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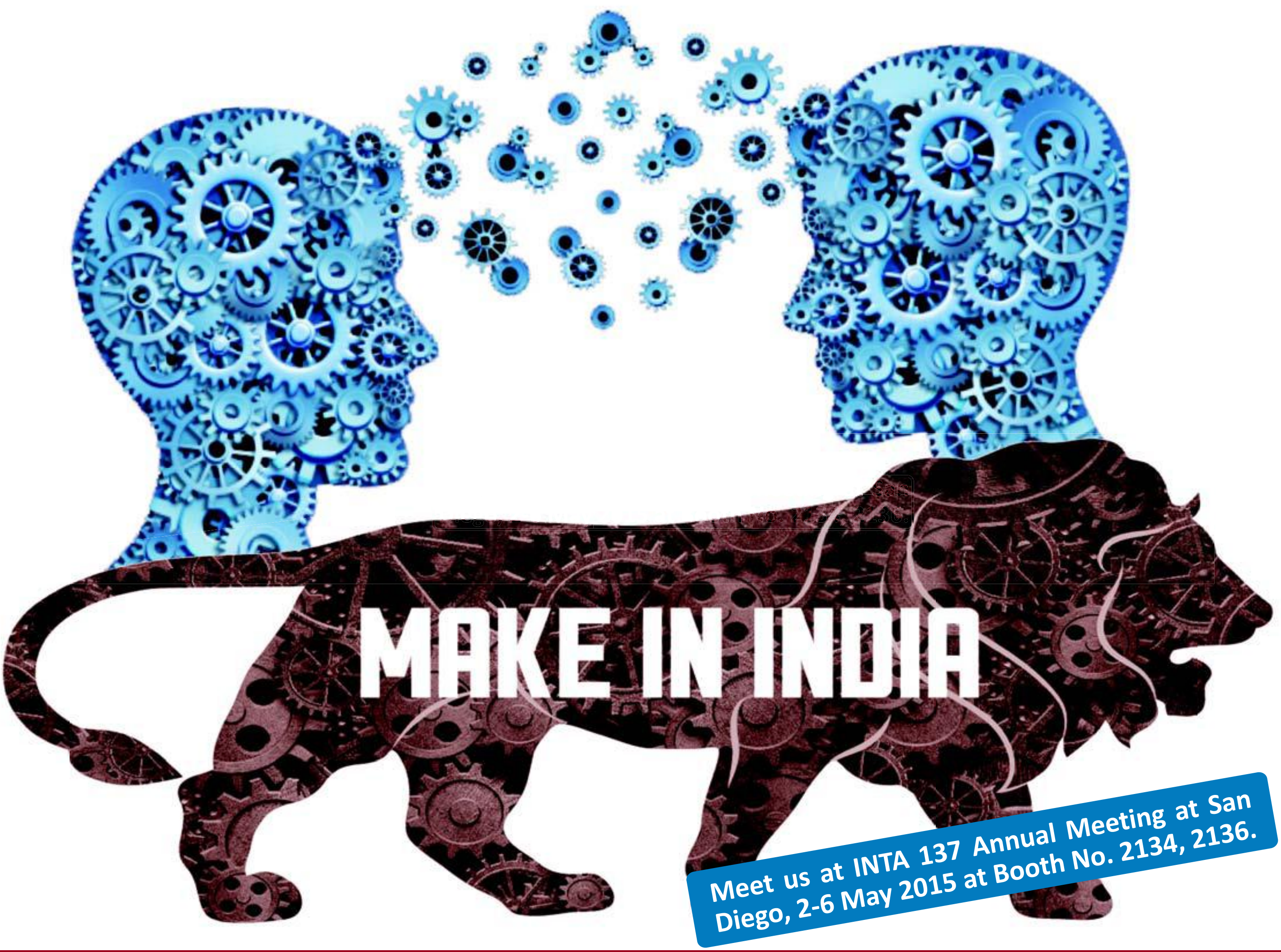
INDIAN LEGAL IMPETUS

INTA Special Edition



Meet us at INTA 137 Annual Meeting at San Diego, 2-6 May 2015 at Booth No. 2134, 2136.

FOREWORD

Manoj K. Singh
Founding Partner

It is my pleasure to present to you special INTA edition of our monthly newsletter "Indian legal Impetus". It is once again that time of the year when the IPR fraternity around the world congregates and perks up the pool of knowledge regarding the issues involved in Intellectual Property Rights. This edition brings forth to you the latest development in the IP field in India.

India, under the new government at the centre is taking huge steps in promoting the manufacturing sector under the Make in India campaign and the same is in discussion in first article which focuses on the problem faced by the new entrepreneurs in the field of Intellectual Property Rights. Next article focuses on the challenges faced by the Internet user and the impact of the developed nations on the balkanization of Internet through augment of technologies by them.

Legal field is certainly guided by the deadlines and moreover in the field of IP, deadline defines the procurement of right. Same is in discussion, in reference to the patents and importance of following the deadlines in the registration of Patent in India, through another article on this topic.

The difference in law in relation to the franchising in India and USA is also covered under this edition. Further in another article, the importance of Utility models is discussed and why there is an urgent need for legislation on this subject in India.

As we know that the legal field is dynamic and it requires the transformation of law with the passage of time. The same is discussed in this newsletter with reference to the superiority of law in case of conflict between national and international law and the acceptance of foreign judgments by the Indian Courts. In another article, emphasis is laid on the fact whether the registration of assignment with the Indian Trademark Office is necessary in order to claim rights in the trademark or not. This topic is discussed in length with the help of various judgments pronounced by the Indian Courts.

Recently the Supreme Court of India has put to rest the controversy surrounding the Section 66A of Information Technology Act, 2000 and same judgment is discussed in detail in an article in this edition. Further the changes in various laws relating to FDIs by the Indian government and the importance of IP in bringing more FDIs is discussed in another article.

The liberalization has made this world without boundaries but the law of every country is different hence the enforcement of foreign decrees is a matter of great confusion. This issue also discuss as to how a foreign decree is enforceable in India. Lastly on the topic of renewal of trademark and the duty of registrar of trademark to give a notice before the trademark expires is discussed by way of a recent judgment on the same topic.

I hope that our special edition would be able to provide an overview into the latest development in the IP field. We hope that the information provided is useful to our esteemed readers. I welcome all suggestions, opinions, queries, or comments from our readers. You can also send your valuable insights and thoughts at newsletter@singhassociates.in.

Thank You!

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"Indian Legal Impetus"

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ENTREPRENEURIAL DILEMMAS IN 'MAKE IN INDIA'

Manoj K. Singh & Himanshu Sharma

INTRODUCTION:

India under the leadership of new Prime Minister Mr. Narendra Modi has started 'Make In India' campaign which is a well thought out idea in order to achieve the self sufficiency and the growth of the economy. The major objective behind the initiative is to focus on 25 sectors of the economy for job creation and skill enhancement. Some of these sectors are: automobiles, chemicals, IT, pharmaceuticals, textiles, ports, aviation, leather, tourism and hospitality, wellness, railways, auto components, design manufacturing, renewable energy, mining, bio-technology, and electronics. The initiative hopes to increase GDP growth and tax revenue. This campaign also hopes that more and more entrepreneurs come up with their own business and help in creation of jobs which will also solve the problem of unemployment. The initiative hopes to attract capital and technological investment in India. Although this initiative is a boost for the people who want to establish themselves as an entrepreneurs but it would require proper guidance as there are various aspects which these entrepreneurs ignore and then face various problems later on.

DEVELOPMENT PHASE AND CHALLENGES FOR A NEW BUSINESS:

India being a home to a young work force has potential to do wonders and many young professionals have taken a step forward by establishing various new startups. There are numerous examples wherein young Indians have came up with an idea and developed that idea into a big business such as flipkarts, Paytm, makemytrip etc. These are all examples of the potential that new breed of Indian professionals have and it is contributing to the idea of make in India.

Having an idea is one thing and executing the same in to a business is another. It requires planning and management apart from the technical skills to establish an idea into a big business. Being a part of the world where every move is to be calculated to make sure, that a proper start will lead to a profitable venture. Apart from all the planning regarding infrastructure and manpower, the intellectual property attached with the business need to be looked after from the first day itself. In contemporary time an idea is everything, it is required that the idea needs to be protected at the first instance else whole planning can go wrong in long run.

PROBLEM FACED BY STARTUPS:

Although the people nowadays have knowledge about the IP rights in India but not to the extent that they can decide properly about protection required for their ideas and products. Having a firsthand experience of dealing with the problem faced by one of the newbie's of Indian startup 'WITWORKS[1]' started by three students of IIT (Indian Institute of Technology). The first problem faced by them was that they have invented a new product and launched it without getting the proper IP protection for it. This problem was discussed with one of the member of WITWORKS and he told that they were so much engrossed in development of the product and had not thought about protection of IP rights at the initial stages of development. Later on, when the product was launched and they were promoting it, they realized that it was a mistake as same might had proven detrimental to their development. There are several similar problems which have been faced by the owner of a new business in relation to the protection of IPRs such as:

- **Planning for protections after launch of the product/idea:** it is not a prerogative to plan for the protection of IP rights after all the planning are finished for the business. The protection of the IP rights should be in the topmost agenda of a new startup as the protection provided under different IP laws based upon some critical time windows which are required to be kept in mind. Once the time is passed then there is nothing which a person can do about it for example a patent is required to be filed for a product before it comes into public domain. Even a little promotion of the product can deny you right of patent on a product. Further a trademark is required to be promoted from day one. Even if the production and distribution of a product is not started then also there is a need to promote trademark in order to make it distinctive. Hence each and every moment is important for planning of IP rights and it should be given equal importance.

1. *More about 'witworks' is available on www.witworks.com*

- **Confusion regarding choice of proper protection for the idea/product:** The choice of IP protection can sometime be a difficult problem for a novice. For example a product can have various shapes and same can be protected under different IP protections provided in India. A design or a shape of a product can be a subject matter of trademark, copyright as well of design. In order to safeguard right related to a distinctive shape it is of utmost importance that the proper mode of protection should be chosen to get maximum out of the intellect put in creation of the shape. One wrong move can easily ruin all the efforts made in creation of the design. More specifically it could be said that the confusion related to the registration of design is mainly concerned with the copyright and design registration, as any design which is distinctive and can be represented graphically will get registration under the Trademark Act, 1999. The confusion comes when deciding between copyright and design protection. For better understanding the problem it is relevant to go through the provision of both Acts dealing with the same issue or to take proper legal guidance from an expert in the field.

- **Lack of research before the launch of idea/ products:** IP rights are individual based rights and provide monopolistic rights in nature hence a lack of research before establishing a business can prove to be detrimental. It is required that before an idea is developed in to a business, person should do proper research in the relevant field in order to be sure that the same idea is not yet developed in the field with the similar means. A prior art search in case of patents for a product or a database search in case of trademark should be done before investment is made otherwise time and money spent on an idea which is already developed would be of no use.

- **Lack of secrecy before the launch:** Most of the IP rights are based upon priority and once the same is lost, it doesn't lead to any thing. In the present age of social media, it is of utmost importance that secrecy should be maintained during the development of an idea/product. The people working in the development team should be bound by the non-disclosure agreements and a proper check should be maintained so that information even to the slightest of importance should not go out before IP rights are secured.

SOLUTION OF PROBLEM WITH BETTER PLANNING:

A better planning will yield the desired results, WITWORKS, which is now coming up with two new products has now taken care of their initial hiccups. This time around they have taken the legal guidance from the experts in the IPR field and now well equipped for tackling the problems related to the IP rights. It is of utmost importance to take help of the experts when you are in the initial stages of your business in order to be prepared for the future.

It is better to plan for a global protection of IP rights at the initial stages as some protections are time bound and once the time period lapsed, the protection also lapsed with it, as in case of filing of Patent applications. There are various ways by which a person can apply in the multiple jurisdictions for protection of IP rights like; through a single application a person can file application for the registration of trademark in various countries by Madrid system of protection of trademark rights. Once the initial planning is finalized and there is a surety about the jurisdiction which, as per planning, will be the market where product will have demand should, be tapped in the first phase and the IP rights should be secured in those countries before the time frame expires.

CONCLUSION:

A business is only an idea which is converted into a business venture and it is of the utmost importance that same should be guarded against any threat. Ignorance of law is no defense and same cannot be pleaded in case of IP rights as they provide time bound protection hence it is imperative that IP rights must be secured at the first instance. The Make in India initiative of the Indian government is for creation of jobs and entrepreneurs in India and the government is also promoting the literacy in the field of IP rights for the common people. There are various courses which can be attended by the people to have a better understanding of IP laws and a person can learn a lot from these courses.

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EQUIVOCATIONAL BALKANIZATION OF THE INTERNET

Himanshu Sharma & Martand Nemana[1]

"Necessity is the mother of invention", an old time tested adage, has proved true every time it was doubted. Not only this, as true as the adage, it has been proved every time an invention is made the unsatisfied human elements have influentially injected evil elements in order to exploit and create a vulnerable situation so as to threaten the trust, belief and motive of users upon the inventors and the invention. Horologists have always ascertained the nature of the evil to manipulate simple phases into a complex plethora of unending ambiguity to balkanize universal accord.

INTRODUCTION:

In the early 1970's when Vinton Grey Cerf processed the first packet data of information to be transferred from one computer to another it was the first step towards the establishment of what we today know as "World Wide Web" or "www." Molded by the ever evolving leaps and bounds the internet is what we see it as of today. Not only has the internet evolved as a backbone and lifeline of global information service and an instant data delivery mechanism but it also has created an entirely virtual e-world for the netizens of the 21st Century. With unmatched levels of speed and luxury internet has evolved a 'must-have' asset for every nation and specially the super powers who believe in concentration of power for establishing absolute monopoly. Soon after the general outset of internet for the common man, many different forces started establishing their internet supremacy and tried taking as much control of it as possible. With the increasing interest and evolutions which fueled the race to evolution of a technological dictator, before one could even realize a war had begun. Silently human desires percolated the minds of all netizens and just like it's every other valuable asset on the earth people started shattering it into small pieces and that when the concept of Balkanization of the internet came into existence.

