

## UNIT -5

### NEW DEVELOPMENTS OF INTELLECTUAL PROPERTY

#### NEW DEVELOPMENT IN TRADE MARKS LAW:

##### **The Internet:**

- ❖ Trademark owners throughout the world are struggling with new issues presented by increased electronic communication, primarily that occurring through the Internet.
- ❖ The Internet derives from a network set up in the 1970s by the Department of Defense to connect military and research sites that could continue to communicate even in the event of nuclear attack.
- ❖ In the 1980s, the National Science Foundation expanded on the system, and its first significant users were government agencies and universities.
- ❖ In the early 1990s, however, it became apparent that the system could provide a global communication network, allowing people from all over the world to talk with each other; send written messages, pictures, and text to each other; and establish web pages to advertise their wares and provide information to their customers.

##### **Assignment of Domain Names:**

- A company's presence on the internet begins with its address or domain name not only serves as a locator for a company but also functions as a designation of origin and a symbol of goodwill---a trademark.

- There are two portions to a domain name: the generic top-level domain, which is the portion of the name to the right of a period (such as .gov or .com) and the secondary level domain, which is the portion of the name to the left of a period (such as “kraft” in Kraft.com”).

Disputes frequently arise between owners of registered mark and owners of domain names whose domain names similar or identical to the registered marks

## **Internet Corporation for Assigned Names and**

### **Numbers [ICANN]:**

- To help resolve the problems in the domain names registration and use process
- The government created the ICANN
- It is a nonprofit corporation
- It is governed by a board of directors elected in part by various members of the Internet Community.
- ICANN are authorized to register domain names ending with .com, .org and .net
- Registrations usually last one year, at which time they can be removed or will expire.
- Registration requires a representation that the person seeing to register the name is not doing so for an unlawful purpose and does not know of any infringement
- ICANN recently added seven new top-level domains, including .biz and .info

## PROTECTING A DOMAIN NAME:

- People register well-known marks as domain names to prey on consumer confusion by misusing the domain name to divert customers from the legitimate mark owner's site. This practice is commonly called cybersquatting.
  
- There are three approaches for against cybersquatter:
  - ✓ An action can be brought under the Federal Trademark dilution Act
  - ✓ A civil suit can be instituted under the recent Anticybersquatting consumer protection Act, or
  - ✓ An arbitration proceeding can be instituted through ICANN's disputes resolutions process
  
- Cybersquatter and the dilution doctrine: Federal trademark dilution Act (15 U.S.C § 1125 (C))
  
- Cybersquatters and Anticybersquatting consumer protection Act (15 U.S.C § 1125 (d)) [**ACPA: Anticybersquatting consumer Protection Act**]
  - ✓ To prevail in a civil action under ACPA, a plaintiff must prove three thing:
    1. The plaintiff's mark is a distinctive or famous mark deserving of protection
    2. The alleged cybersquatter's infringing domain name is identical to or confusingly similar to the plaintiff mark
    3. The cybersquatter registered the domain name is bad faith
  
- Resolving Disputes through the Uniform Domain Name Dispute Resolution Policy: [UDRP] 1999
  - ✓ The allegedly wrongful domain name is identical or confusingly similar to the complainants' trademark;
  - ✓ The domain name registrant has no legitimate interest in the domain name and
  - ✓ The domain name is being used in bad faith

## **NEW DEVELOPMENT IN COPYRIGHT LAW:**

- While acknowledging that clothing is a useful article and thus not subject to copyright protection, a New York Federal court ruled that lace design, copyrighted as writing and incorporated into wedding dresses, were protectable and enjoined another maker of wedding dresses from making or marketing copies. Similarly, detailed embroideries or some other two dimensional drawing or graphic work affixed to a portion of a garment may be copyrightable.
- A federal court in California recently held that while type fonts themselves are not protectable under copyright law, a software program that generated and created the typefaces was protectable.
- As soon as Stephen King sold his book riding the Bullet exclusively in an Internet format, an individual cracked the copyright protection software and posted free copies of the book on the Internet. The publishers responded by adopting stronger encryption technology. Similarly, in 2000, Mr. King suspended online publication of a serial novel because too many individuals were downloading the work without paying it.
- It late 1997 President Clinton signed into law the No Electronic Theft [NET] Act [amending 18 U.S.C §2319] to enhance criminal penalties for copyright infringement, even if the infringer does not profit from the transaction. The act also extends the statutes of limitations for criminal copyright infringement from three to five years, and allows law enforcement officers to use federal copyright law against online copyright violation, thereby extending the same copyright protection to the Internet that is provided to other media.

