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## EDITORIAL

Dear Readers,

Vaikunta Baliga College of Law, Udupi, proudly presents before all our readers the VBCL Special Review of the Seminar Proceedings on 'The Intellectual Property Rights For A Better Future: The Current Scenario In India' organised on 26<sup>th</sup> April 2022 in the college through the online mode. It was an attempt culminated on the occasion of the 'World Intellectual Property Day' celebrated on April 26<sup>th</sup> 2022, with the assistance of college PTA and IQAC.

Intellectual Property is an ever expanding and dynamic area of study with various dimensions. Since the advent of the TRIPS agreement, the world has witnessed the explosion of Intellectual Property Rights and its allied streams. Protection of Intellectual Property Rights is concomitant to the development of any nation. Much has been discussed about its challenges, possibilities, monetary benefits, innovations, licenses etc., India, with its fast developing trade and economy owes to a greater extent to the Intellectual Property realm of the country. At the same time, in India, the complexities and divergences created by Intellectual Property Rights are ever increasing. The weak enforcement of the Intellectual Property Laws and poor awareness among the people about the laws and IPR Policy is a major obstacle in its way forward to a developed country. The National Seminar was specifically designed to cater to the attention of researchers, academicians and IPR Professionals to address the issues and to shed light on the areas where the authorities need to concentrate more for a better future.

In response to our invitation, we have received immense responses from the participants from various Universities and institutions. Prof.(Dr.) T.Ramakrishna, Chairman, IPR Centre, National Law School of India University, Bengaluru was the chief guest and inaugurator of the one day National Seminar. Prof.(Dr.) Arundhathi Kulakarni, Dean at Higher

Education Academy, Dharwad, Prof(Dr.) Prakash Kanive, Professor, School of Law, Alliance University, Bengaluru and Prof.(Dr.) Rahul J. Nikam, Associate Professor, Marwadi University, Rajkot, Gujarat were the resource persons. Prof.(Dr.) Nirmala Kumari, Principal, Vaikunta Baliga College of Law, Udupi presided over the program. Papers were presented on different aspects of Intellectual Property Rights, such as IPR issues and Challenges, Patents and BlockChain, Fair Use in the Internet sphere, IP rights and Human rights, Design Law, Copyrights, Trademark, Geographical Indications of different products, Ever greening of Pharmaceutical Patents, Gender equality and IP Regime, Protection of Traditional Knowledge, Trade mark and Domain name disputes, Legal study of big data etc.

The special edition of VBCL Law Review is a compilation of selected research papers we have received for the seminar. I hope this would be helpful to all who likes to gather more knowledge in this concerned area.

**Prof.(Dr.) Nirmala Kumari. K**

Principal

Vaikunta Baliga College of Law, Udupi-02

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# LEGAL PROTECTION OF BIOLOGICAL DIVERSITY IN INDIA

Dr. Prakash Kanive\* & Dr. Devaiah N. G.\*\*

## Abstract

*The evolution of life on the earth remarkably exists with the bio species that are embodied in flora and fauna of ecology. Biodiversity describes the richness and variety of life on the earth. It is most complex and important feature of our planet. Life would not sustain without biodiversity. It is important in natural and artificial ecosystems. It refers to variabilities among plants, animals, and microorganisms. Ten years after Convention on Biological Diversity 1992, government of India enacted Biological Diversity Act 2002 with the objective of conserving biodiversity and manage its sustainable use and ensuring fair equitable benefit sharing from the use of biological resources with the local stake holders. The Biological Diversity Act provides that the Biodiversity Management Committee has to maintain People's Biodiversity Register, which constitutes basic records of the regions biological resources and its associated knowledge of local people. Biological Diversity Bill 2021 has been introduced with the object of reducing the burden on wild biological resources and to encourage cultivation of such resources.*

**Key words:** Medicinal Plants, AYUSH, Benefit sharing, Biological Diversity, National biodiversity Authority.

## INTRODUCTION

We are living in a society called global village, where we see perennial advancement in science and technology. Regularly people innovate and create something new and try to use them commercially. Hence inevitably we must adapt ourselves to the changed situation in the society. But apparently

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there are misfortunes associated with such so called technological development, infrastructure development, exploitation of biological resources and energy resources. Precisely they are called climate change, global warming, loss of biological diversity, desertification, and deforestation etc., It results in eco-system imbalance. In the eco-system we see interdependence between animate and inanimate things<sup>1</sup> the corollary effect of this interdependence is food, oxygen, fresh water, fertile soil, fuel, and eco-system services like moderating storm, mitigating climate change etc<sup>2</sup>. It enabled millions of species including human beings to survive on the planet. India became signatory to Convention on Biodiversity 1992<sup>3</sup> (CBD), which provided framework for conservation of natural resources and its sustainable management and use. Based on framework provided under CBD, Biological Diversity Act 2002 was enacted in India. Its primary objectives are to preserve biological resources by taking appropriate actions against the risk of indiscriminate exploitation of resources and to ensure its sustainable use<sup>4</sup>. In this article an attempt is made to critically analyse the effective implementation of Biodiversity Act 2002 with special reference to the proposed 2021 Biodiversity (Amendment) Bill

## **STATUS REPORT OF INTERNATIONAL UNION FOR CONSERVATION OF NATURE (IUCN)<sup>5</sup>**

Report reveals that out of 47,667 species, 17,291 are threatened with extinction, out of 5490 mammalian species 79 are extinct, 188 are critically endangered, 449 are endangered and 505 are vulnerable. Out of 6285 amphibian species are in danger of becoming extinct. Further, report says between 1970 and 2000 the quantum of species are reduced by 40%.

Out of world's 25 biodiversity hotspots, India has got two, namely very fragile Western Ghats and Northeast Himalayan mountains. India is also one of the mega biodiversity countries in the world bestowed with 7- 8% of the world species

## **BACKGROUND OF BIOLOGICAL DIVERSITY ACT**

It is one of the constitutional obligations on the part of Government to comply with international treaties and agreements<sup>6</sup>. Accordingly, government signed the Convention on Biological Diversity (CBD) in May

1 Shyam Divan, Armin Rosencranz, ENVIRONMENTAL LAW, AND POLICY IN INDIA, (Second edition)Oxford Press, 2002.p 4

2 Ecosystem Service, available at <<https://byjus.com/biology/ecosystem-services/>> accessed on March 20th, 2022

3 Convention on Biological Diversity CBD 1992, available at <<https://www.cbd.int/>> accessed on March 20th, 2022. India became party to the convention on Feb 18, 1994.

4 NK Acharya, TEXTBOOK OF INTELLECTUAL PROPERTY RIGHTS, (7th edition) Asia Law House, Hyderabad 2014, p 211

5 V Sundararaju IMPLEMENT THE BIOLOGICAL DIVERSITY ACT IN ITS TRUE SPIRIT, available at <<https://www.downtoearth.org.in/wildlife-biodiversity>> accessed on March 25th, 2022

6 INDIAN CONSTITUTION art. 51

1994. Later, the government by using its power under Art. 253 enacted Biological Diversity Act 2002

This legislative measure to conserve biological diversity resources was reiterated by Supreme Court in *TN GodavarmanThirumulpad v. Union of India*<sup>7</sup>. The court observed that it is the obligation of the government to take into consideration international conventions and norms while interpreting the municipal laws. Further the court stated that as a part of constitutional mandate on the government, it must take such appropriate measures to preserve forest and other biodiversity species for the benefit of present and future generation. Thereby the court attempted to give effect to the doctrine of intergenerational equity

## **BIOLOGICAL DIVERSITY ACT 2002**

Thus, eight years after India became signatory to CBD, Biological Diversity Act was enacted. It provides framework for conservation and sustainable use of biodiversity resources. One of the primary objectives of the Act is drawn from CBD<sup>8</sup>, and it is to address effectively the issues concerning fair and equitable sharing of benefits arising out of utilisation of biological resources. It is in consideration of India's rich traditional or indigenous knowledge it may be coded or informal which contributed for conservation of biological resources through their knowledge, innovations, and practices

While facilitating equitable use and benefits of resources Act also provides for sustainable use of resources via three tier authority system i.e., National Biodiversity Authority (NBA), State Biodiversity Board(SBB), and Biodiversity Management Committee(BMC) at the district level. Each one of them have their own distinct role in regulating activities ensuring conservation, sustainable use, and equitable sharing of benefits. Act also provides for conservation and development of area important from the standpoint of biological diversity declaring them as biological diversity heritage area, and protection and rehabilitation of threatened species.

## **REGULATIONS UNDER BIOLOGICAL DIVERSITY ACT 2002**

A person who is not a citizen of India or citizen who is non-resident Indian or a foreign company which is not registered in India or an Indian company where shares are held and managed by foreigners shall not have access or exploit biological resources, genetic resources, and their associated knowledge for commercial use or research or bio survey or bio utilisation without prior approval of National Biodiversity Authority<sup>9</sup>. Virtually there is a ban on transport of these resources across the national frontier.

Conversely even an Indian citizen can't transport Indian biodiversity resources or research results on biological resources for monetary or

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7 (2002)10 SCC 606

8 CONVENTION ON BIOLOGICAL DIVERSITY art. 8(j)

9 Sec 19, Biological Diversity Act 2002

otherwise consideration without the approval of National Biodiversity Authority. Publication and presentation of research paper even in collaborative research doesn't amount to prohibited transfer. However, in case of collaborative research the terms and conditions may be prescribed by the National Biodiversity Authority.

Yet another regulation relating to transfer of biological resources and research result is that no person shall apply for patent in or outside India for invention based on biological diversity resources without previous approval of National biodiversity Authority<sup>10</sup>. In case citizen of India seeking to obtain biodiversity resources occurring in India or knowledge associated with it for commercial utilisation, research, bio survey, or bio utilisation, it would be enough to intimate to the State Biodiversity Board, there is no need for Indian citizen to obtain permission from the National Biodiversity Authority<sup>11</sup>. But Indian citizen must execute an agreement promising not to transfer research results without the approval of NBA and agreeing to further agreement relating to benefit sharing. However, such intimation is not necessary in case of local community who are already in possession of biodiversity resources including Vaid, Hakims etc. who have been practicing indigenous medicines.

Precisely, under the following situation a person must make an application to the biodiversity authority for the permission<sup>12</sup>.

- Where a citizen of India intends to conduct research with foreign participation, not merely collaborating with
- Where a foreigner conducts research on Indian biodiversity material in India or abroad and intends to carry its research results abroad
- Where applicant is a citizen before commences research, here the applicant has to execute an undertaking to seek permission and also execute a separate agreement on the benefit sharing and when he applies for patent make the authority a joint applicant

Application for seeking approval can be made either before the NBA or SBB depending upon the location from where such resources are procured and used.

In case of local cultivators and conservers of biodiversity and indigenous medical practitioners need not obtain approval from NBA or SBB as to research, conservation, collection, and utilisation of such resources

### **NATIONAL BIODIVERSITY AUTHORITY (NBA)**

It regulates the collection, transfer, and use of biodiversity resources at the national level. It is constituted by the Central Government, its members are

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10 Ibid Sec. 20

11 Ibid Sec. 11

12 Supra Note 4, p 213

drawn from among those who are eminent in Agricultural Research and Education, Biotechnology, Ocean Development, and Indian Medicine System like Ayurveda, Homeopathy etc<sup>13</sup>. It is headquartered at Chennai. State Biodiversity Board is constituted by the respective state governments and members are drawn on similar criterion<sup>14</sup>. Unfortunately, constitution of Biodiversity Management Committee in many states at panchayat and municipalities level is delayed and as a result preparation of Biodiversity Register is also pending<sup>15</sup>

While granting approval for the use of biological resources it may prescribe certain terms and conditions it may be related to benefit sharing of commercial exploitation of biological resources.

### **CONCEPT OF BENEFIT SHARING<sup>16</sup>**

Indigenous community conserved and developed some biological diversity resources since time immemorial and now it has become subject matter of research and development, its products are sold commercially. Hence it is just and reasonable that those who conserved and protected biodiversity resources and used the knowledge associated with it shall have their share in the commercial gains. Benefit sharer may be individuals or communities of some specified localities where rare and useful species or germ plasm is found. In this context the NBA and SBB holds an enquiry and determines what portion of gains the conservers should be entitled. It may be in the form of royalty or otherwise lumpsum amount. The question as to whether they are conscious, or unconscious or innocent breeders doesn't arise

Benefit sharing may be done in the following methods

- Joint ownership of IPR with NBA
- Transfer of technology without consideration
- Location of production, research, development should be in such area which enables the benefit claimers to get the benefit and improve the standard of living or life of those claimers.
- Association of Indian scientists, local community and benefit claimers in research and development activities, bio survey, bio utilisation etc.
- Setting up of venture capital fund for aiding the cause of benefit claimers
- Payment of monetary compensation and other non-monetary benefits of claimers

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13 Sec. 8(4) Biological Diversity Act 2002

14 Ibid Sec 22

15 V Sundararaju, IMPLIMENT THE BIOLOGICAL DIVERSITY ACT IN ITS TURE SPIRITS, available at <<https://www.downtoearth.org.in/blog/wildlife-biodiversity/implement-the-biological-diversity-act-in-its-true-spirit-63322>> accessed on June 20th, 2022

16 OP. Cit Sec. 21

- Applicant may be directed to deposit the amount of benefit determined by the NBA in National Biodiversity Fund Account. As and when Authority identifies the benefit claimers it may order for sharing the benefit directly

## PEOPLE'S BIODIVERSITY REGISTER (PBR)<sup>17</sup>

Biological diversity Act 2002 provides for mandatory creation of People's Biodiversity Register, it shall be prepared by Biodiversity Management Committee (BDM) in consultation with people at panchayat and municipal level. Biodiversity Management Committee must register the details of wild and cultivated biodiversity resources. But this task is pending because many states did not constitute BMC soon after implementation of Biodiversity Act 2002. It was only state of Kerala which came forward to establish BMC at the local level. State has established 978 BMCs at panchayat level and 60 and 5 BMCs at municipalities and corporation level respectively, and it also completed the process of People's Biodiversity Register<sup>18</sup>. Thus, the Kerala state appears to have successful in conservation of its biodiversity resources in comparison with other states. Conversely state of Tamil Nadu delayed in constituting BMC and preparation of PBR which resulted in gradual depletion of biodiversity resources in the state. In a remarkable initiative state of Haryana constituted 6000 BMCs in 2021 for further enlisting of state biodiversity resources and for protection of traditional knowledge associated with such resources. It is imperative to understand that People's Biodiversity Register is not only documentation, but it is a source to understand the ground reality and accordingly develop an agenda for protection and conservation of biodiversity<sup>19</sup>

## JUDICIAL RESPONSE

*In TN Godaverman Thirumulpad v. Union of India*<sup>20</sup> the 'green man' Thirumulpad filed a writ petition before Supreme Court which turned out to be landmark case in protection of forest land and conservation of forest resources. The petitioner questioned the illegal felling of trees in Nilgiri forest and converting forest land to barren land. He sought the relief of protecting and safeguarding forest land forest resources in Nilgiris. This case is known as 'forest case of India' the Supreme Court issued a direction for sustainable use of forest land and forest resources in conjunction with introduction of self-monitoring mechanism at the state and regional level to control the transportation of timber which resulted in closure of numerous timber industries.

*In Intellectuals Forum Thirupathi v. State of Andhra Pradesh*<sup>21</sup>, the issue

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17 Sec. 22 Biological Diversity Act 2002

18 V Sundararaj Op.cit

19 Ibid

20 39 TN Godaverman Thirumulpad v. Union of India, (2002) 10 SCC 606

21 (2006) 3 SCC 549

involved was that government use of public land and biological resources, and consequential imbalance in ecosystem. The Supreme court stated that, protection of environment is part of Article 21 of Indian constitution, accordingly state ought to undertake protection of biological resources. Further the court stated that state should bear in mind that public projects are for betterment of living condition of people, by achieving balance between social and ecological need.

*Rural Litigation Entitlement Kendra v. State of UP*<sup>22</sup> was related to illegal lime stone mining in Himalayan foot hills by using dynamites and other unscientific means, and consequential deforestation, soil erosion, landslides, destruction of wildlife habitat, infertility of agricultural land, water pollution etc. The Supreme court stated that these activities rendered complete degradation of environment, and right live in wholesome environment is part of right life, hence it must be carried out in a regulated manner. As a result of this judgment barring few most of the miners were asked to close their mining units.

## **INTERNATIONAL BIODIVERSITY DAY, MAY 22**

In December 2000 the UN General Assembly declared May 22 as International Biological Diversity Day. It was with the object of creating awareness, recognition, and understanding of issues related to biodiversity. Commemoration of biodiversity day is based on the theme or slogan released by UN every year, the theme for the year 2021 was “we are the part of the solution” which is followed by the theme “Building a shared future for all life” for the year 2022<sup>23</sup>.

## **BIOLOGICAL DIVERSITY (AMENDMENT BILL) 2021**

Precisely Biological Diversity Act 2002 was enacted for conservation of biological diversity and fair and equitable sharing of monetary benefits from the commercial use of biological resources and traditional knowledge. Whereas Biological Diversity bill 2021 was introduced with the object of reducing burden on wild biodiversity resources by encouraging cultivation, in Lok Sabha and later in view of resistance by the opposition party it was referred to parliamentary select committee for review and now it is a pending bill<sup>24</sup>

## **MATERIAL CHANGES IN THE PROPOSED BILL**<sup>25</sup>

- Bill proposes to encourage the cultivation of medicinal plant to reduce the pressure on wild medicinal plant.

22 1985 AIR 652

23 Sonal Verma and Fauza Khan, INDIA: INDIA & ITS BIODIVERSITY LAWS – IS IT ENOUGH?, available at < [www.mondaq.com › india › diversity-equity-inclusion](http://www.mondaq.com › india › diversity-equity-inclusion) > accessed on June 21, 2022

24 BIOLOGICAL DIVERSITY (AMENDMENT BILL) 2021, available at < [prsindia.org › billtrack › the-biological-diversity](http://prsindia.org › billtrack › the-biological-diversity) > accessed on June 18th, 2022

25 CHANGES TO BIOLOGICAL DIVERSITY ACT 2002, available at < [www.insightsonindia.com › 2022/05/18 › changes-to](http://www.insightsonindia.com › 2022/05/18 › changes-to) > accessed on June 22nd, 2022

- To create an atmosphere for foreign collaboration in research and investment
- Bill seeks to simplify the patent registration procedure as an incentive for more and more research in the field of biodiversity
- Another change in the proposed bill is to exempt AYUSH practitioners from seeking permission from Biodiversity Authority while accessing to the biodiversity resources and its associated indigenous knowledge
- Bill proposes to decriminalise violation of substantive provisions of the Biological Diversity Act, and withdraw powers given to the Biodiversity Authorities to file FIR against the parties who commit violation of the operative provisions the Act. Its effect is to treat the crime as wrong impose damages in the place of penalty.
- Bill also provides for appointment of inquiry officer, (in the place of court enquiry) who following an enquiry with the power to slap penalty of up-to I crore in cases of persistent violations of provisions

One of the criticisms is that bill over emphasised the intellectual property in medicinal products, its innovation in pharmacy and simplification of procedure in obtaining patent. Which obviates the main agenda of conservation of biological resources and its associated knowledge.

Provisions in the proposed bill allows AYUSH practitioners to have access to biodiversity resources for medicinal purposes without prior approval of state biodiversity boards. However, bill clarifies that if such research is in collaboration of foreigner, then they shall obtain the prior approval of the stat board. The kind of privilege proposed to be granted to AYUSH community, in the bill reduced the stake of local community who played vital role in conservation and sustainable use of resources.

The bill proposes to exclude the cultivated medicinal plants from the ambit of the Act, but it is practically impossible to make out whether given medicinal plant is cultivated or wild, it gives ample scope for misuse of the provision, unscrupulous people may secure wild resources and claim that is cultivated.

It is the obligation of the government that at least a month before it introduces the bill in the parliament house for discussion it should be published for the public comments. It is the pre legislative policy in India, but this bill was not published when it was introduced before the house for discussion.

## **CONCLUSION**

Biological diversity resources are inevitable for the economic and social progress of human beings. Consequently, it has been realised and recognised that the biological resources are global assets of vital value to the present and future generation. Despite of its value and significance resources are facing

the threat of pollution and exhaustion today that it was never before. Unmindful so-called developments are causing extinction of species at the alarming rate. Biodiversity is a multi-disciplinary subject involving diverse sectorial activities and actions. There are many stake holders in biological diversity which includes Central and State governments, local bodies, scientific and technical institution, experts, etc.

Though Biological Diversity Act was enacted on the framework of UN Convention on Biological Diversity 1992, achieving of its objectives like fair and equitable benefit sharing with local community, prevention of bio piracy, conservation of resources remains to be a challenge to the law enforcement mechanism.

Implementation aspect of Biological Diversity Act has not been given due importance, protection of wildlife and plant species has become secondary in India, which led to water scarcity and human and animal conflicts. Central and state governments do not appear to be concerned of implementing Biological Diversity Act, which would have provided suitable remedy to many men made evils.

Biological Diversity Bill 2021 was introduced to reduce the burden on wild biodiversity resources and to encourage cultivation of medicinal plants. The bill exempts AYUSH practitioners from obtaining approval from the Biodiversity Authority before they access to resources. Certainly, it is detrimental to the interest of local community and as it is impossible to make out whether resources are cultivated or wild. Further, the provision may lead to biopiracy which is impairing the interest of both local stake holders and government as well.



# EVOLUTION OF PHARMACEUTICAL PATENTS IN INDIA AND EVERGREENING OF PATENTS

Prof. (Dr.) Arundhati Kulkarni

## ABSTRACT

*A patent is an exclusive right awarded by the intellectual property authority of a state to an inventor or his assignee for a limited period of time in lieu of disclosure of an invention for the benefit of the mankind. India's acceptance of TRIPS provisions led to the introduction of product patent regime. This also led to an intense debate amongst the stakeholders and parliamentarians if this will seriously affect the affordability and availability of medicines to the Indian public. It also raised issue of evergreening of patents. The Government introduced Section 3(d) which intends to check evergreening of patents but does not aim to restrict patenting to new chemical entities only. Section 3(d) of the Indian Patents Act, 1970 has drawn considerable attention of various Intellectual Property academics, attorneys and pharmaceutical firms ever since its implementation from 2005.*

*Section 3(d) of India's Patents Act forbids patents on pharmaceutical substances that do not demonstrate a significantly enhanced efficacy over and above prior known substances<sup>1</sup>. After the expiry of period of 20 years from when patent is granted, the patent rights come into public domain and can be exploited by anyone without further research and enrichment. However, there are attempts to unjustifiably stretch this monopoly by*

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\* Dean, Karnataka State Higher Education Academy, Dharwad.

1 Section 3(d) says that 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, is not patentable.

*obtaining patents over insignificant or trivial modifications of the invention. This practice of extending patent monopoly ad infinitum is known as Evergreening. The practice is very much prevalent in case of drugs and pharmaceutical products. The patent holder seeks to extend patent protection for derivatives of a patented drug, resulting from trivial and insignificant changes, at the time of or even before expiry of the patent so as to extend their existing domination over the drug.*

*The present paper deals with the introduction and history of pharmaceutical patents in India, Section 3(d) and its implications with regards to generic pharmaceutical industry, cases relating to Sec 3(d) and evergreening of patents and related provisions.*

**Key words: Patents, Pharmaceutical Sector, TRIPS Agreement, Section 3(d), Evergreening, Generic manufacturing and Efficacy**

## **INTRODUCTION**

Public health laws, national drug policy and the patent system are intensely inter-related. This was explained by Prime Minister Indira Gandhi while speaking at the World Health Assembly in Geneva on May 6, 1981. In her words: “affluent societies are spending vast sums of money understandably on the search for new products and processes to alleviate suffering and to prolong life. In the process, the drug manufacture has become a powerful industry.” She added on the patent system: “my idea of a better ordered world is one in which medical discoveries would be free of patents and there would be no profiteering from life or death.” In this historic session, the participating countries unanimously adopted a resolution for “Global Strategy on Health for All”. Since then, there have been laudable contributions by science and technology to successfully tackle many health problem areas.<sup>2</sup>

Intellectual property (IP) regimes are meant to encapsulate a careful balance between a private monopoly right that incentivizes innovation, and an equally compelling public interest in accessing the innovation at affordable rates. Nowhere is the issue of this balance thrown up more starkly than in the area of public health. While the infusion of public health concerns into intellectual property debates was relatively rare in the past, it is now widely accepted that public health forms a critical part of the social bargain underlying the grant of intellectual property rights. However, the relationship remains a contested one.<sup>3</sup>

Another persistent issue at the intersection of patents and public health is the practice of “evergreening.” Also known as “stockpiling,” “layering,” “life-cycle management,” or “line extension,” evergreening generally consists of

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2 V.R.Krishna Iyer, Human health and patent law, <https://frontline.thehindu.com/other/article30255155.ec>

3 Supra Note 2

obtaining multiple patents that cover different aspects of the same product. This approach is said to be most common in the pharmaceutical industry, where patents cover such aspects of drugs as their active ingredient, formulations, methods of medical treatment, method of manufacturing, and chemical intermediates. Critics of evergreening assert that the ability to obtain multiple patents on a product, over a period of many years, effectively extends the term of exclusivity that the patent holder obtains. They further assert that this practice is abusive, impedes the introduction of generic medications, and has a negative effect upon public health.

## **HISTORY OF PATENT REGIME IN INDIA**

The earliest patent regimes in India mirrored those of the United Kingdom, which then ruled India as a colonial power. The first patent legislation came into force in 1856 and was based significantly on the Patent Law Amendment Act of 1852 (United Kingdom), wherein 'exclusive privileges' were granted to inventors for a period of fourteen years. This Act was subsequently repealed in 1857 because it had been enacted without the approval of the British crown. After this, a succession of new laws and amendments ensued until the promulgation of the Inventions and Designs Act in 1888. The year 1911 marks a watershed in the history of the Indian patent regime, as it was in this year that the Patents and Designs Act established, for the first time, a system of patent administration under the management of the Controller of Patents. The new Act also used the word 'patent' (not 'exclusive privileges') for the first time and provided for the compulsory examination of patent applications. This Act (which underwent some amendments) remained in force until 1970.

Until 1970, India provided product and process patent protection for medicines. The consequent import dependence and exorbitant prices of medicines amongst the highest in the world led India to change its law. In the 1970s, India changed its patent law to exclude product patent protection for medicines in the Patents Act, 1970. It did, however, continue to provide protection for process patents on medicines. The absence of product patents allowed generic competition, which led to low prices of medicines. Indian generic companies became, and remain today, the largest supplier of low-cost generic medicines throughout the developing world. With the conclusion of the Marrakesh Agreement establishing the World Trade Organization (WTO), of which India was a founding member, however, all this was set to change<sup>4</sup>.

The Marrakesh Agreement included the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement). The TRIPS Agreement was pushed for by the developed countries at the behest of vested private interests of pharmaceutical companies. Developing countries, under

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4 Access to medicine, Affordable Medicines and Treatment Campaign, available at <https://lawyerscollective.org/our-initiatives/access-to-medicines/>

the threat of sanctions, were constrained to consent to the inclusion of intellectual property in the trade agreement. Under the TRIPS Agreement, it would be mandatory for WTO-member countries to provide product and process patent protection for inventions in all fields of technology, including medicines. Yet, the TRIPS Agreement reflected a compromise between developed and developing countries. For instance, developing countries fought to ensure that it contained certain flexibilities that allow them to take measures to protect public health<sup>5</sup>.

As a developing country which, in 1995, did not provide product patent protection for medicines and agrochemicals, India had until 2005 to change its patent law. Nonetheless, a change in India's patent law to provide product patent protection for medicines was imminent. With the onset of TRIPS in 1995, the freedom to devise a patent regime commensurate with India's national interest came to be fettered in a significant way. TRIPS offered a ten-year window for developing countries such as India to introduce product patent protection in technology areas that had not been protected earlier (such as pharmaceuticals)<sup>6</sup>. In keeping with these obligations, India was forced to amend her patent legislation thrice: first in 1999, then in 2002, and again in 2005. With the 2005, India introduced new patentability standards which were further restricted by the inclusion of a unique provision, Section 3(d). The statutory intent behind inducting section 3(d) was to curb the unethical practices of ever-greening. Section 3(d) restricts the patentability of certain new forms of older substances unless they satisfy the requirement of enhanced efficacy criteria. Hence, Section 3(d) laid down higher patentability standards for new forms of already known substances and has proved as an effective provision in checking the unethical practices followed by innovators to extend the patent term.

## **MEANING OF 'EVER GREENING' IN THE CONTEXT OF PHARMA PATENTS**

A company manufactures a product for which it secures a patent. Shortly before the expiration of that patent, the company files a new patent that revises or extends the term of protection. This is what ever greening is all about. Ever greening is a method by which technology producers keep their products updated, with the intent of maintaining patent protection for longer periods of time than would normally be permissible under the law. It refers to increasing the life of the patent or the patent term beyond 20 years to reap the benefits for a much longer period of time. Drug patent ever greening is the single most important strategy that multinational pharmaceutical companies have been using. One form of ever greening occurs when the original manufacturer "stockpiles" patent protection by obtaining separate 20-year patents on multiple attributes of a single product.

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5 Ibid

6 See Article 65.4 of the TRIPS Agreement

The pharmaceutical companies create a bullet proof patent portfolio which surrounds the valuable drug molecules, by using the complex procedures of patent prosecution. Evergreening as a patent prosecution and management strategy helps in extending the patent term by developing a portfolio of additional patents which surrounds a basic invention.

These additional patents are meant to protect the following aspects:

- Combinations of two or more drugs;
- Dosing range and dosing route;
- Biological targets for old molecule;
- Delivery profiles, mechanism of action;
- Derivatives and isomeric forms;
- Screening methods, dosing regimen;
- Packaging;
- Different methods of treatment<sup>7</sup>

Evergreening of patents is considered as any other business strategy in several countries and thus, it is permissible by law to implement such methods in those countries. Whereas, in India there are provisions which aim at preventing the method of evergreening and safeguard the interests of various new innovators. The verdict of Novartis Case exhibited that the growth pattern of manufacturing and usage of the technology has been shifted.

Critics of the innovator pharmaceutical industry have argued that 'incremental modification' is simply a low-risk means of cashing in on the success of established products which brings little or no health benefit at the expense of fragmenting the market and / or delaying generic entry, diminishing the rewards rightly due in respect of the 'breakthrough' product and imposing strain on R & D resources that would be better applied elsewhere. In reply those defending the industry have argued that what is complained of is in reality a consequence of parallel development programmes and improvement that results in greater therapeutic choice for patients, safer and more effective medicines and a valuable source of competition both during and after the patent life of the 'breakthrough' product that exerts a beneficial influence on drug pricing. Related issues include the cost of pharmaceutical research and development and the shortening of the commercially most valuable period of patent protection (i.e., the patent life remaining post product launch) caused by the delay

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7 Kumar A, Nanda A (2017) Ever-greening in Pharmaceuticals: Strategies, Consequences and Provisions for Prevention in USA, EU, India and Other Countries. Pharm Regul Aff 6: 185.

<https://www.hilarispublisher.com/open-access/evergreening-in-pharmaceuticals-strategies-consequences-and-provisions-for-prevention-in-usa-eu-india-and-other-countries-2167-7689-1000185.pdf>

between filing for a patent on a new compound and getting that product to market<sup>8</sup>.

## IMPACT OF EVER GREENING ON GENERIC MANUFACTURING

It can be understood that the use of evergreening provisions will lead to the misuse of intellectual property protection, as the innovator company will look to make only trivial changes to extend the term of protection for the patented drug and then charge unreasonable price for it, stating that they had to incur huge expenditure on research and development of the patented drug. This will affect the society at large, as majority of people will not be able to bear with the high costs of the life-saving drugs.

The process of evergreening is also considered to be against the competitive strategies, as it creates a need for generic manufacturers to negotiate with the innovator company on monetary terms or else, they have to wait until the patent of the drug expires for accessing the subject matter of the patent. Due to the provisions of evergreening, the area of concern for the pharmaceutical companies will only be to make minor changes in the drug to get it patented. Thus, it would be highly unlikely for the innovator company to do some risky or heavy research and development for the new drug as they can gain high rewards with lower risks<sup>9</sup>.

The entire principle of protection of intellectual property is to promote and educate the society regarding the importance of innovation yet the provisions of evergreening allows the patent holder of a drug to add more patents to it, regardless of such improvements are necessary or not for that particular drug. This makes the competitors and generic drug manufacturers unable to manufacture or carry out any sort of inventions or innovations on the subject matter of that patent even though the term of 20 years is expired. If the competitors or the generic producers make an effort to create or invent the patented drug, then they will be burdened with the payment of court fees and all the related costs. In order to evergreen their drugs, the innovating company will come up with what are euphemistically called “the life-cycle management plans” which not only comprises of patent policies but have a whole range of policies which aim at slowing down or holding up the arrival of a new generic drug into the market<sup>10</sup>.

Pharma giants in order to compete with the generic players are showing an ever-increasing interest in setting subsidiary generic units and entering partnerships with major generic manufacturers and building a position in generics before the competition from rival generic players rise. Over the past

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8 Scott Parker and Kevin Mooney, Is ‘evergreening’ a cause for concern? A legal perspective, *Journal of Commercial Biotechnology*. Vol 13. No 4. August 2007, P. 235 available at [www.palgrave-journals.com/jcb](http://www.palgrave-journals.com/jcb)

9 Debarchan De and Kevin Samuel, Evergreening of Patents: A Barrier to new Inventions, *Supremo Amicus*, available at [supremoamicus.org](http://supremoamicus.org)

10 *Ibid*

decade, Big Pharma has acquired small generic units to expand their business model. Particularly the following three categories of partnerships are observed: Examples: AstraZeneca and Indian generic manufacturer Torrent Pharmaceuticals signed up and agreement in 2010 under which Torrent will manufacture and supply generic versions for AstraZeneca's emerging markets. Novartis established Sandoz as a subsidiary unit for manufacturing generic drugs and Novartis's profit in generics rose to \$7.5 billion, Novartis acquired generic business in oncology which further added to this profit<sup>11</sup>.

In Roche v Cipla<sup>12</sup> case wherein Cipla argued that Roche's product was highly priced and in any event no sales figures had been given by Roche. Roche's tablet cost Indian Rupees 4800 (approximately USD 100) and Cipla's cost 1600 (approximately USD 30) and in the context of life saving drugs, it was in the public interest that the drug should be made available at cheap and affordable prices. The court, in its final decision rejected Roche's plea for an injunction on Cipla's product, considering the patent was due to expire in March 2016. It clearly depicts that if an innovation benefits a large number of people, efforts should be made to make it accessible to the public at affordable price rather than merely commercial exploitation.

## **MEASURES TO RESTRICT EVER GREENING IN INDIA: AMENDMENTS TO PATENT ACT, 1970**

Stricter patentability criteria can be one of the most effective solutions to prevent Evergreening. Evergreening of the patents can be curbed only by invalidating any patents on the basis of trivial and insignificant changes in the original pharmaceutical patented parent product. A strict criterion of patentability is the only remedy to counter Evergreening. It can also prevent them from taking action to stop the generic companies from producing drugs covered by mailbox applications. However, the amendment fails to achieve this objective. To prevent the grant of patents to insignificant pharmaceutical inventions, certain provisions have been introduced under the Indian Patents (Amendment) Act, 2005. The most important amendment being made by way of Section 3(d) which specifically aims at preventing Evergreening and denies patent cover to pharmaceutical inventions with petty changes, unless they result in enhancement of efficacy and value of a previously known drug or formulation. Section 3 (d) also prevents new use of known substances. The mere discovery of a new form of a known substance, which does not result in the enhancement of the efficiency of that substance or the discovery of any new property or new use of a known substance or 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 cannot be patented.<sup>13</sup>

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11 Supra Note 7

12 148 (2008) DLT 598, MIPR 2008 (2) 35

13 Prachi Bhardwaj, Ever Greening of Patents of India available at <https://articles.manupatra.com/article-details/Ever-Greening-of-Patents-of-India>

Further amendments were by way of construing term “new invention” as provided in Section 2 of the Patents Act in a stricter manner. Any new invention or technology which has not been previously anticipated by publication in the country or anywhere in the world before the date of filing of the application with complete specification, i.e., the subject matter has not flown in public domain or prior art. The term “new invention” demands for “absolute novelty” of the patentable subject matter. As a consequence, it will be very difficult for patentees to obtain patents on trivial or insignificant changes in their earlier patents. Section 2 (1) (ja) defines “inventive step” to mean such features of invention that involve technical advancement as compared to existing knowledge i.e., prior art, and which make the invention not obvious to a person of ordinary skill in that art. The basic purpose is that only an inventive or innovative action which leads to creation of a new product or process is patentable. The basic principle behind this section is to allow only the inventions, which are not obvious. The purpose behind is again that minor changes merely for namesake in earlier patents will not be permissible<sup>14</sup>.

### **SECTION 3(D): AN INNOVATIVE GRIP ON TRIPS**

Amongst the various changes ushered in through the 2005 amendments, section 3(d) stands out as the crowning glory. This enigmatic provision was transplanted from a European drug regulatory directive and finds no precise parallel in any other part of the world. India’s effort to tailor its patent regime to promote the national interest whilst remaining compliant with TRIPS stands in stark contrast to a number of other countries that have simply toed the line of the developed world’s maximalist IP agenda<sup>15</sup>.

Aimed at eradicating evergreening, this provision is a novel transplant from drug regulatory law that finds no precise parallel anywhere in the world. It is fraught with as much enigma as it is with uncertainty. To top it all, its authorship remains highly contested<sup>16</sup>. It is likely that, rather than one definitive source, a constellation of various sources contributed to the emergence of section 3(d). Section 3 (d) must be viewed against the backdrop of coalition politics and the demand by left parties (who were part of the ruling coalition) that patents be granted for only new chemical entities (NCEs).

The Congress government appointed a high-level technical committee to examine whether India could legitimately exclude patent protection for all

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14 Ibid

15 Shamnad Basheer, *Trumping TRIPS: Indian Patent Proficiency and the Evolution of an Evergreening Enigma* (April 11, 2018). *Oxford University Commonwealth Law Journal*, 18:1, 16-45, DOI: 10.1080/14729342.2018.1455479, Available at SSRN: <https://ssrn.com/abstract=3210370>

16 T.P. Reddy, ‘Pages from History: The Mysterious Legislative History of Section 3(d)’, (SpicyIP, 9 November, 2011) <http://spicyipindia.blogspot.in/2011/11/pages-from-history-mysterious.html>

secondary patents and grant them only to NCEs.<sup>17</sup> The committee's mandate was limited to examining whether such an exclusion would be compliant with TRIPS. In the meantime, section 3(d) was hastily rushed through Parliament and enacted as part of the 2005 amendments.

The committee concluded that granting patents to only NCEs (and denying them to all other kinds of pharmaceutical inventions) would contravene TRIPS. Unfortunately, whilst the committee arrived at what appears to be the right conclusion, the manner in which they did so left much to be desired. The Mashelkar report was shoddily drafted, lacked analytical rigour. The committee withdrew the discredited report. It then rewrote and resubmitted it after two years, with more persuasive reasoning<sup>18</sup>. The resubmitted report specifically highlighted the problem of evergreening and the role of section 3(d), noting;

Every effort must be made to prevent the practice of 'evergreening', often used by some of the pharma companies to unreasonably extend the life of the patent by making claims based sometimes on 'trivial' changes to the original patented product. The Indian patent office has the full authority under law and practice to determine what is patentable and what would constitute only a trivial change with no significant additional improvements or inventive steps involving benefits. Such authority should be used to prevent 'evergreening', rather than to introduce an arguable concept of 'statutory exclusion' of incremental innovations from the scope of patentability<sup>19</sup>.

From the legislative history above, one might argue that section 3(d) effectively represents a 'middle path' of sorts between denying patents to all incremental inventions (by limiting them to only NCEs) and the practice of liberally granting patents to even evergreened varieties.

Section 3(d) 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<sup>20</sup>. Underlying section 3(d) is the assumption that structurally similar forms of existing chemical substances, such as new salt forms, polymorphs, and isomers, are likely to be functionally equivalent as

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17 S. Basheer, 'The Mashelkar Committee Report on Patents: Placing It in Context or Reading the Lines and Not 'Between' Them' (SpicyIP, 28 January 2007)

18 R.A. Mashelkar et al., Revised Report of the Technical Expert Group on Patent Laws (March 2009) available at [http://www.ip.nic.in/RevisedReport\\_March2009.doc](http://www.ip.nic.in/RevisedReport_March2009.doc)

19 However, the Committee also noted that "the TEG was not mandated to examine the TRIPS compatibility of Section 3(d) of the Indian Patents Act or any other existing provision in the same Act. Therefore, the committee has not engaged itself with these issues".

20 Section 3(d), Indian Patents Act, 1970.

well; in cases where this is not so, it is up to the patent applicant to adduce proof in support thereof and justify his/her claim to a patent. To this extent, section 3(d) prohibits 'evergreening', while encouraging incremental innovation, involving the conversion of existing drugs and bio-chemical substances to vastly superior therapeutic products. Although the spirit of the provision is laudable in that it provides a more specific "rule" oriented basis to help patent offices to distinguish between patentable and non-patentable inventions, its wording leaves much to be desired. Expectedly enough, a vigorously contested interpretative battle around this provision soon found its way to the Supreme Court of India.

## **NOVARTIS CASE**

The verdict of the Apex Court of India, in the case of Novartis AG v Union of India is considered to be one of the historical verdicts of the Supreme Court. The verdict came as an aid to several persons around the globe as it allowed the people to obtain medicines at nominal rates, hence restraining the pharmaceutical companies from using the method of evergreening. Widely hailed as a revolutionary cancer treatment, Novartis' Glivec effectively heralded the onset of the rational drug-discovery paradigm. While the main base underlying Glivec (Imatinib) was discovered in 1992 and a patent applied for, it took more than four years before Novartis could convert this base into a more useful drug form, namely the beta-crystalline form of imatinib mesylate. It then sought to protect this polymorphic form through various patent applications, including a mailbox application in India. When opened for examination in 2005, this mailbox application form was opposed by several generic drug companies and an NGO, the Cancer Patients' Aid Association, on several grounds, including lack of novelty/anticipation, lack of significantly enhanced 'efficacy' under Section 3(d), obviousness, and wrongful priority. Relying largely on the above opposition, the Indian Patent Office (IPO) rejected the patent application. Aggrieved by this rejection, Novartis filed two writ petitions in the Madras High Court, seeking not only a reversal of the Patent Office order but also a declaration that Section 3(d) was unconstitutional and violated India's obligations under TRIPS.

The High Court dismissed the constitutionality challenge, noting: We have borne in mind the object which the Amending Act wanted to achieve, namely, to prevent evergreening; to provide easy access to the citizens of this country to life-saving drugs; and to discharge their Constitutional obligation of providing good health care to its citizens. As for the TRIPS challenge, the court held that it did not possess the jurisdictional competence to determine this issue, which was best left to the international dispute resolution framework under the WTO framework. The court also refused to wade into the merits of the patent controversy (whether or not the beta-crystalline version was patentable), referring it instead to the newly constituted Intellectual Property Appellate Board (IPAB), a specialist tribunal tasked with adjudicating select intellectual property disputes.

The IPAB ruled that although the invention was non-obvious (or inventive), it failed the test of Section 3(d). It held that ‘efficacy’ referred to the ‘curing effect of the drug’ and was not the same as ‘advantageous properties’, such as improved shelf life and storability. On this basis, it found that the amorphous and beta form of imatinib mesylate were ‘the same substance with respect to efficacy’. It also held that the application fell foul of Section 3(b) of the Indian Patents Act, which prohibited the grant of patents to any invention that contravened public order or morality. The matter was then appealed to the Supreme Court of India, which, while agreeing with the overall conclusion of the lower fora (the patent office and the IPAB) that Novartis’s purported invention was not patentable, differed with them on important particulars. From a patentability perspective, the Glivec innovation trajectory could be encapsulated as under, with the discovery of a free base in the laboratory (imatinib) serving as the first step and the formulation of revolutionary anti-cancer drug, Glivec :

1. Synthesizing imatinib as the free base. While this compound was patented in the United States, the European Union, and several other countries, it could not be patented in India.
2. Converting the above free base to a particular salt form, imatinib mesylate, by adding methane sulfonic acid.
3. Crystallising the imatinib mesylate to obtain the beta-crystalline form, allegedly the most stable polymorphic form of the salt. A patent application for this triggered the patent dispute in India.
4. Formulating the beta-crystalline form of imatinib mesylate into a pharmaceutically acceptable drug, Glivec. Novartis claimed that the active ingredient in Glivec was more effective than the imatinib free base, since it displayed better properties, such as solubility and bio-availability (the potential of a substance to be absorbed into the bloodstream).

To this effect, Novartis submitted evidence demonstrating an increase in bio-availability of up to 30 per cent. The Supreme Court, however, was not impressed. It held that Novartis had used the wrong comparators: Given that imatinib mesylate (in amorphous form) was the closest known prior art, the comparison ought to have been between this “known” substance and the beta-crystalline form, not between imatinib (free base) and the beta-crystalline form. The court noted that Novartis itself had admitted that the claimed invention was ‘two stages removed from imatinib in free base’ and that ‘the substance immediately preceding the subject product is imatinib mesylate (non-crystalline)’. Second, the court held that the claimed advantages for the beta-crystalline version did not constitute a significant enhancement in efficacy. In order to arrive at this conclusion, the court had to interpret Section 3(d) and distil out the meaning of the term ‘efficacy’. It did so by relying on both ‘internal’ and ‘external’ aids.

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

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

It is important to note that the judgment was not in contradiction to the patent laws.

The court remarkably factored public interest while deciding the case<sup>21</sup>. The right to health is a cause of concern in many parts of the world, one-third population of world does not have access to basic medicines and among this one-third, majority of population lives in African and Asian continent. Since price is one of the major factors in accessibility, this decision was of great significance as it allowed many poor countries to access the patented drug at affordable prices.

## **CONCLUSION**

The 2005 Amendment and the ruling in the Novartis case signals that India has chosen to adopt an IP regime that is in keeping with the spirit of WTO, but at the same time, makes a provision for inexpensive access to medicines by prohibiting patent 'evergreening'. It has implications for global companies seeking to utilise the R&D and commercial opportunities in India as well for Indian generic companies seeking to develop innovative products for both domestic and international markets.

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<sup>21</sup> Roche vs. CIPLA is another such case where a Court in India has heavily considered 'public interest' while granting temporary injunction.

# THE CHANGING CONTOURS OF INTERNET SERVICE PROVIDERS' LIABILITY FOR COPYRIGHT INFRINGEMENT ON INTERNET

Dr. Sunil N. Bagade\*

## ABSTRACT

*When Internet platforms were growing their business, they were considered upholder of free speech and hence, were given 'safe-harbour' against third party. It believed that they will self regulate their platforms for illegal content. Over time, these companies acquired millions of users around the world. As these platforms grew, it became increasingly difficult for them to self-regulate the large volume of content flowing through their pipelines. The misuse of data available on platforms, coupled with the growing menace of disinformation has increased the calls for imposition of liability on intermediaries. Especially, as online copyright infringements are increasing the demand for fixing liability on intermediaries has become the call of the day. Furthermore, the anonymity of individual subscribers forces copyright owners to increasingly seek to hold Internet Service Providers liable for the misconduct of their subscribers. However, there is no consensus about the scope of such liability for the reason that they are not in a position to prevent copyright infringement effectively in all contexts. In this article an effort is made to understand the need for imposing liability on Internet Service Providers for copyright violation done by third party. An attempt is also made to ascertain the scope of their liability as contemplated under the relevant laws of India. Apart from the same, judicial approach towards the liability of Internet Service Providers is also examined in this article.*

**Keywords: Internet Service Providers, Copyright violation, Safe harbour, Strict liability, Vertical Liability, Horizontal Liability.**

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## INTRODUCTION

A “digital revolution” in the form of internet has brought with it radical changes to modes of communication. In a short span of time the communication through Internet has grown exponentially. The Internet has become a medium for the worldwide distribution of information, inexpensively expanding the reach of businesses, multimedia, and individuals to global proportions.<sup>1</sup> The distinct roles of printer, publisher, and distributor combine into a single entity due to advances in technology and communications. Authors or other creators of original works benefit from the Internet through the quick distribution of their works to consumers and additional markets, without any loss in the quality of the reproduction.

This informational freedom is not without drawbacks. Creators of original works face a greater risk of violation of their intellectual property rights because of the ease with which their copyrighted material may be used in an unauthorized manner compared to publishing through traditional mediums. With the increasing in use of Internet the problem of online infringement of copyright has taken gigantic magnitude and become an economically significant issue. It is to be noted that the commercialization and considerable growth of the Internet has posed a new set of problems for copyright protection. Advantageous aspect of Internet is that it has allowed the academic community to expand their markets at an unprecedented rate. At the same time it allows any anonymous and invisible person to copy and disseminate immediately anything that is available on the Internet.

It is relevant to note that the Internet has made reproduction and distribution of copyrighted materials easier than ever before, and has consequently made law enforcement more problematic. Adding to it, the anonymity of the perpetrator makes the enforcement of right and detection of violation more challenging. It has led to the huge losses to the academic community, content creators, etc. as there exist inherent difficulties of enforcing copyrights against individual Internet users worldwide, the copyright owners have found the answer to this problem in advocating liability for copyright infringement on those who allow and enable Internet pirates to exist, namely the Internet service providers (ISPs). For the owners of copyright, it is practical to sue the ISPs as they are in a position of policing the Internet. On the other side of the argument, ISPs are passive carriers similar to telecommunication companies, and therefore, should be granted some limitation from liability with regard to copyright infringement.

In addition, the making of Internet Service providers liable for these infringements could stifle the growth of the Internet itself. The issue of online copyright infringement liability for ISPs has been around since the use of the Internet started to expand rapidly in the early 1990’s and has been the

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1 Johny Ryan, A History of the Internet and Digital Future, p.12, (Reaktion Books, U.K., 2013).

subject of extensive debates worldwide ever since. Should ISPs be held responsible for illegal activities committed by their users? Should online intermediaries be held responsible for third party material put on the Internet by users of their facilities? If yes, what should be the extent of their liability? In this article an effort is made to understand the need for imposing liability on Internet Service Providers for copyright violation done by third party. An attempt is also made to ascertain the scope of their liability as contemplated under the relevant laws of India. Apart from the same, judicial approach towards the liability of Internet Service Providers is also examined in this article.

## MEANING AND ROLE INTERNET SERVICE PROVIDERS

An intermediary in the context of the Internet can be understood as an entity that acts as a facilitator of the flow of data across the vast and complex synapses of the Internet. While the actual functions of intermediaries are dynamic and often not clear-cut, they can broadly be seen as falling into one of two categories i.e. conduits for data traveling between nodes of the Internet, hosts for such data.<sup>2</sup>

The Organization for Economic Co-operation and Development (OECD) in April 2010 proposed that “Internet intermediaries” be defined as follows:

“Internet intermediaries bring together or facilitate transactions between third parties on the Internet. They give access to, host, transmit and index content, products and services originated by third parties on the Internet or provide Internet-based services to third parties.”<sup>3</sup>

The OECD also identified the following as falling within the scope of this definition, though it was also careful to leave room for future expansion: ISPs, data processing and web-hosting providers, search engines, e-commerce platforms, Internet payment systems, and participative networking platforms. This definition was also cited by the United Nations Educational, Scientific and Cultural Organization (UNESCO) in a 2014 report on Internet freedoms.

Section 2(1)(w) of Information Technology Act, 2000 provides a definition of the term ‘Intermediary’. It reads as:

“Intermediary, with respect to any particular electronic records, means any person who on behalf of another person receives, stores or transmits that record or provides any service with respect to that record and includes telecom service providers,

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2 Ward Hanson and Kirthi Kalyanam, *Internet Marketing and E-Commerce*, p.36, (Cengage Learning Ltd., New Delhi, 2012).

3 Aleksandra Kuczerawy, *Intermediary Liability and the Effective Enjoyment of the Right to Freedom of Expression*, J.I.P.I.T.E.C., 412, at 415 (2021)

network service providers, Internet service providers, web-hosting service providers, search engines, online payment sites, online-auction sites, online-market places and cyber cafes.”<sup>4</sup>

According to this provision an intermediary is any person who receives, stores or transmits an electronic record on behalf of another person or provides any service with respect to that record. The Section then clarifies that the term includes telecom service providers, network service providers, Internet service providers, web hosting service providers, search engines, online payment sites, online auction sites, online marketplaces and cyber cafes.<sup>5</sup> This list is non-exhaustive and also covers entities such as social media websites, blogging platforms, message boards, consumer review websites and so on. In other words, virtually any website that features user-generated content and a large number of Internet service providers fall within the definition of an intermediary under this provision.

Thus, it is to be noted that Internet service providers are entities that connects people to the Internet and provides other related services such as web site building and hosting. An Internet service provider has the equipment and the telecommunication line access required to have a point of presence on the Internet for the geographic area served. Various types of intermediaries are involved in delivering content online to end-users, as making a work available over the Internet will involve a chain of intermediate service providers.<sup>6</sup> The two main services provided by Internet service providers are, first, website building and hosting; done by an entity that provides space and management for individual or business web sites; and access providing; done by an entity that arranges for an individual or an organization to have access to the Internet.<sup>7</sup>

## **INFRINGEMENT OF COPYRIGHT OVER INTERNET: AN OVERVIEW**

Copyright is a right given by law to the creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings to do or authorize the doing of certain acts with regard to their creations. It is a kind of protection against ‘unauthorized use’ or ‘misuse’ of a work. The exclusive rights include the rights of authorship, reproduction, distribution, communication to the public, broadcasting, adaptation and translation.<sup>8</sup>

A person is guilty of copyright infringement if he violates one of the exclusive rights given to copyright owners under the Copyright Act. It is to be

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4 Shikher Deep Aggarwal and Kush Kalra, Commentary on the Information Technology Act, p.54, (Whitesmann Publishing Co., New Delhi, 2021).

5 Id. p.55.

6 Ward Hanson and Kirthi Kalyanam, Supra, p.64

7 Id. p.65.

8 3 B. L. Wadehra, Law Relating to Patents, Trade Marks, Copyright, Design and Geographical Indication, p.315, (Universal Law Publishing Co. Pvt. Ltd., Delhi, 2004).

noted that the dissemination of copyrighted works online primarily implicates two of the inherent rights that spring from copyright protection vis: the right of reproduction and the right of communication to the public. If these rights are violated then the person is guilty of copyright infringement.<sup>9</sup>

Infringement of Copyright on the internet has become more prevalent in the contemporary time. As stated earlier, Internet is the biggest threat of Copyright holders due to the characteristics of Internet. The peculiar feature with infringement on the internet is that it is not easy to determine if a work is a 'copy' of a protected work an infringement of the original. On the contrary, in a tangible medium such a distinction can be easily determined. Infringement may not always be intentional. It may also be due to 'ignorance'. The copyright infringement in Cyberspace takes place in different forms, namely, Framing, Linking, Caching, Public Display of the Right by uploading on the Internet and Archiving. These methods are discussed in brief as under:

**a) Framing:**

Framing is the process whereby one website is allowed to incorporate the contents from another independent website into a frame of its own, in which the framing site appears as the original website. In framing, each frame functions independently so that the information downloaded into the frame goes within the frame and does not go into the other frame or overlap onto the frame itself.<sup>10</sup> Thus, the user remains at the framing website and views the contents ignorant of the fact that the content comes from another framed website. Framing can be illustrated in the case of *Washington Post Co v. Total News Inc.*<sup>11</sup> The defendant, in this case, designed a website that consolidated over 1200 news sources. The plaintiff's news column appeared on the left side of the website of the defendant but the URL Totalnews.com appeared on the top. When the link of the news was clicked, the plaintiff's website appeared. The plaintiff therefore alleged infringement of copyright on the internet. However, the parties reached an outside court settlement after it was agreed by the defendant to stop framing practices.

In *Future Dotics, Inc v. Applied Anagramics Inc.*<sup>12</sup>, the plaintiff was granted the exclusive use of telephone number and a service mark of a business. The plaintiff later developed a website to advertise the business. The defendant reproduced the Future Dotic site on a separate frame in the defendant's website. The Court held that it amounts to an infringement of Copyright.

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9 1 Hayleigh Boshier, Law, Technology and Cognition: The Human Element in Online Copyright Infringement, p.32, (Routledge Publishers, U.K., 2020).

10 Jennifer L. Kostyu, Copyright Infringement on Internet: Determining the Liability of Internet Service Providers, 48 Cath. U. L. Rev. 1237 (1999).

11 97 Civ. 1190 (PKL) (SDNY 1997).

12 Case No. CV-97-6991 ABC.

## b) Linking:

Linking is connecting the user from the original site to a linked site. The user is provided for an access of a website through the original site. The Universal Resource Locator (URL) need not be typed separately. Linking, for research purpose provides ease to the user. Unfortunately, it gives rise to several legal issues. Linking may be of distinctive types such as Surface linking, deep linking and in-line linking.<sup>13</sup>

In surface linking, the original site provides the link of the homepage of another site. In deep linking, the original site offers the link of the 'inner pages' of another side which can be accessed by the user without entering the homepage of the linked website. Thus, there is a stark difference between the two linking. The former case will not lead to infringement of Copyright as it merely provides the location of the linked site whilst the latter will amount to infringement as materials contained are being exposed. In *Shetland Times Ltd v. Dr Jonathan Wills and Zet News Ltd*.<sup>14</sup>, the defendant constructed hyperlinks on his site, which when selected links the user to the relevant story on Shetland Times. The link had bypassed the home page. The Court rightly granted an interim injunction for Copyright protection. Lord Hamilton had observed that substantive materials of the plaintiffs could only be obtained by accessing their website through the homepage of the plaintiff's site. This was a clear case of deep linking.

In *Ticket Master Corporation v. Microsoft Corporation*<sup>15</sup>, the defendant provided for specific hyperlinks to specific pages in the Plaintiff's site. The policies, service information and advertisements in the plaintiff's website were bypassed due to such hyperlinks and hence a suit was filed. An out of court settlement was subsequently made and Microsoft sold that entertainment portion of its site to Ticket Master. The decisions of the Courts were not unanimous with the treatment of deep linking. There were judicial cleavages with this regard. In *Ticket Master Corp. v. Ticket.com.Inc.*<sup>16</sup> held the deep linking per se is not prohibited. In this case the plaintiff and defendants were major competitors in selling tickets of all kinds. Both the competitors had their own website operated for selling of tickets to the customers. When the defendant could not sell specific tickets, it constructed a hyperlink in its website linking the user to the interior pages of the plaintiff's site from which the user can purchase tickets. The notice clearly stated that the link shall take the user to another company's site from which tickets could be purchased. The Court was satisfied that there was intention on part of the defendants to confuse or mislead the public and hence held that it was not an act of infringement.

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13 Adrienne Muir, Online Copyright Enforcement by Internet Service Providers, 22 J. Inf. Sc. 411, at 413 (2012).

14 (1997)FSR 604.

15 97-3055(DDP) C.D. Cal. 1997.

16 Case No. C.D. Cal. Mar. 27, 2000.

In-lining is another mode of linking. Usually an image is the subject matter of In-lining. The image is placed by the inline link in the website that is being viewed by the user from another distant website. *Kelly v. Arriba Soft Corp.*<sup>17</sup> is a famous case on In-lining. The plaintiff was a photographer. The defendant operated a visual search engine. The plaintiff's photographs were placed into the data base of the defendant without his prior approval. The photos were further converted into thumbnails and cannot be enlarged in the same site. The link made possible for any user of the defendants site to access the images for free of cost. The defendant was sued for infringement of copyright and was asserted that he could not escape his liability for infringement.

The defence of that defendant was that he had no element of commerce in his act, he did not advertise or capitalize the photo and the website operated in the nature of a visual search engine. The function of the visual search engine was to provide a thumbnail index. The 'Fair Use' defence was accepted by the court and ruled in Arriba's favour. The Courts have stated in few cases that a transformation of copyright work for an entirely different use, such transformation shall not be considered as infringement.<sup>18</sup>

In *Nunez v. Caribbean International News Corp.*<sup>19</sup>, a photograph which was planned to be used for a modelling portfolio was used in a News article and the Court held that such act was not infringement as the purpose of work was transformed for another use. The Courts have rightly distinguished between 'copying' and 'importing'.

### **c) Caching:**

Cache refers to a space of temporary storage. Computers have caches such as disk cache and cache memory. Thus, Caching is the process whereby a material is copied from an original source to the cache.<sup>20</sup> Such material would be available to the user for a temporary period of time. Caching make be executed by three ways; Firstly, copying of document itself which is displayed on the computer screen whilst accessing the web. Secondly, the document that is being displayed are copied and retained along with the documents reviewed by the user in the past. Thirdly, the documents are not stored in a personal computer but on an ISP or on a website.

### **d) Public Display of Right by Posting or Uploading:**

When any work is published in the Internet, there is almost unrestricted viewing. Thus, when a Copyright material is published in the internet without authorization, it becomes a case of infringement. However, the Courts have not provided for any straight jacket formula for arriving at such a conclusion

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17 Case No. No. SA CV 99-560 GLT (JW 1999) US District LEXIS 19304.

18 Alex Colangelo, *Copyright Infringement in the Internet Era*, 39 Alberta Law Review 315, at 317 (2019).

19 235 F. 3d 18 (1st Circuit 2000).

20 David Allweiss, *Copyright Infringement on the Internet: Can the Wild, Wild West be Tamed?*, 15 Touro Law Review 1003, at 1006 (2018).

but have delivered mixed responses subject to the facts of each case.<sup>21</sup> In *Playboy enterprises Inc v. Frena*<sup>22</sup>, the defendant created a BBS, Bulletin Board Service. The BBS contained infringed materials. The plaintiff sues the defendant alleging infringement. The defendant contended stating that he was unaware of any infringement. However, the US District Court held the defendant liable. Similarly, in the case of *Playboy Enterprises Inc v. Web World Inc.*<sup>23</sup> The Court explicitly stated that vicarious copyright infringement arises in a situation where the defendant possessed direct financial interest in the infringed action. Contrastingly, Courts have taken a different course in the case, *Religious Tech Ctr. v. Netcom Online Communication Service Inc.*<sup>24</sup> where it was held that a BBS was not liable for displaying Copyrighted works as it took no role in control of information but acted only as a conduit of information.

**e) Archiving:**

In case of framing and linking, the materials were hyperlinked or framed from another website creating a conduit between the two in the internet. The materials are not stored or downloaded in the cases mentioned earlier. However, in Archiving, the process entails downloading and storing of the material of another website and incorporating the same.<sup>25</sup> Even if there does exist a hyperlink, the link shall take the user to another area of the same site where the material of another site has been stored. Archiving without the permission of the Copyright owner may amount to infringement.<sup>26</sup>

**ONLINE COPYRIGHT INFRINGEMENT AND LIABILITY OF INTERNET SERVICE PROVIDERS**

As noted above, Internet Service Providers are just the entities that act as a facilitator of the flow of data across the vast and complex synapses of the Internet. They are either the conduits for data traveling between nodes of the Internet or hosts for such data. They are not the content creators nor do they post any content. At the most they are the passive transmitters of the information posted by the subscribers. As such under the existing legal provisions they enjoy immunity from liability i.e. ‘safe harbour’.<sup>27</sup>

However there is an increasing call for fixing liability on the Internet Service Providers. When a work is transmitted on the Internet from one point to another, or made available for the public to access, Internet Service Providers are involved in the transmission. When such Internet Service

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21 Id., p.1007.

22 839 F Supp 1552 (MD Fla 1993).

23 986 F Supp 1171 (ND tax 1997).

24 907 F Supp 1361. 1372-73 (ND Cali 1995).

25 Joost Poort and J. P. Quintals, *The Online Piracy: How Markets Drive Down Copyright Infringement*, 34 AM. U. INT’LL. REV. 807, at 809 (2019).

26 Id., p.810.

27 Raman Mittal, *Online Copyright Infringement Liability of Internet Service Providers*, 46 JILI 288, at 289 (2004).

Providers participate in storing, transmitting or making available materials provided by another which infringe copyright or related rights, they could be liable for copyright infringement and such liability could arise in one of two ways<sup>28</sup>:

- i. if the Internet Service Provider itself is found to have engaged in unauthorized acts of reproduction or communication to the public;
- ii. if he is held responsible for contributing to or making possible the act of infringement by another.

In other words, if the Internet Service Provider is actively or directly involved in the copying of protected material then he can be held liable for copyright violation. In the second instance, Internet Service Provider can be liable for copyright infringement even where they are not directly engaged in the copying and communicating protected material.<sup>29</sup> For instance, Internet Service Providers store their customers' content on their servers and further they allow their telecommunication facilities to be used for transmitting such content. So, if their customers' content is infringing somebody's copyright, they also play a passive part in the infringement and if they have knowledge of that infringing material then they could also attract liability under the Copyright Act.

It is pertinent to note that, looking to how Internet Service Provider neither create nor modify content, the predominant consensus has been that it would be inequitable to hold them strictly accountable for copyright violation perpetrated by the user. Users of intermediary services are the true content creators and as such, it has generally been felt that they should be the ones made to answer for such violations unless intermediaries have meaningful degrees of editorial control.<sup>30</sup> Thus, there exists dilemma as to whether Internet Service Provider should be made accountable for the copyright violation perpetrated by the user.

Despite such dilemma, the scholars have proposed three broad models of liability of Internet Service Provider. They are discussed as under:

### **(1) Strict Liability Model:**

Intermediaries are held unconditionally liable for user-generated content. Intermediaries are effectively required to monitor content in order to comply with the law; if they fail to do so, they face a variety of sanctions, including the withdrawal of their business license and/or criminal penalties.<sup>31</sup> Examples include Thailand and China.

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28 William J. Cook, Be Wary of Internet Casting Shadows on Copyright Holders, 12 CHI. LAW. REV. 121, at 125 (1996).

29 *Id.*, p.126.

30 Joan Gilsdorf, Copyright Liability of On-Line Service Providers, 66 U. CIN. L. REV. 619, at 621 (1998).

31 Mary Ann Shulman, Internet Copyright Infringement Liability: Is an Online Access Provider More Like a Landlord or a Dance Hall Operator?, 27 GOLDEN GATE U. L. REV. 555, at 558 (1997).

## **(2) Safe-Harbour Model:**

Intermediaries are given conditional immunity from liability arising out of user-generated content i.e. if they comply with certain requirements laid out under law.<sup>32</sup> This model can be further divided into two, namely:

### **(a) The Vertical Model:**

Liability is determined according to the type of content at issue. No distinctions are made as to the type of service provided by intermediaries e.g. hosting vs. transmitting.<sup>33</sup>

### **(b) The Horizontal Model:**

Liability is determined according to the kind of function performed by the intermediary. Intermediaries acting only as a transmitter of content may thus be exempted unconditionally from liability whereas those acting as hosts may be held to more stringent standards. The latter may forfeit immunity if they do not expeditiously remove unlawful content on being notified.<sup>34</sup>

The safe-harbour model is also characterized by the existence of “notice-and-takedown” processes, which are legally prescribed procedures that clearly outline how content takedown requests must be received and processed by intermediaries.<sup>35</sup>

### **(c) The Broad Immunity Model:**

Intermediaries are given broad, at times conditional, immunity from liability arising out of user-generated content. Notably, intermediaries are also expressly excluded from any obligation to monitor for unlawful content. This model treats intermediaries as messengers who merely transmit content on behalf of users, rather than publishers of content.<sup>36</sup> Section 230 of the Communications Decency Act is an example of this model.

Regardless of the model, almost all regulatory regimes overseeing Internet intermediaries obligate intermediaries to remove unlawful content from their platforms upon being asked to do so in accordance to applicable legal procedures.

## **LEGAL REGIME GOVERNING LIABILITY OF INTERNET SERVICE PROVIDERS OF COPYRIGHT VIOLATION IN INDIA.**

Basically liability of Internet Service providers for copyright violation is governed under Copyright Act, 1957, Information Technology Act, 2000 and the Rules framed there under. The relevant provisions of these laws are discussed as under.

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32 Patrick J. Glynn, *Cyber Copyrights: Internet Provider Liability*, 60 TEx. B. J. 634, at 635 (1997).

33 Id., p.638.

34 Joan Gilsdorf, *Supra* p.623.

35 Patrick J. Glynn, *Supra* p.641.

36 Id., p.643.

### **a) Liability of Internet Service Providers and Copyright Act, 1957**

The Copyright Act, 1957 does not contain any express provision for determining or limiting the liability of Internet Service providers. However, some provisions in the Act could be interpreted to have some bearing on the liability of Internet Service providers. As per Section 51 (a) (ii) of Copyright Act copyright in a work will be deemed to be infringed when any person, without a license granted by the owner of the Copyright or the Registrar of Copyrights under this Act or in contravention of the conditions of a license so granted or of any condition imposed by a Competent Authority under this Act...permits for profit any place to be used for the communication of the work to the public where such communication constitutes an infringement of the copyright in the work, unless he was not aware and had no reasonable ground for believing that such communication to the public would be an infringement of copyright.<sup>37</sup>

From the reading of this provision it can be understood that if Internet Service providers allow their servers and other telecommunication facilities for storing user's material and for transmitting that material in such a way that it amounts to copyright violation then they can be held liable. It is also pertinent to note that the computer servers and other telecommunication facilities are actually located at their business premises and hence they would come under the expression "any place" and could be held liable for the infringing activities of third parties whose material they store or transmit if other requirements are fulfilled.

Further, the expression "permits for profit" means that, Internet Service provider should be financially benefited out of the infringing activities. They normally charge for their services and even if they offer some services for free, they could indirectly be making profit out of it, for example, from advertisements that they bundle together with the transmitted material. So, the above two requirements are fulfilled by them.<sup>38</sup> As such they can be held liable under Copyright Act, 1957 for the infringement of copyrighted material.

### **b) Liability of Internet Service Providers and Information Technology Act, 2000**

The provisions relating to the Internet Service providers are specifically legislated in the Information Technology Act, 2000. Section 79 of the Information Technology Act deals with the liability of Internet Service providers. It provides that no person providing any service as a network service provider shall be liable under this Act, rules or regulations made there-

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37 17 P. Narayanan, Law of Copyright and Industrial Designs, p.54, (Eastern Law House, West Bengal, 2017).

38 Dr. G. Mallikarjun, Protecting Online Copyright Infringements: The Emerging Legal Issues and Challenges, 5 IJESTR 98, at 99 (2018).

under for any third party information or data made available by him if he proves that the offence or contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence or contravention.<sup>39</sup> Thus this provision provides safe harbor to the Internet Service providers from liability.

It is pertinent to note that Network service providers not to be liable in certain cases make apparent the object behind the section, which is to limit their liability. The Information Technology Act just seeks to create a filtering mechanism for determining the liability of Internet Service providers. The idea is that the liability of an Internet Service provider for his action or omission be first determined in accordance with the statute under which it arises and then, if at all, he is held liable, his liability again be filtered through Section 79 of the Act.<sup>40</sup> It is apt to note that, to qualify for exemption, Internet Service providers may neither initiate the transmission, select the receiver nor have any editorial control by selecting or modifying the material.<sup>41</sup> Section 79 of the Act provides two circumstances under which an Internet Service provider can qualify for exemption from liability, namely, Lack of knowledge and Exercise of due diligence.

**(a) Lack of Knowledge:**

Knowledge of the illegal contents on the part of the Internet Service provider is a prerequisite for holding him liable under Section 79 of the Act. He can escape liability if it could be proved that he was unaware of all that was stored and passing through his servers. But, if he is put under a notice that an infringing material is either stored or passing through his servers, he has to take proper action for removing or disabling that material otherwise he could be said to have knowledge of the infringing material and held liable.<sup>42</sup>

Knowledge requirement for proving culpability in India differ from one field of law to another. However, with regard to Section 79 of the Act, which applies to any form of liability, the object of knowledge is not evident. Does it mean that an ISP has merely to be aware of the content or he has to be aware of the illegality of the content as well? This is the question which has to be decided by the courts based on the facts and the circumstances of the case in hand.<sup>43</sup>

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39 Thilini K., Liability of Internet Service Providers for Third Party Online Copyright Infringement: A Study of the US and Indian Laws, 12 JIPR 56, at 57 (2007).

