprietor in the course of trade, in relation to the same goods or services for which the mark is registered, uses the same mark or a deceptively similar mark.

As a result of this, action against infringement can now be instituted by the register proprietor on whose registered name was violated.

A trademark owner has right either to use himself or assign others the use of his trademark. Unauthorized use of trademark which may be identical or deceptively similar to the original trademark would amount to infringement.

In case of registered trademark, the registered proprietor or registered user may take action against infringement. However, where the trademark is not registered, none the less common law remedy of passing off action is maintainable.<sup>2</sup>

## **ESSENTIALS OF INFRINGEMENT**

1. The taking of any essential feature of the mark or taking the whole of the mark and then making a few additions and alterations would constitute infringement.
2. The infringement mark must be printed or usual representation of the wherein the proprietor of the mark is engaged.
3. The use of the infringement mark must be printed or usual representation of the mark in advertisements, invoices or bills. Any oral use of the trademark is not infringement.
4. Any or all of the above acts would constitute infringement if the same is done in such manner as to sender the use of the mark likely to be taken as being used as a trademark.

## **Test for Determining Infringement**

In order to decide whether there has been an infringement of a trademark or not, the likely impact of infringement of trademark on purchaser is viewed. If the totality of impression of trademark is likely to cause confusion or deception in the mind of purchaser, it amounts to infringement. Tangible charges of confusion by a substantial proof are the main test to find out whether the infringement mark is deceptively

similar to the infringed mark. The likelihood of confusion is sufficient and there is no need to prove that actual confusion has been caused. In other words deception, fraud or confusion on the part of infringer is essential requirement to determine infringement.<sup>3</sup>

### **Forms of Infringement (Section 29 of Trademark Act, 1999)**

This section of the Act specifically highlights the various form of infringement. Section 29 of the Trademark Act, 1999 specifically includes certain acts that may constitute infringement of trademark. Such acts include:

1. A registered trademark is infringed if used in the course of trade by a person other than the registered proprietor user of such trademark.
2. The infringement occurs because such mark used by the one other than the registered proprietor or permitted user is likely to cause confusion in the mind of public or is likely to cause impression of association with the registered trademark.
3. And such confusion is caused because of the identity of such mark with the registered trademark as also the similarity of goods or services covered by such registered trademark.
4. Such confusion can also occur because of the similarity of such mark to the registered trademark and the identity or similarity of the goods or services covered by such registered trademark.
5. The confusion would also be caused because of such mark's identity with the registered trademark as well as the identity of the goods or services covered by such registered trademarks.
5. In a case where the infringing mark is identical with the registered trademark and the goods or services are also identical with the goods or services covered by the registered trademark the court shall presume that such mark is likely to cause confusion on the part of the public.
6. Infringement of the registered trademark would also occur if a person who is not registered proprietor or a permitted user of such registered trademark uses in the course of trade a mark which is identical or similar to the registered trademark.

7. Infringement would also occur if such a person uses a mark which is used in relation to goods and services which are not similar to those for which the trademark is registered.
8. Furthermore, infringement would also occur if the registered trademark has acquired a reputation in a country and the use of such mark or a mark identical or similar to it without due cause takes unfair advantage of or is detrimental to the distinctive character or repute of the registered trademark.
9. A registered trademark will also be infringed by the spoken use of words as well as by their visual representation in cases where the distinctive elements of a registered trademark consist of or include such works.
10. Unauthorized printing of label of registered trademark would also amount to infringement. This is in a situation, where, if the label has copyright, it will cause infringement of copyright.
11. When the owner of trademark gets the goods manufactured by third party solely for mark, sale of goods bearing that mark by third party manufacturer to other persons would constitute infringement.
12. Advertisement of registered trademark of another for promotion of one's trade also amounts to infringement.<sup>4</sup>

### Cases of Infringement

1. In the case of *Playboy enterprises, Inc. v. Bharat Malik*,<sup>5</sup> the Delhi High Court in its decision restrained defendant from using trademark name "play way" on the ground that defendant has adopted word "play" which is the soul of the name of the plaintiff magazine PLAYBOY with the sole object to exploit the trade on its good will and wide spread reputation.
2. In the case of *Bhavnesb Mohan Lal Amin v. Nima chemical*<sup>6</sup> the respondent was a registered proprietor of two trademarks, (1) 'NIRMA' (2) 'NIMA' for detergent powder. The trademark NIMA was not being used. However, the appellant started using trademark NIMA for flour. Upon instituting a suit by the registered proprietor, before Gujarat High Court, the Gujarat High Court upon her ruling, restrained appellant from using NIMA which



was already registered in favour of respondent. Furthermore, the Court rejected this contention that use of trademark is a condition precedent for claiming legal protection. However, the appellant went in to appeal before the Supreme Court. Disposing the appeal, the Supreme Court while upheld the grant of interim injunction in favour of the respondent, it also went on directing the respondent not to initiate any further action for user of the trademark NIMA by appellant without leave of the trial court. In addition, the court directed to dispose of the suit expeditiously.<sup>7</sup>

### **Infringement: Onus to Prove**

It is well- settled that the plaintiff must prove that the essential features of his registered mark have been copied. The onus to prove ‘deception’ is on the part of the plaintiff who alleges infringement. A mark is said to be infringed by another trade if, even without using the whole of it, the latter uses one or more of its “essential features”. The identification of an essential feature depends partly on the courts own judgment and partly on the burden of the evidence that is placed before it. Ascertainment of an essential feature is not to be ocular lest alone; it is impossible to exclude consideration of the sound of words forming part or the whole of the mark; *S.M.Dyechem Ltd. v. Cadbury (India) Ltd.*<sup>8</sup>

### **When Trademark is not Infringed (section 30(2) Trademark Act, 1999)**

This section specifically excludes certain act as not constituting infringement. According to section 30(2) of the Trademark Act of 1999, the use of a registered trademark in any of the following manner would not amount to infringement:

1. Where the use is in accordance with honest practice in industrial or commercial matters.
2. Where it is not such as to take unfair advantage of or be detrimental to the distinctive character or repute of the trademarks.
3. Where the use in relation to goods or services indicates the kind, quality, quantity, intended purposes, value, geographical origin, the time of production of goods or of rendering of services or other characteristics of goods or services.

4. Where a trademark is registered subject to any conditions or limitations, the use of the trademark in any manner in relation to goods to be sold or otherwise traded in, in any place, or in relation to goods to be exported to any marked or in relation to services for use or available or acceptance in any place or country outside the jurisdiction of production or in any other circumstances, to which, having regard to those conditions or limitations, the registration does not extend.
5. Where the use of trademark by a person in relation to goods adapted to form part of, or to be accessory to, other goods or services in relation to which the trademark has been use without infringement of the right given by registration under this act or might for the time being be so used, if the use of the trademark is reasonably necessary in order to indicate that the goods or services are so adapted, and neither the purpose nor the effect of the use of the trademark is to indicate, otherwise than in accordance with the fact, a connection in the course of trade between any person and the goods or services, as the case may be.
6. Where the use of a registered trademark, being one of two or more trademarks registered under this act which are identical or nearly resemble each other, in exercise of the right to the use of that trademark given by registration under this Act.<sup>9</sup>

### Cases of no Infringement

1. In the case of *S.M. Dyechem Ltd v. Cadbury (India) Ltd.*,<sup>10</sup> In this case, the Supreme Court held that the plaintiff's trademark PIKNIK and defendant's mark PICNIC though they are phonically similar but on fact there was the dissimilarity in the essential features and chances were more in favour on defendant and therefore, the plaintiff were not entitled to injunction. However, in the case of *Cadila Health Care Ltd vs. Cadila Pharmaceutical Ltd.*, the three judges Bench of the Supreme Court disagreed with the ruling in *S.M. Dyechem* case. The court in her observation, observed that it is not correct to say that the difference in essential features is more relevant. The principle of phonetic similarity cannot be jettisoned when the manner in which the competing words are written are different.<sup>11</sup>

## **REMEDIES AGAINST INFRINGEMENT OF TRADEMARK**

By remedies against infringement of trademark, it simply refers to as legal remedies against infringement of trademark as may have been provided under the Trademark Act, 1999.<sup>12</sup> These remedies are not confined to mere infringement and passing off but also related to falsification of trademark and breach of other statutory obligation cast upon trademark proprietor or user.

To protect the registered trademark, the following remedies can be resorted to:

1. Civil remedies see sections 134 and 135 of the Trademark Act, 1999.
2. Criminal proceedings see sections 102 to 120 of the Trademark Act, 1999.
3. Administrative remedies see sections 134 (2) of the Trademark Act, 1999.<sup>13</sup>

### **Civil Remedies (Ss. 134 and 135)**

When instances of infringement and passing off occur, the court of competent jurisdiction, court not lower than District Court can be moved for grant of interlocutory injunction, Anton pillar orders, damages and account of profits. Furthermore, the following persons can file suit for infringement or passing off:

1. The registered proprietor or his legal successor.
2. The registered user of a trademark subject to prior notice to registered proprietor.
3. An applicant for registration of trademark provided the suit shall sustain only when his trademark is granted registration.
4. Legal heirs of deceased proprietor of trademark.
5. Any one of the joint proprietor of a trademark.<sup>14</sup>

### **Against Whom the Suit can be Filed**

As per sections 134 and 135, under civil remedy, civil suit for infringement or passing off can be filed against the following persons:

1. The person who directly infringes or passes off trademark of plaintiff.

2. The agent of infringer.
3. The master in whose employment and under whose authority the servant commits infringement.
4. The directors and promoters of a limited company can be joined as defendant only when they have personally committed or directed infringement of trademark.

### **Criminal Proceedings (Sections 102 to 120)**

These sections of the Act made a provision for punishment upon committing an infringement.

According to the criminal proceedings, complaint may be made against the person causing infringement. Both the action under the civil law and criminal law can be initiated simultaneously.<sup>15</sup> Under the civil law proceedings, the plaintiff seeks reliefs for himself while under the criminal law proceedings the complainant seeks award of punishment to the infringer.

### **Administrative Remedies (Sections 134 (2) )**

Opposing the registration of a deceptively similar trademark when the trademark registry is in the process of considering the grant of a trademark can protect the trademark.<sup>16</sup> The registry can also be moved for removal of a deceptively similar trademark, if registered.<sup>17</sup>

## **CONCLUSION**

Infringement of trademark in India means violation of the exclusive rights granted to the registered proprietor under the Trademarks Act, 1999 to use the same in relation to the goods or services in respect of which the trademark is registered.<sup>18</sup> Section 29 and Section 30 of the Trademarks Act, 1999 lay down the provisions for protection of a registered trademark in case the same is infringed upon by a person not being a registered proprietor or licensee.<sup>19</sup>

Section 29 of the Trademarks Act, 1999 provides that a registered trademark is infringed when a person not being a registered proprietor or licensee, uses in course of trade.<sup>20</sup>

## SUGGESTION

In my opinion, I suggest that any person other than the registered proprietor in the course of trade, in relation to the same goods or services for which the mark is registered, uses the same mark or a deceptively similar mark should be brought both under the civil law and criminal law simultaneously.<sup>21</sup> Such that the plaintiff seeks reliefs for himself while under the criminal law the complainant seeks award of punishment of the infringer.<sup>22</sup> By implementing this policy, it will protect a registered proprietor of trademark.<sup>23</sup>

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# Ambush Marketing: Is it Really Unethical?