CONCEPT OF BALKANIZATION AND ITS EFFECTS:

Balkanization as a term was allegedly coined in a New York Times interview with German politician Walther Rathenau, in 1918, which meant "Use of Geopolitical Power to enable division on grounds of religion/ region/state, which are hostile and non-co-operative with one another". As a reflection of global balkanization the founders and pioneers of the internet and World Wide Web soon predicted a stage where all the nations shall strive to prove their supremacy and will initiate a war to gain control over the reins of the cyber world, just like it is in the real world. At the given conjecture in light of global incidents it not hard to foresee a breakdown, even in the virtual planet. Internet and law are notoriously riddled with jargon, and this is specifically the main element which makes the cyber-laws much more complex and arduous. The most menacing task is to prescribe the jurisdiction of an occurrence because unlike the real world the internet exists as an open network architecture which is beyond leaps and bounds of geographical impediments.

Over the past decade the internet has witnessed a progressive growth which has completely reconstructed the very essence by redefining the possibilities of the internet; from a mere source of communication between two computers the internet has evolved to what it is today, "the premier backbone of global survival", which is called as an "e-era". This gave birth to "Information Superhighway" which refers to the concept of merging all sources of information into a single retrievable "database". Every home, office, news medium, library, data bank, business, government agency and computer shall be connected to every communication device and an electronic link shall be established. Internet has also revolutionized the global marketplace, products which were earlier bound only to shops, are now being made available to the consumer at every corner of the planet which has not only provided a better and quality experience to the consumer but also has boosted employment as various sectors and steps are involved in completing the chain-link process and also immensely helped the companies move more inventory and hence developed the global markets by bringing it right at the doorstep. These advanced services not only deliver luxury but also create a dangerous scope for malicious elements to misuse the internet.

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1. 4th Year, BA. LLB (IPR Hons), SCHOOL OF LAW, KIIT UNIVERISTY, BHUBANESHWAR.

With the unmatched and untamed powers of the internet every citizen accessing the internet was given complete access to data available on the internet but soon as the malicious elements started to percolate and infect the system with their illegal activities, there started a need for making legislations which shall not only regulate and guide the internet but also provide a control to these evil elements. The need of such regulations was strongly felt after the Snowden Revelations of 2013. After the revelations in October 2013 relating to the documents of NSA and several media outlets thousands of classified documents, his leaked documents revealed numerous global surveillance programs; many of them run by the NSA and the Five Eyes with the cooperation of telecommunication companies and European governments. His disclosures have fueled debates over mass surveillance, government secrecy, and the balance between national security and information privacy. Two court rulings since the initial leaks have split on the constitutionality of the NSA's bulk collection of telephone metadata. Soon after the revelations it has also been noted that many countries have started to strength their internet protection networks. This is what has been known as the inception of the proper balkanization of the internet. Though on the general level not much of any of these activates effect the regular general internet consumer but it does raise a serious concern for the government agencies. There have been many significant debates as to the applicability of the boundaries and its justification regarding its effects on the internet, it is important to consider the reverberations both on the government and also on the citizens both at national and international level.

WAYS TO KEEP A CHECK ON BALKANIZATION:

Creating a level playing field for the use of internet seems a distant objective dream as most of the present nations do not belong to the same strata in terms of development. Striking a balance between data sovereignty and uninterrupted access to the individuals is a deciding factor for most of the nations. Bridging the gap between the developed and the developing nations is a challenge both in the economic as well as the technical factors. In some countries where internet serves as a medium for luxury and access on the other hand in some nations it's a tool for development and education. Creating a rift and divide will not only deprive the developing nations from the internet but also shall prevent them accessing their fundamental rights. In 2011 the United Nations declared the *"Right to Internet as a Fundamental Right"* as it comes under the ambit of *"Right of Freedom of Speech and Expression"* and *"Right to Development"* and *"Right to Freedom of Assembly"*. The internet is also a major source of information and provides many educational opportunities and serves as resource for various researches and also as a data communication agent. Major strength of the internet being its unrestricted global access, balkanization shall further adhere to weaken and curb the potential of the system, which shall confine and shackle the scope of netizens. In the present world where overcoming the digital divide is a bigger challenge fragmentation shall further deteriorate the scenario.

Though attempts for balkanization started as early as 1941, the U.S. Supreme Court was already employing the word "balkanization" to partially explain why the framers of the American Constitution unified the country in the 18th century and relied on federal power and central authority to regulate interstate commerce.

- **Duckworth v. Arkansas, 314 U.S. 390 (1941)** The case registers the first reference to "balkanization" by the Supreme Court: "The practical result [of local restraints that affect the conduct of interstate business] is that in default of action by us they will go on suffocating and retarding and Balkanizing American commerce, trade and industry."

- **H.P. Hood & Sons v. Du Mond, 336 U.S. 525 (1949)** It evoked the Duckworth decision and allocated the legal reasoning behind balkanization in the semantic field of libertarianism: "... fear that judicial toleration of any state regulations of local phases of commerce will bring about what they call 'Balkanization' of trade in the United States — trade barriers so high between the states that the stream of interstate commerce cannot flow over them. Other people believe in this philosophy because of an instinctive hostility to any governmental regulation of 'free enterprise'; this group prefers a laissez faire economy. To them the spectre of 'Bureaucracy' is more frightening than 'Balkanization'."

- **Hughes v. Oklahoma, 441 U.S. 322 (1979)** The Court held that an Oklahoma statute violated

> the Commerce Clause, and summarized a goal of the Constitution: "…in order to succeed, the new Union would have to avoid the tendencies toward economic Balkanization that had plagued relations among the Colonies and later among the States under the Articles of Confederation."

The U.S. Supreme Court expressed its concerns with "balkanization" in almost thirty cases since 1941. In most occasions, balkanization was essentially a matter of economic policy resulting from the dual sovereignty of American federalism. In its modern connotation, some will cautiously allude to the ultimate importance of unity in the lower levels of the Internet architecture, but the technology literature is much richer than that and refers to "Internet balkanization" as:

(i) ways of segregating people online according to one's preferences;
(ii) different levels of infrastructure interconnection to the Internet;
(iii) fragments resulting from regulatory and cultural forces; and
(iv) a diplomatic agenda

"Balkanization" not only had come to denote the parcelization of large and viable political units but also had become a synonym for a reversion to the tribal, the backward, the primitive, the barbarian. In its latest hypostasis, particularly in American academe, it has been completely decontextualized and paradigmatically related to a variety of problems. That the Balkans have been described as the "other" of Europe does not need special proof. What has been emphasized about the Balkans is that its inhabitants do not care to conform to the standards of behavior devised as normative by and for the civilized world. As with any generalization, this one is based on reductionism, but the reductionism and stereotyping of the Balkans has been of such degree and intensity that the discourse merits and requires special analysis.

CONCLUSION

Balkanization as a phenomenon is inevitable, with the streaming time and tide the need for balkanization arises but in a much positive and useful manner, rather than creating meaningless boundaries for geopolitical stratification and benefits. On a global perspective making both the ends meet is a crucial need of the hour, where on one hand where some countries still striving at the very basics of food, electricity and resources others are getting supersonically advanced to the level of inducing a need to develop checks and boundaries for avoiding paradigm conflicts with the new emerging technology and services in the making. Fragmentation / Balkanization would only wider the divide and create a bigger rift than solving the need of the greater mass at large. Internet has percolated to so deep and has become so beneficial that not only will it be a building block in the advancements but also will swiftly guide thorough all the subtleties of the ever expanding globe. Legislations should be there to guide and then protect the basics rather than acting as a hindrance to the development.

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DEADLINES ARE STRICTLY IMPORTANT TO FOLLOW UNDER PATENT SYSTEM

Aayush Sharma

Time and again it has been notified by the Indian Patent Office that deadlines are to be followed on a strict note. And lapfed deadlines can make applicant lose rights on his Patent Application, unless the reason behind missing the deadline is capable of convincing the Controller of Patents.

In recent well reasoned decisions by the Controller, two PCT National Phase Applications filed after the time limit of 31 months from the Priority date, have lost their existence as valid Patent Applications to be processed under Indian Patent Office.

Patent Act 1970 and Patent Rules 2003, specifically says 'deemed to be withdrawn' (on intentional note by applicants) in cases where a request for examination is not filed within the time period of 48 months from priority and in case of not filing PCT National Phase Application within the prescribed time limit of 31 months from priority date.

THE DETAILS OF THE CASES FOR RECENT DECISION OF CONTROLLER ARE AS BELOW:

Case 1: Application no. 1494/DELNP/2010 dated 4th March, 2010 filed by Information in Place, Inc. USA, based on PCT Application no. PCT/US2008/069688 dated 10th July, 2008, claiming priority date of US application no. 60/948924 dated 10th July, 2007, was required to be filed before the due date of 10th February, 2010, as the prescribed time limit of 31 months from priority date under rule 20(4) of Patent Rules 2003. The same was filed after expiration of 31 months through online electronic system of the Patent Office along with a request for restoration of right of Priority after expiry of the prescribed period of 31 months under rule 20 (4) of the Patent Rules 2003. Further agents of the applicants filed two petitions, one under rule 137 and rule 138 for condonation of delay in effecting the national phase entry under rule 20(4) on the ground of docketing error in the docketing management system maintained by the office of US attorney.

Thereafter on 13th July, 2011, one more petition was filed under rule 137 for condonation of delay beyond the prescribed period of 48 months for filing the request for examination (RFE). In order to consider the requests of the agent for applicant, a hearing was fixed on 1st August, 2011.

SUBMISSIONS FOR APPLICANT WERE AS BELOW:

Reference was made by agents, to Nokia Corporation vs Controller of Patents[1], to consider their petition under rule 138 for extension of one month time even it is filed after expiry of 31 month and therefore requested that their application be taken on record.

It has also been stated by petitioner that PCT Article 48 and Rule 82bis deals with the delay in meeting certain time limits. Also according to Rule 23 of the Patent Rules 2003, the requirement under chapter will be supplemental to the regulations etc under the Treaty.

LEGAL SITUATION:

Article 22(3) of PCT provides that any national law may fix time limits which expire later than the time limit provided for in those paragraphs. Accordingly under this provision, India has already fixed the time limits of 31 months (beyond 30 months) under rule 20(4) to file the national phase application failing which the application shall be deemed to be withdrawn under Rule 22 of the Patents Rules, 2003 which provides that an international application designating India shall be deemed to be withdrawn if the applicant does not comply with the requirement of rule 20.

Article 48 of PCT deals with delay in meeting the certain time limits under PCT procedure. Paragraph (1) deals with the delay caused due to interruption in the mail service or unavoidable loss or delay in the mail. Paragraph (2) (a) provides that any Contracting State shall, as far as that State is concerned, excuse, for reasons admitted under its national law, any delay in meeting any time limit (that is due to interruption in the mail service.

1 WP NO. 2057 of 2010

In order to meet the obligation of paragraph 48(2) (a) of the PCT, rule 6(5) of the Patent Rules 2003 provides for the provisions to condone the delay occurred due to postal services or mail services which can be condoned by the controller.

Under Rule 137, any document for the amendments of which no special provision is made in the Act may be amended and any irregularity in the procedure which in the opinion of the Controller, may be obviated without detriment to the interest of any person, may be corrected if the Controller thinks fit and upon such terms as he may direct. Therefore, the provisions are discretionary in nature and applicable only when the correction of the irregularity is not detrimental to the interest of any person. Further, the provisions are applicable to the amendment for which no provision is made in the Act. (Order of Hon'ble High Court of Delhi dated 8th February 2011 in Nippon Steel Corporation vs Union Of India) and therefore are not meant for condonation of delay in filing the national phase application after the expiry of the prescribed time limit The rule 138 of the Patents Rule provides the power to the controller for extension of time beyond prescribed time limit provided the request for extension is made before expiry of prescribed period of time.

The Controller also cited various other PCT Rules which were not applicable to India as India had notified WIPO about its reservations regarding these specific rules. The rules include 49.6, 49(f), 49ter(1)(g), which deals with the reinstatement of Priority Rights.

DECISION:

It was decided that said application can not be taken on record for further processing under the Patents Act 1970 and Patent Rules 2003 since same has become deemed withdrawn under rule 22 of the Patents Rules 2003 for non-compliance of requirements under rules 20.

Further that petitions filed under rule 137 and 138 are also not allowable and accordingly the petitions filed for condonation of the delay and extension of time for filing the National Phase application beyond the prescribed period and also the petition for condonation of the delay in filing the request for examination beyond the statutory as prescribed were disposed of.

Case 2: Application no. 5402/DELNP/2010 dated 13th July, 2011 filed by Abbott Laboratories, USA, based on PCT Application no. PCT/US2009/049954 dated 08th July, 2009, claiming priority date of US application no. 61/134,284 dated 08th July, 2008 and US 61/191711 dated 11th September, 2008, was required to be filed before the due date of 08th February, 2011, as the prescribed time limit of 31 months from priority date under rule 20(4) of Patent Rules 2003. The same was filed along with a request on a petition for restoration of right of Priority after expiry of the prescribed period of 31 months under rule 20 (4) of the Patent Rules 2003. Further agents of the applicants filed two petitions, one under rule 137 and rule 138 for condoning the delay in effecting the national phase entry under rule 20(4).

The reason as submitted under petition was server problem which could not receive mails of size beyond 10MB, due to which instruction email was not received by the agents in India.
Similar submissions and explanations by both parties (Agents and Controller) were discussed in this case as in case 1. It was decided that application can not be taken on records and Petitions filed under rule 137 and 138 are not allowable.

CONCLUSION:

The best way to protect applicant's rights is to abide by the rules and regulations and take due consideration of the deadlines. Not relying on single source of check on due dates, can be more helpful with deadlines. There can be certain unavoidable and unintentional situations for missing the deadlines, and same shall be properly validated.