40 Arundhati Singh, Online Piracy and Copyright Infringement: Issues and Challenges, 2 IJALR 113, at 114 (2020).

41 Id., p. 115.

42 Priyambada Mishra and Angsuman Dutta, Striking a Balance between Liability of Internet Service Providers and Protection of Copyright over the Internet: A Need of the Hour, 14 JIPR 321, at 322 (2009).

43 Id., p. 323.

## (b) Due Diligence:

Apart from the knowledge requirement, for an Internet Service provider to avoid liability, he has to exercise “*due diligence*”. The Section 79 of the Act requires actual knowledge or breach of the duty of care. The question for consideration is what should be the extent of the “*due diligence*” requirement expected from the Internet Service provider? It again leads to another important question i.e. whether the Internet Service providers be required to monitor and judge legality of millions of files that are present or passing through their servers? It is impossible. Hence, it can be safely said that they are not liable for the copyright infringement unless they are put on notice.<sup>44</sup>

It is also pertinent to note that Internet Service providers are not suited to decide whether the alleged unlawful material should be taken down from the Internet. They cannot exercise such choices and thus carry out policing the Internet. Cases of copyright infringement are often not at all simple. Often the questions such as who owns the copyright? Has the duration of any copyright expired? Does the alleged infringing act fall within any copyright exception or defense? etc. arise which make the determination of infringement more complex. While disputes of such nature are often difficult even for courts to resolve, it goes without saying that Internet Service providers are not well equipped to deal with such issues.

### ➤ Burden of Proof:

Under Section 79 of the Information Technology Act the onus of proof lies on the Internet Service provider to prove any of the two circumstances, i.e., “knowledge” and “due diligence” to claim exemption from liability. It is to be noted that matters of a civil nature are always decided on a preponderance of probabilities and the burden of proof in such case is not to be discharged as conclusively as would be expected in a criminal trial. On the other hand, in criminal cases the prosecution must prove the guilt beyond a reasonable doubt and the burden of proof lies on the prosecution.<sup>45</sup> In the light of the same when Section 79 of the Act is analysed it imposes the burden of proving his innocence on the Internet Service provider.

## c) Intermediaries Guidelines:

After the amendment to the Information Technology Act in 2008, which incorporated the ‘due-diligence’ requirement for intermediaries for claiming safe-harbour, the Government of India on 11<sup>th</sup> April, 2011, issued the Information Technology (Intermediaries Guidelines) Rules, 2011. The Intermediaries Guidelines, inter alia, brought in the following conditions, which all intermediaries had to adhere to for their safe-harbour protection<sup>46</sup>:

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44 V. K. Unni, Internet Service Provider ‘s Liability for Copyright Infringement- How to Clear the Misty Indian Perspective, 8 Rich. J. L. & Tech. 365, at 366 (2001).

45 Id., p.367.

46 K. A. Chawla, Analyzing the Upcoming Trends of Digital Copyright Law in India, 3 IJLSI 244, at 245 (2020).

- i. Publishing rules/regulations; privacy policies; user agreements;
- ii. Terms and conditions to specify prohibited content- grossly harmful, harms minors, infringes intellectual property rights, contains virus (among other things);
- iii. A strict notice and takedown process;
- iv. Assistance to government agencies for law enforcement;
- v. A duty to report cyber security incidents to the government; and
- vi. Appointment and notification of a grievance officer.

On 24<sup>th</sup> December, 2018, Ministry of Electronics & Information Technology released the Draft Information Technology [Intermediaries Guidelines (Amendment) Rules], 2018 (“the Draft Rules”) to amend the existing Intermediaries Guidelines. These Draft Rules sought to introduce requirements on intermediaries like - tracing out of originator of information for assistance to law enforcement, deployment of automated tools for proactive filtering of unlawful content, takedown of illegal content within 24-hours, and mandatory incorporation of companies having more than 5 million users in India (among other things).

## JUDICIAL APPROACH TOWARDS LIABILITY OF INTERNET SERVICE PROVIDERS

*Shreya Singhal v. Union of India*<sup>47</sup> is a landmark case which arose when the police arrested two women for posting allegedly offensive and objectionable comments about the death of a political leader on Facebook, leading to their arrest under Section 66A20 of the IT Act, which in turn resulted in a challenge to the constitutionality of several provisions of the IT Act. While Section 66A was struck down in its entirety, the Supreme Court read down Section 79(3)(b) of the IT Act and Rule 3(4) of the Intermediaries Guidelines, interpreting the word ‘knowledge’ to mean knowledge only by means of a court order or government notification. Consequently, intermediaries were not liable to takedown anything from their platforms on the basis of a mere user complaint not backed by a court order. Prior to this judgement, ‘actual knowledge’ under the Information Technology Act and the Intermediaries Guidelines could potentially be interpreted as the intermediary exercising its own judgement, and playing judge, jury and executioner in adjudicating what constitutes ‘unlawful information’. This adjudicatory role must be played by a court of law and not a private body in order to prevent a chilling effect on online free expression through private censorship.<sup>48</sup>

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47 (2013) 12 SCC 73.

48 Jyoti Panday, ‘The Supreme Court Judgment in Shreya Singhal and What It Does for Intermediary Liability in India?’ (The Centre for Internet and Society, 11 April 2015) <<https://cis-india.org/internet-governance/blog/sc-judgment-in-shreya-singhal-what-it-means-for-intermediary-liability>> accessed 13 November 2019.

This landmark judgement radically altered the threshold of ‘knowledge’ for holding an intermediary liable for any content it hosted or stored. While the judgement was written in the context of free speech and the liability of intermediaries such as Facebook, the decision was equally applicable to e-commerce marketplaces. Resultantly, e-commerce marketplaces were not obligated to take down listings that brand owners claimed were counterfeit, in the absence of a court order. Accordingly, the due diligence obligations of e-commerce marketplaces in the context of counterfeiting were nearly zero, unless otherwise specified under relevant rules, regulations and policies or directed by a court.

### a) The Notice and Takedown Regime

In *MySpace Inc. v. Super Cassettes Industries Ltd.*<sup>49</sup> the Division Bench of the Delhi High Court adjudicated upon the parameters and thresholds of intermediary liability with respect to copyright laws, and held that intermediaries must be provided with ‘specific knowledge’ and that merely a general awareness or apprehension of an intermediary that the content may be infringing will not amount to ‘knowledge’ and make the intermediary liable.

The court considered the holding in *Shreya Singhal*<sup>23</sup> and observed that this judgement was rendered in the context of the restrictions under Article 19(2) of the Constitution of India which provides freedom of speech, and that in the case of copyright laws, it was sufficient for MySpace to receive specific knowledge of the infringing works from the content owner without the necessity of a court order. Therefore, the court held that an intermediary, on receiving ‘actual knowledge’ or obtaining knowledge from the affected person in writing or through email, was to act within 36 hours of receiving such information and disable access to the infringing content. In this judgment, the Division Bench of the Delhi High Court therefore implemented a ‘notice and takedown regime’ for intellectual property rights issues and held that the strict free speech standards laid down in *Shreya Singhal* were not required to be applied to intellectual property rights violations, specifically those of copyright.

In the 2017 case of *Kent RO Systems Ltd. v. Amit Kotak*<sup>50</sup> the plaintiff instituted a suit against a seller on eBay, as well as eBay itself, for offering for sale of water purifiers that infringed the designs of the plaintiff. The plaintiffs alleged that as per the IT Act and Intermediaries Guidelines, intermediaries like eBay were expected to observe due diligence such as informing their sellers not to offer infringing products for sale and taking steps to avoid the sale of such products. eBay claimed in its response that it had removed all products complained of and undertook to continue to do so in the future on

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49 (2017) 69 PTC 1 (MySpace).

50 2017 (69) PTC 551.

receipt of any complaint from the plaintiff. eBay contended that it was exempted from liability as it expeditiously removed the infringing products on being notified by the court order, and thus, discharged its due diligence. However, the plaintiffs asserted that once intimated of counterfeiting, the obligation of eBay extends not just to removing that particular product, but also to ensuring that no other infringing products are being hosted on its website.

The Single Judge held that the Intermediaries Guidelines only requires an intermediary to remove infringing listings upon receiving actual knowledge of the same, and that the intermediary cannot be expected to remove infringing products before they have even been complained of. The court held that imposing the obligation of pre-screening on an intermediary effectively converts it into a body that determines whether there is any infringement of intellectual property rights, a legal and technical question, which the intermediary cannot adjudicate upon. The Single Judge also observed that the hosting of information on eBay being automatic and without human intervention, it was not possible to direct eBay to screen all listings for violation of IP, as this would bring its business to a halt. Further, with respect to the plaintiff's contention that it cannot be expected to be so vigilant all the time to keep looking for infringing products on eBay, the court held that similarly, even eBay cannot be expected to exercise such vigilance.

This judgement was appealed by the plaintiff<sup>51</sup> where it argued that the pattern of behaviour and conduct of eBay disclosed its knowledge of infringement. The Division Bench held that the observations made by the Single Judge virtually foreclosed the right of the plaintiffs to prove if and how the knowledge threshold was met. Accordingly, the plaintiff was allowed the liberty to establish the 'knowledge' threshold mandated by Section 79(3)(b) by leading evidence at trial. However, since no final judgement has been rendered in this matter yet, it is unclear what factual and evidentiary thresholds may be used by the court to determine eBay's knowledge of infringement.

## **b) The decision in Christian Louboutin Case**

In *Christian Louboutin SAS v. Nakul Bajaj*<sup>52</sup> the plaintiff brought suit against darveys.com, a website selling imported luxury products in India, on the grounds that Darveys was offering for sale counterfeit and impaired products which infringed its trademarks. Darveys inter alia claimed that even if there was infringement/counterfeiting, it would not be liable as it was an intermediary whose role was limited to booking orders to various sellers across the globe and dispatching the products to their customers. The question before the court was whether Darveys was an intermediary and

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51 Kent RO Systems (P) Ltd v eBay India (P) Ltd FAO (OS) (COMM) 95/2017 (Del) (Kent RO).

52 (2018) 76 PTC 508.

thus, exempt from liability for trademark infringement. In this regard, the court sought to take a deeper look at the business model and policies of Darveys. It observed that Darveys was a members' only website which arranged for the transport of products to the customers. Darveys made claims that all its products were 100% genuine, so much so that its authenticity guarantee extended up to the return of twice the money in case the product turned out to be counterfeit. It also placed a seal of authenticity guarantee on the website and claimed that quality checks were carried out by a third-party team of trained experts who examined the products before shipping them to customers.

Notably, Darveys did not reveal its list of foreign sellers from whom the products were sourced. The court observed that the policies of Darveys clearly show that it was responsible for listing, pricing, transporting and conducting quality tests on the products. Therefore, Darveys exercised complete control of inventory, and its role was much more than that of an intermediary, i.e. the mere provision of a technical platform as defined under the IT Act. Accordingly, it held that not all e-commerce websites can be categorised as intermediaries, and laid down a list of factors such as transporting, packaging, warehousing, providing quality assurance and authenticity guarantees, advertising the products on the platform, providing call centre assistance etc., which would indicate that the e-commerce entity had crossed the line from an 'intermediary' to an 'active participant', and could thus be liable for its role in the infringing acts.

In the court's opinion, e-commerce marketplaces providing such logistical support must not be automatically deemed as intermediaries as their conduct cannot be termed as inactive, passive or merely technical, and they are active participants in the trade.

The court also relied on *MySpace* and interpreted the judgement of *Shreya Singhal* as being in the context of free speech and not of intellectual property infringements in e-commerce. The court noted that in *Shreya Singhal*, Section 79(3)(b) of the IT Act was read down subject to the caveat that a court order or government notification would be necessary in respect of unlawful acts mentioned in Article 19(2) of the Constitution (such as allegedly seditious, defamatory, or indecent content etc.). Thus, the high threshold of receiving a court order or government notification to obtain 'actual knowledge' was not applicable in respect of intellectual property violations. Further, it held that the 'due diligence' criterion provided under the Information Technology Act must be construed broadly and not restricted merely to the guidelines themselves. Accordingly, Darveys was held liable for trademark infringement, and could not take shelter under the safe harbour provisions of the Information Technology Act.<sup>53</sup>

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53 Mahima Khandelwal and Ankit Modi, Safe Harbor Provision: Conditional Immunity to Online Intermediaries 3 IJLMH 895, at 896 (2020).

For brand owners, this judgement was a welcome development as it distinguished between intermediaries and e-commerce companies, which would help prevent the misuse of safe harbour provisions by active participants seeking to escape liability. However, for intermediaries, the judgement provided several insurmountable challenges. *First*, no rationale is provided for the list of factors which determine whether the platform is an intermediary or not, despite most e-commerce entities engaging in one or more of these activities. *Second*, it is not clear which factors are to be construed positively for the intermediary and which are to be negative, since identification of the seller etc. surely cannot be a negative factor for a platform. Non-identification of the seller was one of the reasons the court held that Darveys was not an intermediary.

*Third*, there is no clarity on whether a defaulting intermediary is liable for primary or secondary infringement. *Fourth*, the court did not elaborate on its observation that *Shreya Singhal* will not apply to e-commerce platforms as there is no violation of the right to speech. In fact, the sale and listing of products on online platforms qualifies as commercial speech which is also protected within the ambit of free speech, albeit to a lesser degree when compared with political speech. Instead of the court distinguishing or reading down the judgement in *Shreya Singhal* in the context of commercial speech, it negated its application to e-commerce in toto. *Fifth*, the judgement implies that the phrase “*any service under that record*” provided in the IT Act and Intermediaries Guidelines (which permits the intermediary to provide ancillary services) can only be with respect to electronic record and that no physical services such as transport, delivery etc. are permissible. Sixth, the holding those intermediaries have ‘broader responsibilities’ which go above and beyond the thresholds laid out in the Intermediaries Guidelines lacks sufficient clarity and specificity.<sup>54</sup>

## CONCLUSION

The liability of Internet service providers is one of the most controversial legal issues to emerge from cyberspace which is the result of the very nature of digital networks. Should Internet Service providers be treated as electronic publishers, and thus made directly liable for all the infringing copyrighted work flowing through their servers? Or are they merely the postmen of the Internet, common carriers exempt from all liability? As always in the realm of the law, the answer lies somewhere in the middle.

After discussing the various facets of Internet Service providers’ liability it could be concluded that keeping in mind the situations and characteristics of Indian legal system, it is proper that their liability should be defined as per the existing statutes for contributing to illegal activities and then it be filtered through the Information Technology Act. In this regard the Copyright Act

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<sup>54</sup> Id., p.897.

need not be amended and the existing provisions can be used to determine their liability.

Further it also to be noted that the Internet Service providers should be made liable to remove infringing material only if they are technically able and may reasonably be expected to prevent its use. The focus should be on the reasonableness, because it will always be technically possible to stop access to illegal contents caused by the Internet Service providers. This doctrine of reasonability and practicality is just and not existent within section 79 of the Information Technology Act and needs to be brought in as it would be futile to fix liability which cannot be reasonably fulfilled.



# IS IPR A CLOG ON THE COMPETITION OR NOT?

Sri. Pramath Adig<sup>\*</sup>

## ABSTRACT

*As one knows law grows with growth and improves with a scope for its improvement, otherwise it dies-down sooner than what one commonly imagines. In the present competitive world, it is indispensable to have proper level paying fields for competitors on the one hand and beneficiaries of competition on the other. Competitors or beneficiaries will not reap worthy fruits of the competition in the absence of it. Today one often hears that monopoly rights granted to the IP right holder is anti- competitive in nature because it confers exclusive right to the inventor or innovator for a particular period and cause staticness as to marketing access on the IP right-conferred invention or innovation. But one should not forget the fact that an excessive restriction will hamper economic growth as inventors or innovators show lack of interest to pursue in invention or innovation without having any return for their efforts and the new varieties will fail to get what it will have in future. It does not mean that one should under-rate the interest of beneficiaries in total. Beneficiaries interest shall be kept in mind while restraining IP holders right. But restraints which are going to be imposed on the rights of IP holders under competition law must be supplementary to the rights conferred under IP Law. In the chosen topic, an analysis will be made on relevant provisions of IP Law and Competition Law to know whether clogness if any caused on competition either in the course of encouragement to IPRs or restraint on anti- competition practices will affect the interest of stakeholders.*

**Key Words: IP Rights, Competition Law, IP Holder, Monopoly**

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## INTRODUCTION

As one often hears or reads that there is a tussling between exclusive right holder of IPR and competitor in the market. The competition requires regulation of monopoly right and openness in the market. IPR guarantees an exclusive right as well as monopoly status to the person who owns it. The spirit of the inventor gets dampened if uncanalised restrictions are imposed in the name of encouragement to the competition. But the market loses dynamacy in the growth of product if no curb is imposed on the monopoly right holder.

There is no provision in the Competition Act, 2002 to assume infringement. But IP Laws contain provisions to have exclusive rights on intellectual property or properties and to seek remedies against infringement of the protected IPR. The possessor of IPR more often than not uses the right in negative sense. It is in this context a remark is passed against IPR that it is a clog on the competition.

On over all perusal of inter-relative elements existing in support of restrictive practices in IP Laws and Competitive favouritism towards consumer welfare in competition law, whatever deductions prevailing in the present context on use of IPR by its holder as against competition may be crystallised.

## MARKETING SYSTEM

At present, the market is dependent on two operative systems of marketing. It is called as Free- marketing system and Regulating- marketing system.

### Free marketing system:

It is a market where manufacturer does have a free hand while doing marketing in four ways:-

Identify the product to be produced

- Extent of capital to be invested
- Determine the price and the product
- Follow monopolistic behaviours with no government role in it.

### Side-effects of Free-marketing system:-

- Lead to instability in price
- Lead to imbalance in economy
- Lead to the stage of unrestorability as to the control of market.
- Provide an option to the manufacturer to have unfair advantage of the consumer in pursuance of gaining maximum profit.

### **Regulated marketing system:-**

It is a market governed by way of different regulatory bodies controlled by the State. It is mooted with two initiatives, i.e., to prevent a monopoly and unfair trade practice ensuing there from. In this system, the activities of supplier are monitored through legislative mechanism. It serves two purposes, namely, compulsion of manufacturer to produce the various products essential to the livelihood of the public at large and improvisation of the economy of the nation.

### **Side-effects of Regulated marketing system:-**

- Ø Lead to minimum flexibility in operation.
- Ø Lead to downfall of invention or innovation.
- Ø Lead to reduction in consumer preferred buying.

### **Scope of competition under different heads:-**

#### (1) IPR-

In IP Laws, the term „competition is understood in the sense of encouragement to the prospective innovators and to restrict the competition in several ways up to a specified period of operation of particular IPR. After the expiry of the fixed period, the specific IPR will become public property.

#### (2) In Competition Law-

In competition law, the term „competition is understood as stopping „abusive practices’ in the market, to stipulate and encourage competition in the market and to assure the consumer to have the qualitative product at an affordable price.

#### (3) TRIPs –

Article 31 of TRIPs Agreement contains a provision to have involuntary contract in the situations stated here under-

- Anti-competitive practice
- Public health is at stake
- Existence of national emergency

### **Where /how/why IPR should be supported?**

- To prevent unauthorised use
- To encourage the sale of IPR backed product
- To motivate the interest in new inventions or innovations

### **Where/ how/ why competition should be supported?**

- To establish fair market behaviour or thwart disagreeable market conditions
- To prevent pervertive and inconsistent use of IPR

- To apply anti-trust policy only in case of abuse but not on restrictions imposed to prevent infringement of IPR.

## IPR VS COMPETITION LAW

IP Law cannot be aloofed from the competition law in total merely because none of the IPR statutes contain references to competition. The aim of competition law is to regulate anti-competitive practices or conduct in the marketing of product. It balances producers and consumers interest in a flexible manner. It ensures that small and new business agencies shall not become scapegoat in the course of expansion of market share by large scale business agencies.

The Competition law forbids anti-competitive practices generally committed in the form of price manipulation, bid rigging and dumping.

Section 3 (1), (3) and (4) of Competition Act deems an agreement as anti-competitive agreement if

- The agreement in respect of production supply, distribution, storage, acquisition etc causes or likely to cause **an appreciable adverse effects on competition in India.**
- The agreement results in bid rigging or collusive bidding i.e., eliminating or reducing competition or adversely effecting or manipulating the process of bidding.
- The agreement leading to direct or indirect determination of purchase or sale price.
- The agreement limiting or controlling production, supply, markets, technical developments, investments or provision of service.
- The agreement leading to tie-in-agreement, exclusive supply agreement, exclusive distribution agreement, refusal to deal, resale price maintenance.

Section 3 (2) of Competitive Act contains a provision to declare an agreement which causes or is likely to cause an **'appreciable adverse effect on Competition (AAEC) in India'** as **inoperative by deeming it as void.**

However section 3(5) (i) of Competition Act provides that **a restrain on infringement or imposition of reasonable condition by a person who holds IPR** either under the Copyright Act, 1957, the patent Act, 1970, the Trade and Merchandise Market Act, 1958 or the Trade Marks Act, 1999, the Geographical Indications of Goods (Registration and Protection) Act, 1999, the Design Act, 2000 and the semi conductor Integrated Circuits Lay-out Design Act, 2000 **shall not lead to anti-competitiveness.**

The sub-section (5) (i) of section 3 of Competition Act permits IPR holder to put restriction on the use of his right only by way of restrain to prevent

infringement or to gain benefits from his right by others in an unauthorised manner imposing reasonable conditions.

Section 4 of Competition Act, 2002 provides that an enterprise or group shall not abuse its dominant position imposing unfair or discriminatory condition either directly or indirectly in purchase or sale goods or service including predatory pricing. But the said section shall not deem a discriminatory condition or price supporting competition as anti-competitive. What may be understood from it is that it prevents dominant position holder to abuse it by involving in imposition of unfair or discriminatory condition or price. It does not mention anything about IPR as in the case of Section 3 (5) (i) of the said Act. Even then the restriction u/s 4 of the Competition Act is applicable even against IPR when its dominant user begins to abuse it by involving in anti-competitive practices or conduct. Further it clears the fact that IPR holder may use any restrain permissible under IP Laws to prevent misuse of his right by others by way of infringement but not to abuse the rights conferred in IP Laws imposing anti- competitive restriction.

### **What is an anti-competitive agreement?**

Under section 3(1) of Competition Act states that an agreement becomes anti- competitive agreement if any enterprise or association of enterprise or individuals or association of individuals may enter into an agreement regarding production, supply, distribution, storage, acquisition or control of goods or services adversely affecting the competition in the Indian Market.

The provisions given in section 3 and 4 of Competition Act, 2002 clearly indicates that they do not forbid restraint being used by IPR holder until they adversely affect the Competition in the prevailing marketing in India.

### **JUDICIAL OBSERVATIONS IN SUPPORT OF COMPETITION**

In Union of India vs Cyanamide India Ltd. and Anr.<sup>2</sup> the court held that CCI has jurisdiction to reduce excessive price being fixed by patent holder on life saving drugs and observed that in case of scarcity of substitutes, there is always a peril of creation of monopolies which disturb the economic efficiency in the market.

In Entertainment Network (India) Ltd. vs Super Cassette Industries Ltd<sup>3</sup>., the court observed that even though copyright holder has full monopoly over his IP right, it is restrict able if such monopoly creates disturbance in smooth functioning of market. Therefore the copyright holder cannot refuse to issue licence holding monopoly right.

Amir Khan Production Private Ltd. vs the Director General<sup>4</sup>, the court held that CCI is entitled to look into the matter of Competition and IPR.

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2 AIR 1987 SC 1802

3 2008 (5) OK, 719

4 (2010) 112 Bom LR 3778

### **Common practices of abuses of IPR-**

- Non-granting of license to third party
- Initiate vexatious litigation
- Confine supply of goods to third parties lying only in the hands of IPR holder
- Require licence to fix the price as fixed by the licensor.
- Require IPR user to pay royalty even after the expiry of fixed duration of IPR

### **Implied support to competition under IP Laws-**

IP Laws contain provisions to issue compulsory licenses<sup>5</sup> in certain situations in the interest of customer in particular and public at large. The factors supportive to competition may be understood by implication in IP Laws in the form of issuance of compulsory licence on grounds stated as under:

- IPR is not available at affordable price.
- IPR holder fails to satisfy demands existing on IPR.
- IPR is not made available in the territory of India.
- IPR is withheld from public domain.

### **Practical difficulties in the determination of anti-competitiveness in the market**

- Lack of clarity as to the assessment of the implications and regimes in competition
- Lack of co-ordination between the authorities functioning under IP Law and Competition Law
- Lack of clarity in issuance of compulsory licence
- Misuse of flexibilities under IP law to provide remedies against anti-competitive practices.

### **SUGGESTIONS**

- Need to lay-down guidelines by competition commission of Indian (CCI) for the proper assessment of implication and regimes to avoid adverse reaction drawn from it.
- The authorities functioning under IP Laws and Competition law shall be trained to have co-operative approach with each other in curbing of anti-competitiveness
- There is a necessity specification as to minimum and maximum limits of royalty to be paid to IPR holder while issuing compulsory license.

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5 Section 84-92 Patent Act, rule 96-102 of Patent Rules 2003/Section 31-31-B of Copyright Act

- Prevent use of vexatious litigations misusing the flexibilities available while seeking remedies against infringement of IPR

## CONCLUSION

Whatever conflicts discerned over the years on the protection of IPR and removal of anti-competitiveness could be overcome balancing negative rights under IP law with positive right of competition law. A proper solution to avoid tendency to misuse of IPR in an unpropitious manner is to be found. Anti-competitive regulatory authorities need to refer the extent of necessity of exclusive right holder of IPR. The supremacy of IPR holder shall not be shaken until he will begin to involve in anti-competitiveness. The nation progresses in the right path if competition is supported without undermining the significance of invention and innovations. It is clear from carve-out created in competition Act that its provisions are applicable even to IP-related business except where condition imposed by IPR holder is reasonable, necessary and not unilateral in nature. The restriction imposed in the name of IP exclusivity does not safeguard it from competition law. Whatever restrictions imposed in licensing arrangements in IP is examined in the same way as that applies to the sale of goods or services under the Competition Act. The statutory exemption given in Competition Act is to be invoked legitimately, otherwise it is challengeable as anti competitive. On perusal of recent decisions of CCI it may be understood that it has been striking a balance between the legitimate exercises of IP with consumer interest. The analysis done as above indicates that a remark against IPR as clog on competition does not have relevancy especially in the light of reasonability test given in Competition.



# COMPULSORY LICENSING OF PATENTS IN INDIA: AN OVERVIEW

Dr. Dnyaneshwar P. Chouri\* & Ms. Vinutha Kulkarni\*\*

## ABSTRACT

*Intellectual property protection varies from country to country, but countries that have strong IP laws will have on the overall economical impact. Almost every country is taking strong measures to protect their intellectual property rights through various legal measures. Patent is one of intellectual property which provides monopoly rights to patent owners to manufacture, sell, and import the product resulting in overpricing of the patented products. Indian government enacted India Patent Act, 1970 where the provision for compulsory licensing has been introduced to balances the rights of the patent holder with its obligation to ensure working of patents for the public interest by the timely intervention of the government. In this research paper the provisions relating to the compulsory licensing has been critically analysed. Similarly the role of the government in balancing the interest of patent holder and general public in case of necessity has elaborated with the help of case study.*

**Keywords: Patent Rights, Public Interest' Pharmaceutical Patents, Bayer's Patent, Affordable Price & Related Patents**

## INTRODUCTION

Due to the technological growth and globalization Intellectual Property (IP) has acquired an international character. The greater importance of Intellectual Property all over the world can be traced from the concern of different international organization. WIPO and WTO are playing the leading

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role jointly for the protection of Intellectual property.<sup>1</sup> Intellectual Property ordinarily includes patent, design, trademark and copyright. Patent is an exclusive right provided to a person who invents a new product or new process and that new technology must be useful. It is provided by means of granting a license to a particular person, and it is granted for a certain period of time only to the inventor.<sup>2</sup> Compulsory license prevents the abuse and monopolization of a patent thereby, allowing the commercial exploitation of a patented invention by those interested in it. Under the Patents Act, 1970 the provisions concerning 'compulsory licenses' are prescribed under Chapter XVI. A compulsory license is granted by the Government and not by private entities or third parties. However, the grant of compulsory license operates against the patent owner but compulsory licenses are generally considered in the field of pharmaceuticals to protect public health and health crisis and also in cases of national emergency.<sup>3</sup>

### WHAT IS COMPULSORY LICENSING?

Compulsory licensing comes under The Patent Act, 1970. Patents are granted to promote a new invention which is a product or a process that provides a new way of doing something or offers a new technical solution to a problem. To get a patent, technical information about the invention must be disclosed to the patent office.<sup>4</sup> Compulsory licensing is when a government allows someone else to produce a patented product or process without the consent of the patent owner or plans to use the patent-protected invention itself. It is one of the flexibilities in the field of patent protection included in the WTO's agreement on intellectual property - the TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement.<sup>5</sup> The agreement allows compulsory licensing as part of the agreement's overall attempt to strike a balance between promoting access to existing drugs and promoting research and development into new drugs.<sup>6</sup>

Compulsory licensing in respect of food, medicine or drug are deemed to be licences of right<sup>7</sup>. Compulsory licensing and government use of a patent without the authorization of its owner can only be done under a number of

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- 1 Movva Devi Sree, Implications On Granting Compulsory License Of Patent In India - An Overview, Int. J. Adv. Res. 7(2), Available @[https://www.journalijar.com/uploads/856\\_Paper%20-%2011.pdf](https://www.journalijar.com/uploads/856_Paper%20-%2011.pdf), P.62
  - 2 Shraddha, Compulsory License Under Patents Act, 1970, Available <https://www.legalserviceindia.com/legal/article-3585-compulsory-license-under-patents-act-1970.html>
  - 3 Anasuya Mukherjee, Compulsory Licenses under the Patents Act, Available @ <https://lawcirca.com/compulsory-licenses-under-the-patents-act/>
  - 4 *Supra* note 1.
  - 5 Compulsory licensing of pharmaceuticals and TRIPS, Available @ [https://www.wto.org/english/tratop\\_e/trips\\_e/public\\_health\\_faq\\_e.htm](https://www.wto.org/english/tratop_e/trips_e/public_health_faq_e.htm)
  - 6 [https://www.wto.org/english/tratop\\_e/trips\\_e/factsheet\\_pharm02\\_e.htm#art31](https://www.wto.org/english/tratop_e/trips_e/factsheet_pharm02_e.htm#art31)
  - 7 P.Narayanan, 'Intellectual Property Law', 3rd edn., (Kolkata; Eastern Law House 2018) p. 51

conditions aimed at protecting the legitimate interests of the patent holder. In particular: - normally the person or company applying for a licence has to have tried, within a reasonable period of time, to negotiate a voluntary licence with the patent holder on reasonable commercial terms. Only if that fails a compulsory licence be issued, and - even when a compulsory licence has been issued, the patent owner has to receive payment; the TRIPS Agreement says “the right holder shall be paid adequate remuneration in the circumstances of each case, taking into account the economic value of the authorization”, but it does not define “adequate remuneration” or “economic value”.<sup>8</sup> 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.” Under Indian Patent Act, 1970, the provision with regard to compulsory licensing is specifically given under Chapter XVI.

### **GROUND FOR THE GRANT OF A COMPULSORY LICENCE**

The current system of compulsory licensing for patents in India is contained in Chapter XVI of the Patents Act 1970 comprising sections 82 to 94. The grounds, on which a compulsory license can be granted after the expiration of three years under the Patents Act 1970<sup>9</sup> and can be sub-divided into the following categories:

1. Abuse of patent rights, Sec.84.
2. ‘Public Interest’, Sec.92.
3. New Grounds introduced by the 2005 amendments.
4. Other provisions on compulsory licensing such as Sec.91, dealing with the licensing of related patents<sup>10</sup>.

#### **1. Abuse of patent rights, Sec.84.**

Section 84 (1) of the Indian Patents Act, 1970 imposes a duty on the patentee to work the patent in India. Under the Indian Patent Act, compulsory license can be granted after the expiration of a period of three years from the date on which the patent has been granted. The grounds include:

- The reasonable requirements of the public with respect to the patented invention have not been satisfied; or
- The patented invention is not available to the public at a reasonably affordable price; or
- Patented invention is not worked in the territory of India.

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8 TRIPS Agreement, Article 31

9 M.K.Bhandari, Law relating to Intellectual Property Rights, 151 (New Delhi; Central law Publications, 2021)

10 V.K.Ahuja, Law Relating to Intellectual Property Rights,569 (Gurgoan; Lexis Nexis, 2021)

Under the Indian Patent Act, the reasonable requirements of the public are deemed not to have been satisfied where:

- ❖ The patentee refuses to grant a license or licenses on reasonable terms; and
- a trade or industry is prejudiced; or
- demand for the patented article has not been met to an adequate extent; or
- a market for exportation of the patented article manufactured in India is not being supplied or developed; or
- the establishment or development of commercial activities in India is prejudiced.
- ❖ The patentee imposes a condition on the patented invention;
- ❖ Non-working of the patent in the territory of India;
- ❖ Working of the patented invention in India on a commercial scale is prevented by the importation from abroad.

## **2. 'Public Interest', dealt with broadly under section 92.**

Section 92 encapsulates the main 'public' compulsory licensing ground and stipulates that the government may, by notification in the Official Gazette, declare that compulsory licenses should be granted in respect of any patent, irrespective of the time that has elapsed since the grant of such patent, in respect of cases of: national emergency; extreme urgency; or public non-commercial use. Apart from cases of 'national emergency' and 'extreme urgency', can be invoked to further a 'public noncommercial use'. This term has not been defined but presumably, any programme where the government manufactures (or authorizes manufacture of) drugs for 'stockpiling' purposes or provides the drug at cost or for free would presumably amount to a public non-commercial use.

## **3. New Grounds introduced by the 2005 amendments.**

Additional Grounds introduced by the 2005 Act: It is important to consider two other 'private' compulsory licensing grounds introduced by the 2005 Act, namely:

1. Compulsory licensing of mailbox application related patents; compulsory licensing of pharmaceutical patents with a view to enabling exports to countries with no manufacturing capabilities. For exports in certain exceptional circumstances<sup>11</sup>–
2. In case of national emergency, extreme urgency of public non-commercial use by notification of the Central Government in the official

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11 Section 92A

gazette<sup>12</sup> – To countries having insufficient or no manufacturing capacity in the pharmaceutical sector to address public health problem.<sup>13</sup> Exportation is allowed mainly to those countries where a compulsory license has been granted where such countries have notified or otherwise allowed the importation of patented pharmaceutical products from India<sup>14</sup>.

#### **4. Other provisions on compulsory licensing such as Sec.91, dealing with the licensing of related patents**

(1) Notwithstanding anything contained in the other provisions of this Chapter, at any time after the sealing of a patent, any person who has the right to work any other patented invention either as patentee or as licensee thereof, exclusive or otherwise, may apply to the Controller for the grant of a license of the first mentioned patent on the ground that he is prevented or hindered without such license from working the other invention efficiently or to the best advantage possible.

(2) No order under sub-section (1) shall be made unless the Controller is satisfied-

(i) that the applicant is able and willing to grant, or procure the grant to the patentee and his licensees if they so desire, of a license in respect of the other invention on reasonable terms; and

(ii) that the other invention has made a substantial contribution to the establishment or development of commercial or industrial activities in the territory of India.

(3) When the Controller is satisfied that the conditions mentioned in sub-section (1) have been established by the applicant, he may make an order on such terms as he thinks fit granting a licence under the first mentioned patent and a similar order under the other patent if so requested by the proprietor of the first mentioned patent or his licensee: Provided that the licence granted by the Controller shall be non-assignable except with the assignment of the respective patents.

(4) The provisions of sections 87, 88, 89 and 90 shall apply to licences granted under this section as they apply to licenses granted under section 84.

#### **JUDICIAL MANDATE ON COMPULSORY LICENCE: INDIA'S FIRST COMPULSORY LICENSE OVER BAYER'S PATENT**

Natco is the first Indian case that has invoked section 84(1) of the Indian Patents Act 1970; Section 84(1) encompasses the law relating to compulsory licensing.

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12 Section 92 A

13 Section 92 A(1)

14 Dr.J.K.Das, Intellectual Property Rights, 351 (Kolkata; Kamal Law House, 2008)

Bayer, a subsidiary of the German pharmaceutical giant Bayer AG, is globally well reputed for the invention and manufacture of innovative drugs. In the 1990s, Bayer invented a drug, Sorafenib (CarboxyDiphenyl Substituted Ureas), which is used for treatment of advanced renal cell carcinoma (kidney cancer) and hepatocellular carcinoma (liver cancer). Sorafenib is not a life-saving drug but a life-prolonging drug, which extends life by 4 to 5 years for kidney cancer patients and 6 to 8 months for liver cancer patients. Bayer initially made a patent application for the drug before the US Patent and Trademark Office in 1999. Subsequently, by way of an international application under the Patent Cooperation Treaty, Bayer's application entered the national phase of registration in India during 2001 and was accorded protection in 2008 as Indian Patent No 215758.

In 2005, Bayer had developed and started marketing the drug internationally under the market name Nexavar. On receipt of regulatory approval for importation, the drug was later launched in India in 2008. The cost of the drug in India for a month's treatment amounted to INR 2.8 lakhs. Citing the high price and the fact that the drug was not fully marketed across India, the Indian generic drug manufacturer NatcoPharma Limited sought a voluntary licence from Bayer in 2010. Natco proposed to manufacture and then market the drug for INR 8,800—a fraction of Bayer's cost for a month's therapy. The request for the voluntary licence was refused. Consequently, once 3 years had elapsed from the date of grant of the patent, Natco applied for a compulsory licence under section 84(1).

**Section 84(1)(a), (b), and (c), on which the issues contested in Natco were based on:**

- a. Reasonable requirement of the public with respect to the patented invention;
- b. The patented drug at a reasonably affordable price; or
- c. Worked the patented invention in India.<sup>15</sup>

## **ANALYSIS**

### **❖ Reasonable requirements of the public**

Examining the applicability of section 84(1)(a), the Controller dwelt on the subject of potential patients in India afflicted with kidney and liver cancer and the availability of the drug for their treatment. Placing reliance on the GLOBOCAN 2008 report (a publication by GLOBOCAN Project of the World Health Organization) for data as to the incidence of such cancer in India, which was cited by both Natco and Bayer in their submissions, the Controller concluded that the number of likely patients in India for a year

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<sup>15</sup> Betsy VinoliaRajasingh, India's first compulsory licence over Bayer's patent, Journal of Intellectual Property Law & Practice, Volume 7, Issue 7, July 2012, Available @ <https://academic.oup.com/jiplp/article/7/7/482/960296?login=true>

would be significantly higher than Bayer's estimated 8,842 patients. Nevertheless, even if Bayer's figure for patients per year were accepted, the quantity of drugs which Bayer imported in the year 2011 would have only catered to the therapeutic needs of 2 per cent of the assumed 8,842 patients.

The Controller, rejecting Bayer's contention that it met the requirements of the public in tandem with an alleged infringer, Cipla Limited, against which Bayer had previously initiated infringement proceedings in the High Court of Delhi, stated that the onus of complying with the condition prescribed in section 84(1)(a) lies exclusively with Bayer and his lawful licensors, if any. Accepting Natco's arguments that India's healthcare infrastructure is still in an emergent stage with a large populace belonging to the lower and middle income levels, the Controller affirmed that Bayer's importation of the drug had been in negligible quantities in the years following the patent grant. In addition, the failure to manufacture the drug within India in conjunction with its availability only at certain premier hospitals in metropolitan cities for an excessively high price, indicated Bayer's default in fulfilling the 'reasonable requirement of the public' under section 84(1)(a). In this connection, the Controller referred to section 84(7)(a)(ii) and confirmed its applicability to the issue as demand for the drug had not been met to an adequate extent or on reasonable terms.

#### ❖ Reasonably affordable price

Bayer asserted that a 'reasonably affordable price to the public' under section 84(1)(b) of the Act implied reasonableness with reference to the general public and the patentee: Bayer, as patentee, had invested substantial capital in research, development, and manufacture of the drug. Rejecting Bayer's claim, the Controller endorsed Natco's view that reasonableness contemplated under the Act refers solely to the public and not to the patentee as well. Refusing to accept Bayer's assertion that Cipla had made the drug available at a reasonably affordable price of INR 30,000 for a month's treatment, the Controller reiterated the inapplicability of an alleged infringer's costs as a means of determining the affordability of Bayer's drug. Therefore, on the basis of the drug being high-priced, it was declared not reasonably affordable to the Indian public at large.

#### ❖ Worked in the territory of India

The term 'worked in the territory of India' is not defined under the Act. Natco had pleaded that the working requirement signified the requirement to manufacture the invention in India. Bayer disagreed: importation of the patented invention would suffice as the Act failed to mention any requisite for manufacturing within India, as was evident from the deletion of the words 'manufacture in India' from section 84(7)(a)(ii).

The Controller concluded that the item was deleted and subsequently inserted as a separate ground for grant of a compulsory license under section 84(1)(c). The intent behind such alteration, he explained, is not as basic as

Bayer's proposition, but can be gathered from reading Article 5(A)(1) of the Paris Convention conjointly with Article 27(1) of TRIPS. These provisions suggest that the mere importation of a patented invention does not entail forfeiture of the patent but something of lesser import such as the issuance of a compulsory licence. Moreover, Article 5(A) (2) of the Paris Convention states that the abuse of patent rights, for instance by failure to work the invention, might be prevented by enacting laws on compulsory licensing. Article 5(A)(2), via Article 2(1) of TRIPS which underpins the requirement that member countries comply with provisions of the Paris Convention, is therefore the foundation for compulsory licensing provisions under the Act.

The Controller also relied on section 83 of the Act to decipher the overriding legislative policy behind the provisions relating to compulsory licensing found in section 84. Section 83, in view of preventing abuse of patent rights, mandates restraint on gaining a monopoly by importation, since it can be an impediment to trade and international technology transfer. Applying this rationale in section 83, the Controller established that working in India, as mentioned in section 84(1) (c), essentially means manufacturing in India and not mere importation into India. Further, referring sections 84(6) and 90(2), which disallows a licensor from importing the patented invention but requires manufacturing the same within India in order to work the invention, he emphasized that the same logic must apply to a patentee as well.

Considering that Bayer had manufacturing units in India for drugs, including cancer drugs, yet neither worked nor even intended to work the invention in India for 4 years following the patent grant, the Controller held that Bayer had failed to comply with section 84(1)(c). The ruling is a landmark precedent on access to medicines in India as the abuse of patent rights has been checked through the issuance of a compulsory license for the first time.

Aggrieved by it, Bayer appealed against the order of compulsory license in 2013 in IPAB intellectual property appellate board contending that the order passed was in contravention with the Patents Act. Board rejected the contention of Bayer and upheld the Controller general of patents. Finally, Bayer challenged both the orders of 2012 and 2013 passed by the Controller general of patent and by the IPAB, on the issue of granting a compulsory license to the Natco in the Bombay High court.

The court accurately and rightly dismissed the petition. The judgement clarified once again that no matter what the subject matter is, the public interest is at the top most priority, the issue in the case was affecting the public at large. Objective behind incorporation of Patent Act is to promote the innovation, to safeguard the credit of inventor and to prevent them from any damage or infringement of their patent. But it can't be misused by the patent holders as the main aim behind the legal framework related to IPR is the mutual benefit for both the public and inventor also. The case at hand

presented us a situation where personal interest were dominating over public interest just for earning profit on the patent that was invented by the patent holder, but court clarified that no one can misuse the rights of patent and the greater good will always prevails over the profiteering motive. Hence the case petition of Barley Corp. dismissed and the court upheld the earlier decision of IPAB.<sup>16</sup>

In *F. Hoffmann – La Roche Ltd. v. Cipla Limited*<sup>17</sup>, the court observed that the question of availability of a drug at affordable price was provided by way of provisions of compulsory licensing. Since the legislative intent was to grant a monopoly to the patent holder for atleast three years after the grant of patent to enable it to recover the enormous costs incurred in research and development of the product the court should not override such legislative intent.

*Novartis AG v. Cipla Ltd*<sup>18</sup>, the court stated that an obligation is imposed on a patentee to work the patent in India on a commercial scale and to the fullest extent. The Patent may be worked by patent himself or through licensees. Failure to fulfil the obligations will entail in revocation of compulsory licence.

## CONCLUSION

From the above discussion it is very clear that the compulsory licensing provision is one of the most widely debated provisions of the Patents Act 1970 – both domestically and internationally. There are two different types of compulsory licensing one being mentioned u/s 84 and 91 respectively and the other being mentioned u/s 92 and 92A respectively. One common purpose of both the type is improving accessibility of the patented innovation. Especially compulsory licence for a patented drug based on its lack of availability or affordability to the general public. The practice of compulsory licensing a license will be provided to the applicant by the concerned authority contrary to the consent of the patent holder; here the authority is the controller of patents. While granting the compulsory licence Controller has to take into account the following factors: 1. The ability of the applicant to work the invention to the public advantage; 2. The capacity of the applicant to undertake the risk in providing capital and working the invention, if the application were granted; 3. The efforts made by the applicant to obtain a license from the patentee on reasonable terms and conditions; 4. Nature of the invention and measures taken by the patentee to make full use of the invention.

The underdeveloped and developing countries want to have compulsory licenses, and the developed, and the big pharmaceutical companies do not

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16 Bayer Corporation v Union of India, 2014 SCC Online Bom 963, Bayer,

17 2009 (40) PTC 125 (Del.) (DB) at p. 152

18 2015(61) PTC 363 (Del), p.397

want the compulsory licenses. The main reason is that the big pharmaceutical companies take a lot of money and effort to create the drugs, and even then there is no certainty. There is a high responsibility towards the controller of patents to take into consideration the overall circumstances while granting compulsory licence to the applicant.

# GENDER EQUALITY AND IP REGIME– A STUDY

Dr. Prakruthi A R\* & Dr. Ramesha K\*\*

## ABSTRACT

*The World Intellectual Property Organisation make a Policy on Gender Equality in the IP regime to encourage women participation in the IP Sector and contributions in the IP fields. It is intended to provide a general framework for how WIPO aims to integrate a gender perspective in its policies and programs as well as in human resources policies and procedures. WIPO Policy on Gender Equality, therefore, includes both gender mainstreaming in WIPO policies and programs, as well as gender equality within WIPO's workplace, including staffing. The present paper discussed about what are the IP rights and Gender gaps in claiming IP rights also pointed out the various challenges faced by the women in IP sector and various international convention and women in IP regime also covers about various initiatives taken by the WIPO towards gender equality and mentioned some suggestion with concluding remarks.*

**KeyWords: Gender equality, IP regime, WIPO, Policies and IP rights and Gender gaps**

## INTRODUCTION

Human innovation and creativity are the engines of progress. Since the beginning of time, female and male innovators and creators from all walks of life have transformed our world through the power of their imagination and ingenuity. However, some groups remain severely under-represented in many areas of intellectual property (IP) use. Their innovative potential is underutilized at a time when we need the widest possible range of talents is needed to solve the pressing problems facing humanity. “Women are at every level pervasively absent from the patent system. In India, far fewer patent

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attorneys and patent agents are women than are men. Woman inventors account for a relatively small proportion of patent applications, even when counted as co-inventors as part of an inventive team. This female deficit holds true at every career stage and has remained persistent over time, with only small recent increases in female inventorship. This discrepancy in inventorship is not limited in the India jurisdictions.”

When IP rights are strongly protected, the rights of women are protected as well. For example, the countries with the strongest protection of copyrights also tend to have the highest paid actresses and female artists. April 26 is commemorated as World IP Day by WIPO, the World Intellectual Property Organization. Celebrated internationally, the goal of World IP Day is to promote knowledge about intellectual property (patents, copyright, trademarks) and their role in promoting innovation and creativity. This year, World IP Day’s theme “Powering change: Women in innovation and creativity” will celebrate women and their role in shaping the future of society.

## **IP RIGHTS AND GENDER GAPS**

Disparities exist on the use of the IP system by women and other groups. WIPO is working to bridge them. In the year of 2020 statistics reveal that only 16.5 percent of inventors named in international patent applications were women. While numbers are going in the right direction, progress is slow. WIPO<sup>1</sup> estimates that, at the current pace, parity amongst PCT-listed inventors will only be reached in 2058.<sup>2</sup>

## **CHALLENGES OF WOMEN IN IP SECTORS**

- The lack of awareness of the economic and social benefits of owning IP among women,
- lack of financial resources to pursue education or set up businesses,
- insufficient support to working women,
- contribute to the sparse contribution of women in strengthening the IP ecosystem.

Women from indigenous / tribal communities in some parts of the world have collaborated with their governments to meet the UN sustainable development goals and, in the process, have preserved traditional knowledge. In India, too, women from indigenous / tribal communities can also be encouraged to protect their traditional knowledge, cultural expressions, geographical indications and trade secrets. It would help them not only economically but also socially and strengthen the IP regime.

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1 World Intellectual Property Organization general distribution Date of publication: August 5, 2014 Office Instruction No. 47/2014

2 <https://www.wipo.int/women-and-ip/en/> accessed on 18th April 2022 at 11.30am

## INTERNATIONAL CONVENTIONS

The protection of intellectual property rights is vital for economic growth. Intellectual property rights are so important that they are enshrined in Article 27 of the Universal Declaration of Human Rights of 1948, which states “everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.” Elena Panaritis, author of *Prosperity Unbound*, founder and CEO of Thought 4 Action, explains that practice shows that women become more civically involved in the politics of their community and country, as well as and powerful market players, leaders of innovation and middle class once they are given secure ownership of their property rights. Women’s involvement increases over 53% in such countries.

This WIPO Policy on Gender Equality is intended to provide a general framework for how WIPO aims to integrate a gender perspective in its policies and programs as well as in human resources policies and procedures. WIPO Policy on Gender Equality, therefore, includes both gender mainstreaming in WIPO policies and programs, as well as gender equality within WIPO’s workplace, including staffing. The implementation of the WIPO Policy on Gender Equality is operationalized by WIPO Programs and supported through annual action plans developed by the WIPO Gender and Diversity Specialist, in close cooperation with the Gender Focal Points.<sup>3</sup>

The protection of IP rights restores this financial incentive to create and innovate, by giving owners and content creators exclusive power over their creations. For women, this is of huge importance. Statistics have shown that countries with stronger IP rights tend to have stronger measures of gender equality. “Women in the economy are a powerful force for change and leadership. Intellectual property rights when used correctly can advance entrepreneurship by enabling women who develop innovative ideas and products to secure financing, signal their innovation, and negotiate access to the IPRs held by others. IP systems should recognize and protect creativity in all its forms, including contributions from traditional and indigenous knowledge developed by women,” said Prof. Walter G. Park, of American University and author of the Patent Index.

The focus on the protection of intellectual property comes at a time when IP rights are both of their highest importance to the global economy and the most at risk. IP-intensive firms account for more than 38% of GDP and 45.5 million in the U.S., and 42% of GDP and 82 million jobs in the EU. These industries not only support jobs, but high-paying jobs. In the EU and U.S., workers earn 46% more in IP-intensive sectors than workers in other sectors. Without strong rights protections, innovation is stifled as content creators lose a large portion of their incentive to create – profit. In the absence of effective IP laws, creative works can be infringed upon,

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3 Supra note 3

reproduced without needing the creator's permission, and sold without compensating the creator.

## WOMEN IN IP REGIME

In IP regimes in these developing countries, some of the world's most populated, can exacerbate already disparate living conditions for women. Developing countries tend to have higher levels of female unemployment, higher infant mortality rates, and lower female education rates. Investments into these countries that can raise GDP per capita and improve the standard of living for all are limited when rampant rights abuses disincentivize major companies from entering the market. Protecting IP can change this - the country that protects IP rights the most is also the country with the best entrepreneurial environment for women. However, while these developed countries generally have stronger IP protections than developing countries, there is still room to grow in IP for women even in developed nations. According to the Women's Institute for Policy Research, while women have quintupled their representation among patent holders since 1977, less than one in five patents in the United States have at least one woman inventor named. The study also found that women only make up 7.7% of primary inventors who hold patents. Based on this rate, women won't reach parity in patenting until 2092.

This inconsistency between the genders is even more discouraging given the important role women inventors have played in history. Women are to thank for some of today's most common-place items, such as the windshield wiper patented by Mary Anderson and frequency hopping technology patented by Hedy Lamarr, which laid the groundwork for Bluetooth and WiFi technology.<sup>4</sup> Developed countries are also no safe haven for the strong protection of intellectual property rights. The World Health Organization sponsored push for plain packaging is robbing companies of their trademark rights in developed countries such as Australia and the U.K. This has costly economic, security, and health consequences. Plain packaging has been linked to a rise in the illicit tobacco trade in Australia, funneling money into the black market, while subjecting consumers to unregulated, unsafe tobacco. If implemented in the U.S. to alcohol and sugary drinks, plain packaging could cost the beverage industry \$300 billion, larger than the GDP of some countries.

According to different indexes which are important scorecards for how well countries around the world protect intellectual property rights among

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4 Ann Bartow, 'Fair Use and the Fairer Sex: Gender, Feminism, and Copyright Law' (2006) 14 American University Journal of Gender, Social Policy & the Law 551. [https://heinonline.org/HOL/Page?handle=hein.journals/ajgsp14&div=23&g\\_sent=1&casa\\_token=YTgmXl6P6RwAAAAA:S2TaYYEV\\_hGYHWh6n\\_iFlqXXZymGg1JUHaq\\_7w\\_EoDCb4KTYDZ8reMQla7yjuGqLHPC6sKqLQ&collection=journals](https://heinonline.org/HOL/Page?handle=hein.journals/ajgsp14&div=23&g_sent=1&casa_token=YTgmXl6P6RwAAAAA:S2TaYYEV_hGYHWh6n_iFlqXXZymGg1JUHaq_7w_EoDCb4KTYDZ8reMQla7yjuGqLHPC6sKqLQ&collection=journals)> accessed on 21st April 2022 at 1.50pm

women, countries that do a better job of protecting property rights tend to have better measures of gender equality, including in areas such as access to land, access to credit, and equal inheritance rights. “Empowering women is a solution for poverty. A way to empower women is giving them property rights.” said Prof. Sary Levy-Carciente of Universidad Central de Venezuela.

Such quantitative studies can outline certain parameters of the problem, but are limited in their ability to identify the source of the patenting gap. At some point they must be supplemented by qualitative research to fill in missing details. Ethnographic studies undertaken by a number of researchers indicate a complex of social barriers continue to deter even present-day female inventors from engaging with the patent system. Detailed survey and interview data indicate that women in STEM fields have developed social responses that deter their participation in patenting and commercializing their research. Female scientists and engineers are less likely than their male counterparts to think about commercializing their inventions, and are less comfortable marketing themselves and their work to potential business partners.<sup>5</sup>

## **INITIATIVES BY WIPO TOWARDS GENDER EQUALITY**

WIPO is working to mainstream gender equality considerations the all activities and to increase the number of women who participate in the IP system by expanding knowledge and capacities. WIPO drives and participates in research on gender equality, diversity and IP and celebrates the ingenuity of inventors, creators and innovators from all groups.

To address gender inequality in STEM (Science, Technology, Engineering, and Mathematics) in general and the low representation of women inventors in IP protection, several companies have initiated steps to ensure equitable access of IP protection to women inventors. For example, in 2011, 3M started a programme to increase women workforce in technical fields within the company. Similarly, in 2016, Microsoft started the #MakeWhatsNext Patent Program to provide mentorship to the women inventors in the patent filing process<sup>16</sup>. Individual enterprises and associations are coming together to address the issue of gender disparity in the patent system. For example, members of the Intellectual Property Owners (IPO) association (like 3M, IBM Corp., General Electric Co., Google LLC and Microsoft Corp.) together with technology-transfer professionals, developed a toolkit of best practices and resources for boosting the diversity of inventors. This toolkit aimed to help companies learn about their implicit biases and create a more inclusive inventor community. Following suit, several other companies have started proactively asking themselves about the proportion of their total R&D competency/new inventions that come from women workforce/ inventors. Additionally, they are trying to determine what measures can be taken to ensure gender equality in their R&D workforce.

<sup>5</sup> [https://www.wipo.int/wipo\\_magazine/en/2018/02/article\\_0001.html](https://www.wipo.int/wipo_magazine/en/2018/02/article_0001.html) accessed on 18th April 2022 at 3.30pm.

The 22<sup>nd</sup> session of the Committee on Development and Intellectual Property, 2018 acknowledged the existence of the gender gap in IP and emphasized the need to create gender equality by empowering women to innovate and create IPs. It aimed to include a gender-specific perspective in IP policies. The author believes that a gender-specific perspective in IP policies is not necessary but agrees with the Committee's recommendation on the need to empower women to innovate and occupy a bigger share of the workforce in the development of technologies and businesses.<sup>6</sup>

## CONCLUSION

Measures to empower women participation in IP sectors are the need of the hour. Some measures that can be undertaken are – promote women's involvement in STEM fields by providing scholarships or crash courses; incorporating initiatives to the existing women empowerment schemes of education; awareness programs and mentorship can be provided by women inventors or other women in the IP field; concessions and benefits similar to those offered to MSMEs (Ministry of Micro, Small & Medium Enterprises) in terms of financial assistance and loan moratoriums can be further relaxed for women centric businesses. Clearly education, information and the provision of role models must play an important role in the uptake and use of IP across genders.<sup>7</sup>

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6 Kevin J Greene, *Intellectual Property at the Intersection of Race and Gender: Lady Sings the Blues* (2008) 16 *American University Journal of Gender, Social Policy & the Law* 365. Available at <[https://heinonline.org/HOL/Page?handle=hein.journals/ajgsp16&div=18&g\\_sent=1&casa\\_token=9dCldNS7YQoAAAAA:Pw4x6guojgJK99Za8ooE\\_EaBnUvP2k4Xdb4d8hsaQWhRu\\_BJHKx8H1feSnh797Si9gt\\_fc&collection=journals](https://heinonline.org/HOL/Page?handle=hein.journals/ajgsp16&div=18&g_sent=1&casa_token=9dCldNS7YQoAAAAA:Pw4x6guojgJK99Za8ooE_EaBnUvP2k4Xdb4d8hsaQWhRu_BJHKx8H1feSnh797Si9gt_fc&collection=journals)> accessed on 21st April 2022 at 2:00pm

7 Supra note 6

# INTELLECTUAL PROPERTY RIGHTS, ISSUES AND CHALLENGES IN INDIA

Dr.M.Jayashree\*

## ABSTRACT

*Intellectual property rights is one where conferred to the general term for the assignment of property rights through patents, copyrights, and trademarks which are intangible. However there are some issues that government need to address. In any developing country the protection of intellectual property rights is very important. Through the research in this regard by the individuals, group of individuals and companies about a product or service that is creative or innovative will be a contribution for the society. The issues and challenges in intellectual property rights which are in India that for a long time, the awareness in securing the intellectual property rights is considerably very low in India. Copying, plagiarism, piracy and other IPR violations were flourishing, which in turn was causing damage and loss to the real owners. All along with India's political, social and economic evolution, the need of security to the rights of IPR has become inevitable to ensure intellectual, cultural and economic growth of nation. Challenges of IPR has been emerged because the impact of IPR in India is limited. There is rise in violations of these rights because of non-awareness of enforcement of rights and delay in decision by courts, when cases taken to the judiciary. This is the loophole, where for large multinational corporations in areas like pharmaceuticals, Agriculture, textile industries, traditional knowledge so on so forth. The problem that everyone face is working out how to ensure the values of intellectual property rights are usable, and how to ensure that their value is preserve in the face of relentless infringement on an enormous scale. A creative work is a manifestatation of creative skill including literary,*

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*dramatic, musical and artistic works, such as poetry, novels, movies, songs, computer software and architecture.*

**Key words: IPR Issues, Challenges, Patent, Copyright, Trademark.**

## **INTRODUCTION**

Intellectual property rights, issues and challenges are the subject matter of today's scientific and technological development. As these rights are intangible it creates the problems where the rights of inventions and creations of individuals will overlap sometime or some time misused. For all these we need to search answer through this Article

## **RIGHTS**

Right in ordinary sense means "the standard of permitted action within a certain sphere". As a legal term means "the standard of permitted action by law". According to John Austin, "A party has a right when another or others are bound or obliged by law to do or forbear towards or in regard to him,". Ihering defines rights as "legally protected interests" Rights are concerned with interest and indeed have been defined as interests protected by rules of right, that is by legal rules.<sup>1</sup>

## **INTELLECTUAL PROPERTY RIGHTS.**

Intellectual property shall include the rights relating to literary, artistic and scientific works, performances of performing artists, phonograms and broadcasts, innovations in all fields of human endeavor, scientific discoveries, Industrial designs, trade marks, service Marks and commercial names and designations, protection against unfair competition and all other rights resulting from intellectual activity in the Industrial, scientific, literary or Artistic fields. IPR's are legal rights governing the use of creations of the human mind. The recognition and protection of these rights is of recent origin. Patents, designs and Trade Marks are considered as Industrial property.

## **CATEGORIES OF INTELLECTUAL PROPERTY RIGHTS.**

According to the TRIP'S, the IPR'S are copyright and related rights which include rights of artists, painters, musicians, sculptors, photographers and authors for copyright in their works. Rights of computer programmers whether in source or object code for a copyright in their programmes and compilation data. Rights of performers producers of phonogrammes that is sound recording and broadcasting organisations in respect of fixation on their programmes for a copyright in their work<sup>2</sup>. Right of traders in their trade marks. Right of manufacturers and producers geographical indications in

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1 Dr.S.R.Myneni, Law of Intellectual property Rights, Asia Law House, 5th edition, reprint 2011, p2

2 Avinash Shivade, Intellectual property Manual, LexisNexisButterworths, 2004 p3

relation to such products and produce. right of designers for their distinctive designs striking to the eye. Patents includes rights of inventor for patentees is his invention. Rights of plant breeders and farmers. Rights of biological diversity. Right of computer technologists for their lay out design of integrated circuit. Right of business men for protection of their undisclosed information and technology and management that is business secrets.

## **LAW OF IPR**

The rights of IPR are created by statutes. The invention may relate to a new product or an improvement of an existing product or a new process of manufacturing an existing or new product. The acquisition of the monopoly of intellectual property, the conditions to be satisfied for acquisition, its duration, the licensing of this monopoly rights or their assignment to others or strictly governed by statutes. After the expiry of the term, it becomes public property when anybody can use the patented invention. The right can also be licensed for use by third parties or assigned to nay person. On expiry of the term of registration, anybody can use the invention or design or work.

## **TRADE RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS.**

TRIPS is a minimum standards agreement, and it encourages countries to provide a high level of protection for intellectual property and explicitly permits to do so. The TRIPS Agreement sets out the minimum protection that must be given for each given for each category of intellectual property rights in the national law of each WTO member country. The agreement also lays down producers and remedies to be provided by each country for intellectual property rights enforcement. The paris Convention 1967 for Industrial Patents and the berne convention 1971 for Copyrights are the starting points of the TRIPS. Members are expected to comply with these standards. TRIPS consists of seven intellectual property items namely copyright and related rights, trade marks, geographical indications, industrial designs, patents, integrated circuits and undisclosed information. It contains altogether 73 articles in VII parts.

## **NEED of TRIPS**

To achieve the reduction of distortions and impediments to international trade, the member countries of the WTO recognised the following.

There is the need to promote effective and adequate protection of intellectual property rights. Need for new rules and disciplines concerning the intellectual property right. Need to provide adequate standards and principles, scope and use of trade related aspects of intellectual property rights. There is the need to provide effective and appropriate means for the enforcement of trade related aspects of intellectual property rights and

settlement of disputes between governments regarding them<sup>3</sup>. Need for the maximum flexibility in domestic implementation of laws and regulations in the least-developed countries. There is the need to establish a mutually supportive relationship between the WTO and the world Intellectual Property Organisation (WIPO) as well as other relevant international organisations. To fulfill the above needs, the member countries of the WTO accepted the TRIPS Agreement.

## INTELLECTUAL PROPERTY RIGHTS-ISSUES INVOLVED

The legal rights are given to the person who invented something new and different which had not been done before. The legal rights are given to the person for a period of time or his delegate to make full use of that particular idea. There are mainly three types of intellectual property rights: copyrights, trademark and patents.

### Copyright:

This right is given to the person who creates something for the public such as books, movies, songs etc. The rights are automatically given to the creator and the person has rights to make copies of the product, distribute in public or use the content for any live performance<sup>4</sup>.

### Trademark:

It is a legal right given to any name, logo, symbol or slogan for their personal use and to publicly show their brand. For example: Nike has a Tick sign and a slogan Just Do it. Copying the content can be charged section 63 of copyright act 1957.

### Patents:

The title is giving the rights to its owner(s) which forbids others or competitors to make such products for a period of time. There are many issues which a content creator goes through when he or she wants to get an Intellectual Property Right. Patent Evergreening Prevention: The most common intellectual property right problem is to prevent the Patent Evergreening Prevention so that any person or company cannot patent by making minor changes to something forever. Section 3(d)<sup>5</sup> in the Indian Patent Act is one of the biggest issues with the Intellectual Property Right. The Product Patent Process safeguards the goods. The Product Patent process gives a large amount of protection to the product. The problem lies that the patent is given for the process via which one makes the product rather than the product. Which reduces monopoly in the market. India is a part of Trade-

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3 Law Relating to Intellectual Property. Dr.B.L..Wadhwa, Universal law publishing.pp 541to 544.

4 Intellectual property Law,P. Narayanan, Eastern Law House, 3rd impression, 2020. P251 to 253

5 Ibid pp11to20.

Related Aspects of Intellectual Property Rights agreement, this agreement needs that all its members should change their patent regime from giving patent to process to giving patent to the product. This will be a great task for the country as the process patent is more beneficial as the country is still developing and it creates new and different ways to produce the goods.

**Protecting Traditional Knowledge:** The Indian government has to protect the traditional knowledge by not allowing MNC's to take over the patents, to increase make in India and to not lose the employment of Indians. The government has specially made a Traditional Knowledge Digital Library to prevent patenting on traditional knowledge<sup>6</sup>, because such knowledge in the medical field is a very rich source. **Mandatory Licensing and Drug price control order:** One of the major intellectual property right that the Government of India needs to focus on is mandatory licensing. The flexible availability is available to the rich and developed countries under the Trade-Related Aspects of Intellectual Property Rights, something which organizations misuses. Under sections 84 of the IPA a company have a compulsory license for private commercial use under selected circumstances. In today's era, where everything is taken over by technology various portals are made to store such data for easy accessibility. The IPR is applicable on these portals as well but the issue is to make them enforceable by law. The current copyright Act does not serve the current technological protection measures neither the protection of electronic rights management information. Some sections of the Indian Penal Code 1860, may give the lawful protection in such case.

### **PROTECTION UNDER INDIAN PENAL CODE.**

According to section 23<sup>7</sup>, Wrongful gain or Wrongful loss So as to summarize that everyone who every creates a new design, makes a new logo or a brand name etc. should get their content the correct property right. Till the time an act comes into force by the law for internet wrongful doings such as plagiarism or any other illegal activity or offence, one has to be very careful. Intellectual Property is made of originality of content but it is separated in to two different parts: Content is used for industrial related service. It also includes patents, new creations, trademark, designs and geographical indications of source. A patent is right given to someone specially who creates a product or a method to produce such product which has not been done before. Content that are copyrighted. Recent landmark judgments regarding intellectual property:

IPR protection and awareness is still limited in India. This needs to change to foster a culture of innovation. Protection of intellectual property rights is vital to the development of a country. Companies and individuals can spend years and a fortune to develop a product or service that is creative or

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6 <https://www.wipo.int>about-tkdl>

7 <https://Indian kanoon.org>doc>

innovative. All this effort can come to naught if the owners of intellectual property are unable to ensure its protection. Let's take a look at intellectual property rights issues and challenges in India. For a long time, the level of IPR protection was very low in India. Copying, plagiarism, piracy and other IPR violations were rampant, causing huge losses to IPR owners. With India's political, social and economic evolution, protection of IPR is vital to ensure intellectual, cultural and economic growth. On the other hand, the impact of IPR in India is limited and currently faces challenges. Violations are rife because of poor enforcement of rights and court cases that could run on for years. This is a sore point, particularly for large multinational corporations in areas like pharmaceuticals and agriculture. The Indian government, for its part, has been reluctant to enforce IPR to protect the interest in Indian citizens in some instances. For example, under the provision of compulsory licensing, the government can force the patent owner or get someone else to mass-produce an essential drug in an emergency. Another contentious issue is Section 3(d) of the Indian Patent Act, which prevents large pharma companies from 'evergreening' or continuing the patent in perpetuity by making minor changes in earlier patents. IPR protection in agriculture is a sensitive topic in India. Under the TRIPs agreement, subsidies like minimum support prices for agricultural produce and those for fertilizer etc. have to be phased out. Since issues of food security and livelihoods are involved here, political parties are unlikely to allow this to happen anytime soon. There has also been some resistance from farmers to the patenting of seeds by multinational corporations. Traditional knowledge and products acquired over the centuries using local know-how, have been kept out the reach of patents.

## **GOVERNMENT INITIATIVES**

The impact of IPR in India has led the government to take steps to enhance the IPR regime in the country. In 2016, it approved the National Intellectual Property Rights (IPR) Policy, which will lay the future roadmap for intellectual property in India. It aims to increase awareness, stimulate the creation of IPRs, ensure strong and effective IPR laws, redressal and modernization of IPR administration, among other things. Under this policy, the Cell for IPR Promotion and Management was created for simplifying and streamlining of IP processes, apart from undertaking steps for furthering IPR awareness, commercialization and enforcement. Protecting IPRs can be a tough proposition in India, where awareness is low and enforcement weak. But protecting patents, trademarks and copyrights are vital for innovation and development. However, even with rapid progress on the industrial, scientific and economic front, we lag behind countries like China. Good IPR protection will foster a culture of creativity and innovation that could help us close that soon.

## CURRENT ISSUES IN INTELLECTUAL PROPERTY

Ideas and knowledge are an increasingly important part of trade. Many products that used to be traded as low-technology goods or commodities now contain a higher proportion of invention and design in their value. Films, music recordings, books, computer software, on-line services, clothing, food, plants, biotechnology products and many others are bought and sold because of the information, creativity and identity they contain — not usually because of the plastic, metal, cloth, paper or other material used to make them.

The WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights. Negotiated in the 1986–94 Uruguay Round, introduced intellectual property rules into the multilateral trading system for the first time. It's one of the three main areas of work in the WTO, alongside trade in goods and services. The TRIPS Council's job is to monitor how countries are applying the TRIPS Agreement and to discuss issues that arise from that.

### Principles

The balance is described in different ways. It's a balance between private rights. It's also a balance between the short and long term. Long-term, society benefits from creations and inventions, including when the period of protection expires and they enter the public domain. Short-term, intellectual property protection is mostly limited in time. Generally, private rights are protected in the short-term as an incentive to create and invent. Where intellectual property protection has social costs, governments can meet their objectives for social welfare and development by adapting the protection through various exceptions and flexibilities, for example to tackle public health problems. Technology transfer. Intellectual property protection should contribute to technical innovation and the transfer of technology. Producers and users should benefit. So should economies and societies at large. Equal treatment. national treatment — treating one's own nationals and foreigners equally, with limited exceptions. most-favoured-nation treatment — equal treatment for nationals of all trading partners in the WTO, with limited exceptions

### TRIPS AND PUBLIC HEALTH.

The 2001 Doha Declaration on TRIPS and Public Health<sup>8</sup> was a political statement affirming that intellectual property protection and public health objectives do not contradict each other: “We agree that the TRIPS Agreement does not and should not prevent members from taking measures to protect public health.” It gave governments the confidence to use the flexibilities available in the TRIPS Agreement. For example: compulsory licensing and parallel imports. Rule-change needed: the “paragraph 6 system”. One issue needed a change in the rules. The declaration's paragraph 6 dealt with TRIPS Article 31(f), which limited the amount nations

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8 <https://www.wto.org>pharmpatent-e>

could export under a compulsory licence to countries needing the medicines. A "waiver" agreed in 2003, and a pending amendment agreed in 2005, allow generic medicines to be made under compulsory licences exclusively for export to countries that cannot produce the medicines themselves.

WHO-WIPO-WTO cooperation<sup>9</sup> An important result of the 2001 declaration has been closer work between the World Health Organization, World Intellectual Property Organization and WTO. This has focused both on access to medicines and on incentives for research and development so that new medical technologies become available. It has underscored the fact that intellectual property is only part of the picture. Ensuring poorer patients are able to access medicines and other health products,, involves proper ("rational") use of the products, affordable prices, properly designed health systems, suitable financing, and carefully selecting strategies for procuring the products. TRIPS, biodiversity, traditional knowledge, plants and life forms

Objectives agreed by members.

