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Intellectual property and Tech. law updates

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Ownership and Forms of Transfer of Patents Rights in India- A Primer

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Introduction

Once a patent for an invention is granted, it is important to consider (1) if the patentee/proprietor of the patent is going to manufacture, market, sell and/or distribute the invention, (2) whether the patentee/proprietor of the patent is going to sell all rights in his/her invention to someone else for a sum of money, or (3) if the patentee/proprietor of the patent will license someone else to produce and bring the patented product to market under specified terms by the Patentee that must be met for the licensee. This article discusses how one may effect, use or monetize the patented invention.

A patent is considered as a transferrable property that can be transferred from the original patentee to any other person by assignment or by operation of law. A patent can be licensed or assigned only by the owner of the patent. In case of co-owners or joint-owners, a co-owner can assign or license the patent only upon consent of the other owner(s).

Requirements for creation of any interest in a patent:

Section 68 of the Indian Patents Act 1970 provides for the mortgage of, license or creation of any interest in the patent.

"*Assignments, etc., not to be valid unless in writing and duly executed.*[1] *—An assignment of a patent or of a share in a patent, a mortgage, license or the creation of any other interest in a patent shall not be valid unless the same were in writing and the agreement between the parties concerned is reduced to the form of a document embodying all the terms and conditions governing their rights and obligations and duly executed*"

1 https://indiankanoon.org/doc/1027357/

Requirements[2]**:**

1. The assignment, mortgage or license should be reduced to writing in a document embodying all the terms and conditions governing the rights and obligations between the parties;
2. An application for registration of such document should be filed in the prescribed manner in Form-16 within the time prescribed under section 68. The document when registered will have effect from the date of execution.

Forms/Nature of Transfer of Patent Rights:

Grant of a Patent confers to a patentee the right to prevent others from making, using, exercising or selling the invention without his permission. The following are the ways in which a patentee can deal with the patent:

1. Assignment
2. Licenses
3. Transmission of patent by operation of law

1. Assignment

The term 'assignment' is not defined in the Indian Patents Act. Assignment is an act by which the patentee assigns whole or part of his patent rights to the assignee who acquires the right to prevent others from making, using, exercising or vending the invention. There are three kinds of assignments

- Legal Assignment
- Equitable Assignment
- Mortgage

Legal Assignment: An assignment (or an agreement to assign) of an existing patent is a legal assignment, where the assignee may enter his name as the patent owner. A patent which is created by deed can only be assigned by a deed. A legal assignee entitled as the proprietor of the patent acquires all rights thereof.

2 Patent Law, Fourth edition , P.Narayanan, Eastern Law House, Pg:No:268

Equitable Assignments: Any agreement including a letter in which the patentee agrees to give a certain defined share of the patent to another person is an equitable assignment of the patent. However an assignee in such a case cannot have his name entered in the register as the proprietor of patent. But the assignee may have notice of his interest in the patent entered in the register.

Mortgages: A mortgage is an agreement in which the patent rights are wholly or partly transferred to assignee in return for a sum of money. Once the assignor repays the sum to the assignee, the patent rights are restored to assignor/patentee. The person in whose favor a mortgage is made is not entitled to have his name entered in the register as the proprietor, but he can get his name entered in the register as mortgagee.

2. Licenses:
The Patents Act allows a patentee to grant a License by the way of agreement under section 70 of the Act. A patentee by the way of granting a license may permit a licensee to make, use, or exercise the invention. A license granted is not valid unless it is in writing. The license is contract signed by the licensor and the licensee in writing and the terms agreed upon by them including the payment of royalties at a rate mentioned for all articles made under the patent. Licenses are of the following types,

- Voluntary License
- Statutory License(such as compulsory License)
- Exclusive/Limited License
- Express/Implied License

Voluntary licenses:
It is the license given to any other person to make, use and sell the patented article as agreed upon the terms of license in writing. Since it is a voluntary license, the Controller and the Central government do not have any role to play. The terms and conditions of such agreement are mutually agreed upon by the licensor and licensee. In case of any disagreement, the licensor can cancel the licensing agreement.

Statutory licenses:
Statutory licenses are granted by central government by empowering a third party to make/use the patented article without the consent of the patent holder in view of public interest. Classic example of such statutory licenses is compulsory licenses. Compulsory licenses are generally defined as *"authorizations permitting a third party to make, use, or sell a patented invention without the patent owner's consent*[3]*.*

Compulsory Licenses(CLs)
Though CLs works against the interest of the patent holder, it is granted under certain provided conditions under the Patents Act. Under section 84 of the Indian Patents Act 1970, any person can make an application for grant of a compulsory license for a patent after three years, from the date of grant of that patent, on any of the following grounds:
(a) The reasonable requirements of the public with respect to the patented invention have not been satisfied;
(b) The patented invention is not available to the public at a reasonably affordable price.
(c) The patented invention has not worked in the territory of India.

Under Section 92 A of the Act, CLs can also be granted for exporting pharmaceutical product(s) to any country incapable of manufacturing pharmaceutical products for the benefit of the people in that country, further when working of the patent required another related patent under Section 88 of the Act or on notification by the Central Government, the controller can grant a license

[3] F.M. SCHERER & JAYASHREE WATAL, POST-TRIPS OPTIONS FOR ACCESS TO PATENTED MEDICINES IN DEVELOPING COUNTRIES 13 (Comm'n on Macroeconomics & Health, Working Paper No. WG4:1, 2001), available athttp://www.cmhealth.org/docs/-wg4_paper1.pdf (last visited Dec. 16, 2013).

to an interested person. The Central or State Government can use the invention or its process for its own purpose either with or without royalty.