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FRANCHISING AND INTELLECTUAL PROPERTY: A COMPARISON BETWEEN THE INDIAN AND AMERICAN SCENARIO

Vaibhavi Pandey and Anirudh Banga[1]

INTRODUCTION:

MEANING:
Franchising is, if simply put, a procedure by which a company (Franchisor) gives authority to third party agents (Franchisee) to distribute its good and services. 1st US franchising legislation of California defines Franchise as a contract/ agreement between 2 or more persons by which, inter alia, the operation of the franchisee's business pursuant to such plan or system is substantially associated with the franchisee's TM, SM, trade name, logo type, advertising or other commercial symbol designating or its affiliate. The Blacks Law Dictionary defines a franchise as a license from the owner of a trademark or trade name permitting another to sell a product or service under that name or mark. Chapter 5 of the Finance Act 1999 of India defines the term as follows, *"an agreement by which the franchisee is granted representational right to sell or manufacture goods or to provide service or undertake any process identified with the franchisor, whether or not a trademark, service mark, trade name or logo or any such symbol, as the case may be, is involved"*. Due to the nascent nature of the concept of franchising, there are no legislations that define the periphery of franchising law in India.

TYPES:

There are three main types of franchise, them being as follows:

FRANCHISING		
Business Format Franchise: Business Format Franchise is a franchising arrangement where the franchisor provides the franchisee with an established business, including name and trademark, for the franchisee to run independently.	**Product Franchise:** A product franchise is a franchising agreement where manufacturers allow retailers to distribute products and use names and trademarks.	**Manufacturing Franchise:** A manufacturing franchise is a franchising agreement where the franchisor allows a manufacturer to produce and sell products using its name and trademark.

LEGAL ASPECT:

Relationship between franchising and law

Franchising as a concept is still in initial stages in India, and hence the there is no legislation for governance of franchising. In India franchising is governed by various allied legislations. Some of which are as mentioned below-

- Indian Contract Act, 1872
- Foreign Exchange Management Act, 1999
- Transfer of Property Act, 1882
- Intellectual property laws
- Labour Laws
- Taxation Laws
- Consumer Protection Act, 1986
- Competition Act, 2000

It is thus a combination of laws which are used to govern the process of franchising in India.

Unlike India, in United States of America, the Franchise Rules are published by the Federal Trade Commission. The Franchise Rule seeks to facilitate informed decisions and to prevent deception in the sale of franchises by requiring franchisors to provide prospective franchisees with essential information prior to the sale. It does not, however, regulate the substance of the terms that control the relationship between franchisors and franchisees. Also, the Franchise Rule removed the regulation of the sale of franchises, from the purview of the states to under the authority of the FTC to regulate interstate commerce[1].

Thus there is a huge difference in the laws prevalent with regard to governance of franchising, whereby in India a variety of laws are applied and it is more of a temporary solution until the concept becomes vital enough to warrant the attention of the legislature to make laws, while in the US, a separate body had been given control to make rules regarding the franchising procedure.

1 http://en.wikipedia.org/wiki/Franchise_Rule

FRANCHISING AND INTELLECTUAL PROPERTY (INDIA):

Since franchising involves the process of allowing the franchisee to use the registered intellectual property of the franchisor, therefore, the role played by the IP laws is quintessential. The franchisor has to take serious steps for the protection of their intellectual property and to prevent misuse of their IP by the competitors. The protection of IP is even more important as the registered proprietor is not himself engaging in business in the particular area of the franchisee, but only allowing another person to carry out the same. The intellectual property related with franchising are as follows:

TRADEMARK:

A trademark is one of the most essential things in franchising, because it is the transfer of this particular trademark, under the aegis of which the franchisor company functions, which is being given to the franchisee company for use in its geographical location. Therefore it is absolutely essential for the franchisor to ensure that the trademark is protected, furthermore they have to ensure continuous usage of the trademark, and that the same trademark is used by all franchisees without any modification of any sort. It is the duty of the franchisee to ensure that the trademark being licensed to it is under the registered ownership of the franchisor and no one else.

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Franchising is based on the concept whereby entire business model of the franchisor is adopted by the franchisee. Franchisors can protect their manuals that contain all the art establishment and operation of the company, videos related to use of the product, etc under the Copyright Act, 1957. The civil remedies for copyright infringement include injunctions, damages and accounts of profits made by the defendant for violating copyright. (S. 55 of the Copyright Act) also criminal remedies such as imprisonment for a period of six (6) months to three (3) years are also available.

An important aspect, especially of a business format franchise agreement is leveraging upon the know-how and trade secrets of the franchisor. It is crucial for the franchisor to decide on the amount of know-how and trade secrets he/it wishes to transfer to the franchisee.

2. *http://en.wikipedia.org/wiki/Franchise_Rule*

Moreover, the franchisee must also take adequate precautions to protect the franchisor's confidential information from third parties. The franchisee could also be restricted by a negative covenant from competing with the franchisor during the franchise agreement[3] and prevented from divulging any confidential information, trade secrets and know-how during and even post-termination of the agreement[4].

FRANCHISING AND INTELLECTUAL PROPERTY (UNITED STATES OF AMERICA):

The United States however, unlike India, had a much prior exposure to the concept of franchising and therefore has a separate law for these purposes. The Federal Trade Commission has released the FTC franchising rules for the purposes of governing the franchising transactions in the U.S.A. The US franchise laws are basically divided into two parts, them being the:

- The Federal Laws
- The State Laws

THE FEDERAL LAWS:

The Federal Laws, established by the Federal Trade Commission, are applicable throughout the United States, however, state laws apply only when the franchisee is going to be sold in the state, the franchisee's business will be in the state, and the franchisee is a resident of the state

Now under the Federal Law there are the following three essentials that need to be present for an agreement to be that of a franchise, them being as follows:

1) **Trademark:**
The franchisee is given the right to distribute goods and services that bear the franchisor's trademark, service mark, trade name, logo, or other commercial symbol and thus be a representative of the franchisor, and he thus impliedly gets the same accountability towards the quality of goods as the original franchisor.

2) Significant Control:
The franchisor has significant control of, or provides significance to the franchisee's method of operation.

3. *Gujarat Bottling Co. Ltd. v. CoCa-Cola Co. Ltd. (1995) 5 SCC 545.*
4. *Niranjan Shankar Golikari v. Century Spg. And Mfg. Co. Ltd., (1967) 2 SCR 378.*

Examples of significant control or assistance include, approval of the site, training programs, providing an operations manual, etc.

3) Required Payment:

The franchisee is required to pay the franchisor at least US$500 either before or within 6 months of opening for business. These include any payments the franchisee makes to the franchisor for the right to be a franchisee. These include franchise fees, royalties, training fees, payments for services, and payments from the sale of products (unless reasonable amounts are sold at bona fide wholesale prices).

The satisfaction of all three are necessary to ensure that an agreement if a franchise agreement under the FTC Rules.

THE STATE LAWS:

The states of California, Illinois, Indiana, Iowa, Maryland, Michigan, Northern Dakota, Oregon, Rhode Island, Virginia, Washington and Wisconsin have recognized the following three elements as the essentials of a franchise agreement:

MARKETING PLAN:

Most states follow California's lead and adopt as a third element a requirement that a franchisor prescribe a marketing plan in substantial part. The types of controls that the licensor exerts must be concrete, and not just with respect to a part of the business. In some states the parties must have a community of interest in the operation of the business. At a minimum, there must be a continuing financial interest between the parties and they must be dependant on each other. Factors that are salient in determining whether a community of interest exists include the length of time the parties have been involved with one another; the extent and nature of their obligations; the relative amount of time and revenue attributable to the licensor's products or services; the percentage of revenues received from the licensor's products or services; any territorial grant; the use of the licensor's trademarks by the putative franchisee; the investment in inventory, facilities, and goodwill; the proportion of the putative franchisee's personnel that work on this part of the business; advertising expenditures for the licensor's products or services; and the extent of any supplemental services.

ASSOCIATION WITH TRADEMARK:

The business must be substantially associated with the franchisor's trademark or other business symbol to be a franchise. This usually takes the form of a license to use the franchisor's name. Since franchise laws were enacted to correct perceived abuses in the treatment of franchisees, courts will often interpret those laws broadly. The contract between an operator of an office building employee cafeteria and its licensor involved substantial association with the licensor's trademark because the property owner was familiar with the reputation of the licensor, and that, the court found, was sufficient to render the contract a franchise agreement.

REQUIRED FEE:

A payment by a franchisee does not have to be labeled a franchise fee to satisfy this element of the definition. Ongoing royalty payments or payments characterized otherwise, such as consulting fees, training fees, or site assistance fees, are sufficient, as long as they are for the right to operate the business. Many of the state laws have de minimis exemptions for fees that total insignificant amounts. The FTC's Franchise Rule exempts payments of less than $500 during the first six months of operations. Some laws can be less clear, resulting in findings of franchises in unexpected situations. In one puzzling case, the required ongoing purchases of sales and service manuals by a franchisee that exceeded the state's de minimis threshold over a 20-year relationship resulted in a finding that a franchise had been created. Each of the franchise laws exempts payments for goods for resale if the purchaser pays a bona fide wholesale price and if the purchaser is not required to purchase more than an amount that a reasonable businessperson would for his or her inventory.

In Hawaii, Minnesota, Mississippi, Nebraska, and South Dakota, the important elements are

Trademark License: The franchisee is granted the right to engage in the business of offering, selling or distributing goods or services using the franchisor's trademark, trade name, service mark, etc.

Community of Interest: The franchisor and franchisee have a community of interest in the marketing of goods or services.

Required Fee: The franchisee is required to pay a fee, directly or indirectly.

CONCLUSION:

It is thus clearly evident that due to the nascent nature of the idea, India is lacking in definite laws. This however will be put to test in the future, as India is at the threshold of being a world economic power, and with more and more foreign investments coming to India, the concept of franchising is only going to become more common, and therefore to avoid serious conflicts between Indian and foreign companies, a legislation dealing with all perspectives of franchising must be enacted. In doing so, the United States legislation regarding franchising law can be used as a guide since they have dealt the issues that might arise with the concept of franchising.

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UTILITY MODEL PATENT: ROAD AHEAD !!!!

Priyanka Rastogi

INTRODUCTON

A utility model is an exclusive right granted for an invention, which allows the right to the holder to prevent others from commercially using the protected invention, without his authorization, for a limited period of time. There is no universal acceptance of the world "Utility patent", different country have different terminology, like in Australia, utility model protection is referred as "Innovation patent", in Malaysia as "utility innovation", in France as "utility certificate", and in Belgium as "short term patent". Thus "utility model" is a generic term used for inventions which are not the subject matter of Patent.

"Imagine that frame of yours spectacles has solar cells embedded in them which get charged in day time and if you want to read comfortably, with no disturbance, then light may be switched on, thus you can enjoy reading a book in the dark".

There are many rural areas in India, where light cannot be reached. Isn't that this spectacle is useful in those areas. Can this invention be protected under Patent Act?

MAIN FEATURES OF THE UTILITY MODELS:

1. All Utility model law confers exclusive right on the Inventor;
2. Novelty is one of the criteria in all Utility Model Law, but requirement of inventive step varies from nation to nation;
3. Most of utility model laws protect the technical character of invention.

However beside this common trait, most of the countries have different provision on socio-economic condition of the Country.

DEVELOPMENT OF UTILITY MODEL PRINCIPLE

The concept of "utility model" principle is not a new phenomenon. The first important international treaties for promotion and protection of industrial property i.e. Paris convention for the protection of Industrial Property, 1883 recognizes the principle of Utility Model system. Under the convention a period of priority can be secured for a utility model application by virtue of a right of priority based on a patent application and vice versa[1]

Under the Convention, if patent application consist two inventions then, applicant can divide his patent application into patent application or utility model[2] either suo-motto or on the receipt of the examination report. Further provision of importation and compulsory licenses are also applicable mutatis mutandis, to utility models. Similarly Patent Corporation Treaty (PCT) also permits to file Utility Model application through National Phase utilizing the priority date and flexibilities provided therein as applicable for patent.

Though TRIPS lays down minimum standards for the protection of Intellectual Property rights but does not contain any provision regarding utility model patent. The Utility Model framework was first established in Germany in 1891, this introduction encouraged innovators who file about 85% of these applications. Under German IP system, requirement of utility models are same as patents, but standard of inventive step is lowered down.[3]

In **Japan**, the utility model protection system established in 1905 was originally based on the utility model law of Germany. It has been amended several times but now restricted to the protection of device only. Japanese utility law encourages devices by promoting the protection and utilization of devices relating to shape or construction of articles or a combination of articles, so as to contribute to the development of industry[4].

In **Australia**, petty patents were introduced in 1979 which has similar provision as German utility model. However under Australian model, process is not excluded as German but invention related to biological

1 *Arts 4(E) (1) and 4(E)(2), Paris Convention*
2 *Art 5 of Paris Convention*
3 *Section 1(1) of German Utility Model Law*
4 *Section 1 of Japanese Utility Model Law*

processes including product were excluded from protection. Petty Patent did not get popular among inventor because it could not differentiate substantially from standard patent.

In **China**, there is no separate utility model law, but patent law enacted in 1984 governs utility model. Utility model patents have resulted into economic prosperity in China and the application filed for utility models have always been more than of invention patents.
Apart from these countries, developing countries like Taiwan, Mongolia, Vietnam, Malaysia, Thailand, Indonesia and Philippines have adopted the Utility model system with aim to promote SMEs.

DIFFERENCES BETWEEN UTILITY MODELS AND PATENTS:

- The requirements for patents are stricter than the utility model. The invention which has novel, inventive step and industrial application can be protected by patents however for utility models the only requirement is the novelty.
- Only new substantial inventions are patentable whereas marginal improvements can be protected under utility patents.
- Term of protection of utility models is usually lesser than patents. In some countries utility models are granted for 10 or 7 years.
- Process for the grant of utility models is simpler and faster than the patents. Patent Office does not examine the utility applications substantially.
- Utility models are very cheap to obtain and maintain than the patents and can be obtained in only 6 months to 1 year.
- Patents are available in most of the countries whereas utility models are available in specific countries.
- Patents can be converted into utility models but not vice versa.

DOES INDIA NEED UTILITY MODEL PATENT?

The utility models are considered generally good for developing countries, namely

a) It secures protection for innovations, which does not require the strict novelty and inventive step as required by patent law.

b) They increase the role of individual & small scale innovators in economic development and promote competitive environment.

c) They act as a spur to enhanced levels of innovation.

d) They are cheaper to acquire than patent and finally they become a source of data on innovative activity and experience in technological management.