The need to avoid inappropriate patenting, such as patenting a claimed invention that is not new or does not involve an "inventive step" the need to avoid what is sometimes loosely called "biopiracy". This is the unauthorized use of genetic resources or traditional knowledge (as laid down in the international treaty on biodiversity), ie, without the permission of the countries or communities considered to be the rightful owners - complex concepts that are still being debatedThey disagree about how to achieve this. One proposal would amend the TRIPS Agreement so that patent applicants are required to disclose the origin of genetic resources and any traditional knowledge used in the inventions. This "disclosure" would avoid inappropriate patenting and provide evidence that the patent applicants received "prior informed consent" and evidence of "fair and equitable" benefit sharing.

WTO agreements allow countries to bring cases against each other if one feels that another government's action or a specific situation has deprived it of an expected benefit, even if no agreement has been violated. But opinions differ among WTO members on whether non-violation cases are feasible in intellectual property. The TRIPS Agreement contains a temporary restraint on bringing non-violation complaints. This has been extended several times, more recently from one Ministerial Conference to the next.

Technology transfer

Developing and least developed countries, in particular, see technology transfer as part of the bargain in which they have agreed to protect intellectual property rights. The TRIPS Agreement includes a number of provisions on this. For example, it says one of the purposes of protecting

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9 <https://www.wipo.int>global-health>.

intellectual property is to promote innovation and technology transfer, and it requires developed countries' governments to provide incentives for their companies and institutions to transfer technology to least-developed countries. under Article 66.2. More hereLeast developed countries' priority needs. As least developed countries use their transition period to prepare to implement the WTO's intellectual property provisions, they have been asked to identify their needs in order to receive support. An overview of the process of identifying and responding to least developed countries' needs, with links to working materials, updates and tools for coordinating this on-going work can be found here.

### Enforcement

Intellectual property rights have to be enforceable. Or, more precisely, the TRIPS Agreement says governments have to provide effective procedures for enforcement. The question of discussing enforcement routinely in the TRIPS Council has sometimes been controversial. Some developed countries considered counterfeiting and piracy to be a serious problem and wanted to discuss it; developing countries resisted, fearing that this would target them and be used to argue for new standards more stringent than those in TRIPS. Recently around 2011 the discussion has focused on an Anti-Counterfeiting Trade Agreement negotiated by a group of countries

### CONCLUSION

The issues and challenges of intellectual property rights are not new to the countries, through trade related intellectual property rights and world trade organization it has taken new faces which became easy to handle to some extent.



## TRADE MARK AND DOMAIN NAME IN INDIA AN OVERVIEW.

K.S.Jayakumar \* & Prof.(Dr). C. Basavaraju\*\*

“We don’t use the trademark to market anything. It’s our identity” - LARRY HARVEY.

### ABSTRACT

*The Internet Domain Names have now become much more than mere representing the websites of different companies on the Internet. Today, in this age of well-developed information technology and worldwide businesses through the internet, these domain names have attained the status of being business identifiers and promoters. Since the commercial activities on the internet are to go on increasing day by day, the importance and usefulness of domain names too, are to be enhanced for the purpose of greater publicity, popularity, and profitability of businesses in all economic sectors. Domain names are integral parts of businesses having any online commercial activity. Since the commercial activities on the internet are increasing every day, the usefulness and purpose of domain names cannot be ignored. These days, domain names are not just names of websites of different entities but serve as business identifiers and promoters. Some may refer to do domain names as the online equivalents of trademarks. However, views differ on if domain names should be given the same treatment under the law as a trademark.*

**Key Words:** Trademarks, domain names, Legal protection of domain names, Trademark- domain name Inter-relations, Judicial trends

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## INTRODUCTION

The Invention of the computer is one of the cherished gifts of science and technology. Widespread use of computer led to further development in the field of communication through the media of the internet. The early days of the 1990s saw the use of the Internet mainly for e-mails and gathering information. But now with the emergence of e-commerce there is a rapid growth in the commercial activities taking place via internet<sup>1</sup>

## TRADEMARKS

A trademark is a word, phrase, symbol or design or any combination thereof, which identifies and distinguishes the source of goods or services. The owner of an established trademark retains exclusive rights in its use and competitors are prohibited from using the same or similar mark to sell similar products or services. Trademark laws help businesses market their products and services by enabling consumers to associate the products they enjoy with a particular mark. The trademark functions as a guarantee to consumers that they will continue to receive consistency and quality in products they purchase.

The rapid increase in online business and advertising prompted a growing demand for domain names that are linked to particular businesses, goods or services. The scramble to reserve domain names has caused several disputes regarding trademark infringement. For example, some businesses that wished to use their established trademark as a domain name discovered that it had already been taken. Once a domain name has been chosen, the holder might be able to obtain trademark protection in order to prevent others from using the name. However, trademark rights in commercial domain names are more limited than trademark rights in other areas,<sup>2</sup>

## DOMAIN NAME

Generally, a name used to identify a person's internet service is "domain name". The domain name serves the same function as of trademark and is not mere address or the like finding number on the internet and therefore, it is entitled to equal protection as a trademark.

Domain name is an identification string that defines a realm of administrative autonomy, authority or control within the internet. Domain names are formed by the rules and produced of the domain name system (DNS). Any name registered the DNS is a domain name. In general, a domain name represents an internet protocol resources, such as a personal computer used to access the internet, a server computer hosting a website or the website itself or any other service communicated via the internet.

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1 Catherine Colston and Kirsty Middleton, Modern Intellectual Property law, 615second edition (London Cavendish Publishing Ltd. 2005).

2 <http://www.indialawofficers.com/legal-articles/protection-of-domain-name-as-a-trademark>.

There are only a limited number of such domains. For example, gov - government agencies, edu - educational institutions, org -organisation (non-profit) etc...

In simple terms, the domain name is the address of a website that is intended to be easily identifiable and easy to remember, such as yahoo.com. These user-friendly addresses for websites help connect computers and people on the internet. Because they are easy to remember domain names have become business identifiers and increasingly even trademarks for the domain names- sony.com, for example, business attract potential customers to their websites.<sup>3</sup>

### **Functions of a Domain Name and a Trademark**

Generally, a domain name performs the same functions online, which a trademark serves in the offline business dealings and transactions. While the trademark is a striking graphic signifier of your product or company, the domain name is the magnificent navigator to your company on the internet and the virtual image of your business. Duly registered and protected trademark and domain name can offer the following main benefits.

1. A trademark or service mark promotes and protects your brand name, while a registered and protected domain name provides you protection against any unauthorized use of your domain name by any person or entity.
2. Trademark supports the face value of your business or profession, while a domain name increases access value of your business from any remote place of the world over.
3. Trademark makes your any product prominent in the concerned market place, while a domain name can also function to deliver your product or services to your customers worldwide.<sup>4</sup>

### **LEGAL PROTECTION OF DOMAIN NAMES IN INDIA**

The protection of domain names in India has been deeply felt and approved by the law courts of the country like the protection by the trademarks or service marks. Provided that the proposed domain name fulfils all requirements to be properly registered under the Indian Trademark Law.

Any person or business or professional entity may obtain protection to his /her/its newly created domain name in entire India under the Trade Mark Act of 1999 and the Trademarks Rules of 2002, and all amendments made in these so far. For the purpose of worldwide protection of registered domain names, the concerned people or entity has to follow the above-mentioned system or procedure. Here, it may be reiterated that a well-protected domain name will offer to the registered all those legitimate rights and authorities

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<sup>3</sup> Ibid

<sup>4</sup> <http://www.mondaq.com>

which are commonly availed by the owners of registered marks or service marks in India. The rights to take rigorous and drastic actions against any infringements cases connected with the registrant and protected domain name within the Indian jurisdiction are essentially covered by these rights granted to the registrant of the domain name by any regional trademarks office of India.<sup>5</sup>

### **Domain Names and Trademarks infringement:**

Domain names gain commercial significance when they are associated with the trademark. If a registered domain name is similar to a trademark it may cause confusion, deception and infringe the trademark. Domain name registration infringes a trademark if the defendant uses a mark in commerce in a manner like to cause consumer confusion. There are many court decisions which are of the view that domain names which are similar to trademarks may infringe the trademark.

If, through inadvertence or otherwise, a company on its first registration or on its registration by a new name, is registered by a name which, on an application by a registered proprietor of a trade mark that the name is identical with or too nearly resembles to a registered trade mark of such proprietor under the Trade Marks Act, 1999, made to the Central Government within three years of incorporation or registration or change of name of the company, whether under this Act or any previous company law, in the opinion of the Central Government, is identical with or too nearly resembles to an existing trade mark,

it may direct the company to change its name and the company shall change its name or new name, as the case may be, within a period of six months from the issue of such direction, after adopting an ordinary resolution for the purpose.<sup>6</sup>

If a company makes default in complying with any direction given under sub-section (1), the company shall be punishable with fine of one thousand rupees for every day during which the default continues and every officer who is in default shall be punishable with fine which shall not be less than five thousand rupees but which may extend to one lakh rupees.<sup>7</sup>

### **Dispute Resolution:**

This Dispute Resolution system allows a party that has received a decision from an Approved Dispute-Resolution Service Provider to register a grievance as well as any other parties interested in obtaining enforcement assistance regarding a UDRP decision. The UDRP defines how certain disputes over domain name registrations are resolved in certain global top-level domains. The UDRP includes a mandatory, non-binding, low-cost

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5 Ibid

6 Sec. 16 (1) (b) of Companies Act, 2013

7 Sec. 16 (3) of Companies Act, 2013

administrative procedure to resolve a certain set of claims.<sup>8</sup>

## TRADEMARK – DOMAIN NAME INTER-RELATIONS

The Internet Corporation for Assigned Names and Numbers (ICANN) Policy forbids registration of domain name if,

1. The domain name is identical or confusingly similar to another's trademark.
2. The entity registering the domain name has no legitimate right to it.
3. The domain name was registered and used in bad faith.<sup>9</sup>

## JUDICIAL TRENDS RELATING TO DOMAIN NAMES

In *Rediff Communication Limited v. Cybertooth and Another*<sup>10</sup>. Bombay High court held that “when both domain names are considered there is very possibility of Internet users being confused and deceived into believing that both domain names belong to one common source and connection although the two belong to two different persons.” *Info Edge (India) Pvt. Ltd. v. Shailesh Gupta and Another*<sup>11</sup>. The website using the domain name, ‘Naukari.com’, Court held that “to be confusingly similar to that of the plaintiff, ‘naukri.com’, with a different spelling variant establishing the prima facie inference of bad faith”. One of the most significant case which approached the Delhi high court is *Yahoo! Inc. v. Akash Arora and Another*.<sup>12</sup>

In this case the plaintiff who was the registered owner of the domain name “Yahoo.com” succeeded in obtaining an injunction against the defendant and his agents from dealing in services or goods on the internet or otherwise under the name “yahooindia.com” which was deceptively similar to the plaintiff’s trademark “Yahoo”.

## SETTLEMENT OF DOMAIN NAME DISPUTES

Domain name disputes became rampant mainly because of the jurisdictional issues within the cyber space. 2016 was the year in which cyber squatting cases hit record. US is the first country to introduce a legislation which is specifically for trademark infringement in cyberspace known as Anticyber squatting Infringement Act, 1999. In general, domain name disputes can be solved in the following manner

- ❖ By ADR mechanism such as Arbitration and Mediation.
- ❖ By Court Proceedings.

By agreement between the parties (Example- The parties may arrive at a mutual conclusion for some consideration). By conforming to procedure for

8 <https://www.icann.org/resources/pages/dispute-resolution-2012-02-25-en#udrp>

9 [www.legalserviceindia.com](http://www.legalserviceindia.com)

10 AIR 2000 BOM 27

11 98(2002) DLT 499

12 1999(19) PTC 201 (Del)

settlement of disputes as entered in the domain name registration agreement entered between registrar and registrant. In order to overcome the problems of settling disputes, ICANN came up with the Uniform Dispute Resolution Policy (UDRP) as a mechanism to settle domain name disputes. This policy enables a trademark owner to challenge the legitimacy of a domain name. The first UDRP case was of *worldwrestlingfederation.com* which was filed in December 1999. The dispute came before Mediation and Arbitration Centre of World Intellectual Property Organization (WIPO) which was also the first dispute resolution provider approved by ICANN. After WIPO, ICANN expanded the application of UDRP to other organizations like Asian Domain Name Dispute Resolution Centre, National Arbitration Forum, Arab Centre for Domain Name Dispute Resolution (ACDR) etc. Organizations approved by ICANN for settlement of domain name disputes enjoy wide powers which includes-

- ❖ Cancellation of domain names created by cyber squatters :
- ❖ Changing the registration of domain names :
- ❖ Transferring the domain name to the complainant

UDRP expressly gives remedy to the registrants who have not acquired any trademark or service mark rights but they commonly known by the domain name involved in dispute. The process begins when a complaint is filed by a trademark owner in any one of dispute resolution service providers regarding misuse of their trademark to which the respondent has to submit response within 20 days of complaint being filed. The UDRP mentions that it is the duty of the registrar to submit “mandatory administrative proceeding” in the court on behalf of the complainant. It must be noted that the fee charged in order to settle the disputes depends upon the number of panelists and the number of domain names being challenged. It is the duty of the provider to notify the parties regarding the decision of the panelists which has to be implemented within ten days after receiving the notification. The number of panelist can be either one or three. The burden of proof is on the complainant to show that- The other party is misusing the complainant’s trademark which is similar to the trademark of complainant. The other party does not have any legitimate interest with respect to the said domain name. The other party is using the domain name in bad faith. ( Circumstances regarded as evidence of use of domain name in bad faith are mentioned of UDRP). UDRP is by default applicable in all countries where domain name registrars are accredited by ICANN and it does not apply in countries where the managers do not apply for the same. For Example- Singapore has its own Singapore Domain Name Dispute Resolution Policy and hence, cases are settled by Singapore Courts according to the terms and conditions of their policy. The first case settled under the Singapore Dispute resolution policy was *Viacom International v. Elitist Technologies Co.* where Viacom, an entertainment company incorporated in Delaware, a State of USA. The

company had wide divisions and the MTV Networks was one of its divisions operating globally engaged in telecasting television programmes globally. The complainant also had registered trademark with the initials MTV. The respondent registered a domain name in Singapore with the name [www.mtv.com.sg](http://www.mtv.com.sg) which had close resemblance with complainant's trademark. The complainant demanded transfer of domain name but respondent did not agree. The Court however had another view and decided that the use of the domain name by the respondent for offering e-mail services and entertainment links to customers definitely left an impact that the same was done by the complainant company which operated at a global level. Hence, the court ordered the respondent to transfer the same to the complainant.

### **CYBER SQUATTING**

The act by which one party earns profit and attracts customer by misusing the trademark of other party. The misuse can be in the form of registering a domain name having resemblance to or exactly similar to the trademark of a well-known company having goodwill. Cyber squatting is a big hindrance in the growth of e-commerce companies. Most of the time, cyber squatters coerce popular e-commerce companies to pay huge sum of money to protect their companies goodwill and also their trademark. For example, a Canadian youth registered the name Appleimac to sell it back to Apple; several other web reporters bought back their domain name for \$700 which was registered by cyber squatters as domain sites. The concept of cyber squatting can be better understood by a famous case – *Intermatic Incorporated v. Dennis Toeppen*<sup>14</sup> where the company Intermatic was the exclusive owner of the trademark “Intermatic” after registering it with US Patent and Trademark Office. The company brought an action against “Dennis Toeppen” alleging that the use of domain name “intermatic.com” by the respondent company violates section 32(1) of Federal Trademark Infringement Act, Section 43(1) of Federal Trademark dilution Act, 1995 etc. The respondent company's contention was that they were the first ones to register with the said domain name and hence, they had priority rights over the same following the “first come first serve” rule in domain name registration. The court however decided in the complainant's favor mentioning that Intermatic was a famous company operating at a global level. The trademark was used by the company for almost over a period of 50 years which definitely meant that the use of the same by the respondent would lead to dilution of their trademark. Also, the respondent company did not have sufficient evidence to prove their contention. Hence, the case was decided in favor of complainant.

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13 An Article by Shraddha Tiwari of Bharati Vidyapeeth New Law College, Pune. “Trademark issues related to Internet Domain Names”.

14 96 C, 1982 (7 th Cir. : 1999

## CONCLUSION

As already been noted that trademarks have a prominent place of history with the development of International trade and communication, trademarks have gained Importance. The fundamental purpose of trademarks is to prevent one person from passing off his goods or services as those of another. Its overall objective is to promote fair play. Trademark owners in India can protect their mark by registering with the registrar under Trademark Act 1999.

The protection of Domain name under the India legal system is standing on a higher footing as compared to a simple recognition of right under the UDNDR Policy. The ramification of the Trademarks Act 1999 is much wider and capable of conferring the strongest protection to the domain names in the world. The need of the present time is to harmoniously apply the principles of the trademark law and the provisions concerning the domain names. It must be noted that the moment a decision is given by the Supreme Court and it attains finality then it becomes binding on all the persons or institution in India.

# PATENTS AND BLOCKCHAIN A WAY FORWARD

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## ABSTRACT

*The current study is dealing the patenting activity terms that emerge with technologies related to Block chain. The public have started paying attention to Block chain, which has led to intensified research in this particular filed over the past years. Which makes it's a topic of high interest study with respect to patent analysis focusing on these emerging technologies developments. This present paper hands out exhaustive search strategy and unique methodology for identifying Block chain patent documents using a combination of patent classifications and specific key words. The subject matter experts of the European Patent Office (EPO) cooperated in building this query. Required keyword was prioritized and then they were analysed by relevance. In order to eliminate false positives a set of specific classification of the relevant patent were combined with the keywords. What the steam engine and its related technologies did during the Industrial Revolution, the digital technologies is doing it for the information revolution. New information frontiers are being opened by the digital technologies with unprecedented speed. With the surfacing of inventions in the fields of Internet of Things (IoT) and Artificial Intelligence, the digitized world is being pushed to new levels by Block chain based technologies. The interchange between this patent law and digitalized world is increasing rapidly. The*

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*evolution of Block chain technology is challenging current regimes of patent protection. Block chain is primarily a list of transactions which are protected and encrypted to ensure that there is no modification in the list of the prior transactions. New transactions are added and verified to the list. For adding and verifying crypto currency transactions from client software, some block chains make use of an open source. Crypto currency is known as a subset of the virtual currency that utilizes cryptography to enable transfer of funds between two parties without involving a third party. Without an intermediary, to exchange value over the internet a Block chain may be used. This paper discusses about the Patents in sphere of Blockchain Technology. The same is based on doctrinal work and the data are collected from books, journals articles and Newspapers. This paper provides a strong platform to discuss the concept of Blockchain Technology and how Patent Law is having the impact on the same.*

**Keywords: Block Chain, Patent, Emerging Technologies, Internet of Things, Block Chain Technology, Crypto Currency.**

## **INTRODUCTION**

The area to begin with is the basic question of understanding intellectual property, there are many different types of intellectual property Patents, Copyright, Trademarks, Designs, Confidential Information, Industrial and Trade Secrets, Etc.,<sup>1</sup> In this research paper the focus will be particularly on patents, since that is a sort of the most commonly discussed area in the block chain world. There is a need to demystify and correct any misunderstanding about what patents are? what is or is not patentable? and then the research paper will discuss on how that applies in the block chain space. The copyrights also applies when it is discussed about software related innovation but it only protects the source code and the same doesnot protect the underlying idea and concepts behind that source code so if intended to protect the algorithm, the concepts behind the source code then it needs an intellectual property right in the form of the patent because that will give a patent holder certain period of monopoly, though not absolute for that technology. When it comes to patents regardless of the type of technology there are some basic criteria that a inventor has to meet and the same has to establish at the patent office that the innovation meets these basic criteria, and that is that there is something that is novel an inventive about the innovation.

That sounds straightforward enough, but it gets a little bit more complicated than that and many territories many different countries have statutory law that says that the inventor cannot have patent protection for certain types of innovation and so typically computer software business methods, methods of playing games etc would fall into this list of what we call

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1 P. Narayanan. Intellectual Property Law, (Eastern Book House. 1999)

the excluded categories where if the innovation is considered by the patent office to relate to that type of technology then the inventor cannot have a patent for it even if it is deemed to be potentially novel and inventive. These questions really answered on the case by case basis the each patent office will take a look at the invention that is described in claimed in the patent application they will compare it against what is already known in your technical field they will try to establish whether it falls into that list of excluded types of invention, and if not if the invention is potentially patentable material they will then have a look to see if they think that there is that's all important novel and inventive feature in your technology if the inventor jump all of those hurdles if the examiner/patent controller is satisfied that the invention does something new, non-obvious, and technical then the potential inventor gets the certificate of patent. Patent software and business methods does not come under the ambit, but there's also a big misconception about patenting software in business methods from the US perspective about couching the invention to the patent office, the developers think of the invention of software or a new way of doing business but in reality there's technical innovation going on underneath the scenes and it is the job of the patent lawyers to identify them and present them in the right way to the patent office for the patent certification. The hurdle whether it is technical in the United States the idea an abstract idea because you cannot patent abstract ideas but in reality telling whether an idea is an abstract idea or not is a lot like telling the difference between pornography and art right you know it when you see it, and really comes down to is it a technical innovation right is it something that required knowledge of technology an application of that knowledge in a new and inventive way. An abstract idea cannot be patented.

## BLOCKCHAIN TECHNOLOGY

Blockchain technology offers great potential to advance various fields<sup>2</sup> with its unique combination of characteristics, e.g. decentralization, immutability and transparent. We see promising possibilities in using this technology for science and academia. In this article, we want to show why Blockchain Technology is particularly relevant to open science. By far the most significant attention has been paid to technology in industry and media news<sup>3,4,5,6</sup> related to development of electronic money. Examples include

- 2 Casino, F., Dasaklis, T. K., and Patsakis, C. (2018). A systematic literature review of blockchain-based applications: current status, classification and open issues. *Telemat. Informat.* 36, 55–81. doi: 10.1016/j.tele.2018.11.006
- 3 Morini, M. (2016). From 'Blockchain Hype' to a real business case for financial markets. *Soc. Sci. Res. Netw. Electr. J.* 45, 30–40. doi: 10.2139/ssrn.2760184
- 4 Notheisen, B., Hawlitschek, F., and Weinhardt, C. (2017). Breaking down the blockchain hype - towards a blockchain market engineering approach. in *Proceedings of the 25th European Conference on Information Systems (ECIS)* (Guimarães), 1062–1080.
- 5 Carson, B., Romanelli, G., Walsh, P., and Zhumaev, A. (2018). Blockchain Beyond the Hype: What Is the Strategic Business Value? *McKinsey & Company*. Available online at: <https://mck.co/2pWTTDh>
- 6 Volpicelli, G. (2018) Does Blockchain Offer Hype or Hope? *The Guardian*. Available online at: <https://bit.ly/2NnSL4K>

Bitcoin, Litecoin, Dash, and Monero, all of which have notable market capitalization. However, blockchain technology is not limited to cryptocurrencies. There are already blockchain-based applications in industry and public sector such as crowdfunding<sup>78910</sup>, tracking goods in the supply chain<sup>11</sup>, authentication<sup>1213</sup> and voting services<sup>1415</sup>; many more are in the process of being developed<sup>1617181920</sup>. The Fraunhofer Institute for the Analysis of Trends in Science and Engineering (INT) in Germany published a

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- 7 Conley, J. P. (2017). "Blockchain and the economics of crypto-tokens and initial coin offerings," in Vanderbilt University Department of Economics Working Papers 17-00008. Available online at: <http://www.accessecon.com/Pubs/VUECON/VUECON-17-00008.pdf>
- 8 Li, J., and Mann, W. (2018). Initial Coin Offerings and Platform Building. Social Science Research Network (SSRN). doi: 10.2139/ssrn.3088726
- 9 Arnold, L., Brennecke, M., Camus, P., Fridgen, G., Guggenberger, T., Radszuwill, S., et al. (2019). "Blockchain and initial coin offerings: blockchain's implications for crowdfunding," in Business Transformation Through Blockchain, eds H. Treiblmaier and R. Beck (Cham: Palgrave Macmillan), 233–272. doi: 10.1007/978-3-319-98911-2\_8
- 10 Abeyratne, S., and Monfared, R. (2016). Blockchain ready manufacturing supply chain using distributed ledger. *Int. J. Res. Eng. Technol.* 5, 1–10. doi: 10.15623/ijret.2016.0509001
- 11 Tian, F. (2016). "An agri-food supply chain traceability system for China based on RFID & blockchain technology," in 2016 13th International Conference on Service Systems and Service Management (ICSSSM) (Kunming: IEEE). doi: 10.1109/ICSSSM.2016.7538424
- 12 Cruz, J. P., Kaji, Y., and Yanai, N. (2018). RBAC-SC: role-based access control using smart contract. *IEEE Access* 6, 12240–12251. doi: 10.1109/ACCESS.2018.2812844
- 13 Ihle, C., and Sanchez, O. (2018). "Smart contract-based role management on the blockchain," in Business Information Systems Workshops, eds W. Abramowicz and A. Paschke (Berlin: Springer International Publishing), 335–343. doi: 10.1007/978-3-030-04849-5\_30
- 14 Swan, M. (2015a). *Blockchain: Blueprint for a New Economy*, 1st Edn. Sebastopol, CA: O'Reilly Media
- 15 Osgood, R. (2016). *The Future of Democracy: Blockchain Voting*. Technical report. Available online at: <http://www.cs.tufts.edu/comp/116/archive/fall2016/rosgood.pdf>
- 16 Brandon, D. (2016). The blockchain - the future of business information systems? *Int. J. Acad. Business World* 10, 33–40. Available online at: <https://jwpress.com/Journals/IJABW/BackIssues/IJABW-Fall-2016.pdf#page=28>
- 17 Davidson, S., De Filippi, P., and Potts, J. (2016). Disrupting Governance: The New Institutional Economics of Distributed Ledger Technology. Social Science Research Network (SSRN). doi: 10.2139/ssrn.2811995
- 18 Fanning, K., and Centers, D. P. (2016). Blockchain and its coming impact on financial services. *J. Corpor. Account. Finan.* 27, 53–57. doi: 10.1002/jcaf.22179
- 19 Scott, B. (2016). "How can cryptocurrency and blockchain technology play a role in building social and solidarity finance?," in UNRISD Working Paper, No. 2016-1 (Geneva: United Nations Research Institute for Social Development (UNRISD)). Available online at: <https://www.econstor.eu/bitstream/10419/148750/1/861287290.pdf>
- 20 Nguyen, Q. K. (2016). "Blockchain - a financial technology for future sustainable development," in 2016 3rd International Conference on Green Technology and Sustainable Development (GTSD) (Kaohsiung: IEEE), 51–54. doi: 10.1109/GTSD.2016.22

study<sup>21</sup> showing that blockchain technology is now most commonly found in applications used in the financial sector. A typical use case in this field for blockchain technology is the exchange of units of value without intermediaries<sup>2223</sup>. Examples of this are the mentioned cryptocurrency and other applications that, for example, allow individuals to offer and sell their digital assets such as art or sensor data in the marketplace<sup>24</sup> or allow owners to transfer their land without a notary<sup>25</sup>. The pioneering role of the financial sector seems obvious because cryptocurrencies are the first usable blockchain application. However, the potential of this technology has attracted the attention of other sectors in recent years, resulting in a large number of new projects. Blockchain technology is still in the early stages of development without standardization and widely adopted frameworks.

There are scientific sources (but much more gray literature) on how blockchain technology can be used to alleviate existing scientific problems such as reproducibility of results from published articles and experiments. Due to immutability, only supplementary functionality, and a clear record of all transactions, blockchain technology is able to provide transparency to all users at every step taken in the system. As a result, an environment created without a trusted authority for malicious behaviour is technically difficult. Decentralization allows researchers to build their own open ecosystem for research data, metadata, and communication that follows the philosophy of open science. For us, open science is characterized above all by the public being able to participate, collaborate and contribute to science. The results of these activities, such as research data, procedures, studies and methods, are freely available for reuse and reproducibility.

Blockchain technology is also capable of increasing the reliability of studies and collaboration between researchers in complex scientific projects through the use of its features. TheBlockchain technology stands out from other systems with its distinctive engineering architecture, allowing the technology to adapt to a wide variety of use cases. For example, developers have the option of designing blockchains for open or private access in combination with individual governance models depending on its purpose. Beyond a technical point of view, cryptocurrencies, for example, provide

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- 21 Schütte, J., Fridgen, G., Prinz, W., Rose, T., Urbach, N., Hoeren, T., et al. (2018). Blockchain ans Smart Contracts - Technologies, Research Issues and Applications. Fraunhofer Society. Available online at: <https://bit.ly/2PQ9oI5>
  - 22 Nakamoto, S. (2008). Bitcoin: A Peer-to-Peer Electronic Cash System. Available online at: <https://bitcoin.org/bitcoin.pdf>
  - 23 Ben-Sasson, E., Chiesa, A., Garman, C., Green, M., Miers, I., Tromer, E., et al. (2014). "Zerocash: decentralized anonymous payments from bitcoin," in 2014 IEEE Symposium on Security and Privacy (San Jose, CA), 459–474. doi: 10.1109/SP.2014.36
  - 24 Draskovic, D., and Saleh, G. (2017). Datapace - Decentralized Data Marketplace Based on Blockchain. Available online at: [https://www.datapace.io/datapace\\_whitepaper.pdf](https://www.datapace.io/datapace_whitepaper.pdf)
  - 25 Kombe, C., Manyilizu, M., and Mvuma, A. (2017). Design of land administration and title registration model based on blockchain technology. *J. Inform. Eng. Appl.* 7, 8–15. Available online at: <https://iiste.org/Journals/index.php/JIEA/article/view/35154>

complementary and unique opportunities to create business models and incentives for users or entire communities. However, besides blockchain technology, there are also other technologies applicable to open science. An example is the peer-to-peer data synchronization protocol Dat<sup>26</sup> which also supports immutable and decentralized storage and can be used as an infrastructure for scientific communication<sup>27</sup>. This protocol is inspired by several existing systems, including BitTorrent<sup>28</sup>. Other non-blockchain-based approaches that support open science include the Open Science Framework (OSF)<sup>29</sup> and OPERAS<sup>30</sup> research and collaboration platforms and OPERAS. Zenodo open access repository<sup>31</sup>, research data infrastructure powered by the European Science Cloud (EOSC)<sup>32</sup> and F1000Research publishing platform<sup>33</sup>.

We wanted to emphasize at the outset of this article that blockchain technology is just a technology and certainly not a silver bullet that will fix all the problems we face in science today. Some problems cannot be solved by technology alone, but require those affected to rethink their habits, behaviours and processes. In some cases, this can even cause researchers to give up privileges. There are also comments criticizing the unscientific use of blockchain technology.<sup>34</sup> Hartgerink argues that blockchains can even amplify inequality by artificially increasing scarcity and based on free market principles. Another point of criticism concerns the principle of consensus as the basic definition of truth in a Blockchain:

1. There is always a chance of hijacking a blockchain with a so-called 51% attack.

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26 Ogden, M., McKelvey, K., Madsen, M. B., and Code for Science (2018). Dat- Distributed Dataset Synchronization And Versioning. Available online at: <https://github.com/datprotocol/whitepaper/blob/master/dat-paper.pdf>

27 Hartgerink, C. (2019). Verified, shared, modular, and provenance based research communication with the dat protocol. *Publications* 7, 1–19. doi: 10.3390/publications7020040

28 Pouwelse, J., Garbacki, P., Epema, D., and Sips, H. (2005). “The bittorrent P2P file-sharing system: measurements and analysis,” in *Peer-to-Peer Systems IV. IPTPS 2005*, Lecture Notes in Computer Science, Vol. 3640, eds M. Castro and R. van Renesse (Berlin; Heidelberg: Springer), 205–216. doi: 10.1007/11558989\_19

29 OSF (2019). Open Science Framework - OSF - Free, Open Platform to Support Your Research and Enable Collaboration. Available online at: <https://osf.io/>

30 Mounier, P., Ferwerda, E., Dumouchel, S., Gatti, R., Gingold, A., Radovic, D., et al. (2018). OPERAS Whitepaper - Open Access in the European Research Area Through Scholarly Communication. doi: 10.5281/zenodo.1324059

31 Zenodo (2019). Zenodo - An Open Access Repository for Research Data. Available online at: <https://zenodo.org/>

32 EOSC (2019). European Open Science Cloud (EOSC) - Cloud for research data in Europe. Available online at: <https://bit.ly/1VpLbUh>

33 F1000 (2019). F1000 Research -Open Access Publishing Platform. Available online at: <https://f1000research.com/>

34 Hartgerink, C. (2018). Concerns About Blockchain for Science. Medium. Available online at: <https://bit.ly/2kloBDB>

2. More philosophically relevant, Hartgerink<sup>35</sup> questions whether we need consensus for scientific theories or ideas.

If the inventor is applying mentioning about the money or digital currency is involved then the same will be automatically is going to face rejections it will be navigating through on the one hand what contribution my making well on the around not sounding likewhat it is proposed is or differ to be a new currency. There is a very territorial aspects of to patent practice and so what might work in one country what might be allowable what might get through to grant in one country may not be patentable and allowable in another and also that is really important if a inventor is considering trying to get patent protection for a technology that does so with a patentpractitioner, that is not just with patent practice that with patent practice for the type of technology that has some understanding of the industry that the patentpractitioner is operating in for also having a technical background that when they are drafting the application or when they are putting arguments to the patent office they have the technical understanding and ability to be able to drill down into the lower level details of exactly not just what the invention does but also how it does that because quite often thought is going to be absolutely fundamental to the success or rejection of your patent application. The bottom line is that the inventor should make sure that that they are working with someone who is a legal provider, who understands the inventors technology, understands the industry properly and obviously aware of the legal nuances and practices in in the particular territories that the inventor want to seek protection.

### **TYPES OF TECHNICAL AREAS CONFRONTING WHILE DEALING WITH BLOCK CHAIN PATENT APPLICATIONS:**

Aspects like cryptography the data transmission are the things seen most commonly. Cryptography is one of the big ones because they're in the foundation of bitcoin is cryptography that is what makes it safe, that is what makes it work. Cryptography is an obscure subject but there is lot of flexibility on what you can do and cannot do to make things really secure in so there is a lot of innovation were seen around that how do a person take advantage of this immutable distributed global ledger and still keep everything secure for all the activity that is occurring outside of the ledger. How do a person make sure that what is going on out of the ledger is what supposed to go on the ledger. On top of that it is been seen that a lot of innovation in applications of block chain where kind of the block chain itself is using the properties of the block chain regarding the scale-ability the immutability the global aspect of it the public aspect of it in order to enable all types of new functionality that people have never seen before bitcoin existed.

Claims have been made to inventions for functions using on top of a block chain but not for block chain itself well the blockchain? But, the blockchain

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35 Ibid

technology has been invented and it was in the white paper universe at Satoshi's paper<sup>36</sup>.

### ***Will Blockchain Receive the required Attention?***

Both within and the BSP community<sup>37</sup> and in the broader digital currency world for being one of the world's largest filers a block chain patent applications and blockchain's IP portfolio. N-Chain<sup>38</sup> is one of the earliest and one of the largest holders of blockchain related patent applications in the world. N-Chain is consisting of 150 plus people. Some of the brightest and best in the block chain industry, it is natural that because everything which is going on today is doing with cutting edge technology is all breaking new ground is all innovation so it is natural that there is going to be a lot of invention in a company like n-Chain and the things that has been accomplished in this field, done well n-Chain is from the very outset recognize that they are breaking new ground in terms of technology and very early on recognize the importance of properly assessing our intellectual property.

If looked into at the way the blockchain spaces at the moment patent filings have been growing exponentially for the last few years so since 2014 the number of new filings has been doubling every year. It is really becoming dominated by big corporates, and it is a kind of incumbent technology companies who have come into the space fairly recently with huge filings, filing numbers are raising and the technology companies who have filed 1000 patent applications in 2021.<sup>39</sup> If again looked at the space what is going to be seen as anyone can ask themselves the question if a company can file one thousand new applications in one year, all of those applications concerning it might be determined that really high technical merits inventions or is there going to be some lower quality applications in there so attention when not really looking at the numbers as such focus should be made on quality rather than quantity.

### ***Insights on Patents on Blockchain Technology:***

Patents are a very big investment they're very expensive and as a result it takes a lot of capital to create a robust patent portfolio know of that capital

36 Bitcoin: A Peer-to-Peer Electronic Cash System Satoshi Nakamoto satoshin@gmx.com www.bitcoin.org

37 BSP (Bank South Pacific) Financial Group Limited is an iconic and unique bank in Papua New Guinea and the Pacific, recognised for its strong commitment to the region and its Melanesian uniqueness.

38 Founded in 2015, n-Chain advances the potential of blockchain technology through ongoing research and development of patentable inventions and commercial solutions. The Company has an IP portfolio that includes over 250 patent families and over 1,000 whitepapers. N-Chain leverages this expertise to offer commercial solutions such as digital payments and Kensei, a developer-friendly blockchain interface. Kensei is designed to drive adoption of the BSV blockchain by removing the complexities in creating and verifying tamper-evident data and processes.

39 Titans of Technology: Blockchain / The Top Companies in Blockchain Patents 2021 <https://harrityllp.com/titans-of-technology-blockchain-the-top-companies-in-blockchain-patents-2021/> accessed on 17.04.2021 at 02:52. P.M.

being used on patents is going to prevent the business from actually operating what's the point when an inventor can get a patent portfolio but what are they going to do with that? In terms of timing the inventor has to wait until they secure enough investment so that it can actually get started and there are different levels of getting started, but once the capital is procured the inventor move ahead.

## **INTELLECTUAL PROPERTY VS FREE USAGE OF BLOCKCHAIN**

The investors are going to know from the inventor have some kind of ownership of the technology invented technology price of the inventor going to go through any kind of due diligence if the same inventor doing any kind of capital raise then the intellectual property position that having is going to be a question of a need to ask the inventor and think the same needs serious capital in order to fund, there is a need to take the intellectual property rights seriously. As a starting point for any company and a more personal note the researcher finds that when talking to companies, about potential partnerships or even when they are going to be a client for and chain, one of the things that is agreeable about having an established pattern portfolio is it makes it easier to talk and the inventor is less worried violation of the rights of the inventor. There are instances of having confusion over who came over? who came up with what? If each of the parties already has reversed process in place the right kind of advisors and are timely recording their intellectual property and taking steps to protect it so actually it makes it easier for parties to speak and collaborate when they have already taken steps to protect what they think is their own intellectual property.

## **MISCONCEPTION ON OPEN SOURCE LICENSE USAGE**

There's this misconception that probably flows from the use of the term open that open source at necessarily means free for all and that's not necessarily the case mean. There are hundreds of different open source license are there, but essentially that the license means that the inventor is agreeing to certain conditions and obligations and order to use that that software and the same need to be care for if going to use open source software that an individual understands what the obligations are in the in a particular open source license that your that they are potentially going to use. Because sometimes people do not check out those obligations they do not check out the details and then they get a shock that actually that open source license was not actually as open assumed it was or even opened it is all. If looking at using open source the party must make sure that what they are doing and that license. Seek good advice from a professional and the parties should make sure that they are dealing with a lawyer who is well versed with the Intellectual Property and Technology Law who understands the differences between the different licenses and how to can select the one that actually works. It is absolutely right about the fact that open source does not mean necessarily that there is no intellectual property rights that can be

accepted through the open source license the inventor should be careful as it is said to be a minefield.

For instance if a software is written and it is put out for usage through an open source licensing one used to actually are the copyright owner, if had patents on the underlying technology in that software, the same copyright owner will be the patent holder as well. and anyone who uses the license in order to use your software is still obligated to follow the terms of the license and still own that intellectual property. If just because something is put out open source does not mean there are not intellectual property rights in that software or work product just means the owner has chosen to make it available for free usage under a particular license terms they provided to the world, so for example Satoshi Nakamoto<sup>40</sup> put out the first version of the bitcoin client software with the copyright notice.

One thing that should be observed is that the different intellectual property rights provide different forms of protection, copyrights will literally just protect the written form or the representation of the intellectual property. What is appearing on the screen or them or the printed page and so, on if attempts are made to change or make any sort of changes to that written form then you can potentially navigate around the copyright protection that patent protection as discussed earlier, it gives you protection for the underlying fundamental concept and algorithms and the functionality so that there is different forms can be present in the same invention and in the same explanation or written description of that of that invention so the white paper copyright protected, by the time that the white paper was written block chain and as a concept of a ledger was known, but Satoshi<sup>41</sup> didn't choose to actually protect my a patent protection the underlying concept of putting various components together to form what became the block chain, bitcoin protocol. But there are other types of rights that attach for example when written a paper, copyright ownership essentially exists at that moment thinks it in a tangible medium of expression.

## **THE INDIAN PERSPECTIVE ON BLOCKCHAIN- ISSUES AND CHALLENGES**

Blockchain is seeing a great deal of footing inside India significantly in Banking, Insurance and Cards industry. In the vast majority of these ventures, companies are meeting up to shape an association to understand the advantages of Blockchain at an industry level. In any case, a portion of the

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40 Satoshi Nakamoto is the anonymous name used by the creators of the Bitcoin cryptocurrency. Although the name Satoshi Nakamoto is often synonymous with Bitcoin, the actual person that the name represents has never been found, leading many people to believe that it is a pseudonym for a person with a different identity or a group of people. Available at: <https://www.investopedia.com/terms/s/satoshi-nakamoto.asp> accessed on 20.04.2022 at 05:33. PM.

41 Ibid

business aggregates have displayed interest to investigate Blockchain for further developing their business processes across their auxiliaries and colleagues also.

***Indian Company's in the Blockchain Sphere:***

A number of Indian players have tried use of Blockchain in the space of Trade Finance, Cross-line Payments, Bill Discounting, Supply chain supporting, Loyalty and Digital Identity regions. A portion of the Indian banks, business aggregates, and one stock trade are among the trailblazers for investigating Blockchain in India.

***Proof of Capacity of Blockchain use in India:***

1. In Trade Financing a private sector bank in India and a large banking group in the Middle East successfully completed international trade finance and remittance operations using Blockchain.<sup>42</sup>
2. When it comes to the perspective of Supply chain financing an Indian multinational company named Mahindra has developed a cloud-based solution that uses a permission distributed ledger to change supplier-to-manufacturer trade finance interactions.<sup>43</sup> A lighting equipment manufacturer in India used Blockchain to shorten the Bill Discounting procedure cycle time for paying its suppliers from five days to almost real-time.<sup>44</sup>
3. Managing an e-KYC, in collaboration with some of India's leading banks, a leading stock exchange is investigating Blockchain for the management of KYC documents.<sup>45</sup>
4. In the payments across the border Stellar has teamed up with four financial institutions to offer low-cost international money transfers to the Philippines as well as cross-border payments to and from India, Europe, and in some African countries. Two Indian private sector banks are collaborating to test Blockchain transactions, which are primarily focused on cross-border remittance and trade settlements.<sup>46</sup>

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42 Available at <https://www.icicibank.com/aboutus/article.page?identifier=news-icici-bank-executes-indias-first-banking-transactions-on-blockchain-in-partnership-with-miratesbd-20161210162515562> Accessed on 05.05.2022 at 1:38. P.M.

43 Available at <http://www.mahindra.com/news-room/press-release/Mahindra-and-IBM-to-Develop-Blockchain-Solution-for-Supply-Chain-Finance> Accessed on 05.05.2022 at 01:40. P.M.

44 Available at <http://www.livemint.com/Companies/BcqXQgey9fieFps9xVZxrK/How-Bajaj-Electricals-uses-blockchain-to-pay-suppliers.html> Accessed on 05.05.2022 at 01:42. P.M.

45 Available at <http://computer.expressbpd.com/news/nse-looking-at-blockchain-for-ensuring-settlement-guarantees/18956/> Accessed on 05.05.2022 at 01:44 PM

46 Available at <http://www.ibtimes.co.uk/stellar-connects-icici-bank-offers-cross-border-payments-india-africa-philippines-1595052> accessed on 05.05.2022 at 01:47 PM

**The challenges faced during the proof of concepts (PoC) broadly under the following six major areas:**

1. Lack of Internal Awareness.
2. Identification of business case and business partners for PoC<sup>47</sup>.
3. Selection of vendor/platform.
4. Partner on-boarding.
5. Development environment and security related issues.
6. Integration challenges.

**CONCLUSION**

A proposition had created while writing this research article is there a one size fits all answer as to whether patents are good or for companies open source there work product or do some companies in patent space do a mix of both? An answer to this question is that there is no one size fits all answer though that is for sure, but there are things like open source patents other types of intellectual property like, copyright, patents, trade secret etc., they all go hand in hand and it is a need for a customized approach, because it really depends on the technology, the business schools, for example if the innovation is not a platform that an inventor want people to use the inventor will be going more towards opensource to encourage them to use the stuff that the inventor is producing. Then again if the innovation is something that is completely secret and nobody is really going to be able to reverse engineer maybe the inventor stay away from patents, but if it is going to be something that somebody could put enough resources into and reproduce then the inventor is going to want to consider patents and then look at the bigger picture to see how the other forms of intellectual property fit in.

For instance Microsoft has obviously a large intellectual property portfolio but they provide some of their software for free usage as long as it is on the Windows Operating System. Some even though that rights associated with that may have all kinds of patents and other copyright interests embedded. When a person is using MS office software there are probably thousands of patents covering that software yeah When given a thought regarding patent and intellectual property protection with respect to block chain technology and you know where this thing is going to be in the next 3-5 years in terms of companies patent portfolios, What we are going to see over the next few years is gaining some clarity there has been this exponential growth in patent filings the sort of the major patent holders are sort of switching quite regularly or is not clear which at the moment which province of the valuable ones which ones are the key patents and in order to have

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47 The Blockchain PoC is the process of verifying that the idea has the potential in a real-world situation. Its aim is to determine whether the project is feasible and will function as planned.

really a marketplace where companies know what they can or cannot do who they need to speak to for licenses we need that clarity. Over the coming years is that to a major patent holders are going to have to start speaking to each other and they are going to have to start offering clarity in the market.



# A CRITICAL ANALYSIS OF RELATIONSHIP BETWEEN INTELLECTUAL PROPERTY RIGHTS AND HUMAN RIGHTS

Enitha B.M<sup>\*</sup> & Prof (Dr.) Ramesh<sup>\*\*</sup>

## ABSTRACT

*Human rights and intellectual property, two bodies of law that were once strangers, are now becoming increasingly close. For decades the two subjects developed in virtual isolation from each other. But in the last few years, international standard setting activities have begun to map previously uncharted intersections between intellectual property law on the one hand and human rights law on the other. The paper deals into the question whether there is a relationship between human rights and intellectual property right and if there is a relationship whether there is a conflict or coexistence between the two. The paper talks about how historically both Human Rights and Intellectual Property Rights were considered two different isolated branches of law though IPR being mentioned under various instruments including under Article 15 of International Covenant on Economic, Social and Cultural Rights and Article 27 of the Universal Declaration of Human Rights . And then further talks how this relationship was developed with the help of various instruments and realizing the relationship between the same. It also deals with the vague relationship between IPR and Indian Constitution.*

**Key Words:** Human Rights, Intellectual Property, Indian Constitution, Relationship.

## INTRODUCTION

“Men are not always right in their use of their rights”

**RICHARD WHATELY**

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Intellectual Property Rights and human Rights have evolved independently. On one hand, human rights are the rights which are fundamental for human existence and are recognized by states but are inherent rights to human existence. On the other hand, the intellectual property rights consist of statutorily recognized rights of the creators and inventors and provides incentives for participation and contribute to technological development.

This article explores the relationship between intellectual property rights and human rights. The relationship between the two have been ignored for long and has now been recognised by governments, judges, and scholars. In the last decade, international activities have begun to map the uncharted intersections between human rights and intellectual property rights. The relationship between the two has also been recognised also in various international venues like World Trade Organization, world Intellectual Property Organization, the committee on Economic, Social and Cultural Rights and the Human Rights Council.<sup>1</sup>

The relationship between Human Rights and Intellectual Property Rights have been discussed in international instruments such as Universal Declaration of Human Rights and International Covenant of Economic Social and Cultural Rights etc. And there are two approaches for the linkage of the two fields, one talks about the coexistence between the two and other talks about the conflict between the two. This article analyses various human rights and intellectual property rights and tries to answer the question.<sup>2</sup>

## **HISTORICAL ISOLATION OF HUMAN RIGHTS AND IPR**

Human rights and Intellectual property rights that were once strangers are now becoming increasingly intimate bedfellows. For decades the two subjects developed in virtual isolation from each other. But in the last few years, international standard setting activities have begun to map previously uncharted intersections between intellectual property laws on the one hand and human rights law on the other.<sup>3</sup>

Thought the linkage between the two field have been in seen in Universal Declaration of Human Rights (UDHR) the fundamental foundational document of human Rights Law protects authors “moral and material interests” in their “scientific, literary or artistic production[s]” as part of its catalogue of fundamental liberties.<sup>4</sup> Also in the International Covenant on

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1 [An analysis of interrelationship between Human Rights and Intellectual Property Rights](file:///C:/Users/Administer/Desktop/Vedansh-Batwara.pdf) Accessed at file:///C:/Users/Administer/Desktop/Vedansh-Batwara.pdf Accessed on 22.04.2022 at 4.36 PM.

2 Ibid.

3 Laurence R. Helfer, *Human Rights and Intellectual Property: Conflict or Co-Existence?*, 5 *Minn. Intell. Prop. Rev.* 47 (2003)

4 Universal Declaration of Human Rights, G.A. Res. 217A(III), U.N. GAOR, 3d Sess., pt. 1, art. 27, U.N. Doc. A/810(1948).

Economic, Social and Cultural Rights (ICESCR)<sup>5</sup>, which has now been ratified by nearly 150 countries. nations. For years, intellectual property remained a normative backwater in the human rights pantheon, neglected by treaty bodies, experts, and commentators while other rights emerged from the jurisprudential shadows.<sup>6</sup> Also there have been no references of the human rights in major international intellectual property treaties such as Paris and Berne Conventions and TRIPS Agreement as well.<sup>7</sup>

The reason for the isolation between the two spheres was that the both the bodies were pre occupied with more important issues. In the years following World War II, the most important concern for human rights law was elaboration and codification of Human Rights mechanisms and enhancing the same. In the process the economic, social and cultural rights were least developed and has received attention only in the last decade.<sup>8</sup> For the promoters of IPR, the focus on the gradual expansion of rights through periodic revisions to the Berne, Paris and other conventions, and later, the creation of a link between intellectual property and trade.

Several Catalysts also helped in expanding the intersection of the Human Rights and Intellectual Property regimes. Firstly the developments relates to the efforts made by industrialized nations to make their Intellectual Property Rights Stronger and by strengthening the intellectual property protection standards. These efforts which started in 1980s, led to inclusion of these protection and standards for intellectual property in the TRIPS Agreement of the WTO and subsequent negotiation of regional and bilateral trade treaties contain Intellectual Property rules that exceeds TRIPS standard. Secondly, the changes in human rights law and inclusion of cultural rights of indigenous people, including traditional knowledge, increased the attention of human rights system to the adverse consequences of TRIPS.<sup>9</sup>

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5 International Covenant on Economic, Social and Cultural Rights, adopted Dec. 16, 1966, arts. 15(1)(b) & 15(1)(c),

6 Audrey R. Chapman, A Human Rights Perspective on Intellectual Property, Scientific Progress, and Access to the Benefits of Science, Panel Discussion on Intellectual Property and Human Rights at 3 (Nov. 9, 1998)

7 Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, LEGAL INSTRUMENTS—RESULTS OF THE URUGUAY ROUND, vol. 31, 33 I.L.M. 1197 (1994) [hereinafter TRIPS Agreement]; Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, last revised at Stockholm, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 [hereinafter Paris Convention]; Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, last revised at Paris, July 24, 1971, 1161 U.N.T.S. 31 [hereinafter Berne Convention].

8 Theodor Meron, Norm Making and Supervision in International Human Rights: Reflections on Institutional Order, INT'L L. 754 (1982).

9 Dr. B.L Wadehra Trade related aspect of intellectual property rights. Fifth edition, universal Law publishing co.

## INTELLECTUAL PROPERT RIGHTS AND INDIAN COSTITUTION

The Constitution of India does not recognize Intellectual Property as a “Property” directly and the recognition of the same in the Constitution is very vague. The preamble of the Constitution recognizes Economic Liberty which is one of the most important Liberty and to ensure the same the property system has been introduced. The term property includes both intangible and tangible property and thus definitely includes Intellectual Property. In the initial Constitution “Right to Property” was recognized under Article 19 (1) (f) as a fundamental right, but the same was repealed afterwards and was inserted under Article 300 A through 44th Amendment. Article 300 A merely reads that “No person shall be deprived of his property save by authority of law.” Article 300 A also does not directly recognizes Intellectual Property Rights.

In respect of Intellectual Property Rights Article 253 of the Indian Constitution plays a very important role and it mandates the recognition of the international aspect of laws, legislations, and agreements and empowers the Indian parliament to enforce the international treaties through law making process. It is because of this Article various international instruments in the intellectual property rights have been recognised in Indian laws.

Further, the mention of Intellectual Property system in the List I of 7th Schedule of the Indian Constitution further provide us with clues that Intellectual Property is indeed recognized by the Indian Constitution.<sup>10</sup> Entry 12, 13, 14 has been rightly included in the List 1 of the 7 th Schedule of the Indian Constitution and it talks about United Nations Organization, participation in the international conference and conventions and also to enter into agreements with foreign countries. Entry 49 of List I happens to be the specific one which has been totally and exclusively devoted to intellectual property system. Entry 49 recognizes only patents designs, copyright, trademarks and others.<sup>11</sup>

Hence the Indian Constitution does not directly recognizes the Intellectual Property Rights but indirectly recognizes it, unlike US Constitution which directly recognizes under in Article 1, Section 8 , Clause 8 and states that, “to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive rights to their respective writings and discoveries.”

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10 Constitutional Aspect of Intellectual Property Rights in India Accessed at <https://thelawblog.in/2016/12/29/constitutional-aspect-of-intellectual-property-rights-in-india/> Accessed on 22.04.2022 at 9.10 PM.

11 India: Intellectual Property And Its Attributes Accessed at <https://www.mondaq.com/india/trademark/1024310/intellectual-property-and-its-attributes> Accessed on 22.04.2022 at 9.30 PM.

## **K. T Plantation Pvt Ltd vs. state of Karnataka<sup>12</sup>**

The Supreme Court held that “Article 300A proclaims that no person can be deprived of his property save by authority of law, meaning thereby that a person cannot be deprived of his property merely by an executive fiat, without any specific legal authority or without the support of law made by a competent legislature. The expression ‘Property’ in Art. 300A is confined not to land alone, it includes intangibles like copyrights and other intellectual property and embraces every possible interest recognized by law.”

## **State of Kerala vs. the Malayala Panorama company limited<sup>13</sup>**

Intellectual property rights on the other hand represent monopoly of intellectual creation of the owner of such rights. It is more understood as conceptual rights on intangible and incorporeal properties. Ownership rights cannot be synonymously understood as intellectual property rights though such rights may overlap other rights in certain circumstances. The distinction however narrow or thin as the case may be, the legal distinction is copious and lucid.

## **INTERNATIONAL INSTRUMENTS ON INTELLECTUAL PROPERTY RIGHTS AND HUMAN RIGHTS.**

It is asserted that the relationship between the human rights and Intellectual Property Rights have been recognised by various human rights instruments of the United Nations. First among the international instruments is the Universal Declaration of Human Rights, 1948.<sup>14</sup>

Article 17 and 27 of UDHR recognizes the right to own a property. Article 17 of the UDHR states that everyone has the right to own the property and no one shall be arbitrarily deprived of his property. Further Article 27 of the UDHR state that everyone has the right to enjoy the arts and to share scientific advancements and benefits. And Article 27 clause 2 of UDHR further states that everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.

Further Article 13 of the American Declaration of the Rights and Duties of the Man<sup>15</sup> also states that, “He likewise has the right to the protection of his moral and material interests as regards his inventions or any literary, scientific or artistic works of which he is the author” and recognises the intellectual property right.

Article 15(1) of the UN International Covenant of Economic, Social and Cultural Rights (ICESR), 1966 has a similar provision to the UDHR

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12 (2011)9 SCC 1

13 LQ/KerHC/2018/1747.

14 Universal Declaration of Human Rights, G.A. Res. 217A(III), U.N. GAOR, 3d Sess., pt. 1, art. 27, U.N. Doc. A/810(1948).

15 . American Declaration of The Rights and Duties of the Man, 1948.

provision. Article 15 (1) of ICESR9 reads that, The State Parties to the present Covenant recognize the right of everyone: to take part in cultural life; to enjoy the benefits of scientific progress and its applications; to benefit from the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he or she is the author.

In Europe, the right to property has been accepted as a human right since the adoption of the first Protocol to the Convention for the Protection of Human Rights and Fundamental Freedoms.<sup>16</sup> Article 1 of the first Protocol which provides that “every natural or legal person is entitled to the peaceful enjoyment of his possessions” has been analyzed on numerous occasions by the European Court of Human Rights. The European Union has gone further than the European Convention of Human Rights with the adoption of its Charter of Fundamental Rights. This Charter includes not only a right to property but also specifically provides that” intellectual property shall be protected.<sup>17</sup>

Also the US Constitution in Article 1, Section 8, Clause 8 also states that, “to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive rights to their respective writings and discoveries.”

These international instruments recognises the link between the Human Rights and Intellectual Property Rights.

## **INTELLECTUAL PROPERTY RIGHT AND RIGHT TO EDUCATION**

The right to education has been widely recognized under various international instruments such as UDHR, ICESR, CEDAW etc. Article 26 of United Declaration of Human Rights was the first of these instruments to announce a human right to education. Further the UNESCO Convention against the discrimination in Education was also adopted in 1960,<sup>18</sup> also eliminates all form of discrimination in education. Article 13 and 14 of International Covenant of Economic, Social and Cultural Rights also contain human right to education.

Also Human Rights Law includes numerous references to the provision of adequate textbooks and learning materials as a component of right to education as a human right. UNESCO in its report called “A Human Rights approach to Education for all” in 2007 described the “provision of schools, teachers, books and equipment” as a “fundamental prerequisite of education.”<sup>19</sup>

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16 . European Convention for the Protection of Human Rights and Fundamental Freedoms, opened for signature, 4 Nov. 1950, 213 U.N.T.S. 221, Europ. T.S. No. 5 (entered into force 3 Sept. 1953);

17 1 Charter of Fundamental Rights of the European Union, art. 17(2), 2000 J.O. (C 364)

18 Convention against Discrimination in Education, Dec.. 14, 1960, 429 U.N.T.S 93

19 UNESCO, A Human Rights Based Approach to Education for all, 56 (2007).

Copyright protection has always been extended to educational materials. Since its beginning, copyright law has been premised on the idea that the flourishing of private markets in copyright protected works will promote learning. In contrast, the human right to education imposes public law obligations on governments, including the provision of free educational materials. This may require reconsideration on relationship between right to education and Intellectual Property Rights.

The copyright law infringes or impedes the provision of learning materials in a manner that it is inconsistent with the International Human Rights obligations. It is contended by the promoters of the Intellectual Property Rights that the copyright creates private property rights in particular expressions, but ideas are left in the public domain for others to use. Copyright does not impede governments or private actors from starting their own textbooks in any area of school curriculum.

## **CONCLUSION**

Traditionally, intellectual property regimes sought to balance the rights of creators with the interests of the public to have access to artistic works and the very existence of intellectual property rights was originally justified on the grounds that incentives and rewards to artists and inventors result in benefits to society. However, current developments tend to weaken these balances and to skew the system in favour of a much narrower range of interests. Commercialization has changed intellectual property from a means to provide incentives to researchers and inventors to a mechanism intended to encourage investment and protect the resources of investors. The privatization of the public domain reflects this transformation. Preserving the public domain is important because it serves as a resource for future creators and as raw material for the market place of ideas. Human rights and Intellectual Property rights, especially patent right regime, are two branches of law that have overcome their initial shyness of each other and are now becoming increasingly intertwined by the day. These two disciplines have developed in virtual isolation from each other for several decades. Such integration will also allow national and international lawmakers and NGOs to turn to the more pressing task of defining the human rights-intellectual property interface with coherent, consistent, and balanced legal norms that enhance both individual rights and global economic welfare.



# RELATIONSHIP BETWEEN INTELLECTUAL PROPERTY RIGHTS AND HUMAN RIGHTS

Mrs. Preeti J. Kasturi<sup>\*</sup> & Dr. S.M. Hullur<sup>\*\*</sup>

## ABSTRACT

*Human Rights and Intellectual Property Rights are two independent domains of law. However the globalisation of Intellectual Property Rights triggered the debate on the relationship between human rights and Intellectual Property Rights. With globalisation and international trade policy, the questions about how intellectual property impacts the enjoyment of human rights are of increasing importance to the national and international political discourse. The paper delves upon the key issues that bring intellectual property protection into conflict with the enjoyment of human rights. The paper also discusses about the provisions enshrined in TRIPS highlighting upon non-discrimination and other provisions that are conducive to the promotion and protection of human rights. Overall, the paper delves into the questions whether there is a relationship between human rights and intellectual property rights and if there is a relationship, whether there is a conflict or co-existence between the two. The paper talks about how historically both Human Rights and Intellectual Property Rights were considered two different isolated branches of law. There is also an attempt to prove that in case of Intellectual Property Rights, it is the human rights which are the basis for recognition of Intellectual Property Rights.*

**Key Words:** Globalisation, IP Rights, Human Rights, TRIPS

## INTRODUCTION

In the earlier era, the laws pertaining to Human Rights and Intellectual Property Rights did not intervene in each other's domain. They had their

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own realms of rules and regulations. But in recent trend, it has been observed that both the areas of law are inter-related with each other. One view is that both Human Rights Law and IPR Laws are in fundamental conflict with each other, that is, IPR Laws infringes upon the different areas of Human Rights Law concerning economic, social and cultural rights.

Another view opines that IPR laws and Human Rights law can mutually co-exist with each other. It is propagated that property rights are deemed to foster security, to provide protection of the individual's autonomy, to provide a basis for participation in a democratic society, and are seen as conducive to the protection of other human rights such as right to privacy.<sup>1</sup> Also there is a suggestion that private property rights may constitute a source of inequality and condone existing ownership patterns without taking into account their legitimacy.<sup>2</sup> Therefore, whether both are mutually exclusive or whether IPR is an interdependent expression of human rights in this present modern world is a question for debate.

Intellectual Property Rights consists of rights recognised by statute providing incentives for private-sector participation seeking technological advancement. Whereas human rights are the basic fundamental rights which the State recognises and they are adhesive to human dignity, worldwide. Human rights are moral principles or norms that describe certain standards of human behaviour and are regularly protected as natural and legal rights in municipal and international law. In the present global scenario, Intellectual Property Rights are said to have implications and direct impacts on human rights. The covalent bond between the two has been exemplified in science and technology related provisions of Universal Declaration of Human Rights (UDHR).<sup>3</sup>

## **INTELLECTUAL PROPERTY RIGHTS AND HUMAN RIGHTS IN THE GLOBAL PERSPECTIVE**

The concept of human rights though it appears to be recondite, yet there was a successful attempt to codify these rights in the Universal Declaration of Human Rights, 1948 (UDHR). It has been laid down in UDHR that everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.<sup>4</sup>

Further provisions of UDHR specifies about the right to enjoy arts and to share in scientific advancement and its benefits.<sup>5</sup> Also it states that everyone

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1 Philippe Cullet, Human Rights and Intellectual Property Protection in the TRIPS Era, Human Rights Quarterly Vol.29 (2007),[http://assets.wwfindia.org/human\\_rights\\_ipr\\_in\\_trips\\_era\\_3.pdf](http://assets.wwfindia.org/human_rights_ipr_in_trips_era_3.pdf).

2 Ibid.

3 Universal Declaration of Human Rights adopted 10th December, 1948. G.A. Res/ 217A (III), U.N. GAOR, 3rd Sess. (Resolutions, pt. 1), at 71, Article 27, U.N. Doc.

4 Ibid, Article 27.2.

5 Ibid, Article 27.1.

has the right to own property alone as well as in association with others and that no one shall be arbitrarily deprived of his property.<sup>6</sup> Thus When Article 17 is read within the ambit of Article 27, it can be ascertained that property can be of any nature, material or intellectual. In other words, it can be certainly propagated that Human Rights are nonetheless the cradle for Intellectual Property Rights.

The rights enshrined in UDHR are further elaborated in the International Covenant on Economic, Social and Cultural Rights (ICESCR), 1966 which recognises the right of everyone to take part in cultural life, to enjoy the benefits of scientific progress and its application, to benefit from the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.<sup>7</sup> Thus, though these provisions are concise in terms, yet it serves a greater prospect of human rights, guaranteeing the protection of authors' interests both in terms of moral interest and material interest.

The relationship between Intellectual Property Rights and Human Rights can be further understood in the light of the agenda underlying in the World Trade Organisation, which strives for the growth of international trade. As a part of this agenda, Intellectual Property Rights in the form of TRIPS (The Agreement of Trade Related Aspects of Intellectual Property Rights) was brought within the boundary of World Trade Organisation.<sup>8</sup> As TRIPS is a part of World Trade Organisation regime, the member countries were bound to provide Intellectual Property Rights protection as per TRIPS provision and they had to amend their laws in tune with TRIPS. And this was strictly scrutinised by WTO Dispute Settlement Mechanism.

TRIPS mandates that, without discrimination there should be patent protection for inventions in all fields of technology provided the invention is (a) new, (b) involves an inventive step, (c) is capable of industrial application.

Also, there are provisions that encourage the member countries to

- Promote technological innovations in a manner which is conducive to social and economic welfare.<sup>9</sup>
- Prevent the abuse of Intellectual Property Rights.<sup>10</sup>
- Allow countries to provide exceptions for commercial exploitation to protect public order, morality, including protection of human, animal or plant life or health or to avoid serious prejudice to the environment.<sup>11</sup>

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6 Ibid, Article 17.1.

7 Supra note 6, Article 17.2.

8 The Agreement of Trade Related Aspects of Intellectual Property Rights adopted on 1st January, 1995.

9 Article 7, Supra Note 8.

10 Ibid, Article 9.

11 Ibid, Article 27.3.

These are the provisions that are conducive to the promotion and protection of human rights and seek to maintain the balance sought under the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights.

However in spite of all these conducive provisions, the globalisation of Intellectual Property Rights triggered the debate on the relationship between human rights and Intellectual Property Rights because many developing countries, particularly the under developed countries, were not in a position to implement the TRIPS standards in their jurisdiction without further compromising their development at the cost of human rights.

With globalisation and international trade policy, the questions about how intellectual property impacts the enjoyment of human rights are of increasing importance to the national and international political discourse.

It can be aptly said that at times that Intellectual Property Rights are deemed to foster security, provides protection of the individual's autonomy, provide a basis for participation in democratic society, and also are seen as conducive to the protection of other human rights, for example - the right to privacy. Also, on the other hand Intellectual Property Rights may constitute a source of discrimination by condoning the existing ownership patterns without taking into account their legal rights.

## **INTELLECTUAL PROPERTY RIGHTS AND HUMAN RIGHTS AT DISAGREEMENT**

Though there are progressive policies to balance Intellectual Property Rights and Human Rights, but their effective implementation has posed severe challenges owing to the availability of resources, monetary strength etc.

The developed countries are in a better position to implement the policies because of the availability of more resources and thus they can balance Intellectual Property Rights and Human Rights by satisfying both their material and mental needs. On the other hand, developing countries are restricted in the policies which they adopt because of financial constraints. If developing nations adopt IPR policies, it is possible that intellectual objects that people need will be priced outside of their ability to pay. Also the developing nations cannot successfully alleviate the problem because of lack of resources. Thus the physical well-being of the people will be greatly jeopardized.

## **CONCLUSION**

Therefore, we can conclude that it is the human rights which form the basis for recognition of Intellectual Property Rights. Intellectual Property Rights is not only an economic stand in the growing industrialisation and technicalities of human mind but also essentially strives for a humanistic

approach to safeguard one human from the infringement of his intellectual property from another.

However there is an imminent need for State intervention or to foster amicable Universal policies wherein the gap between human rights and Intellectual Property Rights can be effectively bridged. Efforts should be made to ensure availability of resources and economic development. In this way, the relationship between Human Rights and Intellectual Property Rights can be balanced to a great extent.



## TRADE MARK AND DOMAIN NAME DISPUTES: ISSUES AND CHALLENGES

Jagadish A.T\* & Dr.Rajendrakumar Hittanagi\*\*

### ABSTRACT

*Trade mark and domain name are the business identifiers and has significant economic value to its holders. Trademark 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 the shape of the goods, their packaging and combination of colours. Domain names are the addresses on the internet. With the growth of internet, the use of domain name finds a significant place. The challenge that the law has faced in recent years is, how to foster the development of intellectual property on the Internet while preventing its unauthorized use. We have addresses for our homes and offices. In the same way, domain names are nothing but simple forms of addresses on the internet. These addresses enable the users to locate websites on the net in an easy manner. The domain name corresponds to various IP (Internet Protocol) numbers which connect various computers and enable direct network routing system to direct data requests to the correct addressee. Domain name disputes are called cybersquatting and there is a need to address it. This paper attempts to address the issues and challenges of trade mark and domain name disputes and addressing the extension of Trade Marks Act, 1999 to domain name protection.*

**Keywords:** Trade Mark, Domain Name, Cybersquatting, Internet, Domain name disputes.

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## INTRODUCTION

Trade Mark is one the form of intellectual property and registration is governed by the Trade Marks Act, 1999 in India. Domain Name is considered to be cyber property/ asset and of significant economic value to the businesses. There no domestic governing the Domain name disputes which has created an issues and challenges. Two persons tries to express their legitimate claim over domain name is called cybersquatting. Can domain name disputes in India be addressed through Trade Mark Law principles? This question needs to be answered. Cybersquatting and Domain Name Disputes, both are covered under Trademark Law. There are many instances of abusive domain name registration and infringement of trademarks on the internet that law of trademark has extended its purview to domain names as well. Most of the domain name disputes and cybersquatting cases are dealt under the passing off when there are no specific provisions on the issue<sup>1</sup>. Cybersquatting is a type of domain name dispute which is prevalent in the world. It is a practice where individuals buy domain names reflecting the names of existing companies, with the sole intention to sell the names back to that company to attain profit when they want to set up their own website.

There are various types of cybersquatting. Most commonly used is typosquatting where a cyber-squatter registers domain names containing a variant of popular trademarks. Typo squatters believe that the internet user will make typographical errors while entering the domain names into their web browsers.

Some common examples of typosquatting include:

- The omission of the “.” in the domain name: wwwexample.com;
- A common misspelling of the intended site: exemple.com
- A differently phrased domain name: examples.com
- A different top-level domain:example.org

## DOMAIN NAME

An internet domain name is a combination of typographic characters used to describe the location of a specific location online. It is known as the Uniform Resource Locator or URL. It is considered the identity of a Web site. The Internet domain name is very important for small businesses who want to establish their name on the internet. The two organizations cannot have the same domain names. Example – www.google.com; www.yahoo.com, etc.

- ‘www’ means that the site is linked to the World Wide Web.
- ‘google’ is the name you choose for your site, and ideally is readily

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1 [https://www.ipandlegalfilings.com/domain-name-disputes-and-cybersquatting-in-india-part-i/?utm\\_source=Mondaq&utm\\_medium=syndication&utm\\_campaign=LinkedIn-integration](https://www.ipandlegalfilings.com/domain-name-disputes-and-cybersquatting-in-india-part-i/?utm_source=Mondaq&utm_medium=syndication&utm_campaign=LinkedIn-integration) visited on 22-04-2022.

identifiable with your organization name or core business.

- ‘.com’ is known as a top-level domain name and it indicates that your organization name or core business.
- Sometimes ‘.in’ is being used in place of ‘.com’ that means that the company is registered in

India (For eg – eBay.in, Olx.in, airtel.in, etc.)

In the above example only google.com is being used to show search results from Global servers, Google.co.in is more targeted to the local Indian Market. You will always see differences in search results for both cases on Google.co.in you will get results of more India-related sites, who primarily operate in or for India specific.