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## Abstract

*Mega-sporting events such as the Olympic Games frown upon ambush marketing. This is because the unpaid advantage by corporations that are not the official sponsors of the mega-sporting events through ambush marketing threatens the future of official commercial sponsorship.<sup>1</sup> Such corporations practice ambush marketing during mega-sporting events to deceive the public into thinking that they support the event and thereby receive an undue advantage by acquiring goodwill for sponsoring an event without actually supporting the event or its participants.<sup>2</sup> Corporations have indulged in ambush marketing to exploit international events such as the Olympics, Common Wealth Games, F1 Racing or Football World Cup. The question arises whether such acts are legally or morally wrong? This paper seeks to analyse the tussle between the legal and moral argument which surrounds ambush marketing.*

*In India, where there is a sudden boom of sports events like Indian Premier League (IPL), Indian Football League (IFL) and Pro Kabaddi League (PKL), sponsors are making heavy investments in these mega events. Sports have become an integral and a significant economic booster in India. Hence,*

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*it is important to study the impact of ambush marketing practices in India. Therefore, this paper will also examine the need for a sui generis legislation for curbing ambush marketing practices.*

## INTRODUCTION

The man behind the term Ambush marketing is Jerry C Welsh. He coined this term while he was working at American Express.<sup>3</sup> It came to him as a shock, when he realised that his creation is looked upon as an immoral marketing strategy. He came out and clarified the same and stated that ambush marketing is just a “clever” way of non-sponsors to use their creative skills in a space where the sponsors or in his words “sloppy marketers” have failed in their own task.<sup>4</sup>

The term ambush marketing is usually a term associated to marketing strategy of sports related events. The dictionary meaning of ambush is a surprise attack from a hidden position.<sup>5</sup> One of the first technical definition was given by Meenaghham. He defines it as “the practice whereby another company, often a competitor, intrudes upon public attention surrounding the event, thereby deflecting attention toward themselves and away from the sponsor.”<sup>6</sup> Maz Duthie defines ambush marketing as “the unauthorised trading off the goodwill or exposure of another’s event. It is a form of “free riding” where an advertiser seeks to associate itself with an event, or just share some of the event’s publicity, without paying for the right to do so.”<sup>7</sup>

Ambush Marketing can happen in two ways- (1) by association and (2) by intrusion. Ambush marketing by association happens when the ambusher misleads the public into thinking that he is an authorised sponsor or contributor associated with the event.<sup>8</sup> However, in case of intrusion the ambusher takes advantage of the space around or near the venue.<sup>9</sup> It requires no association with the event.

Ambush marketing is usually a tactic which aims at obtaining commercial benefits from the association of trademark or company with a sports event, without the permission of the organiser.<sup>10</sup> But there are times when companies refrain from using the trademarks but still affiliate themselves to an event.<sup>11</sup> Here, ambush marketing can lie outside the purview of intellectual property.<sup>12</sup> Many people have tried to



lay down definition for ambush marketing, but ambush marketing being an amorphous<sup>13</sup> concept is hard to understand without real examples.

## INCIDENTS OF AMBUSH MARKETING IN THE PAST

Mega sports events like The FIFA World Cup, Olympics, ICC Cricket World Cup, etc. have given rise to ambush market practices. There are different techniques and methods adopted by companies to catch the crowd's eye.

One of the first cases of ambush marketing was during the 1984 Olympics. Fuji was the worldwide sponsor of the Olympic Games. It was Kodak which stole the show, as it sponsored the television broadcast of the Olympic Games. It didn't stop there, Kodak even sponsored the US track team. It seemed as if Kodak was the official sponsor even though they paid less money.<sup>14</sup> In 1992, Wendy's ran commercials after commercials around 1992 Olympics, even though McDonald's was the official sponsor.<sup>15</sup>

The most talked about market strategy was in 2006 during the Football World Cup in Germany. A beer brand Bavaria, distributed about 250,000 samples of lederhosen in orange which is also the Dutch national colour. It had the word "Bavaria" imprinted on it. Thousands of fans came to watch the *Netherlands v. Ivory Coast match wearing the lederhosen* but didn't know that the consequence of the same would be watching the match in their underpants.<sup>16</sup> Though it was not an unethical or illegal action, such a drastic step was taken by the organisers in order to protect the sponsors.<sup>17</sup> There have been instance where even athletes have not been spared. In 2000 Olympics, swimmer Mark Foster was apparently kicked out by the officials of the Olympics because he was wearing a Speedo swimsuit rather than the official BOA approved suit.<sup>18</sup> Linford Christie, in 1996, came to the Olympics Press Conference wearing the Puma AG logo embossed contact lenses, even though Reebok was the official sponsor.<sup>19</sup> This act was looked down by the Olympics organisers. It is surprising to see the extent to which the organisers have gone to protect their sponsors. A question then arises whether such steps are taken by the organisers of mega events to keep intact the legality of the issue or the morality of ambush marketing.

### ***THE MORAL V. LEGAL DEBATE***

Ambush marketing has evolved over the years. This has led to many changes in the way sport events are now being organised. Organiser and sponsors are working hand in hand to make sure none of the above instances are repeated. But how far can they stretch the law to safeguard themselves from the issue of ambush marketing? And is ambush marketing even wrong?

Ambush marketing has over time evolved into a negative concept with authors like Payne calling corporations that partake in ambush marketing “thieves” or “parasites” that try to deceive the public and feed off of the goodwill of the official sponsors of an event.<sup>20</sup> Sandler and Shani call ambush marketing “a planned effort (campaign) by an organization to associate themselves indirectly with an event in order to gain at least some of the recognition and benefits that are associated with being an official sponsor”.<sup>21</sup> They refer to it as a “well planned effort” made with the main objective of creating “miscomprehension in the consumer’s mind about who the sponsor is and therefore either gain the benefits associated with being a sponsor or weaken the impact of a main competitor.”<sup>22</sup> The derogatory tone of these authors clearly implies that they consider it to be an unethical or immoral practice. The reference to “well planned effort” clearly suggests wilful deceit on the part of the ambushers. However, research shows that such practices are initiated for the purposes of brand association and acquisition of goodwill. There is no evidence to prove that such objectives are actually realized or that it causes the brands and companies to competitively underperform.<sup>23</sup>

The ethical issue with ambush marketing stems from the fact that a sponsor of an event pays for the right of association with an event, making it possible to gain access to the audience.<sup>24</sup> Ambush marketing disrupts this by significantly weakening the impact that the official sponsors can have on an audience.<sup>25</sup> Applying the principle of utilitarianism, ambush marketing is considered to be an unfair trade practice because a sponsor should ideally be able to reap the benefits accruing from its investment and should also be protected while doing so.<sup>26</sup> The companies that partake in ambush marketing therefore are deemed to be practicing unfair competition. It can, however, be argued that the motivation or the end goal of the sponsors as well as the ambushers is the same – exploitation for commercial value through

marketing efforts.<sup>27</sup> It can also be argued that competitors who are not the official sponsors of an event have an equal right as well as an obligation towards its shareholders to take equal advantage of these events.<sup>28</sup>

A direct consequence of ambush marketing, however, is that the sponsors will lose faith in the event or the medium and discontinue sponsoring it in the future because the corporate sponsors do not sense that they have received the value that was expected from purchasing the sponsorship package. This inevitably leads to a situation where the event's integrity becomes threatened.<sup>29</sup> This has serious consequences on the event because most events rely heavily upon sponsorships to offset the costs that are associated with an event.<sup>30</sup> This is the primary reason why events such as the Olympics have started publishing its own guidelines to prevent ambush marketing.

Presently, there are also different legal remedies available against ambush marketing depending on what type of right has been violated or infringed. In case of direct ambush marketing, there can be circumstances where the ambusher uses a certain copyrightable work such as logo or mascots or even musical work. Logos and mascots form an integral part of any sporting event and the same is protected as artistic work under Copyright Act. Examples of mascots are Shera the mascot for the Delhi XIX Commonwealth Games<sup>31</sup>, The Fuwa<sup>32</sup> of the Beijing Olympics and the most recent Vinicius<sup>33</sup> the mascot for the Rio 2016 Olympics. If one tries to use these without authorisation or license, then the organisers of the event can seek remedy under the copyright act.

Similarly, these mascots and the official logo of a sport event are protected under trademark law. The primary function of a trademark is to indicate the source or origin of a product or service, however the same can be used for advertisements or endorsements. It's an industry practice now for major sports event organisers to register their trademark. Once registered, the organisers can further license the use of these trademarks to the sponsors in the form of licensed agreements.<sup>34</sup> Under trademark protection, organisers can seek protection for not only the logos, mascots and slogans but also a combination of the event and the year (IPL 2016) or the host country/city and the event (Rio 2016) or any such similar combinations. This kind of protection insures that

the ambusher can in no way associate itself to the event they are not associated with.

Mega events like the Olympics over the period have acquired certain status and importance in the world arena, hence the Nairobi Treaty on the Protection of Olympic Symbol (1981) was adopted. Although the reason for its existence was not to prevent ambush marketing, but rather to encourage the development of the Olympics merchandising rights,<sup>35</sup> nevertheless, it is a step closer to achieve protection of marks and emblems through international treaties.

Another law which usually is a recourse in common law countries is the tort of passing off. Here, the plaintiff must establish the three basic elements of passing off– (1) goodwill (2) misrepresentation by defendant leading to confusion and (3) damage caused to the plaintiff.<sup>36</sup>

Some countries even have *sui generis* protection to curb the problem of ambush marketing. Often these laws go beyond the usual IP protection, it is also termed as IP+ protection.<sup>37</sup> For instance, in New Zealand, the Major Events Management Act, 2007 is a statute which deals with anti-ambush marketing provisions. It is a comprehensive act dealing with ‘major event’ which are considered relevant by the government so as to afford protection under the act. Unlike event specific acts like the London Organising Committee of the Olympic Games and Paralympic Games (LOCOG), its focus is on all the major events which seek special attention so as to avoid the situation of ambush marketing. Such a move by the New Zealand government has actually made it an attractive host for major events. While there are some who find this legislation to be a ‘statutory sledgehammer’.<sup>38</sup>

## **AMBUSH MARKETING: AN INDIAN PERSPECTIVE**

Ambush marketing has become a weapon in the arsenal of marketing departments. To conquer this problem, various countries such as South Africa, Australia, China, England, New Zealand, Canada and Brazil have brought out legislations defining ‘ambush marketing’ as a specific type of IPR infringement and fixing liability for the same. It is high time that India considers presenting such an enactment, not on the grounds that its companions have made such a stride, but in the light of

expansive scale occasions being sorted out in the nation. There is a need to protect legitimate sponsors.

Sadly, there are no specific provisions related to ambush marketing in India, thereby giving an advantage to many advertisers. For instance, in 2012, Life Insurance Company (LIC) had launched an ad campaign which featured questions about 2012 IPL. LIC was not a sponsor of the 2012 IPL, but such an act would be considered as ambush marketing. The IPL organisers couldn't do much as there are no laws relating to the same.<sup>39</sup>

In 2006, India confronted losing the privilege to co-host the 2011 ICC Cricket World Cup tournament because BCCI refused to sign the Members Participation Agreement (MPA) because of the commercial rights issues identifying with their players. M.S. Dhoni had to face the wrath of the ICC before the beginning of the 2011 ICC World Cup tournament in Feb 2011, for promoting Sony and Aircel (Rivals of ICC's legitimate sponsors).<sup>40</sup>

The Delhi High Court rejected the interim application filed by ICC to restrain Britannia Industries and it approved departmental stores from utilizing the logo, mark and mascot of the 2003 World Cup in their promotional schemes. The ICCDIL (ICC Development International Ltd.) claimed that Britannia and its approved departmental stores were distorting their partners with them by utilizing the world Cup logo and different marks and so on, their promotional material without consent like "Britannia Khao World Cup Jao" which deprive official sponsor to enjoy the right of exclusivity. Therefore, it seem that according to the Delhi High Court there is nothing illegal about ambush marketing.<sup>41</sup>

The Delhi High Court, has stated that the term "ambush marketing" is not a part of the legal terminology, and the practice does not in its own right constitutes unfair competition, does not seek to mislead the public, but on the contrary is an instrument that uses the opportunity presented by an event to further its own commercial goals".<sup>42</sup>

The above case laws demonstrate that without particular enactment for ambush marketing, the litigants in India can escape in this manner leaving the offended party with no ensured remedy. The best ground against the respondent in occurrence of ambush marketing has been that

of passing off. Along these lines the current IPR administration however is neither totally feeble nor is totally satisfactory to counter the issues of Ambush Marketing. Hence, there is a need to develop a particular law for the same.