Exclusive Licenses and Limited Licenses:
Depending upon the degree and extent of rights conferred on the licensee, a license may be Exclusive or Limited License. An exclusive license excludes all other persons including the patentee from the right to use the invention. Any one or more rights of the patented invention can be conferred from the bundle of rights owned by the patentee. The rights may be divided and assigned, restrained entirely or in part. In a limited license, the limitation may arise as to persons, time, place, manufacture, use or sale.

Express and Implied Licenses:
An express license is one in which the permission to use the patent is given in express terms. Such a license is not valid unless it is in writing in a document embodying the terms and conditions. In case of implied license though the permission is not given in express terms, it is implied from the circumstances. For example: where a person buys a patented article, either within jurisdiction or abroad either directly from the patentee or his licensees, there is an implied license in any way and to resell it.

3. Transmission of Patent by Operation of law
When a patentee dies, his interest in the patent passes to his legal representative; in case of dissolution or winding up of a company or bankruptcy transmission of patent by operation of law occurs.

Conclusion:
An assignment is the transfer of all the proprietary rights by the patentee to the assignee while the license is the right granted to work the invention by withholding the proprietary rights with the patentee[4]. An assignee can in turn reassign his rights to third parties while the licensee cannot change the title or cannot reassign his rights to the third person. An assignee is assigned with all the rights that the patent owner can enjoy while the licensee cannot enjoy such rights. Also an assignee has the right to sue the infringer while the licensee is not empowered with the rights to sue any party for the infringement of the patent in his name. Having known the difference between assignment and license from the aforesaid, the patentee can decide the best possible way of commercializing his/her invention.

[4] IPR, Biosafety and Bioethics, Deepa Goel, Shomini Parashar, Pg Nos 88-89

DRUG REPURPOSING- PATENTABILITY SCOPE FOR SWISS TYPE CLAIMS

Suchi Rai

Drug Repurposing, the emerging trend resulting from increasing cost of new drug discovery, researches, trails and generic competition. In this article we will have a review about the potential of drug repurposing and the associated Patentability aspect. We will discuss the type of claims related to drug repurposing and their eligibility for Patent Grant in India.

[5]Introduction:

Drug repurposing (also known as drug repositioning, re-profiling, re-tasking or therapeutic switching) is the application of known drugs and compounds to treat new indications (i.e., new diseases).

A significant advantage of drug repositioning over traditional drug development is that since the repositioned drug has already passed a significant number of toxicity and other tests, its safety is known and the risk of failure for reasons of adverse toxicology are reduced. More than 90% of drugs fail during development, and this is the most significant reason for the high costs of pharmaceutical R&D. In addition, repurposed drugs can bypass much of the early cost and time needed to bring a drug to market. It significantly reduces the transition of bench research work to treatment at bedside. On the other hand, drug repositioning faces some challenges itself since the intellectual property issues surrounding the original drug may be complex and from a commercial point of view it may not always make sense to take such a drug to market.

Drug repositioning has been growing in importance in the last few years as an increasing number of drug development and pharmaceutical companies see their drug pipelines drying up and realize that many previously promising technologies have failed to deliver 'as advertised'. Computational approaches based on virtual screening of comprehensive libraries of approved and other human use compounds against large numbers of protein targets simultaneously have been developed to enhance the efficiency and success rates of drug repositioning, particularly in terms of high-throughput shotgun repurposing.

One notable example of drug repurposing is taking the partial mu-opioid receptor against buprenorphine - which has been prescribed for control of moderate pain for decades in low dosages in the form of Temgesic 200mcg sublingual tablets, Buprenex 300mcg/mL ampoules - and marketing a high-dosage formulation (Subutex 2 mg and 8 mg) for the interruption and maintenance of heroin and other opioid addictions, which it has proven very beneficial for, with over 200,000 people in the United States alone on buprenorphine maintenance.

Some of the reasons for this are that the drug has a ceiling effect - higher doses do not cause further activation of opioid receptors - and a very long half-life in >2 mg dosages. It also has an extremely high binding affinity for opioid receptors, which keeps the drug from being displaced by opioids like Dilaudid, heroin, morphine, and oxycodone, with the result that a user maintained on it cannot get high no matter what dosage taken of most opioids. The only opioids that may be able to break through the buprenorphine blockade (which are required in an acute care setting if a buprenorphine patient requires pain relief, as no standard opioids are strong enough) - drugs with similar or higher binding affinities to buprenorphine itself - are the fentanil-class opioids, and the Bentley-series opioids (cf. etorphine, dihydroetorphine), which are rarely primary drugs of abuse and not often found on the streets. Buprenorphine itself is a modified Bentley-series opioid.

[5] https://en.wikipedia.org/wiki/Drug_repositioning

Swiss type claim:

A Swiss type claim is by and large used to claim a new use of a known substance. It is normally used in the form: "Use of compound X in the manufacture of a medicament for the treatment of disorder Y." Swiss type claims can be for medicaments as well as non-medicaments.