The last two or three letters of a domain name or URL (e.g.- .com, .in, .org ) are known as its top-level domain. The top-level domain which is used earlier is for Example ‘.org’ generally describes a nonprofit, charity, or cultural organization site; ‘.gov’ indicates a governmental site; and .net, which is most often used by network-related businesses. Some other common top-level domains are country codes, like .us for the United States and .au for Australia, etc.

Domain name registration system started on the basis of the “First come First serve” basis. The registrant authority which was initially the “Internic” did not take the responsibility for checking the ownership of the name. Later when the internet became popular, large popular companies wanted to enter the internet with their own websites and often found that the domain name they were seeking had already been booked. So companies that wanted the same domain name had to pay a price, which was sometimes unimaginable. This increasing cost of buying back domains resulted in ‘Meta society’ trademark owners coming together and claiming that their intellectual property rights on a registered trademark should be extended to “domain name”. This has resulted in considering “Registration of Domain Names without the intention of using them” as cybersquatting.

In India certain cases have decided such as Yahoo Inc V/s Akash Arora<sup>2</sup>. In this case plaintiff, who is the registered owner of the domain name “Yahoo. Com” succeeded in obtaining an interim order restraining the defendants and agents from dealing in service or goods on the internet or otherwise under the domain name “Yahooindia.com” or any other trademark/domain names which is deceptively similar to the plaintiff’s trademark “Yahoo”.

In *Rediff Communication Limited V/s Cyberbooth*<sup>3</sup>. The Bombay High Court has held that the internet domain names are of importance and are a valuable corporate asset. A domain name is more than an internet address

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2 1999 (2)AD (Del)229

3 AIR 2000 Bombay 27

and is entitled for protection as a trademark. The advancement and progress in technology and the service has rendered internet site also come to be recognize and accepted and are being give protection so as to protect such provider from passing off the services rendered by others as his service.

Some of the important cases which came up for the scrutiny of courts in India are between ICICI and LIC on [www.jeevanbhima.com](http://www.jeevanbhima.com), *Reddy's (Dr) Laboratories Ltd V/s Manu Kosuri*<sup>4</sup>, *Tata Sons Ltd V/s Manu Kosuri*<sup>5</sup>, *Acqua Minerals Ltd V/s Pramod Borse*<sup>6</sup>, Info Edge (India) (p) Ltd V/s Shailesh Gupta<sup>7</sup>,registrant of [www.indiainfospace.com](http://www.indiainfospace.com) was decided in favour of infospace.com through an uncontested arbitration in WIPO.

Significance of the domain name has increased dramatically and the concept of a domain name is changing from mere address to a sort of security key to access information<sup>8</sup>. A domain name acquires the features of a trademark, trade name or band and de facto, it is a means of individualization of a certain business entity, its goods and services. The value for the trademark of companies already existing outside the internet is transposed and extended on to internet in most cases. Sometimes the value of trademark is built on the internet right from Scratch. The recent survey in United States of America and Europe shows that there has been rapid increase in domain name infringement and are of reason of online abuse.

## TYPES OF DOMAIN NAME

1. Top-Level Domains(TLDs) – They appear in domain names as the string of letters following the last (rightmost) “.”, such as “net” in “[www.example.net](http://www.example.net)”.Most commonly used TLDs are .com, .net, .edu, .jp, .de, etc. Further, TLDs are classified into two broad categories: generic top-level domains (gTLDs) and country-code top-level domains (ccTLDs).
2. Generic Top-Level Domain (gTLDs)– It is a generic top-level domain name that identifies the domain class it is associated with (.com, .org, .edu, etc).
3. Country Code Top-Level Domain (ccTLD)– It is a two-letter domain extension, such as .uk or .fr, assigned to a country, geographic location, or territory.
4. nTLDs– It refers to new top-level domain names that are geared towards brand organizations and services, as they're more customized, flexible, and relevant. Some of the Examples of nTLDs include “.voyage”, “.app”, “.ninja”, “.cool”, etc.

4 (2001) PTC 859 (Del),

5 (2001) PTC 432 (Del)

6 (2001) PTC 619 (Del)

7 (2002) 24 PTC 355 (Del)

8 TorstenBettinger, Domain Name Law and Practice- An International Handbook, Oxford, pages No. 3 to 54 and 409 to 447

## RELATION BETWEEN TRADE MARK AND DOMAIN NAME

In today's world Domain name serves as an on-line trademark. It also indicates quality and a repository of the goodwill of an organization. Alphabetical domain names were developed to make the addresses easier for humans to remember and use when communicating on the Internet. Such names are catchy words or well-known names of individuals or companies, for example, "nokia.com" or "samsung.com".

A Domain name serves the same purpose online, which a trademark serves in offline business transactions. It helps the customers identify the source of goods/services provided by the owner of such goods and services. Therefore, Domain names are of utmost importance in online businesses. They are important because of the following reasons:

- Promotion of business and building up of customer base online and offline by way of advertising on the web.
- Establishment of the credibility of the website and the business on the internet.
- Easy access to customers and prospective customers.

The existence of domain names without the requirement of the registration brought the concept of "first come, first served". This has created disputes among the owners of the trademark because many speculators have started to register domain names in order to resell them for a higher price to the trademark owners. The problem arose with the trademark owners because their entitlement to IP rights make them feel ripped off by this new practice named "cybersquatting". Thus, anyone who wishes to register a domain for the first time which is trademarked can do so; whatever problems may arise will have to be faced later.

The reason for the increase in the incidence is the growing importance of domain name in the e-commerce trend. Domain name holds good importance as there can be only one user of a domain name, unlike the trademark law where there can be two or more users of a same or similar trademark for various classes of goods and services under the honest concurrent use if such use does not amount to infringement or causing confusion or dilution. But this kind of provision is not applicable in the case of domain names. Since, the domain registration system follows the "first come, first served" policy. So, once a person registers a domain name similar to a trademark, any other person using a similar mark is denied registration of another domain name similar to that trademark. That means only one user is allowed to use a particular domain name and any other application for the same domain name will be refused. This is the main reason why trademark owners prefer to get their trademarks registered as their domain names for business.

## CONNECTION BETWEEN DOMAIN NAMES AND TRADEMARKS

The growth and use of domain names appears to have increased the number of bad faith registrations and further raised concerns that trademark owners' rights are increasingly infringed or diluted by the use of trademarks in domain names. That is domain names have come into conflict with trademarks. The main reason for such conflict can be attributed to the lack of connection between the system of registering trademarks and the registration of domain names. The former is a system granting territorial rights enforceable only within the designated territory, the latter is a system of granting rights that can be enforced globally. Because trade mark law is territorial, a mark may be protected only in the geographic location where it distinguishes its goods or service. Thus, trade mark law can tolerate identical or similar marks in different territories even within the same classes of goods and services. Domain Names, by contrast, are both unique and global in nature. Only one entity in the world can own the right to use a specific domain name that can be accessed globally. Moreover, there is an opposition procedure for trademarks registration, while there is no notice period for the domain names registration<sup>9</sup>.

The problem with domain names arises because most companies prefer using their known trade-marks associated with a certain amount of goodwill, as domain names<sup>10</sup>. This is done because the consumers are already familiar with these marks and guess that the trademark would also be the domain name. However, the distinction lies in the fact that whereas in trademarks, the same marks may be used for different products or services as long as it is not used for two similar things, with respect to domain names, this is not possible.<sup>11</sup>

Problems with Domain Name System (DNS) and the infringement of trademarks include the following:

The problem of the conflict of domestic laws as trademarks is a subject of domestic legislation of each state and the terms and conditions therein vary. Therefore, it becomes difficult to determine as to what would constitute trademark infringement or passing off, and what laws will be applicable to each case. This problem arises owing to the fact that whereas trade-mark laws can be restricted on the basis of physical boundaries, on the internet –there no borders, as any website can be accessed from any state.

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9 Faye Fangfei Wang, Domain Names Management and Dispute Resolutions- A Comparative Legal Study in the UK, US and China, Edited by G.Usha, Domain Names : Piracy and Protection, The Icfai University Press, Hyderabad, First Edition, 143(2008) .

10 Marshall Leafer, Domain Names, Globalization and Internet Governance, Indiana Journal of Global Legal Studies, 139.

11 Dennis Campbell, Law of International Online Business: A Global Perspective, 34London: Sweet &Maxwell.

Most of the state legislations do not extend protection to unregistered trademarks; and therefore, this itself gives rise to a plethora of problems.

The issue of jurisdictions is complex in the case of trademark disputes as the accepted principle of personal jurisdiction requires application on a case to case basis and assessment of whether the defendant purposely chose the particular forum, and therefore, could be hauled before the court. However, this area is spreads with difficulties and uncertainties, as proved by the various judicial pronouncements. Further, the question of jurisdiction becomes almost impossible when the domain names are registered under the name of a fictitious person<sup>12</sup>.

## CONCLUSION

Trade Marks Act, 1999 is territorial law in nature. To apply Trade Marks Act, 1999 to settle domain name disputes, the domain names are boundary less or jurisdiction less. The cases of trademarks and domain names conflict mainly involve issues related to the use of goodwill of a trademark by an infringer in the domain name to divert the potential customers of the owner of the trademark to a website not associated with that trademark, or use of meta-tags resulting in dilution of trademark or unauthorized registration of the trademark as a domain name with the intent to extort money or to prevent the owner from using the trademark.

The Cybersquatters quickly sell the domain names to other non-related entities, thereby enabling passing off and diluting of famous trademark or trade names. This has created legal issues and challenges to be addressed effectively.

Cybersquatting has been an active threat since the early 1990's and has increased in severity ever since. The prevention of cybersquatting revolves mainly around two acts, the Uniform Domain Name Dispute Resolution Policy (UDRP) and the Anti-Cybersquatting Consumer Protection Act, 1999 (ACPA). The UDRP was adopted by ICANN in order to provide a mechanism for trademark holders to obtain domain names from cyber squatters. The UDRP states that before a domain name registrar will cancel, suspend, or transfer a domain name that is the subject of a trademark-based dispute, it must have an agreement signed by the parties, a court order, or an arbitration award. The development of the UDRP created a "cyber arbitration" procedure to quickly resolve domain name ownership disputes that involve trademarks. All owners of ".com", ".net", and ".org" domain names are subject to the UDRP by virtue of the registration agreements at the time of acquiring their domain names. In India domain name dispute is governed by Indian Domain Name Dispute Resolution Policy.

The ACPA is a valuable tool intended to protect the infringement of trademarks online and to protect the credibility of a company through the

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12 Ankita Goel, Trademarks and Domain Names, Company Law Journal, 112 (2004)

protection of their name as a domain. However, it is also a weapon used by corporations in order to force smaller businesses out of the e-commerce market. For this reason, the ACPA must be modified in order to account for some of the unfair court cases which have been decided in the past years. The rights of the individual must be protected and as it currently stands, courts have been favoring the businesses with the largest name and largest pockets regardless of the intent of the individual who owns the domain.

Both of these systems have their advantages, but they must be used properly in order to achieve the desired result. The UDRP provides a method for quick resolution of a dispute whereas the ACPA allows for an extended legal battle with the potential of large monetary settlements being awarded. However, both systems help to provide security and structure to the complicated and widespread problem of cybersquatting. These acts, along with the legal system, are the only protection available to those who wish to defend themselves from cyber squatters.

Since cybersquatting is going to shift from larger businesses to small businesses in the future, modifications to the cybersquatting acts will need to be made in order to increase protection. The ACPA will need to be modified to protect individuals who own a cite similar to a corporation's trademark because currently the act favors big businesses. Cybersquatting problems are going to continue to develop because of the rapid growth and expansion of the Internet. The issue cannot simply be ignored or else it may hurt the economy. It's important to learn from the victims of cybersquatting so we can prepare ahead of time for the issues to come. Issues and challenges involving domain name disputes are as follows:

1. Effect on the economic development of the country.
2. Territorial jurisdiction disputes.
3. Contractual disputes.
4. Cybercrimes and effect on consumers.

# AN EPITOME OF NUTRACEUTICALS AND IP RIGHTS IN INDIA

Smt. Jayamol P.S & Dr. Rangaswamy D\*\*

## ABSTRACT

*Globalization has brought tremendous changes in the food habits of the people. They are more health conscious than ever before. Health supplement foods, dietary medicines, and vitamin capsules are common even in the nook and corner of the country. These are available for purchase even in pharmacies. It has got an essential role in the lifespan of a person. People use these food articles without any medical prescription or supervision. Nutraceuticals are the food supplements in the diet & also helpful in treating and preventing diseases. These are fortified food products that provide medical benefits. These medicinal foods are specially designed & formulated for nutrition and have more distinctive nutritional value than normal foods. The overwhelming demand among the consumers and the competitive market made it a profitable area where Intellectual Property Rights(IP Rights) have a crucial role to play. This paper is divided into three parts. The first part analyses in detail the nutraceutical's relevance and regulation in the Indian food industry. The second part analyses the IP rights issues associated with the nutraceutical products and the third part conclude the paper with certain suggestions to revamp the IP regime of nutraceuticals in India.*

**Key Words:** Food Articles, Food Industry, IP Rights, Health Supplements

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## INTRODUCTION

The horizons of IP Rights are expanding continuously under public and private international law. Recent developments in biodiversity, biotechnology and bioinformatics have paved the way for scientific innovation, commercial investment and IP protection, especially in the bio-medical industry. New rights are being created or existing rights are being applied on newly added subject matter such as genetic material, genetic information and genetic database under the IP rights regime.<sup>1</sup> The commercial use of biological material, biotechnological research and bioinformatics tools have further stimulated the research community to work on a new scientific invention, or innovation in the field of food, medicine and technology.<sup>2</sup> Nutrition care, which forms an integral part of preventive healthcare, is transforming India. The impact of globalization has accelerated the awareness of the dietary habits of the people and they become more health conscious than ever before. People in the developed world recognized that processed food doesn't have all nutrients and to compensate for that, they opted for vitamin tablets. Nowadays, rather than going for pharmaceuticals, people prefer natural substitutes such as herbals. This trend has been exploited by the pharma companies and they have promoted the benefits of natural products in the form of capsules tablets and drinks rather than food items where the desired nutrients are acquired.<sup>3</sup> Moreover, the general recognition among the middle class and the rich that food alone is unable to serve the nutritional needs of the body forces them to adopt some health supplements to complement it and nutraceuticals have become critical in the day to day affairs of the middle and upper middle class society.<sup>4</sup>

## MEANING AND DEFINITION OF NUTRACEUTICALS

The term 'nutraceutical' is used to describe medicinally or nutritionally functional foods. It is also called medical foods, designer foods, phytochemicals, functional foods, and nutritional supplements.<sup>5</sup> Nutraceutical foods are organically active phytochemicals that have a medical advantage. The nomenclature for 'health supplements and nutraceuticals' varies across countries. E.g., Canada named them natural and non-

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- 1 Meenu Paul, *Intellectual Property Laws*, 357(Allahabad Law Agency, Faridabad, 2016).
  - 2 Kshitij K Singh, *Biotechnology and Intellectual Property Rights: Legal and Social Implications* 20(New Delhi: Springer, 2015).
  - 3 P.Dudeja and R.K.Gupta, *Nutraceuticals, Food Safety in the 21st Century* 492(Elsvier,2020).
  4. *Health Supplements and Nutraceuticals-Emerging High Growth Sector in India, health-supplements-and-nutraceuticals.pdf(worldfoodindia.gov.in)* (April20,2022)www.worldfoodindia.gov.in/./health-supplements-and-nutraceutica PDF file
  - 5 Esther Bull, *Nutraceuticals*, *The Pharmaceutical Journal*,(April20,2022) <https://pharmaceutical-journal.com/article/ld/1-what-is-a-nutraceutical>

prescription health products.<sup>6</sup> In the USA, it is called dietary supplements<sup>7</sup> and Japan naming them “foods with health claims”.<sup>8</sup> This has resulted in different countries including different categories for defining health supplements and nutraceuticals.

The term nutraceutical is derived from the terms nutrition and pharmaceutical.<sup>9</sup> It is defined as foods that are specially processed or formulated to satisfy particular dietary requirements which exist because of a particular physical or physiological condition or specific diseases and disorders and which are presented as such, wherein the composition of these foodstuffs must differ significantly from the composition of ordinary foods of comparable nature.<sup>10</sup> It may contain one or more of the ingredients, such as plants or botanicals in the form of powder, concentrate or extract in water, ethyl alcohol or hydro alcoholic extract, single or in combinations.<sup>11</sup> It may also contain minerals or vitamins or proteins or metals or their compounds or amino acids or enzymes, substances of animal origin and a dietary substance for use by human beings to supplement the diet by increasing the total dietary intake.<sup>12</sup>

Usually, the intake of nutrients through food is sufficient. However, in the absence of requisite nutrition through food, external intervention in the form of health supplements and nutraceuticals has become imperative in India. The researchers have proven the health benefits of nutraceuticals as immunity boosters and aid in recovering from degenerative diseases. The compounds like antioxidants, fiber, minerals, vitamins, flavonoids, etc are beneficial.<sup>13</sup> Its antioxidants have proven to have anticancer agents, work against obesity, and it is anti-diabetes.

## REGULATORY REGIME OF NUTRACEUTICALS

Nutraceuticals are not a distinct category of foods. As a result, there is no clear-cut mechanism to regulate the operation of nutraceuticals in the market. In the United States, the Federal Food and Drug Administration has been given the task to evaluate the dietary supplements under the framework of the Blue Ribbon Committee, which has formed in the year 2005.<sup>14</sup> The

6 <https://www.canada.ca/en/health-canada/services/drugs-health-products/natural-non-prescription/regulation.html>

7 U.S. Food and Drug Administration (April 20, 2022) <https://www.fda.gov/food/dietary-supplements/>

8 International Regulations on Dietary Supplements: Challenges and Opportunities (April 22, 2022) <https://www.burdockgroup.com/international-regulations-on-dietary>.

9 The term was first coined by Dr. Stephen De Felice in the year 1989. He is the founder and Chairman of the Foundation for Innovative Medicine available at [https://www.nutraceuticalsworld.com/contents/view\\_health-e-insights/](https://www.nutraceuticalsworld.com/contents/view_health-e-insights/)

10 Section 22(1)(a) of the FSS Act, 2006.

11 Ibid, Section 22(1)(a)(i).

12 Ibid, Section 22(1)(a)(ii).

13 Supra note 3.

14 The committee had formed under the Institute of Medicine in the year 2005. It has failed to distinguish between nutraceuticals and dietary supplements.

Dietary Supplements Health and Education Act, 1994 (DSHEA)<sup>15</sup> is the main legislation in this regard in the United States. This enactment does not permit FDA to consider a new product a 'drug' or 'food additive' if it falls under the definition of a dietary supplement.

In India, the Food Safety and Standards Authority of India (FSSAI) regulates the health supplements and nutraceuticals through Food Safety and Standards Act, 2006 (FSS Act, 2006) and the regulations framed there under. It prohibits the manufacture, sale, import and distribution of any novel food, genetically modified article of food, irradiated food, organic foods, foods for special dietary use, functional foods, nutraceuticals, health supplements, proprietary foods and similar articles of food.<sup>16</sup> According to the FSS Act, 2006, the food product labeled as nutraceuticals is not represented for use as a conventional food and whereby such products may be formulated in the form of powders, granules, tablets, capsules, liquids, jelly and other dosage forms and are meant for the oral administration.<sup>17</sup>

Such products do not include a drug as defined in ayurvedic, sidha and unani drugs.<sup>18</sup> It does not claim to cure or mitigate any specific disease, disorder or condition as may be permitted by the regulations made under the FSS Act. It does not include a narcotic drug or psychotropic substance as defined in the Schedule of the Narcotic Drugs and Psychotropic Substances Act, 1985. The regulations<sup>19</sup> covers eight categories of food and is defined based on their contents and use. Moreover, another regulation<sup>20</sup> prescribes standards for fortification of oil, salt, milk, vanaspati, atta, maida and rice. While different countries' legislations including India have different definitions of health supplements and nutraceuticals, globally, the term can be divided into three categories i.e., functional or fortified food, functional beverages and dietary supplements.

## **NUTRACEUTICALS AND IP RIGHTS**

Intellectual property is often thought of solely as the exclusionary rights it provides to its owners. Traditionally, patents and trade secrets protect inventions, trademarks protect brands and copyrights protect creative works such as literature, art and music.<sup>21</sup> Nutraceutical products with their brand name, usage and uniqueness have obtained a high position in the IP rights regime. IP can contribute to branding a nutraceutical product by presenting a

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15 DSHEA is a statute of United States Federal legislation that defines and regulates dietary supplements.

16 Section 22 of the FSS Act, 2006.

17 Ibid, Section 22(1)(b)(i).

18 Section 3 of the Drugs and Cosmetics Act, 1940 and rules made thereunder.

19 The Food Safety and Standards (Health Supplements, Nutraceuticals, food for special dietary use, food for special medical purpose, functional food and novel food) Regulations, 2016, notified in the Gazette of India on 23 December 2016.

20 The Food Safety and Standards (Fortification of Foods) Regulations, 2017.

21 Deborah E. Bouchoux, *Intellectual Property* 40 (Delmar, 2013).

story and expectation of uniqueness, authenticity and exclusivity to obtain premium value for the product.<sup>22</sup>

IP Rights can play an important role in branding a nutraceutical product by revealing a brand as distinctive, innovative, transparent and authentic. Brand owners should make sure to integrate their IP strategy with their branding.<sup>23</sup> Patents are granted based on new and inventive products, processes or methods of use.<sup>24</sup> Nutraceutical inventions often are the result of extensive investment in research and development (R&D) directed to the improvement of human health and well-being. When a patent is granted to a product, it shows the R&D investment and added to the credit of a company as an innovative leader that provides premium products. Moreover, consumers are willing to pay a premium product for a unique experience.

A patent is an unambiguous indicator that a product is considered unique among the competitors. The symbol of this uniqueness is the designation of patent on a product label, differentiating the product from others. Moreover, the labeling requirement in the national and international market is so stringent that nutraceutical products and processes need to reveal their ingredients in the packet on the label.<sup>25</sup> Patents solve this problem by allowing for the publication of ingredients, formulations and processes, without the fear of misappropriation of the R&D behind the successful clean label product. In this way, patents can be used in a branding strategy directed toward innovation, transparency and authenticity.<sup>26</sup>

Trademark, is capable of distinguishing the goods or services of one person from those of others and may include the shape of goods, their packaging and combination of colors.<sup>27</sup> Trademark disputes often arise in the nutraceuticals and pharmaceuticals arena. Companies utilize a great deal of time, effort, and money in establishing consumer recognition of and confidence in their marks. It is the trade mark which distinguishes them from others. Some trade deceptive marks refuse to register, as it likely to cause harmful confusion between products.<sup>28</sup> Marks prohibited by statute, common or Community law will not be registrable, nor will specified specially protected emblems. Even though the protection is afforded, most of the trademark infringement comes with the reason of 'similar or deceptive in nature.'

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22 Andreas Baltatzis, Patents and Trademarks do more than Protect a Brand in a Legal Battle; they can help a nutrition product differentiate itself in acrowdedmarket, (April 21, 2022) [www.naturalproductsinsider.com/branding-marketing/intellectual-property-and-brad](http://www.naturalproductsinsider.com/branding-marketing/intellectual-property-and-brad).

23 Supra note 22.

24 V.K. Ahuja, Law Relating to Intellectual Property Rights, 480(Lexis Nexis, 2013)

25 Supra note 19.

26 Supra note 23.

27 Supra note 1.

28 Catherine Colstone, Principles of Intellectual Property Law, 220(Cavendish, 1999).

## CHALLENGES IN THE IP REGIME OF NUTRACEUTICALS

Pharmaceuticals and nutraceuticals are similar. Pharmaceuticals may be considered as drugs used mainly to treat diseases, while nutraceuticals are those that are intended to prevent diseases. One is a drug and another is termed under health supplements. The manner of approval of nutraceuticals and nutritional food supplements under the FSSAI regime shows that these are highly regulated products and cannot be manufactured without a license. The product itself, the packaging, the labels, the content of the labels, and specific disclaimers and conditions have all to be approved by the Food Authority. They are also, by their definition itself, used in respect of specific physical conditions, physiological conditions, diseases, or disorders. They are consumed usually on the advice of medical practitioners. However, some of them do not require prescriptions. These factors clearly show that nutritional food supplements and nutraceuticals are akin to medicines and pharmaceutical preparations.<sup>29</sup> It is to be regulated and handled with the utmost care as it is directly related to the health and life of the people.

The market for these products are so complex and highly regulated in most economies. Government price controls and purchasing, public and private insurance schemes, restrictions on marketing and promotion, and the involvement of “learned intermediaries” such as physicians and pharmacists powerfully influence demand for pharmaceuticals. On the supply side, stringent product safety review, regulatory oversight of manufacturing, and legal frameworks governing technology transfer between publicly-funded biomedical research institutions and commercial entities play an equally significant role in shaping competition.<sup>30</sup> The expenses for R&D inventions are quite high and their affordability is a question among ordinary manufacturers.

Large volumes of trade in legitimate products may also create additional opportunities for fraudulent or substandard production to enter the supply chain, particularly where repackaging of products or transshipping through a series of countries makes their origin difficult to determine.<sup>31</sup> Counterfeiting of products, the production of illegal copies of the products of approved manufacturers, often with misleading packaging and poor quality, incorrect, absent or impure ingredients, is reported to be an increasing problem. Trademark disputes and patent issues usually arise in this area as the market is very complicated and tough competition prevails among pharma companies. The profitable market prompts the manufacturers to produce products with inferior quality and to claim the benefits of superior quality.

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29 *Sun Pharma Laboratories Ltd. v. Ajanta Pharma Ltd.* CS (COMM)622/2018.

30 Iain M Cockburn, *Intellectual Property Rights And Pharmaceuticals: Challenges And Opportunities For Economic Research*, (April 28, 2022) [https:// www.wipo. int/edocs /pubdocs/en/wipo\\_pub\\_1012-chapter5.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_1012-chapter5.pdf) .

31 *Ibid.*

## JUDICIAL APPROACH TOWARDS IP ISSUES

The IP Rights issues in nutraceuticals mainly cope up in the areas of trademark and patent. In a landmark case, Sun Pharma Laboratories Ltd. v. Ajanta Pharma Ltd.,<sup>32</sup> the Delhi High Court has taken up the issue of trademark infringement and categorically said that nutraceuticals and pharmaceuticals are the same. The plaintiff's Sun Pharma Laboratories Ltd., which has registered a trademark in the name "GLOEYE" from 2005 onwards for the age-related dimness of vision and diabetic vision impairment. Defendant's started using the 'GLOTAB' from 2013 onwards and it was used for the same ailment used by GLOEYE. While passing an order in favor of the plaintiff, the Court held that the trademarks are deceptively similar and the words TAB and EYE will not distinguish them. Moreover, the Court has added that even though the products and the consumers of the product are similar, the test which applies to pharmaceutical products is the same for nutraceuticals also. The Court has granted an interim injunction to the plaintiff as prayed by them. In Sanofi India Ltd. & Anr. v. Universal Nutraceuticals Pvt.Ltd.,<sup>33</sup> the plaintiff alleged that the defendant, engaged in the manufacture, marketing and distribution of nutraceutical products, has adopted the corporate name and trading style Universal Nutraceuticals Pvt. Ltd. which is similar to that of the plaintiff. The defendant's use of the plaintiff's a trademark/name UNIVERSAL, either in isolation or in conjunction with the word NEUTRACEUTICALS is bound to confuse the relevant class of consumers. The plaintiffs also alleged that the defendant is marketing nutraceutical products under trademarks like FREEMOVE which are inspired by the plaintiff's established trademarks such as FREE FLEX. Considering all the facts, the Court has restrained the defendant, its partners, franchisees, officers, servants, agents, distributors, stockists, representatives and all others acting for and on its behalf from using the trademark/name UNIVERSAL or any other mark/name that is deceptively similar thereto in any manner including as a part of its corporate name/trading style and/or domain name or doing any other act amounting to infringement of the plaintiffs' registered trademark and/or passing off its products and/or business as that of the plaintiffs'.

## FINDINGS AND CONCLUSION

Nutraceuticals are subject to a different regulatory regime than pharmaceuticals. The Indian private firms are involved in investing in R&D when TRIPS came into reality. Several companies are active in nutraceutical research such as Dabur, Nestle, Parry's nutraceuticals, Abbott India, Himalaya drug, etc. at different stages of development. Small scale industries don't have all skills or the financial assistance in the entire process of nutraceutical development. Nutraceutical development in India is an emerging industry

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32 CS (COMM)622/2018.

33 Delhi High Court, 15th October 2014

where intense effort would be required on the part of research organizations and industry to effectively be involved with different technologies in the food and nutrition sector. IP Rights protect nutraceutical innovators from competitors and makes companies more valuable and attractive to investors. However, preserving the value of the IP Rights and making it profitable is challenging in the conventional market. If rights are disregarded, or if it is too expensive to enforce, people naturally turn face to R&D expertise among the researchers.

It is imperative to have more information on safety and efficacy based on clinical studies rather than only initial studies about the product, and it is also important to reach a better understanding of the mechanism of action and bioavailability of these products for the better IP protection. The first step in assessing the action of nutraceuticals is to distinguish them from the other food derived products, particularly food supplements, which are not always included in daily dietary habits in the presence of a specific need.

Moreover, nutraceuticals in India, is to be registered under the FSS Act, 2006. But there is no clear cut procedure mentioned for the registration of nutraceuticals. It is often difficult to demarcate it with drugs which make it more difficult to bring under the regulatory regime. The IP rights relating to nutraceuticals encompasses all these aspects. So that, a robust mechanism has to be developed as it has direct connection with the health of the people.

# DESIGN LAW IN INDIA

Yashwant A.S\* & Arun S\*\*

## ABSTRACT

*In 1911 the Designs Act was passed by the British government in India. Thereafter, there have been extensive amendments to the Designs Act, 1911. To provide effective protection to registered designs and to promote the design element in an article the Designs Bill was introduced in the Indian Parliament. The bill became an Act in the year 2000 and repealed the Designs Act, 1911. It may be said that an article is distinguished not only by its utility but also by its visual appeal. Visual appeal plays an important role in shaping the buyer's preference for an article. Therefore, the design of the article as well as the design of its packaging becomes important from a commercial point of view. The primary purpose of a design is to capture the aesthetic and visual senses of a consumer. The intention is to induce him into purchasing the article. Without the necessity of having to reveal the identity of the manufacturer or the producer. The TRIPS provides minimum standards of protection of industrial designs. 2000 duly adheres to the said minimum standards by providing protection to original and aesthetically appealing designs capable of being applied commercially and is in consonance with the changes in technology and economic advances. The total period of validity of registration of an Industrial Design under the (Indian) Designs Act, 2000 is 15 years. Initially, a design is registered for a period of 10 years, giving the owner of registered design exclusive rights to sell, make or import the articles and initiate a legal action against infringement. This initial period of 10 years can be further extended by a period of 5 years on the payment of renewal fees.*

**Key Words: IP Rights, Designs, TRIPS, Infringement**

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## INTRODUCTION

In 1911 the Designs Act was passed by the British government in India. Thereafter, there have been extensive amendments to the Designs Act, 1911. To provide effective protection to registered designs and to promote the design element in an article the Designs Bill was introduced in the Indian Parliament. The bill became an Act in the year 2000 and repealed the Designs Act, 1911. The design which one sees produces a great impression on the eyes of the viewer and so it is very important to protect the designs from being copied. The relevance of The Design Act, 2000 came to my mind when one of my distant cousins who had recently opened an industry was hit hard by infringement issues.

She got a design made for the packets of the biscuits of her industry. But she didn't get it registered at that time and started using it. Later on, when she went to get it registered she came to know that the design is already registered which is the same as her's by someone else. The other party also claimed infringement of the design. This happened because she was not well aware of the rights which are related to the Design Act and what all needs to be done. So it is important to understand what the Design Act exactly is and how one can protect one's design under the ambit of this Act.

## MEANING OF A DESIGN

It may be said that an article is distinguished not only by its utility but also by its visual appeal. Visual appeal plays an important role in shaping the buyer's preference for an article. Therefore, the design of the article as well as the design of its packaging becomes important from a commercial point of view. In terms of the **Design Act, 2000** a design has been **defined** as under:

“Design means only the features of shapes, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined under the Trade and Merchandise Marks Act, 1958 or property mark as defined under the Indian Penal Code or any artistic work as defined under the Copyright Act, 1957”

**The key provisions of the Design Act, 2000 are as follows:**

- The scope of the definition of the terms article, design and introduction of a definition of original has been enlarged.
- India is a member of the Paris Convention of the World Trade Organisation and all the signatories of the convention are allowed to claim priority rights.

- Earlier before the Act of 2002, the classification was made based on the material used to make it but later on, after the Act of 2002 the Locarno classification (it is an agreement which helps in the registration of design and divides them into different class on basis of their function) has been adopted and classification is made based on the subject matter of the design.
- With the introduction of “Absolute Novelty,” it has been possible to decide the novelty of any article based on prior publication.
- Provision has been made in the new law for the restoration of designs which have lapsed.
- The Act provides for the transfer of cases from the district courts to the high courts where the jurisdiction lies. This option is only available in cases where the validity of any registration is challenged by someone.
- It also mentions about the delegation of powers of controllers to other controllers and the statutory duties of the examiners is also provided.
- The secrecy period of two years of design is also revoked.
- Under the Act, the quantum of punishment in case of any infringement of a registered design has also been enhanced.
- To keep a watch and regulate anti-competitive practices in contractual licenses provision for the avoidance of certain restrictive conditions are also there.
- In the new enactment, there are laws which tell about the substitution of the application before registering a design.
- Registration is to be considered when a new license is to be brought under the public domain. Anyone can inspect it by getting a certified copy of the same.
- There are provisions in the new Act for the maintenance of a register on the computer as Register of Designs.
- The appeal against the orders of the Controller is not to be made to the Central Government but instead to the High Court.
- The cancellation proceeding to be held in the front of the Controller in place of the High Court and the additional ground is to be provided in a cancellation proceeding.

## **STEPS FOR REGISTRATION OF A DESIGN**

### **Criteria for Registration:**

Design must be new or original.

Design must not be previously published in India.

Design must be different from known designs.

Design must not comprise or contain scandalous or obscene matter.

Design must not be a mere mechanical device.

Design must not be contrary to public order or morality.

Design must be visually appealing.

### **Persons Eligible to Apply for Registration**

Person.

Proprietor of a design.

There is joint authorship of the design.

There is no express provision in the Design Act, 2000 that prohibits foreigners from applying for registration. However, the convention followed is that if a country does not offer identical registration right to Indian citizens for their designs in their country, its citizens would not be eligible to apply for registration of design in India

### **Design Search & Choice of Classification**

An applicant may approach the Design Office to find out if a design has been previously registered or not. The application may be made by the applicant or his attorney. The Design Office may assist the applicant if an application is made or search the register of designs.

If an application is made then the following documents are required to be filed:

- a) If the applicant knows the registration number, then Form No.6 must be filed along with the prescribed fees of Rs.500 for natural person, Rs. 1,000/- for small entity and Rs. 2,000/- for others.
- b) If the representation of the article or the specimen of the article is filed (in duplicate) then Form No.7 must be filed along with the prescribed fees of Rs. 1,000 for natural person, Rs. 2,000/- for small entity and Rs. 4,000/- for others.

### **SUBMISSION OF APPLICATION**

The applicant is required to file an application in Form No.1 with the requisite fees. The applicant must state the name in full, address, nationality, name of the article, class number, and address for service in India.

The application must be signed by the applicant or his authorised agent. The fees for the registration and renewal of a design are as under:

- a) Application for registration of design is Rs.1,000/- for natural person, Rs. 2,000/- for small entity and Rs. 4,000/- for others.
- b) Renewal of design Rs. 2,000/- for natural person, Rs. 4,000/- for small entity and Rs. 8,000/- for others.

## **ACCEPTANCE/ OBJECTIONS/REFUSAL/APPEALS**

- On receiving the application form along with the required documents and fees, the Designs Office assigns a number and a date on them and takes it up for examination. The number accorded to an application is the actual date of its receipt in the office.
- Application unaccompanied by the prescribed fee or copies of the representation of the design will not be numbered and dated. The date allocated for such application will be the actual date of the receipt of all the documents in the office and not earlier date on which the application was first received in the office.
- On examination of the application, if any defects are noticed, the Designs Office will communicate the defects to the applicant or to his agent at the address for service.
- On correction of the defects of the application must be re-submitted to the Design Office for acceptance. This must be done within six months from the official date of the application
- An application will be said to be accepted when all the shortcomings have been rectified. Subsequently, it will notified in the Official Gazette for objection.
- If the defects are not rectified, a personal hearing will be provided to the applicant. At such a hearing, the Controller will decide whether the application can be accepted or not. The decision of the Controller will be communicated in writing to the applicant or his agent stating the reasons for the decision.
- Any person aggrieved by the decision of the Controller refusing to register a design may appeal to the High Court. The appeal must be made within three months from the date of the Controller's decision.

## **REGISTRATION OF THE DESIGN**

- Once the design is accepted, the Controller will direct the registration and publication of the particulars of the application and the representation of the article to which the design is applied in the Official Gazette. Thereafter, the design will be entered in the Register of Designs.
- On the completion of the foregoing process, the Controller will grant a certificate of registration to the proprietor of the design.
- If a design is registered under the Designs Act 2000, it will not be granted protection under the Copyright Act. In case the design is not registered under the Design Act, 2000 and it is an original artistic work, copyright protection under the Copyright Act will automatically subsist.

- However, by operation of Section 15 of the Copyright Act, copyright protection under the Copyright Act will cease to exist as soon as any article to which the design has been applied has been reproduced more than fifty times by an industrial process by the copyright owner.
- Therefore, it is recommended that industrial design be registered under the Design Act.

## **INDUSTRIAL DESIGNS**

The TRIPS provides minimum standards of protection of industrial designs. The Designs Act, 2000 duly adheres to the said minimum standards by providing protection to original and aesthetically appealing designs capable of being applied commercially and is in consonance with the changes in technology and economic advances.

### **Registrability of Designs**

Features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article, whether in two dimensional or three dimensional or in both forms, can be registered under the (Indian) Designs Act, 2000. However, functionality aspects of a design are not protected under the (Indian) Designs Act, 2000, as the same are subject matter of patents.

### **Term of Design**

The total period of validity of registration of an Industrial Design under the (Indian) Designs Act, 2000 is 15 years. Initially, a design is registered for a period of 10 years, giving the owner of registered design exclusive rights to sell, make or import the articles and initiate a legal action against infringement. This initial period of 10 years can be further extended by a period of 5 years on the payment of renewal fees.

### **Issues and Challenges**

- There is a lack of awareness regarding the online registration process.
- The formalities for the registration are way more than needed.
- The registration time to be reduced to six months and also there is lack of proper status update.
- There is a need for speeding up the process as there is the demand for the final product and market regulation.
- There is a lack of trust on the legal implications as the enforceability is weak and most of the infringements go unnoticed.
- Almost 98% of the designs are protected under the Designs Act but then also they get copied by the small firms.

## **Infringement of Design**

Just like the other belongings, the designs also are susceptible to infringement and that they may be copied by the competitors or another person. If a design has been copied then the owner of that style can claim damages and might also apply for an injunction in order that the design cannot be used further. If there arises any question regarding the ascertainment of infringement then the Court will directly search for the look from the purpose of view of a mean customer.

In other words, the Court will consider whether there's any confusion that's obvious or some material facts within the minds of the shoppers regarding the 2 articles. In *Disney Enterprises Inc. v. Prime Housewares Ltd.*, international registration of commercial designs became a matter of conflict in India. A Mumbai-based company Prime Housewares won't to manufacture characters like Mickey Mouse, fictional animal, etc.

A suit was filed by the Disney enterprises for the infringement of their international registered designs. The court held that the plaintiff's trademark is protected but not the designs under Indian law. An order was granted by the court for the infringement of the trademark of the enterprises. The Indian company was asked to deliver all the infringing material in their possession to Disney so it may be destroyed.

## **Landmark Judgements**

### **Sree Vishnu Bottles v. The State Of Tamil Nadu**

**Facts-** This case deals with the rights of re-sellers. The petitioners have a business of buying empty beer bottles and paper from Tamil Nadu and transporting it to Karnataka and Madhya Pradesh. They have been doing this business smoothly for 30 years without any interruption in crossing borders until recently when they were stopped. And the reason for the disruption is that some bottles were registered as designs under the Designs Act. They were held liable for piracy of registered designs under Section 22 of the Design Act. They said that no one can be stopped from transporting empty bottles in such fashion when even there is no injunction from the Court.

**Judgment:** the High Court held that the relief they sought was vague and no blanket order can be passed by the Court.

### **M/S. Whirlpool of India Ltd. v. M/S. Videocon Industries Ltd.**

**Facts-** In this case, Whirlpool had got two signs registered. Later on, Videocon got a design registered which had the same features, configuration, shape as the Plaintiff i.e. Whirlpool and was evident at the first look to be a replica. Videocon contended that they had already registered so they can't be held liable for infringement and also for passing off which is not applicable for registered design.

**Judgment-** the Court held that there was a similarity between the design of the plaintiff and the defendant. The defendant i.e. Videocon was held liable for infringement and passing off of the Plaintiff's design.

## CONCLUSION

The necessity and need for the protection of Industrial Designs in the nation has resulted in the so called legislation regarding Industrial Design starting from 1872 (Patents and Designs Act) to the recent Designs Act of 2000. Designs Act 2000 is a prominent legislation in the field of Intellectual Property, which has got a long strong legacy and history when it comes to effectiveness. This act along with other related rules efficiently controls the matters related to Industrial Design. Under the Act of 2000, Locarno classification has been adopted in which the classification is based only on the subject matter of design. Under the previous provisions, the classification was made on the basis of the material which has been used to make that material. When a proprietor applies for the registration of the design he shall automatically get 'copyrights in design' for the period of 10 years from the date of registration.

This period can be extended if the proprietor wants to continue with the design. The Design Act should not be confused with the Copyrights act because there are many products which can be registered under both the acts but their remedies cannot be sought in both the acts individually. In general, a design registration can be used to stop others from copying the registered design irrespective of the mark under which it is traded. There is some overlap possible between trademarks and designs, especially with three-dimensional (3D) trademarks. However, there are a number of issues, such as distinctiveness and association of the 3D trade mark with the producer of the goods, because of which 3D trademarks are generally objected to by Patent Offices. Hence, it may be prudent to obtain a design registration to secure exclusivity at least in the initial period of a product launch. Further, since there is no restriction on the use of a trade mark before it is registered, companies may take a call on whether to register a 3D trade mark for a product or not, after the product is launched and depending on whether it succeeds in the market. India is a party to the World Trade Organisation, Paris Convention and the Patent Co-operation Treaty. Accordingly, the facility of securing a right of priority is available. On the basis of a regular first application filed in one of the convention countries, the applicant may within a period of six months apply for protection in other convention countries. The date of filing of the latter application will be regarded as if it had been filed on the same day as the first application. This is known as a priority claim. A design is protected if it is the original work and has novelty. As the design appeals to the eyes and increases the marketability of any product it is necessary to protect it from copycats and to do the Design Act plays a very crucial role.

# INTELLECTUAL PROPERTY RIGHTS: ISSUES AND CHALLENGES IN INDIA

Dr. C B Naveen Chandra\*

## ABSTRACT

*The present study is an attempt to analyze the overview and impact of intellectual property rights and its issues and challenges. The term Intellectual Property Rights refers to the legal rights granted with the aim to protect the creations of the Intellect. Intellectual property rights refer to the general term for the assignment of property rights through patents, copyrights, and trademarks etc. The main purpose of intellectual property is to give protection and encourage research innovation. India has been very progressive in the formulation of a strong intellectual property rights policy. India, as a member of the World Trade Organization and signatory to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is obliged to align its intellectual property rights laws with the TRIPS agreement. The challenge comes not only from creating the laws but also their implementation considering the Indian government has to strike a balance between the needs of the country's citizens and the rights of patent holders. There are many intellectual property rights issues that one faces while getting IP rights in India. So, getting IP rights in India has become a matter of contention and stakeholders are optimistic about India addressing these issues.*

**Keywords:** Intellectual Property, TRIPS, Right, Policy, Issues.

## INTRODUCTION

Intellectual Property rights has vital role in all sector and has become a crucial factor for investment decisions by many companies. India is now

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TRIPS-compliant. This is an international agreement administered by the World Trade Organization (WTO), which sets down minimum standards for many forms of intellectual property regulations as applied to the nationals of other WTO Members. The well-balanced Intellectual Property rights system in India is helpful for foreign companies to protect their Intellectual Property in India<sup>1</sup>. World Intellectual Property Organization describe Intellectual Property as “The creations of the mind, inventions, literary and artistic works, and symbols, names, images, and designs used in commerce”. It is documented in literature that Intellectual Property is any piece of work that is shaped by the skills and abilities of someone called the author. Fundamentally, Intellectual property is a term referring to a brand, invention, design or other kind of creation, which a person or business has legal rights over. Almost all businesses own some form of IP, which could be a business asset. According to the Lebanese law, an author can be a writer, designer, software developer, director, and producer. Intellectual property rights are the rights which an author holds to protect his/her own piece of work. Copyright laws were set up in the past to protect these rights. WTO (1995) explained IPR as a general term covering patents, copyright, trademark, industrial designs, geographical indications, protection of layout design of integrated circuits and protection of undisclosed information (trade secrets). IPRs refer to the legal ownership by a person or business of an invention/discovery attached to particular product or processes which protects the owner against unauthorized copying or imitation<sup>2</sup>.

Protection of intellectual property rights is vital to the development of a country. Companies and individuals can spend years and a fortune to develop a product or service that is creative or innovative. Intellectual property sector facing various issues and challenges. In India in rural sector the farmers not aware of their rights, there is need to create awareness regarding to protection of Intellectual property rights.

## **INTELLECTUAL PROPERTY RIGHTS – SYSTEMS IN INDIA**

### **Copyright<sup>3</sup>:**

India is a signatory to the Berne Convention on copyright. However, it may be a good idea to register your copyright as doing so may help to prove ownership if there are criminal proceedings against infringers. In most cases though, registration is not necessary to maintain a copyright infringement claim in India. Registration is made, in person or via a representative, with the Copyright Office. Since 2016, copyright policy was moved to India's

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1 Ahuja V K, Law Relating to Intellectual Property Rights, (LexisNexis, ,2013).

2 <https://www.civildserviceindia.com/subject/General-Studies/notes/issues-relating-to-intellectual-property-rights.html> visited on 20-05-2022 at 2.30 pm.

3 Copyright refers to the legal right of the owner of intellectual property. In simpler terms, copyright is the right to copy. This means that the original creators of products and anyone they give authorization to are the only ones with the exclusive right to reproduce the work.

Ministry of Commerce and Industry. All IPRs are now administered by the Department for Industrial Property and Promotion (DIPP). Internet piracy of films, music, games and software is an issue in India, as is unauthorized copying of physical books.

**Patents<sup>4</sup>:**

India's Patents Act of 1970, 2003 Patent Rules and the 2016 Patent Amendment Rules set out the law concerning patents. As in the UK, there is no provision for utility model patents. The regulatory authority for patents is the Patent Registrar under the office of the Controller General of Patents, Designs and Trade Marks, which is part of India's Ministry of Commerce and Industry. Patents are valid for 20 years from the date of filing an application, subject to an annual renewal fee. India's patent law operates under the 'first to file' principle – that is, if two people apply for a patent on an identical invention, the first one to file the application will be awarded the patent.

**Designs<sup>5</sup>:**

The laws governing designs are the Designs Act 2000 and the Designs Rules 2001. Designs are valid for a maximum of ten years, renewable for a further five years

**Trademarks<sup>6</sup>:**

India's trade mark laws consist of the 1999 Trade Marks Act and the Trade Marks Rules of 2002 and 2017. The regulatory authority for patents is the Controller General of Patents, Designs and Trade Marks under the Department of Industrial Policy and Promotion. The police now have more robust powers in enforcing trade mark law, including the ability to search premises and seize goods suspected of being counterfeit without a warrant. But these powers are tempered by the requirement for the police to seek the Trade Mark Registrar's opinion on the registration of the mark before taking action. This adds to the delay and may result in counterfeit goods being removed or sold. Trade names also constitute a form of trade mark in India, with protection, irrespective of existing trade names, for those wishing to trade under their own surname. Because of the widespread practice of 'cyber squatting' – the registration in bad faith of marks by third parties registering domain names for certain well known marks in order to sell them to the original rights owners – it is advisable for rights owners to register their

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4 A patent is an exclusive right granted for an invention, which is a product or a process that provides, in general, a new way of doing something, or offers a new technical solution to a problem. To get a patent, technical information about the invention must be disclosed to the public in a patent application.

5 It means only the features of shape, configuration, pattern or ornament or composition of lines or colour or combination thereof applied to any article whether two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined,

6 A trademark is a sign capable of distinguishing the goods or services of one enterprise from those of other enterprises. Trademarks are protected by intellectual property rights.

domain names in India as trademarks as soon as possible. Registration takes up to two years. A trade mark in India is valid for ten years and can be renewed thereafter indefinitely for further ten-year periods.

## **CHALLENGES AND ISSUES**

The impact of IPR in India is limited and currently faces challenges. Violations are rife because of poor enforcement of rights and court cases that could run on for years. This is a sore point, particularly for large multinational corporations in areas like pharmaceuticals and agriculture. India, for example, is on the United States Trade Representative's (USTR's) 'Priority Watch List' for poor protection of the rights of American companies, along with countries like China, Russia, Indonesia, Saudi Arabia and Venezuela. The Indian government, for its part, has been reluctant to enforce IPR to protect the interest in Indian citizens in some instances<sup>7</sup>.

The intellectual property sector facing the following issues

### **1. From Process to Product Patents**

One of the binding points in TRIPS agreement is that all member countries are required to shift their patent regime from "Process Patent" to "Product Patent." The fundamental difference between a Process Patent regime and a Product Patent regime lies in the fact that the former protects for processes only while the latter products. It becomes a contentious issue when it comes to getting IP rights on pharmaceuticals and food products.

Unlike developed countries where Capitalist Economic Model is working India has adopted a mixed development model striking a balance between Capitalism and Socialism. This approach was taken to safeguard the interest of ordinary people those are struggling for their basic needs including food and medicines. Developed countries are accusing countries like India and Brazil being protectionist when it comes to granting patents in pharmaceuticals and food sectors.

### **2. Section 3(d) of the Indian Patent Act<sup>8</sup>.**

Another challenge that it is facing is the condemnation of section 3(d) of the Indian Patent Act. This section prevents multinational companies evergreening their patents simply by making minor changes. Implementation of 3(d) was exercised in challenging the patent of Novartis Glevac drug. The Court rules that multinational companies can't evergreen their patents simply by making minor changes in earlier patents and they need to show considerable "Therapeutic Efficiency" to get patent protection in already existing patent.

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<sup>7</sup> <https://iptse.com/impact-of-ipr-in-india/> visited on 20-05-2022 at 3.30 .pm.

<sup>8</sup> Section 3(d) says that 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..

### 3. Compulsory licensing

With the provision of compulsory licensing, the Government of India can compel the owner company or other companies to mass produce some drugs in emergency irrespective of who got the patent. Multinationals are accusing India of being opportunistic in their stand and are asking to abrogate this provision. However, Indian Govt is not willing to cancel this provision to safeguard the interests of mass.

### 4. Provision of Drug Price Control Order

With this provision companies can't charge an unfair price for drugs that they are producing. The price has to be justified regarding investments, and if someone plays foul, then the Govt has the right to intervene.

### 5. Food security and IPR

India is a land of farmers wherein most of the people are engaged in doing farming for their livelihood. In such a country Govt offers many subsidies to farmers. India's domestic support schemes are generally in the form of "minimum support price" for major agricultural commodities and "input" subsidies provided to farmers in the types of electricity, fertilizers, seeds, etc. However, for complete implementation of TRIPS agreements, these subsidies will have to be reduced or eliminated. Thus, the Indian Government is struggling to create a balance between food security and providing IP rights in India<sup>9</sup>.

### 6. IPRs, Community property rights, & Indigenous knowledge

Traditional knowledge gives ready-made leads for pharmaceutical companies and then simply come up with the new formulation to show the efficacy of the general traditional understanding. The Indian Govt is bound to protect the rich source of traditional knowledge by not allowing multinationals to get patents on traditional culture. As a defensive mechanism, the Govt has created TKDL (Traditional Knowledge Digital Library) to challenge patenting traditional Indian understanding. Multinationals and developed countries are also opposing this move.

### FUTURE FORWARD: GOVERNMENT INITIATIVES

The impact of IPR in India has led the government to take steps to enhance the IPR regime in the country. In 2016, it approved the National Intellectual Property Rights (IPR) Policy, which will lay the future roadmap for intellectual property in India. It aims to increase awareness, stimulate the creation of IPRs and ensure strong and effective IPR laws, redressal and modernization of IPR administration, among other things<sup>10</sup>.

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9 <https://yourpatentteam.com/top-challenges-issues-intellectual-property-rights-india/> visited on 18-05-2022 at 11.30 pm.

10 <https://www.managingip.com/article/b1kbn12wlgsgt6/india-challenges-faced-in-the-protection-and-enforcement-of-patent-rights>. visited on 22-05-2022 at 10.30 pm.

Under this policy, the Cell for IPR Promotion and Management (CIPAM) was created for simplifying and streamlining of IP processes, apart from undertaking steps for furthering IPR awareness, commercialization and enforcement.

Protecting IPRs can be a tough proposition in India, where awareness is low and enforcement weak. But protecting patents, trademarks and copyrights are vital for innovation and development.

## **CONCLUSION**

- India has made a number of changes in its IPR regime to increase efficiency and has cut down the time required to issue patents. The culture of innovation is taking centre stage in the country. India is well poised to focus on R&D. This has been reflected in its improved ranking in Global Innovation Index over the years.
- Government's effort to strengthen National IPR policy, IP appellate tribunal, e-governance and commitment to abide by the TRIPS agreement of WTO in letter and spirit will help in improving perception of India globally.
- An efficient and equitable intellectual property system can help all countries to realize intellectual property's potential as a catalyst for economic development and social & cultural well-being.

# LEGAL STUDY OF BIG DATA INTERNATIONAL COMPARATIVE ANALYSIS

Chetankumar T M

## ABSTRACT

*Enormous amount of development of technology have both positive and negative impacts. The expansion of the internet brought about the emergence of the knowledge society at the global level. In the age of technology storing of data has become very important, data is growing rapidly, compounded by the internet, social media, devices, governmental data and etc. Such storing of data poses both threat and opportunity in terms of how to manage and make use of ever increasing data for overall growth. In the age of datafication everything rotate around the date which makes us to see, observe, record and examine everything as quantifiable data. We create more than 2.5 quintillion bytes of data every day. All these data comes from all the places. Such huge amount of information that is gathered continuously is called as Big Data. In a broader sense the term data which are exceptionally large or complex for which the traditional method of processing application of data are inadequate. So, there is a need to have strong processing application to handle all such new challenges like data analysis, capture, explore, sharing, storage, transfer, visualization and other issues. There is a need to govern this big data in a better manner for the purpose of protection of the interest of the individuals and also the State. Different countries of the world are having different mechanism to administer the data. In this paper a sincere attempt is made to analyze the laws of the different countries of the world and mechanism in our country.*

**Keywords: Technology, Development, Data, Regulatory Mechanism, Protection.**

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## INTRODUCTION

Current advancement in technology and decrease in storage led to the growth of huge amount of data which is known as Big Data. The buzzword term 'Big Data' can be defined in different ways.<sup>1</sup> Big Data refers to gathering of information that grows at a rapid rate.<sup>2</sup> Big data encompasses three types of data, these types are Structured Data – the Data which are well defined falls under the Structured Data. These Structured data divided into rows and columns, as a result, it is easy to read, manage such data. Normally, data which is in database falls under Structured data. The well defined software are present to read such structured data. It is also easy to set constrains for this type of data. Structured Data accounts for only 20% of the total data available. Data has two types of sources, machines and humans. Hence, specialized programs can be written to examine these data and write into databases. On the other hand, users can manually enter data into databases.

*Semi-structured data* – The key difference between Structured and Semi-structured is, Structured data cannot be stored in traditional database, however, Semi-structured holds some properties which makes it easier to process than Unstructured data.

*Unstructured data* – in Structured data, it has a particular format in which it gets stores. Whereas, in Unstructured data, there is no such format is present. Unstructured data can be used to store any kind of data to it. The negative aspect of unstructured data is, it does not any constrains to it. Hence, storing of this data, managing and manipulating such data proves to be a difficult task. Unstructured data provides a way to store data like images and videos which cannot be processed using traditional databases.

The subject of Big data was a major feature of the World Economic Forum held at Davos, Switzerland in 2012. To correspond with the 2012 meeting, World Economic Forum released a report titled 'Big Data, Big Impact' in which it declares data as a new class of economic benefit, like currency and gold and also it has been described as “the Oil of the digital era”. The importance of Big Data is embedded in the principle that the more information available on any situation, the more reliably one will be able to analyze and gain valuable perception that can positively impact individuals, organization and etc., by enabling smarter and improved decision making.<sup>3</sup>

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- 1 Daniel Gervais, Exploring the Interfaces Between Big Data and Intellectual Property Law, 10(2019) JIPITEC.
  - 2 Singhal Rachit, Jain Mehak and Gupta Shilpa, Comparative Analysis of Big Data Technologies, International Journal of Applied Engineering Research, Volume 13, Number 6 (2018).
  - 3 Dr. Vinod Surana, Big Data, Law & Regulating Big Data, <https://suranaandsurana.com/2020/11/25/big-data-law-gdpr/> Accessed on 23-01-2022 at 02:22 PM

## DEFINITION OF BIG DATA

The first option when it comes to regulate Big Data is to decide a definition and description of Big Data. The definition and description influence the way in which it is understood, what are the risks and benefits associated, whether is there any need of new legislation etc.

The four frequently definitions are:

1. “Big Data refers to the exponential growth both in the availability and in the automated use of information: it refers to gigantic digital datasets held by corporations, governments and other large organisations, which are then extensively analysed (hence the name: analytics100) using computer algorithms. Big Data can be used to identify more general trends and correlations but it can also be processed in order to directly affect individuals.”<sup>4</sup>
2. “Big Data is a term which refers to the enormous increase in access to and automated use of information. It refers to the gigantic amounts of digital data controlled by companies, authorities and other large organizations which are subjected to extensive analysis based on the use of algorithms. Big Data may be used to identify general trends and correlations, but it can also be used such that it affects individuals directly.”<sup>5</sup>
3. “Big Data means large amounts of different types of data produced at high speed from multiple sources, whose handling and analysis require new and more powerful processors and algorithms. Not all of these data are personal, but many players in the digital economy increasingly rely on the large scale collection of and trade in personal information. As well as benefits, these growing markets pose specific risks to individual’s rights to privacy and to data protection.”<sup>6</sup>
4. Big Data focuses on three matters: increasing volume (amount of data), velocity (speed of data processing), and variety (range of data types and sources). This is also called the 3V model or 3V theory.<sup>7</sup>

## THE 3V’S OF BIG DATA

**Volume** – The quantity of data is very important. It is the amount of the data which determines the value and abilities of the data under consideration and whether it can actually be considered Big Data or not. The name ‘Big Data’ itself contains a term which is related to size and the characteristic.

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4 Article 29 Working Party (Working Party 29) gives a description of this phenomenon in a report from 2013.

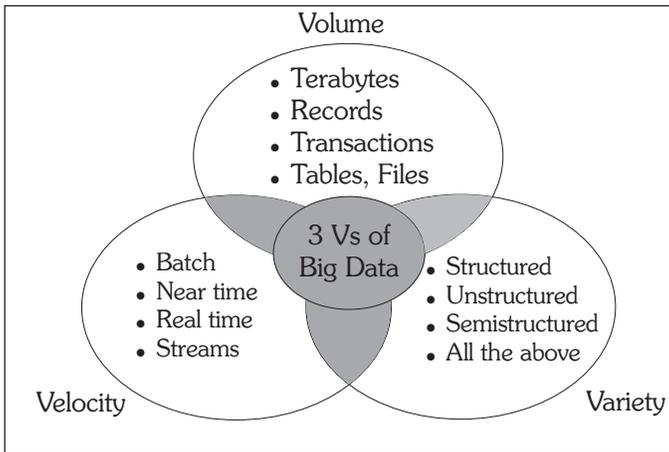
5 International Working Group on Data Protection in Telecommunications

6 European Data Protection Supervisor (edps)

7 Gartner Report

**Variety** – Big Data is just not a numbers, dates, and strings. It is a variety of information. Big Data is structured & unstructured geospatial data, 3D data, audio and video, sequences, time series, multi-dim arrays and unstructured text, including log files and social media, etc. To extract knowledge all these types of data need to be linked together.

**Velocity** – The term ‘velocity’ in the context refers to the speed of data or how fast the data is generated and processed to meet the demands and the challenges which lie ahead in the path of growth and progress. Data is generated fast and need to be processed fast. Late decisions lead to missing opportunities



**Other important characteristics of big data**

**Variability** - This is a factor which can be a problem for those who analyze the data. This refers to the inconsistency which can be shown by the data at times, thus hampering the process of being able to handle and manage the data effectively.

**Veracity** - The quality of the data being captured can vary greatly. Accuracy of analysis depends on the veracity of the source data.

**Complexity** - Management Data of can become a very complex process, especially with large volumes of data come from numerous sources. These data need to be linked, connected and correlated in order to be able to grasp the information that is supposed to be conveyed by these data. This is termed as the ‘complexity’ of Big Data.<sup>8</sup>

**LEGAL PROTECTION OF BIG DATA AT INTERNATIONAL LEVEL – A COMPARATIVE ANALYSIS**

The big concern about the Big Data is its growth. As the big data industry develops and our life becomes more integrated into a huge amount of

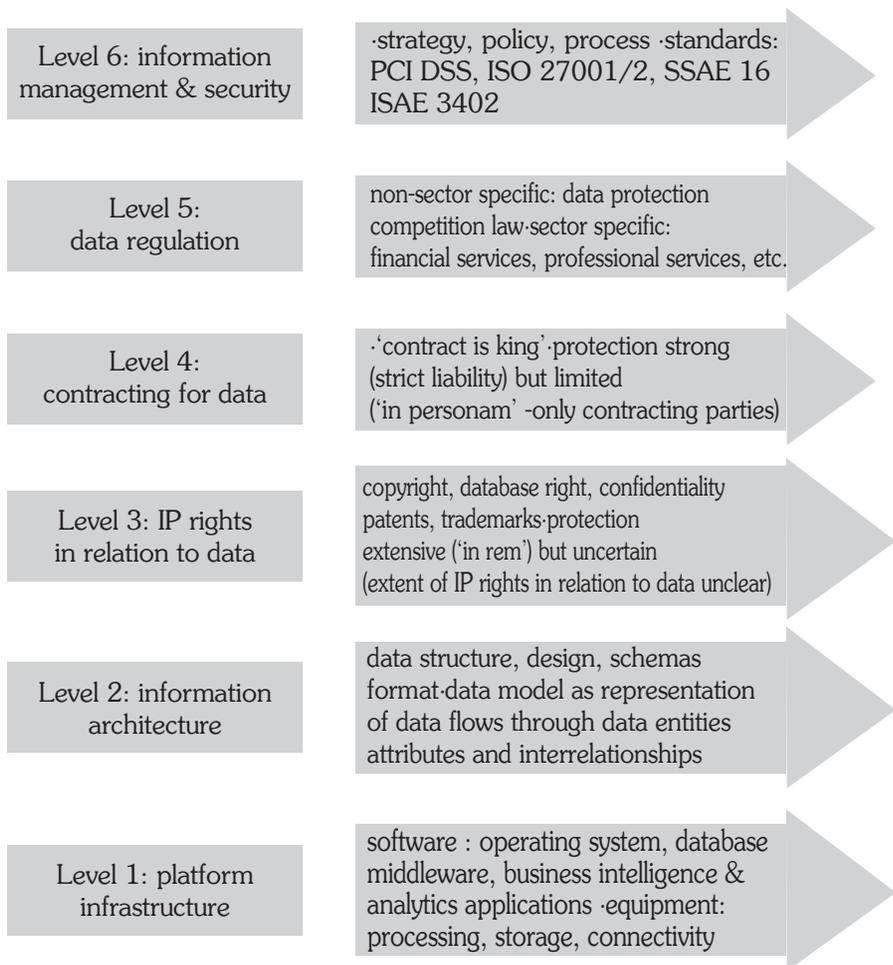
<sup>8</sup> Neeru Mago, Big Data Analytics And Its Applications, International Journal of Advanced Research in Science and Engineering, Vol. No. 7, Issue No. 4, April 2018. Pp. 129-130.

datasets. Some of the nations concentrating about how to regulate such information, and the method of information collected and how this information is used. The rational point about the legal framework for Big data is; what is the nature of information and data? For this purpose, information is defined as data that informs, is stated or delivered as part of a message, or derives from a common message.

“**information** is “Knowledge about objects, such as facts, events, things, processes, or ideas, including concepts, that has a particular meaning within a given context”;and

**data** is “a reinterpretable representation of information in a structured manner suited for communication, interpretation, or processing that may be processed by humans or automatically.”

### Towards a common legal framework for Big Data<sup>9</sup>



9 Richard Kemp, [Legal Aspects of Managing Big Data](http://www.kempitlaw.com/wp-content/uploads/2014/10/Legal-Aspects-of-Managing-Big-Data.pdf) www.kempitlaw.com · wp-content · uploads · 2014/10 Accessed on 17-02-2021 at 12.52 PM

Let us discuss the regulatory and policy framework at different countries of the world.

## 1. Australia

As part of the ICT strategy of the Australian Public Service, the government under the responsibility of Australian Department of Finance released the 'Australian Public Service Big Data Strategy' in 2013. Similarly, a government-wide data analytics centre led by the Department of Finance was established to improve the government's data analytics capacity. The Australian government will be a world leader in the use of Big Data analytics in the public sector to improve efficiency, collaboration, and innovation." The Australian government consider data as resource, in turn which increases the value due to Big Data.

Big Data is regulated like any other form of data or information. Therefore, the following laws are of importance: the Freedom of Information Act 1982; the Archives Act 1983; the *Telecommunications* Act 1997 and the Electronic Transactions Act 1999. These laws are not specifically intended for Big Data, but each law regulates a separate part of the data process. There is also specific regulation for data matching in the context of tax files by government departments, in which protocols are laid down for the combining of this data.

## 2. Japan

In his speech in the 'New Economy Summit' in 2014, the Japanese Prime Minister stated that to achieve economic goals the Japanese government was among other things making changes to optimize its sector. The law relating to protection of personal data would be changed to make it easier to use personal information as part of Big Data. The 'Strategic Headquarters' was established within the Japanese Cabinet in 2001. In 2012 this agency published an open data strategy for the government, in which it argued that government data is a public asset and that the sharing and use of that asset should be encouraged. The Japan Science and Technology (JST) is the body responsible for implementing the technology policy of the Japanese government

Programme carries out a great deal of research on Big Data, under the patronage of two main projects: 'Advanced Application Technologies to Boost Big Data Utilization for Multiple-Field Scientific Discovery and Social Problem Solving' and 'Advanced Core Technologies for Big Data Integration'.

The Act on the Protection of Personal Information was adopted in Japan in 2003. In 2013 the IT Strategic Headquarters published an amendment involving various legal provisions governing privacy and data protection, entitled 'Directions on Institutional Revision for Protection and Utilization of Personal Data'. In 2014 the Headquarters also published a summary of the main points of this policy.

### **3. United Kingdom**

The British government in 2013 announced that it regarded eight technologies as exceptionally important, including Big Data. The British government also published a strategy for Big Data: ‘Seizing the data opportunity. A strategy for UK data capability. The Minister for Universities and Science and the Minister for Skills and Enterprise state the following about the increasing importance of data:

“Governments around the world must change the way they engage with citizens, the way they develop policy and deliver services, and the way they are held to account. The UK government is determined to position the UK to make the most of the data revolution.”

The body responsible for overseeing the data protection was The UK Information Commissioner’s Office (ICO), and also published a paper on Big Data in 2014. The paper describes about the provisions set out in the Data Protection Act, 1998 which are relevant for Big Data.

The Data Protection Act 1998 is the UK legislation that is relevant for privacy and personal data protection. There is also the Human Rights Act 1998. For telecommunications data, the 2000 Regulation of Investigatory Powers Act’ is of importance, while the Intelligence Services Act 1994 is relevant for the intelligence and security agencies. After the European Data Retention Directive was declared invalid, the Data Retention and Investigatory Powers Act came into force in 2014.

### **4. United States**

In March 2012 the Obama Administration has taken initiative of launching the ‘Big Data Research and Development Initiative’. The US president ordered the Administration to conduct ‘90-day review of Big Data and privacy on 17 January 2014 the’. The results were published in May 2014.

The review has produced five overarching conclusions. First, there is need for more research must be carried out on the protection of privacy, and the necessary action should be taken in the area of legislation on the protection of privacy. The Consumer Bill of privacy Rights is seen as particularly important in this context. Second, much attention for the responsible handling of data collected for education, especially data regarding children. Third, the federal government is advised to be on its guard for discrimination of citizens, which can be caused by Big Data analytics. Fourth, the authorities are more responsible for implementation and safety are advised to make maximum use of the legal possibilities for Big Data analytics. Finally, the government data should be treated as a national resource and should as far as possible be published and shared with the public.

The United States does not have an specific law for the regulation of privacy, and certainly not for the specific regulation of Big Data. Besides the

constitutional protection, the United States has a system of sector-specific regulation of privacy risks.

## 5. India

The Indian Ministry of Science and Technology has started a Big Data initiative. The Ministry lists four focus areas for the development of a sustainable data analysis system: creating a strong pool of talent; creating collaborations between different types of organizations for data analysis to identify constraints and best practices; developing the capacity and skills needed for an innovation culture; and creating value in order to be able to measure the impact of analysis and create legitimacy within organizations.

Although there has been no specific legislation in the area of data protection in India for a long time, this has changed in the past few years. In 2010 the law which introduced the Aadhaar system came into force. In 2011 the Ministry of Communications and Information Technology (DeitY) published legislation governing the right to privacy and establishing rules regarding data protection: the “Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011”. Since 2014 much more attention has been given to this area of law and a draft bill has been added, the ‘Privacy Bill 2014’. In 2012 the Ministry of Science and Technology developed with a national policy for data sharing and accessibility. The government’s aim with this policy is to make large amounts of non-sensitive data held by the government more accessible to society.<sup>10</sup>

## CONCLUSION

In the era of technological development data is becoming key central asset to the success of every organization whether it is big or small. Today the world is becoming smarter and smarter, data becomes key to competitive advantage. The concept of Big Data assumes more important in this advanced world. There is need to regulate the Big Data at Global level. The inadequacy of law may poses big threats to the individuals and the organizations. Every nations of the world must have a sound legal framework to regulate the Big Data to protect the interest.

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10 Bart van der Sloot, Sascha van Schendel, International and comparative legal study on Big Data, [https://bartvandersloot.com/onewebmedia/WP\\_20\\_International\\_and\\_Comparative\\_Legal\\_Study\\_on\\_Big\\_Data.pdf](https://bartvandersloot.com/onewebmedia/WP_20_International_and_Comparative_Legal_Study_on_Big_Data.pdf)

# A BIRD EYE VIEW ON ROLE OF INDIAN JUDICIARY IN PROTECTING THE INTELLECTUAL PROPERTY RIGHTS

Pradip K N \* & Shantika U M\*\*

## ABSTRACT

*With the development of industries and business across the world the need for the preservation of the intelligence has become necessary and that is where the intellectual property right has come into existence. Intellectual rights pertains to all the things that includes intelligence or similar like process, designs, ideas, innovation, creation etc., IPR is a very strong tool as it helps to protect investments, time, money, effort and the like invested by the inventor of an Intellectual Property, since it grants the inventor an exclusive right for a certain period of time for use of his invention or creation. IPR is used as a legal defense mechanism for that of intellectual activities in most of the fields like arts, science, literature, industry, trade and business. As the demand for the intellectual property right has increased in many fields there are problems as faced by the right holders as the rights get violated and it becomes necessary that judiciary plays its role to protect such rights. It is not only within the state but even outside the state the rights must be protected. The judiciary in its role implements the law as laid down, it even has fostered newer norms related to IP and has attempted to bring clarity in the areas reeking with ambiguity. It has even broadened the 'cause of action', has liberalized the factor of 'locus standi', even has cultivated progressive outlook in awarding of 'compensation'. There are new legislations that shall guarantee protection of plant breeders, farmers and holders of traditional knowledge. The judiciary has contributed for the IP regime and has even set*

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*standards for the protection of rights under IP yet it has failed somewhere to uphold few of the provisions as mentioned under Constitution of India. This article gives the complete bird eye-view of the role played by judiciary in protecting the IP rights both within the state and at international level in addition to WIPO.*

**Keywords:** Intellectual property rights, business, development, judiciary.

## INTRODUCTION

We have constantly known that creativity and innovation are the two important aspects that has been in growth and helps in development of any knowledge in an economy. There is a plenty of creative and innovative energies which keeps flowing in India. There are these evolution of the film and music industry; the contribution of the Indian pharmaceutical sector that enables access to an affordable medicines globally and helps in its transformation to being the pharmacy of the world; a strong and dynamic software industry; diverse handicraft and textile industry; richness of Indian system of medicine such as Ayurveda, Yoga and Siddha. The advances made for the Indian Space programme and the role of scientists in keeping the cost effective.