Today, the stakes in games are much higher for instance the broadcasting rights of the cricket World Cup of 1996 was bought for an nominal amount of \$15 million, yet for 2011 and 2015 Cricket World Cup the sum expanded up to \$ 1.1 billion, the sponsors are particularly worried about their rights and premiums despite the fact that insurance gave under trademarks act, competition law is by all accounts enough. With such galactic expenses in question, ambush marketing represents an immense danger of missing out on sponsorship bringing about an enormous dent on the budget. As far as infringement of copyright is concerned, there are certain occasions of ambush marketing that unmistakably fall under the class, for instance, commercial use of rights, benefits and privileges without sanction, obvious attempt to associate with an event without a licence, use of words, pictures or images almost similar to the event, producing or selling counterfeit merchandise.<sup>43</sup>

Due to the absence of necessary legislative provisions in nations, the event organizers have taken upon themselves to draw contracts with sponsors which include the clauses for anti-ambush marketing. A plethora of non-legal strategies have been utilized trying to control ambush marketing. One approach utilized by official event sponsor is to monopolize the advertisement. But such an approach is dangerous.

## CONCLUSION

Relying on the utilitarianism principle, ambush marketing can be considered unethical. However, the practices in recent times have probably gone too far in its efforts to protect the sponsors. The rules adopted especially by mega-sporting events have gone beyond what was necessary and has set a highly unreasonable threshold for ambush marketing. Consider the example given by Teresa Scassa, of a scenario where the mega-sporting event organizers have a set of sponsors, but the individual athletes and national teams competing in the games have their own sponsors. The teams require the sponsorship not just at the

time of the event but on an ongoing basis.<sup>44</sup> Will the individual athletes and national teams then be disqualified from participating in the event?

Ambush marketing was never a technique to hamper competition. Mega event organisers like FIFA and Olympics have adopted measures and policies which unnecessarily hamper the usual course of business. Sometimes spectators and athletes have to pay the brunt, like the Bavaria case or the Mark Foster case. One agrees that the use of trademarks and copyright without authorisation is unlawful and illegal. But in cases where non-sponsors use their creativity to grab attention of the consumer, that shouldn't be considered unethically.

Examining the existing rules and regulations laid down by the organisers, if Michael Jordan's (who was being sponsored by Nike) stint in the 1992 Olympics to cover up Adidas logo with the American flag during his medal ceremony is repeated today at the Olympics, he would have been help accomplice of being associated to ambush marketing.

Ambush marketing, as laid down by Welsh, is a result of smart marketing strategy and healthy competition. He believes that as a competitor, one does not have any ethical obligation to make sure that the competitor's sponsorship is successful.<sup>45</sup> With the preparation of 2018 FIFA World Cup Russia in full swing, the question now is how far the organisers will go to protect their sponsors. The advent of digital media and internet has made the dissemination of information faster. Now, one can expect more incidents of ambush marketing through social media platforms. Competitors have now begun to use these platforms to reach a wider audience. Can these mega events now stop or restrict the flow of information over the World Wide Web?

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# Copyright and Neighbouring Right

## *“Fair Dealing in Digital Era”*

Neha Tripathi\*

*“The secret of life is honesty and fair dealing. If you can fake that, you’ve got it made.”*

– Groucho Marx

### INTRODUCTION

The central theme of this project is to accentuate the concept of ‘fair dealing’ as embodied in the Indian Copyright Act and also its relevance in the “Digital Era”. In contemporary times, this doctrine permits certain acts with respect to copyrighted works, which otherwise would have constituted as infringement. Thus acts like a saving grace to the alleged infringer. The concept of Fair Dealing isn’t new, but it has been used globally in many developed countries. However if we compare the concept of “Fair Dealing” which is primarily used in Indian copyright laws & UK copyright laws and of “Fair Use” which is found in the US copyright laws, the realm of the former one is narrower than that of the later one.

This is because as per the Indian law there is a specific list of acts that amount to fair dealing unlike US laws where there are few determinants used to ascertain fair use. It has been that observed that in spite of being such an integral part of the copyright law, the scope of this doctrine

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remains quite unfathomed in India. Thus this paper attempt to delve into all the facets of this doctrine and scrutinize its genesis, addressing the issues and challenges it is exposed to. Subsequently also assess its use in the contemporary times especially in the digital era.

## **THE DOCTRINE OF FAIR DEALING**

The doctrine of fair use or fair dealing puts a limitation on the exclusive right of the copyright owner. It permits reproduction of the copyrighted work or use in a manner, which, but for the exception carved out would have amounted to infringement of the copyright.<sup>1</sup>

It won't be justifiable to begin discussing the concept of fair dealing, without explaining what is meant by copyright. As per copyright laws India, they are bundle of rights that are granted to the creator /author or producers of that piece of work. It is granted in respect of literary, dramatic, musical, artistic works and producers of cinematograph films and sound recordings. It is not mandatory to get the work registered, however the registration serves like insurance and helps to provide legal protection from the legal disputes that may arise in future upon infringement by another person. (It acts like a prima facie evidence and unlocks bundle of exclusive rights for the owner).

The Indian copyright Act is in compliance with international treaties and conventions, as it is a member of the Berne Convention of 1886 (modified in Paris convention in 1971) and also the Universal Copyright convention of 1951. The Copyright law was made with an intention to promote & reward creativity; also to lay down certain safeguards to the authors over their creations. The doctrine of fair dealing permits the use or reproduction of any work, (already having a copyright protection) without seeking the permission of the original author or owner for doing so.<sup>2</sup>

Subject to certain conditions, a fair deal for research, study, criticism, review and news reporting, as well as use of works in library and schools and in the legislatures, is permitted without specific permission of the copyright owners. In order to protect the interests of users, some exemptions have been prescribed in respect of specific uses of works enjoying copyright. Some of the exemptions are the uses of the work:

1. for the purpose of research or private study,
2. for criticism or review,

3. for reporting current events,
4. in connection with judicial proceeding,
5. performance by an amateur club or society if the performance is given to a non-paying audience, and
6. The making of sound recordings of literary, dramatic or musical works under certain conditions.

In order to be an infringement of a man's copyright there must be a 'substantial infringement' of the work. Fair dealing with any work has been kept out of the mischief of the Copyright Act.<sup>3</sup> It often is being protested that it's an unfair doctrine and is contrary to what the law aims to provide. But a valid answer to that argument is that the whole idea is to avoid sluggishness in path of creativity and promote dynamism.

The principle of conditional grants to proprietary rights in any intellectual property is to promote public interest. Thus if prohibiting such uses "would stifle the very creativity which that law is designed to foster".<sup>4</sup>

## COMPARISON OF THIS DOCTRINE IN UK, INDIA AND USA

Whenever a comparative study between "fair use" (As per US laws) and Fair dealing (as per UK laws) has been done, it has been noticed that the law of UK is very much restrictive, rigid and conventional in nature than as compared to that of US which is open to interpretation. This is because in UK and India, there is an exhaustive list of defined exceptions issued while the US is a much wider road with certain factors used as determinants. The US Copyright Code offers an open list of permissible purpose.<sup>5</sup>

The US fair use provision has been construed as the "fairest" of all.<sup>6</sup> This doctrine is one of the most important aspects of Copyright Law which draws a line between a legitimate, *bonafide fair* use of a work from a malafide blatant copy of the work. One of the key reason why this doctrine was explicitly enshrined in Article 13 of the TRIPS (Trade Related Aspects of Intellectual Property Rights) which runs as follows:

*"Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder"*. Nowhere in the whole Copyright Act, there is

one provision that describes “fair dealing”. However the law has been incorporated in section 52 of the Copyright Act, 1957. The meaning can be inferred from words of lord denning in an English case.<sup>7</sup>

*“It is impossible to define what is “fair dealing”. It must be a question of degree. You must first consider the number and extent of the quotations and extracts.... then you must consider the use made of them....Next, you must consider the proportions...other considerations may come into mind also. But, after all is said and done, it is a matter of impression.”*

It may however be said that the extracted portion should be such that it does not affect the substantial interest of the Author. Time to Time the Indian courts have fathomed the various facets of fair dealing, and reached a conclusion that there cannot be a definite or exhaustible list of uses amounting to fair dealing but it has to be decided depending upon the facts and circumstances of each case. One of the leading judgments is the Indian case,<sup>8</sup> where the court provided a clear dichotomy that where the use of any work does not come within the exhaustive list provided under section 52 of the Act; it wouldn't fall in the purview of fair dealing laws.

## **FAIR USE IN DIGITAL ERA**

One can blame the outreach and evolution of computer and internet age for making the implementation of legal policy difficult but this relationship between law and technology indeed has been to be nourished to elevate the level of current electronic era. The modern era can also be coined as Digital Era as world is live through digital technology.

There are numerous cases emerging in the internet age with the publication of a children's fictional Book<sup>9</sup> plot devised which first appeared in J.K Rowling's Harry Potter novel (series).<sup>10</sup> But the Harry potter series holds enough substance to demarcate the boundaries of copyrights. Thus the copyright has apart from providing safe guards to the author from unscrupulous copying (through Printing Press Technology) is unknowingly guaranteeing monopoly over ideas and markets, thereby inhibiting further creative expression.

Digital technology compromises of artistic work<sup>11</sup> and thus definitely requires copyright protection. Infringers can produce thousands of perfect copies of copyrighted works at little cost.<sup>12</sup>

Thus a new emerging revolutionary digital technology “DRM”<sup>13</sup> helps the originator to manage, control, and permit usage of digital content and products. The seller gets a control to the digital content or devices even after it has been given to a consumer, Ripping, combined with the Internet and popular file sharing tools, has made unauthorized distribution of copies of copyrighted digital media (digital piracy) much easier.

DRM technologies impose restrictions on copying or viewing. Common DRM techniques include – Restrictive Licensing Agreements & Scrambling of Expressive Material & Embedding of a tag. The DRM has been introduced as the Digital Millennium Copyright Act (DMCA). This enable non-infringing fair uses, may lend to the receiving end of a lawsuit. It’s been a disaster for innovation, free speech, fair use, and competition.

Copyright infringement is a punishable offence. Even though, fair use continues to remain an exception. In *White – Smith’s Case*,<sup>14</sup> reproduction of sounds of musical instruments, playing music for which copyright is granted is not a violation of copyright. In the case of *Macmillan Co. v. King*,<sup>15</sup> it deals with fair use with respect to an educational context and to summaries. In *Lotus v. Borland* it was held that software interfaces per se are methods of operation and are not covered by copyright. In the recent case of *Cambridge University Press v. Patton*,<sup>16</sup> it was held that University’s use of copyrighted material in e-reserves does not constitute direct or vicarious infringement.

Another Problem faced worldwide includes the Temporary and back-up copies of files. Several amendments done to the CDPA<sup>17</sup> act in 2003 is to update the legislation on legal deposit to reflect the digital age. ‘Temporary copies’ that are made ‘automatically’ as your computer or the network it is part of accesses resources. ‘Temporary copies’ are about the copies made during the ‘transmission’ process and are not about storage and re-distribution.

It is not an infringement of copyright to make a back up copy of software (even if the terms and conditions of the license say you can’t!) However, backup copies are to avoid loss of the software not a means for further distribution.

**The main point to bear in mind** is that although the Internet makes it easy to access materials made available under fair use those rights

don't necessarily transfer to the user in the UK. 'Fair dealing' and 'fair use' are not interchangeable.

There is also a lot of material discussing the issues of copyright in the digital age on the WWW – videos, 'power points' and websites - that is based on the USA 'fair use' rules and which doesn't, therefore, directly apply to the situation in the UK, without, at least, some amendment.

It is pertinent to note that most of the fair use provisions are dependent on the distinction between on the public and private use. Where in public law, for commercial use permission is sought from the copyright owner as a pre-requisite; while law permits non-commercial use as fair dealing. However in the digital environment this dichotomy is completely eroded. This is because in the age of digitization any individual with the help of the internet is in the capacity to transmit work of millions of users living all over the world and anyone on the other side can download the same in privacy within the four walls of the home.