In recent years Indian IP regime has come up with several initiatives to promote intellectual property. And one of the heated debates is whether India should opt Utility Model patent or not?

The answer in this reference are mostly positive and it is expected that government would come up with new initiative very soon. Indian patent regime is stricter than many other countries. Under the Indian Patent Act, 1970, several exceptions are provided which excludes small and useful inventions. India is growing as a hub for small and medium size enterprises which focuses on the development of new technology with minor improvements or modifications of existing products to meet the changing demands of the market.

In India SMEs plays an important role in economic growth of country and it provides employment to about 27.14 millions people, which is second only to Agriculture[5]. However this sector is not much aware of patent regime and if so then also they are reluctant, because the slogan of patent system is "you have to invest in it before you can really benefit from it". Thus, Patenting is expensive and time consuming.

In recent years industrialization process has reached its highest pick and it is expected to have more Foreign Direct Investment. Thus strong IP regime ensure nondisclosure of technology brought by firms and further encourage investment. On this scenario utility model patent will be boon to India.

5 Handbook of Industrial Policy and statistics, 2003-04, Ministry of Commerce and Industry, PP 155, available on the Ministry website at http://eaindustry.nic.in/new_handout.htm

UTILITY MODEL FOR INDIA:

There are various types of models followed by different countries for the protection of small inventions according to the need of the industry. What kind of model should India follow for the protection of utility models is highly debated issue? Do we need to follow country specific utility model or a blend of various countries? However before adopting any model we should identify the best practices followed by various countries and considering socio-economic condition of our country. Utility models protection shall not be restricted only to mechanical devices as followed in various countries, but should be allowed for inventions in the field of information technology, biotechnology, pharmaceuticals and agriculture in order to promote SMEs in every sector.

Another major aspect is what parameters India should adopt with respect to novelty, inventive step, utility, and examination procedure. Should we exempt inventive step criteria for utility models or not and to what extent novelty is to be judged? However for sure utility models requirements shall be less stringent than patents. Utility models will fill the gap between the patentable inventions and non patentable inventions.

According to the various studies conducted on the viability of utility models for India it can be derived that the novelty criteria should be followed same as for Patents. Because in case prior art only in India is considered then the patentee cannot commercialize the invention in other jurisdictions as he always have fear of infringing others patents. Inventive step criteria should be lowered down. Minimum cost and time shall be required for the grant of the utility patents and the duration for the same shall not exceed 10 year.

CONCLUSION

Innovation culture is growing rapidly but in terms of filling, we are far below the standard. This reflects that we have innovation in mind not on paper because of lack of legal framework. Experience of most Utility model patent looks very promising and beneficial to the SMEs and India opting for this model will give its international legal obligation.

We can learn from our neighboring country China who has a bigger market share in terms of technology in India because they promote small invention through utility model patent. Utility Model patent is a useful tool for enhancing the competitiveness of SMEs, but they must be used in a very careful way so that it can't be misused.

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TRANSFORMATION OF IP LAWS AND ITS EFFECTS

Himanshu Sharma

India being a country of 1.2 billion people is a big consumer market for multi-national corporations. Although it is an emerging economy of the world and current year target for the economic growth is around 8.5% according to the finance minster, then also the rate of literacy is quite low. When compared to the literacy of Intellectual property rights, it is even lower than the literacy rate. People do not have proper knowledge regarding the IP rights they have in the business they are doing. Further the IP laws in India are still in their initial stages of development and still they have a long way to go to come at par with the international IP laws standard.

Although the Indian IP Laws are still in the initial stages of development but the same is in conformity with the international IP law as India is a signatory to Paris Convention for the Protection of Industrial Property, Berne convention on copyright and TRIPS Agreement. There are numerous examples where a legal issue comes in the court which has never been dealt earlier and our law has still not developed to a level where we can deal with the issue. In these cases the Courts have time and again taken help of the foreign laws and judgments in order to solve the problem put forward to it.

PRIORITY IN CASE OF CONFLICT BETWEEN INTERNATIONAL LAW AND INDIAN LAW:

One of the most important objectives of the Indian Trademark Act, 1999, is the simplification and harmonization of the law in an era of increasing globalization. Being a signatory to the international convention for protection of Industrial property (Paris Convention) and the TRIPS Agreement, the Indian Law on Trade Marks is fully compatible with the provisions of these international agreements. The Parliament has clearly expressed its intention to harmonize the law in a global economy. The administration of the new law will thus have to be in consonance with this development.

The need for the harmonization of laws was recognized earlier in the case of **Shredded Wheat Co. Ltd V. Kellog Co. G.B. Ltd**[1] where it was held that *"it is of the highest importance that in such an important branch of commercial law as relating to trademarks, there should be uniformity as far as possible in all countries administering the same system of law."*

1 (1940)57 RPC 137 (HL) p.149

Although the laws in a particular country may be in its initial stages of developments, as in case of India, but then also it should be in conformity with the international standards as laws are dynamic in nature and keep on developing with the society and time. It should be inclusive so that it should not become redundant with the development in the field.

On the issue of conflict between the international laws and Indian law the Hon'ble Supreme Court of India in case of **Gramophone Company of India Ltd V. Birendra Bahadur Pande**[2] opined that *"the doctrine of incorporation also recognize the position that the rules of international law are incorporated into national laws and considered to part of the national law, unless they are in conflict with an Act of Parliament, Comity of Nations or no. Municipal law must prevail in case of conflict. National Courts cannot say "yes" if Parliament has said 'no' to a principle of international law. National Courts will endorse international law, but not if it conflicts with national law…but the Courts are under an obligation within legitimate limits, to so interpret the Municipal statute as to avoid confrontation with the comity of Nations or the well established principles of International law. But if conflict is inevitable, latter must yield"*

The law related to Intellectual property is in conformity with the international law hence in cases of conflict, it will be national law which will prevail. The legislation enact laws on the basis of the conditions prevailing in the country and hence if something which is a part of the international law, has been left out by the legislation then it is obvious that it will not prevail although same is a part of international legislations.

In Lauterpacth in International law (General Works) summarizes the position this way:

"While it is clear that international law may and does act directly within the state, it is equally clear that as a rule that direct operation of international law is within the state, subject to overriding authority of municipal law. Courts must apply statutes even if they conflict with international law. The supremacy of international law lasts, pro fore interno, only so long as the state does not expressly and unequivocally derogate from it. When it thus prescribed a departure from international laws, conventional or customary, judges are confronted with a conflict of international law and municipal law and, being organs

2 AIR 1984 SC 667

appointed by the state, they are compelled to apply the latter"

If national law is silent on a particular subject and same question comes up to a court then in those cases the Courts can refer to the international laws. It could not be assumed that the national law on the particular point is overridden by the international law because it is only in those cases where there is a gap left in the national enactment and same can be filled with the help of the international law.

In case of **Vishakha V. State of Rajathan**[3], the Hon'ble Supreme Court of India held that *"when the specific provisions of law are silent, then the gap can be filled by international conventions."*

APPLICATION OF FOREIGN AUTHORITIES IN INDIA:

As the IP laws in India are still in the initial stages of development and hence there are certain points of law which are still not dealt by the Indian Courts. In these cases the courts can refer to the judgment of the courts of the countries whose laws are in conformity with the Indian legislations on the same points. The Trademarks Act, 1999 is largely based on the policy outlined in the White Paper on Trademark law Reform presented by the British Government to its parliament and thus is in conformity to a great extent to the UK Trade Marks Act 1994.

In case of **Forasol V. Oil and Natural Gas Commission**[4], the Hon'ble Supreme Court of India held that *"in the absence of any binding authority of an Indian Court on a particular point of law, English decisions in which judgment are delivered by judges held in high repute can be referred to as they are decisions of Courts of a country from which Indian Jurisprudence and a large part of our law is derived, for they are authorities of high persuasive value to which the court may legitimately turn for assistance, but whether the ruled laid down in any of these cases can be applied by Courts must, however, be judged in the context of our own laws and legal procedure and the practical realities of litigation in our country"*

The Indian Courts while taking the authorities of the foreign courts has to keep in mind few things as mentioned by the Hon'ble Supreme Court of India in the above judgment such as:

- Whether the legal point has not yet been discussed by Indian Courts;
- Whether the law of the country (whose judgment is referred) should be in conformity of Indian Laws;
- Whether the foreign judgment should be looked in as per the practical realities of our countries litigation;

If the foreign judgment referred met the above criteria then the Indian courts can take same into consideration.

CONCLUSION:

Intellectual Property Laws in India are in a transition phase wherein everyday a new question of law discussed in the courts and the interpretation of law is subject to individual discretion. It is the duty of the courts to minimize the conflicts of International IP laws and Indian IP laws. It is an accepted rule of law that in case of conflict between the two, the local laws prevail as they are the essence of local conditions. When a question arise which is yet to be dealt by the local law then the help of the foreign judgments can be taken keeping in mind the condition mentioned by the Supreme Court.

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3 AIR 1997 SC 3011

4 AIR 1984 SC 241

REGISTRATION OF A TRADEMARK ASSIGNMENT: MERE FORMALITY OR A MANDATE ?

Vaibhavi Pandey & Ayush Vats[1]

INTRODUCTION

With the advent of technology and newer trends of merchandising and marketing, the protection of an intellectual property of a person has become a dire need of the day. Consequently, the title related to a trademark is also a quintessential of it. This title can be transferred to another person or legal person through assignment, merger, transmission etc.

As per the provisions of the Trademarks Act, any person who is getting a title on any trademark by way of assignment or transmission shall bring himself on records of the Trademarks Registry as the proprietor of the trademark by making an application in the appropriate form with the appropriate fee. Now, the question which arises here is that what will be the status and position of an Assignee who has not made an application for registering himself as the proprietor of the trademark or whose application for such a registration is pending before the Trademarks Registry? While taking actions against third parties for infringement or passing off of its trademark, Should he be allowed to enter into the shoes of the Assignor by virtue of the assignment deed? Or should he be restrained form taking any such actions as he is not the proprietor of the Trademark as per the records of the Registry? The question has been discussed in detail below under various heads-

PROCEDURE RELATING TO THE REGISTRATION OF ASSIGNMENTS AND TRANSMISSIONS:-

Assignment of a trademark occurs when the ownership of a mark as such, is transferred from one party to another whether along with or without the goodwill of the business. Assignment agreements pertain to the transfer of intellectual property rights from, the owner of the rights to another person or organization. Assignment is an important aspect of this act, as per the section 2(1) (b) of the Trademarks Act, 1999; assignment has been described as "an assignment in writing by act of parties concerned". Thus this clarifies that for the assignment of trademark, it is necessary for the agreement to be in writing and to be act of an assignor and assignee of their own volition and not a third party.

Further, in case of registered Trademarks, the Trade Mark Act 1999 under section 40 also puts certain restrictions on the assignment of a registered trade mark wherein there exist possibilities of creating confusion in the mind of public/users. Such restrictions are:

- Restriction on assignment that results in the creation of exclusive rights in more than one person with respect to the same goods or services, or for same description of goods or services or such goods or services as associated with each other.

- Restriction on assignment that results in different people using the trademark in different parts of the country simultaneously.

DISCRETION PROVIDED TO THE REGISTRAR UNDER SECTION 45 (2) OF THE TRADEMARKS ACT, 1999-

As per section 45 of the Act, an assignment deed needs to be registered in the appropriate form with the Trademarks Registry in order to bring the Assignee as an owner of the trademark on records. The Section runs as follows-

(1) Where a person becomes entitled by assignment or transmission to a registered trade mark he shall apply in the prescribed manner to the Registrar to register his title. And the Registrar shall on receipt of the application and on proof of title to his satisfaction register him as the proprietor of the trade mark in respect of the goods or services in respect of which the assignment or transmission has effect, and shall cause particulars of the assignment or tranmission to be entered on the register. Provided that where the validity of an assignment or transmission is in dispute between the parties, the Registrar may refuse to

1. *Intern(Amity law school, Noida) 5th year(2010-2015)*

register the assignment or transmission until the rights of the parties have been determined by a competent court.

(2) Except for the purpose of an application before the Registrar under sub-section (1) or an appeal from an order thereon, or an application under section 57 or an appeal from an order thereon, a document or instrument in respect of which no entry has been made in the register in accordance with sub-section (1), shall not be admitted in evidence by the Registrar or the Appellate Board or any court in proof of title to the trade mark by assignment or transmission unless the Registrar or the Appellate Board or the court, as the case may be, otherwise directs.

As per the provisions of Section 45 and Rule 68 of the Trademarks Act, 1999, an application to register the title of a person who becomes entitled by assignment or transmission shall be made in Form TM-24 or TM-23 as it is made by such person alone or conjointly with the registered proprietor. Further, as per the practices of the Indian Trademarks Office, an affidavit for no legal proceedings pending related with the trademarks which are subject of the merger is also to be filed on behalf of the transferee company. Now, in case of a merger, since a proprietor registered on record is no more in existence and hence an application for change in title shall be filed in the name of the transferee. The Registrar may require statement of case to be verified by an affidavit on form TM 18 and may call upon the person concerned to furnish such proof or additional proof of title as he may require for his satisfaction. On proof of title to his satisfaction, the registrar will register him as a subsequent proprietor of the trade mark in respect of the goods or services and shall cause the particulars of the assignment or the transmission to be entered on the register. Once the trademark is assigned with goodwill, the assignor cannot in the eyes of law have any interest in the trademark assigned and the assignee alone, as a person interested in the trademark assigned, can represent in opposition proceedings as a party to protect its interest.

POSITION OF A NON-REGISTERED ASSIGNEE IN INDIA-

The law empowers the registrar to refuse to register the assignment or transmission when the validity of an assignment or transmission is in dispute between the parties, until the rights of the parties have been determined by a competent court [section 47 (2)]. The Registrar's refusal to register the assignment or transmission will naturally arise only before the actual change is effected in the register. The assignor or any other person may complain that the assignment is invalid or that it has been procured from him under circumstances entitling him to repudiate that transaction. In such circumstances the registrar cannot be expected to decide upon the validity of the assignment where it is challenged before him.