- In September 1999, the Clinton administration relaxed government restrictions on the export of encryption products and simultaneously introduced new legislation to give law enforcement agencies greater authority to combat the use of computers by terrorists and criminals and to create a new code cracking unit within the FBI [Foreign Bureau of Investigation]
- In mid-2000, president Clinton signed the Electronic signatures in Global and National Commerce Act, making digital execution, called e-signatures, as legally binding as their paper counterparts.
- In 2000, federal prosecutors in Chicago indicted seventeen people who called themselves “Pirates with Attitude” for pirating thousands of software program. The case was brought under the NET Act. Some of the individuals were former employees of Intel and Microsoft.

The copyright office has recommended that congress amend section 110 of the copyright Act to grant educators the right to transmit copyrighted works for distance learning if certain conditions are met

### **NEW DEVELOPMENT IN PATENT LAW:**

The patent Act has proven remarkably flexible in accommodating changes and development in technology. Thus advisement in technology generally has not necessitated changes in the stately governing patent protection.

### **Business method and software patent:**

Many of the cutting-edge issues in patent law related to patents for computer software. For several years, the conventional wisdom has been that unless a computer program had significant commercial

value and application patent protection was often counterproductive or ineffective in that the PTO often took two years to issue a patent, roughly the same time it took for the software program to become absolute.

### **Biotechnology patent:**

Medicines, Science, agricultural and pharmacology present the other cutting-edge issues in patent law. Research into genes may hold the key to curing disease throughout the world. Agricultural research may hold the key to providing sufficient food for the world's ever-increasing population.

The development of strains of plants and crops that are resistant to brought and disease has also led to an increasing number of patents issued, and attendant litigation. In the field of "agbiotech".

### **American Investors Protection Act of 1999 [AIPA]:**

The AIPA was signed into law in 1999 and represents the most significant changes to patent law in twenty years. Although some of the provisions of AIPA have been discussed earlier, its key subtitles are as follows:

- Inventors' Right Act of 1999
- The First Inventor Defense Act of 1999
- The patent term guarantee act of 1999
- The domestic publication of Foreign filed patent application act of 1999
- The optional Inter parts reexamination procedure Act of 1999

## **Introduction of International Patent protection:**

The rights granted by a U.S Patent extend only throughout the U.S and have no effect in a foreign country. Therefore, an inventor who desires patent protection in other countries must apply for a patent in each of the other countries or in regional patent office.

- The Paris convention (already it is in previous units)
- The European patent organization
- Agreement on Trade-Related Aspects of IPR (already it is in previous units)
- The patent Law Treaty
- Foreign Filling Licenses
- Applications for United States Patents by Foreign applicants

## **The European patent organization:**

The European Patent Organization (EPO) was founded in 1973 to provide a uniform patent system in Europe. A European patent can be obtained by filing a single application with the EPO headquartered in Munich (or its subbranches in The Hague or Berlin or with the national offices in the contracting nations). Once granted, the patent is valid in any of the EPO countries designated in the application and has the same force as patent granted in any one of the contracting nations.

## **INTELLECTUAL PROPERTY AUDITS:**

Many companies believe that copyright extends only to important literary works and therefore fail to secure protection for their marketing brochures or other written materials. Similarly, companies often fail to implement measures to ensure valuable trade secrets maintain their protectability. Because clients are often unaware of the great potential and value of this property, law firms often offer

their clients an intellectual property audit to uncover a company's protectable intellectual property. The IP audit is analogous to the accounting audit most companies conduct on an annual basis to review their financial status.

Another type of IP investigation is usually conducted when a company acquires another entity. At that time, a thorough investigation should be conducted of the intellectual property of the target company to ensure the acquiring company will obtain the benefits of what it is paying for and will not inherit infringement suits and other problems stemming from the targets' failure to protect its IP. This type of IP investigation is generally called a **due diligence** review inasmuch as the acquiring company and its counsel have an obligation to duly and diligently investigate the target's assets.

### **Conducting the Audit:**

- The first step in the audit should be a face-to-face meeting of the legal team and company managers.
- The legal team should make a brief presentation on what Intellectual Property is, why it is important to the company, and why and how the audit will be conducted.
- Managers will be more likely to cooperate if they fully understand the importance of the audit.
- Obtaining this kind of "buyin" from the clients managers and employees will speed the audit and reduce costs.
- Moreover, education about the importance of intellectual property helps ensure that managers consider ways to further protect a company's valuable assets and remain alert to possible infringements of the company's Intellectual capital or infringements by the computer of other's right.