## **RECENT DEVELOPMENT**

Section 52 of the Copyright Act, 1957 includes all principle of limitation and exception as enshrined under Article 10 of WCT.<sup>18</sup> The acts approves under Indian Law the making of copies or adaptation of a computer programme, from such copy in order to make use of the computer programme for the purposes for which it was supplied; or make back-up copies purely as a temporary protection against loss, destruction or damage, any transient and incidental storage of any work by virtue of 'caching' is an exception as per the international practice. Any Act of intentionally storing of such works or unauthorized reproduction or any distribution constitutes infringement under Section 51 which turns out to fall under both civil and criminal liability.

However the extended scope of this section which includes education and research purposes also includes works available in digital formats and in the internet. Further an explanation has been inserted to clause (1)(a) of Section 52 to clarify that storing of any work in any electronic medium for the specified purposes, including the incidental storage of a computer programme which in itself is not an infringing copy, shall not be an infringement. The transient and incidental storage of a work or performance is purely in the technical process of electronic



transmission or communication to the public. Such storage of a work or performance for providing electronic links, access or integration, where it has not been expressly prohibited by the right holder, unless the alleged infringer is aware or shows reasonable grounds for believing that such storage is of an infringing copy;

Provided that if the person was responsible for such act, on basis of a complaint, such person may be required to produce an order within period of fourteen days from the competent court for the continued prevention of such storage. Storage of a work in any medium by electronic means by a non-commercial public library, for preservation if the library already possesses a non-digital copy of the work; the making of a three-dimensional object from a two-dimensional artistic work, such as a technical drawing, for the purposes of industrial application of any purely functional part of a useful device; is also exempted.

A new clause (b) in Section 52 seeks to provide that transient and incidental storage of a work or performance purely in the technical process of electronic transmission or communication to the public shall not constitute an infringement of copyright. Similarly, clause (c) provides that transient and incidental storage of a work or performance for the purposes of providing electronic links, access or integration, where the right holder has not expressly prohibited such links, access or integration, shall not constitute infringement. To facilitate digitization of libraries a new clause (n) has been introduced to enable the storage of a digital copy of a work if the library possesses a non-digital version of it.

The unauthorized use of copyright work over the internet leads to suspension of the service provider's activity. A proviso has been added to this clause to provide a safe harbor as per international norms to internet service providers, as they are merely carriers of information provided by others. This is generally referred to as '*notice and take down procedure*'. Any person responsible for the storage of the copy has received intimation or written complaint from the copyright owner, that the transient or incidental storage constitutes an infringement, such persons shall refrain from facilitating such access for a period of twenty-one days till an order from the competent court refraining from facilitating access is received.

In case no such order is received before the expiry of such period of twenty-one days, he may continue to provide the facility of such access.<sup>19</sup>

## CONCLUSION

“Fair dealing” is a doctrine, not only relevant for the purpose in the Copyright laws but also giving protection to the citizens under Article 19 of the Constitution of India. But the only problem is that its extent is very limited and confined in Indian law than US fair dealing laws which are much advanced and flexible in nature. Digital era is giving birth to pirates to accomplish their target or to exploit their competitor’s work. Some countries successfully acknowledged it and did some advancement in their rules and respective laws to safeguard copyrighted work.

Undoubtedly the Digital Rights Management initiated by WIPO acts like this thick wall restricting people from entering into the copyrighted zone of the owner. Even in presence of various treaties, agreements, laws, rules and regulations it is not possible to provide complete copyright protection to each and every author. Most countries have given protection to computer databases, computer software/program and internet by amending their copyright laws. Internet has turn out to be challenging for the Copyright in digital era.

The Internet has no territory of its own, calls thus jurisdiction is often an issue. Digital technology has made copyright enforcement difficult to achieve. A balance between infringement and fair dealing needs to be stroked and the ambiguity of law shall be addressed as well. As technology allows copyrighted materials to be transmitted easily around the globe without the authorization of the copyright owner, there is an increased need for protection without borders.

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# Copyright and John Doe Orders: An Investigation

Ragini Khubalkar<sup>\*</sup>

*“No authority has been quoted to show that an injunction will be granted enjoining a person to carry on a business, nor can I think that one ever would be, certainly not where the business is a losing concern”.*

**Lord Goddard C.J.** in *A-G (ex rel Allen) v. Colchester Corp*<sup>1</sup>.

## INTRODUCTION

Copyright law protects expressions of ideas rather than the ideas themselves. Under section 13 of the Copyright Act, 1957, copyright protection is conferred on Literary, Dramatic, Musical works, Artistic works, Cinematograph films and Sound recording. Copyright refers to a bundle of exclusive rights vested in the owner of copyright by virtue of Section 14 of the Act. These rights can be exercised only by the owner of copyright or by any other person who is duly authorised in this regard by the owner of copyright. These rights include the right of adaptation, right of reproduction, right of publication, right to make translations, communication to public etc. in any medium. With the initiation of Internet, it is very easy to share the knowledge throughout the world and this gives birth to virtual infringement also. With respect to copyright infringement in cinematograph film and sound recording starts increasing due to easy access. It is known as online piracy. Against this piracy the copyright owners have right to approach the

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court of law. In virtual age it is very hard to identify the infringer and hence to overcome this problem Indian court has introduced the John Doe Orders. Where there are several unknown parties involved in a case or dispute and whereas their identities are not traceable, they are collectively called as John Doe. In other words, Doe name is used to identify the anonymous or an unknown defendant. In Oxford Dictionary John Doe means “Anonymous Party”.

It is an interesting concept of law where a person who is a party to certain legal proceedings but his or her name is unknown. It may be anyone be it an individual, company, partnership, association of person, a body of individuals, trust, society, service providers, website owners, newspaper owners which infringe intellectual property rights by making certain steps with such intent. Upon application by a person who is in apprehension of having his book, movie, television show, live sport event being infringed, may approach to a court of competent jurisdiction and seek to secure a John Doe order which in its most acceptable legal sense termed as the ‘cease and desist order’ to protect his probable loss due to copying and publishing without the author’s knowledge or prior information.

## **SUBJECT-MATTER OF COPYRIGHT**

The main object of Copyright Act is to restrain the unlawful use of copyright. The most important remedy in case of infringement of copyright, passing off and breach of confidence is an ‘order of injunction’. An injunction may be either interlocutory that is one granted prior to the trial and only until after the trial or further order, or it may be final and permanent, perpetual. The general principles upon which injunctions are granted for the protection of copyright do not differ from those upon which they are granted for the protection of other property.

Section 13 of the Act<sup>2</sup> deals with the works in which Copyright subsists. The provision states as follows:

“Section 13 - (1) Subject to the provisions of this section and the other provisions of this Act, copyright shall subsist throughout India in the following classes of works, that is to say,—

- (a) original literary, dramatic, musical and artistic works;

- (b) cinematograph film; and
- (c) sound recording.

‘Copyright’ deals with all the rights conferred by the Act upon its owner with regard to his literary, dramatic, musical or artistic work or in respect of a cinematograph film or sound recording. It does not essentially mean a right to do something but only the right to exclude others doing of those acts and things which are expressly mentioned in the section. The section defines the term ‘copyright’ to mean the exclusive right to do the things specified in it. In considering any question of infringement of copyright, it is necessary to bear in mind the nature of things protected by the Copyright Law. It has to be seen as to what this law protects is not the original idea or information, but the original expression of an idea or information in some concrete form. The defendant must not make an unlawful substantial use of the form in which the plaintiff’s work is expressed. But he is at liberty to take from the plaintiff’s work the essential idea, howsoever original, and express the same in his own form or use it for his own purposes. It is the product of the labour, skill and capital of one man which must not be appropriated by another not the elements upon which the labour, skill and capital of the first have been expended.<sup>3</sup>

## JOHN DOE ORDERS IN INDIA

The position in India with regard to the civil remedies in case of infringement of copyright is changing day by day. With the introduction of internet, virtual infringement take place and so also new type of remedy has been evolved by the courts which is known as ‘John doe orders’.

To defeat the difficulties faced by copyright owners, where they catch with sensible assurance the infringement of the copyrighted work by potential infringers whose identities cannot be discovered as far as names however can be portrayed by ethicalness of being individuals from an identifiable class. The first case in which a John Doe copyright injunction was granted in the USA was *Billy Joel et al. v. Various John Does, Jane Does and ABC Company*<sup>4</sup> decided on 18 July 1980. In this case, a John Doe order was granted to prevent the unauthorized sales of merchandise bearing Billy Joel’s name outside the venues where he was to conduct his concerts which were negatively impacting revenue

generation from sales by authorised vendors inside the concert venues. The court held that notwithstanding the general inability to grant an injunction against unknown persons, the plaintiff had satisfied the court that such an injunction is needed in the given facts and circumstances. In order to ascertain the identities of the unauthorised vendors, the court directed that copies of the restraining order were to be served on all those whose merchandise was seized, such persons reveal their names in order to be added as parties to the suit and appear in court to contest the action.

*Prima facie*, John Doe orders can safely be regarded as creative and judicious approach to copyright protection. It balances the interest of copyright owners and potential infringers since it acts as a shield providing preventive and expeditious remedy to the former which is only enforceable against the latter upon acts of infringement actually being perpetrated and the owner having ascertained identity of the respective John Does. In this respect, their utility has received a renewed vital in today's 'virtual' age, where advances in digital technologies have presented unprecedented challenges to copyright protection regimes world over. The impact of the internet has been such that copyright protection is seemingly being outsmarted consistently by rapid sharing of 'information'(to be read in its widest sense as including movies, music, books, etc.) spanning geographical contours. This phenomenon thrives on anonymity, incredible speed and ever expanding reach, thus making a strong case for the application of John Doe orders in contemporary times.<sup>5</sup>

In India, known as 'Ashok Kumar Orders', John Doe orders announced their arrival in *Taj Television-v- Rajan Mandal*,<sup>6</sup> years after their invocation in UK and USA. It is pertinent to note that the order recognizes the threat that the movie can be uploaded on the Internet, thus, infringing Plaintiff's copyright in cinematograph film. Initially, they were used by broadcasters to protect their copyrights from infringement by known and unknown cable operators during sporting events. The orders were enforced through the issuance of blanket search and seizure directives and/or appointment of policemen to 'assist' broadcasters. Taj Television also entrenched the dubious legal foundation upon which such orders are granted - a legislative manipulation involving a conjoint reading of the provisions prescribing temporary injunctions

and inherent powers in the Code of Civil Procedure, 1908.

Thus, broadcasters invoked the traditional three-pronged test governing temporary injunctions –

- prima facie case,
- irreparable injury, and
- balance of convenience.

To essentially contend that an unlicensed transmission by cable operators is an accepted practice and the events being time bound, a John Doe order is necessitated to forestall destruction of infringing evidence and consequently huge revenue losses. Drawing inspiration from foreign jurisdictions, the court in Taj Television affirmed the litigating finger, principle and was convinced that the situation's urgency warranted a John Doe order, an attitude subsequently replicated in all sanctioned orders.<sup>7</sup>

Thereafter the Indian Court started to pass 'John Doe Orders' for piracy in cinematograph films as it is mainly shifting from physical shows to online portals. First case to grant protection by way of John Doe Order is Reliance Entertainment Case for the film 'Singham' in July 2011 and for the movie *Bodyguard*, in August 2011.<sup>8</sup> Further, a John Doe order obtained by Reliance Entertainment, the producers of the Hindi film, *Don 2*, against any possible piracy of the film.<sup>9</sup> The Madras High Court also ordered Jon Doe, in *RK Production v. BSNL*,<sup>10</sup> an order preventing anyone from illegal download or sale of DVDs of the movie '3'. It directs the Internet Service Providers to block access to the websites on which infringing copies are uploaded. Initially, John Doe orders were quite common in the film industry and seem an effective way to curb piracy. With the passage of time it took altogether different style.