In **Radhakashan Khandelwal vs. Asst. Registrar of Trade Marks[2]-**The Delhi high court held that "it is true that the rules do not expressly require a notice to be issued or a hearing to be given to the party adversely affected by the order when an application on form TM 24 is made before the registrar, but there is in eye of law a necessary implication that the party adversely affected should be heard before an order for the removal of his name can be made against him.

Moreover if no entry has been made in the register, the document or instrument will not be admitted in evidence by the registrar or the appellate board or any court except for certain purposes as stipulated. The Registrar, or the concerned Authority as the case may be, has been given a discretion under this section to admit or not admit an assignment deed for which no application under Form TM-24 has not been made as an evidence of title of the assignee. Such a situation usually arises in cases where actions against third parties are involved. Very often the question as to the maintainability of a suit initiated by an unregistered assignee against the third parties has been dealt with by the Courts-

In Cott Beverage Inc., A Georgia ... vs. Silvassa Bottling Company on 7 October, 2003[3]-In this case, section 44 does not create a bar for filing a suit by the assignee whose application is pending disposal for registration. Discretion, however, is vested in the Court under Sub-clause (2) of Section 44 of the Act, whether to permit the said unregistered document in evidence or not. At the same time, it cannot be said that the procedure of registration of assignment is a mere formality. Section 44 has been incorporated merely as a safeguard by the Legislature in order to avoid the multiplicity of the proceedings and also in order to ensure that the various other laws prevailing in the country are safeguarded while registering the assignment. Thus, the grant of

2. *AIR 1969 Delhi 324, ILR 1969 Delhi 1227*
3. *2004 (29) PTC 679 Bom*

registration of assignment or transmission cannot be said to be a mere formality and on a conjoint reading of the provisions it will be apparent that the Registrar has to be satisfied after going through the application, which has to be filed in the prescribed form giving various particulars. In the present case, non-registration of the assignment will have to be considered as an important factor.

In Shaw Wallace & Co. (supra)[4] case- an application for impleadment of the assignee was under consideration. This court held that till the time the Registrar of Trade Mark, does not record the title in favour of the assignee, the deed of assignment cannot be admitted in evidence. However, the assignee was still impleaded as a party with direction to file the registration as and when accorded by the Registrar.

The above view of the Courts has also been contravened by other Courts. Emphasizing the fact that even if the assignment deed is not registerd with the records of the Trademarks Registry, it, itself is a valid instrument and hence permissible to be taken as an evidence of the assignee's title on the trademark.

IN Mohammad **Zumoon Sahib vs. Fathimunnisa**[5] , it was held that the "*registration of assignment is not a condition precedent to an action for infringement by the assignee and an assignor of registered trademark will not be disentitled to an action on infringement on ground that assignment was not registered."* The Madras court held that the law prescribes a procedure for the assignee or the representative to have registration of this title. The fallacy in the argument is that it is this registration by the Registrar under section 35(1) of the act that confers title .The title already exists in the legal representative and on proof of such title to his satisfaction; the registrar registers him as the proprietor of the trade mark. The plaintiff to the suit for infringement, whose name was not entered as subsequent proprietor, was allowed to maintain the suit on proof of prima Facie title to the mark.

Further, in **Hindustan Lever Ltd. v. Bombay Soda Factory**[6], it was held that "*the plaintiff could not be non suited merely because the change in the name of the registered proprietor had not been effected by the time suit was instituted. Registration of the name of the proprietor does not confer title on him. it is merely an evidence of his title. The plaintiff –company was the owner of the trademark in question at all times*."

In the case of **Modi Threads Ltd. v. Som soot Gola Factory and another,**[7] it was held that despite non registration of the application the civil suit was maintainable. The court held that it is true that the plaintiff's application for getting transferred and registered trade mark in its name in the office of the registrar is still pending but that does not debar the plantiff to protect the violation of the aforesaid trademark at the hands of unscrupulous persons by filing an action in court of law for injuction.so this is clear prima facie for the court.

CONCLUSION

Under sub section 2 of section 45 of Trademarks Act, the Registrar or the Competent Authority as the case may be, has been given discretion to admit or refuse to admit an unregistered deed of assignment as a proof of title of the assignee. However, another important thing the courts show that even without registration of assignment, a suit by the assignee is maintainable. If necessary, the suit may be stayed to enable the assignee to register the same. Therefore, it is an obvious fact that after an assignment or merger or transmission as the case may be the assignee has to step into the shoes of the assignor for purposes of any legal proceedings which are pending or indisposed.

Assignment agreements are of considerable importance in IPR since they allow the intellectual property owners to transfer their intellectual property for commercial returns, ensuring intellectual property can be used for monetary gains as well. So issues relating to ownership of IPR must be carefully considered .Though the law provides safeguards, but the slight ambiguity present in the Indian Trademarks Law on this point shall be dealt with by the legislature.

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4. 105 (2003) DLT 586, 2003 (27) PTC 63 Del, 2003 (3) RAJ 224
5. (1960) 1 MLJ 270
6. AIR 1964 Kant 173, AIR 1964 Mys 173, (1964) 1 MysLJ
7. AIR 1992 Delhi 4, 1992 (22) DRJ 24

SHREYA SINGHAL VS. UOI: RESURGENCE OF FREEDOM OF SPEECH AND EXPRESSION IN THE INTERNET AGE.

Anindita Barman

"Let's kill all the lawyers"

Had Shakespeare been born five centuries later and tweeted the above line he wrote in Henry VI, Part 2, he could have been arrested and chargesheeted in India, as this could be construed as "causing annoyance" to a class of people. Therefore the Supreme Court on the 24.03.2015 has rightly struck down the most draconian provision of the Information Technology Act, 2000, preceding a couple of incidents which shocked the conscience of the entire nation. The ardent effort of the Government to save the said provision "66A of the IT Act, 2000" by administering it in a reasonable manner was rightly rejected by the Supreme Court judging the provision on its sole merits. The Supreme Court fundamentally rejected this feign argument because Governments may come and Governments may go, but the provision "66A" shall go on forever thereby not binding the successor Government subjecting it to misuse and resulting in a never ending dilemma. Thus much said and done, let us now examine the provision in the light of what is being hash tagged as landmark #SocialMediaVerdict. The Section 66A of the Information Technology Act, 2000, which came into effect by the Amendment Act of 2009, is produced hereunder:

66A. Punishment for sending offensive messages through communication service, etc.

Any person who sends, by means of a computer resource or a communication device,—

(a) any information that is grossly offensive or has menacing character; or

(b) any information which he knows to be false, but for the purpose of causing annoyance, inconvenience, danger, obstruction, insult, injury, criminal intimidation, enmity, hatred or ill will, persistently by making use of such computer resource or a communication device,

(c) any electronic mail or electronic mail message for the purpose of causing annoyance or inconvenience or to deceive or to mislead the addressee or recipient about the origin of such messages,shall be punishable with imprisonment for a term which may extend to three years and with fine.

Explanation.— For the purpose of this section, terms "electronic mail" and "electronic mail message" means a message or information created or transmitted or received on a computer, computer system, computer resource or communication device including attachments in text, images, audio, video and any other electronic record, which may be transmitted with the message.

Well, colonialism leaving a much longer impact than thought, the genesis of this Section can be traced back to Section 10(2)(a) of the U.K. Post Office(Amendment) Act, 1935, which made it an offence to send any message by telephone which is grossly offensive or of an indecent, obscene, or menacing character; which was later reproduced in Section by Section 66 of the UK Post Office Act, 1953. Thereafter, the section was amended a couple of times and in its present form in the UK, it is Section 127 of the Telecommunication Act, 2003; wherein it condemns the improper use of public electronic telecommunications network. The Supreme Court has further very categorically discussed the scope of Section 66A of the IT Act under various broad heads. This article, further endeavors to briefly explain each of them below:

FREEDOM OF SPEECH AND EXPRESSION:

Section 66A has been challenged on the ground that it casts the net very wide – "all information" that is disseminated over the internet is included within its reach. Therefore the definition[1] provided in the Act for "information" is an inclusive one and secondly, the definition does not refer to what the content of information can be rather it refers only to the medium through which such information is disseminated. Further, given its wide domain, the information be it annoying, inconvenient, grossly offensive, does not distinguish between discussion, advocacy or incitement.[2] Mere discussion or even advocacy of a particular cause howsoever unpopular is at the heart of

1 *Section 2(v) of the Information Technology Act, 2000*

2 *Whitney Vs. California 71 L.Ed. 1095*

Article 19(1)(a)[3]. It is only when such discussion or advocacy reaches the level of incitement that Article 19(2) kicks in. It is at this stage that a law may be made curtailing the speech or expression that leads inevitably to or tends to cause public disorder or tends to cause or tends to affect the sovereignty & integrity of India, the security of the State, friendly relations with foreign States, etc. The Supreme Court rejected the claim of the State that the said Section can be supported under the heads of public order, defamation, incitement to an offence and decency or morality and upheld our Constitutional Scheme wherein it is not open to the State to curtail Freedom of Speech to promote general public interest[4]. Further the Apex Court has upheld and relied upon a catena of judgments which define 'reasonable restrictions' and is of the view that restrictions imposed on a person in enjoyment of the right should not be arbitrary or of an excessive nature, beyond what is required in the interests of the public.[5] Accordingly, another question which arose before the Supreme Court is to decide whether there is any distinction between the freedom of the print media and that of the electronic media such as radio and television, and if so, whether it necessitates more restrictions on the latter media.[6] There is no doubt about electronic media being the most powerful media both because of its audio visual impact and its widest reach covering the section of the society where the print media does not reach. However the wider range of circulation of information or its greater impact cannot restrict the content of the right nor can it justify its denial. Hence the virtues of the electronic media cannot become its enemies and this restriction can only be exercised within the framework of Article 19(2) of the Constitution and the dictates of public interest.[7]

PUBLIC ORDER

A bare reading of the said Section makes it evident that it intends to punish any person who uses the internet to disseminate any information that falls within the sub-clauses of Section 66A. The recipient of the message is of no importance and similarly the disseminated information may be to one individual or several individuals thereby making no distinction between mass dissemination or dissemination to one person. Therefore such message may not have any potential to disturb the community at large. The nexus between the message and the action taken based on the message by any reasonable man is conspicuously absent. The Supreme Court went on to hold that there is no proximate relation between the said Section and public order. One example laid down by this Court, substantiating the principle of "public order" i.e, a guest in a hotel may make advances or annoy the girls or may have a fracas with one of the friends of the girls which will only attribute to breach of law and order. On the contrary, a man molesting women at lonely places which scares them to do their normal chores would amount to breach of law and order and the breach of public order.[8] Therefore under Section 66A, the offence is complete by sending a message for the purpose of causing annoyance, either `persistently' or otherwise without in any manner impacting public order.

VAGUENESS

It is the basic principle of legal jurisprudence that an enactment is void for vagueness if its prohibitions are not clearly defined. Vague laws offend several important values. It is insisted or emphasized that laws should give the person of ordinary intelligence a reasonable opportunity to know what is prohibited and the innocent may not get trapped for not providing fair warning.[9] Besides, the U.S. Supreme Court has repeatedly held in a series of judgments that where no reasonable standards are laid down to define guilt in a Section which creates an offence, and where no clear guidance is given to either law abiding citizens or to authorities and courts, a Section which creates an offence and which is vague must be struck down as being arbitrary and unreasonable.[10] It was further held that a penal law is void for vagueness if it fails to define the criminal offence with sufficient definiteness. Ordinary people should be able to understand what conduct is prohibited and what is permitted. Also, those who administer the law must know what offence has been committed so that arbitrary and discriminatory enforcement of the law does not take place. Thus judged by the standards laid down in the aforesaid

3 *Romesh Thappar vs. State of Madras [1950]SCR 594 at 602*

4 *Sakal Papers(P) Ltd.&Ors. Vs. UOI [1962]3 SCR 842*

5 *Chintaman Rao vs. State of Madhya Pradesh [1950]SCR 759*

6 *Secretary Ministry of Information & Broadcasting, Goi Vs. Cricket Association of Bengal [1995]2SCC161*

7 *Ibid*

8 *Dr. Ram Manohar Lohia Vs. State of Bihar & Ors. [1966]1 SCR 709*

9 *Kartar Singh vs. State of Punjab [1994]3 SCC 569 at para 130-131*

10 *Musser vs. Utah (92)L. Ed. 562*

judgments, it is quite clear that the expressions used in 66A are completely open-ended and undefined. Further, the provisions contained in Sections 66B up to Section 67B provide for various punishments for offences that are clearly made out contrary to Section 66A.

CHILLING EFFECT AND OVERBREADTH

It is an established principle that the law should not be used in a manner that has chilling effects on the "freedom of speech and expression"[11] Information that may be grossly offensive or which causes annoyance or inconvenience are undefined terms which take into the net a very large amount of protected and innocent speech. A person may discuss or even advocate by means of writing disseminated over the internet information that may be a view or point of view pertaining to governmental, literary, scientific or other matters which may be unpalatable to certain sections of society. It is obvious that an expression of a view on any matter may cause annoyance, inconvenience or may be grossly offensive to some. An example highlighting the same would be a man sharing his views or rather criticizing the infamous "gharwapsi" or the re-conversions carried on recently, by the radical groups, which in turn could seriously offend, annoy or cause inconvenience, insult or prove to be injurious to large sections of particular communities and would fall within the net cast by Section 66A. In point of fact, Section 66A is casts so widely that virtually any opinion on any subject would be covered by it, as any serious opinion dissenting with the mores of the day would be caught within its net. Such is the reach of the Section and if it is to withstand the test of constitutionality, the chilling effect on free speech would be total.

PROCEDURAL UNREASONABILTY

Section 66A also suffers from the vice of procedural unreasonableness, for example if criminal defamation is alleged, safeguards available under Section 199 CrPc[12] will not apply to an offence committed under Section 66A. Similarly, other safeguards such as Section 95[13] and 96[14] of the CrPc are also unavailable when it comes to Section 66A. However, the Supreme Court was of the view that having struck down the very Section, the procedural unreasonableness aspect need not be looked into.