In India claims relating to the second use of a known substance have been barred from patentability. Section 3 of the Indian Patents Act, states what are not inventions within the meaning of the Indian Patent Act.

Before the amendment of 2005, clause (d) of Section 3 of the Patents Act, 1970 read as: "the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant"

However, in 2005, clause (d) of Section 3 of the Patents Act, 1970, has been amended and now reads as: "the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant"

Explanation: "Salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations, and other derivatives of known substance shall be considered to be the same substance, unless they differ significantly in properties with regard to efficacy.

Section 3(d) of the Indian Patents Act restricts grant of patent for "incremental innovations", in many drugs unless it provides significant therapeutic advantages to existing molecules.

There have been questions on existence of section 3(d) and the defining of term efficacy in that section, how is enhanced efficacy defined in the section. The dispute relates to India's IPR regime, which prevents patenting of known drugs, and linking the marketing approval of drugs with their patent status, among other issues.

Its Interpretation is something like this:

Mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance is not patentable. Which means different forms of a known substance must differ significantly in the properties with regards to efficacy.

The examiner makes comparison with regard to properties or enhancement of efficacy between the known substance and the new form of known substance. In case the new form is further converted into another new form, the comparison is made between the already existing form and another new form but not between the base compound and another new form.

The efficacy need not be quantified in terms of numerical value to determine whether the product is efficacious because it is not possible to have a standard numerical value for efficacy for all products including pharmaceutical products.

In regard to 'efficacy' in pharmaceutical products, the Madras High Court observed: "*going by the meaning for the word "efficacy" and "therapeutic" … …, what the patent applicant is expected to show is, how effective the new discovery made would be in healing a disease/ having a good effect on the body? In other words, the patent applicant is definitely aware as to what is the "therapeutic effect" of the drug for which he had already got a patent and what is the difference between the therapeutic effect of the patented drug and the drug in respect of which patent is asked for."*

"Due to the advanced technology in all fields of science, it is possible to show by giving necessary comparative details based on such science that the discovery of a new form of a known substance had resulted in the enhancement of the known efficacy of the original substance and the derivatives so derived will not be the same substance, since the properties of the derivatives differ significantly with regard to efficacy." (Novartis AG v. Union of India W.P. 24760/06)

Mere discovery of new property of a known substance:

A mere discovery of a new property of known substance is not considered patentable. For instance, the paracetamol has antipyretic property. Further discovery of new property of paracetamol as analgesic can not be patented. Similarly, ethyl alcohol is used as solvent but further discovery of its new property as anti knocking, thereby making it usable as fuel, can not be considered patentable.

Mere discovery of any new use of known substance:

A mere discovery of new property of known substance is not considered patentable. For instance, new use of Aspirin for treatment of the cardiovascular disease, which was earlier used for analgesic purpose, is not patentable. However, a new and alternative process for preparing Aspirin is patentable. Similarly, the new use of methyl alcohol as antifreeze in automobiles. The use of methanol as a solvent is known in the prior art. A new use has been claimed in this claim as antifreeze which is not allowable. Further, a new use of Chloroquine for Sarcoidosis (a fungal disease) and for Infectious mononucleosis (a viral disease) and for Diabetic neuritis (inflammation of nerves) is not patentable.

Mere use of a known process is not patentable unless such known process results in a new product or employs at least one new reactant. Similarly mere use of known apparatus or machine for another purpose is also not considered patentable.

The term 'significant' cannot be used while interpreting the section because it is vague (the term varies with regard to the application) Therefore, in order for a new drug (in respect of which a patent is asked for) to have greater efficacy when compared to a known drug, the new drug must not be bio-equivalent to the patented drug i.e. the new drug must lie outside the defined range of bio-equivalency when compared to the existing drug.

The reason why Big Pharma dislikes Section 3(d) is that it makes it difficult to get patent rights for new (physical) forms or admixtures of previously known new chemical entities (NCEs) unless these seemingly trivial changes bring 'significant improvement in the efficacy' of the product in question. If vigorously implemented, 3(d) can thwart stockpiling of separate 20-year patents for multiple attributes of a single product. It is not that the Indian patent office haven't granted patents for deserving incremental inventions that are of real therapeutic value to the patient-consumer.

Novelty:

Considering the novelty aspect in Drug Repurposing, it is important to consider that prior public use of the invention is novelty destroying. Therefore in case the known substance has been administered as a medicament earlier, it is unlikely that its new therapeutic use would be patentable unless the prior use did not result in the same chemical effect within the body. It can be said that the use of a known medicament in the manufacture of a medicament for a different therapeutic indication may not be patentable. A new form of a known substance may however be patentable in case there is enhancement of efficacy.

Treatment of new indication:

It is important to consider clause (i) of Section 3 of Patents Act, 1970, here while discussing Swiss type claims.

Section 3 (i) says any process for the medicinal, surgical, curative, prophylactic [diagnostic, therapeutic] or other treatment of human beings or any process for a similar treatment of animals to render them free of disease or to increase their economic value or that of their products.

Accordingly Section 3 (i) prevents the patenting of the process for the medical treatment of human beings or animals. One needs to consider the claims accordingly differentiating between the use of a substance in the preparation of a medicine for the treatment of a disease and the process for treating a disease using a substance.

It is important to consider factors like “New therapeutic use for a known substance”, “New form of a known substance” and “Efficacy of the new form of the known substance”, while drafting of claims.