- Finally, having, outside counsel involved in the process will ensure that communications related to the audit are protected by the attorney-client privilege.
- Once the company's managers have been advised of the need for the audit, the legal team should provide a work-sheet or questionnaire to the company specifying the type of information that the firm is looking for so that company files can be reviewed and materials assembled for inspection by the firm and its representatives.

## **INTERNATIONAL OVERVIEW ON INTELLECTUAL PROPERTY**

### **Introduction :**

International intellectual property law is a patchwork area of intersecting multilateral and bilateral agreements and their resulting harmonization of national laws. It has become an increasingly important and frequently litigated area, particularly in the patent, copyright, and trademark arenas. In addition, in the past few decades, there have been louder calls for the protection of domain names, databases, software, and traditional knowledge. Many of these cutting edge intellectual property issues are addressed on an international level through the World Intellectual Property Organization (WIPO). Along with new forms of protection, the trend towards globalization in the trade arena has had a direct effect on the harmonization of national intellectual property laws through the World Trade Organization (WTO) and regional trade organizations. With increased interest in international intellectual property law, there are now numerous high quality electronic resources that cover various facets of this ever-changing area.

### **International Trademark Law :**

Vicenç Feliú, International Trademark Law - The Madrid System([http://www.nyulawglobal.org/globalex/International\\_Trademark\\_Law.htm](http://www.nyulawglobal.org/globalex/International_Trademark_Law.htm)) provides a brief look at the practical aspects of the Madrid Protocol and includes a selective bibliography.

International Center for Trade and Sustainable Development (ICTSD) and United Nations Conference on Trade and Development (UNCTAD), IPRonline.org,

General Resources on IPRs (<http://www.iprsonline.org/resources/iprs.htm>) includes online reports, articles, and web sites from 1989. It also subject indexing to limit searches to narrower topics, including traditional knowledge, biodiversity, and human rights.

### **International Patent Law**

Foreign and International Patent Law Research Guide (<http://lawlibraryguides.bu.edu/content.php?pid=173684&sid=1686142>) from Boston University covers many of the major sources of print and electronic materials on international patent law. The print recommendations can be supplemented with a search of your local library's catalog.

Introduction to International/Comparative Patent Law (<http://libguides.wmitchell.edu/IntPatentLaw>) - is quite unassuming because the introductory page is quite brief. Don't miss the tabs in green across the middle of the page because that is where the content is. This site covers primary and secondary sources as well as specific Lexis and Westlaw databases applicable to the area.

### **International Copyright Law**

Compleat World Copyright web site (<http://www.compilerpress.ca/CW/index.htm>) organizes articles on the web by major copyright scholars by author, country, institute, and journal.

University of Iowa College of Law Library, Foreign, Comparative, and International Copyright Materials, (<http://libguides.law.uiowa.edu/content.php?pid=255321&sid=2108125>) is an excellent guide with links to not only treaties and print sources, but also relevant specialized journals.

### **International Development in trade secrets law:**

#### **International Perspective for Legal Protection of Trade Secrets**

##### **(A) The Indian Prospective**

"Intellectual Property Laws" is a diverse field for protecting the intangible assets. It is fully emphasized in the R&D, company's having secret informations, manufacturing and service units and in trade related issues. The IPR laws are quite well laid out and are in practice in developed countries like in West European

Countries, United States, Japan, Canada, and Australia etc. However, in a developing country like India, there is somewhat lack of awareness about the IPR's and their consequential effects in the economic and business sectors.

Except for law of contract, there is no specific law in India that protects trade secrets and confidential information [13]. Nevertheless, Indian courts have upheld the trade secret protection under law of contracts on basis of principles of equity, and at times, upon a common law action of breach of confidence, which in effect amounts to a breach of contractual obligation. Trade secret in the Indian perspective seems to be below satisfactory level, as there is no full-fledged enactment of framework for the protection of trade secrets. This form of intellectual property is a new entrant in India, but is nevertheless a very important field of IP. India has not had much experience in relation to trade secret matters and the courts while determining a case, would have a diverse array of persuasive value precedents from all systems of law. There is need of a dedicated legislation, which would concretize trade secret protection in India. Trade secrets are fast becoming intellectual property of choice for many corporate bodies, SME's and R&D labs and therefore an effective legislative intervention for it is felt even more expedient.