SIMILAR PROVISIONS

The legislative intent behind incorporating Section 66A, as discussed above being vague, ambiguous in nature, also suffers from several other procedural drawbacks. It was an essential point of consideration before this Apex Court that a lot of the said provision has already been catered to by other provisions and statutes. Some of the provisions which are over lapping and similarly drafted are:

Defamation: Injury to reputation is a basic ingredient[15]. Section 66A does not concern itself with injury to reputation, rather holds that something may be grossly offensive and may annoy or be inconvenient to somebody without at all affecting his reputation.

Incitement to an Offence: Written words may be sent that may be purely in the realm of "discussion" or "advocacy" of a "particular point of view" and may not incite anyone at all. It will be clear that in all computer related offences that are spoken of by Section 66, *mens rea* is an ingredient and the expression "dishonestly" and "fraudulently" are defined with some degree of specificity, unlike the expressions used in Section 66A.

Public Nuisance: A person is guilty of a public nuisance[16] who does any act or is guilty of an illegal omission, which causes any common injury, danger or annoyance to the public or to the people in general who dwell or occupy property in the vicinity. The basic difference between the various expressions used between Section 268 (Indian Penal Code, 1860) and Section 66A are that the ingredients for the offence of a public nuisance become offences in themselves when it comes to Section 66A. Further, under Section 268, the person should be guilty of an act or omission which is illegal in nature; danger or annoyance must be to the public in general. Injury, danger or annoyance are not

11 S. Khushboo Vs. Kanniammal [2010]5 SCC 600

12 Prosecution for defamation: where no Court shall take cognizance of an offence except upon a complaint made by the person aggrieved by the ofence.

13 Where any newspaper book or document is obscene, seditious, against the religious sentiments or the integrity of the nation, may be seized.

14 Any person having interest in such book, newspaper may apply to the H.C to set aside such declaration and the case shall be heard by at least three Judges of the High Court.

15 Section 499 of the Indian Penal Code, 1860.

16 Section 268 of the Indian Penal Code, 1860.

offences by themselves howsoever made and to whomsoever made.

Obscene Acts and Songs: Any person to the annoyance of others, does any obscene act in any public place, or sings recites or utters any obscene songs, ballad or words, in or near any public place, shall be punished with imprisonment of either description for a term which may extend to three months, or with fine, or with both.[17] Therefore the annoyance that is spoken of is clearly defined - that is, it has to be caused by obscene utterances or acts.

Misconduct in Public by a Drunken person: Any person in a state of intoxication, appears in any public place, here conducts himself in such a manner as to cause annoyance to any person, shall be punished with simple imprisonment for a term which may extend to twenty-four hours, or with fine which may extend to ten rupees, or with both.[18] It is further observed herein that the annoyance that is caused to a person must only be by another person who is in a state of intoxication and who annoys such person only in a public place or in a place for which it is a trespass for him to enter.

Hence, a clear reading of the above provisions prove that the offences made out under each of the above sections of the IPC are narrowly and closely defined and pretty much conspicuous; on the contrary under Section 66A, most of it has been open ended, undefined and vague. Thus quite obviously, a prospective offender of Section 66A and the authorities who are to enforce Section 66A have absolutely no manageable standard by which to book a person for an offence under Section 66A. In pursuance thereof, the Supreme Court was of the view that Section 66A is unconstitutionally vague and not tenable in law.

SECTON 69 AND SECTION 79 OF THE IT ACT, 2000

Section 69 and the Information Technology (Procedure and Safeguards for Blocking for Access of Information by Public) Rules, 2009 were also put to challenge on the ground that there is no pre-decisional hearing is afforded by the Rules particularly to the "originator" of information, which is defined under Section 2(za) of the Act to mean a person who sends, generates, stores or transmits any electronic message; or causes any electronic message to be sent, generated, stored or transmitted to any other person. Further, procedural safeguards such as which aren't provided under Section 95 and 96 of the Code of Criminal Procedure are not available here. However, the Apex Court was of the view that Section 69A unlike Section 66A is a narrowly drawn provision with several safeguards. First and foremost, blocking can only be resorted to where the Central Government is satisfied that it is necessary so to do. Secondly, such necessity is relatable only to some of the subjects set out in Article 19(2). Thirdly, reasons have to be recorded in writing in such blocking order so that they may be assailed in a writ petition under Article 226 of the Constitution. Merely because certain additional safeguards such as those found in Section 95 and 96 CrPC are not available does not make the Rules constitutionally infirm and upheld its validity.

Section 79 of the Act also follows a set of Rules19 that intermediaries such as Search Engines, Google, Facebook, Twitter, other social networking sites cannot be held liable for the content posted by the individuals. It is simply impossible for the intermediaries to overlook or regulate each and every content. However the exception being that under Rule 3 an intermediary having actual knowledge of the illegal content that has been uploaded and despite of that has failed to remove, disable access to that content, could no longer claim immunity. According to the Rules, such knowledge can be intimidated by the affected person and the said intermediary should act within 36 hours. Now this poses a serious problem since it puts extraordinary amount of pressure upon the intermediaries to determine whether the post they host is illegal or legal. This act in itself is a crippling legal liability since the intermediaries are most likely to act in self preservation and remove the 'offending material' which in turn curtails freedom of speech. This Court has responded to the said issue by 'reading down' Section 79(3) holding that the intermediaries must act upon such 'knowledge' only when there is a Court order directing the take down or any kind of notification by the appropriate government, sparing the intermediaries from deciding for themselves when online speech is illegal. Thus the Supreme Court upheld the constitutional validity of the said section and the rule.

17 Section 294 of the Indian Penal Code, 1860.

18 Section 510 of the Indian Penal Code.

19 Intermediary Guidelines Rules, 2011

CONCLUSION

Section 66A of the Information Technology Act, 2000 is struck down in its entirety being violative of Article 19(1)(a) and not saved under Article 19(2). The Preamble of the Constitution of India inter alia speaks of liberty of thought, expression, belief, faith and worship. It also says that India is a sovereign democratic republic. It cannot be over emphasized that when it comes to democracy, liberty of thought and expression is a cardinal value that is of paramount significance under our constitutional scheme. Nonetheless the Supreme Court has definitely gone a long way in striking down Section 66A and doing away with the most oppressive censorship law that this country has ever witnessed. It has further introduced important procedural safeguards to the blocking rules and to the intermediary liability; it has made the said provisions more speech protective than they were earlier. Indeed, it is not a complete victory but the given supremacy of Rights enshrined in the Part III of the Constitution, it is a vital step towards attaining free speech and definitely a remarkable success ensuring 'acche din' for the advocates of free social media.

Therefore to sum it up, Court has rightly upheld "Thought control is a copyright of totalitarianism, and we have no claim to it. It is the function of the Government to keep the citizen falling into error; it is the function of the citizen to keep the Government from falling into error. We could justify any censorship only when the censors are better shielded against error than the censored."[20]

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20 Justice Jacksonin American Communications Association V. Douds, 94 (quoted in the judgment)

CONTRIBUTION OF IP IN GROWTH OF FDI'S IN INDIA

IP Team

India has become one of the sought after destinations for the investment in recent years due to the growing economy. As per reports, the Indian GDP is still growing at a rate of 6.5 percent at 2011-12 even after the recent slump in the economic growth. Being the one of the biggest consumer market in the world, it is always on the radar of investors and one of the sought after investment hub.

A new and growing brand is always looking for the market wherein its product has demand and India being a consumer market is always the best place to promote a new product. Many brands have established itself in Indian market and gaining out of it. Even with all these advantages, Indian markets also have certain challenges in terms of intellectual property rights which are required to be taken care of before entering the market.

STRONG IP REGIME HELPS THE GROWTH OF FDI IN INDIA:

A strong Intellectual Property rights regime would certainly leads to good market conditions for inviting FDI in India. The report 'India: International Outlier on IP' by the US chamber of Commerce said if India strengthens its intellectual property regime and increase its score on GIPC IP Index by 14.9 per cent, it can reach the level of FDI similar to Brazil, Russia and China. It has also been observed in the report that "India has been less able to attract FDI than its BRIC (Brazil, Russia, China) peers since the 1980s. Also in regards to FDI, India is noticeably weaker than other emerging economies, which started off at similarly low levels of investment and had similar IP rights environments to India's in the 1980s,"

A strong IP regime would certainly include realistic protection to intellectual property rights together with a mechanism for the enforcement of rights in case of misuse of the same. IP assets account for more than one-third of the net value of corporations in the United States and Europe, making protection of valuable IP critical for many would-be investing companies In India the intellectual property like patents, trademark, copyright, design, geographical indication, plant variety, semiconductor and integrated circuits layout design have protection. Indian does not provide specific protection to trade secrets and also do not have a proper law for the data protection. These two are governed by the trademark law and information technology law and hence there is a requirement of specific law for these two as well in order to create a healthy environment wherein a creator of intellectual property right would feel comfortable to invest further. The current legislation on the IP laws should also be kept similar to the international standards in order to compete with other economies.

INITIATIVE IN IT ACT :

India being a developing country needs technology as well as investment to expand itself. Due to this reason, India has been curbing unnecessary restrictions on the movement of capital and technology. Previously, the limits on royalty payments, companies could remit royalty involving foreign technology transfer only up to 5% on domestic sales and 8% on exports.[1] Appropriate approval was required if the payments were to exceed this limit. These restrictions were withdrawn by the government in 2009 so as to enhance technology transfer between entities which subsequently seem to increase the overall development of the country.

For developing countries, FDI is one of the most imperative sources for their growth. India too has through a variety of modes like sectoral and regional incentives tried to augment FDI in the country. Laws have been amended and norms have been relaxed so the proliferation of foreign investment can be made into the country with sufficient ease. Depreciation rate of 25% is provided in case of know-how, patents, etc which pertains to be seemingly apposite.[2] Further, any Non-Resident Indian or a Foreign Company which earns income by the way of royalty from the government or an Indian concern will be charged only 20 percent as tax.[3] This rate is ostensibly competitive providing foreign entities to invest in India. India even has *Double Taxation Avoidance Agreement* (DTAA) with

1 *http://rbi.org.in/scripts/NotificationUser.aspx?Id=5677&Mode=0*
2 section 32(1)(ii) of the IT Act
3 115A: Tax on dividends, royalty and technical service fees in the case of foreign companies:

84 countries[4] so as to avoid taxation of the same income in some other country. Even this has been a positive indication for the investors to invest sans any hassles.

On the other hand, the Finance minister as in the General Budget 2013-14 has proposed to increase the rate of tax on payments by way of royalty and fees for technical services to non-residents from 10% to 25%.[5] This however is only where the foreign parent based in a country with which India has no DTAA. For the countries with which India has a DTAA, the rates would be applicable as per the agreement. Where on one hand the government is trying to increase the Foreign Direct Investment in India by relaxing norms and regulations, this might seem a step backward. Is it?

The bout to escalate royalty rates may look inconsequential in percentage terms but they result in huge outflow of money from the country every year. MNC's have lately begun to use the royalty route to extract inconsistent returns from their Indian arms, especially since the government relaxed the curbs on remittances (After the press note of 2009). Most multinationals have increased the rate of royalty payments after the government liberalized the policy. About $4.4 billion went out of India as royalty payments in 2012-13, nearly 20% of the $22.4 billion in foreign direct investment received by the country in the year. Such substantive figures show how removal of one norm can have a drastic impact on the overall economy, given the recently depreciated value of Indian currency.

So the time may be near to re-impose the caps on royalty payments. It might not be an investor friendly move but it is a much needed one. The government is considering such a move so as to bring in some control given the arbitrary movement in the currency market. Its effect on the growth of economy is yet to be seen.

CHALLENGES REGARDING INTELLECTUAL PROPERTY RIGHTS:

Trademark infringement/passing-off: In this electronic age, the brands have acquired altogether a different meaning. Now a brand famous in one country can easily recognizable in a country wherein the products of the brand have not yet marketed. This feature of modern market has led to the problem of infringement and passing-off of the brands which are known across the world but have not entered a particular market. A local merchant for taking advantage of the established reputation of the international brand, start manufacturing his own product under the same brand. Hence in order to curb this problem international brand can take action against the local merchant under the provision of trademark law wherein trans-border reputation has been recognized one of the ingredient for taking action against infringement and passing-off.

Indian collaborator treating the brand as its own: one of the most common problems faced by the foreign collaborators in India is regarding the misuse of the brand by the Indian counterpart in the collaboration. More often than not in case of collaboration between a foreign corporation and an Indian corporation is regarding the dispute related to brand use. After a period of time Indian party to the collaborator starts claiming the brand of the foreign collaborator as their own even though it is clearly mentioned in the Act that the use made by the licensee of a trademark would always be counted as use of the licensor. Hence it is required by the foreign investor to always be aware of the misuse of its brand and should take timely action against any misuse by collaborator or any third party.

Compulsory licensing: The recent grant of compulsory licensing to the generic pharmaceutical Natco Pharma has created a lot of negative publicity to Indian IP environment even though Indian Patent Office had its own reasons to provide the same. As Patent is provided for a limited period of time of 20 years and out of these 20 years only few years are fruitful years for a patent to make money. An environment where in the investors fear for losing its patent due to compulsory licensing would certainly not improve the FDI in India.

There are certain other challenges which an investor would face in India like counterfeiting, piracy, and data theft etc for which there is a need for a strong IP regime. A strong IP regime would help in gaining the confidence of foreign investors for inviting the FDI's.

THE RELATIONSHIP BETWEEN FDI AND ECONOMIC GROWTH:

The FDI influx is an influential factor for economic growth. With the recent move by the Indian Government to relax the norm FDI norms will help the revival of the

4 http://law.incometaxindia.gov.in/DIT/intDtaa.aspx
5 http://pib.nic.in/archieve/others/2013/feb/benglish.pdf

economy which was growing at the positive rate during the period of 2005-2010.