In India, any claim pertaining to method of treatment of a disease is not patentable.

INTELLECTUAL PROPERTY AUDIT

Martand Nemana

INTODUCTION

The behest of the changing time has made the consumers evolve and modulate as per the changing standards of the market. From what was once a consumer driven society has now turned into a capital driven society, thus making the business houses control the way the consumers delve into the commodities of the relevant sectors. The world in the past few decades has also witnessed a comprehensive shift and the outlook with which people look upon Intellectual Property (referred to as IP hereafter) as a whole. Though most world leaders of business pastures have realized that their revenues to be directly proportional to their intangible assets which they already hold, the need to further secure, acquire and effectively utilize the principles have called for new reforms in the legal sectors.

Intellectual Property or IP as they know it has evolved as one of the highest revenue earning sources for the companies. With the changing times, companies apart from the physical infrastructure are now seen to emphasize upon the stringent needs to harness a proper intellectual infrastructure. The companies have started realizing the original potential of the their intellectual property in the post 1990 era, where the advent and insurgence of the internet made the companies and their consumers well versed with each other, providing them with ample opportunity and scope to establish themselves as a prominent entity in the relevant sector of the business.

Given the present day scenario where the world seems to be living a dual phased physical and digital life the companies have started to assimilate the value of the IP more than ever before and the IP is now a part of all the major transactions such as business decisions and transactions, and that recognition has increased the demand for IP audits in order to assess the potential and to create a level playing field for the competitors in the relevant market sector.

WHAT IS AN IP AUDIT?

IP audit has been defined as a systematic review of the IP owned, used or acquired by a business so as to assess and manage risk, remedy problems and implement best practices in IP asset management.

IP Audit is a tool which is mostly used by the companies to take into account the intangible assets which they have generated / developed in the certain span of time. Thought the IP is intangible in nature, but it contributes to a very crucial core value of the company, i.e. the goodwill which they brand has in the market. Tentatively speaking the goodwill of the IP is one of the crucial reasons for which the industries acquire protection. This goodwill thus generated is then represented as the consumer preference and the acceptability of the brand in the market which is now a major reason for generating revenue.

Keeping in mind the changing times and given the digital society we live in, the companies have never been more aggressive regarding their promotion, advertisements and collaborations regarding their products. This has thus resulted them to start delving into the wilderness of the market which makes them susceptible to damage / threats and other legal challenges. The scenario thus has presented an alarming need, which needs the IP owners to be more aggressive and well prepared before an actual impact is caused.

HOW DOES THE AUDIT FUNCTION?

The IP Audit follows the SWOT analysis process as below:

1. **S** – *Strength*: To assess the strongest and safest points of the IP of the owner. This could range from the goodwill of the product to the well framed legal and comprehensive protection which would be the best asset of the owner.

2. **W** – *Weakness*: One of the major aims of the IP Audit is to identify the weak spots and loose ends which would be the possible breeding grounds to future legal disputes. The Audit would help the owner, to prepare well in advance and also help them to device a full proof mechanism to overcome such abnormalities.

3. **O** – *Opportunities*: IP audit can also be seen as preparation which the owner carries out to assess the present situation before proceeding to take any further actions. The owner of an IP could also undertake such preparatory measures before proceedings to use their IP to generate revenues, like licensing, tech – transfer and leasing.

4. **T** – *Threats*: The intangible rights being vulnerable and frail are always defenseless without proper protection and legal enforcements. Given the highly digital and technologically advanced competitive market threats to the IP have been imminent and thus the IP Audit serves at timely interval serves the owner to entail and trace the source of possible conflict and take adequate measure to avert it.

MEATHOD OF IP AUDIT:

'Audit' in normal parlance, refers to a detailed, formal examination and verification of the accounts and processes of an enterprise, which is undertaken to understand the overall picture of its financial position and good standing in the market. An audit is followed by a report on the findings of the diligence, which can be used by the enterprise for planning the future growth of business.[6]

In order to conduct an IP Audit, it is most important to identify and determine in advance to the desired objective of the audit. The major scope of preparing an action plan would depend upon the following grounds:

1. Duration of the company in the market,
2. Geographical presence and jurisdictions which the company operates in.
3. Size of the company and the amount of subsidiaries involved
4. Creating a target plan to achieve the milestones and meet crucial deadlines in order to harness the complete potential of the IP of the company.

Once, the aforesaid guidelines have been set, it is then important to procure the relevant information relating to the IP of the company, which can be briefly devised into the following criterions:

1. Collating information about the global IP presence of the company in forms of various filings and existing registrations;
2. Various contractual, licensing and R&D contracts which the company might have taken in relation its existing IP;
3. The classification of the existing IP and to understand the future prospects of developing the same;
4. Legal encumbrances, involvements and responsibilities of the company as a whole which may affect the profile of the company and its intellectual property.

Through various embodiments the IP audit affective provides an assessment over the following concerns:

1. To identify the scope of the present and to create a future profile for the tangible assets of the company.
2. To reinforce the IP protection mechanism and device secure portfolio to avoid legal conflicts.
3. To identify the idle IP and to set them in process and to harness them as a potential.
4. To assess the financial equivalent of the assets and to be able to use

[6] https://goo.gl/RqZykH

them as leverage or guarantee with other financial institutions.