While India is having resources and people do make use of it and bring innovations in every field which needs to be protected so that the rights and the innovations cannot be used by any. In India the fundamental rights are provided and are protected<sup>1</sup> under the Constitutional provision. But the IP(Intellectual property) is either unprotected as the process to obtain is too complicated or sometimes there is lack of awareness for such a protection. The validation of the National IPR Policy lies in the need to create an awareness about the importance of intellectual property rights (IPRs) as always a marketable financial asset and can be a good economic tool. India has healthy IP laws and has a strong IP jurisprudence. The legal framework gets reflected in the underlying policy orientation and national priorities, which has evolved over time, taking into the account of developmental needs and international commitments.

Intellectual property (IP) rights are the rights which is awarded to the individuals or any organizations principally over for the creative works: Inventions, literary and artistic works,

The full-fledged IPR policy shall promote a holistic and conducive ecosystem to catalyze the potentiality of IP for India's Economic, Socio-cultural development including the protecting the interest of the public. The Policy will nurture the IP culture, by guiding and enabling all the creators and inventors to realize their potential for generating, protecting and utilizing the IPRs which would contribute for creating wealth, creates employment

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1 Constitutional Remedies as mentioned under Article 32 of the Constitution of India.

opportunities and business development. This policy shall plait in the strengths of the Government, even for research and development organizations, educational institutions, corporate entities including MSMEs, start-ups and other stakeholders in the creation of an innovation-conducive environment. It will complement the strengths of our substantive laws with transparent, predictable and efficient administrative and procedural mechanisms as also well-informed adjudicatory structure.

“An intellectual property right is the umbrella term that is compendious and embraces Patents, Copyright, Trademarks, Industrial Designs, Layout Designs, and Geographical Indications”<sup>2</sup> Intellectual property can be defined as “They are a composite of ideas, inventions, and creative expressions”. It is as similar to tangible property, intellectual property is intangible in nature and gives the owner the exclusive rights to enjoy the property for a specified and limited period of time. It also restrains others from accessing to or using the protected subject matter for the provided limited period of time. However, subsequently, it provides the right to license others to exploit the innovations when the owners themselves cannot engage in large-scale commercial exploitation. Intellectual Property law promotes “innovation in various fields by acknowledging people’s intellectual creativity and granting them exclusive rights over their intellectual creations.” The concept of exclusive rights is mostly understood to be exclusive monopoly rights in this context given the nature, purpose, and objective of such rights, which provides the right holders with exclusive rights of not only using their intellectual creations but also managing such creations, which includes their commercial exploitation. This right is also often regarded as a negative right as per the intellectual property rights jurisprudence, which rests mainly on the labour theory, which states that if labour has been invested, whether such labour is in the form of intellectual labour or physical labour in order to create something which has a physical manifestation (as often something which is considered to be an intellectual creation is considered to be intangible and hence its physical manifestation is what qualifies to get protected by granting an intellectual property right), then such investment of labour has to be acknowledged by rewarding the person who has invested such labour and which in turn will act as an incentive for the rest of the world to innovate which will boost the Research and Development sector of any nation which is very important for the country’s economic development.

## HISTORY

The first law for protection of IP is developed by Venetians as related to the patents. After this various countries made many laws. Most of the laws were

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2 Rahul Yadav, Role of Indian Judiciary in Development and Effective Enforcement of Intellectual Property Law’s through Doctrine of Judicial Review, <https://www.ijlmh.com/wp-content/uploads/Role-of-Indian-Judiciary-in-Development-and-Effective-Enforcement-of-Intellectual-Property-Laws-through-Doctrine-of-Judicial-Review.pdf> accessed on 21-04-2022.

at a territorial or domestic level only. During the late nineteenth century, Intellectual Property transactions in the international market is increased, which gave rise to contradictions regarding IPRs and regional restrictions. In order to resolve the contradictions, various international conventions were enacted. The “Paris convention for the protection of Industrial Property”<sup>3</sup> was the first convention of its kind, which came up in the year 1883. It was established by countries such as Germany, France, Belgium, and ten other countries for the protection concerning Industrial Property. After the Paris convention, the major convention was the “Berne Convention for the protection of Literary and Artistic works,” the first of its kind for the protection of Copyright, that as signed on 9th September 1886. It was in the year 1993 when WTO adapted these international conventions. WIPO (World Intellectual Property Rights Organization) was established in 1970, and it was in charge of 20 international conventions relating to the protection of intellectual property rights. TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement in 1994 successfully achieved the goal to link international trade with people’s intellectual property rights. It succeeded in providing a more unified higher platform.

### MEANING OF IP RIGHTS

Intellectual property is “a broad categorical description for the set of intangible assets owned and legally protected by a company or individual from outside use or implementation without consent. An intangible asset is a non-physical asset that a company or person owns.”<sup>4</sup>

The concept of intellectual property relates to the fact that certain products of human intellect should be afforded the same protective rights that apply to physical property, which are called tangible assets. Most developed economies have legal measures in place to protect both forms of property.

### IPR has the following Characteristics:

1. The Intellectual Property Rights are imperceptible human ideas and creations which are either converted into a physical form or may not be converted but these ideas and creations get a definite rights for the property. These rights give an exclusive monopoly over the use of their creation.
2. These ideas and creations include inventions, literary uniqueness, art pieces, pictures, designs, etc.
3. All kinds of businesses possess an IPR to secure their assets as property rights can be shielded under the law.

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3 Paris Convention for the Protection of Industrial Property, signed in Paris, France, on 20 March 1883

4 Intellectual Property by Will Kenton, <https://www.investopedia.com/terms/i/intellectualproperty.asp#:~:text=The%20four%20main%20types%20of,%20copyrights%20and%20trade%20secrets>. Accessed on 21-04-2022.

4. The IP laws differ in different jurisdictions because the importance of acquiring property rights has its procedural uniqueness in the territory of interest.

## **KINDS OF IPR**

### **a. Patents**

Patents are one of the most important types of IPR. It is defined as “A government authority or licence conferring a right or title for a set period, especially the sole right to exclude others from making, using, or selling an invention.” When an individuals or organisations invent a new way of doing something, they approach the patent office, should give them all the details about the product or process, and get protection for their ‘property’ for a fee. According to the Patent Act of 1970, the 2003 Patent Rules and the 2016 Patent Amendment Rules of India, patents are valid for a 20 years time limit and an annual renewal fee is required. The patents in India are registered under the ‘first come, first serve basis.’

### **b. Trademarks**

Among the different types of intellectual property rights, the trademark holds a very important position as a unique identifier of a company or a product. It is a representative of a brand/company’s standing to consumers an assurance of a certain standard and quality. Trademark includes names, logos and designs used in packaging or the products themselves.

### **c. Copyright**

‘All Rights Reserved’ is seen while watching a movie, buying a book or a DVD. It is a way of protecting the contents of the movie, book or DVD, indicating that the copyright is held by the publisher, and no one can copy or use the material in any form without their consent. There are two aspects to copyright – moral and economic. Moral right gives the authors the power to be identified as authors of a particular work and to object if it is presented in a distorted or mutilated form. The economic right is more tangible and gives the author to control the use of his or her creation and reap economic rewards from it. India is a signatory of the Berne Convention. The Berne Convention is an international agreement for copyright issues of art and literary work.

### **d. Industrial Design**

Industrial design is a production technique of a certain product or article. In various countries, the industrial design must be registered to get protection under industrial design law. In other countries, patents may as well do the trick.

### **e. Geographical Indication**

Certain products are tied to a certain geographical location, and producers may want intellectual property protection to ensure that products

from other areas do not misuse this indicator.

## **LAW GOVERNING INTELLECTUAL PROPERTIES IN INDIA**

The laws that would regulate IPR and protect the rights of the IP holders are as follows:

### **1. The Patents Act, 1970, The Patents Rules, 2003**

The Intellectual Property Appellate Board (Patents Procedure) Rules, 2010 & The Patents (Appeals and Applications to the Intellectual Property Appellate Board) Rules, 2011 The patent is granted for a technical invention that is novel, non-obvious, and has industrial use for generally 20 years. The act does not state what is patentable, but it states the list of the non-patentable subject matter under section 3 of the act giving the holder the right not to get exploited his patents.

### **2. The Copyright Act, 1957 &The Copyright Rules, 1958**

Copyright is granted not for the idea per se, but protects how it is expressed. It provides a monopoly of using any original artistic, musical, dramatic works, etc.. The rights that are provided under this act are very vast in nature, and is the reason why Copyright is also termed as a bundle of rights. This has resulted from various international conventions such as the copyright convention of Berne and TRIP'S agreement etc. It came into force in 1858, although enacted in 1857 and has been amended with time to cope with various international obligations.

### **3. Trade Secret**

To protect trade secrets and confidential information there is no specific legislation in India. The only way to protect the trade secrets is through the contract, and a civil suit is the remedy for the same. Indian courts have upheld trade secret protection based on equity principles, and at times, upon a common-law action of breach of confidence, which in effect amounts to a breach of contractual obligation. The owner of trade secrets may obtain an injunction to prevent the license from disclosing the trade secret.

### **4. The Trade Marks Act, 1999, The Trade Marks Rules, 2002, The Trade Marks (Applications and Appeals to the Intellectual Property Appellate Board) Rules, 2003 and The Intellectual Property Appellate Board (Procedure) Rules, 2003**

Trademark is the mark that shall differ one business's product from that of the other business in the same or another field. It would differentiate not only one product from the other but also shall identify its maker. It is a known fact that goodwill and brand quality are one of the essential assets of the business in the modern era of competition

### **5. The Geographical Indications of Goods (Registration and Protection) Act, 1999 and The Geographical Indications of Goods (Registration and Protection) Rules, 2002**

A geographical indication relates to the originator of a good, i.e., the place of origin where it is believed to be invented or existed at the very first instance. The repute, eminence, or other feature of the good is fundamentally attributable to its geographical origin. This act was brought in 1999, which provides for the protection for initially ten years.

## **6. The Designs Act, 2000 and The Designs Rules, 2001**

Design can be any features of configuration, shape, ornament, pattern, or composition of lines or colors, industrially applied to an article or to a part that gives aesthetic value to such an article. This act came in 2000, which protects the right for ten years initially. Producers of various products such as clothes, footwear's, automobiles, furniture, etc. spend millions of rupees to widen industrial designs to make their produce more eye-catching to clients.

## **7. The Semiconductors Integrated Circuits Layout-Design Act, 2000 and The Semiconductors Integrated Circuits Layout-Design Rules, 2001**

A semiconductor chip is a tool that provides the result of a programmed set of instructions by way of a circuit set on a semiconductor substance in a layered structure. The act was brought in 2000. Well-known illustrations of such chips are ROMs, RAMS, etc.

## **LEGAL ASPECTS THAT ARE RELATED TO INTELLECTUAL PROPERTY RIGHTS**

- a. IPR is supposed to be carried out by the “Office of the Controller General of Patents, Designs, and TradeMark”. This is the lower office of the Government of India which oversees the Indian laws regarding the patents, trademarks, and design.
- b. Civil Court enforces the IP rights or via criminal prosecution. The IP rights could be enforced via civil and criminal proceedings.
- c. The odds faced by prosecutions when they go for civil litigation is that they cannot recover large damages irrespective of them being liquidated or unliquidated. However, criminal proceedings cannot be applied over patent or design infringement therefore civil suits are the next best option.
- d. Usually, as a compensation, damages are compensated in cases of copyright issues or the trademark infringement but this does not happen with patent infringement cases.

### **Changes in IPR laws through judicial pronouncements**

1. In a democratic country, the role of the judiciary not only arbitrates the disputes but it also used to maintain and deliver justice in society by establishing the laws. Therefore, along with arbitrations, the judiciary also has its hands on various aspects of our democracy, one

of which demonstrates the nature of the judiciary in the patent protection rights.

In *MilmetOftho Industries & Ors v. Allergan Inc*<sup>5</sup>, in which the Indian company using the mark OCUFLOX, the court held that “even though the company using the mark OCUFLOX had not used the mark in India, their first-entrant presence in the world market was noteworthy. In a recent case related to the unauthorised use of the mark “BEVITAL”<sup>6</sup> for a pharmaceutical company, the Court awarded exemplary costs keeping in mind the life threatening impact, wrong dosage of drugs can have on the patient’s life. In both these cases, the Courts observed that in the field of healthcare and medicine, all possibilities of deception and confusion should be prevented; keeping in mind that public interest is not jeopardized”.

2. The judiciary has its role which is displayed in the various surveys taken to register patent laws in India during the post-WTO era. The judiciary changes its laws according to the new challenges it meets over time.

*Glenmark v. Galpha*<sup>7</sup>, the court awarded exemplary costs to the tune of INR 1.5 Crores to Galpha, which has been a habitual infringer of various brands of Glenmark. The Bombay High Court gave a primacy to the ultimate adversity which may arise if such healthcare products are infringed. In another case<sup>8</sup>, the court observed that it “cannot feign ignorance of the consequences of the Defendants’ infringing activities upon the members of the public that consume their product.”

3. The judiciary does not just change or even amend new laws as per the requirements of the nation, but these laws are changed on the grounds of trying to shape the laws of our nation which can complement various international conventions and agreements so that India could achieve a greater good. This not only gives India a part in the international happenings but also allows our domestic economy to open up to the world.
4. Such time to time changes usually require our legislature to provide the necessary conformity to the international treaties and agreements. It is mandatory for a member of the WTO (World Trade Organisation), to provide their citizens with a minimum amount of IP rights which is mentioned in the Trade-Related Aspects of Intellectual

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5 Civil Appeal No. 5791 of 1998

6 Delhi High Court CS (COMM) 1071/2018

7 Glenmark Pharmaceuticals Limited vs. Galpha Laboratories Limited and Another1 COMIP (L) No. 1063 Of 2018

8 Shalina Laboratories Pvt. Ltd. and Anr. v. Twin Impex and Anr2 COMIP (L) NO. 1143 OF 2018

### Property Rights Agreement (TRIPs).

5. The credit for the past few changes made in the IPR laws goes to the TRIPs Agreement as the Copyright Act, 1957 of India was amended and a new amendment was added which stated the new inclusion of 'computer programs' under the category of literary work.
6. Similarly, an example from a much recent case displays how India has been complying with WTO's TRIPs Agreement as we have observed that the 'Trade and Merchandise Marks Act, 1958' has been alternated by the 'Trade Marks Act, 1999'. The new version of the Act provides an immunity blanket to the collective marks, certification marks, or some well-known marks.

India has a highly formulated judicial system with the Supreme Court having plenary powers (Article 142) to make any order for accomplishing complete justice in any cause or matter and a mandate in the Constitution, to all authorities, Civil and Judicial, in the territory of India to act in aid of the Supreme Court. The scope of Writ Jurisdiction of the High Court's (Article 226) is wider than traditionally understood and the judiciary is separate and independent of the executive to ensure impartiality in administration of justice. The judiciary has a key role to play in this flourishing democracy and avoid arbitrary executive action. The higher judiciary has been empowered to pronounce upon the legislative competence of the law making bodies and the validity of a legal provision. The ambit of judicial review recognized in the higher judiciary in India is the broadest and most extensive known to any democratic apparatus in the world

The judiciary plays two distinct roles in relation to IP:

- Interpretation of the various IP Statutes.
- Adjudication of IP Matters.

1. Interpretation of the various of IP Statutes. India under its commitment under the TRIPs has introduced many IP legislations to modernise its age-old IP legislations in order to be in harmony with the international laws. These new laws bring about a lot of changes in the existing IP laws and in certain instances totally new legislations have been put in place. These new laws modifying existing provisions or introducing new provisions have been rushed through without weighing the long-term implications of such legislations. The judiciary would have an important role in interpreting these new laws if any conflicts arise with other existing statutes.

2. Adjudication of IP Matters. To comprehend the role of the judiciary in relation to adjudication of IP matters we have to look into the genesis of IP and the life cycle of IP.

The four stages of the life cycle as illustrated are:

1. Creating the intellectual property,

2. Protecting the intellectual property,
3. Utilising the intellectual property and
4. Enforcing the intellectual property.

## **ROLE OF JUDICIARY IN PROTECTION OF INTELLECTUAL PROPERTY RIGHTS**

The judiciary actively contributes in the first state by enforcing Contractual Obligations arising out of contracts dealing with IP. It is important to note that the Article 300-A<sup>9</sup> of the Constitution of India guarantees that no person shall be deprived of property, which in relevance to IP ensures the right of the inventor/author over his or her invention/work. All such contractual agreements that deal with the transfer of IP are also governed under the Indian Contracts Act. Disputes often arise over the ownership of IP.

All the listed forms of IP as mentioned for the protection are implemented by means of respective Statutes like the Indian Patents Act, The Indian Trade & Merchandise Act etc. These Statutes that protect the individual IP tools have established Quasi-Judicial Authorities & Bodies like the:

- Controller of Patents & Designs
- Registrar of Trademarks & the Trademarks Appellate Board
- Registrar of Copyrights & the Copyright Board

All these officers are conferred with various statutory powers for the discharge of their functions. In respect of certain matters they have the powers of a Civil Court besides vast discretionary powers conferred by the specific Acts. Appeal shall lie against any order or decision of the Registrar/Controller to the respective Appellate Boards. In case of failure on the part of the authorities in discharging their duties or any arbitrary decisions in excess of their powers, judicial remedies can be sought. The judiciary before entertaining any matter in this regard it must be ensured that the appellant/plaintiff has fully exhausted other available statutory remedies as provided in the respective Acts before approaching the Court.

The third stage in the IP Life Cycle that is Utilising and strategically exploiting IP may involve licensing and cross-licensing arrangements, assignments, transfer of property etc. Legal implications arise out of such instances. The fourth stage, enforcing the intellectual property, is the most important stage in the lifeline of an intellectual property. This stage prevents others from unauthorized utilisation and exploitation of protected intellectual property for the duration of the protection.

## **REMEDIES FOR INFRINGEMENT OF INTELLECTUAL PROPERTY**

If the rights of the rights holder are infringed by any of the individual or any organization then there are the remedies available. The judiciary should

9 Constitution of India Article 300-A: Persons not to be deprived of property save by authority of law, which is often linked to Article 21 – Right to life & liberty.

ensure that the remedies for intellectual property infringement consists of should sufficient punishment so as to cause deterrence of wrongful activity. Deterrence is crucial since violations of intellectual property rights often involve no loss of tangible assets and do not even require any direct contact with the rights holder, the rights holder often does not know it is a victim until a defendant's activities are specifically identified and investigated.

While an IP issues is brought before a court, there arises some jurisdictional issues relating to the initiating of suits for infringement of IP:

- In respect of an action for infringement of patents a suit may be instituted in any district court or a High Court having jurisdiction, the cause of action must have arisen in a place within the jurisdiction of the court where the suit is filed.
- No court inferior to that of a Sessions Judge, Presidency Magistrate or Magistrate of the First Class has power to try an offence relating to trademark or false trade description.
- A suit proceeding relating to infringement of copyright should be instituted in the District Court or High Court within whose jurisdiction the plaintiff resides or carries on business irrespective of the place or residence or place of business of the defendant. The court within whose jurisdiction the case of action has arisen has also jurisdiction to entertain the suit in respect of copyright matters.
- The provisions of The Civil Procedure Code, Limitation Act, Evidence Act etc shall apply to all matters relating to IP infringements.

The remedies for misappropriation of IP granted by the Judiciary can be in the forms of

1. Civil Remedies
2. Criminal Remedies

### ***Civil Remedies***

1. Injunction – Spring Board Doctrine
  - Interlocutory or interim
  - Permanent or Final
  - Injunction against threats.
2. Anton Pillar Orders or Ex Parte Orders
3. Orders for deliver-up/surrender or seize and destroy
4. Certificate of Validity in relation to a patent.

## 5. Damages:

a. Lost Profits – Panduit test (Panduit Corp. v. Stahl Bros. Fibre Works, Inc), four factors to establish lost profits:

- A demand for the products;
- An absence of acceptable non-infringing substitutes;
- That the plaintiff possessed the manufacturing and marketing capabilities to exploit the demand;
- The amount of profit the plaintiff would have made had the infringement not occurred.

b. Reasonable Royalty – The landmark Georgia-Pacific Corp. v. U.S. PlywoodChampion Papers case listed 15 factors representing the guidelines provided by the court for determining what would be a reasonable royalty based upon a hypothetical negotiation following a finding of an infringement in that case.

c. Supplemental Damage Theories – “Entire Market Value Rule” in order to fully compensate for loss due to infringement. A number of supplemental damage theories have emerged under the Entire Market Value Rule. Recognized examples of supplemental damage theory claims include:

- Price erosion;
  - Convoyed sales – Lost Profits on Sales of Unpatented Items
  - Accelerated market entry damages.
- d. Enhanced Damages – Awarded as a form of deterrence.
- e. Prejudgment Interest – Awarded to fully compensate the patentee.
- f. Cost for the suit

### ***Criminal Remedies***

Imprisonment (Under sections 63-67 of The Copyright Act) Civil & Criminal Remedies are distinct and independent and can be availed simultaneously.

When a court has to form an opinion upon a point crucial to a case and pertaining to technology or art the opinion of that of an expert can be sought by the court under Section 45 of the Indian Evidence Act. Further it should be noted that the provisions of The Arbitration & Conciliation Act are also applicable to all IP disputes.

### **CONCLUSION**

There is a tremendous need for a specialized, experienced and tactful judiciary that can dael the best with that of Intellectual property rights. The appropriateness keeping upholding the national interest and ensuring the

effective enforcement of the policy could be of great help for that of the rights holder. The people who come up with that of the innovations and new creations have totally are unaware of that of the protection so provided under this act and the legal awareness has to be created so that the information about protecting the rights are spread to each and every person who has the ideas. The rights holder also should actively participate in the enforcement of the policies.

The quantum of damages awarded by the court should be such that they not only compensate the right holder for the losses suffered, but should also act as a deterrent for infringers from engaging in illegal activities. The infringer should indemnify the loss so caused to the goodwill of the rights holder. India is prominent for its highly matured and developed legal system firmly imbedded in rule of law and the judicial approach in safeguarding the basic human rights and the impressiveness of law is amply reflected in the decisions of the Supreme Court and the High Courts. The courts always questions anything that is arbitrary and administrative actions if unfair in nature. There is judicial imperativeness on following the principles of natural justice and fair play by the authorities who make orders that may have an adverse impact on the rights of a person. As a safeguard measure against arbitrariness, the authorities requires to make valid orders and their decisions are to be communicated to the concerned parties necessarily. Indian Judiciary has an independent security against any arm twisting by outside forces. The role that the Indian Judiciary can play in safeguarding the legally recognized rights includes the intellectual property rights and can put to begudge any enlightened judicial system of any developed country. The fairness of the procedures could be seen as reflected in Indian statutes and recognition of equal rights even to the aliens by virtue of Article 14 as their fundamental rights should generate confidence in our legal system to encourage all the entrepreneurs to be sure of the protection of their intellectual property rights that are recognized by the domestic laws. The judiciary can play vital role in protection of both the private and other rights which will eventually depend upon the perceptions of those who have to struggle and acquire it. It is therefore essential that they thoroughly realize the nature of the rights recognized by law, the need for their protection and the steps required to be taken in case of urgent matters. The Judicial Academy is established for providing periodic grooming and refreshers which can keep the decision maker abreast of the requirements of time and situations and be aware of the significant role that they have to play.

There is an enormous need for a broad and sensitive judiciary that is strong enough to handle the weight of the property rights issues while keeping the nation's needs in mind which will also help the effective establishment of a powerful enforcement system. India's rank on the IP Index is depreciating and the need for the upliftment of our country from that position is more than ever. The role of our judiciary in regards to the global IP

regime is complicated as it has counterbalanced rights of individual IP owners or a corporation so it can benefit the society as a whole.

Our CJI NV Ramana speaking at the national seminar on adjudication of IPR disputes in India, said that “Provisions for stronger enforcement and action against infringement are the need of the hour”, he even added that “Judicial infrastructure needs to be improved. Unfortunately, we are not even meeting the basic minimum standards in this area. It has been my endeavour since assuming the office of Chief Justice of India, to put in place an institutional mechanism to coordinate and oversee the improvement of judicial infrastructure. Mere allocation of funds is not enough. The challenge is to put the available resources to optimum use. I have been pursuing the government for setting up of statutory authorities, both at the centre and at the states.”<sup>10</sup>

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10 CV Ramana rues lack of basic judicial infrastructure, stresses need of filling vacancies, raising number of Judges. <https://www.firstpost.com/india/n-v-ramana-rues-lack-of-basic-judicial-infrastructure-stresses-need-of-filling-vacancies-raising-number-of-judges-10410601.html> accessed on 10-05-2022.

# INTERNATIONAL INTELLECTUAL PROPERTY REGIMES: THE ORIGIN AND DEVELOPMENT

Smt. Surekha.K\*

## ABSTRACT

*The two most important international treaties for intellectual property protection were signed in the year 1883 to 1886. Although bilateral relationships between countries provided some worldwide protection for authors, the network of bilateral agreements was frequently discriminatory and only gave a limited extent of protection. The Paris and Berne Conventions established robust patent and copyright protection systems, respectively. Despite the minimal participation of developing countries, the treaties' geographic breadth was important due to the colonies and foreign territories controlled by a few European sovereigns. Despite this, worldwide intellectual property protection has remained a patchwork system of contradictory standards, regulations, levels of protection, and overlapping participation in a variety of multilateral instruments. The TRIPS Agreement established a new regime with broad membership, unprecedented levels of global protection, coordination with some pre-existing international agreements, incorporation of the Paris and Berne Conventions, enforcement obligations and mechanisms, and a significant shift toward substantive harmonisation in various aspects of intellectual property protection. In this Article I identify four distinct periods under the head of origin and development of the universality of Intellectual property rights.*

**Key Words: Intellectual Property, WIPO, WTO, TRIPS, World Intellectual Property Organisation**

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## INTRODUCTION

The term “intellectual property” is a general concept that became popular in the twentieth century.<sup>1</sup> This umbrella term refers to a collection of legal systems, each of which provides ownership rights in a certain subject matter to varying degrees. The traditional foundation of intellectual property is copyright, patents, designs, trade marks, and antitrust protection. These rights cover a wide range of topics.

Early intellectual property law dealt with inventions, literary works, creative works, designs, and trade marks. One striking feature of intellectual property is that, despite its early historical associations with the concepts of monopoly and privilege, its scope of application continues to expand. New or existing subject matter has been added to existing intellectual property systems (for example, the copyright protection of computer software, the patentability of microorganisms under patent law), and new systems have been created to protect existing or new subject matter in the twentieth century (for example, plant variety protection and circuit layouts). Intellectual property systems’ strongly expansionary nature shows no signs of abating. Special legal protection for databases, for example, is still part of the World Intellectual Property Organization’s work agenda (WIPO)

It’s tough to define the essence of intellectual property. Instead of attempting to identify the basic characteristics of intellectual property, most definitions simply list examples of intellectual property rights or the subject matter of such rights (sometimes in inclusive form).<sup>2</sup> Individual intellectual property statutes also include definitions of the subject matter under which they apply. Copyright statutes, for example, would often define terms like “literary work” and state that copyright in a work consists of specific exclusive rights. The term “patent” is defined in terms of innovation in patent statutes, which subsequently describe the conditions for patentability.

The fact that intellectual property regimes are the result of several philosophical and legal traditions further complicates the definitional elements of intellectual property. For example, the term ‘copyright’ refers to common law regimes that define writers’ exclusive rights in primarily economic terms (the rights to reproduce the work, to publish it and to adapt it are examples). The rights of authors are viewed in civil law systems as primarily concerned with the protection of the author’s personality (the right to be acknowledged as the author of the work and the right to control

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1 Industrial and intellectual property rights were often used terms. The term ‘industrial’ was used to describe technology-related topics such as patents, designs, and trademarks. Copyright was referred to as “intellectual property.” The term “intellectual property” is now commonly used to refer to both industrial and intellectual property.

2 An example of this approach is to be found in Article 2 (viii) of the Convention Establishing the World Intellectual Property Organization, signed at Stockholm on July 14, 1967

alterations to the work are the core rights). These arrangements are referred to as authors' rights rather than copyright.<sup>3</sup>

A definition of intellectual property that goes beyond lists and examples to address the basic characteristics of intellectual property must concentrate on two elements: the property element and the object to which the property element is related. Intangible rights are often used to characterise intellectual property rights. This classification is based on the assumption that the object of the right is intangible. All property rights bind the rightholder to others in a legal relationship. The primary distinction between real property rights and intellectual property rights is that the latter's object is non-physical. It's better to think of it as an abstract item than a tangible one. It is possible to "own" an abstract thing without also possessing a physical manifestation of the abstract entity. In the case of a letter addressed to a friend, the letter's property passes to the friend, but not the copyright.<sup>4</sup>

We will refer to intellectual property rights as rights of exploitation of information for the purposes of this work. In today's economy, information is becoming "the most valuable resource." Even in seemingly non-information businesses like agriculture, genetic information control and ownership has become a crucial issue in creating the industry's structure. The exploitation of information through the exercise of intellectual property rights impacts interests that are the subject of human rights claims precisely because information has become the key resource. Property rights, by their very nature, allow the rightholder to bar others from using this valuable resource, and as a result, they are prone to rights conflicts. To put it succinctly, property in expression (copyright) is incompatible with freedom of expression.<sup>5</sup>

On a global scale, intellectual property protection may be divided into three periods. The first stage, known as the territorial period, is marked by a lack of international protection. The second period, known as the international period, begins in Europe at the end of the nineteenth century, when some countries agree to form the Paris Convention for the Protection of Industrial Property, 1883 (the Paris Convention), and another group agrees to form the Berne Convention for the Protection of Literary and Artistic Works, 1886 (the Berne Convention) (the Berne Convention). The third period, the global period, has its origins in the 1980s link between trade and intellectual property that the United States of America (the US) established, a link that was formalised at a multilateral level in the form of the

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3 Z. Radojokovic, "The historical development of "Moral Right"", (1966) Copyright, p. 203

4 The application of international relations theory to explain, rationalise, anticipate, or justify results in intellectual property negotiations and compliance prospects has a modest but rising corpus of literature.

5 For an account of how the conflict might be resolved see Melville B. Nimmer, "Does Copyright Abridge the First Amendment Guarantees of Free Speech and Press?", 17 (1970) UCLA L. Rev, p. 1180.

Agreement on Trade-Related Aspects of Intellectual Property Rights, 1994. (the TRIPS Agreement).<sup>6</sup> The dates of the various conventions do not indicate a clear epochal break. They do, however, represent a fundamental shift in the history of intellectual property protection.

## **INTERNATIONAL INTELLECTUAL PROPERTY REGIMES: THE ORIGIN AND DEVELOPMENT**

### **1. The Territorial Period**

Intellectual property comes from a variety of sources and at various times. All of these rules are most likely related to the system of royal privilege-granting that appears to have existed across mediaeval Europe. In 1474, the Venetians are credited with developing the first fully formed patent law. All monopolies in England were abolished by the Statute of Monopolies of 1623, except those held by the “true and first inventor” of a “system of manufacture.” Outside of Europe, the United States of America created a patent system in 1790, while Revolutionary France acknowledged inventors’ rights in 1791. These patent laws were not in all like the complex systems that exist now. They were thankfully brief, just recognising the inventor’s rights. In the first part of the nineteenth century, patent law extended throughout Europe as a result of these beginnings.<sup>7</sup>

Even though trade markings had been in use for much longer, statutory forms of trade mark law did not arise until the second part of the nineteenth century.<sup>8</sup> Through the process of passing off, the English courts developed trade mark protection.<sup>9</sup> This proved unsatisfactory for a variety of reasons, and statutory trade mark registration systems began to arise in Europe: England 1862 and 1875, France 1857, Germany 1874, and the United States of America 1870 and 1876.<sup>10</sup> Modern copyright law began in England with the Statute of Anne of 1709, and it follows a similar pattern.

National intellectual property regimes proliferated throughout Europe during the second half of the nineteenth century. It was an era of relatively haphazard development, with a lot of borrowing and cross-pollination of intellectual property laws between countries. Other jurisdictions gradually

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6 All members of the World Trade Organization are bound by the TRIPS Agreement. See Article II. 2 of the World Trade Organization Agreement for more information (the WTO Agreement). The TRIPS Agreement and the WTO Agreement are both included in the Marrakech, April 15, 1994 Final Act Embodying The Results Of The Uruguay Round Of Multilateral Trade Negotiations.

7 F. Machlup and E. Penrose, “The Patent Controversy in the Nineteenth Century”, 10 (1950) *Journal of Economic History*, pp. 1, 3

8 F. Schechter, “The Rational Basis Of Trademark Protection”, 40 (1927) *Harvard Law Review*, pp. 813- 833

9 Ricketson, *The Law of Intellectual Property* (Law Book, Sydney, 1984) p. 599.

10 S Ladas, *Patents, Trademarks, and Related Rights: National and International Protection*, Vol. 1, (Harvard University Press, Cambridge, 1975) p. 8.

recognised the ideas of patent law established in the English Statute of Monopolies.<sup>11</sup>

The principle of territoriality, which states that intellectual property rights do not extend beyond the area of the sovereign who gave them in the first place, dominates the territorial era. The principle stems from the close ties that exist between sovereignty, property rights, and territory. In the sake of international comity, courts acknowledged this idea. The notion of negative comity would have entirely evaporated in a world where states routinely claimed jurisdiction over the property rights established by other nations.<sup>12</sup>

### 1. The International Period

During the nineteenth century, states became increasingly interested in the possibilities of international intellectual property cooperation. At initially, this desire was expressed through bilateral agreements.<sup>13</sup> In the field of copyright, a French decree from 1852 that granted copyright protection to foreign works and foreign writers without requiring reciprocity did a lot to keep bilateral treaty-making alive.<sup>14</sup> Those countries concerned about free-riding began negotiating bilateral accords with other countries. States that considered themselves as beneficiaries of a positive externality stayed isolated. Each answer is demonstrated by the United Kingdom (UK) and the United States of America (USA). In the eighteenth century, the United Kingdom discovered that many of its authors' works were being replicated abroad without permission and without getting royalties.<sup>15</sup>

The many aspects of industrial property, like copyright, became the subject of bilateral treaties, primarily between European states. There were 69 international agreements in force by 1883, the majority of which dealt with trade marks. They functioned on the basis of the principle of national

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11 The English created the first design legislation in 1787, but when they revised it in 1839, they were influenced by the French design law of 1806. Intellectual property grew outside of Europe following colonial routes. As a result, Australia's self-governing colonies implemented copyright and patent laws that were practically carbon copies of English models.

12 The idea of territoriality meant that a legislation enacted in one country did not apply in another. Intellectual property owners were faced with a typical case of free riding, or, to put it another way, certain countries benefited from positive externalities. Dealing with free-riding and positive externalities ushered in the next phase of intellectual property protection: the international era.

13 S. Ricketson, *The Berne Convention for the Protection of Literary and Artistic Works: 1886-1986* (Center for Commercial Law Studies, Queen Mary College, Kluwer, 1987) pp. 25-38.

14 H. G. Henn, "The Quest For International Copyright Protection", 39(1953) *Cornell Law Quarterly*, pp. 43, 45.

15 In response to this issue, the UK passed Acts in 1838 and 1844 that protected works that were first published outside of the UK. These Acts established a reciprocity strategy. Only if the relevant state agreed to safeguard UK works would foreign works be protected in the UK. The 1844 Act resulted in a large number of bilateral agreements between the United Kingdom and various European countries.

treatment, which was derived through reciprocal adjustment between states. Governments had come to believe that if they did not discriminate between nationals and foreigners when it comes to intellectual property rights regulation, other states would not either. In this approach, nations could ensure that their authors' works were protected in foreign jurisdictions.

In the nineteenth century, bilateralism in intellectual property was significant because it contributed to the recognition that an international framework for intellectual property regulation was needed, as well as a content in terms of principles for that framework. However, this bilateralism was but a prologue. Its provision of protection for authors was never enough.<sup>16</sup> The Paris Convention began as a result of American dissatisfaction with a planned global exposition for inventions in Vienna in 1873. These world fairs, like mediaeval European trade fairs, were key gathering places. The United States of America, echoing other countries' concerns, predicted that many of the fair's inventions would benefit the Austrian public rather than international innovators. Prince Albert had mentioned the potential of a harmonised patent system at the London World Exposition in 1851, and the notion of a unified worldwide patent system had been circulating for some time.<sup>17</sup> Karl Pieper, a German engineer, was the one who persuaded the Austrians to call a Congress for Patent Reform in 1873. The Paris Convention of 1883 was opened for signature after another Congress in 1880. Within 25 years, the Convention had attracted the majority of the world's main trade nations.

The Berne Convention was likewise a result of European gatherings.<sup>18</sup> The bilateral copyright treaties that governments had signed were frequently simply that: agreements on paper. They also created a lot of complexity. In order to determine the scope of his protection in other nations, an author would have to review a number of treaties and domestic legislation. The International Literary Association was founded in Paris in 1878 by influential authors like Victor Hugo, whose reputations and works transcended borders.<sup>19</sup> This organisation began to meet on a regular basis in Europe. It produced a draught text of an international copyright agreement during its conference in Berne in 1883. The Swiss government was persuaded to hold

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16 The Paris Convention of 1883 and the Berne Convention of 1886 were two multilateral pillars that paved the way for real international cooperation on intellectual property. The Paris Convention established an international organisation for the protection of industrial property, whereas the Berne Convention established an international organisation for the protection of literary and artistic works.

17 F-K Beier, "One hundred years of international co-operation - the role of the Paris Convention in the past, present and future", 15 (1984) *International Review of Industrial Property and Copyright Law*, pp. 1, 2

18 In the case of copyright the first crucial international meeting was the Congress on Literary and Artistic Property held in Brussels in 1858. See Ricketson, *op. cit.* pp. 41-46

19 M. Kampelman, "The United States and International Copyright", 41 (1947) *American Journal of International Law*, pp. 406, 410-411.

an international conference based on this draught text as the basis for a multilateral copyright convention. Berne hosted intergovernmental conferences in 1884, 1885, and 1886, the year the Berne Convention was finalised and made available to the world for signature and ratification. The Berne Convention, like the Paris Convention, had the principle of national treatment as its axis, as well as a list of minimal rights that governments had to acknowledge. Since the Berne Convention's clause for accession specified "countries outside the Union" and the former colonies were officially "inside" the Union, there was no formal way to recognise them.<sup>20</sup>

The Paris and Berne Conventions ushered in a new age of multilateral intellectual property cooperation. International intellectual property regimes proliferated during the twentieth century. Trade marks (Madrid Agreement (Marks), 1891 and Madrid Agreement (Indication of Source), 1891), designs (Hague Agreement, 1925), performance (Rome Convention, 1961), plant varieties (International Convention for the Protection of New Varieties of Plants, Acts of 1961 and 1991), patents (Patent Cooperation Treaty, 1970), and semiconductor chips are examples of areas that have been the subject of international agreements (Treaty on Intellectual Property in Respect of Integrated Circuits, 1989). The Paris and Berne Conventions were also heavily revised.<sup>21</sup>

The international intellectual property universe over which BIRPI and later WIPO presided was one in which sovereign states had agreed to certain core principles, the most important of which was the principle of national treatment. However, it was far from a world in which technical standards were harmonised. States have a lot of leeway when it comes to creating intellectual property standards. The United States of America maintained its 'first to invent' patent system, while other countries used a 'first to file' approach. Nations with civil codes acknowledged the notion of moral rights for authors, whereas countries with common law did not. Chemical compound patenting was not recognised in developing nations (and for a long time in many developed countries).<sup>22</sup>

Despite the fact that WIPO was in charge of 24 multilateral treaties in 1992, it presided over an intellectual property world with a huge range of

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20 Art. 29 (1) of the Berne Convention, Berlin Act. "Any country outside the Union may accede to this Act and thereby become party to this Convention and a member of the Union."

21 The growth of international organisational structures coincided with the signing of intellectual property treaties. International bureaux (secretariats) were established as a result of the Paris and Berne Conventions, which were consolidated in 1893 to become the United International Bureaux for the Protection of Intellectual Property (known by the French acronym of BIRPI). 25 BIRPI was supplanted by a new body, the World Intellectual Property Organization (WIPO), which was founded by treaty in 1967. In 1974, WIPO was designated as a United Nations specialised agency.

22 Even within countries in the same legal family, trade mark registration standards differed substantially. Even though the Paris Convention obligated all member nations to protect against unfair competition, the legislation was a projection of local instinct.

rules. By 1992, the group had also felt, probably more acutely than anybody else, the impending sea change in intellectual property policy. The General Agreement on Tariffs and Trade (GATT) was ready to take care of it across the street from WIPO in Geneva. As trade attorneys pushed the field of intellectual property into the global era, WIPO stood by. The GATT is based on a tariff structure that is legally binding. Each GATT member promises to reduce tariffs on specific products, supporting “free trade” by gradually removing barriers that obstruct trade flow. Trade obstacles (both tariffs and the more ubiquitous non-tariff barriers) stifle an exporting country’s comparative advantage and have negative welfare effects for the importing country, according to classical economic trade theory.<sup>23</sup>

## 2. The Global Period

Globalization’s effects as the primary rationalisation of market actors’ demands for maximum returns for innovative products in the global market have forcibly intruded into a discipline that had been neatly divided into “national” and “international” intellectual property law by more or less precise distinctions. Intellectual property, like other fields, is increasingly and inexorably becoming the focus of re-invention attempts, with international commitments providing much of the reason for expanding rights. Domestic intellectual property policy, from rights management systems to copyright term extensions, is now routinely supported by international duties.<sup>24</sup>

During the international period, intellectual property harmonisation was a laborious process. Following WWII, an increasing number of developing countries joined the Paris and Berne Conventions. These conventions ceased to be Western clubs, and under the one-vote-one-state principle, a coalition of developing countries might outvote Western powers. Developing countries were not content with simply acting as a veto bloc. They desired an international system that suited their stage of economic development, so they began to throw their weight around, at least in the eyes of the West. Developing countries, led by India, were successful in getting the acceptance of the Stockholm Protocol of 1967 in the area of copyright.<sup>25</sup>

During the 1960s, India had some of the world’s most expensive medicine prices. Its reaction was to craft a patent law that would aid in the reduction of

<sup>23</sup> The GATT/WTO Dispute Settlement System: International Law, International Organizations, and Dispute Settlement (Kluwer, 1997) 41–57.

<sup>24</sup> “Globalization” is a contentious term that is employed in a variety of ways to include or exclude, focus or de-emphasise specific players and characteristics of increased economic integration. Critics of a market-centered perspective of globalisation have recently begun to use terminology like “globality” or “globalism” instead of “globalisation.” The criticism is based in part on the historicity of the process that globalisation strives to capture and, in their opinion, holds captive to a prevailing free-market ideology.

<sup>25</sup> The Protocol’s goal was to provide broader access to copyright materials to developing countries. Its implementation sparked a copyright crisis around the world. In 1980, 1981, 1982, and 1984, the Paris Convention was the topic of Diplomatic Conferences of Revision, with poorer countries advocating for more liberal rules on compulsory licencing.

medicine prices. Patents were given under Indian law for pharmaceutical manufacturing procedures, but not for chemical compounds themselves. When it came to amending the Paris Convention, countries like India advocated for clauses that would allow developing countries to get more access to patent-protected technology. This was a sensible social strategy for India's residents' educational and health-care demands. It was a case of free-riding for the United States of America. At discussions relating to the Paris Convention, the United States of America, in particular, found itself more isolated.<sup>26</sup>

The Uruguay Round came to an end in Marrakech on April 15, 1994, when the Final Act Embodying The Results Of The Uruguay Round Of Multilateral Trade Negotiations was signed. The Final Act was signed by over 100 countries. It contained a number of accords, including the World Trade Organization Agreement and the TRIPS Agreement. All members of the World Trade Organization are now bound by the TRIPS Agreement (WTO). There was no way for a state to avoid the TRIPS Agreement if it wanted to join or stay in the multilateral trade system.<sup>27</sup>

The manner in which such recognition and enforcement would take place within the WTO is a point of contention. Some have proposed an individual right to sue as a way to overcome the WTO system's alleged flaw. While not helpful to all industries, the decision to engage in reciprocal free trade is an example of a decision that, in theory, benefits the common good. To support free trade, however, is not to advocate for the government's role in aiding allocative efficiency.<sup>28</sup>

### 3. Post-TRIPS

Prior to TRIPS, international intellectual property agreements were incredibly light on substantive obligations, giving developing countries legal leeway to act (or not) on intellectual property laws. As previously stated, any course of action has the same effect, namely the continued implementation of the relevant international convention in the absence of an affirmative denunciation. When they were first enacted, the colonial statutes clearly met the majority of applicable international duties.

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26 S. K. Sell, "Intellectual Property as a Trade Issue: From the Paris Convention to GATT", XIII (1989) *Legal Studies Forum*, pp. 407-422.

27 Various versions of these stories date back before the TRIPS Agreement. However, the outrage over the TRIPS Agreement re-ignited long-standing objections to intellectual property in developing nations, resulting in a syllogism in the arguments made against the TRIPS Agreement in particular and intellectual property rights in general.

28 In his analytical case for free trade, Adam Smith separated himself from prior proponents of free trade by stating that protectionism is unlikely to "advance that general industry of the community or to give it the most advantageous direction."

The TRIPS Agreement heralds the dawn of a new era in global property law. The TRIPS Agreement is established on the foundation of territoriality and national treatment principles. However, it also marks the start of property globalisation. The TRIPS Agreement reaches all states that are members of the multilateral trading system or desire to become members, such as China, through the trade linkage. The implementation of the TRIPS Agreement is one of the main goals of the regional commercial organisations that have emerged in recent years. In general, intellectual property has become a prominent aspect in 1990s regional agreements, notably trade agreements.<sup>29</sup> The TRIPS Agreement appears to have just served as a springboard for rapid developments in international intellectual property norms. TRIPS-plus agreements reflect and incorporate post-TRIPS developments in international intellectual property law tying countries to commitments that go beyond the scope of any future trade round. Ultimately, post-TRIPS norms represent the codification of political tradeoffs masquerading as positivist obligations imposed by law.<sup>30</sup>

States have previously been able to navigate the international intellectual property framework by making reservations to treaty terms or refusing to ratify particular protocols or conventions. All members of the WTO are bound by the TRIPS Agreement. By reference, the TRIPS Agreement encompasses a number of other intellectual property accords. As a result, states must implement a broader and more common set of intellectual property norms, standards that will grow more widespread as more countries join regional and global trade agreements. State norms are increasingly becoming mandatory rather than permissive. States, for example, have fewer options when it comes to deciding what is patentable and what isn't.<sup>31</sup>

In 1993, the United States launched a working group on intellectual property rights as part of its National Information Infrastructure Initiative. In a 1995 study, this working group advised that copyright owners' distribution rights be clarified to encompass transmission, and that the law outlaw circumvention of copyright protection measures. By advocating for the

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29 The Montevideo Conventions of 1889, which dealt with patents and trademarks and involved Argentina, Bolivia, Brazil, Chile, Paraguay, Peru, and Uruguay, are an early example of intellectual property regionalism. Article 36 of the Treaty of Rome (1957), which established the European Common Market, guaranteed conditional protection of national intellectual property rights.

30 However, this is likely less disturbing than the fact that colonial laws were still in effect in many nations during the TRIPS negotiations. The colonial heritage, partly modified by nationalist orientation in patent laws in nations like India and already affirmed by the international intellectual property administration, laid a solid platform for the third multilateralism.

31 In the post-TRIPS age, multilateral treaty-making in the field of intellectual property has continued. The WIPO Performances and Phonograms Treaty and the WIPO Copyright Treaty were signed on December 20, 1996, under the supervision of WIPO. The United States was one of the leading proponents of a new international instrument to cope with copyright's transition into the digital age.

inclusion of a new type of communication right in an international instrument, the United States attempted to globalise this copyright owner's objective. The history of these two treaties' negotiations is noteworthy in that copyright owners faced organised opposition from copyright users. The consumer movement in the United States, for example, was very active in successfully opposing the proposed database pact. The Copyright Treaty gives copyright owners the right to communicate with the public, but states retain the power to regulate the scope of the copyright owner's distribution rights.<sup>32</sup>

All of this suggests that future multilateral intellectual property treaty-making will be a complex game fought out between user and owner organisations, groups whose membership crosses state borders. On the issue of copyright reform, library associations, educational institutions, internet service providers, and software developers are likely to band together to fight huge software businesses and publishers. Indigenous peoples' non-governmental organisations (NGO's) and environmental non-governmental organisations (NGO's) are likely to band together to oppose the patent system's expansion to higher-order biological forms.

The relationship between intellectual property and investment is an example of this phenomena. For the majority of its history, foreign investment regulation has been done on a bilateral basis. States have built a web of bilateral investment accords over time. Like any other asset, intellectual property can be the subject of a treaty. One of the hopes for the Uruguay Trade Round, which was primarily held by international industry, was that it would result in a comprehensive multilateral investment pact that would relieve businesses from the restraints inherent in bilateral treaties. The ink on a far more modest investment deal - the Agreement On Trade-Related Investment Measures - eventually dry (the TRIMS Agreement). This agreement solely applies to goods commerce. Following the TRIMS Agreement, the Organization for Economic Cooperation and Development (OECD) has been working on a draught text for a Multilateral Investment Treaty (the MAI). Although the MAI negotiation language has undergone several revisions, all versions define investment to encompass all types of assets, including intellectual property rights.<sup>33</sup>

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32 The Report of The Working Group on Intellectual Property Rights, Intellectual Property and the National Information Infrastructure (Information Infrastructure Taskforce, United States of America, September 1995)

33 Full Text of MAI contains IN <http://www.oecd.org/daf/cmisi/mai/maitemt.pdf>. The MAI, like the Uruguay Trade Round, is proving to be a lengthy process. The application of the MAI to intellectual property creates several conceptual issues that have yet to be answered. For the purposes of the investment regime, government regulation of intellectual property rights (for example, forced licencing) could be considered expropriation. Furthermore, because intellectual property rights are monopoly rights, they may be argued to obstruct investment flows just as much as they help them. To overcome these kind of possible issues, some imaginative drafting will undoubtedly be required.

## CONCLUSION

In a five-hundred-year-long historical chain, intellectual property rights have been extended to emerging countries. Over time, international law has produced theories that have aided in the political independence of these countries, as well as, to a lesser extent, the political, social, and economic protections for these countries' people groups and individuals, through human rights law. In terms of which particular mix of markets and other institutions will provide optimal results, the manifestation of economic guarantees remains a contentious question in international law. In the twenty-first century's highly technological age, intellectual property legislation plays a critical part in this argument. All of the narratives about developing country participation in the global system attempt to redeem the system from its own troubled history by reshaping the terms of engagement between rich and developing countries. To do so effectively, the existing equilibrium of doctrinal principles must be understood in ways that promote the recognition of all types of creativity while also acknowledging restrictions on intellectual property rights as an instrument of public good. The narratives have had a significant impact on developing countries' interactions with the international intellectual property system. All of the stories, on the other hand, assume the presence of powerful emerging countries, the validity of current intellectual property standards, and the potential of alternatives to the current international system. The stories tinker on the edges of present boundaries and difficulties, but they never explicitly dispute the system's assumptions. The narratives should be reframed in a way that strengthens civil society, strengthens domestic institutions, and expands the debate on the importance of intellectual property rights in developing nations beyond the experience of industrialised countries.

# AN OVERVIEW OF GEOGRAPHICAL INDICATION IN JAMMU AND KASHMIR

Ms. Preethi Harish Raj\*

## ABSTRACT

*Intellectual property is an outcome of human intelligence that has grown in importance in recent years. Geographical indication has become one of the most important methods for safeguarding intellectual property, especially because it is now protected multilaterally under the World Trade Organisation's Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement. Jammu and Kashmir, for example, has a fantastic climate, terrain, and natural resources. Jammu and Kashmir is known worldwide for its handicrafts, saffron, and shawls, as well as its scenic beauty and frigid climate. Under the Geographical Indications Act, these commodities are formally registered and protected. As a result, the focus of this paper will be on a general review of geographical indications and their applications.*

**Key Words:** Jammu and Kashmir, Geographical Indication, Intellectual Property Rights, WTO

## INTRODUCTION

The stakes for technology developers have risen dramatically, and protecting information from unauthorised use has become necessary, at least for the time being, to assure the recovery of Research and Development, and other related expenses. The reason that it offers the inventor or the creator of an Intellectual Property an exclusive right to use his invention for a specific length of time. Intellectual Property Rights is a powerful weapon for

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protecting the inventor, investments, creator's time, money, and effort.<sup>1</sup> Geographical Indication is relatively novel but a very important instrument in protecting the Intellectual Property. In the ancient days, guild marks were used to identify the geographical origin of the goods, as well as identity of their manufacturer. These further developed into geographical indications which has been international protected under TRIPS. In 1994, the World Trade Organisation (WTO) agreement on Trade Related Intellectual Property Rights (TRIPs) laid down a set of standards by which GIs could be legally enforceable in member states. India, as a WTO member state, established the system of issuing GI tags by enacting the Geographical Indications of Goods Act, 1999. It enables the Chennai-based Controller General of Patents, Designs and Trade Marks to issue GI tags to products after reviewing applications and addressing any objections to them.<sup>2</sup>

## **DEFINITION AND IMPORTANCE OF GEOGRAPHICAL INDICATION**

The term "Geographical Indication" (herein referred as GI) has been around for many decades, but it is actually since the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) entered into force in the mid-1990s, that it has come into widespread use. According to the 1994 WTO Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement, "Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a member, or a region or locality in that territory, where a given quality, reputation, or other characteristic of the good is essentially attributable to its geographical origin" (World Trade Organization, 1994).<sup>3</sup> Traditional methods and products have remained commercially sustainable across the world because of mechanisms like the GI Act, which is part of the World Trade Organization's Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement (WTO).

As per Section 2(1)(e) of the Geographical Indications of Goods (Registration and Protection) Act, 1999 a geographical indication pertains to agricultural, natural or manufactured goods, which originate and are produced/processed in a specific geographical territory, thereby associating a reputation for such territory. A geographical indication is a label or symbol given to items that are associated with a certain geographical area or origin, such as a region, town, or country. It has shown to be a successful strategy for

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1 Department of Scientific and Industrial Research, Government of India; 2002. *Anonymous. Research and development in industry: An overview* [https://scholar.google.com/scholar?q = Anonymous.+ Research +and+ development +in+industry:+ An+ overview+2002+New+Delhi+Department+of+Scientific +and+Industrial + Research,+Government+of+India+](https://scholar.google.com/scholar?q=Anonymous.+Research+and+development+in+industry:+An+overview+2002+New+Delhi+Department+of+Scientific+and+Industrial+Research,+Government+of+India+)

2 AakarshKamra, *Geographical Indications-Intellectual Property*, <https://www.legalserviceindia.com/article/geoind.htm>, accessed on 15th May 2022

3 Article 22, paragraph 1, Intellectual Property Rights Agreement

safeguarding comparable traditional crafts. Using Geographical Indications can be viewed as a certification that a product is made using traditional techniques, has special attributes, or has a distinctive reputation due to its geographical origin. Many parts of the world have been able to safeguard their traditional knowledge and receive premiums for their goods as a result of GI. This protection has aided in deterring the manufacture and selling of counterfeit and copycat items masquerading as genuine goods.

Wine and spirit beverages, cuisine, agricultural products, handicrafts, and industrial items are all examples of geographical indicators. The G I tag ensures that the popular product name may only be used by individuals who have been registered as authorised users. A sign must identify a product as coming from a certain location in order to operate as a GI.<sup>4</sup> Certain goods, whether, naturally found, agriculturally cultivated or manufactured in a particular territory of a country or locality will have a specific characteristic with regard to taste, aroma or quality and Geographical Indication attributes to its place of origin.<sup>5</sup> A geographical indication enables those who have the right to use the indication to prevent its use by a third party whose product does not conform to the applicable standards.

## **THE PROSPECT OF GEOGRAPHICAL INDICATION IN THE UNION TERRITORY OF JAMMU AND KASHMIR**

Kashmir, often known as ‘Paradise on Earth,’ is known for a variety of things such as its scenic beauty, abundant wildlife, local handicrafts, and local cuisine, but one of the most important things that puts Kashmir on the map is its famed spice and health rejuvenator. It also contains distinct goods that are protected by the Geographical Indications Act. Since 2003, India has used the GI system to safeguard more than 200 high-quality items depending on their geographical origin. The state is famous all over the world for its ethnic and region-specific products and Kashmir has Nine GIs in handicrafts including Kani Shawl, Kashmir Pashmina, Kashmir Sozani Craft, Kashmir Papier-Mache, Kashmir Walnut Wood Carving, Khatamband, Kashmiri Hand Knotted Carpet, Kashmir Saffron are among the items available.<sup>6</sup> These ethnic and region-specific products of Jammu and Kashmir have contributed greatly towards the economy of the state as well as towards the development of the state. The ethnic and regional products of Jammu and Kashmir have earned a distinction in the international as well as in the domestic markets.<sup>7</sup> Kashmiri walnut is also famous all over the world for its

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4 V.K.Ahuja, Law Relating to Intellectual Property Rights, 7-8( 5th ed, 2012 )Lexis Nexis ( Butterworths Wadhwa)

5 Ibid, 347

6 Kashmiri Observer, Observer New Series, February 25, 2021, <https://kashmirobserver.net/2021/02/25/9-kashmir-products-get-gi-tags-to-fight-counter-branding/>, accessed on 16th May 2022.

7 Natasha Saqib Abid Sultan, An Overview of Geographical Indication in Jammu & Kashmir, Indian Journal of Applied Research, 299, Volume 3 , Issue 4 , April 2013 | ISSN - 2249-555X.

taste and quality. Kashmiri walnut production is one of the important contributors that give India a recognition of being 6th largest producer of walnut in the world.

**Geographical Indications – Jammu & Kashmir GI Tags**

SL .No.	Geographical Indication	Type
1.	Kashmir Papier Mache	Handicraft
2.	Kashmir Walnut Wood Carving	Handicraft
3.	Khatamband	Handicraft
4.	Kani Shawls	Handicraft
5.	Kashmir Pashmina	Handicraft
6.	Kashmir Sozani Craft	Handicraft
7.	Basmati	Agricultural
8.	Kashmiri Hand Knotted Carpet	Handicraft
9.	Kashmir Saffron	Agricultural

**RECENT PRODUCTS WHICH RECEIVED THE GI TAG**

**Kashmir’s Shawl gets GI Recognition**

Kashmir’s Kani Shawl, known for its hand-woven patterns, has been granted Geographical Indication (GI) designation, making it illegal to sell draperies created elsewhere under the same name.

“The Kani Shawl weaving began in the Kanihamal area of Kashmir valley, and the Jammu and Kashmir government was able to register it under the Geographical Indications Act in order to grant it legal protection all over the world.” A project to resuscitate traditional shawl designs was sanctioned by the Development Commissioner of Handlooms under the Union Ministry of Textiles Government and implemented in the village under the Research and Design Development Scheme. The GI tag has also been used to two other types of shawls known as Pashmina and Kashmiri Sozni.<sup>8</sup>

**Kashmir Saffron receives Geographical Indication**

Saffron is among the many products, like Walnuts and Namda, which give an exclusive profile to Kashmir. Saffron of Kashmir is the best in the world. Its uniqueness comes from the fact that it is grown at an altitude of 1,600 – 1,800 meters above mean sea level. It has longer and thicker stigma and aroma.

Saffron is grown in Kashmir due to its distinct geo-climatic conditions. These give the product a one-of-a-kind value and prevent it from being

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8 Kashmir’s famous Kani Shawl gets GI status, The Hindu March 22, 2010 <https://www.thehindu.com/news/national/other-states/Kashmir’s-famous-Kani-shawls-get-GI-status/article16583623.ece>

replicated elsewhere. Saffron produced in Kashmir is very different from saffron produced in other nations. It is outstanding in quality and has a high therapeutic value due to its dark colour, strong scent, and long and thick thread. However, due to low-quality saffron produced in many countries, Kashmiri Saffron growers are experiencing significant losses. As a result, Kashmiri Saffron producers sought to make their saffron known across the world in order to receive a decent price for it and also to prevent wrongly using Kashmir's name from selling the saffron to the world. The GI marking and GI certification have given the Kashmir Saffron a distinct character in both domestic and international markets.<sup>9</sup> Kashmiri Saffron has a rich cultural heritage and is very famous globally. It holds an immense importance in pharmaceuticals, cosmetics, perfumery and textile dye-producing industry. It is extensively used as a spice to add flavour to food and as a dye to colour foods. It has also been associated with Kashmiri food cuisine. Kashmir Saffron will hold a prominent place in the export market, which in turn will develop the economy of the country.

Just by providing GI Tag for Kashmir Saffron has just protected the product but the goal must be fair compensation for farmers and the Union territory. It needs at least two steps

- i) expanding the saffron cultivation area
- ii) increasing scientific awareness of Kashmir's saffron uniqueness across the world.

### **GI Tag for Gucchi Mushrooms**

Commercial cultivation of Gucchi mushrooms is not possible. They may be found in Uttaranchal, Himachal Pradesh, and Jammu and Kashmir's coniferous woods. The locals spend months collecting, drying, and transporting these mushrooms to the market. On rotting wood logs, humus soil, and leaves, Gucchi mushrooms grow in bunches.<sup>10</sup> They might not grow in the same place the next season. This makes the collection procedure more difficult. Gucchi mushrooms are extremely pricey due to these factors.

Because of their germination characteristics, Guchhi mushrooms cannot be economically grown. They germinate and flourish on soil with a low temperature. They frequently occur following a fire. Gucchi mushrooms require alkaline conditions, which are created by mixing wood ash with water. These criteria make commercial cultivation of Gucchi highly challenging. The

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9 Kashmiri Saffron Receives the Geographical Indication (GI) Tag, Geographical Indications News, May 6, 2020, <https://www.kashishipr.com/blog/kashmiri-saffron-receives-the-geographical-indication-gi-tag/>, accessed on 17th May 2022

10 Chintu Das Geographical Indication (GI) Tag Sought for J&K's Costliest Mushrooms, Agricultural world, published on 19th Jan 2021, <https://krishijagan.com/agriculture-world/geographical-indication-gi-tag-sought-for-jk-s-costliest-mushrooms-know-all-details/Indianexpress.com/article/lifestyle/food-wine/gucchi-mushrooms-cost-health-benefits-6484874/>, accessed on 17th May 2022

GI Tag given to mushroom has protected the local farmers from fetching the right price for the product and also help in protecting the brand name of the product.

Its nutritional and medicinal properties are well-known. The district's agricultural community has long collected the fungus from wooded regions using a well-managed collective approach. Farmers have been taught how to identify the fungus, understand distribution patterns, and gather it by the elders of their families and communities. It is collected by women and children on the fringes of wooded regions and settlements, while males travel in groups further into the dense trees. It is either sold fresh to local merchants or dried at home, with the latter being the preferred method by the majority of *gucchi* collectors. Traditional methods of drying mushrooms include the sun or the kitchen. The mushroom fetches a remunerative price and supplements the household incomes of the rural folk who collect it.<sup>11</sup>. Moreover, these mushrooms are collected by the local farmers and tribals, who depend on it for their livelihood.

## CONCLUSION

With the repeal of Article 370 and the creation of Jammu and Kashmir as a UT, such behaviour and attitudes toward Jammu must drastically alter. More Jammu-specific things include the Basholi pashmina, Pahari paintings, Basholi Rumals, Kashmir Honey and many other items needs protection under the Geographical Indication. The protection of the GI Tag will help the tourism sector by portraying a favourable picture of the location. It's a valuable market-access technique since it adds value to the things with this label and allows them to reach broader audiences. Producers will be able to market various items with plainly distinguishable characteristics.

It will also encourage employment of local rural, shifting the attention of the youth from the widespread terrorism in the Valley to something productive and income-generating. It is a long-lasting marketing technique which will bring value to the region of Kashmir and increase faith and goodwill in the minds of people. We hope that the government takes notice of such traditional products and practices and protect them under the Geographical Indication and see to it that it is developed as time passes. The GI Act, is not comprehensive enough to safeguard the interest of the craftsmen and there is less provision to protect the traditional knowledge as many of the handicrafts in Kashmir can be qualified to be registered under the GI Act.

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11 Narinder Paul, *Traditional Knowledge of Guichi, Morchella esculenta (Ascomycetes), in Doda District, Jammu and Kashmir, India*. National Library of Medicine, <https://pubmed.ncbi.nlm.nih.gov/29953359/#affiliation-1>, accessed on 17th May 2022.

## TRADEMARK AND DISPUTES IN INDIA

Smt. Vani C\*

### ABSTRACT

*In the current scenario whole world is considered as a global village in this type of situation the competition with in the business world increases the litigations day by day as a part of this even in the Intellectual Property Right concept that to in Trademark we can find innumerable disputes in the competitive world. The main object of the Intellectual Property Rights is to protect and safeguard the interest of the author or owner against infringement. "Where there is a violation there will be a remedy" like that if any infringement occurs the registered trademark users will get remedies under the act. In India the disputes with regard to trademark infringement are increased instantly, the only way is available for the registered trademark user is to approach the court of law for suitable remedies. The main object of the **Trademark Act 1999** is to give protection, registration and prevention of fraudulent use of trademarks. Name itself signifies that the Mark which indicates the quality of Trade that is trademark for which mandatory registration leads to take an action against infringement. The right to sue for infringement of trademark is vested with Proprietors, his Legal Heirs and the Register User(s). The common infringement like Identical Similarities or Deceptive Similarities should looked into for the consideration of the infringement of trademark the course of the trade is mandatory. In the dispute of the infringement of the trademark it is noted that availability of the Civil Remedies, Criminal Proceedings and Administrative Remedies we come across in all the disputes with regard to trademark infringement always **Onus Probandi** that is burden of proof always vested with the plaintiff to prove that. The Legal Maxim "**Vigilantibus Non Dormientibus Jura***

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*Subveniunt*” means the law will help those who vigilant or alert but not dormant or those who sleep over their rights like that the trademark owners must more vigilant about the similar marks in existence even that marks beyond national boundaries.

**Keywords: Trademark, Infringement, Identical Similarities, Deceptive Similarities.**

## **INTRODUCTION**

Intellectual Property Right is a kind of incorporeal property But Trademark is an exception to say that all Intellectual Properties are Incorporeal. Trademark is a mark which is related to trade by means of identifying the Quality, goodwill and image of Product. It is exclusively related for the goods and services via usage a person or an entity who sales the products under a trademark will going to get after prolong usage of exclusive right over the trademark It is well known fact that for enhanced securities to registered trademark as an Intellectual Property is just to prevent the competition using a particular trademark. In this up growing industrialization era the trademark started to play an important role considering it as a key factor in modern world of international trade and well known market oriented economies as the trademark grows faster parallel to this the disputes is also increased by way of infringement of the trademark. Most of the companies settled the disputes with an amicable settlement but some of companies approach the respective jurisdictional court which leads to havoc in the court. It is the duty of the register user to be very vigilant with regard to use of his registered trademark misused by others not only in India but also outside India.

## **DEFINITION AND SIGNIFICANT OF TRADEMARK ACT 1999**

Sec 2(m) define ”mark” includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof.<sup>1</sup>

Sec 2(zb) define ”trade mark” means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours;<sup>2</sup> and

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

(ii) in relation to other provisions of this Act, a mark used or proposed to be

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1 Ashwini Chemical Works, Hyd v. Aswini Homeo Pharmacy, R. R. Dist. and Another, 2010(1)ALD 199

2 K. R. Chinna Krishna Chettiar v. Sri Ambal& Co. AIR 1970 SC 146

used in relation to goods or services for the purpose of indicating or so to indicate a connection in the course of trade between the goods or services, as the case may be, and some person having the right, either as proprietor or by way of permitted user, to use the mark whether with or without any indication of the identity of that person, and includes a certification trade mark or collective mark;

Section 2(w) “registered trade mark” means a trade mark which is actually on the register and remaining in force;<sup>3</sup>

Section 2(zg) defines “well-known trade mark”, in relation to any goods or services, means a mark which has become so to the substantial segment of the public which uses such goods or receives such services that the use of such mark in relation to other goods or services would be likely to be taken as indicating a connection in the course of trade or rendering of services between those goods or services and a person using the mark in relation to the first-mentioned goods or services.<sup>4</sup>

Trademark is not a modern concept but it is an ancient concept in the world around 3000 year ago Indian craftsmen used to engrave their signature on their artistic creation before sending them to Iran. In this case their signature deemed to be a trademark. This is the good example of the concept of trademark originated as an Indian origin after that manufacturer from China sold goods bearing their marks in Mediterranean era over 2000 year ago. This practice continues in the Roman period at one time about a thousand different Roman pottery marks were in use including Forties brand which became so famous that it was copied and counterfeited.<sup>5</sup>

In India trademark can be register under Trademark Act 1999 according to this act Trade and Merchandise Marks Act 1958 replied subsequently after this Act the detailed procedure and rules were enacted under Trademark Rules 2002 In order to implement the various sections of the Act of 1999.<sup>6</sup> The Trademark Act 1999 based on 3 broad concepts like Distinctiveness, Similarity of Marks and Similarity of Goods.

1. Trademark Act 1999 being brought into force on September 15<sup>th</sup> of 2003 using this act India made a step towards fulfilling its obligations at the international level as the pros and cons of this by the Indian trademark law presently become completely compatible with the International standard narrated in the TRIPS agreement. This newly created act first consolidates and amends the previous Trademark Mercantile Marks Act 1958 and gives the vital place far better protection of goods and services.

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3 BISLERI v. Acqua Minerals Ltd., Delhi 2001 PTC 619

4 Registrar of Trade Marks v. Ashok Chandra Rakhit Ltd. (S) 1955 SCR (2) 252

5 GerdKunze, Introduction to Trademark Law & Practice The Basic Concepts A Wipo Training Manual.

6 See Justice P.S. Narayana, Intellectual Property Law In India257 (2013).

2. Expanded definition of Trademark has been made to encompass any mark capable of distinguishing the goods and services of one from the goods and services of another and it may also include any mark capable of graphical representation of shapes of goods there packing and combination of colour because of this even well-known designs can know avail protection under Trademark Act 1999.

## **INFRINGEMENT OF TRADEMARK, REMEDIES AND PENALTIES**

In India the only legislation which gives protection for the infringement of trademark is that Trademark Act 1999 in this act there are provisions for registration, protection and penalty against infringement of trademarks. The important point to be noticed in trademark is that it has been given the statues of Intellectual Property Right not only with in India but across the globe. There are enumerable numbers of organizations both at national and international level to give securities and protection to the intellectual properties including trademark.

The act provides the power to give protection against Infringement of trademark in the Indian Patent Office which is administer and managed by the Controller General of Patent Designs and Trademarks. In common context trademark infringement means as per Section 29 of the Trademarks Act, 1999 is defined as the unauthorized usage of a mark which is identical or deceptively similar to a registered the trademark the word deceptive similarity here gives meaning that in average consumers or a layman looks at the mark. It is likely to confuse him/her of the origin of the goods and services.

## **KINDS OF TRADEMARK INFRINGEMENT**

### **Direct Infringement**

1. Used by an Unauthorized Person
2. Identical or Deceptive Similarity
3. Registered Trademark
4. Class of Goods and Services

### **Indirect Infringement**

- 1 Vicarious Liability
- 2 Contributory Infringements

### **Direct Infringement<sup>7</sup>**

To determine there are few elements that have to be compulsory met for breach to occur are as fallows:-

1. Used by an Unauthorized Person:- If a person having an authorization to use the registered trademark is only way of using it but if any other person other than an authorized person uses the trademark than it constitute infringement.