FDI involves not only the purchase of capital assets, including mergers and acquisitions, joint ventures, buying property, and investing in plants and equipment, but, perhaps more important to developing countries, FDI can include the transfer of managerial expertise, technological skills, and access to the investing company's global network.[6] Technology transfers from developed to developing nations are one of the most important forces behind economic development.[7] Experts argue that FDI is "the most important channel through which advanced technology is transferred to developing countries."[8]

In a communication to the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD) noted:

Direct investment by MNEs [multinational enterprises] has the potential rapidly to restructure industries at a regional or global level and to transform host economies into prodigious exporters of manufactured goods or services to the world market. In so doing, FDI can serve to integrate national markets into the world economy far more effectively than could have been achieved by traditional trade flows alone. As with private sector investment more generally, the benefits from FDI are enhanced in an environment characterized by an open trade and investment regime, an active competition policy, macroeconomic stability and privatization and deregulation. In this environment, FDI can play a key role in improving the capacity of the host country to respond to the opportunities offered by global economic integration, a goal increasingly recognized as one of the key aims of any development strategy.[9]

The move to allow 100% FDI in telecommunication sector and changes in the preposition of FDI in other sectors is a positive step for inviting the investors to invest in India although for the same, the policies regarding the grant and safeguard of intellectual property rights should also need to be parallel with international standards.

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6. *Mikhaelle Schiappacasse, Intellectual Property Rights in China: Technology Transfers and Economic Development,note 14, at 174.*
7. *Schiappacasse, supra note 14, at 167.*
8. *Press Release, WTO, Trade and Foreign Direct Investment (Oct. 9, 1996), available at http://www.wto.org/english/news_e/pres96_e/pr057_e.htm.*
9. *WTO Working Group on the Relationship Between Trade and Investment, Foreign Direct Investment and Economic Development, WT/WGTI/W/26, at 4 (Mar. 23, 1998).*

ENFORCEMENT OF FOREIGN DECREES AND AWARDS IN INDIA

Himanshu Sharma & Amee Rana[1]

INTRODUCTION

Globalization of the economy has opened new horizon for the businesses which were a distant dreams earlier in closed economy. As business transaction has taken a whole new dimension across the border hence there are various problems which were earlier not faced by the people. The emergence of disputes across the border is also a genre of globalization of business. In these disputes, jurisdiction may also be outside India and when a decree is passed by a foreign court, its execution or validity is also a question which was not easy to answer.

This article focuses on the binding nature of the foreign decrees given by courts of reciprocating foreign territories. It also talks about the ambit of section 13 of C.P.C with respect to section 44A and the enforcement of foreign arbitral awards.

LAW RELATED TO ENFORCEMENT OF FOREIGN DECREE:

Multilateral trade and international commercial transactions have led to a steep rise in international commercial disputes. India is a major global player in the world economy; therefore laws related to enforcement of foreign judgments are of utmost importance to the foreign investors interested in entering the Indian market. Foreign decrees in India are enforced solely according to the provisions of the Code of Civil Procedure, 1908 (CPC).

A decree is defined in section 2(2) of the CPC and judgment is defined in section 2(9). A judgment decides the rights and liabilities of the parties, whereas a decree follows the judgment and is its operating part. The civil procedure code also provides for the definition of a foreign judgment under section 2(6). The bare perusal of this section suggests that, a 'Foreign judgments' is a judgment given by a court that is situated outside India or where the cause of action in a case arises out of India.

A foreign judgment in India can be enforced in the following ways:

- Decrees from Courts in "reciprocating territories" can be enforced directly by filing before an Indian Court an Execution Decree.

- Judgments from "non-reciprocating territories," such as the United States, can be enforced only by filing a law suit in an Indian Court for a Judgment based on the foreign judgment. The foreign judgment is considered evidentiary. - The time limit to file such a law suit in India is within three years of the foreign judgment.

Execution of foreign Decrees by reciprocating territories in India is governed by section 44A, CPC. The said section explains the execution of any decree passed by a reciprocating territory, i.e. any country or territory outside India which is declared to be a reciprocating territory by the central government.

RECIPROCATING TERRITORY:

"Reciprocating Territory" is defined in explanation 1 to Section 44A of Civil Procedure Code as:

"Any country or territory outside India which the Central Government may, by notification in the Official Gazette, declare as a reciprocating territory."

The List of Reciprocating Territories under the Civil Laws in India are United Kingdom, Singapore, Bangladesh, UAE, Malaysia, Trinidad & Tobago, New Zealand, the Cook Islands (including Niue) and the Trust Territories of Western Samoa, Hong Kong, Papua and New Guinea, Fiji, Aden.

In case of R.I. Ltd. vs. I.G Ltd[2] it was held by Hon'ble Supreme Court that *"Where People's Republic of Bangladesh was declared as the reciprocating territory for the purpose of section 44A, the decree passed by courts of district and subordinate judges in Bangladesh specified*

1. *5th Year Student of Amity Law School, Ip university*

2. *AIR 2005 Cal 47 (50)*

as superior courts could be filed and executed under section 44A"

JUDICIAL APPROACH:

The essence of section 44A was best explained by the Supreme Court in the case, **M.V. AL. Qumar v. tsavliris salvage (international) Ltd**[1]., where the court held that, *"S.44A is an independent provision enabling a set of litigants whose litigation has come to an end by way of a foreign decree and who is desirous of enforcement of the same. It is an authorization given to the foreign judgments and the section is replete with various conditions and as such independently of any other common law rights and is an enabling provision for a foreign decree-holder to execute a foreign decree in this country."*

Further, in the case of **M.V AL. Qumar** (Supra) it was held that, *"Section 44A gives a new cause of action irrespective of its original character and as such, it cannot be termed to be emanating from the admiralty jurisdiction as such….and also that, enforcement of a foreign decree is different from scheme of domestic execution"*

Enforcement under section 44A is barred by the exceptions enshrined in section 13 of the CPC. These exceptions are:

a) Where it has not been pronounced by a Court of competent jurisdiction; Where it has not been given on the merits of the case;

b) Where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable;

c) Where the proceedings in which the judgment was obtained are opposed to natural justice;

d) Where it has been obtained by fraud;

e) Where it sustains a claim founded on a breach of any law in force in India.

Thus,"A combined reading of section 13 and 44A makes it clear that a decree of a reciprocating territory can be executed through a district court, and the judgment debtor is entitled to contest the execution petition if it can be shown that the judgment is not conclusive, i.e., it comes within any of the exceptions under section 13 (a) to (f).[2]"

ARBITRATION AND CONCILIATION ACT, 1996:

In India, Arbitration and Conciliation Act, 1996 provides for a statutory framework for the enforcement of foreign arbitral awards under Part II of the act. India is also a signatory to the New York Convention (1960) and the Geneva Convention (1924), which governs the execution of foreign arbitral awards in India.

Foreign award by definition means an award passed in such territory as the Central Government by notification may declare to be a signatory to the Geneva and New York convention. About 40 countries have been notified so far by the Indian government. The United States of America, United Kingdom, France, Germany, Japan and Singapore are among the countries notified by India. A foreign award is enforceable in India if, it involves a dispute of commercial transaction and there is a valid and written agreement between the parties. Such an award must also not be ambiguous. One interesting feature of enforcement of a foreign award is that there is no statutory appeal provided against any decision of the court rejecting objections to the award. An appeal shall lie only if the court holds the award to be non-enforceable. Hence, a decision upholding the award cannot be appealed against. However a discretionary appeal would lie to the Supreme Court of India under Article 136 of the Constitution of India. Such appeals are entertained only if the Court feels that they

3. AIR 2000 SC 2826

4 Yazman Hume Quarries S.D.N, B.H.D vs. Chellappan, (1998-1) 122 Mad 141 (DB) raise a question of fundamental importance or public interest. This is a positive approach adopted as it allows fewer opportunities to a judgment debtor to delay the enforcement of an award, much to the relief of many foreign clients.

CONCLUSION

Thus, analysis of the legal provisions involved in enforcement of foreign decrees in India emphasizes the need for the Indian courts not to treat the summons received from foreign courts casually and to efficiently adjudicate whether; the foreign courts had decided that matter judiciously or not. Lastly, it can be concluded that foreign decree in India can only be executed if the same is passed by the courts of reciprocating territory and should pass the tests as laid down in Section 13 of the Code of Civil Procedure, 1908.

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NOTICE FOR RENEWAL BEFORE EXPIRY: A DUTY ON REGISTRAR

IP Team

A trademark is an important asset of an organization and protection of the same is the utmost priority in order to enhance the value of the trademark. A trademark once registered is valid for ten years from the date of application of the trademark. The rights in a trademark are not limited for a specific period of time like other Intellectual Property Rights such as Patent, Design or Copyright. Once registered, a trademark can be renewed after every ten year till perpetuity. If an application for renewal of trade marks is not filed in the prescribed form within the prescribed time period then the trademark may be removed from the register hence timely renewal of trademark is necessary to use the rights provided by the registration.

PROCEDURE FOR RENEWAL OF TRADEMARK

Section 25 of the Trade Marks Act, 1999 provides that a trademark is due for renewal not prior to the six months before the date expiry of the trademark and an application for the renewal can be filed within this period without paying any surcharges. Once the date of renewal of trademark is expired, the owner of trademark can still file the application for the renewal in next six months after paying surcharge in addition to the fee for renewal of trademark. The owner of trademark has an obligation to renew his trademark before expiration else his trademark will be removed from the Register due to non-renewal. The Act has also put an obligation under the Act on the Registrar regarding the renewal under section 25 (3) read with Rule 64 of the Trademark Act, 1999 and Trademark Rules, 2002 and the same are reproduced below:

Further Section 25 (3) of the Act provides that

At the prescribed time before the expiration of the last registration of a trade mark the Registrar shall send notice in the prescribed manner to the registered proprietor of the date of expiration and the condition as to payment of fees and otherwise upon which a renewal of registration may be obtained, and, if at the expiration of the time prescribed in that behalf those conditions have not been duly complied with the Registrar may remove the trade from the register:

As per Rule 64 of the Trademark Rules, 2002

"At a date not less than one month and not more than three months before the expiration of the last registration of a trade mark, if no application in Form TM-12 for renewal of the registration together with the prescribed fee has been received, the Registrar shall notify the registered proprietor or in the case of a jointly registered trade mark each of the joint registered proprietors and each registered user, if any, in writing in Form O-3 of the approaching expiration at the address of their respective principal places of business in India as entered in the register or where such registered proprietor or registered user has no principal place of business in India at his address for service in India entered in the Register."

The above mentioned provisions put an obligation on the Registrar to give a notice to the registered proprietor regarding the approaching date of expiry of his trademark. Whether there is an obligation on the Registrar to give a physical notice to the proprietor regarding the approaching expiry date or the online notice of the same on the official website of the Indian Trademark Office would serve the purpose was the issue in the recent case of **Cipla limited Vs Registrar of Trademarks & Anr**[1] before the High Court of Bombay. The issue was, if the removal of a trademark without any prior notices from the registrar is ultra-vires the law.

FACTS

1. The petitioner has sought a writ of certiorari to quash and set aside the order of the respondent, removing from the register the petitioner's trademark CIPLA and a writ of mandamus directing him to restore to the register the petitioner's trade mark.

2. The mark was registered with effect from 6.11.1945 as evidenced by the certificate of registration dated 10.02.1949

3. Thereafter, the registration was renewed from time to time and was last renewed on 6.11.1995 for a period of 7 years till 6.11.2002. Thereafter, the registration was not renewed due to inadvertence.

1 Writ Petition No. 1669 of 2012

4. In the first quarter of 2012, the petitioner came to know that the trademark was removed from the Register due to non renewal.

5. The petitioner had not received any notice however from respondent No 1 notifying the date of expiration and the conditions of payment of fees for the renewal of registration.

6. The petitioner therefore caused an RTI application to be submitted on 24.04.2012 seeking information as to whether any notice in Form- 03 was issued, and if it was then to whom was it issued, the date of dispatch, the address to which it was sent and proof of delivery of the notice.

7. The petitioner received a reply dated 14.05.2012 from the assistant registrar of Trademark stating "As per Renewal Diary O-3 record is not available for the year 2002".

ISSUES

Whether a trademark registration can be removed from the Register without giving notice to the Proprietor?

CONTENTIONS

1. Contentions by the Appellants

   i. That the impugned order is contrary to Section 25 of the Act, in particular sub-section (3) thereof and Rule 64 of the Trade Marks Rules, 2002.

2. Contentions by the Respondents

   i. That the Controller- General of Patents, designs and trademarks who is the Registrar of Trademarks had issues a public notice calling upon the parties who had not paid the renewal fees and who had not received the Form O-3 notice to pay and have the trademark renewed.

JUDGMENT

The Hon'ble Court decided in favor of the appellants and directed the appellants to grant restoration and renewal of the trade mark within two weeks of the petitioner paying the requisite charges and complying with the requisite formalities.

ANALYSIS

The court in the instant case was to determine if the service of notice to the registered user of a trademark was a precondition to its removal. The court, therefore interpreted Section 25 of the Trademarks Act and Rule 64 of the Trade and Merchandise Marks Rules 2002.

Court held that "It is pertinent to note that Section 25(3) states that "the Registrar shall send notice". The use of the word shall establish that the Registrar is mandatorily required to send a notice prior to the removal of the registered trademark from the register." Further the Court also observed the judgment of Delhi High Court in case of Malhotra **Book Depot v. Union of India & Ors**[2] where the court has interpreted the section as one creating an obligation on the Registrar to give notice within one month to the registered proprietor in writing in Form O-3. The appeal in the aforementioned case affirmed the judgment of the Hon'ble High Court.

Since the removal of the Trademark from the register has civil repercussions, hence such removal cannot take place without a notice of the same being delivered to the Registered Proprietor.

Section 25 of the Act should be read with Rule 64 of the Trade Marks Rules 2002 for a better understanding of the implications of the section. In **Ispat Industries ltd v. Commissioner of customs**[3] the Hon'ble Supreme court held that the rules are subservient to the Act and cannot be contrary to the provisions of the parent Act. The court held that upon reading Rule 64 alongside Section 25 of the Act, it is pertinent that the legislative intention was to provide the registered proprietor with a notice for expiration of the registered trade mark by the Registrar mandatorily.

The counsel for the respondents contended that the Public notice issued by the Registrar to the general public calling upon the parties who have not paid the renewal fee and who had not received the notice in form O-3 to do the same for the renewal of the trademark. The above contentions were correctly denied by the Hon'ble Court. The Section 25 (3) requires

2 *2012 (49) PTC 354(Del.)*

3 *(2006) 12 SCC 583*

the Registrar to send the notice to the "registered proprietor" himself and notice to the general public cannot be deemed to be notice to the registered proprietor himself. Also, since the records pertaining to the year 2002 were not available it could not be established if the notice was affirmatively sent to the registered proprietor.