5. To foresee and steer clear of any risks or unwanted litigation which may evolve or affect the functioning and profile of the applicant in the market.
6. To reduce unnecessary cost and legal expenses.

TYPES OF IP AUDIT:

An audit can be classified on the scope and reason for which the audit has been carried out. It is broadly classified into the following types:

1. General: Mostly carried out as a part of the general audit which the company should undertake time to time, to assess and evaluate the value of their assets.
2. Specific: Mostly carried out in order to pin point and identify the crucial area which might be either about an existing right or a right which may be procured in the near future.

CONCLUSION

The changing times have made us realize that the intangible assets have slowly become a significant part of the economic value of the knowledge economy. The most important factor for a long standing market presence in to recognize the scope for IP and to capitalize on its real value.

Though IP protection is available in across the globe in various methods like registrations, filings, licensing, restraining from misuse, however mostly the owners fail to realize the value and to safeguard to asset at hand. For every market entities being caught off the guard to could lead to turmoil, both financially and goodwill wise, which would prove highly detrimental to the organizations future.

Given the concept of global village, and aided with the information technology the world has really become a very small place and hence the rise in the need of protection. It is equally important to create an IP asset and also to safeguard to its ownership and efficient management. It's time that the companies should realize the importance of these rights and put them to right exercise.

Unconventional Trademarks in India

Shrabani Rout

Introduction

A trademark according to S.2(1)(zb) of the Trademarks Act means "a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colors." From a cursory reading of the same, it can be seen that the definition is quite open-ended. Any mark, be it a word, device, brand, heading, letter, numeral etc if capable of distinguishing goods and services of one person from that of another, can be registered as a trademark. Although the entire aforementioned find place in the definition of a mark, there are certain marks such as smell and single colors that do not find a mention in the Act. They can still however be protected and given trademark status.

What is an unconventional mark?

Traditionally trademarks can be defined as any mark which is unique to the product and was identified with the origin of the product. These marks would usually be word marks, device marks, numeral etc. An unconventional trademark is a type of trademark which does not fall into the category of conventional or traditional trademarks. An unconventional trademark is mainly in the form of sound marks, smell marks, shape marks or color marks. An unconventional mark must possess the communicative ability of being able to differentiate the goods and services of one person from that of another. The mark should have the potential to be distinctive; it must indicate source and thereby distinguish the goods or services from others.

Law regarding unconventional marks

Law in US

In the United States, trademarks are governed by the Lanham Act of 1946. The Lanham Act encompasses unconventional marks by not expressly excluding them. The Lanham Act does not require graphical representation as a pre-requisite for filing a trademark application. Therefore, unconventional marks are fairly easy to register in the U.S. To put it simply, any mark that is non-visual in nature would only require a detailed verbal description for it to be considered for registration.[7] Therefore a sound mark, smell mark or any other unconventional mark, if proven to be distinctive can be registered under the Lanham Act.

Another criterion for these unconventional marks to be registered is that they should not be functional in nature. Under the doctrine of functionality, applicants are prohibited from trying to register a mark which has a direct nexus to the good or is in fact a feature which is essential to the genre of goods it is applied to. There should be no nexus between the smell and the function of the good it is applied to. The first U.S scent mark registration was issued in 1990 in the case of *In re Celia, d/b/a Clarke's Osewez*, [8]The scent registered was for a "high impact, fresh, floral fragrance reminiscent of Plumeria blossoms" used in connection with "sewing thread and embroidery yarn".

Some of the sound marks registered in the U.S are:

- Tarzan's yell
- Merrie Melodies theme song
- The spoken term 'cha-ching'
- The NBC chimes

As for color trademarks, in 1985,the U.S Court of appeals for the Federal Circuit held in *IN Re Owens-Corning Fiber–glass*[9] that the color pink as uniformly applied to fibrous glass home insulation was registrable as a trademark.

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[7] Harsimran Kalra, *Unconventional trademarks: the emergent need for a change*, Indian Law journal,2007 available at <http://www.indialawjournal.org/archives/volume4/issue_1/article_by_harsimran.html>

[8] 17 USPQ2d 1238 (TTAB 1990).

[9] 774 F.2d 1116

This was one of the earliest decisions on the registrability of single color marks.[10]

The most recent example would be the case of Christian Louboutin vs. Yves Saint Laurent.[11] Christian Louboutin, a renowned footwear brand based in Paris produces luxury footwear, the vast majority of which consists of a red lacquered outsole. Christian Louboutin applied for a registration for the red sole and was granted federal registration in 2008. In 2011, YSL launched a series of monochromatic shoes including red. The shoe consisted of a red insole, heel, upper and outsole. Louboutin requested the removal of the allegedly infringing shoes from the market, and Louboutin and YSL briefly entered into negotiations in order to avert litigation. The negotiations having failed, Louboutin filed a trademark infringement action on April 7, 2011, asserting claims under the Lanham Act including trademark infringement and counterfeiting, false designation of origin, unfair competition, and trademark dilution. In the absence of inherent distinctiveness, the court focused on whether the Red Sole Trademark had achieved secondary meaning, considering several types of evidence, including consumer surveys, Louboutin's advertising expenditures, media coverage, and worldwide sales for footwear. With this in mind, the court found that the Red Sole Trademark had, in fact, acquired secondary meaning.