The Delhi High Court in *Star India Pvt. Ltd. v. Sujit Jha and Ors.*,<sup>11</sup> has passed orders allowing for the blocking of entire websites rather than specific URLs, on the mere apprehension that the 73 websites were going to infringe Star's broadcast reproduction right under Section 37 of the Copyright Act. Further direction given to the Central Government to ensure compliance with the court's order – Star India justified this demand on the grounds that the Licence Agreements between the government and the ISPs required the latter to ensure that copyright infringing content was not carried on its network. On receiving the



order of the Court, the Central Government has filed an appeal before a Division Bench of the Delhi High Court requesting for the order to be modified. The Division Bench of the High Court modified the Single Judge's order on March 10, 2016 to restrict blocking to only URLs and not entire websites – it also ordered the government agency CERT-IND to issue instructions on blocking of website. After the Division Bench's order on March 10, 2016; Star India filed a review petition seeking a modification of the Division Bench's order. The Division Bench in its order dated July 29, 2016<sup>12</sup> did a reverse flip with very little reasoning and agreed with Star India that since URLs were easy to change, entire websites could be blocked.

At the same time this saga of the John Doe Order took a different shape in Bombay High Court with the famous case of 'Dishoom'. Justice Gautam Patel of the Bombay High Court denied a John Doe order.<sup>13</sup> Justice Patel held as under:

“I am making it clear that I will not grant an injunction or order to block URLs that point to websites unless it is demonstrated that the entirety of the website contains, and contains only, illicit material. Without that being attested to and established on Affidavit, I will not consider an order those results in the blocking of an entire website. I believe the Plaintiffs, who are no strangers to either such suits or to my orders on them, are sufficiently aware of my reluctance to give them such sweeping orders any longer.”<sup>14</sup>

In further orders Justice Gautam Patel cleared that, ISPs to display clear messages to visitors of the blocked URLs. He also made clear his intention to change the manner in which the John Doe regime currently worked, in order to prevent its rampant abuse ordered that these error messages clearly set out the relevant provisions of the Copyright Act, 1957 that deal with violations and penalties, that they contain a reference to the suit number and date of the order through which the block was mandated, the address of the Plaintiff's advocates, and a statement to the effect that any person aggrieved by the block could approach the court after serving notice on the Plaintiff.

Recently the Madras High Court in an interim injunction against several Internet Service Providers (ISPs), in a case of copyright infringement, directed the ISPs to disable access to websites upon the plaintiff's

request, including, perplexingly, the Internet Archive, an online library of public domain works. The suits for copyright infringement have been filed by Prakash Jha Films, in respect of '*Lipstick Under My Burqa*', as well as by Red Chillies Entertainment,<sup>15</sup> in respect of the film, '*When Harry Met Sejal*'. Due to this, 2650 entire websites have been ordered by the Madras High Court to be blocked, nation-wide, as an interim measure against the infringement of copyright of certain films.

The Court also took a nod from academics, and suggested the idea of a neutral third party, who could verify the links suggested to be infringing by the plaintiff and also provide a simplified and expeditious forum for resolving disputes which may arise between third parties and the plaintiffs or ISPs. The Bombay High Court's course correction was a significant departure from the existing practice, and a step towards developing jurisprudence around the issue of blocking injunctions.<sup>16</sup> However, as the present orders show, courts still choose to act heavy-handedly while dealing with claims of intellectual property infringement, and unfortunately, the Courts charged with protecting the interests of the online community do not seem to take into account the aspect of public interest involved in being judicious with the use of a power to curtail Internet access.

## PROCEDURAL FLAWS IN JOHN DOE ORDERS

'John Doe Order', as discussed above, is used to portray an injunction sought against an unidentifiable person, at the time of the issuance of the order. It thus enables cinematograph film owner to serve the notice and take action at the same time against anyone who is found to be infringing the copyright of the film. The order does not specify any one as defendant in the case. It is meant for anyone who is likely to infringe the copyrights in the work. The name 'John Doe' is used as a placeholder in a legal action or case for any person whose true identity is unknown. Due to this the very first requirement of passing such order is frustrated that is, the plaintiff must have made a *prima facie* case, with some evidence of infringement; the balance of convenience must be in favour of blocking the websites as against the interest in keeping them accessible, and the plaintiff must show irreparable injury arising from the infringement. Despite the practice of issuing Ashok Kumar Orders having been adopted by courts in India as early as 2003, the legal basis for directing ISP's under this Order is unclear. The Copyright

Act, 1957, in Section 52(1)(b), clearly exempts ‘mere conduits’ (which includes ISP’s), which provide Internet access, from liability in respect of any infringement. Therefore, the ISPs themselves cannot be held liable for infringement of the films.<sup>17</sup>

The procedural approach for this relief is problematic for two reasons: Firstly, it overrides Order VII, an issue left unaddressed in *Taj Television*,<sup>18</sup> which mandates identification of every defendant’s name and address together with details of the cause of action, failure to do which is a ground for rejecting the plaint.

Secondly, it disregards the purpose of inherent powers which the Supreme Court has articulated so as to only supplement or regulate the procedure adopted by courts, without any bearing on litigants’ substantive rights for which courts have to be specifically empowered.<sup>19</sup>

While this procedural manipulation continues to remain unchecked, one observes a dramatic development spearheaded by the High Courts of Delhi, Mumbai and Madras wherein John Doe Orders are being granted with alarming regularity to movie producers in a bid to attack piracy of upcoming releases through different mediums. The recent trends of orders have far exceeded their legitimate ambit due to their unscrupulous implementation, the primary victim of which has been the Internet. The extent of ‘Internet freedom’ has been relegated to the mercy of these sweeping orders, jeopardising perfectly valid consumer interests and provoking serious concerns regarding legitimacy of arbitrary clampdowns for indefinite periods in the guise of countering copyright piracy.

Apart from this, there is a question of double standards being played by the filmmakers. Initially, these filmmakers use Internet to upload their movie songs and allow downloading; sharing and distributing of it, which help them to get publicity among masses but when the question of release of movie comes, they pray for closure of the whole website. Further, consistent procurement of such orders and indefinite time period of implementation has made a mockery of free Internet accessibility for weeks on end. More so, in this clamp down, no distinction is made between websites which are almost wholly dedicated to perpetrating such infringement and websites which may incidentally contain such material. Lack of adequate publication of the orders and misrepresentation by the ISPs regarding reasons for shutting

websites has left consumers with a lot of uncertainty, which only gets exacerbated when one reads reports of blanket John Doe orders being granted.<sup>20</sup>

However, in the back and forth between the rights holder and the ISP or the infringer, the right of the public to access the internet is being severely curtailed, without courts giving much thought to the manner in which their orders are carried out, or whether they are necessary or proportionate.

## CONCLUSION

The cases decided by the courts in India, lays down the principles of law, relating to the infringement of copyright. It appears that the public at large in India have the enthusiasm to initiate litigations about the infringement of their copyrights through the electronic media but only wants to reap its fruits. Copyright protection is no doubt important for the copyright owner, however, it cannot come at the cost of the wider public interest. More so when it impacts innocent third party service providers who are put to severe losses as a result of the plaintiff's insensitive clubbing together of a bunch of links, even those that point to trailers or more problematically, those that merely announce the movie with 'coming soon'. The courts in India need to find a balanced approach so as to grant a strong protection to the copyright owners and at the same time to protect the service providers. In view of the recent trend of the Indian cases, in the years to come, the judiciary has to play a crucial and balanced role, by adopting a harmonious approach.

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# A Critical Appraisal of Infringement of Trademark

Barkha Tiwari\* and Nikita Singh\*\*

## Abstract

*A trademark is a distinctive sign that identifies certain goods or services produced or provided by an individual or a company. Its origin dates back to ancient times when craftsmen reproduced their signatures, or “marks”, on their artistic works or products of a functional or practical nature. Over the years, these marks have evolved into today’s system of trademark registration and protection. The system helps consumers to identify and purchase a product or service based on whether it’s specific characteristics and quality.*

*1. As indicated by its unique trademark.*

*2. Meet their needs.*

*A person can claim for infringement will take place only when there is registered trademark whereas common law recognizes the act of ‘passing off’ which prevails in the case of unregistered trademark. Whenever the trademark owner proves that the infringer’s mark would cause a depreciation of value of his mark or would harm the reputation, goodwill of the prior mark, the trademark owner shall establish his right to protection of the mark. The first and foremost task of the trademark owner is to prove that the prior mark has*

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*a very high degree of reputation and the infringed mark is similar to his mark and which would cause a confusion or deception regarding the product in the market. A trademark is generally protected to get maximum protection although unregistered trademarks also get protection under other circumstances.*

*In case of passing off, the registration of the trademark is irrelevant and it is a common law remedy which is completely dependent on the goodwill acquired by the property. The difference between infringement and passing off has been very clearly and comprehensively illustrated in the case of Durga Dutt Sharma v. N.P. Laboratories.<sup>1</sup> It was held that "An action for passing off is a Common law remedy, being in substance an action for deceit, that is, a passing off by a person of his own goods as those of another. But that is not the gist of an action of infringement. The action for infringement is a statutory remedy conferred on the registered proprietor of a registered trademark for the vindication of the exclusive right to use the trademark."*

**Keywords:** *Infringement, Registration, Common Law, Goodwill.*

## INTRODUCTION

Trademark protection ensures that the owners of marks have the exclusive right to use them to identify goods or services, or to authorize others to use them in return for payment. The period of protection varies, but a trademark can be renewed indefinitely upon payment of the corresponding fees. Trademark protection is legally enforced by courts that, in most systems, have the authority to stop trademark infringement. In a larger sense, trademarks promote initiative and enterprise worldwide by rewarding their owners with recognition and financial profit. Trademark protection also hinders the efforts of unfair competitors, such as counterfeiters, to use similar distinctive signs to market inferior or different products or services. The system enables people with skill and enterprise to produce and market goods

and services in the fairest possible conditions, thereby facilitating international trade.

The essential function of a trademark is to exclusively identify the commercial source or origin of products or services, such that a trademark, properly called, indicates source or serves as a badge of origin. In other words, trademarks serve to identify a particular business as the source of goods or services. The use of a trademark in this way is known as trademark use. Certain exclusive rights attach to a registered mark, which can be enforced by way of an action for trademark infringement, while in some countries unregistered trademark rights can be enforced pursuant to the common law tort of passing off.

### **HISTORY GOVERNING TRADEMARK LAW IN INDIA**

In India, the very first legislation in respect of trademark was the Indian Merchandise Marks Act 1889. This Act was followed by Trademarks Act, 1940. Prior to the enactment of Trademarks Act 1940, the disputes or problems relating to infringement of trademarks and passing off were decided in the light of s. 54 of the Specific Relief Act, 1877. In the year 1958, The Trade and Merchandise Marks Act was adopted which repealed the Indian Merchandise Act, 1889 and the Trademarks Act 1940. In the section 129 of the Trade and Merchandise Act, 1958, it was held that any document declaring or purporting to declare the ownership or title of a person to a trademark other than a registered trademark was not to be registered under the Indian Registration Act, 1908. The need to revise the existing law of the country was necessitated keeping in view the increasing trade and industry, globalization and also to encourage harmonious trading.<sup>2</sup>

The most important reason behind such a modification was due to the need to comply with the provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), by India on its becoming a member of WTO in 1995. It became mandatory on the part of India to bring the trade laws of the country in compliance with the provisions of the TRIPS Agreement. The Trademarks Act, 1999 was accordingly adopted on December 30 of the same year, and which came to force on 15th September 2003. In the case of *Gujarat Bottling Co Ltd v. Coca Cola Co*,<sup>3</sup> the Supreme Court held that the first enactment whereby the machinery for registration and statutory protection of



trademarks was introduced in this country was the Trademarks Act 1940. Prior to 1940, the law relating to trademark in India was based on common law principles that are substantially the same as was applied in England before the passing of the Trademarks Registration Act 1875. The Trademarks Act 1999 is an Act to amend and consolidate the law relating to trademarks, to provide for registration and better protection of trademarks for goods and services and for the prevention of the use of fraudulent marks.