Court held that in the instant case, there was an inordinate delay in filing the suit, however, since there was no registration of the trade mark in favour of any other person, hence it was just to restore the right of the proprietor in the instant trademark.

CONCLUSION

The Registrar of Trademark has right under the Act to remove a trademark in case the same is not renewed by the Registered Proprietor within prescribed time. At the same time the Act has also put an obligation on the Registrar to remind the owner of the trademark regarding the approaching date of expiry of the trademark by giving a notice in writing. The removal of trademark from the Register without the notice being served to the registered proprietor is in contravention of section 25 of the Trade Marks Act, 1999 read with rule 64 of the Trade and Merchandise Marks Rules, 1959 and such removal is ultra-virus to the provision of the Act.

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NEWSBYTES

1. E-FILING SERVICES FOR GEOGRAPHICAL INDICATIONS.

The Controller General for Patents Designs and Trademarks had launched the e-filing portal for filing of applications for registration of Geographical Indications. The digitalization of the filing process is a great initiative towards facilitating the Applicants and making the filing procedure more convenient. The Applicants can follow the link https://ipindiaonline.gov.in/eGIR for filing the applications for registration of a GI. The digital signatures registered for Trademarks, Designs and Patents filings can be used for the filing of GI also.

2. DRAFT MANUAL FOR TRADEMARK PROCEDURE

The Trademarks Office has prepared a draft manual for Trademark filing and procedure. The same is available on the Trademarks Registry's website. The manual has been drafted with the intention of bringing clarity in the process of filing and to make filing of applications for registration of trademark easier for the Applicants. The manual is divided into three parts i.e. underlying concepts, the requirements from the stakeholders and the office action involved as per the provisions of the Trademarks Act, 1999 and the rules made there under. The Trademarks Registry has invited comments and suggestions in this regard from the stakeholders.

3. FIRST DRAFT OF IPR POLICY OUT FOR COMMENTS

The think tank constituted by Department of Industrial Policy and Promotion (DIPP) came up with the first draft of National IPR policy. The think tank was headed by Justice Prabha Sridevan, a former judge (Madras High Court) and former chairperson of the Intellectual Property Appellate Board (IPAB). Suggestions have been invited from the general public on the draft IPR policy and so far various judicial activists, IPR professionals and other concerned members have put forth their comments regarding the same.

4. TRADEMARKS RULES, 2002 AMENDED IN THE YEAR 2014

On August 1, 2014 the government introduced certain amendments in Trademarks Rules 2002.Through the amendments, the official fees for trademark application under entries 1, 3, 4, 5, 6 and 7 of the First Schedule of the TM Rules 2002 have increased from Rs. 3,500 to Rs. 4,000.further, the fees for expedited examination of an application for registration of a trademark have increased to Rs. 20,000.

5. E-FILING OF COPYRIGHT APPLICATIONS

The Copyrights Office of India has started the facility of online filing of Copyright applications. With the advent of this facility the practice of physical and hard copy filing of the applications have been completely dealt away with. Further, the details and status of the applications which are filed after 2013 can also be accessed form the Copyrights registry's website.

6. A STEP AHEAD BY IPO: ESTABLISHMENT OF NEW OFFICE AS ISA AND IPEA

On 8th September, 2014, IPO inaugurated a new building to deal with the operations of the Patent Office as an International Searching Authority (ISA) and International Preliminary Examining Authority (IPEA) under the Patent Cooperation Treaty (PCT). This introduction will not only accelerate the ISA and IPEA proceedings but it also helps in gaining IPO a step ahead among other IP countries viz. USPTO, EPO, JP etc. Further to this the IP Office also introduced a system called the 'Stack and Flow' which tracks the progress of the work happening in the Patent office and can be viewed on the website. The IPO has the distinction of being the first office in the world with such a system. This appears to be a huge boost for transparency in the working of the Patent Office as the process is now freely traceable. These are some extremely good initiatives that the IPO has put up.

7. IP EXPRESSIONS: TECHNICAL MAGAZINE OF CONTROLLERS GENERAL OF PATENTS, DESIGNS AND TRADE MARKS

The Indian Patent Office on 8th September, 2014 introduced a technical magazine of Controllers General of Patents, Designs and Trade Marks called 'IP EXPRESSIONS' in a noteworthy step towards achieving the larger goal of creating a platform for interaction on

IPR matters. Starting initially as a biannual publication, the IP Expressions is expected to benefit the IP researchers, academicians and public at large as a source of IP information. Also, this technical magazine provides a platform for the officials of IPO to share knowledge and experience gained in the field of intellectual property. It is commendable to note that this technical magazine will not only provide information of the development on Intellectual Property Rights related matters but will also enable various stakeholders to present their points of view in an effort to nurture the culture of innovation.

8. CGTDM PROJECT APPARATUS TO OBTAIN REAL-TIME INFORMATION ON PATENT APPLICATIONS

Under the Administrative reforms program being executed in Patent Office of India, and to increase the transparency offered by Indian Patent Office (IPO) a new innovation called "Stock & Flow" has been added to the search services. The said tool already existed with the Trademark. With the addition of this feature IPO claims that the work happening in the entire Patent office in India is being thrown open to the world. Reports on this are suggesting India to be the only nation in the world with such a high degree of transparency. The stock and flow feature helps one to track the work at every stage at different location on a real time basis. Joint Secretary of the DIPP, Shri D V Prasad informed that, in order to achieve speedy disposal of IP applications, there will be further intensification of infrastructure and manpower in the intellectual property offices during the 12th Five Year Plan of the Government.

9. INDIAN PATENT OFFICE (IPO) NOTIFIES THE ENABLING OF E-PCT SYSTEM

IPO on 19th November, 2014 announced in its website (http://www.ipindia.nic.in/) that the International applications filed to the Indian Patent Office as Receiving Office under the Patent Cooperation Treaty may be filed electronically using e-PCT effective from 15th November 2014.

The Official notice details the Filing and Processing in Electronic Form of International Applications and Documents Relating to International Applications. According to the notice, Since 7 January 2002, any receiving Office having the adequate technical systems in place is able to accept the filing of international applications in electronic form in accordance with Part 7 and Annex F of the Administrative Instructions under the PCT containing, respectively, the legal framework and technical standard necessary to enable the implementation of filing and processing in electronic form of international applications, as provided for under PCT Rule 89bis.1. Further it was mentioned in the Notice that on 3 November 2014, the Indian Patent Office, in its capacity as receiving Office, notified the International Bureau, under PCT Rules 89bis.1(d) and 89bis.2 and pursuant to Sections 710(a) and 713 of the Administrative Instructions under the PCT, that it is prepared to receive and process international applications in electronic form with effect from 15 November 2014.

10. AMENDMENT IN DESIGN RULES AND FEES

Recently, The Controller General of Patents, Design and Trade Marks (CGPDTM) has issued a Public Notice dated January 01, 2015, where amendment in design rules and fees has been provided. Such amendment is related to official fees for filing a new Design application well as other proceedings of Design in India. Further, two main categories of Applicant has also been mentioned and applicable fee shall depend on type of applicant.

The Important aspect of amendment Rules are produced below:

Applicants have been divided in two main categories namely: "natural person" and "other than natural person(s)" categories. Second category of applicants has been further divided in to two sub-categories

1) "small entity"
2) "others except small entity" and fee structure is amended accordingly.

New form – 24 has been introduced which has to be submitted with all new applications for claiming the status of small entity.

Addition of new clauses in Design Rules: A new clause has been inserted after rule 2(c) as under '(ca) "person other than a natural person", shall include a "small entity"

Another clause has been inserted after rule 2(e) which defines definition of small entities as under '(ea) "small entity" means, In case of enterprise engaged in the manufacture or production of goods, an enterprises where the investment in plant and machinery does not exceed the limit specified for a medium enterprise under clause (a) of sub-section (1) of the section (7) of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006); and In case of enterprise engaged in providing or rendering of services, an enterprises where the investment is not more than the limit specified for a medium enterprise under clause (b) of sub-section (1) of the section (7) of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006);

In rule 5(2) after clause (d), two new clauses have been inserted, as under: "(e) in case an application processed by a natural person is fully or partly transferred to a person other than a natural person, the difference, if any , in the scale of fees between the fees charged from a natural person and the fees chargeable from the person other than natural person in the same matter shall be paid by the new applicant with the request for transfer.
(f) in case an application processed by a small entity is fully or partly transferred to a person other than a natural person (except a small entity), the difference, if any , in the scale of fees between the fees charged from the small entity and the fees chargeable from the person other than natural person (except a small entity) in the same matter shall be paid by the new applicant with the request made for such transfer."
In rule 6 after sub-rule (1), the following proviso has been inserted: "Provided that in the case of small entity, every document, for which a fee has been specified, shall be accompanied by Form-24."

11. DESIGN REGISTRATION SYSTEM IN INDIA BY ONLINE FILING NOW

Controller General of Patents, Designs and Trade Marks vide Public Notice No. CG/F/Public Notice-Designs/2015/46 dated 09.03.2015 announce digitization of filing system in respect of Design Registration in India.

In order to expand the paperless environment and add ease of access in all the offices under Controller General of Patents, Designs & Trade Marks, electronic filing system has also been extended for the filing of new applications for registration of Designs. This will ease in meeting any deadlines for urgent filings. The e-filing system can be used with digital signatures already in use for Patent filings.

12. INDIAN PATENT LAWS AND RULES (AMENDMENT) 2014

The Indian Patent Office published the Indian Patents (Amendment) Rules, 2014 which have come effective from Friday, 28th of February, 2014. The salient features of Patent Rules 2014 are

a) A ***revised fee structure*** has been provided for filing of patent application as well as other proceedings before the Patent office.

b) A third category of Applicant in the form of "***small entity***" has been introduced apart from the natural person and for all persons other than the natural persons.

The criteria for "small entity" has been included under Rule 2 (fa) which are as follows,

i. in case an enterprise engaged in the manufacture or production of goods, an enterprise where the investment in plant and machinery does not exceed the limit specified for a medium enterprise under clause (a) of subsection (1) of Section 7 of The Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006);

   Accordingly as per this those enterprises will be considered as "small entity" wherein the investment of such an enterprise in plant and machinery does not exceed INR 100,000,000 Crore (approximately USD 1,636,000).

ii. in case of an enterprise engaged in providing or rendering of services, an enterprise where the investment in equipment is not more than the limit specified for medium enterprises under clause (b) of sub-section (1) of Section 7 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006).

Accordingly as per this those enterprises will be considered as "small entity" wherein the investment of such an enterprise in equipment does not exceed INR 50,000,000

c) The basic fee for filing a patent application has been revised based on the mode which the applicant opts to lodge his/her application. The different modes available for filing a Patent Application are through e-filing or in a physical form (i.e.submit physical copy of the application). The amended rules provide for 10% additional fee than the online filing of the application. The basic fee includes an application comprising 30 pages of specification and 10 claims.

The ***revised fee structure*** for basic filing fee of the application is follows as below:

a. For a natural person making an e-filing the basic filing fee has been raised by from INR 1000 to INR 1600 and for physical filing basic filing fee has been raised from INR 1000 to INR 1760;

b. For persons other natural persons which includes the small entity and others except the small entity (i.e. the Large Entity), the basic e-filing fee for small entities is INR 4000 and for physical filing the basic fee is INR 4400; whereas for the large entity the basic e-filing fee has been increased from INR 4000 to INR 8000 and for physical filing the basic fee has been raised from INR 4000 to INR 8800.

d) Further, ***a new Form-28*** has been introduced with the rules, has to accompany every new application. The small entities need to submit form 28 atleast once against the application number, for subsequent documents for which a fee has been specified and for which the fee application for a small entity is claimed. In case if the status of the applicant(s) change, the benefit derived from claimed 'small entity' status is no longer valid or applicable, therefore it is the responsibility of the applicant(s) to inform the Patent Office about the said change.

e) In case of an application processed as a ***small entity is transferred to a person other than a natural person*** (except small entity), the difference in the scale of fees between the fee(s) charged from a small entity and the fee(s) applicable from a person other than a natural person (except small entity) in the same matter has to be paid by the new applicant with a request for transfer.

f) A new Form 7 (A) has been provided for filing "Representation Opposing Grant Of Patent" under sub-section (1) of Section 25 and sub-rule (1) of Rule 55 of the principal rules. However no fee shall be payable for the same.

13. IPO PUBLISHES REVISED GUIDELINES IN THE FIELD OF PHARMACEUTICALS

On 1st September 2014, IPO published their revised guidelines for the examination of patent applications in the field of pharmaceuticals. The guidelines serve as supplementary to the practices and procedures followed by the Patent Office as published in other Patent office publications. Some of the important provisions covered under these guidelines include Section 2, Section 3, Claims of pharmaceutical inventions, etc.

14. CGPDTM UNVEILS INDIAN PATENT ADVANCED SEARCH SYSTEM (INPASS)

The office of the CGPDTM issued on notice on 27.02.2014, (http://www.ipindia.nic.in/iponew/publicNotice_InPASS_27February2015.pdf) stating the availability of New Patent Search Facility with Full-Text Search Capability, Indian Patent Advanced Search System. In an effort to improvise the present system IPAIRS, the Indian Patent Office has launched a new search facility that allows full-text search to be conducted for patents as well as patent applications. Though IPAIRS allows a search conducted in all the Indian Patents and Patent Applications, the system however does not allow a user to perform a full-text search. The striking feature of the new search tool INPASS is that it supports wild-cards, truncation as well as Boolean operators in all fields thereby enabling the stakeholders to conduct an advanced search in the Indian Patent Database.

15. IPO ISSUES DRAFT GUIDELINES FOR SEARCH AND EXAMINATION OF PATENT APPLICATIONS

On 4th March 2015, Controller General of Patents, Designs & Trade Marks published DRAFT GUIDELINES FOR SEARCH AND EXAMINATION OF PATENT APPLICATIONS inviting comments/suggestions on the same to be sent to the office of CGPDTM by 25th March 2015 by e-mail. The aim of the draft guidelines is to include all areas of technology and reflect the office practice so as to achieve greater transparency in its working procedure.

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NOTES

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