Law in U.K

The status of unconventional trademarks is significantly different in EU. Graphical representation is mandatory. A trade mark may consist of a sign which is not in itself capable of being perceived visually, provided that it can be represented graphically. The European Court of Justice while discussing graphical representation in Sieckmann vs. Deutsches Patent-und Markenamt[12] laid down the following criteria for graphical representation. The Court held that," the representation must be clear, precise, self-contained, easily accessible, intelligible, durable and objective." In Sieckmann, the Applicant attempted to represent the mark by (I) indicating the name of the chemical substance, methyl cinnamate; (ii) the structural formula for that substance (C6H5-CH=CHCOOCH3) (iii) submitting an odour sample in a container (iv) describing the scent as 'balsamically fruity with a slight hint of cinnamon.' The ECJ found faults with each representation. For e.g. The ECJ ruled that while the description was easily accessible and intelligible, it was not clear, precise or objective. The chemical formula was objective but it was not self contained as it was deemed to represent the substance rather than the smell of that substance. A trademark can be protected throughout the EU by registering the mark as a Community trade mark (CTM) with the Office for Harmonization in the Internal Market (OHIM). Common scents that have been accepted by OHIM include the written descriptions of "the smell of fresh cut grass" for tennis balls.

To summarize, that registration of untraditional marks in EU is indeed difficult in the face of the strict legislation.

Law in India

The new trademark rules that came into existence on 6th March 2017 ushered in a new era for registration of unconventional marks. The new trademark rules provide for the registration of sound marks under Rule 26(5). Sound marks can be registered by submitting a sound clip along with the musical notations. Color marks can be applied for by submitting a reproduction of that combination of colors. The onus will be on the Applicant to show that the color or sound has acquired

[10] Linda B Samuels and Jeffrey M Samuels, *Color Trademarks :Protection under U.S Law*, Journal of Public policy and Marketing, Vol. 15, No. 2 (Fall, 1996), pp. 303-307 available at < https://www.jstor.org/stable/30000364?seq=1#page_scan_tab_contents>

[11] 696 F.3d 206(2012)

[12] Sieckmann v. Deutsches Patent-und Markenamt(C-273/00)[2003] E.T.M.R 37

distinctiveness or secondary meaning due to continuous bonafide usage. As for smell mark registration, there is no provision till date.
ICICI bank was the first Indian entity to get a sound mark registration for its jingle.[13]

Even if a mark is not inherently distinctive, brand owners can still apply for a trademark if the mark has acquired distinctiveness due to its use over a long period of time. This mostly applies to color marks. Combination of colors or single colors is not easy to be established as inherently distinctive. During application, the applicant must provide evidence to show that the color or combination of colors is solely associated with them and exclusively designates their goods and the public associates the color with the goods of the application. The burden of proof is on the applicant to show that the color has acquired distinctiveness or secondary meaning.

The Trademark Act, 1999 draws influence from both US trademark law as well as UK. The doctrine of functionality which is an essential part of US law finds place in Indian trademark law as well. Similarly, graphical representation is mandatory for a mark to be granted registration in both Indian as well as UK law.

Challenges faced during registration of unconventional marks

Trademark registration systems have evolved around mostly conventional subject matter i.e. something that is visual and consists of words or devices. Registration of unconventional trademarks like smells marks, color marks sound and shape marks are yet to gain momentum.

There are quite a number of challenges before the applicant who wishes to register unconventional subject matter. How does one represent a sound or scent using words and drawings? Applying this criteria to word and device marks is easy. The problem however arises when a smell mark or sound mark has to be registered. The registration of color marks however is not very difficult if the applicant can prove that the color or combination of colors has acquired secondary meaning and distinctiveness after being in use by the applicant for such a long period of time that consumers have begun associating the color with the goods of the applicant. For instance, Cadbury's distinctive shade of purple (Pantone 2865C) packaging for its milk chocolates was granted registration on 1st October 2012 after a long drawn out legal battle with Nestle. While graphical representation of color is possible by referring to any international system of color viz., Panton or RAL it is hard or rather impossible for a color to be inherently distinctive.

The Indian judiciary in has acknowledged color as a part of trade dress and provided protection to it in *Colgate Palmolive Company v. Anchor Health & Beauty Care Pvt. Ltd*[14]

Conclusion:

The new trademark rules have extensively laid down the procedure for application of unconventional marks. The grant of Yahoo's sound mark was a very healthy development for the trademark regime in India. But there is still a need for the law to catch up with modern marketing techniques that use colors, shapes, scents and sounds to make their product distinctive.

If an unconventional mark is distinctive and not functional, it should be given trademark protection. Unconventional trademarks will definitely attract a new variety of customers who are more closely connected to the feel of the trademark rather than its visual appeal. Unconventional trademarks would help an ordinary consumer wit imperfect recollection

[13] Vaibhav Aggarwal, *ICICI Bank gets its corporate jingle trademark registered, Rupee Times,* March 14,2011; available at <http://www.rupeetimes.com/news/car_loans/icici_bank_gets_its_corporate_jingle_trademark_registered_5058.html>

[14] 2005(31) PTC 583 DEL

to help identify any product which they would usually not be able to differentiate between. Granting unconventional trademarks to companies would act as an incentive for other undertakings to develop new and innovative ways of branding and marketing their goods.
'Visual perception should not be and is not a sine qua non for building brand association in the minds of consumers.' [15]