## INTRODUCING THE 1999 ACT

The most important aspect of trademark is to indicate the origin as well as the source of such goods and services that are made available to a consumer. The definition of “mark” under the Trademark Act 1999 is inclusive in nature consisting of device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or of any combination thereof. The “mark” should be graphically represented, that is capable of being represented in paper form. The definition of mark is inclusive and may include other things, which may fall within the general and plain meaning of the definition.

Of all the qualifications, the most important is that the trademark<sup>10</sup> should be capable of distinguishing the goods or services of one person from the goods or services of another. That is, put simply; it should have inherent qualities that would make it distinct and also capable of distinguishing the mark of one person from another. The Trademark Act 1999 governs registration in India.

*Functions of Trademark, as Understood from the 1999 Act.* First, an application for registration of a trademark must be filed with the appropriate national or regional trademark office. The application must contain a clear reproduction of the sign filed for registration, including any colors, forms or three-dimensional features. It must also contain a list of the goods or services to which the sign would apply. The sign must fulfil certain conditions in order to be protected as a trademark or other type of mark. It must be distinctive, so that consumers can distinguish it from trademarks identifying other products, as well as identify a particular product with it.

It must neither mislead nor deceive customers nor violate public order or morality. Finally, the rights applied for cannot be the same as, or similar to, rights already granted to another trademark owner. This may be determined through search and examination by national offices, or by the opposition of third parties who claim to have similar or identical rights.

According to section 27 of the Act, it is clearly provided that no person is entitled to institute any proceeding to prevent, or to recover damages, for, the infringement of an unregistered trademark, but recognizes the common law rights of the trademark owner to take action against any person for passing off goods as the goods of another person or as services provided by another person or the remedies thereof.<sup>4</sup> In *NR Dongre v. Whirlpool Corporation*,<sup>5</sup> the Delhi High Court observed that according to section 28(1) of the Trademarks Act, 1999, registration of a trademark gives exclusive right to use the same in relation to the goods in respect of which it has been registered.

*Inclusion of 'Service Mark' by Enactment of 1999 Act*, The Bill of 1993 though was passed by Lok Sabha, it failed to get through the Rajya Sabha. After the lapse of the 1993 Bill, a new Bill titled Trademarks Bill, 1999 was introduced in the Rajya Sabha, which eventually got an approval and was hence passed by both houses of Parliament. The Bill after getting the assent of the President in 1999, became an Act in the same year.

Adoption of service mark in the new act can be said to be one of the most important and significant additions to the new Act. It is the direct initiative to add services in the definition of trademark. This would enable any institution or any individual offering services to register their marks. The definition of services under the New Act is an inclusive one; therefore entities providing services of any description in connection with business, industrial or commercial matters can get their Service marks registered 11 Section 2(1)(z) "service means service of any description which is made available to potential users and includes the provision of services in connection with business of any industrial or commercial matters such as banking, communication, education, financing, insurance, chit funds, real estate, transport, storage material treatment, processing, supply of electrical or other energy, news or information and advertising."

## **APPRAISAL OF TRADEMARK**

### **PROTECTION LAWS**

Almost all countries in the world register and protect trademarks. Each national or regional office maintains a Register of Trademarks containing full application information on all registrations and renewals, which facilitates examination, search and potential opposition by third parties. The effects of the registration are, however, limited to the country (or, in the case of regional registration, countries) concerned.

To avoid the need to register separate applications with each national or regional office, WIPO administers an international registration system for trademarks. The system is governed by two treaties: the Madrid Agreement Concerning the International Registration of Marks and the Madrid Protocol. Persons with a link (be it through nationality, domicile or establishment) to a country party to one or both of these treaties may, on the basis of a registration or application with the trademark office of that country (or related region), obtain an international registration having effect in some or all of the other countries of the Madrid Union.

Registration of a mark, which is merely reproduction, or imitation of well known trademark should not be allowed. Section 11(2)(b)<sup>6</sup> seeks to provide that where the goods or services are not similar and the use of trademark identical with or similar to an earlier trademark without due cause would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trademark, shall not be registered. With respect to section 11 of the Act, the most important criteria are that there should be similarity with likelihood of confusion on the part of the public.

Section 5(3) of the UK Act provides “extensive protection to those trademarks which have a reputation...by specifying particular circumstances in which protection enjoyed by an “earlier trademark: may be taken to extend to cases of same or similar mark”. The test laid down in section 11(2) to determine confusion is showing that the use of the latter mark is without due cause and would take unfair advantage of or be detrimental to, the distinctive character or repute of the earlier trademark. This test is to protect marks with a reputation.

## FUNCTION OF TRADE MARK PROTECTION

Traditionally the justification of trademark protection has been to protect the trademark function as an indicator of origin of the goods and services to which it attaches.<sup>7</sup> This protection warrants both the benefit of the proprietor as well as the quality of the product. In the case of *Bristol-Myers Squibb v. Paranova*,<sup>8</sup> it was held by the Advocate General that: In so far as the trademark protects the interest of its proprietor by enabling him to prevent competitors from taking unfair advantage of his commercial reputation, the exclusive right conferred on the proprietor are said, in the language of the Court case law, to constitute the specific subject matter of the trademark.

In so far as the trademark protects the interest of consumer by acting as a guarantee that all goods bearing the mark are of the same origin, this is known in the Court terminology, as the essential function of the trademark. These two aspects of trademark protection are of course two sides of the same coin.

## TRADEMARK LAW IN INDIA AND FOREIGN BRANDS

### SC Judgment on Protecting Trademark Law in India on Established Foreign Brands

In a landmark case, *Milmet Optho Industries & Ors v. Allergan Inc*, the Supreme Court extended the protection guaranteed under trademark law in India to a well-known foreign brand. The court restrained an Indian company from using the mark OCUFLOX. The court judgment was given irrespective of the fact that the U.S. company has neither used the mark in the Indian market, nor the mark was registered in India.<sup>9</sup>

Justice S.N. Variava referred to earlier judgments of the Supreme Court in the famous Cadilla Healthcare case where the Court held that in the fields of healthcare and medicine, all possibilities that may create any confusion in a consumer's mind should be avoided. Justice Variava held that all possibilities of deception and confusion should be prevented; keeping in mind that public interest is not jeopardized. Also, doctors, medical professionals, other professionals and companies in the healthcare industry were advised to keep themselves updated about latest developments in medicine, attend medical conferences,

symposiums and lectures on regular basis and share such knowledge in the field.

The court further stated that permission for registration of a trademark should be granted based on who entered first in the market. The marks are identical in this case. The respondent's pharmaceutical product was already being advertised across the world. Finally, the court held that the respondent in this case was the first enter to the market and adopt the mark. Also, the fact that the respondent has not used the mark in India is insignificant, if they were the first to enter the world market.

## **INFRINGEMENT OF REGISTERED TRADEMARK**

An infringement action is based on invasion of the statutory rights.<sup>10</sup> Section 27 of the Trademarks Act provides that no infringement action will lie in respect of an unregistered trademark, but it recognizes the common law rights of the trademark owner to take action against any person for passing off goods as the goods of another person. Infringement can be said to occur whenever any person other than the registered proprietor uses such a mark with intent to defraud in the course of his trade. The infringing mark may be identical with or deceptively similar to the registered mark and in relation to the goods or services in respect of which the mark is registered.<sup>11</sup>

Consequently, if the use of the mark in a manner not likely to indicate the trade origin, it may not attract the cause of action for infringement, which was held in the *Ox-cart*<sup>12</sup> case. Section 29 of the 1999 Act deals with infringement of trademarks and enumerate certain ways in which an infringement can take place. Under section 27(1) of the Act, it is provided that a person shall be entitled to initiate legal proceedings to prevent or recover damages for the infringement of a registered trademark.

Under section 28 of the Trademark Act, 1999, it is provided that, the proprietor of a registered trademark is the exclusive owner of the same and is entitled to obtain relief in case of infringement. Trademark infringement generally contains the issues of:

1. Likelihood of confusion
2. Deceptive marks
3. Identical marks
4. Dilution of marks

## **INDIAN TRADEMARK LAW: A COMPARISON WITH EU AND U.S. LAWS**

In late 2009, the INTA India Project Team organized three roundtables, in Delhi, Bangalore and Mumbai, on trademark issues that Indian brand owners can expect to encounter in the United States and the European Union. This article, written by the panel of speakers that led the roundtables, reverses the perspective by focusing on some aspects of Indian trademark law and enforcement that may be of interest to non-Indian brand owners entering into the Indian Market.<sup>13</sup>

### **FOUNDATIONS OF THE SYSTEM**

Indian trademark law, like U.S. trademark law but unlike most European trademark laws (and Community trademark law), is based on a “first to use” system. Although the principle was codified for the first time in the Trade Marks Act, 1999, a number of earlier judicial decisions gave the term “first to use” a wide interpretation.

Unlike in the United States, first use anywhere in the world accompanied by a trans border reputation of the mark in India is the determinant for ownership of trademark rights in India. This trans border reputation can be established through the mere availability in India of literature or advertising materials featuring the mark in question, which need not even be directed to Indian customers. Thus, the appearance of advertisements in in-flight magazines on flights bound for India has been considered sufficient evidence to demonstrate a “reputation.” Even the existence of materials that are dedicated to products that are banned in India and therefore clearly not directed toward the Indian public has been considered sufficient for these purposes.

For example, Playboy, whose own magazines are banned in India, relied on global advertisements to claim that the mark PLAYBOY had goodwill and reputation in India. This is in stark contrast to the position in the EU, where an action for passing off or unfair competition typically requires an established goodwill among actual customers of the relevant product or service in the respective country, and the position in the United States, where generally use of a mark in commerce in the United States or in commerce between a foreign country and the United States is necessary to establish rights in the mark.

Trademark rights in India can also be acquired through registration. A trademark may be registered, even if use of it has not commenced, on a “proposed to be used” basis. The mark may remain unused, but still protected, for a maximum period of five years after it is entered onto the register. At the end of this five-year period, it will become liable for rectification (cancellation). However, rectification can occur only at the instigation of a third party; registered trademark owners are not required to periodically prove that their marks are in use in order to maintain their registrations. This is the same as in the EU, but different from the position in the United States, where, except as noted below, a registration based on user can be obtained only after a mark is used in U.S. interstate commerce or in commerce between a foreign country and the United States. Foreign treaty applicants may base a U.S. registration on their foreign registration without demonstrating use in the United States, with the effect that registration will be cancelled automatically after five years if use is not shown.

But the position in the EU and India also differs in one important respect. In India, cancellation actions often fail, even before any assessment of actual use of the challenged mark is carried out, on account of the lack of a *bona fide* intent of the third party bringing the action. A 2008 judgment of the Intellectual Property Appellate Board (IPAB) in<sup>14</sup> discussed how removal of a mark on grounds of non-use is discretionary. The IPAB went on to rule that the blatant adoption by a third party of a mark that is deceptively similar to an invented mark on the register disentitles that party to seek its removal. In other words, a mark consisting of an invented word cannot form the subject-matter of a cancellation application, especially when the party seeking cancellation has adopted a similar mark with the intention to deceive.

## **ENFORCEMENT OF LAWS IN DIFFERENT COUNTRIES**

As in the United States and the EU, administrative proceedings are available in India for dealing with matters concerning the register. Proceedings are conducted before the Registrar of Trademarks, and appeals are filed with the IPAB. The IPAB comprises a technical member (with a background in intellectual property) and a judicial member (a retired judge). The procedure involved is the same as in a court of law, although timelines are shorter.

Generally, matters concerning the register are dealt with by the Registrar and matters concerning use are dealt with by the court. Theoretically, cancellation actions can be filed either before the Registrar or before one of the High Courts, but in practice, if filed before the court, the case will usually be referred to the Registrar to be looked at first.

There are 21 High Courts in India, of which four<sup>15</sup> have the authority to hear intellectual property cases. Those cases that lie outside the jurisdiction of these four High Courts are first heard by the relevant district court and then on appeal by a High Court. IP cases that have been heard by the district courts are few and far between, and the outcome of such cases is far from satisfactory, as judges often are not equipped to appreciate complex trademark issues.