<sup>7</sup> <https://cleartax.in/s/trademark-infringement-india>

2. **Identical or Deceptive Similarity:**-In the direct infringement the second point Identical similarity and deceptive similarity which means similarity should be either Identical or deceptive manner in simple meaning of that the trademark used by unauthorized person needs to either be identical to that of the registered trademark or deceptively similar to it and as long as there is a chance of misrecognition of the marks it is enough for proving infringement.
3. **Registered Trademark:**-noted point in this act is that the only registered trademark under the Trademark Registry of India only be protected no other unregistered trademark if in case breach of unregistered trademark the common law of passing off is used to settled the disputes actually the Law of Torts is also one of the way to take the compensation for breach unauthorized trademark.
4. **Class of Goods and Services:**-The concept of infringement is also applicable in case of particular goods and services for which the registered trademark has be obtained under the Trademark Registry of India but not for other class of goods and services.

### **Indirect infringement<sup>8</sup>**

There is a provision for the direct infringement of trademark under the act but there is no particular provision for indirect infringement specifically but at the same time it is first and for most duty to protect the registered owner of trademark from any kind of infringement.

1. Section 114 of the act says that not only the principal infringer but also associated infringers should be liable equally, based on the maxim “*quefacat per aliumfacat per se*” means one who does through another does it for himself only exception for this is bonafide intention.
2. The contributory infringement based on following 3 elements:-
  - a) When the person knows of the infringement.
  - b) When the person materially contributes to the direct infringement.
  - c) When the person induces principal infringer to commit infringement in the case of contributed infringement.

Good faith is not a defense in all the above 3 elements.

### **PENALTY AND REMEDIES**

In this act Section 101 to 121 says Offences, Penalties and Procedure for trademark infringement In India infringement of a trademark is a cognizable offence which means that the infringer may also face criminal charges along with civil charges it is also not required for the Indian law for the trademark to be registered for the institute of civil or criminal suits as mentioned earlier this

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<sup>8</sup> Ibid.

is due to the common law principle of passing off.<sup>9</sup>

## Remedies

### Civil Remedies

- 1 Temporary Injunction
- 2 Permanent Injunction
- 3 Damages
- 4 Accounts of Profits
- 5 Distribution of Goods using the infringing marks
- 6 Cost of Legal Proceedings.

### Criminal Remedies

- 1 Imprisonment not less than 6 months that may be extended to 3 Years.
- 2 A fine that is not less than 50,000 it may extend to 2,00,000.

### Disputes in India current development with regard to Trademark

In India if there are any disputes arising out of trademark infringement 3 types of law suits can be filed before the court of law that like Civil Disputes, Criminal Disputes and Arbitrations. In civil court their rights either by registration of trademark or via common law rights in trademarks furthermore civil action can be divided into Infringement Action and Passing Off action.

Usually in civil courts the first stage in civil proceedings it will take 2 to 3 years after initial stage bench in the High Court as well as Supreme Court. In civil actions it is noted that the common relief obtained are Injunction orders, Accounts of profits, Damages and Costs whereas in criminal proceedings the relief like search, seizure, order and destruction of infringing goods and orders are easily obtained. The law on damages with respect to infringement of trademark is developing frequently in the current scenario this development also indicates change in the landscape of trademark disputes settlements. The alternative ways of dispute resolution like arbitration, mediation and conciliation in trademark infringement are giving way to instant relief for registered owner which avoids the lengthy court proceedings to inculcate the speedy trial. The Tribunal Reforms (Rationalization and Condition of Service) Ordinance 2021 abolishing the Intellectual Property Appellate Board (IPAB) the remaining cases which are to be considered by Commercial benches of various High Courts.<sup>10</sup>

**In RediffComms vs. Cyberbooth and another**<sup>11</sup> it was held that the domain name is to be considered as trademark and equal protection that

<sup>9</sup> Supra note 6.

<sup>10</sup> [https://uk.practicallaw.thomsonreuters.com/w-010\\_1547?transition\\_Type=Default&contextData=\(sc.Default\)&firstPage=true](https://uk.practicallaw.thomsonreuters.com/w-010_1547?transition_Type=Default&contextData=(sc.Default)&firstPage=true)

<sup>11</sup> AIR 2000 Bombay 27

of a trademark is to be given. In this case The Controversy is around the domain name of the internet because internet is one of the Important vital features of information revolution system which is increasingly and vehemently used by the commercial and trading organizations to promote themselves and their product with regard to buy and sale.

**Yahoo Incorporation vs Akash Arora Reported in 1999**<sup>12</sup> the learned single judge of Delhi High Court rejected the argument that the provision of the said Trademark Act would not be attracted to the use of the domain trade name on the internet. It is noted that the point highlighted by learned judge is the domain name “yahoo” of the plaintiff and “yahoo India” of the defendant the only difference between these two is that defendant suffix the word India. The learned judge observed that in a matter where service rendered through the domain name in the internet, a very alert vigil is necessary and a strict view is to be taken of its easy access and reach by any one from any corner of the globe.

**In Manish Vij Vs Indra Chugh,**<sup>13</sup> it was held that the word “Kabadibazar” finds reference in dictionary and that it is a descriptive word as it imparts information directly and not suggestive therefore it is not unique. As a result the court did not allow the claim of the plaintiff that they are proprietors of www.kabadibazar.com and trademark in relation to the website, dealing with second hand goods on internet.

**In Coca Cola Company case**<sup>14</sup> The defendant, Bisleri by a master agreement, had sold and earmarked the trademark MAAZA incorporating formulation rights, know-how, intellectual property rights and goodwill for India with regard to a mango fruit drink known as MAAZA to Coca Cola. But in 2008, the defendant company filed for registration of the mark MAAZA in Turkey and started exporting fruit drink under the name of MAAZA. The plaintiff, Coca Cola claimed permanent injunction and damages for infringement of trademark and passing off. The court granted interim Injunction order against defendant Bisleri from using the trademark in Maaza in India as well as export which was infringement of trademark. The court granted an interim injunction against the defendant (Bisleri) from using the trademark MAAZA in India as well as for export, which was infringement of trademark.

**In Cadila Health Care v. Cadila Pharmaceutical Ltd.**<sup>15</sup> the Supreme Court said that it is unimportant whether the plaintiff and the defendant trade in the same sector or in the indistinguishable products. The court laid down certain yardstick to ascertain passing off of an unregistered trademark.

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12 1999 ARB. L. R. 620

13 AIR 2002 Del 243

14 Coca company v. Bisleri International Pvt. Ltd. (2009) 164 DLT 59

15 2001(2) PTC 541 SC

- The identity of the marks (word, label or composite).
- The degree of parallelism between the marks;
- The nature of goods for which the marks are used;
- Comparability in the nature, character and effecting of goods of contender traders;
- The category of consumer who are likely to purchase goods bearing the marks;
- The method of obtaining the products or placing the orders

Reliance Industries Limited And Anr. Vs Ashok Kumar<sup>16</sup> In this suit, Reliance Industries Limited, the Plaintiff, establish a hardware fittings and bathroom accessories retailer using their well-known mark 'JIO' and hence institute a suit on trademark & copyright infringement before the Bombay High Court. The Defendant on 11th June, 2021 had filed two applications for registration of the mark JIO and pirated artwork which were advertised, claiming use since 16th December, 2016. The court noted that the Defendant not only copied Plaintiffs' mark, logo and artwork but also added an image of a leaping jaguar which violated Jaguar Land Rover's intellectual property as well. The Plaintiffs filed an interim application praying for injunction against Defendant's use of its copyright and trademark until the final disposal of the suit. The Court was of the opinion that an overwhelming prima facie case and balance of convenience lied in Plaintiffs' favour, and irretrievable prejudice would be caused if the reliefs sought were denied. Hence, the court granted a temporary injunction and gave the Defendant the liberty to apply for a variation, modification of the mark. Finally, the court listed the matter hearing on further ad-interim relief on 30th September, 2021.

Sony Pictures Network India Pvt. Ltd. V/S The State Of Maharashtra &Anr.<sup>17</sup> In this suit, an FIR was filed by Karad Urban Co-operative Bank (KUCB) for defamation by the web series 'Scam 1992: The Harshad Mehta Story,' which aired on Sony LIV App. The FIR accused Sony Pictures Network India Pvt. Ltd. and others of offences punishable under Section 500 of IPC and Sections 102 and 107 of the Trade Marks Act, and Sections 66C and 43(b) of the Information Technology Act. In its FIR, the bank alleged that in the third episode of the web series, a logo displayed in the background be similar to its trademark, causing multiple damage to its monetary, materialistic and social reputation. Aggrieved by the FIR the accused filed two criminal writ petitions seeking a stay on investigations. The Bombay High Court heard both the matters jointly wherein the petitioners sought the stay

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16 Bombay High Court on 23rd August, 2021, available at <https://indiankanon.org/doc/58666138/>

17 Bombay High Court on 23rd August, 2021, available at: <https://indiankanon.org/doc/75179673/>

on three grounds. Firstly, as per Section 115(4) of the Trade Marks Act, 1999, investigation couldn't be done by an officer below the rank of Deputy Superintendent of Police, but the said FIR was being investigated by a police inspector. Secondly, alleged offence under Section 500 of IPC was non-cognizable could not be investigated by police on the basis of an FIR. Lastly, that the web series did not come within scope of Trade Marks Act, 1999 based on Prateek Chandragupt Goyal Vs. The State of Maharashtra & Anr, wherein same court held that mere use of trademark in an article does not amount to false application. Convinced by all the three grounds the Court stayed the investigations until the next date of hearing i.e., 17th September, 2019.<sup>18</sup>

## CONCLUSION

It is the duty of the state to protect the rights of register owner of the trademark according to law whether it is direct or indirect infringement. Trademark is a special Intellectual Property Right which is in the form of corporal one even the similarity either identical or deceptive both should be liable because at any circumstances the owner of registered trademark should not be allowed to suffer for unauthorized use in such type of infringements. The apex court uphold that the trademark not only protected in India but even in abroad also for such infringement via civil criminal and Arbitration proceedings. Statutory protection of trademark is administered by the Controller General of Patent, Designs and Trade Marks a government agency that reports to the Department of Industrial Policy and Promotion, under the Ministry of Commerce and Industry. But owner of the trademark should be more vigilant about his trademark if any statutory protection is available under the law to protect the trademark and at the same time his right is infringed he is immediately utilize and inform the proper authority to protect his rights and also he always preferable to the arbitration, conciliation and mediation to settle the disputes of trademark infringement.

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# INTELLECTUAL PROPERTY LICENSES IN CROSS-BORDER INSOLVENCY

Swapna Somayaji\*

## ABSTRACT

*Introduced in 2016, the Insolvency and Bankruptcy Code overhauled the Indian insolvency regime. Five years young, Code is now in the process of adopting the Cross-Border insolvency, which was omitted from its original mandate. In 2018, a legislatively appointed committee suggested that the Code should adopt the UNCITRAL Model Law on Cross Border Insolvency. However, the Committee overlooked a crucial jurisprudential guideline, which coloured the interpretation of the Model Law, which was delivered in a crossborder insolvency dispute between American and German regimes. An American bankruptcy court subjected the German administration of American Intellectual Property assets to a protection exclusively available within the American Bankruptcy Code. The paper highlights the aspect on how in Indian insolvency regime no guidance still exists on intellectual property licence treatment. The paper has a recommendation about legislative inquiry in the issue of Intellectual property treatment.*

**Key Words:** IP Rights, Insolvency, UNCITRAL, Bankruptcy Code

## INTRODUCTION

Five years since its commencement, the Insolvency and Bankruptcy Code, 2016 has seen a paradigm shift vis-à-vis from its nascent stage – on-field challenges, as and when faced, have been attempted to be tackled either by way of amendments or judicial precedents. However, the legal position with respect to Cross Border Insolvency has stagnantly remained in the discussion stage. Despite significant steps since 2018, the Indian regime still lacks a comprehensive set of laws dealing with the same.

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The Economic Survey 2021-22<sup>1</sup> also observed that ‘at present, Insolvency and Bankruptcy Code, 2016 (IBC) provides for the domestic laws for the handling of an insolvent enterprise. IBC at present has no standard instrument to restructure the firms involving cross border jurisdictions. Presently, while foreign creditors can make claims against a domestic company, the IBC currently does not allow for automatic recognition of any insolvency proceedings in other countries.’<sup>2</sup>

On the similar lines, the Union Budget 2022-23<sup>3</sup>, has also proposed that “Necessary amendments in the Code will be carried out to enhance the efficacy of the resolution process and facilitate cross border insolvency resolution.”<sup>4</sup>

The Indian insolvency regime was substantially revamped in 2016, when the Insolvency and Bankruptcy Code (IBC) was enacted. IBC was a result of recommendations and suggestions to change an insolvency regime, which was fragmented and afflicted with undue delays and bad recoveries for creditors.<sup>5</sup> There have been many government committees that worked on insolvency laws and have suggested an overhaul of the bankruptcy framework.<sup>6</sup> IBC Code introduced a creditor-in-control regime, a time-bound resolution process and reduced the scope of judicial intervention.<sup>7</sup> The Code was enacted to consolidate the fragmented law of insolvency in India.<sup>8</sup>

IBC, 2016 facilitates initiation of Corporate Insolvency Resolution Process (CIRP) by a corporate applicant.<sup>9</sup> The process gets initiated when the corporate debtor defaults making payments to its creditors and process should be completed mandatorily within 330 days.<sup>10</sup> Under Chapter 11 proceeding in the American Bankruptcy Code, a CIRP aims to reorganise a company’s debt structure and its revival from a state of insolvency. Unlike Chapter 11, IBC is designed for the sale of the corporate debtor as a going concern. Unless in exceptional circumstances, the corporate debtor does not

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1 <https://www.indiabudget.gov.in/economicsurvey>

2 Economic Survey, Chapter 04 – Monetary Management and Financial Intermediation – Para 4.66 to 4.68

3 [https://www.indiabudget.gov.in/doc/Budget\\_Speech.pdf](https://www.indiabudget.gov.in/doc/Budget_Speech.pdf)

4 Para 76 of the Speech of Hon’ble Finance Minister, Smt. Niramala Sitharaman

5 BANKRUPTCY LAW REFORMS COMMITTEE, The report of the Bankruptcy Law Reforms Committee Volume I: Rationale and Design (2015).

6 Id. at 3.1; Also see: Akshaya Kamal Nath, Corporate Insolvency Resolution Law in India - A Proposal to Overcome the “Initiation Problem”, 88 UNIV. MO.-KANS. CITY LAW REV. 631 (2019).

7 VIDHI CENTRE FOR LEGAL POLICY, Understanding the Insolvency and Bankruptcy Code, 2016 8 (2019).

8 Id. at 11.; Swiss Ribbons Pvt. Ltd. and Another v. Union of India And Others, (2019) 4 SCC 17.

9 Section 10, Corporate Applicant has been defined in Section 5(5), Insolvency and Bankruptcy Code, 2016.

10 Proviso 1, Section 12(3), Insolvency and Bankruptcy Code, 2016.

retain control of the business after the initiation of the CIRP proceedings.<sup>11</sup>

Unlike Section 365(n) of the American Bankruptcy Code, neither the UK nor the Indian insolvency regime affords any special protection to intellectual property licensees during the insolvency proceedings of the licensor. Further, neither the Indian<sup>12</sup> nor the English Insolvency regime<sup>13</sup> provide any special protections to an IP license agreement.

In 2019, the State Bank of India filed an application before the NCLT Chandigarh for initiating insolvency proceedings against SEL Manufacturing Company Ltd.<sup>14</sup> After the insolvency proceedings were initiated, the Indian insolvency practitioner approached the US bankruptcy court for the District of Delaware for recognition of Indian insolvency proceedings.<sup>15</sup> The US court recognised the Indian proceedings as the foreign main proceedings within the meaning of Section 1502(4) of the American Bankruptcy Court.<sup>16</sup> This was the first instance where a foreign court recognised Indian insolvency proceedings.<sup>17</sup> A similar issue arose during the Jet Airways insolvency dispute, which highlighted how ill-equipped IBC, 2016 is to deal with cross-border insolvency issues. After the NCLT declared that the Dutch proceedings are a nullity in the eyes of law,<sup>18</sup> the NCLAT directed the administrators to explore the possibility of cooperation between the two proceedings.<sup>19</sup> The administrators from the two jurisdictions came up with the terms and conditions of their cooperation, and labelled it as “Cross-Border Insolvency Protocol.”<sup>20</sup>

11 See: Pratik Datta, Value destruction and wealth transfer under the Insolvency and Bankruptcy Code, 2016, NIPFP Working Paper No. 247 NATL. INST. PUBLIC FINANCE POLICY (2018)

12 Gupta and Mehta Kumar, supra note 10.

13 Ibid.

14 State Bank of India v. SEL Manufacturing Company Limited, CP(IB) No. 114/Chd/Pb/2017 order dated April 11, 2018.

15 Sel Manufacturing Co. Ltd., US Bankruptcy Court District of Delaware, Bankruptcy Petition #: 19-10988- MFW; See: UmakanthVarottil&TharunChowdary, Indian Insolvency Proceeding Secures First Recognition under Chapter 15 of the US Bankruptcy Code, *INDIACORPLAW* (2019), <https://indiacorplaw.in/2019/12/indianinsolvency-proceeding-secures-first-recognition-chapter-15-us-bankruptcy-code.html> (last visited Nov 15, 2021)

16 Vikram Bajaj v. Internet Corporation for Assigned Names and Numbers &Ors., , CP IB) No. 409(PB)/2017 (2017).

17 Editor, India's tryst with cross-border insolvency law: How series of judicial pronouncements pave the way?, *SCC BLOG* (2021).

18 State Bank Of India & Ors. V. Jet Airways (India) Ltd., supra note 11.

19 Jet Airways (India) Ltd. V. State Bank Of India & Anr., , 2019 SCC Online Nclat Tribunal (2019)

20 Protocols are generally written agreements dealing with actual and/or potential matters of conflict. In practice, Protocols are entered into at the behest of parties or insolvency representatives in consultation with the courts involved in a cross-border proceeding. Once approved formally by courts, such Protocols entered into and agreed upon between the parties establish a broad framework of principles to govern multiple insolvency proceedings; See: CROSS BORDER INSOLVENCY RULES/REGULATIONS COMMITTEE, supra note 16 at 59.

By an order dated September 26, 2019, the NCLAT mandated compliance with the protocol, and held that it should be treated as a “direction of this Appellate Tribunal.”<sup>21</sup> Largely modelled on the UNCITRAL Model Law, the protocol defined the terms of cooperation between the two insolvency courts. Given that Jet Airways was an Indian company, the protocol recognised India as the centre of main interest.<sup>22</sup> The decision of the NCLAT to recognise and enforce the insolvency proceedings according to the Cross-Border insolvency protocol was appreciated by some practitioners and academicians.<sup>23</sup> However, the adoption of the Protocol and its eventual recognition should not be treated as a potential solution for any cross-border insolvency issues that may arise in the future.<sup>24</sup>

The Standing Committee on Finance, on March 4 2020, noted that past disputes involving issues related to cross-border insolvency have resulted in “uncertain recoveries for creditors.” The Committee noted that a bill regulating such issues should be introduced as soon as possible.<sup>25</sup> Depending on judicial precedents without the guidance of statutory instruction is “likely to inspire less confidence in global investors seeking to work with India Inc.”<sup>26</sup> A statutorily directed cross border insolvency framework can “reduce a great deal of uncertainty, unnecessary work and process, and potential points of tension.”<sup>27</sup> Protocols, such as the one entered into during the Jet Airways dispute, can be relied on to accommodate the possible conflicting objectives of different insolvency regimes.

The CBIRC suggested that the NCLT should acknowledge the possible inconsistencies in the substantial insolvency laws of each jurisdiction and “build provisions in the protocol to achieve the maximum possible cohesion in the steps taken by the foreign representative and the IP (Insolvency Professional) in dealing with the insolvency of the corporate debtor.”<sup>28</sup>

## FOREIGN & NATIONAL CROSS-BORDER INSOLVENCY

In one of the first transnational insolvency case of Maxwell Communications Corporation (“MCC”),<sup>29</sup> the corporate debtor company’s “seat” was in England but had several other operating companies in the

21 Jet Airways (India) Ltd. V. State Bank Of India & Anr., Supra Note 116 At 6

22 Priya Misra & Adam Feibelman, The Institutional Challenges of a Cross-Border Insolvency Regime, 2 ARIZONA STATE CORPORATE AND BUSINESS LAW JOURNAL 329, 337–340 (2021).

23 Bahram, Suharsh, and Sinha, supra note 106 at 454.

24 Gabriela Roca Fernandez, Cross-Border Insolvency in India: A Resistance to Change, 29 TULANE JOURNAL OF INTERNATIONAL & COMPARATIVE LAW 99, 111–114 (2021); Misra, supra note 13 at 99; BATRA, supra note 93 at 571.

25 STANDING COMMITTEE ON FINANCE, The Insolvency and Bankruptcy (Second Amendment) Bill, 2019 2.6 (2020)

26 Bahram, Sinha, and Sinha, supra note 105 at 455.

27 Misra and Feibelman, supra note 119 at 338.

28 CROSS BORDER INSOLVENCY RULES/REGULATIONS COMMITTEE, supra note 16 at 4.7.3.

29 [1992] BCC 757

United States. Cross-border insolvency deals with the circumstances where the insolvent debtor has assets and creditors in multiple countries or when insolvency proceedings have been initiated against the insolvent debtor in multiple countries. Thus, cooperation among the involved jurisdiction is paramount as illustrated through Justice Brozman’s own words:

“The joint administrators in England and the examiner in New York, subject to the jurisdiction of both courts, have carried out the administration of MCC in unprecedented cooperation with each other... in accordance with a document called the Protocol”.<sup>30</sup>

A similar scenario is observed in the landmark judgement of the NCLAT in **Jet Airways (India) v. State Bank of India**, where along with the domestic insolvency proceedings of Jet Airways in India, the Dutch Administration sought to initiate parallel proceedings in Dutch Courts. Similar to the US and UK dispute in MCC, there was no pre-existing legislation in India that laid down effective procedures to overcome cross-border disputes. Initially, the country adopted a territorial approach completely ignoring the Dutch proceeding declaring it to be a nullity in law. However, in an appeal at NCLAT, the Tribunal permitted the first cross-border insolvency proceeding with the main insolvency proceeding occurring in India and governed by the domestic laws after securing the cooperation between the Dutch Bankruptcy Administrators. The cooperation between the jurisdictions were once again obtained through an agreed protocol founded on the model of “pure universalism”.

IBC 2016, as it stands today, does not substantively deal with issues relating to cross-border insolvencies.<sup>31</sup> The Bankruptcy Law Reforms Committee (BLRC) noted that their recommendations are limited to insolvency and bankruptcy in so far as it is a “purely domestic issue.”<sup>32</sup> However, the Joint Parliamentary Committee (JPC), which reviewed a draft of the IBC, believed that the implication of Cross-Border insolvency could not be ignored for a very long time. Referring to provisions regulating cross-border insolvency, JPC noted that “not incorporating this will lead to an incomplete code.”<sup>33</sup> However, instead of incorporating comprehensive

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30 In Re Maxwell Communication Corp., 170 B.R. 800, 801-02 (Bankr. S.D.N.Y.1994), aff’d, 186 B.R. 807 (S.D.N.Y. 1995). See Jay Lawrence Westbrook, The Lessons of Maxwell Communication, 64 Fordham L. Rev. 2531 (1996). Available at: <https://ir.lawnet.fordham.edu/flr/vol64/iss6/3>

31 MITTAL, supra note 23 at 1266; SUMANT BATRA, CORPORATE INSOLVENCY: LAW AND PRACTICE 571, 572, 586–590 (First ed. 2017).

32 BANKRUPTCY LAW REFORMS COMMITTEE, supra note 9 at 10–18

33. JOINT COMMITTEE ON INSOLVENCY AND BANKRUPTCY CODE, 2015, Report on the Joint Committee on The Insolvency and Bankruptcy Code, 2016 43–46 (2016); The Committee also amended the definition of the term ‘property’ to include property which is situated outside India.

statutory guidelines on the subject, only two provisions were included, dealing with cross border insolvency issues in a cursory manner.<sup>34</sup>

Section 234 of IBC, 2016 enables the Government of India to enter into reciprocity agreements with other countries.<sup>35</sup> Section 235 applies when the assets of the corporate debtor are situated in a foreign jurisdiction.<sup>36</sup> In such a case, the insolvency professional can submit an application to the NCLT stating that evidence or action in reference to assets is required in connection with a proceeding within IBC, 2016.<sup>37</sup> However, to make such a request, the foreign country and India should have entered into a reciprocal arrangement in terms of Section 234.<sup>38</sup> On being satisfied with the insolvency professional's request, the NCLT may issue a letter of request to a competent court in the foreign jurisdiction.<sup>39</sup> IBC, 2016 heavily relies on the Indian government to enter into bilateral agreements. While the two provisions acknowledge the issues arising out of cross-border insolvency, they “postpone consideration of substantive provisions on cross-border insolvency to bilateral agreements.”

While Section 234 and 235 of the IBC recognised the creation of bilateral agreement which may be used as the basis for such a ‘Protocol’ the Ministry of Finance identified that such an ad-hoc procedure would significantly delay the insolvency proceedings.<sup>40</sup> Thus, there is a need for one such ‘Protocol’ to be in place for every jurisdiction or how they would address cross-border issues including conflict of law as well as recognising cooperation among other involved countries and so on. To assist all jurisdictions the United Nations Commission on International Trade Law (“UNCITRAL”) adopted the Model Law on Cross-Border Insolvency (“Model Law”).

Well known nations such as the United Kingdom, United States, Singapore, Australia, South Africa, Korea, Canada and Japan have adopted and incorporated the Model Law into their local insolvency legislations.<sup>41</sup> The Model Law addresses the four core pillars of the Cross Border Insolvency which was identified by the ILC in their Report and subsequently reiterated by the Ministry of Finance:

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34 Ran Chakrabarti, *Key Issues in Cross-Border Insolvency*, 30 NATIONAL LAW SCHOOL OF INDIA REVIEW 119– 135, 126 (2018).

35 Section 234, Insolvency and Bankruptcy Code, 2016; ASHISH MAKHIJA, *INSOLVENCY AND BANKRUPTCY CODE OF INDIA: A COMMENTARY ON INSOLVENCY RESOLUTION, LIQUIDATION, BANKRUPTCY OF CORPORATE PERSONS, INDIVIDUALS, SOLE PROPRIETORSHIP & PARTNERSHIP FIRMS* 1512–1514 (First ed. 2019).

36 For a detailed discussion about Section 235 see: BATRA, supra note 93 at 585–586.

37 See: MAKHIJA, supra note 97 at 1515

38 Section 235(1), Insolvency and Bankruptcy Code, 2016; Id. at 1515, 1516.

39 Section 235(2), Insolvency and Bankruptcy Code, 2016.

40 <https://www.indiabudget.gov.in/economicssurvey/doc/echapter.pdf>

41 UNCITRAL, <https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/overview-status-table.pdf>

Access  
Recognition  
Cooperation  
Coordination.

The ease of its adoption lies in the fact that it:

“...respects the differences among national procedural laws and does not attempt a substantive unification of insolvency law. Rather, it provides a framework for cooperation between jurisdictions, offering solutions that help in several modest but significant ways and facilitate and promote a uniform approach to cross-border insolvency”.<sup>42</sup>

The Model law appears to emulate the feature of true universalism by recognising the differing jurisdictions and their respective procedure for initiating insolvency proceedings but at the same time attempts to bring all cross-border proceedings under a uniform and yet international framework, emulating a territorial approach. Thus, the Model Law adopts as E.S. Adams and J.K. Fincke described the approach of Modified Universalism with a Territorialist Foundation.<sup>43</sup>

### **Reports and discussions in India**

For resolving the concerns relating to cross-border insolvency in India, the adoption of Model law was proposed by the ILC in its two-part report. In its 2nd part of the Report, the ILC formulated the Draft Part Z which is heavily inspired by the Model Law and imbibes within itself, the key highlights of the same. The ILC justified its adoption for the following reasons as provided in its Report:

The existing provisions with respect to cross-border insolvency contained in section 234 and 235 of the IBC does not provide a broad or an exhaustive framework for cross-border insolvency matters. The enforcement mechanism of foreign judgements under Civil Procedure Code is not wide enough to incorporate all the insolvency orders.

Adoption of Model law will help in increasing foreign investments as it provides avenues for recognition of foreign insolvency proceedings which in turn will strengthen coordination between domestic and foreign insolvency proceedings. The Model law provides flexibility to protect the public interest and it also gives priorities to the domestic proceedings.

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42 Digest of Case Law on the UNCITRAL Model Law on Cross-Border Insolvency [https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/20-06293\\_uncitral\\_mlcbi\\_digest\\_e.pdf](https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/20-06293_uncitral_mlcbi_digest_e.pdf)

43 Edward S Adams and Jason Finke, ‘Coordinating Cross-Border Bankruptcy: How Territorialism Saves Universalism’ (Social Science Research Network 2009) SSRN Scholarly Paper ID 2624871 <<https://papers.ssrn.com/abstract=2624871>> accessed 21 January 2022

Succeeding the ILC Report, the MCA constituted the Cross Border Insolvency Rules/ Regulations Committee (“CBIRC”) through the Office Order dated 23rd January 2020, to ensure smooth implementation of the cross-border insolvency provisions proposed by the ILC Reports. The CBIRC was to make recommendations on the rules and regulations required to operationalise the ILC Report.

### **Lack of a clear mandate on IP licensing during bankruptcy**

Unlike American law on the subject, Indian law does not legislate explicit protections for intellectual property licensees.<sup>44</sup> Further, unlike American judicial decisions, such as *Lubrizol*,<sup>45</sup> *In Re Exide*<sup>46</sup> and *Tempnology*,<sup>47</sup> the Indian judiciary has not yet had an opportunity to decide on an issue of IP licensing in bankruptcy. Hence, there is a lack of judicial and legislative guidance about the treatment of IP licenses within the Indian insolvency regime.<sup>48</sup> Partial blame for the lack of any guidance can be accrued to the fact that the Indian Insolvency regime does not incorporate a power as broad and as far-reaching as the power of rejection incorporated in section 365 of the American Bankruptcy Code.<sup>49</sup> Furthermore, the international projects governing contractual relationships have failed to provide any guidance on the appropriate treatment of IP licenses. This essentially creates a vacuum in international guidance on the recognition and enforcement of IP contract archetypes.<sup>50</sup>

### **Lack of an international harmonisation about IP licensing in bankruptcy**

Presently, the domestic regimes governing the regulation of IP licensing are dominated by an intersection of many distinct legal rules, including competition law, bankruptcy law, contract law, labour laws and consumer protection laws. Section 365 of the American Bankruptcy Code is an example of this mosaic of interconnected domestic regulations which alter the IP licensing landscape.<sup>51</sup> This is further complicated by the marked divergences between different national insolvency regimes.<sup>52</sup> The issues

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44 See: MP Ram Mohan and Aditya Gupta, ‘Treatment of Intellectual Property License in Insolvency: Analysing Indian Law in Comparison with the US and U K’ [2021] IIM-Ahmedabad Working Paper Series.

45 *LUBRIZOL ENTERPRISES, INC. V. RICHMOND METAL FINISHERS, INC.*, supra note 45.

46 *IN RE EXIDE TECHNOLOGIES*, supra note 44.

47 *Mission Prod. Holdings v. Tempnology, LLC*, 139 S. Ct. 1652 (2019).

48 Mohan and Gupta, supra note 200.

49 Id.; See: Indrajit Dube, National Report for India, in *EXECUTORY CONTRACTS IN INSOLVENCY LAW: A GLOBAL GUIDE* (Jason Chuah & Eugenio Vaccari eds., 2019).

50 Tosato, supra note 27 at 1255–1256

51 Derek I. Hunter, Nobody Likes Rejection: Protecting IP Licenses in Cross-Border Insolvency Notes, 47 *GEO. J. INT’L L.* 1167–1196 (2015).

52 Tosato, supra note 27 at 1255; Werra, supra note 24.

which were discussed in **Samsung v. Jaffe** are a prime example of how these marked divergences affect the interaction between domestic insolvency regimes. UNCITRAL has also expressed interest in addressing the legal framework responsible for initiating, maintaining, and concluding effective IP licensing transactions.<sup>53</sup> The UNCITRAL General Assembly in July 2013, requested its secretariat to prepare a study to “identify the desirability and feasibility of the Commission preparing a legal text with a view to removing specific obstacles to international trade in the context of intellectual property licensing practices.”<sup>54</sup> In July 2015, in its 48th Session, the Commission reiterated that they might consider the viability of a license on IP licensing after a colloquium or expert group meeting.<sup>55</sup> However, none of these formulations have assumed finality.<sup>56</sup>

## TREATMENT OF IP LICENSES IN THE INDIAN INSOLVENCY REGIME

### a. During Liquidation:

IBC, 2016 empowers a bankruptcy trustee to disclaim any onerous property of the bankrupt estate.<sup>57</sup> The right to disclaim onerous property first appeared in English insolvency law in 1869.<sup>58</sup> Section 23 of the UK Bankruptcy Act, 1869 provided that a disclaimer would determine the relationship. Any person injured by the disclaimer would be deemed a creditor of the bankrupt to the extent of such injury, and may accordingly prove the same as a debt under bankruptcy.<sup>59</sup> A similar description of a disclaimer can be traced back to the present iteration of the English<sup>60</sup> and the Indian insolvency law. The power of a bankruptcy trustee to disclaim unprofitable contracts is the closest enunciation to Section 365 of the American Bankruptcy Code.<sup>61</sup> Onerous property includes any unprofitable

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53 REPORT OF THE WORKING GROUP VI (SECURITY INTERESTS) ON THE WORK OF ITS FOURTEENTH SESSION, 141 (2008), <https://undocs.org/en/A/CN.9/667>; REPORT OF WORKING GROUP VI(SECURITY INTERESTS) ON THE WORK OF ITS FIFTEENTH SESSION, (2009), <https://undocs.org/en/A/CN.9/670>

54 43RD SESSION, Report of the United Nations Commission on International Trade Law 262-273 (2010), <https://documents-dds-ny.un.org/doc/UNDOC/GEN/V10/556/48/PDF/V1055648.pdf?OpenElement>

55 UNCITRAL SECRETARIAT, Planned and possible future work 15, 16 (2015), <https://undocs.org/en/A/CN.9/841>.

56 Tosato, *supra* note 27 at 1257.

57 Section 160, Insolvency and Bankruptcy Code, 2016; Regulation 10, Insolvency and Bankruptcy Board of India (Liquidation Process) Regulation, 2016; See; MAKHIJA, *supra* note 97 at 1325-1326

58 Section 23, Bankruptcy Act, 1869; Paul McCartney, Disclaimer of leases and its impact: the “pecking order”, 28 CORPORATE RESCUE AND INSOLVENCY JOURNAL 79 (2002).

59 See: *Id*

60 Section 178, Insolvency Act, 1986; 17 HALSBURY’S LAWS OF ENGLAND: COMPANY AND PARTNERSHIP INSOLVENCY, 762 (2017).

61 David Flint, Man on a Mission, 40 BUSINESS LAW REVIEW 173, 174 (2019).

contract or any property which cannot be disposed of for value.<sup>62</sup> In its present form, a disclaimer ends any liability of the bankrupt estate arising from onerous property.<sup>63</sup> Any person who sustains a loss due to the disclaimer shall be deemed a creditor of the bankrupt estate to the extent of the loss.<sup>64</sup> Any person who claims to have an interest in the disclaimed property can approach the NCLT challenging the disclaimer.<sup>65</sup> The provision allowing disclaimer is designed to reject the performance of contracts, the maintenance of which is unprofitable and can potentially result in depletion of the pool of assets available to a bankrupt estate.<sup>66</sup> A substantial difference between Section 365 of the American Bankruptcy Code, and the power of disclaimer is that disclaimer operates exclusively in reference to liquidation and has no bearing in cases of Corporate Insolvency Resolution Process.<sup>67</sup> Similar to the term rejection, even the term disclaimer does not have an obvious contract law analogue. The lack of a clear mandate on the meaning of rejection and the lack of a clear contract law analogue has been the subject of judicial confusion and yielded “wasteful litigation, observed results and dramatic distortions in bankruptcy law.”<sup>68</sup> The bankruptcy courts have often conflated the meaning of the terms ‘rejection’ and ‘termination.’<sup>69</sup>

A primary example of this confusion is the case of **Lubrizol v. RMF**, which led to the enactment of the IPBPA, 1988.<sup>70</sup> Does lack of a contract law analogue mean that disclaimer can also distort the bankruptcy law? Given the lack of substantial guidance from the Indian judiciary, it is difficult to answer

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62 *Frosdick v. Fox*, [2017] EWHC 1737 (Ch)

63 Section 160(3), Insolvency and Bankruptcy Code, 2016; MITTAL, supra note 23 at 1196.

64 Section 160(4), Insolvency and Bankruptcy Code, 2016

65 Section 163(1), Insolvency and Bankruptcy Code, 2016; WORKING GROUP ON INDIVIDUAL INSOLVENCY, Report on Bankruptcy Process: Proposing Rules and Regulations for Personal Guarantors to Corporate Debtors 12.13 (2019).

66 INTERNATIONAL FINANCE CORPORATION AND INSOLVENCY AND BANKRUPTCY BOARD OF INDIA, supra note 3 at 202–203; *Narayan Gajanan Vidvans v. Special Prints Ltd.*, 2020 SCC Online NCLT 636; *Akshaya Imaging Systems Private Limited Yaradachari Kumar v. Sreenivasan Janakiraman and Anr.*, 2019 SCC OnLine NCLT 3652.

67 Regulation 1(3), Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, explicitly provide that the regulations are applicable solely in a liquidation context.

68 Andrew, supra note 34 at 847; Michael T. Andrew, *Executory Contracts Revisited: A Reply to Professor Westbrook*, 62 U. COLO. L. REV. 1, 3 (1991); Also see: International Trademark Association, Brief as Amicus Curiae and Brief of International Trademark Association in *Sumbeam Products Inc. v. Chicago American Manufacturing*, 102 TRADEMARK REP. 1374, 1379 (2012).

69 *Eastover Bank for Sav. v. Sowashee Venture (In re Austin Dev. Co.)*, 19 F.3d 1077, 1082 (5th Cir.); *Fisher Brothers Mgmt. Co. v. Genco Shipping & Trading Ltd. (In re Genco Shipping & Trading Co.)*, 550 B.R. 676 (S.D.N.Y. 2015); Andrew, supra note 29.

70 DECONCINI, supra note 26; Hunter, supra note 215

the question within the Indian insolvency context. However, since the provision traces its lineage from the English insolvency law, and given that the language applied by both statutes is identical,<sup>71</sup> we can rely on the interpretation of the provision by the English insolvency courts. In 1997, the House of Lords explained the effect of disclaimer in the following terms:<sup>72</sup>

“Disclaimer will, inevitably, have an adverse impact on others: those with whom the contracts were made, and those who have rights and liabilities in respect of the property. The rights and obligations of these other persons are to be affected as little as possible. They are to be affected only to the extent necessary to achieve the primary object: the release of the company from all liability. Those who are prejudiced by the loss of their rights are entitled to prove in the winding up of the company as though they were creditors.”

The decision of the House of Lords has assumed prominence and has since followed and applied in multiple disputes.<sup>73</sup> Applying the court’s opinion in cases of intellectual property licenses, a disclaimer of an intellectual property license during the liquidation of the licensor should only apply to the extent of releasing the bankruptcy estate from its foregoing obligations. The right of the licensee to continue using the licensed intellectual property, in so far as it does not affect the foregoing interests of the bankrupt licensor, should not be affected.

### **CIRP Process:**

IBC, 2016 allows a bankrupt debtor to avoid some transactions and empowers a modification and alteration of transactions during CIRP. Since the power of disclaimer does not extend to CIRP, this section examines the extent up to which interference is warranted by IBC, 2016 during CIRP. IBC, 2016 legislates avoidance powers regarding four vulnerable transactions: preferential transactions,<sup>74</sup> undervalued transactions,<sup>75</sup> extortionate credit transactions<sup>76</sup> and transactions defrauding creditors.<sup>77</sup> The avoidance powers are a statutory acknowledgement that there may be a considerable time period between the management of the corporate debtor realising that the corporate entity is heading towards insolvency and insolvency proceedings being initiated. During this time, the management may be inclined to strategically place a few creditors in a comparatively advantageous position

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71 Mohan and Gupta, *supra* note 200.

72 Mohan and Gupta, *supra* note 200.

73 *Shaw v Doleman*, [2009] EWCA Civ 904; [2009] Bus. L. R. 1175; *RVB Investments Ltd v Bibby*, [2013] EWHC 65 (Ch); [2013] 1 WLUK 491; *Groveholt Ltd v Hughes*, [2005] EWCA Civ 897.

74 Section 43, Insolvency and Bankruptcy Code, 2016.

75 Section 45, Insolvency and Bankruptcy Code, 2016.

76 Section 50, Insolvency and Bankruptcy Code, 2016.

77 Section 49, Insolvency and Bankruptcy Code, 2016

than the other.<sup>78</sup> To ensure that the interests of creditors are sufficiently protected, “the bankruptcy law allows the ex-post alignment of incentives between factually insolvent debtors and their creditors.”<sup>79</sup> These avoidance powers are essentially “retrospective adjustment of pre-petition transactions” and allow a bankrupt debtor to claw back the assets that the corporate debtor’s management has surreptitiously distributed.<sup>80</sup> Avoidance provisions are a part of many modern insolvency laws.<sup>81</sup> However, the avoidance powers apply to a very limited set of corporate transactions and multiple statutory guidelines limit the scope of their application.<sup>82</sup> For example, preferential and undervalued transactions made in the ordinary course of business cannot be avoided.<sup>83</sup> Further, if a transaction was entered into two years prior to the initiation of insolvency proceedings, it cannot be avoided.<sup>84</sup> Apart from these myriad statutory guidelines, avoidance powers are designed to counter fraudulent transactions and fraudulent preference to a specific creditor or group of creditors.<sup>85</sup> The Bankruptcy Law Reforms Committee further limited the scope of these provisions when they submitted that vulnerable transactions “fall within the category of wrongful or fraudulent trading by the entity or constitute unauthorised use of capital by the management.” Therefore, while avoidance transactions allow interference with pre-petition transactions, they are limited to a much specialised segment of corporate transactions.

This is in stark difference between avoidance powers, and Section 365 of the American bankruptcy code. This position is further buttressed by the fact that the American bankruptcy code explicitly legislates a set of avoidance powers.<sup>86</sup> Compared to avoidance powers, the mandate of Section 365 is very far extensive and far reaching. It allows the reduction of businesses’ prospective liabilities, which can, in turn, increase the value of the underlying assets. For example, if a patent licensing agreement is onerous of the option

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78 ORDERLY & EFFECTIVE INSOLVENCY PROCEDURES: KEY ISSUES, 34 (International Monetary Fund ed., 1999); AYUSH J RAJANI, KHUSHBOO RAJANI & ALKA ADATIA, INSOLVENCY AND BANKRUPTCY IN INDIA - LAW AND PRACTICE 18.4-18.8(2021).

79 Aurelio Gurrea-Martinez, The Avoidance of Pre-Bankruptcy Transactions: An Economic and Comparative Approach, 93 CHICAGO-KENT LAW REVIEW 711, 713 (2018).

80 Id. at 711.; For a history of avoidance provisions see: BATRA, supra note 93 at 535, 536.

81 JL Westbrook, Looking the Eye of the Financial Storm, 32 BROOKLYN JOURNAL OF INTERNATIONAL LAW 1019, 1021 (2007).

82 Mohan and Gupta (n 183).

83 Section 43(3) & 45(2), Insolvency and Bankruptcy Code, 2016

84 Section 46(1)(ii), 43(4)(b), 50(1), Insolvency and Bankruptcy Code, 2016; Anup Kumar, Resolution Professional of Shivakal Developers Pvt Ltd v BDR Builder & Developers Pvt Ltd Company Appeal (AT) (Insolvency) No. 679 of 2018 (National Company Law Appellate Tribunal); Makhija (n 91) 985; MakhijaAshish, Case Digest on Insolvency and Bankruptcy Code, 2016 (Bloomsbury 2020) 2.317-2.320.

85 BANKRUPTCY LAW REFORMS COMMITTEE, supra note 9 at 5.5.7.

86 11 U.S.C. § 548, 547, 544(b); RODRIGO OLIVARES-CAMINAL ET AL., DEBT RESTRUCTURING 27–34 (1 ed. 2011).

of the licensor, it can potentially reduce the saleable value of the underlying patent. Reducing the onerous licensing arrangements can therefore help a licensor assume a better value of the IP asset. This position has been approved by administrative committees, both in India, and internationally.

In 2005, a committee empowered by the Ministry of Corporate Affairs explicitly aligned with this position. The Committee noted that provisions which provide for interference “would assist in achieving the objectives of the insolvency process. The power is necessary to facilitate taking appropriate business and other decisions including those directed at containing rise in liabilities and enhancing the value of assets.”<sup>87</sup> In 2016, even the World Bank noted that “to achieve the objectives of the insolvency proceedings, on the system should allow interference with the contract where both parties are not fully perform their obligations.”<sup>88</sup> Therefore, a resolution professional during CIRP should be allowed to interfere with onerous pre-petition contractual arrangements. The legislature can either, extend the power of disclaimer to CIRP proceedings, or a specific set of provisions modelled on section 365 of the American Bankruptcy Code should be enacted. Such amendments should take cognisance of their possible interaction with intellectual property licenses, and specific protection should be legislated where required.<sup>89</sup>

### **IP LICENSES DURING INDIAN INSOLVENCY AND THE NEED FOR ADMINISTRATIVE ENQUIRY:**

What happens if an Indian insolvency professional approaches an American bankruptcy Court for recognition of Indian insolvency proceedings, and administration of American IP assets? Before addressing this question, it must be underlined that unlike American bankruptcy jurisprudence, the Indian legislature and judiciary has not addressed the concerns of IP licensing in bankruptcy. There is little to no guidance on the subject, and the findings of the authors are largely tentative. Addressing whether an Indian insolvency professional would be able to secure unencumbered access to administration of American IP assets would largely depend on two questions: Firstly, which proceedings are sought to be recognised? If the Indian proceedings sought to be recognised are liquidation proceedings, then the statutory instruction on the subject is largely clear. A disclaimer, in most circumstances, should not affect the ability of the licensee to continue using the licensed IP. Alternatively, if a corporate insolvency resolution proceeding (CIRP) is sought to be recognised, the issue of rejection loses relevance. As our analysis indicates, the power of an insolvency professional to interfere with IP licenses during CIRP is very specialised. None of the discussed powers are comparable to Section 365 of the

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87 JAMSHED J. IRANI, Report of the Expert Committee on Company Law 13.5 (2005).

88 ‘Principles of Effective Insolvency and Creditor/Debtor Regimes’ (World Bank 2016) para C10 accessed March 20 2021.

89 For further discussion see: Mohan and Gupta, *supra* note 246.

American Bankruptcy Code. Therefore, in either of these instances a licensee's ability to continue using a bankrupt licensor's IP, should not be affected. However, owing to the lack of explicit legislative guidance on the subject, this conclusion can be easily dismantled. One such instance, can arise when American IP rights are subjected to exclusive licensing agreements. The law on disclaimer explicitly states that a disclaimer shall affect the rights of the licensee "as far as is necessary for the purpose of releasing the corporate debtor, and the property of corporate debtor."<sup>90</sup> A licensing agreement which includes an exclusivity covenant limits the licensor's ability to monetise and exploits the subject IP right. Such a covenant can create subsisting and continuing liabilities. It is possible that a disclaimer may frustrate the exclusivity requirement of a licensee. Such treatment would be in stark contrast with the American Law on the subject. Section 365(n)(1)(b), explicitly provides that an exclusivity covenant can be enforced by the licensee if he decides to retain the license post rejection.<sup>91</sup> Therefore, while the Indian insolvency regime is largely compliant with the protections offered by Section 365(n), there can be nuanced situations where this compliance would be called into question. There is a glaring gap in judicial, legislative, and administrative direction regarding the treatment of IP licenses in bankruptcy. This gap can lead to problematic conclusions when cross border insolvency regulations are put to the test. An administrative study should identify the potential problems of IP licensing in bankruptcy, and legislative interventions should be made to fill the gap in existing law.

## CONCLUSION

The insolvency law and its intersection with intellectual property exploitation reveals a curious deficiency: There is virtually no international guidance on the treatment of intellectual property licenses during bankruptcy. Some jurisdictions such as America have substantively dealt with this issue, while others such as India provide no discernible guidelines, legislatively or otherwise. Such marked divergences in insolvency legislations of different countries, can result in problematic conclusions. An area where the lack of such harmonisation becomes an important concern is cross-border insolvency. The issue manifested itself in the Qimonda dispute, where the intersection of American and German insolvency law resulted in a dramatically different treatment between the American and the German creditors. The authors underlined the importance of the Qimonda guidelines, and studied them within the context of the Indian insolvency regime. The study revealed that the treatment afforded to intellectual property licensees by the Indian and the American bankruptcy law is largely in compliance with

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90 Regulation 10, Insolvency and Bankruptcy Board of India (Liquidation Process) Regulation, 2016.

91 11 U.S.C. Section 365(n)(1)(b); See: 3 COLLIER ON BANKRUPTCY, supra note 33 at 365.15.

one another. However, owing to the lack of any judicial, administrative, or legislative guidance, or any policy-based motivations within the Indian insolvency law, this conclusion is only tentative. There can be many situations which can potentially disrupt this compliance.

The Indian insolvency regime is on the cusp of adopting cross-border insolvency regulations. The CBIRC explicitly acknowledges that there can be possible repugnancies between the insolvency laws applicable in concurrent proceedings. The Committee suggested that the insolvency professionals, with guidance from NCLT, can enter into protocols that accommodate the possible statutory inconsistencies between different regimes.<sup>92</sup> However, without any clarity on how Indian insolvency law treats IP licenses, the approach that can be taken for preparing, regulating and enforcing protocols would remain largely speculative in this particular respect. Further, given the express acknowledgement of the Indian legislative bodies on the international character of insolvency proceedings, it is imperative for the Indian insolvency law to regulate the treatment of intellectual property licenses in insolvency. Therefore, the authors suggest administrative inquiry of the issue, in order to avoid any confusion in cases of cross-border insolvency where the treatment of intellectual property licenses constitutes a substantial concern.

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92 WORKING GROUP ON INDIVIDUAL INSOLVENCY, *supra* note 229 at 4.7.3



# EVERGREENING OF PHARMACEUTICAL PATENTS : AN ANALYSIS

Spoorthi T L \*

## ABSTRACT

*Patents are the most important way by which inventors can protect their rights of their invention for specified period and realize the income that gets generated through the invention. After expiration term of protection of patent the invention should enter into public domain. In certain domains, monopolies over patent rights are being extended beyond the patent period, particularly in high-revenue-earning pharmaceutical sectors. Given the incentive structure in patent policy the pharmaceutical industry has managed to achieve, it is far more profitable to extend market monopolies for existing medicines, and develop variants of these, than it is to undertake riskier research to develop totally new medicines. Numerous voices have called for substantial reforms to reset the incentive structure for the pharmaceutical industry, but to date governments throughout the democratic world have been impervious to these. 'The frequency of such strategies necessitates strong patent interpretations that are protective of the spirit of patent laws. The motivations which trigger evergreen patents for pharmaceuticals and explores the characteristics of such patents, particularly their low degree of inventiveness are been investigated. This paper analysis the different types of evergreen patents, commenting on the doctrines (patent policies) which give rise to such patents and further analysis the evergreen strategies that are regularly employed by the giant branded pharmaceutical firms as a tactic to bypass existing patent laws and limit generic competition in the marketplace. The author has also explained about the impact of evergreen patents on the society.*

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**KEY WORDS : Patent, Domain, Pharmaceutical, Monopoly, Evergreening**

## **INTRODUCTION**

Independent rights of Trademarks, Industrial designs, Patents, Copyrights, Geographical indications, Confidential Information and Layout Designs activity in literary, scientific, artistic and industrial field are been all collectively termed as 'Intellectual property'. The information and knowledge of these tangible objects which can be exploited commercially is subjected to 'Intellectual property' (IP). Each one of the property has varying scope, nature, content and duration of right. Intellectual property rights mainly focuses on : Protection of Intellectual property as it is an incentive for innovation by humans; it acts as an instrumentalist in the development of social, cultural, economic and technology; In the international and national level business markets a sustainable atmosphere for innovation; the national economies are been highly contributed by the Intellectual property industries. Therefore, in the development of information technology intellectual property rights acts as an catalyst.

## **PATENT**

A patent is a form of intellectual property. The patent gives its owner the exclusive right, conferred by law, to exploit the innovation, in exchange for public disclosure of the patent.<sup>1</sup> A patent right means that the owner has the exclusive right to make, use and sell the patented product, including the right to prevent others from exploiting the product.

World Intellectual Property Organization (WIPO) defines patent as: "A patent is an exclusive right granted for an invention, which is a product or a process that provides, in general, a new way of doing something, or offers a new technical solution to a problem". The patent right is territorial and the exclusive right is granted to a patent owner for generally 20 years from the filing date in accordance with the laws and regulations of the particular country or region that patent owner issues the patent.<sup>2</sup> The patent-holder is granted a monopoly over the product, meaning that others can be excluded from making, using, offering for sale, selling or importing that product. To qualify for patent protection, an invention must fall within the scope of patentable subject matter and must meet the three statutory requisites of novelty, inventive step and industrial application. This means that to be patentable, an invention must be novel<sup>3</sup>, non-obvious by involving an

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1 Hans Henrik, Use and Abuse of Patents—Evergreening in the Pharmaceutical Sector, JURM02, Graduate thesis, 22, 24-30, VT13, Lund University.

2 <https://www.wipo.int/patents/en>, accessed on 20th April 2022.

3 Sushmita. Evergreening: An Abuse of the Patent System. [www.lawtopus.com](http://www.lawtopus.com), <https://www.lawtopus.com/academike/evergreening-an-abuse-of-the-patent> last accessed on 29th April 2022

inventive step and must be of industrial application.<sup>4</sup>

The novelty requirement is, by and large, satisfied as long as the patent applicant was the first to invent the claimed invention. The concept of novelty jurisprudence lays down that only what is new at the time of filing of the application for a patent is patentable. Novelty can be anticipated either by prior publication or prior use. Mere discovery is not an invention. Patent is not granted for an idea or principle. To be the subject matter of a patent right, the article must be material and capable of being manufactured.<sup>5</sup> Patent protection is an essential component of the pharmaceutical sector. Since innovation of pharmaceuticals is a high-risk and high-cost business, and imitation on the contrary is a low-risk and low-cost business, solid protection against imitation must be provided in order for innovation to exist<sup>6</sup>. It may be argued, that if no protection were provided, the high cost for R&D would discourage companies from investing money in innovation, with the consequence that certain medicines would never reach the market<sup>7</sup>. Furthermore, it is important that protection can be rewarded at an early stage in the process of developing a new pharmaceutical. Besides creating incentives for the innovator, it is argued that early protection may have positive effects such as reducing duplicative research<sup>8</sup>. Thus, the function of a pharmaceutical patent is to provide a sufficient degree of protection to ensure that new drugs are being developed without making it too difficult for competitors to enter the market.

Thus, Patent confers property rights on inventors of new inventions. Among all forms of IPRs, the patent is considered to be the most economically potential form of IPR which has direct impact on scientific and technological development of a country and which considerably influences the public health policy of a nation.<sup>9</sup>

## EVERGREENING

Ever-greening refers to the various ways of legal,technologically and business adopted by the patent holders of the drugs to extend the lifetime of their patent.

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4 Hazel V J Moir, *Pharmaceutical Patents and Evergreening*, (file:///C:/Users/admin/Desktop/SSRN-id3975947%20(1).pdf.

5 Syed- yes Hesameddin Tafreshi, *Anti Pharmaceutical Patent Ever-greening Law: Global Needin Support of Public Health*, Institute Pasteur International Network. [https://www.researchgate.net/publication/339998402\\_Anti\\_Pharmaceutical\\_Patent\\_Ever-greening\\_Law\\_Global\\_Need\\_in\\_Support\\_of\\_Public\\_Health](https://www.researchgate.net/publication/339998402_Anti_Pharmaceutical_Patent_Ever-greening_Law_Global_Need_in_Support_of_Public_Health).

6 Dr. Lisa P. Lukose, *Patent Ever Greening : Law And Ethics Full Paper Submission* Icil 2016 7th International Conference on Information Law and Ethics, (file:///C:/Users/admin/Desktop/0028-lukose-full\_text-en-v1%20(1).pdf

7 Gaurav Dwivedi, *Evergreening: A Deceptivede vice in patentrights*. file:///C:/Users/admin/Downloads/Evergreening-Adeceptivede vicein patentrights.pdf

8 Hazel V J Moir, *Pharmaceutical Patents and Evergreening*, (file:///C:/Users/admin/Desktop/SSRN-id3975947% 20(1).pdf.

9 Supra note 3.

**Robin Feldman**, a leading researcher in IPR defined Evergreening as “artificially extending the life of a patent or other exclusivity by obtaining additional protections to extend the monopoly period”. Patent holding firms use myriad ways by socially and artfully exploiting the loopholes of the patent laws and related regulatory processes. Evergreening is a social ideato extend the period of patent over the high earning Intellectual property which was previously patented invention. Drug manufacturer maximizes the monopoly over the highly profitable “blockbuster” drugs by artfully disguising the patent drugs before the end of the term of the parent patent. Evergreening is a strategy applied to retain their their revenue and recover the expenses in research and development. Innovator company attempts to utilize the loopholes in the patenting laws and intentionally make minor modifications in parent patent. On the same drug multiple patents can be obtained and overall term of the patent can be extended. Therefore, the monopoly can be enjoyed in the same drug for an extended period of time.<sup>10</sup> Generally the practice includes buying out or frustrating the competitors for a exceeding period of time which was normally been permissible by the law. In simple words, a firm invents a drug, acquires a patent on the drug and enjoys monopoly. As the period of the patent tends to come to an end, the firms makes minor modifications in the original molecule of parent patent and files for a patent. Evergreening is artfully extending the period of patent of bestselling drugs and which in return contributes to the monopoly. Hence, extending the patent protection period delays or prevent the entry of the generic versions of the drug which can affect the budget for public health and finally the patient.

Example of ever-greening: If an pharmaceutical firm AB pharma innovates a molecule for cure of a particular disease, then the firm applies for the patent of the new molecule. Once the application is submitted to the patent office and its approval results in the patent protection for the next 20 years from the date of application. Therefore, if the application was submitted on 1st Nov 2000 then the firm will have patent protection till 1st Nov 2020.

Then, later if on 2nd Feb 2010 AB pharma submits another’s application in the patent office, with minute improvements in the the original molecule which was previously patented and on its approval the patent protection will extend upto 2nd Feb 2040.

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10 Arun Kumar and Arun Nanda, Ever-greeninginPharmaceuticals: Strategies, Consequences and Provisions for Prevention in USA,EU,India and Other Countries, Pharm Regul Aff2017,6:1DOI:10.4172/2167-7689.1000185. Articleby PharmaceuticalRegulatoryAffairs: <file:///C:/Users/admin/Downloads/EvergreeninginPharmaceuticals.pdf>.

Therefore, the patent on the drug is evergreened by the innovative firm by exploiting the loopholes in law and related regulatory process.

The generic manufacturers can launch the generic form of parent molecule after 1st Nov 2020 without the improvements made, because the patent period for the improved molecule ends on 2nd Feb 2040.

## **THE HATCH-WAXMAN ACT**

This legislature is enacted and only applicable in U.S.A. The aim behind the enactment of this act is to provide right to drug manufacturer to produce a patented drug before the patent period. This Act lays down a procedure by which the manufacturer can obtain the right to manufacture the drug which has been patented by another manufacturer before the expiry of the parenting period. The process of patenting involves that the potential generic brand name companies would choose their patented drugs which are of pharmaceutical importance. The information regarding the pharmaceutical drugs are been listed and published in the Orange book. The drugs listed in the orange book can be sold or manufactured by the brand name manufacturers by filing an application. The application which is Abbreviated New Drugs Application must state the position of the patent of the drug and why it is invalid and not infringed by the generic drug<sup>11</sup>. This statute has provision for four certificates, in which Part IV Certification certifies that the patent of the drug is invalid or of an act of patent infringement, this gives the power to the brand name companies to file a litigation against the generic manufacturer. This act also known as a way of evergreening because prior to 2003 amendment, if a brand-name company choose to litigate against generic firm then this act will impose 30 months stay on generic manufacturer, so brand-name company file suit in various period of time and because of various suit in various time period stay on generic drugs also increase, through such kind of practices monopoly right of brand-name company also increase. But after 2003 amendment brand-name companies may obtain only a single 30 month stay.<sup>12</sup>

## **STRATEGIES ADOPTED BY PHARMACEUTICAL COMPANIES**

### **1. The 30 month stay provision (USA)**

In USA, whenever a new drug is invented, it is compulsory on the part of the innovative firm to prove that the drug is effective and safe to obtain approval from the Food and Drug Administration (FDA). After the submission of regulatory procedure and approval from FDA, the drug gets published into the Orange Book called Approved Drug Products with Therapeutic Equivalence Evaluations. (TEE). The list in the orange book acts as a reference, to launch the generic manufacturers after the completion of

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11 VBalachandra, Patents in Pharma Industry - An Analysis file:///C:/Users/admin/Downloads/Dr.VBalachandran5.pdf.

12 Supra note 10.

the patent period. Orange Book also comprises a list of Additional patents linked to the parent patent.

The generic drug manufacturers must file an Abbreviated New Drug Application (ANDA) to market a generic version of previously patented drugs, as per the Hatch-Waxman Amendment (1984) of the Food, Drug and Cosmetics Act the generic firm must satisfy, that the generic product is in equivalence to the branded drug as compared.

The generic manufacturers needs to satisfy

- Para I certification: The drug is not patented;
- Para II certification: The drug patent has already expired;
- Para III certification: The generic will enter the market only when the patent expires;
- Para IV certification: The patent is invalid or will not be infringed by the generic.

If generic firm opts to go for the 'Part IV Certification', the patent holder must be intimated about the decision.

The brand name company within a period of 45 days from the intimation can challenge the generic applicant by exercising its right. And if the patent holder exercises this right of challenge, the law will automatically place a stay order for a period of 30 months on the generic approval or till the hearing is resolved or the patent lapses. Although the provision aims at protecting the interests of innovator firms, still companies have misused this provision. US Federal Trade Commission (FTC) analysed that approx. 72% of innovators exploited the provision<sup>13</sup>.

### **Bristol-Myers Squibb and Taxol**

Bristol-Myers Squibb (BMS) sells paclitaxel, used to treat ovarian, breast and lung cancer, under the brand-name Taxol. Paclitaxel was developed by the National Cancer Institute and placed in the public domain and sought to extend the five-year exclusivity<sup>14</sup>. Upon expiration of the five-year term in December 1997, a number of generics tried to enter the market. BMS challenged many of them based on its patents listed in the Orange Book and got an extended monopoly for 30 months after 1997. This prevented the entry of generics into the market until 2000 when the sales of Taxol peaked at \$1.6 billion. Eventually the courts ruled that the BMS patents were invalid, except for specific parts which by themselves could not have blocked the entry of generics into the market. In June 2002 attorneys general of 29 US

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13 Gaurav Dwivedi, [Evergreening: Adeceptive device in patent rights](file:///C:/Users/admin/Downloads/Evergreening-Adeceptivedeviceinpatentrights.pdf). file:///C:/Users/admin/Downloads/Evergreening-Adeceptivedeviceinpatentrights.pdf.

14 Supra note 5.

states filed a lawsuit against BMS alleging that in 2000 it started the process all over again by acting in collusion with a California- based company, America BioScience. According to the lawsuit, the two companies filed “sham” lawsuits with the intent of further delaying the entry of generics into the market, once again with the aid of the 30 month extension. The issue is still in court.

## 2. ‘Next generation drugs’

This is a most common technique used by the pharma companies. While patenting a drug various attributes are been included such as delivery profiles, methods of manufacture, chemical intermediates, formulations, packaging, biological targets, mechanism of action and method of medical treatment, etc. In this technique, before the end of the term of primary patent companies utilize these attributes as extra layer in the name of frivolous improvement of exiting drug or in the name of slight improvement in the compound of medicine. The essence of this technique is to present next level of existing drugs and claim patent on that drug and will restrict a generic drug company to launch generic version.

**Example:** When the patent for Prilosec was near expiry, AstraZeneca in order to maintain the monopoly of the blockbuster drug Prilosec launched Nexium which was the same drug with minor changes in design and colour<sup>15</sup>

## 3. Over-the-counter (OTC)

Drug products which can be safely self administered by the patients are termed as Over the counter drugs. It does not require professional supervision or does not require prescription. OTC drugs have maximized the benefits to the innovator as it can be purchased directly by the consumers. The innovator have to show the safety ratio of the drug without professional supervision to the FDA and advertise it directly to the consumers through brochures magazines retail displays and television etc. Therefore this is a technique used by many innovators to maximize their Monopoly by switching the the prescriptive drugs to the drugs which can be available without prescription by extracting all the restrictions and maximize the benefits.

The switching of a prescription drug to Over the Counter is known as Rx to OTC switch. The reclassification of highly lucrative drug molecules and opting OTC review maximized the Monopoly of the pharma companies. To get OTC the innovator’s monopoly, therefore the OTC drug being from the innovator company would be preferred and this would effectively undercut the demand for generic version in the market. Example: Nasacort 24 h was

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15 Shrashank Tripathi and Shanahank Diwakar, Dr. Shakuntala Misra., Effects of Evergreening on Pharmaceutical patents: A hurdle on emergence of generic drugs. 2018IJLMH/ Volume1, Issue3,/ISSN:2581-5369.<https://www.ijlmh.com/wp-content/uploads/2019/03/Effect-of-ever-greening-on>

an intranasal steroid but in 2014 it was switched for over the counter for allergic treatment.<sup>16</sup>

#### 4. Pay for delay or reverse payments

In this technique if evergreening, the innovator of the drug makes a settlement with other renowned generic manufacturers through agreement. This is an unhealthy practice of competition between the generic firms. The innovator firm offers huge payments to the generic firms to delay the manufacture of the generic version of the drug for a specific period. In this settlement agreement the latter firms signs and agrees to refrain from marketing or give up the launch of their generic versions. Pay for delay arrangements are to prevent the entry of cheaper generic versions and avoid generic competition until the innovator's generic drug firmly stands established in the market. Pay for delay arrangement between the firms is unlawful and Federal Trade Commission or similar agencies constantly investigate and report such agreements.<sup>17</sup>

**Example:** In 2013, a generic form 'Servier' delayed the entry of generic version of high blood pressure medicine perindopril in the market and was fined of an amount of 330 million.

The entry of generic version of pain killer fentanyl was been delayed by generic firms 'Johnson & Johnson' and 'Novartis'. Hence they were fined 16 million.<sup>18</sup>

#### 5. Establishment of generic units by innovator companies

This is one of the technique used by the oharma giants to compete in the market against the rival generic firms to evergreen their patent drugs. In order to compete with the generic players giant pharmaceutical companies set up subsidiary generic units and enter into partnerships with the renowned generic manufacturers and build up their position in the generic markets before any rival arises. Therefore, over the past decade, Big pharma have shown an ever growing interest in expanding their business model by acquiring subsidiary generic units. Examples: AstraZeneca and Indian generic manufacturer Torrent Pharmaceuticals signed up and agreement in 2010 under which Torrent will manufacture and supply generic versions for AstraZeneca's emerging markets. Novartis, a Swiss company acquired generic business in oncology by setting up a subsidiary unit 'Sandoz' for producing deneruc drugs. Norvatis profit arose to \$7.5 billion in generics (2009)<sup>19</sup>

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16 Supra note 15.

17 Dr. V Balachandra, Patents in Pharma Industry- An Analysis. file:///C:/Users/admin/Downloads/Dr.VBalachandran5.pdf

18 Dr. V Balachandra, Patents in Pharma Industry- An Analysis file:///C:/Users/admin/Downloads/Dr.VBalachandran5.pdf

19 Supra note 16.

## 6. Brand migration

When the patent period of highly lucrative drug is due to expire, the innovator launches successor of the blockbuster drug by making minute modifications such as changes in the colour, dosage, design etc with a different brand name to extend the term and enjoy Monopoly for a longer period. Innovator companies adopt this strategy to extend the overall term of the patent period and invest heavy amounts to promote the successor brand new drug.

### Nexium case:

A proton - pump Inhibitor was been invented and patented by Astra Zeneca company. Prilosec was used to treat heart burn, it was most profitable drug of it's time, it reached \$6 billion by the year 2000. It had become the most prescribed drug in the world. In the year 2001, Prilosec was about to go - off patent and the Astra Zeneca would have suffered huge loss in it's monopoly.

Astra Zeneca adopted a competitive strategy to promote successor of the Prilosec drug named 'Nexium' and invested heavy amounts for it's promotion. They claimed that Nexium was more effective than Prilosec. Thereafter, clinical trials proclaimed that 40 mg of Nexium can be compared only to 20mg of prilosec. However, instead of promoting the successor, Astra Zeneca could have invested in the incremental innovation of the existing drug.<sup>20</sup>

## 7. Combination of two or more drug products

The innovative companies before expiring the patent of the product, combine the product with another drug and provide treatment of two closely medical conditions.

These combinations attain position as that of the branded product and provide a tough competition to the generic drug. Also huge amounts of money is being pumped by the brand name company to ensure that their product is prescribed over the older versions, no matter if the combined product lacks experimental evidence of enhanced efficacy or safety.<sup>21</sup> Therefore, in this strategy the innovative firms launch the combination of two drugs and gain popularity.

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20 Shrashank Tripathi and Shanahank Diwakar, Dr. Shakuntala Misra., Effects of Evergreening on Pharmaceutical patents : A hurdle on emergence if generic drugs. 2018 IJLMH / Volume 1, Issue 3, /ISSN : 2581 -5369. <https://www.ijlmh.com/wp-content/uploads/2019/03/Effect-of-ever-greening-on-Pharmaceutical-Patents-A-Hurdle-on-Emergence-of-Generic-Drugs.pdf>.

21 Dr. Lisa P. Lukose, Patent Ever Greening : Law And Ethics Full Paper Submission Icil 2016 7th International Conference on Information Law and Ethics (file:///C:/Users/admin/Desktop/0028-lukose-full\_text-en-v1%20(1).pdf).

**Example:** A drug named Efexor had some major side effects. When the drug was administered with an extended form named Venlafaxine, to overcome the side effects. It was obvious that the combination was to overcome the side effects, but the two versions of drugs were granted separate patents by the patent office. Because of this strategy, the manufacture of generic firms was delayed by two and half years. Later in, it was held that the evergreening of the venlafaxine drug was held invalid.

### 8. Defensive pricing strategies

When the period of the patent comes to an end, generic version of the drug can be manufactured by the generic firms. The generic version is a cheaper form of branded drug whose prices are way much cheaper. With the succeeding years, the prices drop further which may decrease to below 40%. As a result the generic competition between the firms increases in the market. Therefore the innovators respond to the competition with devised strategies such as decreasing the price of the generic version or introduce generic versions which are improved and sold at much cheaper price. By this technique, the innovators leave the generic competitor, a generation behind<sup>22</sup>

### 9. Innovator de-lists reference listed drug from orange book

In USA, whenever a drug is invented and patented it gets published & listed in the 'Orange book'. The drugs which are approved and evaluated therapeutically equivalent, only those drugs gets entered in the 'Orange book'. When the generic firms produce generic versions of the previously patented drugs, they have to prove that the generic form is in bio equivalence to the innovator's version. For the launch of new generic drugs, innovator's drug listed in orange book acts as a reference. Therefore, de listing of the drug from the orange book is a common technique utilized by the innovator's company to delay the manufacture of generics significantly.