[15] Vatsala Sahay, A defence of unconventional Trademarks available at < https://spicyip.com/2010/09/guest-post-defence-of-unconventional.html>

"ROYALTY FREE PATENT LICENSING" AN ANTIDOTE FOR PATENT TROLLS

Monika Shailesh

Patent Assertion Entities (PAEs) are business that take hold of the patents from third parties and use them to generate revenue by asserting the acquired patents against alleged patent infringers. It is also sometimes referred to as Patent Trolls. Both the legal system as well as the IPR industry suffers a lot of revenue loss and wastage of time due to these fake patent infringement lawsuits. In a recent report "Patent Assertion Entity Activity: An FTC Study "from Federal Trade Commission, examines non-public information and data for a period from 2009 to 2014. The data and information is based on about 22 PAE and 327 of respective PAE associates and approx. 2100 holding entities. The report states that about 96 percent of all patent infringements lawsuits were filed by litigation PAE's and have generated about 20 percent revenue of these PAE's. As per the report about 93 percent of the patent licensing agreements held by the PAE's resulted from litigations[16].

The study found that the payments usually yielded by Litigation PAE licenses were less than the lower limits of early stage litigation costs. This data is consistent with nuisance litigation, in which defendant companies decide to settle based on the cost of litigation rather than the likelihood of their infringement[1]. The report identifies that while fair infringement litigations plays a vital role in protecting the IP Rights and a healthy legal system promotes respect for the patent laws, nuisance infringement litigations causes a very tax on the resources and distract focus from productive business behavior. It is estimated that PAE's file somewhere around 3500 to 4000 lawsuits in US alone and are responsible for about 84% of high tech patent litigation in USA. The number of nuisance patent lawsuits in USA alone has jumped 500% in a period from 2005 to 2014. This has caused the country a loss of around $80 billion per year. These PAE's gather most of these patents from operating companies then from the Inventor or the Universities. In order to protect the IPR industry from these devious trolls many organizations have joined hands through Royalty Free Licensing.

The LOTNETWORK or LOT Agreement is an industry-led networked, royalty-free patent cross licensing agreement for transferred patents launched by business members, including Canon, Dropbox, Google and SAP with assistances by many others. According to the LOT Contract, every business that takes part bequest a license to the other members where the license becomes operative only when patents are transferred to non-participants. Transfers as part of certain spin outs or a Change of Control to a Non-Assertion Entity are carved out. This program protects LOT participants from patent attacks by the PAE's to which the patent is sold, while preserving participant's full use of their portfolio[17]. PAE's depend mainly on operating companies to take hold of patents, it is estimated that about 80% of the patents asserted by PAE's come from operating companies. Now if in case a PAE manages to purchase patent from an operating company that is a member of the **LOTNETWORK** then it cannot drag other participating members in nuisance patent litigation. Due to this the members of LOT are protected in two ways firstly the direct risk of fraudulent litigation is eradicated and secondly it disrupts the PAE cycle that costs consumers, shareholders and tax payers a fortune. LOT is a Non Profit community that works to protect the interest

[16] https://www.ftc.gov/news-events/press-releases/2016/10/ftc-report-sheds-new-light-how- patent-assertion-entities-operate

[17] https://www.google.com/patents/licensing/lot/

of innovators by protecting patents. LOT identifies the PAE's with the fact that if more than half of the total revenue of the entity and its affiliates come from patent assertion in a period of one year or if the higher management approves the plan to do so by using patent litigations those entities are classified as PAE's. LOT is highly beneficial for the Startups as the entities which do not have any patents can also join the LOTNETWORK and get protected from patent trolls.

ADVANTAGES OF LOTNETWORK

1. Participants are free to cross license their patents.
2. Participants are free to assert their patent for any alleged patent infringement by a non LOTNETWORK company.
3. Participants are free to sell an owned patent to anyone.
4. There is no burden to give notice before leaving the network.
5. No need to list the patents owned at the time of entry
6. Don't have to report.

Since 2014 when the LOTNETWORK was formed 42 different LOT members have divested over 42000 assets. 35 of those assets have been held by 8 different PAE's and atleast 97% of those assets were divested after the member joined LOT. Still no LOT member has ever been sued by an asset from LOT. LOTNETWORK has helped business to trust the suppliers and affiliates more. It has also helped business entities to stabilize the supply chain and its management while saving a net worth of 29 billion.[18] LOT has also helped suppliers to gain access to IP. It has reduced the indemnification costs and has helped the suppliers to become preferred supplier.

NON STICKY DEFENSIVE PATENT LICENSING [19]

The defensive patent license is a non-negotiated network which is portfolio wide, royalty free, patent cross license without the right to sublicense. Patents in this system are readily available with no royalty to pay. This is applicable to members that abide by the same rules to similarly license patents owned by them. The earlier version of DPL was also known as STICKY DPL as in this system the license is irrevocable, so once a company joins the DPL the patents that the participant holds at the time of joining are immediately and irrevocably licensed and the license continues even if the participant moves out of the DPL. However since these terms were a bit hard another version of DPL was introduced and it is known as NON STICKY DPL. In this system the license is automatically granted and terminated when a participant moves in the group or moves out of the group. This is an attempt to make DPL more enticing with little to no risk while maintaining all other facilities. [3]

ADVANTAGES OF "DPL"

Reduced patent risk and true competition- If a significantly large number of companies in an industry join the DPL it significantly reduces the risk of patent assertion on these companies. Since in DPL the participants mandatorily license their patents the competition is purely based on the quality of product and services.