In order for one of the four High Courts to have jurisdiction over a trademark dispute, one of the following conditions must be satisfied: (1) the cause of action arises in the jurisdiction of one of the High Courts; (2) the defendant's place of business is in the jurisdiction of one of the High Court's; or (3) the plaintiff's place of business is in the jurisdiction of one of the High Courts. A defendant or plaintiff will have a "place of business" in a particular jurisdiction if its products are sold in that jurisdiction or if it provides after-sales service there. For brand owners who wish to file a lawsuit before one of the four High Courts and find that they are unable to satisfy any of the conditions that would allow them to do so, a solution is offered by the 1995 decision of the Delhi High Court in *Glen Raven Mills v. Vaspar Concepts*. That case establishes that a plaintiff may claim that a particular High Court has jurisdiction, on the basis of a cause of action, by making a "trap" purchase of the defendant's goods from the relevant locality. A cause of action will arise in any jurisdiction where the defendant was willing to make its goods available in "commercial quantities."

Recently, courts and mediators have tried to encourage parties to consider alternative remedies in lieu of damages to accompany an injunction, particularly in cases where the defendant does not have a strong financial position. Examples include community service and participation in antipiracy initiatives. In a recent matter involving an infringement of the trademarks of a global media giant by an Indian media company selling DVDs featuring nursery rhymes, the defendant offered to suffer an injunction and distribute free non infringing DVDs



to various charities in lieu of monetary compensation. The rationale for these alternative remedies is that they are still considered to have a deterrent effect, while at the same time they can encourage a quicker resolution of a matter.

Continuing in this vein of promoting an expeditious disposal of IP matters, the Indian Supreme Court (the Highest Court in India) recently observed, in *Bajaj Auto Ltd. v. TVS Motor Co. Ltd.*, that all courts and tribunals in the country hearing IP cases should proceed with such matters on a day-to-day basis and final judgment should be given, normally, within four months from the date of filing of the suit. Although this timeline sounds ambitious and difficult to achieve in light of the backlog of cases in India, the intent is loud and clear: if attorneys are willing to push a matter to an expeditious conclusion, the judiciary will not stand in the way.

Most district courts have started to implement this judgment and to treat IP matters as equal in significance to criminal and other civil cases. With the world watching, India is rising to the challenge and is fast catching up with other parts of the world in the development of its trademark laws and practice. Differences remain, however, of which brand owners entering into the market should be aware; they can sometimes present unfamiliar obstacles, but recognize that they can also offer opportunities

## CONCLUSION

The premise of protection of a trademark is that no man is entitled to sell another mark under the guise that it belongs to him. The need for passing off arises whenever there is a requirement to protect an unregistered trademark whereas infringement actions arise in case of registered trademarks. For an action for infringement of trademark to prevail, there has to be an identical imitation of the mark causing considerable confusion in the minds of the users. Registration of trademark gives an exclusive right to the manufacturer with regards to the mark and in case of an infringement the right is statutorily protected.

Strategies for protection and enforcement of well-known and famous marks require consideration of the different and developing legal theories that may apply in jurisdictions around the globe. In addition, advising trademark owners considering the adoption of marks that are

the same or similar to famous or well-known marks which are to be used for different goods and services or in different jurisdictions also requires an understanding of this developing area of law.

Even in the United States, the law continues to develop with respect to the protection afforded to well-known and famous marks. Moreover, despite the trend towards harmonization of the law in different jurisdictions, there is still quite a bit of disparity with respect to how well-known and famous marks are treated on a jurisdiction-by-jurisdiction basis. In addition to an understanding of the developments in the law with respect to dilution and the well-known marks doctrine in the United States, a comprehensive global strategy requires an understanding of these issues and a strong network of attorneys in jurisdictions around the world with which one can consult.

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# Strategies of Patent Commercialisation

Priyadarshini Singh<sup>\*</sup>

## Abstract

*In this paper the Author discusses the quintessential nature of Patents as an IP; for the market and the way it guides and shapes market growth. A strategized development of intellectual property gives competitive advantage to the company and is also vital to the sustained business growth. It has emerged as an important commercial asset and driving force in technological and socio-economic development. Current knowledge based economy and value of IPs demands vigilant management and commercialization of that knowledge. Value of this IP depends upon the strategies adopted by the company in its development and commercialization. Every IP has different economical value and its value is market driven. IP system boosts the national wealth and also contributes to sustainable development. Patent confers certain advantages over other IPs as it gives monopoly of the product or process for 20 years. Author seeks to establish that strategizing has been the pivotal in strategizing the commercialization of Patents.*

**Keyword:** Patent, Market, Economy, Strategy, Commercialization.

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## INTRODUCTION

Intellectual property is a key aspect for economic development.<sup>1</sup> Intellectual property plays a very significant role in today's business world. It generates major corporate revenue across industries/companies. It has emerged as strategic component of corporate business operations.<sup>2</sup> Day by day IP is getting essentially attached to corporate identity and holds major position when it comes to count the assets held by a company. Strong IP helps in stimulating creativity, innovation, investment and commercial activity. IP is a strong intangible asset for today's business world. It values more than the tangible assets of the company. Economic value attached to an IP is always proportionate to the scope of its enhancement and protection. This engine of growth has many benefits like it raises standard of living; empowers society; upgrades human skills.

Globally IP's importance in trade, investment, economic relation is increasing. The footholds of industrial enterprises are in quality management and promotion of their IPs in dynamic market and seek revenue from those creations. This has created new opportunities for investment and accelerates the growth in trade and commerce all over the world. IP technological growth is also an important means of attaining economic growth. Patent is one of the essential Intellectual Property. Patenting was initiated in a world of machines and chemical processes— a substantial, tangible, nuts-and-bolt world- but now they have spread across a crucial boundary, into the realm of thought and abstraction.<sup>3</sup> Patent are generally granted to 'inventions'. A person owning a patent over a certain product or process is called patent holder. Patent holder is entitled to a claim against other person using his patented products or processes without his permission. In the business world, patents have essentially performed many commercial functions, paramount of them are creating a market barrier to other competitors and charging royalties on the license of the patents to third parties. Obtaining IP protection does not necessarily imply product-market exclusivity. The most common type of patent – a “utility” patent – only protects the technological aspects of the product that are “novel, useful, and non-obvious”.<sup>4</sup> The appropriability of the final product depends on how well the patented aspects “map” onto the final product – in other

words, how essential the patented aspects are for achieving the function for the purpose it created.

## **PATENT AS AN ASSET**

Enforcing the patent law across the globe is relatively easy due to its harmonization. Getting a patent is quite difficult, expensive to maintain and enforce it against others. The most crucial of all, it is revocation and circumventions. Developing Patent costs huge money and the reality is most patents won't even work and only few are able to cover their costs of R&D and fewer than them make profits for their owner.<sup>5</sup> Hence, it is pointless to apply for patent unless they can enforce the legal action for protecting and promoting patents.

Basic reasons, enterprises apply for patent is that they require monopoly right to secure a return on their investment. So the companies need to prioritize certain aspect<sup>6</sup> if they are applying for patent protection, namely:

Intellectual assets such as brands, designs, inventions and creative work should exist for business and not the other way round; such asset must confer competitive advantage over other market players and IP entrenches such advantages and it would be worthless unless the IPs can be enforced through legal action.

With the advent of globalization, small and medium size industries have opportunity to reach out to client all over the globe and commercialize their products efficacious. Patent protection requires lots of remuneration, which was not affordable by small and medium size companies which usually results in abandoning very promising markets.<sup>7</sup> Companies can seize full advantage over the current patent system and international treaties. The companies need to cautiously examine the market and accordingly seek IP protection. Selecting equitable strategic partner is very important for commercialization. Also while the company's priorities the above mentioned aspects, they should also consider the competitive advantages. The main threat to those advantages and legal protection are those competitive advantages and how it can be enforced.<sup>8</sup> The IP protection must always be tailored to meet companies' needs and resources should focus on the main markets. It should address the risk of the markets and for enforcement, insurance must be considered as good funding option. Patents increases

companies' market value and provides leverage for growth. It helps in protection of knowledge and facilitates protection for future business endeavors.<sup>9</sup> As soon as company decides to patent an invention it should carefully scrutinize the relation of specified technology with business objectives. The legal status of claims highlighting the scope technology and expanse of draft should be taken care of. Proper search for availability of blocking patents, average life cycle of technology is necessary. Current and future financial performance is crucial to patents.

## STRATEGIC COMMERCIALIZATION OF PATENTS

After acknowledgment of all pros and cons companies device steps for commercialize strategies very vigilantly. Commercialization of IP refers to financial market plans; a company adopts to establish its product in market place. As the product approaches completion constant re-evaluation of one's strategies are required and accordingly collateral is developed. Commercialization strategy largely depends on the future vision of the company. This philosophy acts as an anchor point for strategizing.<sup>10</sup> Assessment of market and other industries getting affected by commercialization should be taken care of. Strategy which keeps you ahead of competitors opens you to windows of opportunities.

There exists variety of commercialization strategies that advanced companies have been using. IP commercialization is ultimate goal of every corporate. Mainly, two widely accepted approaches are employed:

Product based approach is, when the company analyses the similar potentially similar patented products by others and accordingly the strategy should be devised. Another approach is publication/citation based approach in which the citation of any particular patents helps in identifying potential licensees and infringers. Based on these approaches, companies employ certain strategies for portfolio structuring of patents for commercialization.

The commercialization strategies are namely:

1. **Umbrella Strategy** – Where company opts for wide area patent protection. Patents for unidentified areas are also taken and it is not restricted to prescribed product ambit. This strategy gives company an edge over its competitors as umbrella protection takes all possible derivatives and dependent patents in its garb.

2. **Bottleneck Strategy**– When companies continuously work on core patent and keeps on upgrading it which eventually leads to a technologically advanced patent creation and drastically user interface simplification then it is called bottleneck strategy as the company keeps the core patent with itself and keeps on modifying the same and ultimately leading to drastically modern patent.
3. **Patent Wall Strategy**– When company aggressively keeps on patenting all similar or depend form of patents or same form of product then eventually companies create a wall which is a protection shield for it. The competitors cannot breach the patent wall. This strategy is usually adopted for very important or core patent.
4. **Bracketing Strategy**– Companies keep on innovating on one technology or patent in certain direction and develop that patent in such a form that it boosts the technology relating to that patented items in a large way and step by step process of development gets hindered.
5. **Patent Kill Strategy**– Innovating a revolutionary technology or patent which leads to discarding existing technology by the consumers and which captures the market aggressively. This type of patents give financial led to the companies holding such patents.
6. **Protective Patent Strategy**– When the essential element of the major technology is patented which eventually blocks other companies to patent dependent patents also as whole process or product is dependent on that essential patent then it helps in blocking the other companies.
7. **Defensive Patent Strategy**– When a company focuses on the loose ends or loopholes of existing patents and exploits them and files new patent resulting from those loopholes then this strategy serves as a defensive strategy.

Patent shopping strategy is in which the corporate goes on acquiring the patents of other companies and keeps on working and developing those acquired patents.

8. **Prior Market Launch Strategy**– Where corporation launches its product in the market for certain short span to examine its market

need and reach and after successful market feedback only goes for patenting it, such strategy is employed only on the market response.

9. **Territorial Patent Strategy**– When corporation aims to develop a product or process with special regard to certain area or territory then the innovation should essentially evaluate the needs and requirement of that territory only. Such patents are high profit yielding if implemented and strategized properly.
10. **Licensing with Developmental Funds Strategy**– The advanced technology firm specializes in technology development and limits its marketing and sales activities to the overtures it makes to potential licensees. The licensees, in turn, perform all of the other tasks associated with commercialization—marketing, sales and distribution, engineering, manufacturing, and the like.
11. **Strategic Alliances Strategy**– When the company makes a component for, or an enhancement to, a system. After weighing the pros and cons of manufacturing and marketing the component to a limited number of system integrators, it may seem more appropriate to form a strategic alliance with an entity in the supplier chain. Many types of strategic alliances can be formed for purposes of marketing, R&D, manufacture, equity, joint ventures, and/or licensing.
12. **Equity Investment in the Parent Company**– Often times the founder knows at the outset what type of firm he/she wishes to develop. If the founder has the vision to become a high-potential venture, he/she will begin to make decisions from day one that will position the company for rapid growth.
13. **Equity Investment in a Spin-Off**– A complex strategy, but one which can be exercised successfully, equity investment in a spin-off is a hybrid of the approaches already discussed. The founder of the technology firm decides that he or she wishes to keep the company fairly small, focused on research and development, and privately held. However, the founder entertains spinning off a related company in which equity investments could be made, the intent being to grow the spin-off as a high-potential venture.