#### **Some Important Court Cases**

##### **(i) Ciba Inc Vs. Sequent Scientific Ltd.**

The importance of clearly defining the 'confidential information' in a confidentiality agreement was discussed in a recent interim relief sought by M/s Ciba Inc against M/s Sequent Scientific Ltd. and Others. The matter in question involved a process of manufacture of a compound called as Tetrakis commonly known as PEPQ [14]. Ciba claimed that the said process was unique and had been developed in-house by Ciba, except for certain information that was available publicly. According to Ciba, the only other manufacturer of PEPQ in the world was Clariant Group. The process was disclosed by Ciba to Plama Laboratories, now known as Sequent Scientific Ltd., under a 'confidentiality agreement' in order to help it to develop a plant for the manufacture of PEPQ. Ciba claimed that the 'confidentiality agreement' provided for the non disclosure of any 'confidential information' received by Sequent from Ciba to any third party except with the prior approval of Ciba. Hence, on coming to know of Sequent transferring its entire undertaking along with all agreements and contracts to a third party without informing Ciba, Ciba filed a suit against Sequent for the breach of the

‘confidentiality agreement’. Later, during the hearing of the interim relief, Sequent submitted that the definition, period of and extent of maintaining the ‘confidential information’ was not provided in the confidentiality agreement. In light of this, High Court of Bombay held (on 29.09.09) that Ciba had to clearly spell out the confidentiality agreement in order to determine the breach and violation of its ‘confidential information’, in absence of which, relief could not be provided to Ciba

### **Coca Cola Vs. Gujarat Bottling Co Ltd**

M/s Coca Cola entered into an agreement with M/s Gujarat Bottling Co Ltd. whereby Coca Cola granted to Gujarat Bottling Co Ltd a license to use the trademarks mentioned in the schedule to the agreement with Coca Cola [15]. The Agreement contained a negative covenant by means of which Gujarat Bottling Co Ltd could not manufacture, bottle, sell, deal in or otherwise be concerned with the products, beverages of any other brands or trademarks during the subsistence of the agreement with Coca Cola. But shares of Gujarat Bottling Co Ltd were later on sold to a closely associated subsidiary of Pepsi, which later gave a notice to Coca Cola for cancellation of the agreement. Coca Cola filed a suit (Suit No. 400 of 1995) in the Bombay High Court seeking various reliefs. In the said suit, Coca Cola took out Notice of Motion No. 316 of 1995 seeking interim relief. The Court laid down that it was difficult to appreciate how Pepsi could ask Coca Cola to part with its trade secrets to its business rival by supplying the essence/syrup etc., for which Coca Cola holds the trademarks, to Gujarat Bottling Co Ltd which is under effective control of Pepsi[16]. Following was observed by Supreme Court in this case.

‘There is a growing trend to regulate distribution of goods and services through franchise agreements providing for grant of franchise by the franchisor on certain terms and conditions to the franchisee [17]. In such agreements, a condition is often incorporated that the franchisee shall not deal with competing goods. Also stated there in is a condition restricting the right of the franchisee to deal with competing goods for facilitating the distribution of the goods of the franchisor and it cannot be regarded as to result in restraint of trade. Although the Court had refrained from entering into the question whether reasonable restraint is outside the purview of Section 27 of the Contract Act, the appeals, therefore, fail and are accordingly dismissed”.

**(B) United State of America (USA)**

**i) North American Free Trade Agreement (NAFTA)**

The North American Free Trade Agreement (NAFTA) is an agreement signed by the government of the member countries such as Canada, Mexico and United States, creating a trilateral trade bloc in North America. Member countries have agreed on the issue of protection and they follow the steps to ensure that member countries will protect trade secrets from unauthorized acquisition, disclosure or use. Remedies must include injunctive relief and damages.

In response to NAFTA, Mexico amended its 1991 Trade Secrets Law to permit private litigants to obtain injunctive relief [20]. The agreement came into force on January 1, 1994.

**(ii) General Agreement on Tariffs and Trade (GATT)**

On April 15, 1994, the major industrialized nations of the world, including the United States, concluded the Final Act resulting from the Uruguay Round of GATT (General Agreement on Tariffs and Trade). GATT was established by the World Trade Organization (WTO) who also promulgated Trade-Related Aspects of Intellectual Properties (TRIPs) Agreement.