1. **Power of Networking**- The more the number of companies join DPL more is the power each participant share towards protecting itself from patent trolls, it further enhances its attractiveness to entice more companies to join and in turn changes the patent landscape.
2. **Moral high ground/greater participation in patenting efforts/improved recruiting**- The

[18] http://lotnet.com/wp-content/uploads/2017/01/Introduction-of-LOT-2.0.pdf

[19] https://www.google.com/patents/licensing/dpl/non-sticky/

DPL might make available a chance for a corporation to express a specific interpretation about competition and patent litigation. If a recognized business (or a set of companies) were to be the earliest to join the DPL, it would make a influential announcement to the marketplace. Many engineers/inventors may be more willing or eager to assist in seeking patents on behalf of a company that participate in the DPL. It may also help in hiring sought-after recruits, e.g., software engineers, who believe the current patent system needs improvement.

FIELD OF USE AGREEMENT

Field of use is the restrictions that are placed on a license granted for the use of a patent. Field of use restrictions prevents the over and reckless use of patent by restricting the use of patent to a certain industry or to a certain product. Field of use agreement is royalty free cross license and is available to members of the community or the network. Field of use licensing help the patent owner's control how the patent and inventions are used so the members in the community are free to use the patents or the inventions of other members without any fear of any nuisance litigations from PAE's. The only condition here is that the way and the extent to which the patent or invention is used are set forward by the patent owner.

Open invention network

Open source software has been one of the greatest sources of invention. It has enabled developers to invent software solution for almost all the purposes be it for the business houses for schools for universities or even for the non-commercial personal use. Free software gives a platform to the end users like government business houses educational institutes and the personal users more and more choices and customization to get technology as required best suited to the needs. It has provided a platform where one can unleash its full potential of innovation. However this platform is also not free from the harsh effect of PAE's, Unfortunately Open source software have also seen a rise in patent assertions in the previous decade. It was thought that the very basic fabric of open source is based on the culture of innovation modality which is collective in nature and it is based on engagement and sharing and thus will be immune to PAE's assertions. The Open invention network work to further strengthen the protection of open source from attacks. The Open Invention Network is a shared defensive Patent pool with the mission to protect Linux. Launched in 2005, OIN has strong industry support with backing from Google, IBM, NEC, Philips, Red Hat, Sony, SUSE, and Toyota. Any company, project or developer that is working on Linux, GNU, Android or any other Linux-related software is welcome to join OIN, free of charge or royalties.[20]

Comparison Table [21]

[20] http://www.openinventionnetwork.com/about-us/

[21] https://www.google.com/patents/licensing/comparison/

	NSDPL	SDPL	LOT	Field-of-Use (FOU)
Short Description	Non-Sticky Multi-Party Defensive Patent Cross License	Sticky Multi-Party Defensive Patent Cross License	License on Transfer of Patents	Field-of-Use Multi-Party Patent Cross License
License Grant	royalty-free, all statutory rights, no sublicense rights	royalty-free, all statutory rights, no sublicense rights	royalty-free, all statutory rights, no sublicense rights	royalty-free, all statutory rights, no sublicense rights
Licensed Patents	Portfolio-Wide	Portfolio-Wide	Transferred Patents Only	Portfolio-Wide (but practically speaking only those patents that are swept in by the field of use are licensed)
Licensed Products	All	All	All	Field-of-Use
Term	Member can announce withdrawal at any time – inbound and outbound license to withdrawn member is automatically terminated upon expiration of withdrawal notice period (e.g., 6 months)	Outbound license for withdrawing member perpetual regardless of withdrawal. Inbound can be terminated upon withdrawal.	perpetual if member stays in LOT agreement	perpetual for licensed patents
Patents are Licensed on Transfer	Yes	Yes	Yes	Yes
Withdrawal Provision	Member can announce withdrawal at any time – inbound and outbound license to withdrawn member is automatically terminated upon expiration of withdrawal notice period (e.g., 6 months)	Upon withdrawal, for withdrawing member, existing licenses to other members remain in effect. Non-withdrawing members can terminate license to withdrawing member.	Member can announce withdrawal at any time and withdrawal becomes effective upon expiration of withdrawal notice period (e.g., 6 months)	Upon a change in the field of use, a member has option to withdraw. For withdrawing member, licensed patents remain licensed inbound and outbound under old FOU

CONCLUSION

In order to promote a healthy atmosphere and technology ecosystem to entice innovators we need to protect the interest of genuine patent owners and the business houses from nuisance patent assertions. In spirit of fostering innovations we need to embrace the innovation community with the protection in form of collective defensive sharing of intellectual property across variety of technical areas. Open sources and royalty free sharing of patents and innovation has helped to mitigate the nuisance created by the PAE's or the Trolls. A number of networks and community like LOT, OIN etc. has been successfully able to prevent the members from unscrupulous litigations. In 2015 Toyota announced to release 5680 patents pertaining to hydrogen cell technology for cars on royalty free basis. This collective sharing will definitely encourage the innovators, while the business houses can focus more on product quality safety and services rather than to worry about the nuisance patent litigation saving a lot of resources and time.