**Example:** Glenmark Generic Ltd vs. Ferring B.V

DDAVP tablets were been invented and patented by the Ferring. The tablet had desmopressin acetate, as an active ingredient. Glenmark wanted to launch the generic version of the tablets. In order to thwart Glenmar's marketing Ferring submitted an application to delist the patented tablet from the orange book in FDA. Glenmark filed a petition against Ferring and later it was held that the act of getting was invalid and Glenmark's generic was been accepted and listed in orange book.<sup>23</sup>

### 10. Convert to Novel Drug Delivery System (NDDS)

Another Strategy adopted by the innovator is to modify the drugs and use different method of administration or a different way of sustaining or

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22 Supra note 9.

23 Supra note 20.

controlling its development or immediate release forms. This strategy is known as switching to Novel drug delivery system. By switching and patenting the NDDS, the innovator can effectively enjoy the monopoly for the new patent term.

**Example:** In the year 1973, Laboratories Fournier S.A. obtained a patent on the original molecule of Fenofibrate. Later in the year 2008, patent on immediate release composition of Fenofibrate was also been obtained. Thereafter several other patents were been granted for the different compositions of fenofibrate to thwart the generic competition.

## EFFECTS OF EVERGREENING

When the period of patent of an drug comes to an end, the drug gets available to the generic manufacturers to launch their generic version. As a result of the various generic versions, the prices of the innovator's drug drops infinitely. The consumers will prefer to shift towards the generic versions because of huge difference in the price between the generic and the branded drugs and the generic versions are cheaper in price.

**Example** As an oral antibiotic named Glucophage, went off patent in the January 2002, the 80% of the doctors prescribed the generic versions. As a result within 6 months, generic versions Rose to 90%.<sup>24</sup> When the drug companies adopt strategies to extend the patenting period by evergreening, a large number of speculative and highly complex patents of drugs are been claimed. When the generic drug manufacturers intend to produce modified drugs as the patent period of original molecule is due to expire, then the potential generic competitors are under threat to produce generic versions. If the generic firms tend to produce the "evergreened" patents, the innovator can seek court order to prevent their marketing. The evergreening can adversely effect the elderly and poor patients who cannot afford the prices of the branded drugs.

## PROHIBITION OF EVERGREENING OF PATENTS IN INDIA

Pharmaceutical patents and its laws were been laid down to encourage the Pharma companies to invest in Research and Development of drugs. However the patent regime in Pharma products would result in infinite monopoly as only one company will be allowed to supply the drug in the market during the existence of its patent rights. However, the patent regime in Pharma products is subject to abuse by the pharma giants who strategically extend the period of patent to enjoy Monopoly and to obtain high profits from the patented product. These strategies will effect the human rights if many patients who are poor and live in low income countries. Evergreening of the patented drugs would be hazardous to the public health and for generic drugs, as a result of this trend, India has a strong lobby against evergreening

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<sup>24</sup> Hans Henrik, Use and Abuse of Patents–Evergreening in the Pharmaceutical Sector, JURM02, Graduatethesis, 22, 24-30, VT13 Faculty of Law, Lund University.

which was amended its patent laws with the compliance with the TRIPs agreement in the year 2005. Patent law in India restricts the patentability of a new form of an existing substance unless the new form improves the medicine's "efficacy" significantly. The provision was ostensibly aimed at preventing "evergreening" Section 3(d) was introduced in the Indian patent law with a statutory intention to curb evergreening which was an unethical practice. This section prohibits pharmaceutical companies to obtain a patent for a new form of a known substance, unless the new form satisfies the required efficacy criteria of a medicine. Hence, Section 3(d) laid down higher patentability standards for new forms of already known substances and has proved as an effective provision in checking the unethical practices followed by innovators to extend the patent term<sup>25</sup>.

**Section 3(d) states**<sup>26</sup>: "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". The Indian position on evergreening is best exemplified by the Novartis – Glivec case.

### **NOVARTIS – GLIVEC CASE**

This case was a milestone in patent jurisprudence in India. The criteria for therapeutic efficiency was laid down in this case. Novartis is a Swiss company which produces drugs for cancer treatment and sells its drugs around the globe, in 1998 Novartis claimed that they had a more efficient form of Imatinib Mesylate and submitted a patent application for Grant at the Chennai Patent office. The application was for the grant of beta crystalline-Glivec form of the drug. At that point of time India did not grant a patent on a product but after the 2005 amendment a product can also be patented in India. The product was being sold outside India in various countries on 25 January 2006 the Assistant Controller of Patents rejected the patent claim on the ground of Section 3(d) of the Patent Act. Later Novartis filed an appeal in Madras which was transferred to the Intellectual Property Appellate Board (IPAB). The appeal was rejected by IPAB on 26 June 2009 then Novartis approached the SC. The point of dispute was that whether the drug stands on the ground of the test of patentability given in Section 3(d) of the Patent Act. The appellant argues that Glivec had a 30% increase in bioavailability (absorption of drug in the bloodstream) which simply increases the 'therapeutic efficacy' in comparison to the known substance, Novartis also argued that Section 3(d) was a violation of Article 14 of the Indian Constitution and it would bar

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<sup>25</sup> Supra note 23.

<sup>26</sup> Indian Patent Act 2005, sec 3(d), Acts of Parliament, 2005, India.

the incremental innovation. The argument of Novartis was objected in the ground that the anticipation of Glivec could be done easily because it is disclosed in various countries. It is a critical drug which is patented about 35 countries and on the basis of prior publication of Zimmermann patent. Another argument was that the modification in the claimed invention was minor modification and if patent was granted then it will be very harmful for public health. The Supreme Court held that, the term 'efficacy' in Section 3(d) means "the ability to produce a desired or intended result" and laid down the test that efficiency in Section 3(d) means the result, the function, the ability and utility to produce intended result. Simply means test for efficiency was 'therapeutic efficacy', that is the capacity of drug to cure. Court also say that the criteria of therapeutic efficacy will differ from case to case and section 3(d) does not bar the protection of incremental invention neither violative of Article 14 of the Indian Constitution. Supreme Court rejected the claim on the ground of Section 3(d)<sup>27</sup>. The Indian Supreme court has refused to allow one of the world's leading Pharmaceutical companies to patent a new version of a cancer drug. Novartis lost a six year legal battle after the court ruled that small changes and improvements to the drug Glivec did not amount to innovation deserving of a patent. The ruling opens the way for generic companies in India to manufacture and sell cheap copies of the drug in the developing world and has implications for HIV and other modern drugs too.

## CONCLUSION

The pharma companies undergo a lot of unknown risks to develop a successful drug. Extensive research and development results in invention of a successful drug molecule consumes several years. In drug development the patent clock starts much earlier. Considering the years lost in the research, development, regulatory application and approval process, many countries grant a twenty year Monopoly for a patented drug, while the innovator firm to recover the expenses incurred in developing a successful drug, adopt certain unethical practice such as "Evergreening", it is quite natural also. In the passing time, these practices have become way more aggressive. These approach are against the humanitarian grounds, the sole intention of the corporate firms is to enjoy Monopoly to a longer extended period by increasing the number of patients in the portfolios. In order to avoid these practices, certain countries have included certain provisions in their laws of patenting to extend the lifetime of the patent as a means to recover the time and expenses incurred by the Pharma companies in the regulatory processes. But, this provisions have been abused, the pharma firms has exploited the official statutes by finding loopholes in the law. The Development of unfair practices and techniques has thwart the road to the generic firms to produce a cheaper generic version of the patented drug, the

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27 Novartis v. Union of India and others, civil appeal No.2706-2716 of 2013.

only hope of the giant pharma is to enjoy Monopoly to a longer period. The branded medicines are much expensive than the generic medicines, hence Evergreening practices results in abuse of patent right and the human rights in the low income countries. In India, the patenting laws has enforced Sec 3(d) in the Indian Patent Act, which restricts to have parents for minor modifications and innovation. It forces the focus on hard core and extensive research instead of just improvements in the previous patented molecule. This section has been proved as a boon for the AIDS campaign, generic firms and NGOs in India.

# PROTECTION OF TRADITIONAL KNOWLEDGE AS INTELLECTUAL PROPERTY WITH SPECIAL REFERENCE TO BIOPIRACY

Shanaz\*

## ABSTRACT

*India is one of the world's most biodiverse countries, with a diverse ecology. For millions of traditional groups, biological variety has been a shared resource for ages, as they have used, protected, and conserved their biodiversity inheritance. Traditional medical, agricultural, and fishing expertise is the basic foundation for addressing their food and health needs. Biopiracy has become a major problem in recent years. Biopiracy has left indigenous populations in the third world vulnerable due to a lack of legal protection for their biological and cultural heritage. Patents, which were designed to prevent piracy, have now become a legitimised mechanism for stealing indigenous knowledge, making it the sole property of multinational corporations. This is a subject of significant concern for nations rich in biological resources. Patents based on traditional knowledge are seen as "biopiracy" by developing countries, who see them as a robbery of their resources and culture. Patents, on the other hand, are a way of rewarding and promoting major ideas in industrialised nations that have the capability to generate such items. TK has been protected via a variety of techniques, both positive and defensive. The Government of India's Council for Scientific and Industrial Research's effective endeavour to document TK in the TKDL (Traditional Knowledge Digital Library) has proven to be a boon in TK protection. Because of various shortcomings in the IPR system, bio pirates employ Intellectual Property Rights (IPR) as a weapon to steal traditional knowledge and exploit biological resources. As a result, some sui generis*

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*aspects must be added to the current IPR system. In this article the researcher going to examines the national system for bioprospecting and biopiracy prevention. And also examines the legal difficulties surrounding the protection of traditional knowledge and indigenous people's rights in India. The research also covers the role of the court in defending indigenous peoples' rights.*

**Key Words: IP Rights, Traditional Knowledge, Bio-Piracy, Biological Resources**

## **INTRODUCTION**

We don't frequently hear the phrases "traditional knowledge" and "intellectual property rights" used together. While IPR stands for Intellectual Property Rights, traditional knowledge is something we all have and often take for granted, unaware of its significance. The intersection between indigenous/traditional knowledge and intellectual property law is a complex legal issue in today's world. Indigenous knowledge preservation raises difficulties unlike any other that have been addressed by intellectual property law. Legal issues regarding copyright, patents, trademarks, designs, and/or secret information are among indigenous peoples' concerns. They can also highlight ethical, cultural, historical, political, religious/spiritual, and moral questions that aren't usually legal or economic in origin.<sup>1</sup> Indigenous peoples live in all regions of the world and own, occupy or use resources on some 22% of the global land area, which in turn harbours 80% of the world's biological diversity. Indigenous or traditional knowledge refers to the knowledge and know-how accumulated across generations, and renewed by each new generation. There is no single definition for indigenous peoples, but a core set of criteria guide the identification of this highly diverse group. Indigenous observations and interpretations of meteorological phenomena have guided seasonal and inter-annual activities of local communities for millennia.<sup>2</sup> The international focus on TKS began in Rio-declaration of the Convention on Biological Diversity, which was the outcome of the World Summit on Sustainable Development.<sup>3</sup> Indigenous people of the world possess an immense knowledge of their environments, based on centuries of living close to nature. They have an understanding of the properties of plants and animals, the functioning of ecosystems and the techniques for using and managing them. In rural communities in developing countries, locally occurring species are relied on for many - sometimes all - foods, medicines, fuel, building materials and other products. There is typically no distinction between secular and holy knowledge and practise in indigenous knowledge systems; they are one and the same. Traditional songs, tales, legends, dreams, procedures, and rituals are used by the majority of indigenous peoples to convey distinct human aspects of traditional knowledge. It's

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1 <https://web.law.duke.edu/cspd/itkpaper/>.

2 <https://unesdoc.unesco.org/ark:/48223/pf0000216613>.

3 [http://www.astec.gov.in/ncsc/agb\\_5\\_tks.pdf](http://www.astec.gov.in/ncsc/agb_5_tks.pdf).

sometimes kept in artefacts passed down from father to son or mother to daughter.<sup>4</sup>

World Intellectual Property Organization (WIPO), the International Labour Organization (ILO), especially its convention 1693, the Food and Agricultural Organization (FAO), World Health Organization (WHO), United Nations Educational, Scientific and Cultural Organization (UNESCO) and United Nations Environment Programme (UNEP) are some of the organizations that document the TKS and research for its validation along with developing<sup>5</sup> protocols for preservation and protection of rights. It is noteworthy that the World Conference on Science (Budapest, June 1999) explicitly recognized the importance of TK and the need to respect and encourage its use for various forms of human endeavour. In India, similar focus is also given on TKS by National Knowledge Commission for proper Intellectual Property Right protection. Different organizations and institutions have taken up activities for research and documentation and development of TKS application.

### **TKS – NATURE AND TYPE**

From its domain of application and associated management approaches, TKS can be categorised as (i) Traditional Ecological Knowledge (TEK), (ii) Traditional Technical Knowledge (TTK) and (iii) Traditional Value and Ethics (TVE).<sup>6</sup>

**TEK** represents knowledge associated with natural resources and environmental management. This knowledge is specific to a location and includes relationships between plants, animals, natural phenomena, and the landscape that are used for livelihood and sustenance.

**TTK** refers to knowledge related to design and development of tools, implements and implements for different application in the context of natural resource management by the indigenous communities. Such practices are related to agriculture, fisheries, animal husbandry, forestry, handloom and handicraft, etc. Moreover, TTK also represents the knowledge and skill about design and construction like housing, water harvesting structure roads and bridges, etc., among others.

**TVE** stands for traditional knowledge-based practises' value, norm, institution, and policy framework. Traditional cultural practises that stress dos and don'ts in connection to natural resource collection, conservation, and equitable sharing, among other things, are connected to TVE. Sacred species, space, woods, water basins, and other concepts emerge during the process. This includes seasonal behaviours such as limiting fishing during mating season, extracting forest resources during flowering season, and so

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4 The Director General of United Nations Educational, Scientific and Cultural Organization (Mayor, 1994) defines traditional knowledge.

5 [http://www.nativescience.org/html/traditional\\_knowledge.html](http://www.nativescience.org/html/traditional_knowledge.html).

6 [http://www.astec.gov.in/ncsc/agb\\_5\\_tks.pdf](http://www.astec.gov.in/ncsc/agb_5_tks.pdf).

on, as well as human health and sanitation practises. Traditional knowledge protection was created to address the problem of biopiracy, which occurs when traditional knowledge is utilised for commercial purposes without the consent of the indigenous group concerned.<sup>7</sup>

## BIOPIRACY

“Biopiracy” is defined by Merriam Webster as “the unethical or unlawful appropriation or commercial exploitation of biological materials native to a specific country or territory without providing fair financial compensation to the people or government of that country or territory.” These biological compounds comprise plant, animal, and chemical components. Theft of knowledge about methods for employing these substances, such as agricultural practises or the extraction of medicinal properties, is referred to as “biopiracy.”

Biopiracy episodes are labelled as “neo-colonial” or “bio colonial” because of the parallels between modern-day biopiracy and colonialism. As a result of growing international awareness of the exploitative nature of biopiracy, the World Intellectual Property Organization’s (IPO) Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) is working to define international legal parameters that ensure the protection and compensation for the use of TK, traditional cultural expressions, and genetic resources.<sup>8</sup>

## BIO PROSPECTING

According to the 1993 Convention on Biological Diversity, “States have sovereign rights over their natural resources, and terms and conditions for access to these materials are within the scope of national legislation.” Bioprospecting is a phrase that refers to when research organisations or corporations responsibly seek and utilise traditional knowledge and biological resources for commercial purposes, such as compensating states and communities for the availability of endemic raw materials. The issue isn’t so much with the concept as it is with the challenges of monitoring and enforcing bioprospecting agreements. Transparency, accountability, and traceability are all being emphasised once more. Action Group on Erosion, Technology, and Concentration (ATEC) According to the Action Group on Erosion, Technology, and Concentration (ATEC), the ultimate result is usually little more than legalised biopiracy. Bioprospecting, when done effectively, entails companies and governments reinvesting profits in local communities, building infrastructure to empower and benefit their citizens, and implementing conservation measures to maintain the long-term sustainability of accessible resources.<sup>9</sup>

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7 <https://iptse.com/what-is-traditional-knowledge-and-how-to-protect-it/>

8 [https://discoveryjournals.org/science/current\\_issue/2015/A41.pdf](https://discoveryjournals.org/science/current_issue/2015/A41.pdf)

9 <https://www.foodcircle.com/magazine/biopiracy-bioprospecting-definitions-agriculture-examples>

## CHALLENGES OF BIO-PIRACY

India is necessary to create specific intellectual property legislation in the fields of natural and agricultural resources, plant variety, biodiversity, and geographical appellations. The TRIPS Agreement creates new business opportunities in biological resources on the earth, such as plants, animals, microorganisms, and potentially human genetic material. Traditional knowledge and medical systems are readily available, yet multinational businesses typically monopolise them. MNCs and shadowy predators are looking for over 8000 floristically rich medicinal plants. Rictec claims originality and patenting rights since their Basmati, while tasting identical to that cultivated in India and Pakistan, was grown in a different way and in a different location. Despite the fact that TRIPS Article 22 recognises product fundamental features.<sup>10</sup>

## TRADITIONAL KNOWLEDGE CASE STUDIES

### BT Brinjal Case:

The lawsuit against Monsanto and a collaborator in India The first bio-piracy case in Indian history was a foreign firm and its associates allegedly taking indigenous plants and then attempting to build a replica of them without properly compensating the local people or nation from where the plants originated. Monsanto, an American seed company, and its Indian partners have been charged for stealing the Brinjal in order to build a genetically modified eggplant variety (Brinjal). The Maharashtra Hybrid Seed Company (Mahyco) and Sathguru Management Consultants Private Ltd. were accused by the National Biodiversity Authority of India (NBA) and the Karnataka Biodiversity Board of developing Bt Brinjal using indigenous varieties from the state without seeking sanction from the respective biodiversity authorities. The NBA's contentious action was prompted by a complaint submitted by the Bangalore-based Environment Support Group in 2010. (ESG) The petitioner stated that Part 40 of the National Biodiversity Act of 2002, which enables unrestricted trading in India's biological resources, encourages rampant biopiracy, and that this section should be repealed as it is in violation of the Act and the Indian Constitution.

The Biodiversity Act states that genetic manipulation of indigenous plant breeds is prohibited. However, the eggplant types employed by Monsanto and its collaborators were Karnataka local breeds. Activists say that Mahyco and others engaged in the production of Bt Brinjal improperly utilised the country's biological resources.<sup>11</sup> The neem tree in India is a famous example of multinational corporate biopiracy.<sup>12</sup>

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10 [https://www.researchgate.net/publication/329357940\\_Environment\\_Agriculture\\_and\\_Challenges\\_of\\_Bio-Piracy\\_A\\_Blue\\_Print\\_of\\_Indian\\_Sui\\_Generis\\_Legal\\_Order](https://www.researchgate.net/publication/329357940_Environment_Agriculture_and_Challenges_of_Bio-Piracy_A_Blue_Print_of_Indian_Sui_Generis_Legal_Order)

11 <http://www.ibtimes.com/indian-high-court-reinstates-criminal-proceedings-against-monsanto-its-partners1431534>

12 Dr. Vandana Shiva, <http://www.twn.my/title/pir-ch.htm>

W.R. Grace of New York submitted a European patent application to the European Patent Office on December 12, 1990, outlining a technique for controlling fungus on plants using hydrophobic extracted Neem oil. After nine months from the date of publication, three plaintiffs filed a combined legal objection to this patent in 1995. Dr. Vandana Shiva, on behalf of the Research Foundation for Science, Technology, and Natural Resource Policy, New Delhi, India, and Magda Aelvoet, the then head of the Green Group in the European Parliament, Brussels, and the International Federation of Organic Agriculture Movements.<sup>13</sup>

### **Turmeric Case**

Turmeric powder has a wide range of applications that are well-known around the world. It's used as a dye, food ingredient, the litmus in a chemical test, and for medicinal applications. In 1995, two Indians were granted US Patent No. 401,504 for the "use of turmeric in wound healing". Two years later, the Indian government launched a lawsuit to challenge the validity of the patent.

The United States Patent and Trademark Office (USPTO) sustained the CSIR objections in 1997. It would have a major impact on the Indian economy if it was allowed to continue.

Turmeric plays a critical part in India's foreign exchange earnings. A foreign enterprise was forced to close its doors due to widespread bio-piracy. The patent was eventually cancelled. Many growers involved in this trade will be severely harmed. However, the following information on Indian spice exports, including turmeric, is provided.

### **Basmati Rice**

Rice is famous all over the world for its unique characteristics such as its 'Aroma'. In India, rice is produced in the foothills of the Himalayas for thousands of years. On September, 1997, the United States Patent and Trade mark Office granted U.S. Patent No. 5,663,484 to Rice Tee Inc.<sup>14</sup> Granting of patent of Basmati affected the economic interests of the farmer communities in South East Asia including India.

In its Original patent on 'Basmati rice lines and grains' granted by the USPTO on September 2, 1997, Rice Tee had made as many as twenty claims. A number of patent claims of the patentee were rejected by the U.S.P.O. The ultimate aim of getting patent by Rice Tee Inc, is to fool the consumer and also to create confusion among them in differentiating between original and Spurious Basmati varieties.<sup>15</sup>

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13 [http://www.ifoam.org/press/press/pdfs/Briefing\\_Neem.pdf](http://www.ifoam.org/press/press/pdfs/Briefing_Neem.pdf)

14 U.S. patent No. 5,663,484

15 Arvind Padmanabhan 'Row over basmati far from over' (available at: [http://www.rediff.com/money/2001/Aug/25\\_rice.html](http://www.rediff.com/money/2001/Aug/25_rice.html)).

## **SUI GENERIS STRATEGIES DEVELOPED IN INDIA TO PROTECT TK**

In India, there was a lot of action to save traditional knowledge from being trademarked in Europe and America. The issue over basmati and neem caused great pressure, resulting in some basic but substantial TK protection.

### **Traditional Knowledge Digital Library (TKDL)**

India's Traditional Knowledge Digital Library or TKDL was established with the objective of incorporating a list of codified TK practices of India. This dynamic list includes more than thirty thousand medicinal formulations and is made available online to provide relevant information to patent and trademark examiners in respective jurisdictions, refraining from a grant. It is available in five UN languages, viz., French, German, English, Spanish and Japanese for convenience.

### **National Innovation Foundation (NIF)**

The Department of Science and Technology, GOI, established NIF in the year 2000 for preventing biopiracy on the one hand and IPR protection of TK and Ancestral Knowledge on the other. They provide substantial support in conducting prior art searches, filing of patents to the people who are mostly unaware of legal intricacies that their TK may possess along with their miraculous knowledge.

## **ROLE OF INTELLECTUAL PROPERTY RIGHTS IN PROTECTION OF TRADITIONAL KNOWLEDGE**

Intellectual property rights are intended to protect research and development (R&D) investment and to promote creativity by providing discoverer with motivation. But the way IPR are being interpreted and created, placed emphasis on changing the willingness of others to participate. Through the intellectual property rights, private corporations exploit conventional knowledge and reap income from our natural wealth. Rural farmers and tribal people are made deprived of their natural resources and related skills due to bio piracy. As bio-pirating businesses placed high prices on these goods, conventional knowledge-based goods are too expensive for them. Bio-piracy leads to numerous disputes concerning the security of indigenous people's rights, sustainability of local flora and fauna and the global climate, and even the ability of the country to provide food security. TRIPS agreement of the World Trade Organization (WTO) stresses patent rights, but the rights of traditional information holders are ignored. If it is possible to interpret and improve IPRs in an authentic and justified way, they can be used as a tool for TK security. There are still some fundamental points that can be used in either way, i.e. as a constructive security and/or defensive measure to preserve conventional information, despite many shortcomings in the new IPR regime. In order to protect the rights of indigenous peoples, their biological resources and related

information, national IPR legislation and international conventions should be taken forward.<sup>16</sup>

### **Biological Diversity Act, 2002**

India's Biological Diversity Act of 2002 was then approved by India to encourage the protection of biological diversity and the sustainable use of its elements. Being a signatory to the Convention on Biological Diversity (CBD), India considered it appropriate to give outcome to that convention. The regulation deals with the fundamental issues of; right to use to natural assets, gathering and consumption of natural assets and safeguarding from bio piracy.

No person might apply for any intellectual property rights in or outside India for any discovery based on study or knowledge on an Indian natural reserve without obtaining former consent from the NBA. The legislation also provides for a structure of profit to be shared with the people responsible for developing, improving and using this technology.<sup>17</sup>

### **The Copyright Act, 1957**

Copyright can be used to shield TK holders' imaginative demonstration, especially artists belonging to indigenous and indigenous groups, from illegal reproduction and misuse. The holder of the copyright is sanctioned to carry out any of the actions laid down under section 14 of the Copyright Act, 1957.<sup>18</sup>

### **The Protection of Plant Varieties and Farmer's Rights Act, 2001**

The Plant Breeder's right (PBR) on a new variety can be attained by the plant breeder if it fulfils the decisive factors of distinct, stable, uniform and novel. PBR can also be obtained on traditional plant diversity. Farmers and tribal groups use conventional farming methods to cultivate and preserve different traditional range of crops. The act was drafted to comply with the requirement of the TRIPS agreement of WTO.

### **Geographical Indications of Goods (Registration and Protection) Act, 1999**

The Geographical Indications of Goods (Regulations and protection) Act, 1999 is the most suitable form for safeguarding Traditional Knowledge (GI). A community in an exact locality is secured by GI, and GI security is valid for 10 years, but it can be extended any number of times. The methods of manufacturing products are evolving with time in order to give a better quality to the product. GI can be used to shield traditional therapeutic products as well.<sup>19</sup>

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16 <http://www.cnlu.ac.in/2021/CIRF/10%20Riya.pdf>

17 Biological Diversity Act, Section 21

18 The Copyright Act, Section 57.

19 *ibid*

## The Patents Act, 1970

There are about 100 million forest dwellers in India, most of whom belong to tribal groups. The forests provide sustenance for them, producing both timber and non-timber forest products. Forest dwellers have accumulated knowledge of the natural world around them over the years. This traditional knowledge is conveyed within the community in oral form without proper documentation.<sup>20</sup>

## APPROACHES FOR THE PROTECTION OF TRADITIONAL KNOWLEDGE

Conventional information can be protected by two means: constructive Protection and protective Protection. Constructive Protection allows TK holders the right to take action against any abuse of conventional information or pursue remedies. Distinctions between defensive and positive intellectual property protections are not watertight. So, both methods should be an efficient way to preserve conventional information.<sup>21</sup>

**The positive protection** scheme for conventional information must provide for:

- High-quality approval and endorsement of traditional information systems.
- Openness to the true desires of TK holders. Misuse of traditional knowledge and other unequal and discriminatory practices are opposed.
- Justification for inventiveness and tradition-based modernity.
- Support for traditional information structures and empowerment of traditional information bearers' knowledge.
- Using conventional knowledge to promote the distribution of equal profit.
- Encouragement of a bottom-up expansion strategy based on cautious proficiency.

**Protective Protection:** This gives fortification from unlawful intellectual property rights attained by third parties over conventional information. Any defensive defence scheme for conventional proficiency must provide for:

- A system to guarantee that conventional knowledge forming previous art is available and accessible to search authorities, as defined by the criteria defining relevant prior art.

These two strategies are proposed to be used in tandem as part of a comprehensive approach to conventional information security.

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<sup>20</sup> Ibid.

<sup>21</sup> Bala Anu, "Traditional Knowledge and Intellectual Property Rights: An Indian Perspective" (November 1, 2011) available at <https://ssrn.com/abstract=1954924>.

**There are some initiatives taken by the Government to protect traditional knowledge which are as follows: -**

**Beej Bachao Movement:** In 1995, in affiliation with the residents of Jardhar in Teri Garhwal district of Uttar Pradesh, the NGO Kalpavriksh commenced a movement to trace the diversity of indigenous seeds and conservation practices by the local community.

**Honey Bee Network:** Honey Bee Network has the world's largest grass-root novelty database.

**SRISTI (Society for Study and Initiatives for Sustainable Technology & Institutions, Ahmadabad)** runs this network. The goal is to promote popular innovation, to protect IPRs for small innovators and to ensure that original innovators and information providers get the profit out of it.

**National Innovation Foundation (NIF):** NIF was established in Ahmadabad on February 2000 by the Department of Science and Technology of the Government of India and acts as a team with the Honey Bee Network. The aim of the NIF is to provide institutional support for the scouting, spawning, safeguarding and scaling-up of grassroots technologies, as well as outstanding TK, and to support their transition to self-supporting activities. It offers an opportunity to promote innovators who, without or with no government or business assistance, have solved a technical problem through their own intelligence.

**Gujarat Grassroots Innovations Augmentation Network (GIAN):** GIAN selects discovery from the Honey Bee Network catalogue and establishes ties with institutions for structural design, research and enlargement in order to increase the technical efficiency of originality. It helps to test the products and to establish a market-launch approach. This is an attempt to respect and reward technical innovators and conventional knowledge experts from the grassroots.

## **CONCLUSION AND SUGGESTIONS**

No single individual has the power to decide the fate of traditional forms of creative expression that are created, maintained and revered by the community as a whole. A lopsided framework can stultify the growth of our rapidly burgeoning knowledge economy by denying IP protection for refinements to TK that substantively improve its efficacy and utility.

- I would like to lay out some fundamental concepts that should underpin a one-of-a-kind system for supporting the dual imperatives of respecting indigenous people's interests and stimulating the expansion of our knowledge economy.
- The sui generis legal framework must be firmly rooted in Article 29 of the Indian Constitution which explicitly empowers every community to preserve its distinctive language, script and culture.

- As TK would squarely fall within the ambit of the term 'culture' in Article 29, the sui generis framework should be designed with the primary goal of statutarizing the mandate of the suprema lex. TK is a dynamic concept whose conceptions widely vary across tribes and are shaped by a large number of factors, not all of which can be exhaustively enumerated.
- It is critical to respect the sacrosanct nature of TK and to unequivocally recognize that protecting TK does not merely mean curbing improper misappropriation of such knowledge but also includes protecting the essence of the knowledge.
- TK is essential for the survival of indigenous communities and lies at the heart of their cosmovision.
- The sui generis system must be participative in nature and must promote wide-ranging consultations amongst all stakeholders before arriving at any conclusion.
- Far too often, wealthy businesses offer alluring benefits to individuals belonging to indigenous communities and thereby elicit the knowledge that they need for serving their own parochial interests.



# THE CONCEPT OF FAIR USE IN THE INTERNET SPHERE- WITH SPECIAL REFERENCE TO YOUTUBE

Smt. Bhagyamma. G\*

## ABSTRACT

*YouTube has grown rapidly over the past few years. This growth was accompanied by unprecedented levels of piracy by uploaders on the site, forcing YouTube's parent company, Google Inc., to introduce a new technology known as "Content ID." This tool allows YouTube to automatically scan and identify potential piracy cases on an unprecedented scale. However, Content ID is too broad in identifying piracy, often discriminating between fair uses of content. Each potential piracy case identified by Content ID automatically triggers a copyright claim on YouTube's behalf of the copyright owner, which then freezes all revenue streams for all parties, regardless of the circumstances. state the legitimacy of the underlying claim. Using the fate of video game reviewer "Angry Joe" as a prime example of the problems Content ID can create, this summary argues that, in its current form, Content ID had disastrous consequences for fair use doctrine, YouTube, and ultimately the spirit of copyright law. By reversing the presumption of neutrality that accompanies fair use against uploaders, Content ID effectively reverses legal precedent. The present paper discusses about the Fundamentals of Fair Use and the ethics followed in the internet world especially in YouTube.*

**Keywords:** YouTube, Google Inc, Fair Use Doctrine, Content ID.

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## INTRODUCTION

First, what is fair use fair use allows you to reuse copyright protected material under certain circumstances without getting permission from the copyright owner. Fair use is an exception to copyright law and YouTube does not to say what is fair use and what isn't only the court can give verdict on that which counts is fair use in various countries have different rules about when it's good to use material without the copyright owners permission in some countries it's not even called fair use, for example in the United Kingdom it is referred to as fair dealing aside from what your country calls it. Courts usually focus on whether the use of another person song or video is transform minute basically the law demands if a presenter added new expression on meaning to the original work or if it basically copies the original.<sup>1</sup> For instance any content that might be considered as fair use includes commentary criticism or news reporting also it should be kept in the mind that just because it is said something is fair use give credit to the copyright owner or add a disclaimer like no infringement intended. It does not mean that the presenter is protected.

## HOW IS FAIR USE DETERMINED BY LAW?

Determining fair use is never a cut and dry process. In the United States fair use can only be determined in court by a judge, the judge will look at the case overall based on a few different factors here are a few things to keep in mind based on what the courts look at. The presenter is less likely to qualify for fair use if:

1. The video merely copy someone else's and add nothing else
2. If a presenter is trying to monetize another presenter's video
3. If for using fictional copyrighted material rather than factual material.<sup>2</sup>
4. If borrowed a large amount of material rather than a small portion if the main focus of a video is the copyright protected material or;
5. If a presenters use of the material harms the copyright owners ability to profit from their original work.

## THE CONCEPT OF FAIR USE ON YOUTUBE

Fair Use could be a lawful convention that says you'll be able reuse copyright-protected fabric beneath certain circumstances without getting permission from the copyright proprietor. In numerous nations, certain uses

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1 Details of the exceptions to copyright that allow limited use of copyright works without the permission of the copyright owner. <https://www.gov.uk/guidance/exceptions-to-copyright>. accessed on 15.04.2022 at 04:30 PM.

2 Fair use is a legal doctrine that promotes freedom of expression by permitting the unlicensed use of copyright-protected works in certain circumstances. <https://www.copyright.gov/fair-use/more-info.html> accessed on 15.04.2022 at 04:38 PM.

of copyright-protected works don't encroach the copyright owner's rights. For illustration, within the Joined together States, copyright rights are constrained by the teaching of "Fair Use" beneath which certain employments of copyrighted fabric for, but not constrained to, feedback, commentary, news detailing, educating, grant, or inquire about may be considered reasonable. U.S. Courts decide whether a fair use defence is substantial concurring to four factors, which we've recorded underneath for instructive purposes. In a few other nations, there's a comparative concept called "fair managing" that will be connected differently.<sup>3</sup> It is the obligation of the presenter to understand the pertinent law and whether it ensures the utilize you've got in intellect. In the event that you arrange to utilize copyrighted fabric you didn't make, we'd emphatically prompt you to require lawful advice.

## YOUTUBE COPYRIGHT RULES, 2021

YouTube utilizes a vigorous framework called Content ID that permits copyright proprietors to distinguish and to oversee how their substance is utilized on YouTube. Each video transferred to YouTube is checked against the Content ID database to identify in case it contains any copyrighted music or video.<sup>4</sup>

### Case Studies:

1. In June, 2017 Juice World<sup>5</sup> a American singer had faced lot of disappointment, so he decided to write a song called Lucid Dreams and released it in the same year on SoundCloud<sup>6</sup> the minute use world rendered lucid dreams as a completed digital file it was automatically copyrighted because it was made in America in other words juice world own the song no one could copy it no one could make another song based upon it and no one else could perform it without his permission again since juice world made the song lucid dreams in America it was automatically copyrighted when he actually converted the song into a digital file and there was no need for him to go to a government agency and registered the song as copyright he was automatically copyrighted now.<sup>7</sup>

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3 Ibid

4 Can I Use Copyrighted Music In YouTube Videos? <https://www.safemusiclist.com/can-use-copyrighted-music-youtube/> Accessed on 15.04.2022 at 04:46 PM.

5 Jarad Anthony Higgins (December 2, 1998 – December 8, 2019), known professionally as Juice Wrld (pronounced "juice world"; stylized as Juice WRLD), was an American rapper, singer, and songwriter.

6 SoundCloud is a Swedish-founded online audio distribution platform and music sharing website that enables its users to upload, promote, and share audio, as well as a digital signal processor enabling listeners to stream audio.

7 Yellowcard Ends Copyright Lawsuit Against Juice WRLD <https://www.billboard.com/pro/yellowcard-ends-copyright-lawsuit-juice-wrld-lucid-dreams/> accessed on 15.04.2022 at 04:55 PM.

2. Louise was a professional skier, unfortunately she had a ski accident and broke both legs but she wanted to continue on in this key sport and so she started making YouTube videos about skiing she wanted to make people love skiing just like she had actually couldn't do it herself she wanted to other people to have the joys of skiing. Louise included the Juice World<sup>8</sup> song and or video because it was such a great song and she wanted to have an emotional tie with her viewers you wanted people would show interest in skiing and they could listen to the song in the background really feel some emotions about skiing.

So therefore they might want to see themselves more often unfortunately Louise did not get permission from use world to use the Lucid Dream song sung by Juice World<sup>9</sup> and that violated you tube copyright rules as well as American Copyright Law because Louise did not follow you to copyright rules, it is a situation where YouTube identifies copyrighted material from one artist in another artist video and therefore flags YouTube's AI and get this information by the original copyright holder or his agents his lawyer his music company, they upload the original copy in this case of a song but it could be a video or could be an image into YouTube's computers and then they have a copy and then they compare it with all the other videos that are being uploaded on a day to day basis and if they match then they raise a copyright claim. When there is a copyright claim then the amount of money that the creator who just uploaded the video so like in this case Louise that money that she is making on advertisement revenue goes to the original copyright holder was kind of difficult to understand sometimes is that there is not a percentage that the original copyright holder in this case Juice World<sup>10</sup> gets he gets the entire amount of money that Louise gets for publishing the video on YouTube.

The researcher wants to make it clear that the concept is understandable in the situation of copyright violation that when to step forward for a copyright claim, it does not affect your ability to get more views on a video itself or a particular channel it is merely a claim in which the original copyright holder the person who made content that appears in your video gets all the money from the video which can partially may be said as a doctored video.

However the real big problem that Louise faced as far as the ski video when is that it was taken down and that is a problem for channel. Generally YouTube takes down a video for one of three reasons, they are:

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8 Ibid

9 Ibid

10 Ibid

- a) YouTube determines that the video uploaded violates community guidelines
- b) YouTube determines that the video uploaded violates their copyright rules
- c) YouTube would take that a video is that the person who owns content that appears in another video files a request to take down that video now when that happens YouTube as a matter of law is obligated to take that video down.

In Louise's case she received the copyright strike for using the Juice World's song without permission a takedown request was filed. Now one copyright strike is not the end of a YouTube channel however there are cases where the parties receive one copyright right it had received less views on the video that got the copyright strike. If Louise use more copyrighted content in videos and she got more than one copyright strike, she risk not only losing the videos from or channel but she also risk losing her channel forever. if you ever get. If a presenter gets more than one copyright strike on their YouTube channel they have to consult a social media law practitioner. In the case Louise, she had got one copyright strike it actually after she went to YouTube copyright school that copyright strike fill up or record within 87 days was actually shorter than the 90 mandate period and Louise learned her lesson about using copyrighted music in the background of her videos that lesson was she's not going to do it anymore now Louise relies on creative commons music and royalty free music.

The copyright rules in 2021 warrants:

1. when a presenter creates something in terms of video , they should also work on audio as well you an image and you're doing it in America or most countries right when you create it it's automatically protected by copyright law the presenter does not have to do anything else to be able to have their be a legal ownership over audio video or images
2. YouTube allows a presenter to use other people's video audio or images in your videos but only if the intended presenter have permission and;
3. If a presenter violates this one rule, the presenter risks getting copyright claim or worse a copyright strike which could take down on the uploaded video or the absolute worst thing is it could take down the uploaded YouTube channel.

## CONCLUSION

So all of these are helpful factors to consider when thinking about various by also keep in mind that there is no guarantee that the presenter will qualify for fair use just because they take the above discussed factors into account for example just because a presenter don't monetize the video or if only used a small portion of the copyrighted material that does not mean the presenter

automatically qualify for fair use. Again the courts look at everything holistically and there is always a risk involved when using someone else's product is copyrighted work. The presenter should think carefully about all of these factors and get legal advice if needed. The big corporate giants in the field of social media are claiming in just a few seconds of a video. How is that not abuse? One of the biggest myths about fair use is that there is a minimum amount of time the presenter is allowed to use someone else's copyrighted work but despite what some people may think there is no duration which you can use someone else's content that is automatically protected under fair use. In fact courts have rejected the fair use arguments for songs that only sample a few seconds of someone else's work so if the presenter using any amount of content that you don't own even a few seconds is taking a risk of receiving a claim or take down. The Presenter have the right to argue fair use but only courts not YouTube can ultimately decide whether the use of someone else's content is protected under fair use because of this our approach has been to empower creators to remove claim content whenever possible if they feel that it is not adding significant value to their video.

That is why the YouTube has built tools to help you easily identify the content been claimed in the presenters video and remove swap out claiming music with copyright save tracks from the free YouTube audio library were also now requiring claimants to add time stamps to these claims see you know exactly which piece of the video was being claimed. The same has also updated our editing tools so that when the presenter remove the content manually claimed in your video the claim is automatically released restoring monetization to the presenters video if they are previously monetizing.

Automated systems like Content ID cannot determine fair use which is a subjective case by case decision that can only be made by a court while YouTube cannot arbitrate fair use disputes and automated systems like ContentID can account for fair use this doesn't mean that fair use cannot exist on YouTube if a creator is intended to present a content on YouTube, they should avoid relying on fair use unless they understand how the rules work and how they are prepared to defend your position through the Content ID dispute process and potentially the counter notification process this forces the claimant to withdraw or to file a lawsuit this is not a decision that should be taken lightly or without legal advice but it is the most powerful step the creator/the presenter can take if you want to pursue a fair use defence and will force the most thoughtful review from the claimants.

# COPYRIGHT AND INTERNET: A LEGAL PARADIGM

Shilpa A. Raikar\*

## ABSTRACT

*In the twenty first century there have been significant developments in the field of digital entertainment technologies have been deployed towards improving our lifestyles and the manner in which we are working. The communication and dissemination resources available on the Internet and the ease of extracting and using them lure many online users to resort to the easy path of piracy. Complex technologies have often relied on changing legal interpretations to suit themselves into the intellectual property framework. Mainly there are three types of piracy, namely piracy of the printed word, piracy of sound recordings and piracy of cinematograph films - the object of the pirate in all such cases is to make quick money and avoid payment of legitimate taxes and royalties-World Intellectual Property Organization (WIPO) World Intellectual Property Organization Treaty 1996 has conceived the concept of right management information to allow copyright owners to manage their copyright in cyberspace. The above measures are likely to bring qualitative changes in the effective implementation of copyright in cyberspace.*

**Key Words: Internet, IP Rights, Copy Right, WIPO**

## INTRODUCTION

Intellectual Property Rights (I.P.R.) are the legal rights governing the use of creations of the human minds. Intellectual property refers to creation of mind, i.e., inventions, industrial designs for article, literary and artistic work, symbols etc used in commerce. Intellectual property is divided into two categories industrial property which includes inventions(patents),

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trademarks, industrial designs and geographic indications of source and Copyright which includes literary and artistic works such as novels, poems, plays films and musical works etc. According to the TRIPS Agreement, the intellectual property has been classified into – Patents, Industrial Designs, Trade Marks, Copyright, Geographical Indications, Layout Designs of Integrated Circuits, Protection of Undisclosed information/ Trade Secrets. Different IP Rights vary in the protection they provide.

## **JUSTIFICATION FOR INTELLECTUAL PROPERTY**

The question is why legal protection is provided to intellectual property? The general justification for the protection of intellectual property rights is that the intellectual property rights is that the intellectual property induces or encourages desirable behaviour. For example, patent system is sometime justified on the basis that it provides inventor with an incentive to disclose valuable technical information to the public, which would have otherwise remained secret. Similarly, the trade mark system is justified because it encourages traders to manufacture and sell high quality products. It prevents third parties from becoming unjustly enriched by ‘reaping where they have not sown’ and it also encourages them to provide information to the public about those attributes. The ethical and moral arguments justify intellectual property rights because the law recognises an author’s natural rights over the product of their labour.

As my topic is related on Copyright and Internet, I will concentrate more on this. The Internet, as we all know is a network s and surely it has caught the world by storm. Undoubtedly the Internet is a unique and deep-rooted phenomenon. The Internet is something that increasingly large numbers of people throughout the world find an interest in being connected to. From 1990 to 1997, the estimated number of Internet users grew from one million to around 70 million. While the United States of America has the largest number of consumers, the rest is fast catching up. Secondly, rapid advancements are being made in the fields of information technology and this in turn reduces the price of computer hardware. Thus, the computer becomes affordable to even the middle class and this helps the Internet to become a popular medium. Thirdly, with the advent of digital technology which allows all forms of expression (text, sound and images), to be expressed in binary notation, the Internet can be used to cover the full range of human activity; research, education, social communication, politics, entertainment and commerce.<sup>1</sup> In the recent past, there have been tremendous changes in the law which controls the criminal activities through the means of information technology and electronic media especially during 1990’s has given rise to a new variety of computer related white collar crimes which are commonly related cyber-crimes. The widespread growth of these crimes has become a matter of global concern and a challenge for the law

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1 <http://wipo2.wipo.int/process1/report/finalreport.html>

enforcement agencies in the new millennium. Because of the peculiar nature of these crimes, they can be committed anonymously and far away from the victim without being physically present there. Further, cyber criminals have a major advantage, they can use computer technology to inflict damage without the risk of being caught. In fact, there is a cyber-crime wave in the 21<sup>st</sup> century. Presently, viruses are the most common problems which are causing serious damage to computer systems. There are now more than 20,000 different strains of viruses across the globe. Cyber crimes are not be easily detected by a common investigating officer, unless he has adequate knowledge of the subject. Even in today's date also there are people who don't know digital technology. So, besides having a separate Cyber Crimes Cell, it is important that the basic knowledge is imparted to every officer. In the absence of which, investigation would be very difficult. In Criminal Misc. No. M-1403 of 2011, the case of Bikram Singh v/s. State of Punjab, decided on 24 March, 2011 it was made essential that the investigating officer ought to be an expert while investigating the crimes that are so very technical in nature.

Copyright Law forms the bedrock of Intellectual Property in essence and has evolved to develop with the change in technology ever since its inception. But the Information Technology has posed serious problems for its very survival and hence a scholastic indulgence is needed to upkeep the balance between copyright works and digital phenomenon. Until recently, copyright was not regarded as being of much relevance to the sale of products other than traditionally "artistic" products such as books and gramophone records. Today, however, in addition to these traditional areas, copyright has become an extremely important weapon in preventing piracy of computer software and preventing copying of various useful items to which "art" has been applied. Copyright Law is being continually re-modified, re-evaluated and re-interpreted to adapt to a seemingly constant change in technology.

A variety of Amendment have been codified to accommodate the 'Digital Age' and the Internet. The increasingly complex battle for recording, distribution and reproduction rights in sound recordings and the relatively new area of computer programs. Under the present global scenario, Corporate Sector has a vital role to play in the protection of IPRs as it yields rich dividends. As in other parts of the world, India has corporate piracy, individual piracy as well as in some cases Government using pirated software. In the twenty first century there have been significant developments in the field of digital entertainment technologies have been deployed towards improving our lifestyles and the manner in which we are working. The communication and dissemination resources available on the Internet and the ease of extracting and using them lure many online users to resort to the easy path of piracy. Complex technologies have often relied on changing legal interpretations to suit themselves into the intellectual property framework. In India, most of the laws are either of British origin or passed

after the first three decades of Independence. During this period computers had not made so much influence as we see today and Internet, during this period, simply did not exist. In the present-day world, everything is recorded in digits, without any respect for political boundaries and can be modified, altered and replaced without any murmur.<sup>2</sup>

## WHAT DOES INTERNET DO?

Over the past two centuries, copyright regime has again and again been challenged by ever growing technology and as a legal response to such challenges the law of copyright itself has developed. Similarly, the emergence of digital and information technologies towards the conclusion has raised a whole new set of challenges to the copyright regime.<sup>3</sup> The new developments in technological arena are posing diverse challenges to the fundamental principles of law, which worked well before the advent of this technology. According to the legal experts the problems seem to have been confounded by the introduction of internet. There is already a debate whether entirely new laws should be framed or whether old laws may be effectively adopted to address these new issues.

The internet has expanded electronic access to music, films, books and other digital content, challenging existing notions of copyright protection and enforcement. Technological developments have made it increasingly feasible for computer users to obtain and distribute copyrighted works briefly enumerated as under;

- Digitalization- unlike with analogue copies of media, which degrade with each copy, digital media allow perfect copies to be made indefinitely. Home computers are now routinely equipped with the drives and software needed to copy CDs.
- Digital compression technologies (mp3 for music) have made it possible for large media files to be compressed with little loss of quality. Files are reduced to less than one tenth of their original size, dramatically decreasing the time taken to send or receive them over the internet.
- Bandwidth- increasing availability of High-speed Internet connections further aids distribution of high-quality digital files quickly and cheaply. A typical album of music can be downloaded in around 20 minutes using a broadband connection.

This highly controversial Directive was, at the time, the most heavily lobbied measure to pass the European Parliament. In its final form, it includes only very narrow exceptions to anti-circumvention measures and exclusive

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2 Farooq Ahmad, *Cyber Law in India (Law in Internet)*, 2nd Edn, (2008), Pioneer Books, p. 4

3 Verma S.K. & Raman Mittal, *Legal Dimensions of Cyberspace*, Indian Law Institute, 2004 p.113

rights. As a result, it is often regarded as a victory for copyright- owning interests (publishing film, music and major software companies) over copyright user's interests.<sup>4</sup>

Internet has made possible to replace transfers in digits. The digitization of information gives it more flexibility and makes multimedia services like, text, graphics, games, video, audio, music, data collection, messaging, conferencing research, conduct of business, possible. The vast scope of Internet has made it popular across the globe and people are reposing confidence in it as evinced by the growth rate of host computers linked to Internet which is reflected in the following information. For instance, the characteristics of multimedia in internet can be well realized by the fact in USA alone 2700 newspapers are available online and 60 percent of them have a daily print circulation of around 30,000 which generate revenue of about \$20 million. Similarly, entertainment which includes adult entertainment, online games, music and video is the largest category of products sold to consumers. In today's date also we can find that people are eagerly waiting to online purchasing comparatively more than offline. And during pandemic almost every one of us are depending upon online purchasing only. Much before the advent of Internet, the copyright issues cropped up by the introduction of the other technologies also, however none has spawned more pressing copyright concerns than digitalisation. The flexibility of digital technology which makes possible text, sound and images to be transmitted and stored in easily manipulated bits and bytes has been credited with transforming information from simply a means of acquiring and managing other assets in to primary assets itself.

## **COPYRIGHT**

Copyright subsists in (a) original literary, dramatic, musical and artistic works (b) cinematograph films and (c) sound recording. Any one of these works shall be covered by the copyright Act even where cyberspace is used as a medium for dissemination. However, problem arises where a web site is based on combination of these works. It is quite possible that a web site may contain original literary, dramatic and musical works or literary and artistic works as well as sound recording and films. At present, copyright cannot be claimed for such work as it is based on a combination of several other works. This possibility has not been envisaged even when the Copyright (Amendment) Act, 1999 was passed.

The copyright can be claimed under the present Copyright Act for complications also but only when complication in question is related to the original literary work because the expression 'compilation' has been used in the definition of the term literary work provided in Section 13 so as to include

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4 Dr. Fareed Ahmad Rafiq, Copyright Protection & Information Technology An Indian Perspective, Law Publishers (India) Pvt. India p.123

'compilations of any form' over which copyright can be claimed. This amendment will bring our Copyright Act at par with Art. 5 of the world Intellectual Property Organization Treaty, 1996 which provides that 'compilations of data or other material in any form, which by reason of the selection or arrangement of their contents constitute intellectual creations.

It is in place to mention here that compilation perse should not be treated as a work covered by the copyright law. A mere rearrangement of works which is simply a work of scissoring and pasting, without involving any intellectual input, should not be called compilation for copyright purposes. But a compilation involving "Skill, Judgment and Labour" for selection or arrangement of its contents should be treated as a work worth copyright which should be independent of the copyright which may subsist in the works which form basis for such compilation. In other words, compilation should be itself an intellectual creation. A significant development of seminal important took place in early 1970's when FTP (the file transfer protocol) was created in 1973 which made the transfer of files possible between network of military and academic computers. The second major success took place only a year later (in 1974) when TCP/IP (transmission control protocol/internet protocol) was developed. It provided a guaranteed transfer of data between the two computers. This network with TCP/IP made a real beginning of the present revolution as it freed the system by making interconnection of two hardware possible.

## **FILE COPYING AND SHARING**

These advances mean that anyone with a home computer and internet access can copy and distribute large numbers of high-quality digital files. In recent years, such activities have been made considerably easier by the advent of peer-to-peer file sharing programmes that allow users to search for and download files from each other's computers. General notion is that Internet has brought us in the 'third wave' society which is likely to make significant changes in the very foundation of our economy -an economy which was once agrarian in nature, then industrial, now in the process of becoming primarily knowledge and information based. The promise and potential that Internet offers can be well judged by its growth rate. However, the nature of the Internet is such that it is difficult if not impossible to determine its size in terms of its users in a given time. The research study of Nielsen Media suggests that there were 58 million users in the US and Canada alone and the number worldwide was around 80 million users. In 1990 the total subscribers exceeded 11 million with sales over \$ 1.1 billion. By mid-1996, the number of web users was around 10 million and the number of households worldwide having direct access to Internet were 600,000. Besides, the international data Corporation projects that the online service users will be over 200 million within five years and more than 1 billion by the year 2010. It also expects online sales of goods and services to

exceed \$ 3 trillion by 2010.<sup>5</sup>

The above data makes it abundantly clear that there is an urgent need to re-examine the areas of law which internet is traversing in order to find out the compatibility of the existing doctrines to this new technology this reassessment is needed to ensure security to those who transact business through internet and redefine inter se rights and obligations of those who are directly or indirectly involved. The centralised nature of early programmes like Napster established in 1999, made it relatively easy for P2P file sharing programmes, it was a P2P filing sharing programme that allowed users, once they had downloaded Napster software, to access Napster's centralized server and view music files offered by other users. They could then download mp3s directly from other users' hard drives. At its February 2001 peak, Napster boasted over 80 million registered users, and 2.79 billion downloads that month. This traffic in copyrighted works led to a Recording Industry Association of America (RIAA) lawsuit. Following a settlement, Napster installed filtering software to prevent illegal trade in copyright files and now charges a monthly fee for access to music files.<sup>6</sup>

## DECENTRALIZED PROGRAMMES

Following Napster's demise, a number of similar services emerged. Unlike Napster, which relied on centralized servers maintaining lists of all files available for sharing these new services have a much more Decentralized Structure Programmes like Gnutella, Win MX, Audio galaxy and Kaza A allow users to swap files, but have no obvious, central, presence that the recording industry can take action against. Over the last few years these programmes have become very widely used -for instance, the Kaza A file-sharing software has been downloaded more than 100 million times.<sup>7</sup>

## ONLINE PIRACY

Millions of people around the world have downloaded P2P software and are increasingly using them to exchange music, movie and software files. According to CNET.download.com there are over 2.5 million downloads per week of the KazaA Media Desktop Software and 111 million downloads of the Gantella-based Morpheus software accounts per week. According to the International Federation of the Phonographic Industry (IPPI), an organisation representing the recording industry worldwide for the year 2001, the worldwide record sales were US\$833.7 billion dollars. In the year 2002 global sales were down 9.2%. Similarly, world sale of recorded music fell by 10.9% in value in units in first half of 2003.

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5 Report on Electronic Commerce Hype Gives Way to Reality in 1996, Electronic Commerce Feels Hangover, No. 1 (Business Research Publications, Jan,9 1996)

6 Verma S K & Raman Mittal, Legal Dimensions of Cyberspace, Indian Law Institute 136(2004).

7 Encyclopaedia of Intellectual Property Rights, Vol 3 (2008) ed. Priya Ranjan Trivedi

## COMMUNICATION TO THE PUBLIC RIGHT

Section 30 of the Copyright Act, 1957 states that the owner of the copyright in any existing work or the prospective owner of the copyright may grant any interest in the right by license in writing signed by him or by his duly authorized agent. This provision does not circumscribe the scope of the license agreement which will, quite naturally, depend upon the language used in the agreement. But where a license agreement is silent on this point, the possible infringement of the copyright by making a work available online which has been licensed for publication on print media will depend on whether the Courts treat electronic dissemination a new medium or use for copyright purposes. Internet has not been yet unfolded to its potential. The diverse applications of it are bound to spawn a new generation of copyright disputes which have to be grappled by the Courts for laying down consistent principles to resolve future copyright disputes involving cyberspace as a medium for dissemination of copyrighted works.

An Internet service provider (ISP), also called Internet access provider or IAP) is a company that offers its customer's access to the Internet. The ISP connects to its customers using a data transmission technology appropriate for delivering Internet Protocol datagrams, such as dial-up, DSL, cable modem or dedicated high-speed interconnects. Internet Service providers can be found liable for copyright infringement even where they are not directly engaged in the copying of protected materials. Nevertheless, an ISP must be aware of the theories under the Copyright Act by which a party can be held liable for infringement even if they do not directly take part in the copying or distribution of a work. Under the concept of "contributory infringement", a party may be guilty of copyright infringement when they cause or contribute to the infringing conduct of another with knowledge of the other party's infringing activities. In addition, under the concept of "vicarious liability", a person has the right and ability to control the infringer's acts and receives a direct financial benefit from the infringement. Vicarious liability can be established without the defendant having actual knowledge of the infringer's activity. Under these two theories, it is possible for an ISP to be held liable for copyright infringement, even if the ISP was not directly involved in making the infringing copy.

Most of the time in every set of action that a copyright owner takes against infringements on the Internet, by and large the action is simultaneously taken against the ISP as well, apart from the person who actually commits the infringement. A computer user who uploads copyrighted material to the Internet is liable for direct infringement. This liability could be avoided only if he can prove the fair use doctrine. Thus, an Internet user should not post copyrighted material on the Internet in a casual manner.

The Information Technology Act, 2000 gives immunity to the service providers for any third-party information or data made available to him if he proves that the offence or contravention was committed without his

knowledge or that he had exercised all due diligence to prevent the commission of such offence or contravention. Neither the Information Technology Act, nor the Copyright Act makes express mention of the liability of the service provider for copyright infringement. WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty did not specifically address the liability issues of ISP for copyright violations of their users. Article 8 of the WIPO Copyright Treaty, in very broad terms, lays down that mere provision of physical facilities for enabling or making a communication does not in itself amount to communication does not in itself amount to communication within the meaning of this treaty or the Berne Convention. Thus, WIPO, without prescribing own standards allows countries to establish their own national standards for ISPs liability under copyright law. America is the first country to have express provisions prescribing the limits of the liability of service providers for copyright infringement that in fact gave effect to WIPO Treaty.<sup>8</sup>

The reproduction of literary, dramatic, musical or artistic work in the form of cinematograph film shall be deemed an import and can be an infringement. The types, varieties or various acts by which a person, a corporate body, a company or an institution causes infringement, it will become clear that innocently or purposefully people from all walks of life are infringing somebody else's copyrights. The infringement is caused by various acts recognised under international conventions like the Berne Convention 1886, Universal Copyright Commission 1952, WIPO Copyright Treaty 1996 etc. ratified by almost all countries of the world. These rights have been codified under the Copyright Act 1956 and Information Technology Act 2000 in India. As in direct infringement, is a infringement is a strict liability offence and guilty intention is not essential to fix criminal liability. The requirements to establish case of copyright infringement under this theory are;

1. Ownership of a valid copyright; and
2. Copying or infringement of the copyrighted work by the defendant.

Thus, a person who innocently or even accidentally infringes a copyright may be held liable under the Copyright Act of the US and under the laws of various other countries. Copyright in a work gives rights that are distinct from ownership of the physical embodiment of the original work- the manuscript, letter, printing or whatever. When one person sends another a letter, he will normally be its owner. Only if conditions of confidence exist can the author prevent it being shown, given or sold to others. On the other hand, the contributory infringement pre-supposes the existence of knowledge and participation by the alleged contributory infringer. To claim damages for infringement of the copyright, the plaintiff has to prove;

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8 Dr. Farooq Ahmad, Cyber Law In India [Law Of Internet], Pioneer Books.

1. That the defendant knew or should have known of the infringing activity; and
2. That the defendant induced, caused or materially contributed to another person's infringing activity.

The Courts in India have ventured to delineate the wide and varied meanings of copyright works generated with the aid and help of technological innovations, but without compromising the basic parameters of copyright law. In *Zee Telefilms Ltd. V. Sundial Communications (P) Ltd* (2003 6 I.L.D. 76 at 94(Bom)) the Bombay High Court observed that 'law does not recognise property rights in abstract ideas, nor is an idea protected by a copyright and it becomes copyright work only when the idea is given embodiment in tangible form. It becomes subject of common law property rights which are protected by the Courts at least when it can be said to be novel and new'. Sections 14, 51 & 57 of the Copyright Act, 1957 clearly speaks about what do you mean by infringement of copyright and liability to the infringers.

### **INFORMATION TECHNOLOGY ACT, 2000**

The IT Act was passed to address the cyberspace issues with impending impact on diverse facets of legal lexicon in India. The following provisions of the Information Technology Act, 2000 are relevant to understand the relationship between copyright protection and information technology:

- (a) Section 1(2) read with Sec. 75 of the Act provides for extra-territorial application of the provisions of the Act. Thus, if a person (including a foreign national) violates the copyright of a person by means of computer, computer system or computer network located in India, he would be liable under the provisions of the Act.
- (b) If any person without permission of the owner or any other person who is in charge of a computer, computer system or computer network accesses or secures access to such computer, computer system or computer network or downloads, copies or extracts any data, computer data base or information from such computer, computer system or computer network including information or data held or stored in any removable storage medium, he shall be liable to pay damages by way of compensation not exceeding one crore rupees to the person so affected. Thus, if the copyright is violated intentionally and for earning profit, the quantum of damages will be more as compared to innocent infringement.

### **CONCLUSION**

To conclude, the flexibility of digital technology has offered enormous potential for businesses to explore and exploit. The more and more use of this technology is also corroborated by the fact that companies engaged in IT business have made significant growth. Indian Government recently

announced its Broadband policy. Presently there are 25 million plus wireline subscribers in India according to Telecom Authority of India (TRIA). There were 658.7 internet users in India by January 2022. This number shows that Internet is gaining popularity throughout the globe. It is however, being misused by the people in a number of ways which precipitates unprecedented legal issues. The Courts in other Jurisdictions have found opportunity to decide cases on the issues like unauthorised access, pornography, computer fraud, e-mail abuse and cyberstalking. In toto, whether in Copyright or in any other Intellectual Property Rights the use of Internet has gained so much importance that people are ready to live without food but can't live without internet.



# THE PROMOTION AND DEVELOPMENT OF GEOGRAPHICAL INDICATION: A TOOL FOR REGIONAL PROMOTION AND PROTECTION OF HERITAGE

Manjuatha N G\*

## ABSTRACT

*Geographical Indication (GI) is the Intellectual Property of the poor man- the farmer, the fisherman, the artisan, the craftsman. It fosters social capital augmenting the human and natural capital embedded in the production process and acts as a signalling device that provides a platform to fetch them market recognition. It contrasts to trademarks it helps in preservation of cultural identity along with safeguarding of commercial interests. GI also rationalizes the cost of promotion. Geographical Indications (GIs) are a type of intellectual property right associated with place-based names. To be specific they are distinctive signs or names identifying products typical to and located in a specified geographical area, where a given quality, reputation or other characteristics of the product are essentially attributable to that particular geographical origin. Florida oranges, Swiss watches, Rionsoquefort and champagne are typical examples. They provide consumers information about the origin and arouse expectations among them either based on the reputation acquired by the product on account of its cultural connection with the region or environmental conditions and natural factors (soil, weather, temperature etc) or a combination of both. This paper analyses in detail the meaning, importance and issues relating to GI and finally put forward some suggestions in this regard.*

**Key Words:** Geographical Indication, IP Rights, Environmental Condition

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## INTRODUCTION

There are many reasons to be attributable to the features of GI. The method of manufacture, concentration of similar business in the same region to name of few. For example, soil form a particular region might help produce a distinctive tasting onion and the highly controlled environment in the Silicon Valley (California) may provide the conducive situation for artificial production of silicon crystals. In other words GIs emphasize the relation between human efforts, culture, land resources and environment. The goods may be agricultural products, manufactured goods, handicrafts or even foodstuff. But the common thread that runs through them is the heritage of the community of producers in the geographical locality that bestows reputation and goodwill and makes their products share the same characteristics, entitling them to use distinctive signs for differentiating their products from competing goods in the market.

Every region has its claim to fame. Christopher Columbus sailed from Europe to chart out a new route to capture the wealth of rich Indian spices. English breeders imported Arabian horses to sire Derby winners. China silk, Dhaka muslin, Venetian glass all were much sought after treasures. Each reputation was carefully built up and painstakingly maintained by the masters of that region, combining the best of Nature and Man, traditionally handed over from one generation to the next for centuries. Gradually, a specific link between the goods and place of production evolved resulting in growth of Geographical Indications (GIs). Darjeeling Tea was the first item authorized for Geographical Indications (GI) in India, it was originally safeguarded by a certification mark. After India signed on to the WTO's Trade-Related Aspects of Intellectual Property Rights agreement and in compliance with the TRIPS Agreement of the WTO, India has also enacted 'The Geographical Indications of Goods (Registration and Protection) Act, (GI Act) on 15th September 2003 to provide protection to the goods registered under the Act. In India as of now till March, 2022, plus GIs under the Geographical Goods Indications Act, 1999 are protected. GI protection is provided for three distinct categories of commodities: agricultural commodities, natural products, and manufactured products. In addition to textiles and food products, handicrafts including leather goods, textiles, and foodstuffs (such as wine and spirits) are included under the term "manufactured goods." Examples of possible Indian Geographical Indications. Basmati Rice, Darjeeling Tea, Kanchipuram silk saree, Nagpur orange, Kolhapuri chappal, Bikaneri bhujia, Agra petha .

GI Act recognized the role of the geographical/ climatic/ natural factors or human knowhow in the end quality and reputation of the products, helping the producers stand distinct and the consumers to differentiate the GI products from competing products in the market. The objective of the workshop is to identify the different aspects of GI which has high potential for capturing global market, to learn experiences of successful global GI products

and to initiate a time bound program to create a roadmap for all the participants to achieve high level experiential learning. In addition, this workshop is designed to enhance awareness on the challenges related to protection of GI and probable solutions thereof. In order to raise understanding of the operation of GI systems, the workshop is intended to bring the GI holders, members of the GI communities, legal fraternities, and scholars together. Experts in the field will discuss and share their experience. Further to understand from the stakeholders the ground realities of the pre- and post-registration scenarios on GIs and emphasise on the various approaches on the ways forward for the better working of GIs system in India.

It needs to be emphasized here that GI is a collective public right. No single enterprise or group of enterprises owns it. It cannot be the subject of an assignment. In fact all enterprises in the specified geographical area are entitled to use it and all others are prohibited from doing so. Thus a GI is like a trademark in that both are indicators of source and quality. But a GI is unlike a trademark in that a GI does not identify a single commercial source. However, GIs that have become generic are not deemed to mislead the public. An oft quoted example is parmesan cheese in US. No consumer relates it to its origin in parma, Italy. Moreover the indication need not necessarily be a geographical name. Alphonso mangoes, feni liquor and basmati rice are classic examples. Upon registration, GIs can have life to perpetuity through renewals form time to time.

Thus of the GIs that have been granted registration in India, there are

1. Handicraft goods: Examples include salem fabric, solupur chandar and kancheepuram silk.
2. Agricultural Goods: Examples include palakkadan matta rice, Malabar peppar and coorg green cardamom.
3. Manufactured goods: Examples incude Coimbatore, west grinder and nashik valley wine.
4. Foodstuff: Examples include hyderbad haleem and dharwad pedha.

As on 2017, 301 products were registered under the GI act. The state that ranks first in registration of GIs is Karnataka, Tamil Nadu ranks second in this respect.

Products of foreign origin have also been given GI registration in India. The first such application filed by a foreign country after the registry started receiving applications in sep 2003 was the one filed by the Government of peru seeking GI protection in Inda for its national liquor pisco which derives its name from the pisco valley, 300km south of the capital Lima. GI recognition has also been granted to champagne and cognac of France, Napa valley of USA, Scotch Whisky of UK and prosciutto di parma of Italy.

Needless to say, GIs offer tremendous potential for India, vis-a-vis protection of its traditional products given the diversity of the country-

whether it be in terms of its natural resources, cultural heritage or climate. It is the poor man's IP-a powerful instrument to enrich the hands of weaker sections.

GI is the IP of the poorman-the farmer, the fisherman, the artisan, the craftsman. It fosters social capital augmenting the human and natural capital embedded the production process and acts as a signalling device that provides a platform to fetch them market recognition. In contrast to trademarks it helps in preservation of cultural identity along with safeguarding of commercial interests. GI also rationalizes the cost of promotion. Unlike patents and copyrights, GIs are not created but only recognised. Thus investments are related only to enhancing reputation of an existing product.

India with its region specific native products, diverse geography, traditional knowledge and unique heritage qualifies as one of the fertile soils for GI protection. If used effectively, it can become a tool to make a frontal assault on the citadels of poverty and deprivation that our traditional artisans have been facing for generations. It can play a role in reducing vulnerability goals. This will be a beitting reply to the decades old neglect of rural dimensions of the development discourse despite the intensity of problems that rural India represents. If used with ingenuity it has the potential to rejuvenate revitalize and reenergize the craftsmen, most of whom have a hand to mouth existence day.

This will have a threefold impact-

- a. The local indigenous knowledge is saved from extinction and in fact grows into a more polished form.
- b. The reduction in migration rate reduces the burden of urbanization.
- c. Tourism spurs in the region and its development is often ploughed back to support local community development.
- d. It confers legal protection to geographical indications in India.
- e. Prevents unauthorised use of a registered geographical indication by others.
- f. It provides legal protection to Indian geographical indications which in turn boost exports
- g. It promotes economic prosperity of producers of goods produced in a geographical territory.

A regime seeking to protect GIs will also have to seek to bridge the asymmetry of information between the producer and his or her consumers thereby allowing him or her to invest to a maximum into improving the quality and indirectly the reputation of the goods. It must be guided by a four pronged strategy-

1. Equity considerations: the custodians of geographically indicated products should receive some price benefits if marketing of such products leads to commercial gain.
2. Conservation concerns: The protection of GI products contributes to the environment, biodiversity and sustainable agricultural practices.
3. Preservation of traditional practices and culture
4. Avoiding bio piracy.

Experiences of GI products show that it can open access to export markets and boost foreign exchange earnings. But a word of caution is needed here. Unless the benefits trickle down to the real stakeholders, it may become a continuation of the extirpation, enslavement and entombment in mines of aboriginal population, the looting of the East Indies and the turning of Africa into a warren for hunting of black skins that was once supposed to signalize the rosy dawn of the era of capitalists production

### **NEED OF GI**

GI is indeed required because of duplication, dishonest approach and the wrong supply of goods to consumers at the cost of real price. This deteriorates quality, reputation of the product and economical loss to the real producer. The fake and dishonesty sometimes cause a conflict between two regions, communities, states and Countries. GI is essentially the soul of nature impregnated in to mother earth and hard to fully clone it. GI is very well and widely connected to tradition, culture and heritage and confined to specific geo-boundaries.

Hence, The GI Protection should not be confined to only commercial value of the product but also for the preservation and protection of tradition and cultural knowledge. It is one of the alternative tools for:

- 1) Maintaining local harmony due to sole participation in the process
- 2) Valuing the heritage and cultural aspect.
- 3) Protecting and promoting traditional knowledge to make it an economical backbone
- 4) Valuing agro-ecological characteristics and geo-friendly growth of the region.

### **GI FOR SOCIAL CAUSE**

No society can grow unidirectional. For an all round progress, participation of every individual and feeling of belongingness is the key to growth, which will be long lasting, stable as well as sustainable. A defective growth cannot bring harmony and happiness for any society. GI Provides reputation with respect to territory and interest of producers. Social development is a key for good governance and GI is a value addition for sustainable growth. The Scope of GI is enormous, particularly in the Indian

perspective because of enormous resources that have not been completely explored because of wider diversity of climatic conditions. GI is more close to environment because it is not putting resources under stress or work under diversity but harmony to the nature and society. It has been a tried and tested method from generations to generations. It can encourage and put development with systematic dynamism, renewal of resources and aesthetics.

GI Can provide both long-term as well as short-term benefits to producers and consumers, but it requires:

- a) Valuable marketing tools in global economics
- b) Maintenance of Equality
- c) Better legal protection
- d) Better control over duplication and fake marketing and
- e) Better quality at affordable cost.