Under GATT, "undisclosed information" must be protected against use by others if without the consent of the owner in case the use is contrary to honest commercial practices. Also, there is third-party liability for misappropriation if third parties knew or were grossly negligent in not knowing that such information had been obtained dishonestly

**(iii) Uniform Trade Secrets Act (UTSA)**

In the US, the Uniform Trade Secrets Act (UTSA) as amended in 1985, provides a widely accepted definition of a trade secret: information, including a formula, pattern, compilation, program, device, method, technique, or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. In addition to the UTSA, whose adoption is voluntary with each of the States, the US Congress enacted a national Act to recognize certain forms of trade secret thefts as "criminal". The Economic Espionage Act of 1996 makes illegal the

misappropriation, copying or unauthorized possession of trade secrets [22]. United States uses the different Pattern called 6- factor test for trade secrets determination by which it can be determined whether the said information is trade secret or not. It is described in Fig.2 below- If answer to first two queries below is 'NO' and sufficiently HIGH to remaining 4 queries, the information is a trade secret

The 6 tier test for ascertaining if an information qualifies to be a 'trade

**Factors to determine if an information is a Trade Secret?**

- ✓ Is it known outside the company?
- ✓ Is it widely known by employees and others involved within the company?
- ✓ Have measures been taken to guard its secrecy?
- ✓ What is the value of the information for your company?
- ✓ How much effort/money was spent in developing it?
- ✓ How difficult would it be for others to acquire, collect or duplicate it?

secret

**(C) United Kingdom**

In the UK, a trade secret is some specific information known to only a few people, the disclosure of which to others would constitute a breach of confidence. The law that protects other kinds of confidential information from disclosure (Law of Confidentiality) also protects trade secrets in the UK.

**(D) Brazil**

In 1996, Brazil renovated its Intellectual Property Laws. Trade secrets are protected under the rubric of "Unfair Competition." Borrowing from U.S. law, a variant of the Section 757, it also considered the United States 6-factor test to determine whether a piece of information qualifies as a trade secret, Common knowledge, prevalent information in the public domain, or knowledge that is

apparent/ oblivious to an expert in the field cannot qualify for protection under trade secrets. The trade secret owner must take positive steps to safeguard the secrecy of the information

### **(E) Japan**

Effective since June 15, 1991, Japan enacted a national trade secrets law. On the basis of this law, any "technical or business information" that has commercial value, which is not in the public domain, and which has been "administered" as a trade secret, will be protected for the purpose. Infringement occurs when a person procures a trade secret by theft, fraud, or extortion or when there is an Unauthorized use or disclosure of a lawfully acquired trade secret for unfair competition. An injured party may obtain injunctive relief and damages [23]. The trade secret owner may also request destruction of all articles that have been manufactured as a result of the illegally obtained trade secret. In the Uniform Trade Secrets Act, statute has similarities for the same purpose. For example, there is a 3-year statute of limitations after discovery of the trade secret violation. There are no criminal penalties in the statute.

### **(F) China**

The Law of the People's Republic of China (PRC) against Unfair Competition (Unfair Competition Law) was promulgated by the State Council in September 1993 and became effective on December 1, 1993. This is China's first trade secret law. The term "trade secrets" is defined for the technical information and management information that is undisclosed to the public, can bring economic benefits, is of practical value, and for which the rightful party has adopted measures to maintain its confidentiality. Article 10 of The Unfair Competition Law prohibits business operations from engaging in certain acts and the law also provides for the remedies in case of infringement of trade secrets.

### **(G) Korea**

In 1991, Korea also amended its laws to provide statutory protection for trade secrets. This law, effective since December 15, 1992, was enacted during US litigation between GE and a Korean firm that had acquired GE trade secrets from a former GE employee.

## **Important Websites**

- [www.ipindia.nic.in](http://www.ipindia.nic.in) - Intellectual Property Office, India
- [www.patentoffice.nic.in](http://www.patentoffice.nic.in) – Patent office, India
- <http://copyright.gov.in/> - Copyright Office, India
- [ipr.icegate.gov.in](http://ipr.icegate.gov.in) – Automated Recordation & Targeting for IPR Protection
- <http://www.icegate.gov.in>- E- Commerce portal of Central Board of Excise and Customs
- [www.ipab.tn.nic.in](http://www.ipab.tn.nic.in) - Intellectual Property Appellate Board, India
- [www.mit.gov.in](http://www.mit.gov.in) – Department of Information Technology, India
- <http://www.mit.gov.in/content/office-semiconductor-integrated-circuits-layout-designregistry>
- Semiconductor Integrated Circuits Layout-Design Registry (SICLDR)
- [www.plantauthority.gov.in](http://www.plantauthority.gov.in) – Plant Varieties and Farmers' Rights Authority, India
- <http://nbaindia.org/> - National Biodiversity Authority
- [www.nipo.in](http://www.nipo.in) – The Indian IPR Foundation
- [www.wipo.int](http://www.wipo.int) – World Intellectual Property Organisation
- <http://www.wto.org> – World Trade Organisation