14. **The Initial Public Offering**– Going public is the ultimate sign that you have arrived. It is a means of recapitalizing your firm, appreciating the value of stock, and the most common means for allowing equity investors to cash out. It brings lots of attention to your company and is a good strategy to use if you are positioning to be acquired or merge with another firm.

## CONCLUSION

Commercialization of patent is an important activity. This process maximizes returns on your patents investments with little “out of pocket” expenses. If the strategies are properly designed then utilization of dormant patents can also have great monetary value. It promotes your technology and strengthen your position in the field of your business – be the market standard! Companies can also create additional shareholder value for your company which may promote companies longterm financial and technological strategy. Moreover, some patents are often sold to others under an M&A deal to lower costs. R&D companies often focus on developing technology and not making commercial products, these R&D patents are often shelved.<sup>11</sup>

A commercialization strategy refers to the series of financing options that a founder or management team chooses to pursue in order to bring a technology from concept to the marketplace. Attention to a commercialization strategy must be ongoing because the strategy selected is dynamic and should evolve over time. Commercialization strategies are affected by many factors,<sup>12</sup> including (1) the vision and business philosophy of the founder, (2) the stage of technology development, and (3) industry and market conditions. The degree of technology risk, market risk, a competitor’s activities, and the window of opportunity should all affect a company’s commercialization strategy.

Companies have to strategies patent portfolio as they are important assets for them. It is rightly said that patent stand for you when everything else is lost.<sup>13</sup> As discussed above there is nothing called as cheap patents; anything cheap is not worthwhile. This should be discussed in their commercialization strategy, and potential markets should be rank ordered in terms of their readiness. A company should position itself to hit windows of opportunity on time.

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# Laws Relating Protection of Plant Varieties and Farmer's Rights

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## Abstract

*The protection of plant varieties by means of intellectual property rights has been a subject of increasing importance in the aftermath of the adoption of the agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). There are various prospects of India for presenting a plant variety protection regime. The most immediate trigger for the Plant Variety Act 2001 are the obligations undertaken in World Trade Organization context specifically under Article 27.3.b of the TRIPS agreement which imposes on all countries the introduction of some form of intellectual property protection for plant varieties. However, it doesn't impose the introduction of patents and therefore leaves member states free to produce their own legal framework in this manner, which is known as the Sui generis system. In order to be compliant with TRIPS agreement, the Government of India has adopted the Sui generis system for protection of plant varieties. This was developed with an intention of integrating the rights of breeders, farmers and village communities and taking care of the concerns for equitable sharing of benefits. Even after taking these steps, the treaties have been ineffectual and the growing strength of plant monopolies in developed nations is probably is unlikely to shrink. Meanwhile, farmers*

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*need a solution that allows them to maintain control over their farming practices, preserve traditional cross-breeding methods, and receive compensation for their contribution to the state of the art of crop varieties. Therefore, the Parliament of India enacted The Protection of Plant Variety and Farmers Right Act, 2001 (PPVFR Act) which provides the establishment of an effective system for the protection of plant varieties, the rights of farmers and plant breeders, and to encourage the development and cultivation of new varieties of plants, which received the assent of the President of India on the October 30, 2001. Looking into this issue from a legal perspective, we can clearly see that the protection of plant varieties still remains an issue which is long way from settled even after the PPVFR Act was adopted in consistence with TRIPS obligations.<sup>1</sup>*

*Therefore, this research paper aims to survey the property rights forms that have been proposed at the international level to provide plant variety protection and to critically analyse the various international legal regimes governing intellectual property rights in plant varieties and sets forth regulatory options for national governments to protect plant varieties while achieving other public policy objectives relating to plant genetic resources, discussing the provisions of the relevant international intellectual property agreements including the 1991 and 1978 Acts of the Union internationale pour la protection des obtentions végétales (UPOV), which protect plant breeders' rights, and the 1994 Agreement on TRIPS in greater detail, which permits WTO members to protect plant varieties with either patents or a **sui generis** system of intellectual property protection.<sup>2</sup> This paper also argues on the point that what India needs to do more than it has done until now to implement a plant variety protection regime.*

**Keywords:** *TRIPS, WTO, patent, plant varieties, farmer's rights, sui generis, intellectual property protection.*

New plant varieties cannot be protected in India at present. However, in many countries such plants can be protected through Breeders Rights, patent and UPOV Convention India is under an obligation to introduce a system for protecting new plant variety. The protection can be through patent or a sui generis system or a combination of these two systems.

A patent can be owned by an individual, a group of individuals or a legal entity e.g. a company. A firm can also apply for a patent as an assignee (*Shinning Industries v. Shri Krishna Industries*).<sup>3</sup> A patent may be granted for a new and useful product or process. A process can be patented if the process results in production of a new article or a more useful or cheaper article than what is produced by an old method. In some cases, it has been held that a process may itself be patentable even if there is no production of a new or better article. Such processes can be found in the drug industry where a new process of a manufacture of an already known drug is patentable. By virtue of Patent Amendment Act 2005 both product and process patents are granted in India for all inventions. Since India became a signatory to the TRIPS Agreement with effect from 01.01.1995, we were required to comply with the TRIPS requirement given in Article 27, within a period of 10 years as mentioned in part VI of the TRIPS Agreement (Articles 65 and 66). Further, an exclusive marketing right (EMR) protection was provided for the “mail box” applications under Chapter IVA of the Patent (Amendments) Act, 1999 (Section 24A, 24B, 24C, 24D, 24E and 24F). These provisions provided protection to “mailbox” applications filed for products capable of being used as drug or medicine. The EMR provided the applicant of the patent protection for inventions under Section 5(2), the right to sell and distribute his product in India, but not the right to manufacture. However, the patent Amendment Act 2005 repealed sections 5 and 24A to 24F.<sup>4</sup>

The Delhi HC, in its recent judgment in *Maharashtra Hybrid Seed Co and Anr v. Union of India and Anr*, interpreted S. 15(3)(a) of Protection of Plant Varieties and Farmers' Rights Act, 2001 (“Act”). This fairly well-written, coherent judgment, which was delivered by Justice Vibhu Bakhru, deals with certain interesting dimensions.

UPOV is an abbreviation of Union Pour la Protection des Ostentations Vegetable (Union for protection for new varieties of plant). It is an international convention which provides a common basis for the

examination of plant varieties in different member States of UPOV for determining whether a plant variety merits protection under UPOV or not.<sup>5</sup>

There are five main criteria to arrive at a decision whether a plant variety is really new or not. These have remained unchanged between 1978 and 1991 Acts of the Convention. These criteria are:

1. **Distinctness:** The variety shall be deemed to be distinct if it is clearly Discountable from any other variety whose existence is a matter of common knowledge at the time of filing of the application. The object of this criterion is to ensure that the candidate variety can be identified amongst all other varieties whose existence is known, whether or not they are protected. An application for protection or for the entry of a variety in an official register in any country causes the variety to be recorded as a matter of common knowledge. In other words, the application for the protection should be filed with UPOV before disclosing it to any other agency.
2. **Uniformity:** The variety shall be deemed to be uniform if, subject to the variation that may be accepted from the particular features of its propagation, it is sufficiently uniform in its relevant characteristics. The objective of this criterion is to ensure that the individuals representing the variety which is a candidate of protection form a group which is identifiable on the basis of the description of its characteristics. In other words, the variation between individuals within a variety must be less than that within a species. In the absence of this condition it would become impossible to identify distinct varieties within species. The degree of uniformity is determined taking into account the mode of reproduction of the species and all the genetic structure of varieties. The same levels of uniformity cannot be required for a strictly self pollinating species or for a species which is vegetative propagated. An acceptable level of uniformity would ensure that it can be used for agricultural production. In this regard the difference between the protection, given by UPOV and patent system can be noted.
3. **Stability:** The variety shall be 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. The idea is to ensure that the variety will be identical to the description established at the moment of granting protection after repeated propagation.<sup>6</sup> Stability, as well as uniformity may be lost if the rights holder fails to maintain the variety true to the description established when the rights were granted.

4. **Novelty:** The variety shall be deemed to be new if, at the date of filing of the application for breeders' right, propagating or harvesting material of the variety has not been sold or otherwise disposed of to others, by or with the consent of the breeder for the purpose of exploitation of the variety. It is also understood that a variety to which people have had free access in the past cannot be protected because then the interest of those who have relied on the free access, will suffer. As it is some time necessary to see the response of the market to new varieties before deciding whether or not to apply for protection, grace period has been included. The period is one year prior to the date of application in the country where the application is filed and in countries other than that in which the application has been filed and six years in case of trees and vines and four years for all other species.
5. **Appropriate Denomination:** The variety shall be designated by a denomination, which will be its generic designation. The premise that the variety denomination must be its generic designation class for a requirement that 'denomination must enable the variety to be identified'. Users and consumers need to have some method of knowing that a sample is a sample of a particular identified plant variety; because it is often not possible to identify it from its appearance. This is facilitated by requiring that a specific denomination and only that denomination be used to identify a variety in trade.

India has enacted the New Plant Variety and Farmers Rights Protection Act in 2001, which, in addition to meeting the technical features of UPOV, provides rights to farmers to use the seeds from their own crops for planting the next crop. Further, there are provisions for benefit sharing with farmers and penalty for marketing spurious propagation material.

The enforcement and implementation of Protection of Plant Varieties and Farmers' Rights Act, 2001 has influenced the seed industry in a big way in India. The Protection of Plant Varieties and Farmers' Rights Authority has so far received 3984 applications for registration of plant varieties out of which 487 have been granted Certificates of Registration (CoR). It is interesting to note that farmers' varieties formed 29 percent of all the applications received. Crop-wise analysis of issue of CoR revealed that cereals, (such as maize, bread wheat, rice, pearl millet and sorghum) and cotton along with few pulses formed more than 90 percent of the varieties granted CoR. Public sector contributed for 83 percent of the total CoR issued in all categories of varieties. But in case of new varieties the private sector dominated with a share of almost 90 percent. Two private seed companies namely, Monsanto India Limited and MAHYCO together contributed 16 new varieties out of total 34 new varieties granted CoR. Maize and cotton together contributed for 66 percent of new varieties granted CoR. The widening gap between the public and private sector seed companies in the development of innovations (new varieties, hybrids and proprietary technologies) and getting plant variety protection is alarming. The public sector seed industry has to be revitalised to address the present day challenges of competitiveness in R&D, market access, and efficient technology transfer systems. India is the first country in the world to grant registration for farmers' varieties and this has implications for the developing countries to follow this unique model.<sup>7</sup>

## CONCLUSION

Whereas it is considered necessary to recognize and protect the rights of the farmers in respect of their contribution made at any time in conserving, improving and making available plant genetic resources for the development of new plant varieties;<sup>8</sup> And whereas for accelerated agricultural development in the country, it is necessary to protect plant breeders' rights to stimulate investment for research and development, both in the public and private sector, for the development of new plant varieties; And whereas such protection will facilitate the growth of the seed industry in the country which will ensure the availability of high quality seeds and planting material to the farmers; And whereas, to give effect to the aforesaid objectives, it is necessary to undertake measures for the protection of the rights of farmers and plant breeders:



And whereas, to give effect to the aforesaid objectives, it is necessary to undertake measures for the protection of the rights of farmers and plant breeders; And whereas India, having ratified the Agreement on Trade Related Aspects of Intellectual Property Rights should, inter alia, make provision for giving effect to sub- paragraph (b) of Paragraph 3 of Article 27 in Part II of the said agreement relating to protection of plant varieties.

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