It also necessary to reduce the conflicts among the people having diverse views due to the cooperative working system for a common goal, which may further minimize social conflicts. This may enhance rural development, minimize migration and improve human development index through social and economic strengthening. GI is not protecting the interests of only of an individual but also protecting the interests of regional communities or groups who are the real producers. The benefit goes to the authentic creator and not to the middle men. The economic development through GI will be for the place and people who can bring sustainable development.

## **CONCLUSION**

Geographical indication is a multi-dimensional phenomenon which can enhance the social, economic and cultural heritage of India and bring back its glory globally. It will help to develop systematic and scientific approach to protect the rights of the people who are custodians of a particular GI product. There is a further need to make it more popular and government should take it as a mission project. GI is one of the prudent ways for long and safe protection of TK, Its flavour and fabric which has an immense potential for the growth of the heritage and cultural treasure bestowed on us.

# INTELLECTUAL PROPERTY RIGHTS WITH REFERENCE TO TRADITIONAL KNOWLEDGE

Namratha\*

## ABSTRACT

*Traditional Knowledge is the knowledge of indigenous people and it is also the identity of the people belonging to those communities. It is the knowledge that derived from traditional way of life. It has been passed from generation to generation and is one of the important factor to achieve sustainable development. But Migration, adopting modern life style, etc., will weaken these knowledges. If any attempt is made to exploit such knowledge for commercial or industrial benefits, then it is leads to misappropriation of the same from its rightful holders. Therefore, it is very much essential to protect and take care of it, thereby ensuring and also protecting the interest of traditional knowledge holders. Hence, this paper tries to analyze the needfor protection of traditional knowledge, relationship of traditional knowledge with Intellectual Property Rights, various national & international conventions, case study in the light of traditional knowledge and also put forward some suggestions for its protection.*

**Key Words: Traditional Knowledge, IP Rights, Indigenous People, Sustainable Development**

## INTRODUCTION

The world is dominated by the power of knowledge. It is true that the present generation has better opportunities and facilities to acquire knowledge and transform it into creation of wealth. But generation over generations, a great treasure of knowledge and wisdom has been created by the people who are not formerly educated in classrooms. But they have great understanding of nature, rich experience and selfless attitude. The

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indigenous people, local communities, folklore, sages and seers are great reservoir of traditional knowledge<sup>1</sup>. They are in unwritten form and preserved in oral tradition instead of preserving them in the form of documents.

Traditional Knowledge in a general sense embraces the content of knowledge itself as well as traditional cultural expressions, including distinctive signs and symbols associated with traditional knowledge. Traditional Knowledge in the narrow sense refers to knowledge as such, in particular the knowledge resulting from intellectual activity in a traditional context and includes know-how, practices, skills and innovations. Traditional Knowledge is not confined to any specific field. It can be found in wide variety of contexts, including agriculture, scientific, technical, ecological and medicinal knowledge as well as biodiversity-related knowledge, fisheries, cultural forms like music, dance, clothes, etc. Innovations based on traditional knowledge may benefit from Patent, Trademark and Geographical indication protection or be protected as trade secret or confidential information. However, such knowledge that has ancient roots and is often oral is not protected by conventional intellectual Property system<sup>2</sup>.

## TRADITIONAL KNOWLEDGE AND IP RIGHTS-THE INTER CONNECTION

Intellectual Property Rights are one mechanism to protect traditional knowledge. This protection can be achieved through **existing forms IPRs**, including trade marks, patents, trade secrets, etc., if such knowledge meets the applicable criteria of protection. Protection of traditional Knowledge can also be achieved through **sui generis forms** of IPRs, i.e., rights specifically designed to protect this subject matter. Such sui generis IPRs have been introduced in the national laws of several countries and are also being discussed at the international level<sup>3</sup>.

Traditional knowledge can be indirectly protected through the measures introduced in Intellectual Property Laws and procedures. These measures may also include preventing the misappropriation of traditional knowledge, allowing for the verification of whether the applicable rules and conditions regarding access to traditional knowledge and benefit sharing have been met and simplifying the determination of prior art when examining novelty and non-obviousness of inventions. One possible such measure is to require patent applicants to declare the source of traditional knowledge in their applications, if the inventions in question is directly based on this knowledge. Traditional Knowledge which is only accessible to a limited number of people

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1 Dr. M.K. Bhandari, Law relating to Intellectual Property Rights, 325 Central Law Publications, 6th ed, (2021).

2 Available at <https://www.wipo.int/tk/en/tk/> accessed on 18th May 2022.

3 Dr. Martin Girsberger, Traditional Knowledge and Intellectual Property Rights-The current state of play at the international level, 5 Jusletter, (2004).

like knowledge known only to a local shaman may be protectable by trade secrets, due to its confidential nature<sup>4</sup>.

Indigenous people and local communities have sought to prevent the patenting of traditional knowledge and resources where they have not given express consent. They have sought for greater protection and control over traditional knowledge and resources. Certain communities have also sought to ensure that their traditional knowledge is used equitably according to restrictions set by their traditions or requiring benefits sharing for its use according to benefits which they define<sup>5</sup>.

The current IPR system cannot protect traditional knowledge for some reasons. Firstly, the current system seeks to privatize ownership and is designed to be held by individuals or corporations, whereas traditional knowledge has collective ownership. Secondly, this protection is time-bound, whereas traditional knowledge is held perpetuity from generations to generations. Thirdly, it adopts a restricted interpretation of invention, which should satisfy the criteria of novelty and be capable of industrial application; whereas, traditional knowledge is incremental, informal and occurs every time. Therefore, a sui generis or alternative law is necessary to protect traditional knowledge<sup>6</sup>.

## **TRADITIONAL KNOWLEDGE AND IPR- INTERNATIONAL PERSPECTIVE**

Traditional Knowledge shall be provided effective protection especially in developing and underdeveloped countries. Basically, such protection shall be with regard to the recognition of the rights of the original traditional knowledge holders and the unauthorized acquisition of rights by third parties over traditional knowledge<sup>7</sup>. The international community on many occasions made some attempts to protect traditional knowledge. The first attempt was made by **WIPO**<sup>8</sup> and **UNESCO**<sup>9</sup> jointly for developing the model provisions for national legislation for the protection of folklore. Certain traditional knowledge of the community in the form of literature, music, crafts, etc., is recognized for protection from reproduction without authorization. But there is no express provision recognizing the ownership of this knowledge with the communities. We could see another attempt in the **United Nations Draft Declaration on the Rights of Indigenous People, 1994**. Here, though it is agreed that prior approval of the community should

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4 Ibid .

5 Supra 1, p. 326

6 Ibid, p.334

7 Available at <https://www.legalserviceindia.com/article/198-intellectual-Property-and-Traditional-Knowledge.html>, last visited on 14th May 2022 at 2:42PM.

8 World Intellectual Property Organization

9 United Nations Educational, Scientific and Cultural Organization

be obtained before using traditional knowledge, but the claim of ownership was not accepted<sup>10</sup>.

**TRIPS**<sup>11</sup> did not make any significant provision for protecting traditional knowledge. No uniform norms were laid down for protection of traditional knowledge. This led WIPO to set-up inter-governmental committee on intellectual property and genetic resources, traditional knowledge and folklore. This committee identified issue of traditional knowledge, folklore, access to genetic resources and benefit sharing. But till fifth session of this committee, legal framework could not be formulated at the international level<sup>12</sup>.

The provisions in the **Convention on Biological diversity, 1992** to recognize and respect the traditional knowledge of the local and indigenous communities in the genetic materials and share the benefit derived out of its use seems to be the first express international commitment<sup>13</sup>. Parties to the convention shall respect, preserve and maintain the knowledge, innovations and practices of indigenous peoples and local communities relevant for the conservation of biological diversity and to promote their wider application with the approval of knowledge holders and to encourage equitable sharing of benefits arising out of the use of biological diversity<sup>14</sup>. India is also a party to the Convention on Biological Diversity. Some countries have specific legislation protecting this kind of knowledge, while some other countries feel their existing IPR regime protects such knowledge<sup>15</sup>.

## **INTELLECTUAL PROPERTY RIGHTS IN TRADITIONAL KNOWLEDGE-INDIAN PERSPECTIVE**

In order to protect the traditional knowledge and rights of indigenous people, national intellectual property rights legislations shall also be taken into consideration.

Being a signatory to the United Nations convention on Biological Diversity (CBD), India enacted **Biological Diversity Act, 2002** to realize the objectives enshrined in the convention. The main object of this Act is, conservation of biological resources, managing its sustainable use and enabling sharing benefits arising out of the use and knowledge of biological resources with the local communities<sup>16</sup>. The Act provides three- tier structure to regulate the access to biological resources- The National Biodiversity Authority (NBA)<sup>17</sup>, The State Biodiversity Boards (SBBs)<sup>18</sup> and The

10 SK Tripathi, Traditional Knowledge: Its significance and implications, 101. Indian Journal of Traditional Knowledge, Vol.2(2), (2003).

11 Trade Related Intellectual Property Rights

12 Supra 1, p.330

13 Supra 10, p101

14 Article 8(j) of Convention on Biological Diversity, 1992

15 Supra 10, p. 102

16 Biological Diversity Act, 2002.

17 Ibid ,Section 8.

18 Ibid, Section 22.

Biodiversity Management Committees (BMCs)<sup>19</sup> at the local level. Without the previous permission of National Biodiversity Authority, no one shall obtain any biological resource occurring in India or knowledge associated, for research or for commercial utilization or for bio-survey and bio-utilization<sup>20</sup>. No person shall apply for intellectual property rights, in or outside India for any invention based on any research or information on a biological resources obtained from India without obtaining previous approval of the National Biodiversity Authority before making such application<sup>21</sup>. The Act also makes provision relating to sharing of benefits with the local communities from whom such knowledge is been obtained.

**The Patent Act, 1970** was enacted in India. For the security of technological solutions which are specifically relevant and uniformly new and require a creative stage, the Patent Act comes into picture. For example: Patent may be removed for genetic resources and traditional knowledge for goods which are inaccessible, synthesized or produced from genetic structures, micro-organisms and plants or animals or organisms subsisting in environment. Patent protection is granted for processes associated with the exercise and utilization of those assets and moreover for processes known to indigenous areas which meet the same requirements<sup>22</sup>.

The holder of the copyright is sanctioned to carry out any of the actions laid down under section 14 of **Copyright Act, 1957**. Copyright can be used to shield traditional knowledge holder's imaginative demonstration, especially artists belonging to indigenous and indigenous groups, from illegal reproduction and misuse of such demonstrations<sup>23</sup>.

Traditional Knowledge is jointly held by local people and Geographical Indication is the most suitable form for safeguarding of traditional knowledge. A community in an exact locality is waged by the **Geographical Indications of Products (Regulations and Protection) Act, 1999**. GI can be used to protect traditional therapeutic products also<sup>24</sup>.

**Traditional Knowledge digital library** is an initiative by the Council of Scientific and Industrial Research (SIR) and the Ministry of Ayush in 2011. It is a repository of the traditional knowledge existing in the country. The objective of the library is to protect the ancient and traditional knowledge of the country from exploitation through biopiracy and unethical patent, by documenting it electronically and classifying it as per international patent classification system. The most significant role of traditional knowledge

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19 Ibid, Section 41.

20 Ibid, Section 3.

21 Ibid, Section 6.

22 Riya, Protection of traditional knowledge under Intellectual Property Rights Regime, 156. E-Journal of Academic Innovation and Research in Intellectual Property Assets, Vol 1(01), (2020).

23 Ibid.

24 Ibid p.157

digital library is to act as a bridge between traditional knowledge information existing in local languages and the patent examiner at international patent offices<sup>25</sup>.

## **ISSUES RELATING TO PROTECTION OF TRADITIONAL KNOWLEDGE IN INDIA - A STUDY**

There are about 100 million forest dwellers in India and most of them belong to tribal groups. The forests and their inhabitants as a whole, offer an abundance of information to India about the traditional value of various forest products. Traditional information will not be secured in a way intellectual property rights have been designed in modern trade. For example, traditional knowledge cannot be patented because of its intrinsic lack of creativity, such knowledge lacks imaginative character. This traditional knowledge is information that is conveyed traditionally within the community or families within the community in an oral form without proper documentation from generation to generation. In fact, one of the issues in these communities is that it would have been lost to the community through expropriation if the information were to be registered<sup>26</sup>.

Traditional knowledge holders face various difficulties. In some cases, the very survival of the knowledge is at stake, as the cultural survival of communities under threat. External social and environmental pressures, migration, the encroachment of modern lifestyles and the disruption of traditional ways of life can all weaken the traditional means of maintaining or passing knowledge on to future generations. There may be a risk of losing the very language that gives the primary voice to a knowledge tradition and the spiritual world-view that sustains this tradition. Either through acculturation or diffusion, many traditional knowledges and practices have been lost. Thus, a primary need is to preserve the knowledge that is held by elders and communities throughout the world. Another difficulty facing traditional knowledge holders is lack of respect and appreciation for such knowledge<sup>27</sup>.

### **Neem and Turmeric Case:**

The Indian Council for Scientific and Industrial Research (CSIR) filed a case with the US Patent Office challenging the patent on the grounds of “prior art”, i.e. existing public knowledge. CSIR said turmeric has been used for thousands of years for healing wounds and rashes. Therefore its use as a medicine was not a new invention. CSIR also presented an ancient Sanskrit text and a paper published in 1953 in the Journal of the Indian Medical Association. The US Patent Office upheld the objection and cancelled the patent. The turmeric case failed to meet the novelty criterion. The European Patent Office (EPO) revoked in its entirety Patent Number which had been granted to the United States of America and the multinational corporation

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25 Arihanth, NTA UGC Law, Arihanth Publications (India) Ltd, p.650

26 Supra 22, p.157, 158

27 Supra 7, last visited on 18/05/2022 at 12:08PM

W.R. Grace for a fungicide derived from the seeds of Neem tree<sup>28</sup>.

### **San/Hoodia case and access and benefit-sharing:**

The San are an indigenous group of about 1,00,000 people based mainly in Botswana. From the 1930s, anthropologists have documented the use of the Hoodia plant by the San people as a natural appetite suppressant. In 2001 the Council for Scientific and Industrial Research in South Africa filed for several international patents on the Hoodia plant. The San were not involved as stakeholders, or acknowledged as the originators of the knowledge that led to the patents. The CSIR argued that it was difficult, if not impossible, to identify who the owners of the indigenous knowledge were when it was so widely shared. Following pressure from key Advocates working with the San, a benefit – sharing agreement was negotiated in 2003 between the San and the CSIR. The agreement included provisions that the San would receive a portion of royalties (6%) from any successful commercialization. The negotiation of the benefit – sharing agreement was difficult and presented numerous problems, including the translation of complex conceptual as well as practical information regarding patent and scientific knowledge and ethical means for establishing new decision-making processes within the San communities that could address ownership and control of traditional knowledge. In December 2008, the company Unilever, which had received a license to advance the Hoodia patent, suspended its development project. It is not clear if there will be any benefit for the San now that development has been suspended. The example illustrates the opportunity for indigenous people to enter into agreements where there is possibility of generating economic benefits. It also highlights the practical and conceptual challenges for indigenous people to negotiate rights when the framework for negotiation is biased toward the dominant industry party, when there is limited legal advice available and when this kind of negotiation challenges already existing authority and governance structures within the communities themselves<sup>29</sup>.

### **Bikram Yoga:**

Bikram Choudhury is the founder of a yoga technique known as Bikram Yoga. Instructors across the United States must obtain a license from him in order to teach the yoga sequence found in Bikram Yoga or to call a yoga studio Bikram Yoga. Bikram Choudhury has aggressively enforced claims of copyright and trademark protection-including the claim that the sequence of asanas in Bikram's Beginning Yoga Class constitutes his copyright. Many yoga practitioners object to the idea that Choudhury can have exclusive control over a series of postures derived from Indian traditional knowledge and practices. Choudhury first registered the copyright for Bikram's

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28 Supra 1,p.328

29 Dr. Jane Anderson, Indigenous traditional knowledge and intellectual property13, Duke University School of Law, Center for the study of public domain.

Beginning Yoga Class in 1979 and subsequently filed copyrights for various books, audio-tapes and videotapes. In 2002 Choudhury filed for copyright for the yoga sequence itself- claiming that the US Copyright Office acknowledge his exclusive right to the distinct series of postures and breathing exercises comprising the sequence. While Choudhury recognizes that asanas generally are in the public domain, he claims that his sequence constitutes a copyrightable compilation of material. Choudhury's argument is that he has exerted specific skill and labor in the selection and assemblage of the asanas into a specific sequence. In 2005, the United States District Court for the Northern District of California heard a case- Open Source Yoga Unity v. Bikram Choudhury- testing these claims. Open Source Yoga Unity (OSYU) filed for a declaration judgement seeking an order that Choudhury does not have enforceable rights or trademark rights because individual yoga asanas constitute functional information rather than expressive creative content. The Court denied motions from both sides for summary judgement thus leaving questions of trademark invalidity, whether the sequence is in the public domain, the copyrightability of the sequences and the proper publishing date, unresolved. The case was later settled by the parties with no disclosure regarding the details of the settlement. Choudhury is still free to take legal action against other yoga practitioners and trainers in the United States. There is current lobbying from government representatives in India to mount an effective legal challenge against Bikram Yoga arguing that the copyright in yoga asana sequences constitute a misappropriation of traditional knowledge unique to India. In India there is a large -scale effort to catalog the estimated 1500 asanas in order to prevent cases like this in the future<sup>30</sup>.

The ruling of High Court of Himachal Pradesh, in *Dhanpath Seth and Others v. Nil Kamal Plastic Crates Ltd*<sup>31</sup>, is welcome initiative in protecting the traditional knowledge of Agricultural Community. The Court refused to grant injunction for alleged infringement of a patented device which was developed as a result of traditional knowledge. The court held that aggregation or duplication of known products cannot be said to be an invention. The Court held that device patented by plaintiff was basically an imitation of traditional "Kilta", a traditional product made of bamboo and which has been used since time immemorial for carrying produce including agricultural produce in hill areas especially in the state of Himachal Pradesh. The "Kilta" made by plaintiff was of polymeric material commonly known as plastic, with detachable nylon straps.

## FINDINGS AND CONCLUSION

In order to protect traditional knowledge, enforcement mechanism need to be established under IP system in order to have legal access to traditional knowledge. Public research institutions should be allowed access to

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30 Ibid, p.11, 12

31 AIR 2008 H.P.23.

Traditional Knowledge Digital Library for further research and development. The possibility of using Traditional Knowledge Digital Library for further research and development by private sector may also be explored. Provided, necessary safeguards must be taken to prevent misappropriation. It is necessary to ensure effective participation of indigenous community in all the discussions relating to traditional knowledge and the holders of the traditional knowledge must be provided necessary support and incentives for furthering the knowledge system.

India has taken various initiatives regarding the protection of traditional knowledge under IPR and one such initiative is Traditional Knowledge Digital Library which is a mode to curb bio-piracy. Once the traditional Knowledge is recorded in this Digital library, it becomes public domain and is considered as prior art, hence it is not patentable. Such record is easily accessible by the patent offices all over the world and it provides information to all such offices with regard to India's prior art. Therefore, it is helpful to patent examiners to easily check this database and reject any patent application which is a mere copy of traditional knowledge. In this way it helps in preventing bio-piracy. Now-a-days, not only the government but also several non-governmental organizations are also making efforts for developing data base and bringing the local art and culture on the national and international scenario. As there is possibility of transboundary misappropriation, traditional knowledge cannot be protected only through domestic measures. Therefore, international legal instruments must also be strengthened to protect all forms of traditional knowledge. Finally, it is important to have a harmonized balance between protecting the indigenous people's rights and also the benefits arising from the developments over such traditional knowledge.



# A NEED FOR PROTECTION OF HANDICRAFTS UNDER IP LAW

Kavya\*

## ABSTRACT

*In crafting there are no mistakes, they are just unique creations. This paper analyses why there is a need for protecting the handmade craftwork and the threat faced when it lags the protection. Handicrafts indicate traditional and indigenous knowledge possessed by the craftsman who they reproduce in the material form by using their creativity, labor and carry forward the same from one generation to another. Handicrafts are the result of Intellectual inputs of the crafting community because of which it is recognized and given protection under various forms of IP Laws. This paper focuses on various forms of protection for handicrafts provided under IP Laws i.e., under Geographical Indications Act, 1999, Copyright Act, 1957 and Design Law, 2000. It also focuses on the various GI's that are given for handicrafts in India.*

**Key Words:** Handicrafts, Geographical Indications, Copyright, Designs.

## INTRODUCTION

India is a country, known for its rich culture and traditional art forms. Rural communities indulge themselves in artisan work which portrays their skill and also shows their intellectual capacity in bringing out new innovations. They also derive their source of income from the hand-crafted items they produce which also helps for the economic development of the country.<sup>1</sup> Handicrafts

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1 KulkarniVrunda and KondeViren, Pre- and Post-Geographical Indications Registration Measures for Handicrafts in India; Journal of Intellectual Property Rights; Vol. 16, November 2011, p- 463

play a pivotal role in enhancing the rich heritage, tradition and culture of the country. They embark rich Traditional Knowledge and Traditional Cultural Expressions of the rural and semi urban communities. They provide economic assistance to the manufacturers by trading activities. Marketing of the artisan works are carried out by obtaining licenses. They also export them to foreign countries which in return would bring in the concept of foreign exchange.<sup>2</sup>

Unfortunately, these sectors suffer due to their unorganized way of work, poor implementation of technologies, low capital investment, absence of market knowledge and also due to poor imitation of the products. It is a modern day threat faced by the handicraft industries were traditional handicrafts is reproduced by using altered or cheap raw materials which in return effect the reputation of the original manufacturers.<sup>3</sup> This creates a need for the protection of the Handicrafts and Intellectual Property Law ensures the same. Existing intellectual property rights like trademark, geographical indication, design laws, copyright law ensures protection to the Craftsman for their handmade handicraft producers. To protect traditional handicrafts against unauthorized users, producers and adaptation these laws act as a protection tool.

## **THE TERM MEANING OF HANDICRAFT**

There is no precise definition for the term handicraft. For the purpose of ensuring the correct meaning it is been broadly elaborated as follows:

According to Cambridge Dictionary “A skilled activity in which something is made in a traditional way with the hands rather than being produced by machines in a factory, or an object made by such an activity”.<sup>4</sup>

They can also be produced with the help of using the small hand tools or even by utilizing certain machinery in cases of finished products. They symbolize the rich heritage that is being possessed by the community of producers. They also provided with the wide variety of goods and raw materials used for such production. Their distinctiveness, creativeness, artistic quality, decorative functional aspect and the traditional religious representations make them unique which is why it needs recognition by law.<sup>5</sup>

## **NEED FOR PROTECTING HANDICRAFTS**

The problem with respect of protection of handicraft is that there is no precise definition for the term due to which its protection is an issue. There is

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2 [Role of Handicraft and Handloom Industry in Indian Economy](#), Fibre2Fashion (accessed on 7May 2022; 02:52Pm)

3 [Intellectual Property and Traditional Handicrafts](#) (wipo.int) (accessed on 7th May/2022; 03:02 PM)

4 HANDICRAFT | meaning in the Cambridge English Dictionary (accessed on 07 /05 / 2022; 03: 18 PM)

5 Supra Note: 3

always a threat of colorable imitation when the produces reach the market. As the competition in the market place is high it gives way for the products to be protected. The world is progressing and the people are morefully in need of strong financial support due to which they are searching various other opportunities and eventually art is losing its grip.<sup>6</sup> Therefore, it is necessary that art forms have to be revived and protected under the law in the interest of craftsman. As crafts work requires a lot of brainstorming and it is a result of someone's idea the best suitable law for protection of such work is Intellectual Property Law.

## HANDICRAFTS AND THEIR PROTECTION UNDER INTELLECTUAL PROPERTY LAWS

There are several forms of IP Laws through which combined protection on handicrafts can be sought. Geographical indications under national law are one such form as prescribed by TRIPS Agreement.<sup>7</sup> GIs identify different goods which originate from different localities may be naturally or by cultivation with special and unique features with great quality and good reputation that specific geographical region or locality or country.<sup>8</sup>

Section 2(f) of the Act, has defined the term 'goods' which includes handicraft. The section defines as "goods means any agricultural, natural or manufactured goods or any goods of handicraft or of industry and includes food stuff"<sup>9</sup>

Section 2(k) (iii) defines 'producer' in relation to handicrafts as: "producer, in relation to goods, means any person who,—

(iii) if such goods are handicraft or industrial goods, makes or manufactures the goods,

and includes any person who trades or deals in such production, exploitation, making or manufacturing, as the case may be, of the goods;"<sup>10</sup>

The condition to get qualified for an indication under the Act is same as the ones mentioned in Article 22.1 of TRIPS Agreement. GI has the concept of Authorized User and Registered Proprietor, both of whom can initiate the proceedings of Infringement. The Act provides high level of protection and has both civil and criminal remedies, against infringement of registered goods.<sup>11</sup> However, the Act nowhere restricts an authorized user from seeking

6 [Art is losing its grip: Here are 8 ways to bring back the handicraft industry](#), Education Today News (indiatoday.in) (accessed on 7th May 2022; 09:10PM)

7 Article 22-24 of the TRIPS Agreement adopted in Marrakesh on 15 April 1999 and administered by TRIPS council, an agency of World Trade Organization (WTO) Dr. Bhandari M. K., [Law Relating to Intellectual Property Rights](#), 226. Central Law Publications; 5th edn, (2019).

8 India Code: Section Details (accessed on 7th May 2022; 04:02PM)

9 Ibid

10 Section 38 to 46, 49 and 67 of Geographical Indications Act, 1999.

11 Section 2 in the Designs Act, 2000 (indiankanon.org) (accessed on 12th May 2022; 11:24AM).

simultaneous protection under Designs Act, 2000 or Copyright Act, 1957.

## **A COMBINATION OF DESIGNS ACT, 2000 AND COPYRIGHT ACT, 1957**

Section 2 (a) of the Designs Act defines ‘article’ as:

“Article” means any article of manufacture and any substance, artificial, or partly artificial and partly natural; and includes any part of an article capable of being made and sold separately;<sup>12</sup>

The design right is provided exclusively to the design of that particular object, its shape, pattern and colour combination and not to the entire object. This is clearly provided under Section 2(d) of the Designs Act which defines ‘design’ as:

“design” means only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or in both forms, by any industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye; but does not include any mode or principle of construction or anything which is in substance a mere mechanical device, and does not include any trade mark as defined in clause (v) of sub-section (1) of section 2 of the Trade and Merchandise Marks Act, 1958 (43 of 1958) or property mark as defined in section 479 of the Indian Penal Code (45 of 1860) or any artistic work as defined in clause (c) of section 2 of the Copyright Act, 1957 (14 of 1957);<sup>13</sup>

Section 2(c) of the Copyright Act, 1957 defines ‘artistic works’ to mean:

- i. A painting, a sculpture, a drawing (including a diagram, map, chart or plan) on engraving or a photograph, whether or not such work possesses artistic quality,
- ii. A work of architecture
- iii. Any other work of artistic craftsmanship<sup>14</sup>

The meaning and explanation of the term ‘artistic craftsmanship’ has to be looked into. The Copyright Act has not provided any definition for the term, artistic craftsmanship. The reason for providing copyright to artistic work of craftsmanship is to safeguard their products from being reproduced in the market either by hand, machinery nor through any other manner. Courts have explained and interpreted the term ‘artistic craftsmanship’, as ‘work of art’, that is usually applied to fine arts like painting. According to the bench, it is not the shape, form and finishing of

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12 Ibid.

13 Narayanan P., *Intellectual Property Law*, 265. Eastern Law House., 3rd Edn., (2001).

14 *George Hensher Ltd v Restawile Upholstery (Lancs) Ltd*: HL 1975; (*George Hensher Ltd v Restawile Upholstery (Lancs) Ltd*: HL 1975 - swarb.co.uk) (accessed on 12th May/2022; 12:01PM).

the work that makes it artistic. It is the special training, skill and knowledge of the production that makes it distinct. Lord Morris suggested some form of minimum standards before something could be called ‘artistic’<sup>15</sup>

So, ‘artistic craftsmanship’ under Section 2(c) of the Copyright Act includes ‘handicrafts’ and their non-functional features. But does not include ‘traditional handicrafts’ as it would cause great hurdle in tracing the authorship and they are deemed to be the products belonging to a group or community and that no individual can claim sole right over them. Hence, ‘traditional handicrafts’ are not subject-matter of protection under Section 2(c) of the Copyright Act, 1957.<sup>16</sup>

The conclusion that can be found is Design’s Act preclude handicrafts from being protected, as it is the subject matter of Copyright. It can also be found that Copyright protects only individual interest therefore, when it comes to protecting the community interest, Geographical Indication is the best form of IP to safeguard the rights belonging to the community.

## REGISTERED GEOGRAPHICAL INDICATIONS PERTAINING TO HANDICRAFT IN INDIA

- (i) **AranmulaKannadi:** Started its manufacturing from a small town in Pathanamthitta of Kerala. It is a metal alloy mirror that eliminates secondary reflections. It is also considered to be auspicious due to which it is given to bride’s during their wedding as a token of good luck. It obtained GI in the year 2003.<sup>17</sup>
- (ii) **Pochampally Sari:** Obtained its G.I in the year 2005 for its unique geometric patterns in Ikat style of dyeing in Pochampalli belonging to Telangana State. They are made out of colourful threads in a skillful manner.<sup>18</sup>
- (iii) **Kanchipuram Silks:** Got its G.I during the year 2005-2006. These sari’s are exclusively preferred by the bride for their wedding. It is prepared by using pure Mulberry Silk & Zari. The unique feature of this sari is that it’s body and border are woven separately. Joints are woven so strong that even if the body tears apart, borders do not detach.<sup>19</sup>

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15 Supra Note. 13; P- 268.

16 [AranmulaKannadi Metal Mirror](http://aranmulaikannadi.com) (aranmulaikannadi.com) (Accessed on 12th May/2022; 01:01PM)

17 <https://www.telanganatourism.gov.in/partial/about/arts-crafts/pochampally-handlooms.html> (accessed on 12th May2022; 01:30PM)

18 [From Kancheepuram silk to Thanjavur doll, this lawyer has got 18 GI tags for TN](#) | The News Minute (accessed on 12th May /2022; 2:00PM)

19 <https://www.outlookindia.com/outlooktraveller/explore/story/70483/9-gi-tagged-indian-products-that-you-should-bring-back-from-your-next-trip#:~:text=Although%20it%20is%20generally%20agreed%20that%20the%20Channapatna, their%20GI%20tag%20in%202006.%20Add%20a%20comment> (accessed on 12th May2022; 02:10PM)

- (iv) **Chennapatna Toys:** It was registered under Geographical Indications in the year 2008. It originated from Chennapatna, Ramanagara District of Karnataka State. The popularity of the dolls made the city to be called as ‘GombegalaOoru’. They are made out of wood called as ‘Aale Mara’ or Ivory wood. The origin of these toys is backed from the Tippu Sultan Era. It also includes Rosewood and Sandalwood. In the colouring process of these toys Vegetable dyes are used so that the toys are safe for children.<sup>20</sup>
- (v) **Kullu Shawl:** They are originated in Kullu Valley of Himachal Pradesh. The manufacturing is done by the indigenous Kulvi people using fine woolen which is preferable by both man and woman. It is exclusively crafted from Yak & Sheep’s wool. It was registered under G.I during the year 2004. The unique feature is horizontal stripes at the end which vary from 2-7 centimeters.<sup>21</sup>
- (vi) **Thanjavur Doll:** These are bobblehead (oversized head) which is made out of terracotta (clay type) and the total weight is in the bottom most point with a continues dance like movement. It obtained its GI in 2008-2009.<sup>22</sup>
- (vii) **Solapuri Chaddar:** It is a cotton blanket made in the city of Solapur belonging to Maharashtra State. They are known for their unique design and durability and are prepared by Jacquard machine. It obtained its GI in the year 2005.<sup>23</sup>
- (viii) **Shantiniketan Leather Goods:** It is produced in the surrounding villages of Kolkata in West Bengal. The material used is vegetable tanned leather with artwork done by touch dyeing. These artistic leather bags are popular in foreign markets like U.S., Japan. It obtained GI in the year 2007.<sup>24</sup>

## CONCLUSION

The handicrafts however beautiful they may be, they require a proper adaptation, proper application of laws and in order to qualify for protection they need to fulfill minimum criteria. Though Geographical Indications have succeeded in protecting the handicrafts and interest of these craftsman it has not helped in encouraging innovation from its members in order to ensure competitiveness in the market. Proper mechanisms have to be adopted in order to overcome this drawback and increase in the new innovation which would attract the customers and increase its market pace.

20 [Kullu Shawls Of Himachal As A Geographical Indicator - Hill Post](#) (accessed on 12th May2022; 02:20PM)

21 [Know the top GI tagged products of Tamil Nadu \(India\),Dumbfound360](#) (accessed on 12th May2022; 02:35PM)

22 [Buy Authentic GI Tagged Solapur Chaddar a cotton bed sheet known for its design and durability \(shoppingkart24.com\)](#) (accessed on 12th May 2022; 03:00PM)

23 [Shantiniketan Embossed Leather Work West Bengal – Swadesi](#) (accessed on 12th May 2022; 03:15PM)

# THE NEED FOR INTELLECTUAL PROPERTY RIGHTS AND THEIR DEVELOPMENT IN INDIA AND ABROAD

Adarsh Kurian\*

## ABSTRACT

*Intellectual property rights are the legal rights that a person has over their creation of intellectual activity in the invention, brands, and design or any other kind of creation they have created. If you are running a business or planning a start-up or trade-in in India, it is essential to know the principles of intellectual property that you and your business own, to apply them to the Indian market. Intellectual property rights have grown to a position where it plays an integral role in the economic development of global over the past two decades. For the long-term Copyrights, Designs, Patents, and Trademarks have received recognition. Newer forms of protection are also developing particularly encouraged by the stimulating emergence of scientific and technological activities. Almost all business firms in India own some form of Intellectual Property, which could be a business asset. Intellectual right is important for maintaining the quality, safety, and efficacy of any pharmaceutical product and service. Thereby these strong IP rights help consumers make an educated choice about the reliability, safety, and effectiveness of their purchases whereas enforced IP rights ensure products are authentic, and of high quality. It is the certification authority and standard authority for certification and identification of the product at the national and international levels. This paper is an attempt to trace out the need for IP Rights and its development.*

**Key Words:** Intellectual Property Rights, Patent, Copyrights, Development, Protections, Invention

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## INTRODUCTION

Generally speaking, intellectual property refers to legal rights that are derived from intellectual activity in the scientific, industrial, artistic, and literary fields. Intellectual property rights protect the interests of creators by granting them ownership rights to their creations. This intellectual Property right includes Patent, Trademark, Trade secrets, Industrial design, Layout design, and Copyright oriented rights. In the modern world, intellectual property law is primarily concerned with encouraging the creation of a variety of intellectual goods and also its aim is to create an environment in which creativity and innovation can flourish by striking the right balance between the interests of innovators and the large public interest. Globally, there are a wide variety of large and small intellectual property law firms providing quality help to inventors and creators of new products, including those based in India, the United States, the UK, and Chicago. In many businesses, intellectual property represents more than just an idea or concept – it represents real assets that are vital to the long-term viability of the business and core services offered. In almost all businesses the internet has proven to be a great benefit, including the ability to reach a large audience at relatively low costs while also allowing products, services, and marketing communications to reach a wider audience. Everyone who was involved in creating a device or article can claim that the object is their intellectual property. The majority of the things around us have an origin. They are invented at some point during the history of humanity. However, it has also increased the chance of intellectual property theft. Regardless of their location, companies of all sizes are vulnerable to intellectual property theft; thus, intellectual property protection is of growing importance. Since the first patent act, the Patent Act of 1970, was introduced in the 19<sup>th</sup> century, there have been improvements in protecting inventions. As a first step, the Trade-Related Aspects of Intellectual Property Rights (TRIPS) was signed in 1995, followed by the Madrid Protocol offering trademark protection. In government circles, it is recognized that IPR must be protected. To spur innovation and entrepreneurship and strengthen existing laws, the government issued its National Intellectual Property Rights (IPR) Policy in 2016.<sup>1</sup>

## DEVELOPMENT OF INTELLECTUAL PROPERTY LAW IN INDIA

The concept of Intellectual Property Rights (IPR) in India is western in origin. 1884 was the year the Indian Trade and Merchandise Marks Act became law. Following the passage of the first Indian Patent Law in 1856, a series of other Acts were passed. They are the Indian Patents and Designs Act of 1911 and the Indian Copyright Act of 1914. As a result, the Trade and Merchandise Marks Act 1958 and the Copyright Act 1957 have been replaced.

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1 IPTSE, <https://iptse.com/future-of-intellectual-property-rights-in-india/> (accessed on 22 April, 2022).

During the year 1948, the Indian Government appointed the first committee to review the prevailing patent law. The Patent Law was revised in 1957 by the Justice Rajagobala Ayyangar Committee (RAC). As reported in 1959, the Rajagobala Ayyangar Committee tried to balance the constitutional guarantee of economic and social justice found in the preamble. The report described how drugs can be patented. It described the Indian Patent policy in great detail.

The idea upon which the patent device is based totally on, i.e., an opportunity of acquiring exceptional rights in an invention stimulate technical technique in four approaches.

(1) Promotes research and invention. (2) Induces an inventor to reveal his discoveries. (3) Gives awards for the prizes of growing innovations. (4) presents an inducement to make investments capital in new strains of manufacturing which won't show up beneficial.

A bill was introduced in 1965 based on the Rajagobala Ayyangar Committee report, and it was passed in the Lok Sabha, but it expired in the Rajya Sabha and then again in the Lok Sabha. Due to the dissolution of the Lok Sabha in 1966, a new Lok Sabha was formed. However, it was revived in 1967 and passed in 1970; the draught rules were renewed in 1967 and passed in 1970. The patent Act, which was passed in 1971, was incorporated into it.<sup>2</sup>

The actions below are recommended with particular reference to the circumstance in India with respect to IPR within the national policymaking.

- Align national technology planning with intellectual property rights and international technology trade trends;
- Create a single integrated window to deal with IPR policy challenges;
- Launch a formal national IPR literacy initiative;
- Modernize the country's IPR administrative systems as soon as possible;
- Enact a national tax policy that encourages innovation, the development of intellectual property portfolios, and their use in technology transfer and trade;
- Establish IPR training institutes for the preparation of technically qualified attorneys;
- Restructure the courts and enforcement apparatus to respond to IPR matters in a very professional and timely manner;

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2 Prabu, Timmakondu, et al. Intellectual property rights and its development in India, RESEARCHGATE (Jul. 2012, 10:04 AM), [https://www.researchgate.net/publication/288712599\\_Intellectual\\_property\\_rights\\_and\\_its\\_development\\_in\\_India](https://www.researchgate.net/publication/288712599_Intellectual_property_rights_and_its_development_in_India)

- Improve infrastructure for IPR information access and effective usage. To create patent searches easier and more efficient, the patent arrangement must be harmonized.
- Develop standardized frameworks for valuing and auditing intellectual property;
- Develop national taxation policies for IPR development, use, and transactions;
- Providing effective IPR management training to business and institutional managers.

## EVALUATION OF AN INTERNATIONAL INTELLECTUAL PROPERTY ADMINISTRATION

International Intellectual Property Protection was established in the nineteenth century by a number of Congresses in Vienna and in other parts of Europe. In 1883, the Paris Convention established the protection of commercial property. The three principal properties that were accorded protection during this treaty were patents, trademarks, and industrial designs. In 1998 India became a member of the Paris Convention.

The International Copyright Act (which led to the creation of the Berne Convention for the protection of literary and creative works) was passed in 1886. The Paris Convention established the first international trademark legislation and established the concept of a well-known mark. For countries that are members of the Paris Convention, special unions and arrangements have been established. The Madrid Agreement is a unique agreement that was established to standardize trademarks. The Paris Convention's essential ideas are embodied within the Madrid Agreement.

The General Agreement on Tariffs and Trade (GATT) was negotiated during the UN Conference on Trade and Employment after negotiating governments didn't establish the International Trade Organization (ITO). The GATT was established in 1949 and lasted until 1993 when it had been succeeded by the World Trade Organization, which was established in 1995.<sup>3</sup>

In 1960, the World Intellectual Property Organization (WIPO) was established. The Paris and Berne Conventions are governed by it. These treaties led to the creation of the World Intellectual Property Organization (WIPO) in 1967. The World Trade Organization (WTO), which succeeded the General Agreement on Tariffs and Trade in 1977, has grown into a vital international organization for the event and understanding of intellectual property rights.

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3 WORLD TRADE ORGANIZATION, [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/agrm7\\_e](https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm7_e). (accessed on 21 April, 2022).

The United Nations Conference on Trade and Development was founded in response to developing countries' worries about the worldwide market, multinational firms, and therefore the widening gap between developed and developing countries.

The United Nations Conference on Trade and Development (UNCTAD) was founded in 1964 to supply a venue for developing countries to debate issues concerning their economic development. The organization's objectives are to assist developing nations to maximize their trade, investment, and development prospects while also assisting them in their efforts to integrate into the world economy on an equal basis.

When global trade expanded substantially within the 1960s, national governments realized the necessity for a worldwide set of norms and rules to integrate the disparate national and regional regulations that had previously controlled. In 1966, the United Nations General Assembly established the United Nations Commission on International Trade Law (UNCITRAL) to market the progressive harmonization and unification of international trade law.

Intellectual property is well recognized in India at all respect levels, including statutory, administrative, and judicial. India has approved the World Trade Organization (WTO) accord (WTO). This agreement includes, among other things, a Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, which went into effect on January 1, 1995. It establishes minimum criteria for the protection and enforcement of intellectual property rights in member nations, requiring them to encourage effective and adequate intellectual property rights protection so as to scale back trade distortions and barriers. The TRIPS Agreement imposes duties on member nations to supply baseline standards of protection within their legal systems and practices. Since 1995, when numerous intellectual property tools were created, India's IPR scene has changed dramatically.

IPR is already a component of the knowledge industry's strategic alternatives. Many businesses have developed their project management systems to assure long-term growth, increased revenues, and market leadership. In the future, the growing scene will search for good connections between increasing societal rivalry on the one hand and establishing legal ownership of innovations on the opposite. Strongly intertwined sociological, moral, and ethical challenges are already influencing technology management, knowledge ownership, and commercial operations in international trade.

## **THE IMPORTANCE OF INTELLECTUAL PROPERTY RIGHTS IN DEVELOPING COUNTRIES**

The impact of restricting Intellectual Property Rights on developing countries has been a source of heated discussion now and then. The potential importance of IPR in developing countries is determined by the relative

intensity of their technical activity. Developing countries agreed to the TRIPS agreement for a spread of reasons, starting from the prospect of increased access to rich countries' agricultural and clothing markets to the idea that stronger holding rights would foster more knowledge transfer and innovation. However, in many countries, particularly among the poorest, the long-term advantages are unknown and expensive to achieve. There are reasons to believe that enforcing belongings rights includes a favourable impact on growth prospects. Domestically, higher levels of innovation drive growth, albeit this effect is sometimes minor until countries reach the middle-income band. It also points out that IPRs have had variable degrees of growth effects in several eras and in several parts of the globe, with countries seeing high rates of growth under varying degrees of IPR protection. Stronger IPRs undoubtedly have short-term consequences for poor countries, like higher pricing for technology and guarded items.

## **IMPACT OF INCREASED INTELLECTUAL PROPERTY RIGHTS IN DEVELOPING COUNTRIES**

The following four benefits accrue to society as a result of providing such exclusive rights to innovations:

Increased transmission of fresh knowledge to other agents; Incentives for other businesses to innovate; The fundamental societal advantage of IPR is the stimulus of an invention by private agents; The use of the latest knowledge in productive activities.

The TRIPS Agreement establishes rules and standards within the domains of belongings listed below:

Copyrights and related rights; Trade Marks; Patents; Geographical Indications; Industrial Designs; Layout Designs of Integrated Circuits; Protection of Undisclosed Information (Trade Secrets); and Plant varieties.

Intellectual property rights are often separated into two categories:

### **1. COPYRIGHT AND COPYRIGHT-RELATED RIGHTS**

Copyright refers to the legal rights that authors and artists have over their artistic and literary creations. As well as computer programs, databases, ads, maps, technical drawings, books, music, paintings, sculptures, and films, are covered by copyright. Phonograms (sound recordings), the rights of performers (e.g., musicians, actors, and singers), and broadcasting companies are also protected by copyright and associated (often named as "neighbouring") rights. The first social goal of copyright and related rights protection is to encourage and reward creative work.<sup>4</sup>

### **2. INDUSTRIAL PROPERTY**

Industrial property can be classified into two categories:

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4 WIPO, <https://www.wipo.int/about-ip/en/> (accessed on 21 April, 2022).

One area is defined because the protection of distinguishing indicators, liketrademarks(which distinguish one company's goods or services from those of another) and geographical indications (can designate a good as having originated in a location where a particular attribute of the good is mostly due to its geographical origin).

The goal of trademark protection is to encourage and ensure fair competition, as well as to safeguard customers by allowing them to form educated decisions about diverse goods and services. The protection may last an eternity if the symbol in question remains distinctive.

Other forms of industrial property are protected largely to encourage technological innovation, design, and development. This category includes patented inventions, industrial designs, and trade secrets.

The societal goal is to safeguard the outcomes of investments within the development of the latest technology by providing incentives and resources to fund research and development. A well-functioning intellectual property policy should also make technology transfer via FDI, joint ventures, and licensing more straightforward. Typically, protection is offered for a specified amount of time (typically 20 years in the case of patents).<sup>5</sup>

While the essential social objectives of intellectual property protection have been outlined above, it is important to note that the exclusive rights that are generally allowed are subject to a variety of restrictions and exceptions that are designed to fine-tune the balance that must be struck between the legitimate interests of right holders.

## **TRANSITION PERIOD**

India, as a developing country, encompasses a five-year transition period (from January 1, 1995) to implement the Agreement's terms until January 1, 2000. A five-year transition period, ending January 1, 2005, is also available for expanding product patent protection to previously unprotected areas of technology. This might mostly be in the pharmaceutical and agricultural chemical industries.<sup>6</sup>

### **(i) PATENTS**

Acreation is protected by a patent, which is an exclusive right awarded to the inventor. An inventor whose invention is protected by a patent is entitled to decide whether others are permitted to use it. The patent owner gives up these benefits in exchange for making scientific information about the invention publicly available in the published patent document. The goal of this system is to promote inventions by emphasizing their promotion and use in order to aid in the development of industries, which in turn aids in the

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5 Supra note 3.

6 GOV.UK, <https://www.gov.uk/government/news/intellectual-property-and-the-transition-period> (accessed on 21 April, 2022).

advancement of technological advancements as well as the transfer and distribution of technology. Patents establish property rights for the invention for which a patent has been granted, which can be enormously valuable to an individual or a company under the system. Patents must be available and patent rights must be enjoyed without regard to the location of invention, the field of technology, or whether items are imported or produced locally.

Patent trends in India over the last 25 years may be traced back to the formulation and implementation of the Indian Patent Act 1970, which went into effect on April 20, 1972. The new system made restrictive adjustments to patenting of inventions, particularly in the sectors of chemicals, pharmaceuticals, agrochemicals, and foods, which marked a strategic move from the liberal elements of the Indian Patents and Designs Act 1922.<sup>7</sup> Patents for inventions claiming substances intended for use or capable of use as food, medicine, or drug, as well as all compounds originating from chemical processes, were cancelled. Compulsory licensing conditions were also liberalized, with the introduction of the “license of right” concept for patents connected to medications, pharmaceuticals, and foods.

### **(ii) COPYRIGHT**

Under the Berne Convention, the copyright assures that computer programs are protected like literary works, and it also describes how databases should be safeguarded. It also covers rental rights under international copyright rules. Authors of computer programs and sound recording processes must be able to prevent the public’s commercial renting of their creations. A similar exclusive right applies to films where commercial renting has resulted in broad copyright, reducing the potential earnings of copyright owners. For at least 50 years, performers must have the right to prevent unauthorized recording, replication, and transmission of live performances. For a period of 50 years, sound recording producers must have the right to prevent unlawful reproduction of their recordings.

Several efforts have been implemented to improve and streamline copyright enforcement. These include the formation of a Copyright Enforcement Advisory Council, training programmes for enforcement officers, and the establishment of specific policy cells to handle cases involving copyright infringement. The Ministry of Commerce and Industry in India has been in charge of copyright policy since 2016. The Department of Industrial Property and Promotion now manages all by IPRs (DIPP).

### **(iii) TRADEMARK**

A trademark is a sign that differentiates one company’s goods or services from those of other companies. Trademarks date back to ancient times when artists used to sign their wares with their signature or “mark.” The Agreement

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7 MONDAQ, <https://www.mondaq.com/india/patent/1070690/intellectual-property-rights—patents> (accessed on 22 April, 2022).

stipulates that the original registration and each subsequent renewal shall be for a period of not less than seven years, with the registration being renewable forever. Licensing of trademarks on a compulsory basis is not permissible.

A comprehensive review of the Trade and Merchandise Marks Act, 1958 was conducted in light of changes in trade and commercial practices, globalization of trade, the need for simplification and harmonization of trademark registration systems, and other factors, and a Bill to repeal and replace the 1958 Act was passed by Parliament and notified in the Gazette on December 30, 1999.<sup>8</sup> This Act not only harmonizes Trade Marks Law with international systems and practices but also makes it TRIPS compatible. The law is now being implemented.

#### **(iv) GEOGRAPHICAL INDICATION**

Geographical indications of goods are described as an aspect of industrial property that refers to a geographical indicator pointing to a country or a location as the country, place, or origin of a product. The offered product must have a specific geographical origin, as well as traits or a reputation associated with that location. Sometimes a product's name is used to identify it. This geographical indication not only specifies the location where the product was created but also defines the product's unique features that are a result of its origin. When a product is created elsewhere or does not have the customary qualities, using the location name can mislead consumers and lead to unfair competition. There are several exceptions, such as if the name is already protected as a trademark or has become a generic phrase.

#### **(v) INDUSTRIAL DESIGN**

An industrial design is a product's aesthetic feature. A design can be made up of three-dimensional elements like an article's shape or surface, or two-dimensional elements like patterns, lines, or colour.

From watches, jewellery, fashion, and other luxury items to industrial and medical implements, from housewares, furniture, and electrical appliances to vehicles and architectural structures, from practical goods and textile designs to leisure items like toys and pet accessories, industrial design is used on a wide range of products in industry and handicraft. In the Budget Session of 2000, Parliament passed a new design law that repealed and replaced the Designs Act of 1911. Since May 11, 2001, this Act has been in effect.<sup>9</sup>

#### **(vi) LAYOUT DESIGNS OF INTEGRATED CIRCUITS**

A "layout-design (topography)" is a three-dimensional arrangement of elements, at least one of which is an active element, and some or all of the interconnections of an integrated circuit, or such a three-dimensional arrangement created for an integrated circuit intended for fabrication. The

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8 CLEAR TAX, <https://cleartax.in/s/trademark-act-1999> (accessed on 22 April, 2022).

9 WIPO, <https://www.wipo.int/about-ip/en/> (accessed on 21 April, 2022).

responsibility to preserve layout designs applies to layout designs that are unique in the sense that they are the outcome of the creator's own intellectual effort and are not widely used among layout designers and integrated circuit manufacturers at the time of their development. The replication, importation, selling, and other commercial distribution rights are all included in the exclusive rights.

### **(vii) PROTECTION OF UNDISCLOSED INFORMATION**

The protection must apply to information that is secret, has commercial value as a result of its secrecy, and has been subjected to reasonable efforts to maintain its secrecy. That does not mean that undisclosed information must be treated as property, but it does mean that a person in lawful control of such information must be able to prevent it from being disclosed to, acquired by, or used by others without his or her consent in a way that is inconsistent with fair business practices.

### **(viii) PLANT VARIETIES**

Another component of intellectual property rights is the protection of novel plant varieties, which aims to recognize the accomplishments of plant breeders by granting them an exclusive right for a certain time. To be eligible for such protection, new types must meet certain requirements. A plant grouping within a single botanical taxon of the lowest known rank is defined as variety. As long as the herb is new or novel, distinct, uniform, stable, and has a proper denomination, it is acceptable.

The International Union for the Protection of Novel Varieties of Plants (UPOV) is the organization in charge of regulating the protection of new plant varieties.

## **THE ADVANTAGES OF INTELLECTUAL PROPERTY RIGHTS IN THE MODERN PERIOD<sup>10</sup>**

**BUSINESS GROWTH:** Small businesses have an important role to play in gaining and maintaining market share by protecting their exclusive goods and services. This will ultimately lead to steady growth and profits. The long-term health of a company can be negatively affected if it loses market share initially.

**ENCOURAGE THE IDEAS BY SECURING THEM:** Even if anyone develops a unique idea or concept for monetary gain, there may still be people who duplicate it. Further protection of IP properties is necessary until any third party is violating them. Companies of all sizes and shapes can implement IP protection. A person should recognize which Intellectual

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10 Bisaraya Swastik, Significance of Intellectual Property Rights In Current Era, IIPRD. BLOG (Dec. 26, 2020, 1:24PM), [https://iiprd.wordpress.com/2020/12/26/significance-of-intellectual-property-rights-in-current-era/?utm\\_source=Mondaq&utm\\_medium=syndication&utm\\_campaign=LinkedIn-integration](https://iiprd.wordpress.com/2020/12/26/significance-of-intellectual-property-rights-in-current-era/?utm_source=Mondaq&utm_medium=syndication&utm_campaign=LinkedIn-integration)

Property Rights (patents, trademarks, and copyrights) should cover various areas of IP based on the market needs and situations.

**EXPORT BUSINESS OPPORTUNITIES:** Intellectual property also boosts a company's productivity in the export market. These logos or designs can be used to market products and services in foreign countries, as well as to secure a franchise agreement with an overseas company or to export proprietary things.

**INNOVATIVE IDEAS AS A MEANS TO EARN PROFIT:** Ideas are worthless in and of themselves. IP has a lot of untapped potential when it comes to converting your ideas into commercially viable products and services. Copyright and patent registration will create a consistent stream of fees and increased revenue, helping to raise the overall market result.

### **NEED TO PROMOTE AND PROTECT INTELLECTUAL PROPERTY RIGHTS**

There are various reasons why the intellectual property should be promoted and protected. Here are a few examples:

- Developing new industries and jobs, stimulating economic development, and improving the quality of life are all benefits of protecting and promoting intellectual property.
- Creating and inventing new works in the fields of technology and culture remains the key to human progress.
- Instead of keeping the creation hidden, IP protection stimulates its publishing, distribution, and exposure to the public.
- Plays a critical role in promoting the nation's economic progress.
- Inventors and innovators who put their money and time into inventing a new product, procedure, literary work, or other artistic production are protected.
- Intellectual property investment boosts production and commercial activity while also aiding economic growth.
- The original owner must be compensated, and society can develop through the encouragement of invention and creativity.
- Useful for locating persons who share a common commercial interest in order to form global collaborations.
- By modifying new developments, it protects established markets.
- Prevents infringements, saving time and money in the long run.
- Intellectual property pulls together the efforts of various agencies to produce new processes and goods through technical advancement.
- IP plays a crucial role in bridging the gap between cooperative competitiveness and socioeconomic progress.

- Avoids duplication of effort, saving both time and money.
- Prevents workers from being exploited and ensures that they are properly compensated if their labour is used for a commercial purpose.
- Aids in the generating of cash in a variety of ways, such as patent licensing.
- Patents are an important source of technical evidence in IPR cases.
- Patents encourage innovation and provide incentives for researchers to expand on their findings.
- IPRs are effective tools for increasing business profits through strategic planning.
- IPRs help to build trustworthy, successful brands for home and international markets.
- A good intellectual property system is a generator of new ideas.
- Intellectual property helps to find a balance between the innovator's and the public's interests, fostering an environment where innovation, creativity, and invention can flourish and benefit everyone.<sup>11</sup>

## CONCLUSION

Intellectual property rights are critical for progressive societal development in a knowledge-based economy. IPR is a basic requirement for participating in local and worldwide competitive trade, as it is impossible to create an inventive environment without disseminating and implementing IPR information. It is critical for policymakers to incorporate intellectual property rights into the fundamental educational system and to encourage innovators and creators to register their inventions. In terms of abundant raw materials, low-cost labour, and an imaginative and creative dedicated workforce, India has it all. Without a doubt, India and other developing countries will explore Intellectual Property Rights in order to increase their fair share of global trade. Because the average man's life is intrinsically linked to papers and products that are protected by law as human property. The copying, duplication, alteration, and unauthorized duplicating of these objects without the owner's authorization is a serious offense. As a result, intellectual property rights must be understood by even the most ordinary person. Furthermore, I believe that absolute rigidity in the granting and functioning of IPR can prove more destructive than beneficial. As an example, if a pharmacy comes up with a vaccine for a global pandemic, flexible licensing procedures will be necessary to ensure its proper distribution.

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11 LEGAL SERVICE INDIA E-JOURNAL, <https://www.legalserviceindia.com/legal/article-4762-international-intellectual-property-regime-and-developmental-aspects.html> (accessed on 19 April, 2022).

# DESIGN LAW IN INDIA

Bhavya Yashwanth Poojary\*

## ABSTRACT

*Design law in India- Design or Industrial Design which was first introduced in the British era in the year 1872 as passed by the British Parliament in India. "The Pattern and Design Act 1872" for the protection of Industrial. This was the first legislation. The Act provided the inventors of New Patterns and Design in India. The act of 1872 was followed by the Inventions and Design Act 1888 which consolidated and amended the law relating to the protection of inventions and design and contained provisions relating to design in a separate part. But after many years the Indian government passed the new legislation in the year 2000 for the better protection of industrial design. The act became effective in India on May 11, 2001 replacing the old law of 1911 to give more effective and good results. This Act helps in better way of Protection against the infringement of design and also provides the new and simple procedures of Registration of application for design in India. It also describes how the design act works with provision under the act of 2000.*

**Key Words:** Design law, Importance, Protection, Infringement, Changes, Disadvantages.

## INTRODUCTION

Design means only the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or three dimensional or both forms, by any industrial process or means, whether manual ,mechanical or chemical, separate or combined which the finished article appeals to and are judged solely by the eye. Here the word "Article" stands for Any manufactured object. Design has

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different connotations in different fields. In some cases, the direct construction of an object is also considered to use design thinking. Design often necessitates considering the aesthetic, functional, economic and socio political dimension of both the design object and design process. It may involve considerable research, thought, modeling interactive adjustment and re- design. The definition makes it clear that design means the feature of shape, pattern ornament etc to an article and not the article. HISTORY AND PRESENT LAWS OF DESIGNS IN INDIA

The first design legislation enacted in India was the Patterns and Designs Protection Act 1872.<sup>1</sup> The Act provided the Inventors of New Pattern and Design in India. After many years the Inventions and Design Act, 1888 demonstrated it. This was an unmistakable demonstration of the British modes of similar demonstration in the U.K. Later on in 1911 Patents and Designs Act 1911 was passed by the British Parliament which revoked the past demonstration in identifying with licenses and without precedent for India this demonstration has presented another different office for the execution of law identifying with outlines.<sup>2</sup> This 1911 Act continued after independence also. After many years the Indian Government came up with a new legislation in 2000 for better protection of Industrial Design. This was established to combine and correct the law along with security plans and to execute the TRIPS agreement .It became effective in India on May 11, 2001 replacing the old Act of 1911. The Act of 2000 has been amended several times. In the year 2007 on 8th February, the National Design Policy was adopted. Among other things aimed at promotions of Indian Design through a well- defined and managed regulatory, promotions and institutional framework, an Action plan for implementation of the policy was also adopted. Here in the year 2008 Designs ( Amendment) Rules 2008 was notified as legislation. Later on in the year 2nd March 2009. The Central Government constituted the Indian Design Council. The council is intended to act as the national strategic body for multi disciplinary design and to get involved in promotion of design with the ultimate vision to make. Indian industry is a Design enabled Industry. Recently in the year 2011 a new manual of Designs practice and procedures published by the office of the controller general of patents, Design and Trademarks was introduced. Now after the 2011 amendment in rules it is practicing in course for registration of Industrial Design and no further amendment was initiated. The last amendment in Designs Rule came into force from 30th December,2014, which incorporates a new category of applicant as small entity in addition to natural person and other than small entity

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1 International Journal of Creative Research Thoughts(IJCRT) <https://www.ijcrt.org/papers/IJCRT1813362.pdf> APRIL 18 3.40PM  
2 Legal service India E- Journal <https://www.legalserviceindia.com/legal/article-475-origin-and-development-of-designs-act-2000.html> April 15 5PM

## IMPORTANCE OF DESIGN REGISTRATION

A Design Registration basically protects the aspects of a product such as its patterns, shape, Design, and ornamental. Various Patent authorities have their own regulations and procedures for Design Registration. Protection of Design is an effective method to safeguard industrial and product designs from copying or duplication amidst rigid market competition. As per the report of WIPO (World Intellectual Property Organisation), over the past nine years, there have been around 65,447 industrial design applications from India, and out of 65,447, around 51,225 applications have been registered. This only goes to prove the growing importance and effectiveness of Design Registration which boosts companies and investors to invest their money & time in safeguarding their designs.

1. **Ability to Sue:** When a design is successfully registered, the design owners have the right to file litigation against any imitator.<sup>3</sup> This makes sure that the owner of Design is able to hold their market share by maintaining exclusivity over their product or industrial Design. As of 2019, the trade-in imitation goods stands at 3.3% of the overall world trade that means registering designs grants entities the power to litigate the rising number of counterfeiters.
2. **Extended Validity:** A certificate of Design Registration is valid for ten years, and after that, the validity can be further renewed or extended up to the next five years.
3. **Legal Protection Against Plagiarism:** This is one of the essential benefits of Design Registration. The registration process of Design restricts other companies to copy, sell, distribute, or reproduce their products bearing a similar Design to the original one.
4. **Increased Commercial value:** Design Registration under a Patent authority boosts its commercial value and makes the product more marketable. This is because a product having an owner design increases product positioning in the viewpoint of potential customers.
5. **Fair Market Competition:** On an extensive outlook, when an immense number of innovators register their designs, it adds some competitive spirit among the market players.
6. **Induce Customer Response:** Another one of the essential benefits of Design Registration is that it just appeals to the customers and is judged or examined solely by the eye
7. **Return on Investment:** Upon registering a Design, the applicant company or organisation gains the exclusive right to commercialise their product. It

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3 Mondaq connecting knowledge & people [https:// www.mondaq.com/india/patent/829976/importance-of-design-as-an-ipr](https://www.mondaq.com/india/patent/829976/importance-of-design-as-an-ipr) April 18 7.30 PM

also adds to their IP (Intellectual Property) portfolio and boosts their intangible assets. These assets often create extra revenue streams and thus lead to high returns on investment.

8. **Product Differentiation:** A registered design is followed by all the relevant documents comprising the concept and design art that makes it unique. This basically gives the owner of the design a competitive edge in their respective market from a perfect business model outlook.

9. **Ability to License-Out:** Design owners who have their designs registered under a particular Patent authority gain the ability to license out their designs to external manufacturers. They can do this within their particular Patent jurisdiction to benefits from the profitable royalties paid by the licensee.

### **PROCEDURES FOR REGISTRATION OF DESIGNS**

This Act defines a better way of registration of Industrial Design procedure for applicants who are applying for registration to secure their industrial designs.<sup>4</sup> It encourages new applicants to register their designs in order to protect it in a legal way. This act covers both civil and criminal remedies. Registration of designs is done by the Patent Office at Calcutta.

### **CRITERIA FOR REGISTRATION**

A Design qualifies for registration only if:-

- It is new or original
- It has not been disclosed to the public.
- It is significantly distinguishable from known designs or combination of known designs, and
- Its use would not be contrary to public order or morality.

If the above points are satisfied, it becomes registered under the act if the application is filed.

### **DESIGN APPLICATION FILING IN INDIA.**

The prescribed form of application shall be filed under the patent office under the sub section (1) with the prescribed fee.<sup>5</sup> There are two types of application they are

- Ordinary application- does not claim any priority.
- Reciprocity application- Application files previously in a convention country.

These applications shall be filed within 6 months under section 5, 12 44. This period shall not extend. The controller shall report to the examiner under section 5(1) rule 18 and report on the ability of a design, if it is registrable shall be given a certificate of registration. If the controller is in an

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4 V.K.Ahuja, Law Relating to Intellectual Property Rights.

5 Supra note 4

opinion objection then an objection can be raised on the ground of novelty under section 4, 16, 21 of design act 2000. If the applicant fails to obey the objection or fails to apply for hearing within 3 months from the commencement then the application shall be withdrawn. The application gets 6 months to remove the objection from the date of filing the application. Form number 8 is filed before the expiry of 6 months. If the applicant fulfills all the requirements then the application shall be registered.

**Publication:-** Mentioned under section 7 and r. 22 of design rules 2001. The controller shall soon, register the design and publish it as it is prescribed and thereafter the design shall be open to the public. <sup>6</sup> As per Design rules, 2001 the particulars of registered design are published in the patent within one month.. The patent office Journal is published on every Friday and contains all the details. Publication is made to give chances to others to raise objections before giving the register certification.

### **REGISTRATION CERTIFICATE**

The term for validity of copyright in registered Design is 10 years. The copyright may be extended for a period of 5 years from the original design is renewed after ten years from the expiration of the original period of 10 years on filing application for extension of copyright along with payment of the prescribed fees.

### **PIRACY OF A REGISTERED DESIGN**

Section 22 of the Designs Act, 2000 deals with the piracy of registered designs. This section provides that if a civil suit is brought under this then it shall not exceed Rs50000/- for the infringement if one registered design. The suit for infringement recuperation of harm ought not to be recorded in any court beneath the court of the District Judge.

**Changes Made:-** The prominent changes or amendments in the 2000 act in when compared to the act of 1911 are <sup>7</sup> :

1. It enlarged the scope of definition of “article” and “design” and introduced the definition of “original”. The act incorporated provisions for delegation of powers of the Controller to other officers .
2. It added provisions for identification of non-register-able designs .
3. The Act introduced an internationally followed system of classification in place of Indian classification.
4. Added provisions for maintaining the register of designs on computers .

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<sup>6</sup> Narayanan, Intellectual Property Rights.

<sup>7</sup> Legal service India E- Journal <https://www.legalserviceindia.com/legal/article-475-origin-and-development-of-designs-act-2000.html> APRIL 19 10.30AM

5. The Act contained provisions to restore lapsed Designs .
6. It added provisions for appeal against the order of the Controller before the High Court instead of the Central Government .
7. The new act made it mandatory to register any document for transferring the right over a registered Design .
8. The act introduced additional grounds in cancellation proceedings and made provisions initiating cancellation proceedings before the controller instead of High Court .
9. The act amplified the scope of Prior Publication.
10. The new act enhanced the quantum of penalty imposed for infringement of registered Design .
11. The act increased the initial period of registration from 5 years to 10 years .
12. The act has provisions that allow it to give priority to other countries , inter –governmental Organizations apart from the United Kingdom and other Commonwealth Countries .
13. The new act added provisions for avoiding certain restrictive conditions for the control of anti-competitive practices in contractual licenses.
14. The Act further has specific provisions to protect the security of India.

Thus, it is clear that the new act is more superior and effective in giving protection and The new act enhances the quantum of penalty imposed for infringement of registered design .The act aims at promotion of Indian design through a well-defined and managed regulatory, promotional and institutional framework. Subsequently, in 2009 the Central Government constituted the IndiaDesign Council under the Department of Industrial Policy and Promotion (DIPP).The council is intended to act as the national strategic body for multidisciplinary design and to get involved in promotion of design with the ultimate vision to make Indian Industry a design enabled industry.

## **DISADVANTAGES**

- The bulk of designs for registration are easily rejected only if there is a small procedural issue while only a few are due to substantive criteria.
- The protection which the Design Act provides is for a meagre period of 15 years so the companies would rather choose to get trademark or copyright depending on their article which protects for a longer duration.
- If one does not specially apply for design rights in the other countries they are only limited to the UK, unlike copyright.

- If a person makes a certain design only with a slight amendment to the original one he can also get protection.

## LANDMARK JUDGEMENT

### Reckitt Benckiser (India) Ltd. v. Wyeth Ltd (FAO(OS) No. 458/2009).<sup>8</sup>

In this case, the issue was regarding the registration of S-shaped spatulas. The defendant in this case i.e. Wyeth Ltd. claimed that the appellant's design was not original as it has already been registered in a foreign country before its registration in India. And also there was the suppression of facts regarding the prior registration in a foreign country.

The Court held that if it can be shown that the design was disclosed anywhere in India or a foreign country by means mentioned under Section 4(b) then the registration in India would be considered to be cancelled and it can be sought as a defence against alleged infringement under Section 22(3). In *Sree Vishnu Bottles v. The State Of Tamil Nadu* WP.Nos.1295 and 1296 of 2012 on 9 February, 2012. This case deals with the rights of re-sellers. The petitioners have a business of buying empty beer bottles and paper from Tamil Nadu and transporting it to Karnataka and Madhya Pradesh. They have been doing this business smoothly for 30 yrs without any interruption in crossing borders until recently when they were stopped. And the reason for the disruption is that some bottles were registered as designs under the Designs Act. They were held liable for piracy of registered designs under Section 22 of the Design Act. They said that no one can be stopped from transporting empty bottles in such a fashion even when there is no injunction from the Court. The High Court held that the relief they sought was vague and no blanket order can be passed by the Court.

In *M/S. Whirlpool Of India Ltd vs M/S. Videocon Industries Ltd* SUIT (LDG) NO. 1675 OF 2012 on 25 July, 2012, in a motion of temporary injunction before the Bombay High Court, Whirlpool alleged that Videocon had infringed and passed off its registered design for its washing machine which had a rectangular shape on one side and a semi-circular shape on the other with a jettisoned panel for the knobs. The Defendant also argued that the Plaintiff itself had two similar designs, and the design involved in this suit was only a minor variation, and therefore neither new nor original. The Court held that in light of Sections 6(3) and (4), the registered design cannot be invalidated even if not novel or published previously. The Court, after rejecting the arguments on invalidity, examined the issues of infringement and passing off based purely on appearance (as is the standard test in the law of designs). Holding that the similarities were more important than any minor differences, the Court held that there was infringement and passing off of the

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8 <https://lawtimesjournal.in/reckitt-benkiser-india-ltd-vs-wyeth-ltd/#:~:text=The%20Court%20held%20that%20if,for%20in%20a%20convention%20country%2C> April 21 1PM

Plaintiff's design. *Yahoo!, Inc. vs. Akash Arora & Anr* [1999 (19) PTC 201 (Del)]<sup>9</sup>, is one of the first Landmark Judgements on IPR Law in India that is related to the protection of Intellectual Property Rights on the Internet. The Delhi High Court (HC), in this case, that is known till date as one of the Landmark Judgments on IPR Law related to cyber squatting held that the domain name of a product serves the same function as of a Trademark and hence, a domain name is entitled to equal protection.

In this case, the domain names of the plaintiff 'Yahoo!' and the domain name of the defendant 'Yahoo India!', were nearly phonetically similar and identical. In such a case, there was a very strong possibility that the users of the internet using the domain name of the plaintiff will get confused and deceived into believing that both the domain names of the defendant and plaintiff have some common source or connection. The Delhi High Court also observed in this case that the disclaimer used by the defendants was not sufficient because the Internet nature is such that the use of a similar or identical domain name cannot be remedied by a disclaimer, and that also it did not matter that the domain name 'yahoo' is a dictionary word. The name 'Yahoo' had acquired distinctiveness and uniqueness when it was associated with the plaintiff. The Bombay High Court (HC), in the case of *Rediff Communication vs. Cyber booth & Anr* [2000 PTC 209], also observed that the importance and value of a domain name are as a corporate advantage to a company.

## CONCLUSION

The necessity and need for the protection of Industrial Designs in the nation has resulted in the so-called legislations regarding Industrial Design, starting from 1872 ( Patents and Designs Act) to the recent Designs Act of 2000. Designs Act 2000 is a prominent legislation in the field of Intellectual Property, which has got a long, strong legacy and history. When it comes to effectiveness, This act along with other related rules efficiently controls the matters related to Industrial design.

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9 Corpbiz <https://corpbiz.io/learning/landmark-judgments-on-ipr-law-in-india/> April 17 8AM